



dr.jsmlm

Dr JS Moroka Local Municipality

ANNUAL REPORT

- 2014 -2015 -

CONTENTS.....PAGE NUMBER

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY...1....to...16

COMPONENT A: MAYOR’S FOREWORD.....1
COMPONENT B: EXECUTIVE SUMMARY.....4
1.1. MUNICIPAL MANAGER’S OVERVIEW
1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW
1.3. SERVICE DELIVERY OVERVIEW
1.4. FINANCIAL HEALTH OVERVIEW
1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW
1.6. AUDITOR GENERAL REPORT
1.7. STATUTORY ANNUAL REPORT PROCESS

CHAPTER 2 – GOVERNANCE.....17....to.....33

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE.....17
2.1 POLITICAL GOVERNANCE
2.2 ADMINISTRATIVE GOVERNANCE
COMPONENT B: INTERGOVERNMENTAL RELATIONS.....24
2.3 INTERGOVERNMENTAL RELATIONS
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION.....25
2.4 PUBLIC MEETINGS
2.5 IDP PARTICIPATION AND ALIGNMENT
COMPONENT D: CORPORATE GOVERNANCE.....27
2.6 RISK MANAGEMENT
2.7 ANTI-CORRUPTION AND FRAUD
2.8 SUPPLY CHAIN MANAGEMENT
2.9 BY-LAWS
2.10 WEBSITES
2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

(PERFORMANCE REPORT PART I).....33....to.....77

COMPONENT A: BASIC SERVICES.....33
3.1. WATER PROVISION
3.2 WASTE WATER (SANITATION) PROVISION
3.3 ELECTRICITY
3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)
3.5 HOUSING
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT
COMPONENT B: ROAD TRANSPORT
3.7 ROADS
3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

3.9	WASTE WATER (STORMWATER DRAINAGE) COMPONENT C: PLANNING AND DEVELOPMENT	
3.10.	PLANNING	
3.11.	LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)	
	COMPONENT D: COMMUNITY & SOCIAL SERVICES.....	51
3.12.	LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)	
3.13.	CEMETORIES AND CREMATORIUMS	
3.14.	CHILD CARE; AGED CARE; SOCIAL PROGRAMMES	
	COMPONENT E: ENVIRONMENTAL PROTECTION.....	57
3.15.	POLLUTION CONTROL	
3.16.	BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER	
	COMPONENT F: HEALTH.....	58
3.17.	CLINICS	
3.18.	AMBULANCE SERVICES	
3.19.	HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC	
	COMPONENT G: SECURITY AND SAFETY.....	58
3.20.	POLICE	
3.21.	FIRE	
3.22.	OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)	
	COMPONENT H: SPORT AND RECREATION.....	59
3.23.	SPORT AND RECREATION	
	COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES.....	61
3.24.	EXECUTIVE AND COUNCIL	
3.25.	FINANCIAL SERVICES	
3.26.	HUMAN RESOURCE SERVICES	
3.27.	INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES	
3.28.	PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES	
	COMPONENT J: MISCELLANEOUS.....	72
	COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD.....	73

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II).....78..to..80

	COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL.....	78
4.1	EMPLOYEE TOTALS, TURNOVER AND VACANCIES	
	COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE.....	79
4.2	POLICIES	
4.3	INJURIES, SICKNESS AND SUSPENSIONS	
4.4	PERFORMANCE REWARDS	
	COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE.....	80
4.5	SKILLS DEVELOPMENT AND TRAINING	
	COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE.....	80
4.6	EMPLOYEE EXPENDITURE	

CHAPTER 5 – FINANCIAL PERFORMANCE.....81...to..99

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE.....81

- 5.1 STATEMENTS OF FINANCIAL PERFORMANCE
- 5.2 GRANTS
- 5.3 ASSET MANAGEMENT
- 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET.....92

- 5.5 CAPITAL EXPENDITURE
- 5.6 SOURCES OF FINANCE
- 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS
- 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS.....95

- 5.9 CASH FLOW
- 5.10 BORROWING AND INVESTMENTS
- 5.11 PUBLIC PRIVATE PARTNERSHIPS

COMPONENT D: OTHER FINANCIAL MATTERS.....98

- 5.12 SUPPLY CHAIN MANAGEMENT
- 5.13 GRAP COMPLIANCE

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS.....100..to138

COMPONENT A: AUDITOR-GENERAL OPINION OF 2013-2014 AFS.....100

- 6.1 AUDITOR GENERAL REPORTS Year 2013-2014

COMPONENT B: AUDITOR-GENERAL OPINION OF 2014-2015 AFS.....113

- 6.2 AUDITOR GENERAL REPORT YEAR 2014-2015

AUDIT COMMITTEE REPORT 2014-3015.....133

GLOSSARY.....139

ANNEXURES

ANNEXURE 1: COMPARISON OF THE 2013/2014 AND 2014-2015 MUNICIPAL PERFORMANCE

ANNEXURE 2: COMPARISON OF THE 2013/2014 AND 2014-2015 SERVICE PROVIDERS' PERFORMANCE

ANNEXURE 3: 2015-2016 PRIORITIES AND TARGETS

ANNEXURE 4: MEASURES TO BE TAKEN TO IMPROVE PERFORMANCE

ANNEXURE 5: ANNUAL PERFORMANCE REPORT

ANNEXURE 6: AUDIT ACTION PLAN

ANNEXURE 7: AUDIT COMMITTEE REPORT

APPENDICES

APPENDIX A – COUNCILLORS COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE.

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

APPENDIX E – WARD REPORTING

APPENDIX F – WARD INFORMATION

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

APPENDIX M: CAPITAL EXPENDITURE PROGRAMMES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

VOLUME II: ANNUAL FINANCIAL STATEMENTS**ANNUAL REPORT LEGISLATIVE REQUIREMENTS****MUNICIPAL SYSTEMS ACT (MSA), SECTION 46: ANNUAL REPORT**

MSA Sections	DOCUMENT	PAGE NUMBER / ANNEXURE/APPENDIX
Section 46 (1) (a) (i)	Municipal Performance (2014-2015 compared to 2013-2014)	ANNEXURE 1
	Service Providers' Performance (2014-2015 and 2013-2014)	ANNEXURE 2
Section 46 (1) (a) (ii)	2015-2016 Priorities and Targets	ANNEXURE 3
Section 46 (1) (a) (iii)	Measures to be taken to improve performance	ANNEXURE 4
Section 46 (1) (b)	Financial Statements	VOLLUME II
Section 46 (1) (c)	Audit Report on Financial Statements	CHAPTER 6
	Audit Report on Performance Information	CHAPTER 6

MUNICIPAL FINANCE MANAGEMENT ACT (MFMA), SECTION 121: ANNUAL REPORT

MFMA Sections	DOCUMENT	PAGE NUMBER / ANNEXURE/APPENDIX
Section 121 (3)		
a.	Financial Statements	VOLLUME II
b.	Audit Report on Financial Statements	CHAPTER 6
c.	Annual Performance Report	ANNEXURE 5
d.	Audit Report on Performance Information	CHAPTER 6
e.	Assessment of any arrears on taxes and service charges	VOLLUME II
f.	Assessment of performance against objectives for revenue collection from each source and for each vote	APPENDIX K
g.	Audit Action Plan	ANNEXURE 6
J.	Audit Committee Report	ANNEXURE 7

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

VISION AND MISSION OF THE MUNICIPALITY

The vision and mission of the Dr J.S. Moroka Local Municipality is creating and envisages future based creating municipal capability requisite for developmental local government leading to improving quality of life of citizens and residents

VISION

“An effective, efficient public institution delivering quality, sustainable services to better the lives of people”

MISSION

“Bettering the lives of its communities through: sustainable service delivery through provision of sustainable job, creation opportunities and public participation”

KEY POLICY DEVELOPMENTS

This is based on Strategic alignment to the Provincial Growth and Development Strategy, and the IDP strategies included in the IDP especially with focus on impact and outcome achieved – bearing in mind that details are included in the chapters to follow on this report.

The developmental priorities and objectives that were included in the IDP after the election of the current political executive, remains the guiding light for the delivery of service and the improvement of the livelihood of the community of this municipality. The achievements of those objectives is done within the limited resources that municipality have which is not always enough to reverse the service delivery backlog of many years, therefore an integrated approach by all stakeholders within the developmental sphere is needed to achieve the service delivery needs of the community.

The Provincial and Growth and Development Strategy, National Development Plan, Vision 2030, National Spatial Development Perspective as well as the Mpumalanga Provincial Growth Strategy have featured prominently in the contents of the 2014-2015 IDP. The IDP has also ensured that all the plans of the three spheres of government are in harmony and in sync with the IDP as the local government is the recipient of all the service delivery outputs.

KEY SERVICE DELIVERY IMPROVEMENTS

The following are some of the achievements by the municipality:

- During the audit we did not have any limitation of scope, all payment vouchers were submitted to the AG which was an improvement.

- We have also managed to appoint contractors through supply chain in time which resulted in 100% spending on Municipal Infrastructure Grants .
- We have also managed to prepare the financial statements in-house, which was a major improvement since the Financial Statements were prepared by consultation in the previous years.
- 38 Km of roads were re-gravelled in the Mdujana and Mbibane unit areas
- 8.5Km of roads were upgraded from gravel to tar (Katjibane,Loding,Ukukhanya and Marapyane bus and Taxi routes)
- 4.2 Km of sub surface water control pipes were laid and villages which were affected were partially assisted namely: Ga-Morwe, Meetsimadiba, Makopanong, Thabana, Ga Phaahla and Marothobolong, Maphotla and Digwale.
- Communication strategy and communication policy have been approved by Council are being implemented.
- All approved municipal bylaws were gazetted.
- The construction of the Fresh Produce Market is nearing completion.
- Co-operatives have been trained.
- The SMME Centre at Valbank has been up-graded.

The following still constitute challenges requiring further attention

- Challenges with regard to Infrastructure assets, which has made the municipality to obtain qualified audit opinion in three consecutive financial years;
- Appointment of service provider with full scope of work with limitation of budget;
- Awaiting reservoirs as they are specially design (concrete or steel reservoirs);
- Additional funds still required to complete certain projects;
- The high unemployment rate within our municipality;
- Minimal budget for LED and Local Economic Development Strategy not reviewed.

PUBLIC PARTICIPATION

The municipality has followed processes as provided in Chapter 4 of the Municipal Systems Act to increase public awareness on service availability, engage with the public in decision making and improve accountability to communities.

The municipality developed a programme for both IDP and Budget Izimbizo and has succeeded in achieving the programme as planned. There has been an improvement as well by communities in attendance and participation in the Izimbizos.

FUTURE ACTIONS

Despite the notable developmental progress done during the 2014-2015 financial year, the municipality is acutely aware of the service delivery challenges that are lying ahead. We aim to mitigate these challenges through the following actions:

- Appoint the service providers timely so that as soon as the budget is adopted no delays are made for the implementation of the projects
- Filling of key strategic funded positions with qualified personnel within the required time.
- Development of Procedure Manuals for all the Departments
- Ring fencing of the water services functions and revenue
- Implement the revenue enhancement strategy
- To refocus on Local Economic Development so as to grow the economy and create jobs within the municipality

In conclusion, the achievement of the goals as set out in the Municipal Integrated Development Plan will need the efforts of all stakeholders in this municipality administratively , politically and the community. The challenges that we are facing are not insurmountable. With the necessary commitment from all involved, the municipality will be able to achieve our strategic objectives



.....
CLLR RS MATHABE
EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

The overview provides an opportunity to give account and progress on the 2014-2015 administrative performance of the municipality.

FUNCTIONS AND POWERS OF THE MUNICIPALITY

Dr J.S. Moroka Municipality has a policy on Delegation of Powers in terms of Section 59 of the Municipal Systems Act, 32 of 2000. These Delegations of Powers have been reviewed and adopted by the council and also powers and functions conferred in terms of the Constitution and exercise them subject to Chapter 5 of the Municipal Structures Act. The powers and functions of local government are reflected in the list below include the allocation of powers and functions authorized/adjusted by the MEC following the recommendations of the Municipal Demarcations Board.

LOCAL FUNCTION

Air pollution
Building regulations
Potable, bulk, water reticulation
Municipal roads & storm water management system.
Trading regulation
Billboards and the display of advertisements in public places.
Cleansing
Municipal airport
Municipal public transport
Markets
Municipal abattoirs
Refuse removal, dumping and solid waste
All municipal recreational facilities
Noise pollution
Street trading and street lighting
Traffic and parking

AUTHORIZED /ADJUSTED IN TERMS OF SECTION 84 OF THE MSA.

Municipal roads which form an integral part of road transport system.
Municipal public works relating to any of the above functions.
Solid waste disposal sites
The establishments conduct and control of cemeteries and crematoria.
Water Service Authority (in terms of water services

POWERS AND FUNCTIONS ALLOCATED TO NKANGALA DISTRICT MUNICIPALITY

Municipal planning
Disaster management and fire fighting

FINANCIAL HEALTH

Dr JS Moroka received a qualified audit opinion in 2014/2015 financial year, which is similar to the previous financial year 2013-2014. The municipality was qualified on Property Plant and Equipment, Cash flow Statement, Commitments and Irregular expenditure. Compared to the previous year the municipality managed to address previous qualification items such as Investment Properties, Revenue from Non Exchange Transaction-Traffic Fines, and Revenue from Exchange Transaction-Sale of Stands, Trade payables-Retention and Material Losses-Water losses.

The municipality is grant reliant with 87% of the budget currently finance by the grants and 13% being own revenue. This is due to the low revenue base of the municipality, high unemployment rate, lack of economic activities and non-payment of services by households. The average collection rate is currently sitting at 45%.

To address the low collection rate, the municipality has embarked on the following:

- Installation of smart prepaid meters to ensure payment for water and cultivate a culture of water conservation given the fact that South Africa is a water scarcity country and we are experiencing a severe drought.
- Collection of old debt through a service provider with experience and infrastructure to determine the financial position of the debtors.
- We also using the assistance of the technical department to use restrictions to ensure payments for services rendered.

In spite of the above factors the municipality is still liquid and able to meet its financial obligations. The operational activities are financed through Equitable Grant and most of the capital projects are financed through Municipal Infrastructural Grant currently the municipality does not have any borrowing commitments.

Revenue trends by Source:

Revenue Type	2015/2014	2014/2013	Trend
Service Charges:			
Property Rates	2 324 638	2 616 071.90	-11%
Water	10 020 277	13 046 698.56	-23%
Sewerage	344 055	339 275.20	1%
Refuse	448 259	496 734.70	-10%
Interest and Other	2 324 615	3 405 760.76	-32%
Total	16 157 085	19 904 541.12	-19%
Compared to previous financial year the actual revenue received from service charges declined by 19%.			
Other Revenue:	2015/2014	2014/2013	Trend
Rental of facilities and Equipment	670 952	2 109 854	-68%

Interest on external investments	6 938 705	8 848 883	-22%
Fines	191 955	170 495	13%
Licences and permits	5 815 232	3 965 356	47%
Equitable and transferred conditional grants	427 940 020	425 922 495	0%
Other revenue	5 164 774	2 562 976	102%
Total	446 721 638.00	443 580 059.00	1%
Compared to previous financial year, other revenue amount increased 1%.			

INTERNAL MANAGEMENT CHANGES

The following are the 2014-2015 internal management changes in relation to Section 56/57 managers:

Manager Technical Services, Mr. VL Skhosana, resigned in January 2015. The contract of the Manager Community Development Services, Mrs. NP Busane ended in February 2015. The posts have been advertised and will be filled by Midyear 2015-2016.

RISK MANAGEMENT

Risk Management forms part of management core responsibilities and is an integral part of the internal processes of the Municipality. It is a systematic process to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on Municipal service delivery capacity.

The following were the top 5 risks in the 2014-2015 financial year and measures to mitigate the risks:

RISK	MEASURES TO MITIGATE THE RISK
Overstatement of debtors	<ol style="list-style-type: none"> 1. To perform monthly reconciliation on billings. 2. To implement the recommendation received from data cleansing report 3. To capacitate staff for billing unit (human capital) 4. Implement credit control and debt collection policy 5. Implement the writing off of bad debts policy
Insufficient maintenance of infrastructure	Development of proper infrastructure asset maintenance plan upon completion of asset verification and unbundling of infrastructure assets
Revenue loss due to unmetered water supply	<ol style="list-style-type: none"> 1. To rollout the installation of new and replacement the conventional meters with smart prepaid meters in order to address the challenge of unmetered water supply 2. Reviewal of Water Services Development Plan 3. Enforcing the Water Services ByLaws

Inaccurate billing of consumers and sundry accounts	<ol style="list-style-type: none"> 1. The appointment of the debt collector and the attorneys 2. Appointment or appropriate secondment of technical person to deal with water restrictions (Official to report to the CFO) 3. To implement credit control and debt collection policy
Mismatch of the Local Economic Development Strategy with the current economic trends	To source external support on review of LED Strategy from Nkangala District Municipality

SERVICE DELIVERY IMPROVEMENTS

The IDP is aligned to the Budget and implemented through the Service Delivery and Budget Implementation Plan (SDBIP). By end of 2014-2015 the achievement of implementing projects on the SDBIP was 75%. Out of 92 targets that were set, 69 were achieved and a total of 23 was not achieved. An action plan and remedial actions are initiated and continuously monitored to improve on the targets not achieved and the overall efficiency and effectiveness of municipal activities.

Some of the administrative policies made during the year include initiating restrictions on the attendances of conferences and other events outside the municipality and the minimisation of the use of meeting accommodation other than our municipality's own venues

The Weltevreden water supply system also supplies Sekhukhune District Municipality and Thembisile Hani Local Municipality and this put water supply constraints on the system. In addition, the demand within the Municipality has also increased massively and this can be associated with the increasing population within the water supply areas. The Municipality is currently in the process of developing operation and maintenance plans for the Weltevreden water supply system. These will assist to proactively maintain municipal water infrastructure thus ensure its sustainability. The Municipality endeavours to render basic water level of services to all households within its jurisdiction. Basic level of service is defined as having access to water supplies within 200m walking distance from any household

The municipality has taken an interest in green energy, thus it has entertained few ideas of alternative source of energy. The Municipality have seen the efforts by the world at large, though summits like COP17 that was held in our own country in Durban. This will assist it costs reduction for the municipality in the long run and also reduce the greenhouse gas emission. The biggest hindrance in this regards has been theft and vandalism of the existing infrastructure like transformer.



BS MAHLANGU
MUNICIPAL MANAGER

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

FUNCTIONS

The following are the municipal functions and their progress as end of the 2014-2015 financial year:

- The provision of basic services to the community has slightly improved in the provisioning of the electricity (lighting) which is at 96.87%.
- Sanitation: the number of households with VIP toilets has increase with 56.62% (VIP with ventilation)and 25.20% VIP without ventilation),
- Refuse removal is at 13.65% compare to 12.33 % previous years;
- Access to water: water tap inside yard has increased from 55.74% to 65.08%;
- The tenure status has improved from 72.08% compare to 73.61 % census 2001. The tenure status has improved from 72.08% census 2001 to 82.37% census 2011.This is an indication that the life of people within the municipal area is improving in terms of accessing the basic services.

POPULATION

According to Census 2011, the municipality has a total population of 249 705 individuals, 99,4% of whom are black African. (Statistics South Africa Population growth is estimated at **1, 06%**) number of households in the Dr J.S. Moroka Municipality.

The demographic profile depicts the following in regard to the population within Dr J.S. Moroka Local Municipality as is illustrated in a table 1 on population composition. It indicates a slight dominance of female at 53% as in comparison to 47% male presence. The population (0-14) has shown decline with 32, 62% in comparison to 38, 41 %(Census 1996) and 37.19 %(census 2001) the population remains fairly young with people of 15-64 constitute 59.45 % and African communities are still dominance at 99, 44%.

Population Composition

Demographics	2001	2011
Population size	243313	249705
Annual Population Growth	0.26%	0.26%
POPULATION COMPOSITION		
Male	45.70%	47%
Female	54.30%	53%
Sex Ratio	84.15%	88.87%
% population (0-14 years)	37.91%	32.62%
% population (15-64 years)	55.62%	59.45%
% population (65+years)	6.47%	7.93%
% population (14-35)	38.62%	37.47%

Source: Statistics South Africa –Census 2011

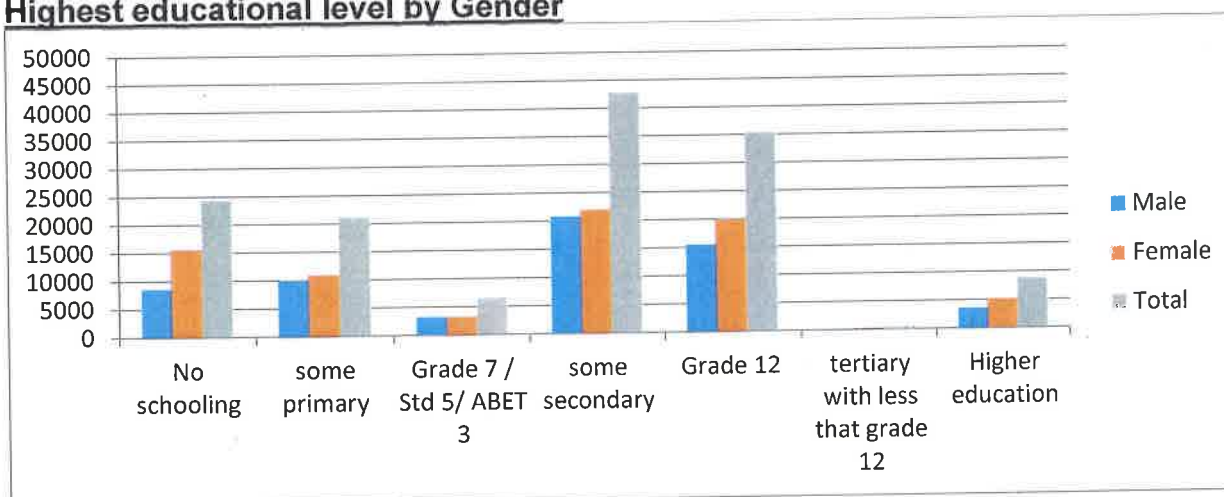
Population Group

Population group	2001	2011
African/Black	99.85%	99.44%
Coloured	0.08%	0.10%
Indian/Asia	0.02%	0.27%
White	0.05%	0.06%
Other		0.13%
% persons with disability	5.8%	5.8%

EDUCATIONAL ANALYSIS

Educational attainment is a key indicator of development in a population. There are several ways in which one can evaluate access to educational services in a population. This is evaluated here by observing the level of school attendance of the population within local district council versus attendance outside the local area. The higher the proportion of the population that chooses to move to neighboring district council or local municipality, the more likely that this is an indication of insufficient educational provision in the local area.

Highest educational level by Gender

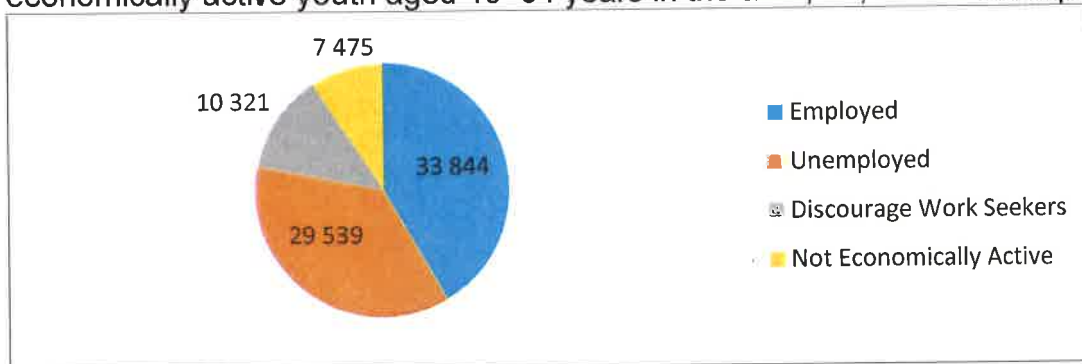


Education Attainment

Indicator	2001	2011
No schooling	33.37	17.51
Matric only	15.42	25.78
Matric +	5.12	6.51

ECONOMIC ANALYSIS

There are 63 383 economically active (employed or unemployed but looking for work) individuals within the municipality, 46, 6% of whom are unemployed. Of the 31 063 economically active youth aged 15–34 years in the area, 61,4% are unemployed.:

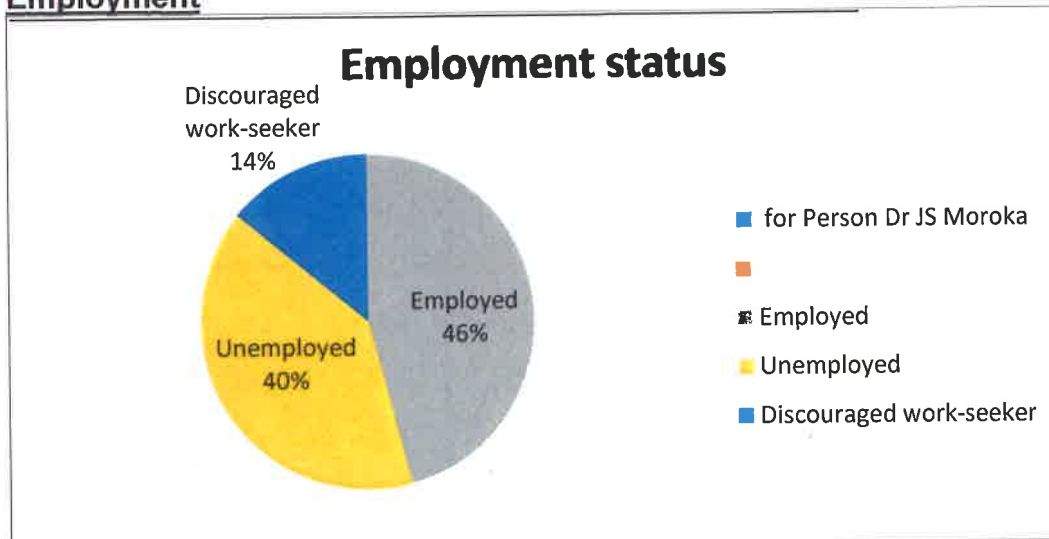


POVERTY IN DR J.S. MOROKA

Poverty Rate has drop from 56% (census 2001) 39.90% (census 2011). Unemployment rate: 15-65 years has drop at 46.60% in comparison to 60.70%. Census 1996 and 60.70% census 200. Person with disability and women unemployment rate has decrease at 49.81% in comparison to 66.24% census 2001. Youth 15-35 year's unemployment rate decrease at 60.66% in comparison to 75.27 Census 2001. General statistics on household income indicates improvements /decline therefore it gives the positive trend because people are employed:

Indicator	2001	2011	
Poverty	56.50	39.90	
Unemployment rate	General(15-65 years)	60.70	46.60
	Persons with Disability(15-65 years)	55.77	58.99
	Women(15-65 years)	66.47	49.81
	Youth(15-35 years)	63.47	75.27

Employment



Causes of Death in Dr J.S. Moroka

According to census 2011 hypertension diseases, influenza and pneumonia, tuberculosis are top major cause of death within the municipality.

NUMBER	CAUSE OF DEATH	NUMBER
1.	Hypertension diseases(I10-I15)	272
2.	Influenza and pneumonia(J09-J18)	245
3.	Tuberculosis(A15-A19)	177
4.	Intestinal infectious diseases (A00-A09)	176
5.	Other forms of heart disease (I30-I52)	163
6.	Cerebrovascular diseases (I60-I69)	122
7.	Other external causes of accidental injury (W00-X59)	118
8.	Chronic lower respiratory diseases (J40-J47)	117
9.	Diabetes mellitus (E10-E14)	100
10.	Certain disorders involving the immune mechanism (D80-D89)	66

Source: statistics South Africa –Census 2011

1.3. SERVICE DELIVERY OVERVIEW

The household number within Dr J.S. Moroka Local Municipality has grown from **54 339** to **62 162** with the annual growth of 1, 35% and the average size of household has drop at 4, 01 in comparison to 4.45% (census 2011).

The provision of basic services to the community has slightly improved:

- electricity(lightning) increased from 91.8% to 96.87%;
- sanitation flush chemical increased from 13.44% to 15.94%;
- refuse removal increased from 12.33% to 13.65 compare to 12.33%; and
- access to water: water tap inside yard increased from 55.74% to 65.08%

This is an indication that the life of people within the municipal area is improving in terms of accessing the basic services.

Household Profile & Services	2001	2011
No. of households	54,339	62,162
Annual Growth Rate of HHs (%)	1.18	1.18
	1.35	1.35
Average HH size	4.45	4.01
% of HHs with access to: water	73.61	65.08
Electricity(lightning)	91.81	96.87
Sanitation(flush/Chemic al)	13.44	15.94
Refuse removal (at least once a week)	12.33	13.65
Tenure Status: % ownership	75.08	82.37

1.4. FINANCIAL HEALTH OVERVIEW

Dr JS Moroka Local Municipality is a developing and growing municipality striving for service delivery excellence. Therefore many challenges are faced with regards to financial planning and are ever changing due to the dynamic setting of local government. The priority from the financial perspective is the viability and sustainability of the municipality. The financial plan and related strategies are in place to address a number of key areas in order to achieve this goal.

When it comes to revenue collection the status of the municipality is not as expected since the collection rate is at 12%, beyond that the municipality is grant reliant, the main driving force is the non-payment of municipal services by various categories of consumers coupled by the unmetered water supply to the majority of consumers within the municipal area of jurisdiction.

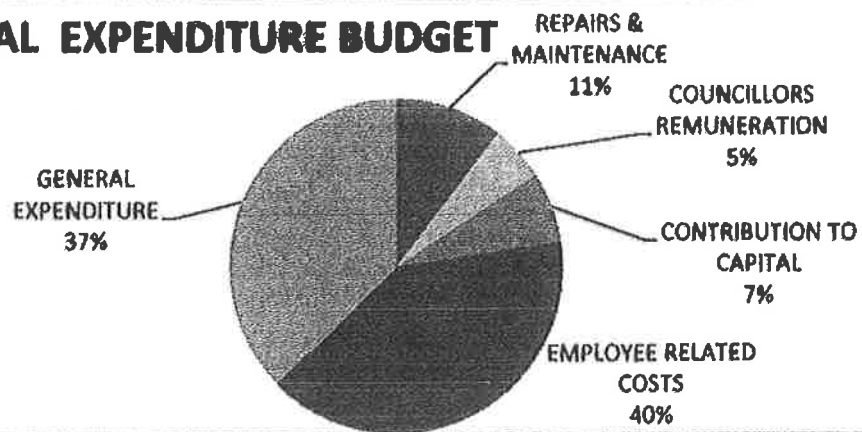
The unemployment rate is standing at above 50% which is still a contributory factor to the current financial status of the municipality.

It should be noted that the municipality will be engaging in a debt collection process by ensuring that all service consumers who have an ability to pay for municipal services but not willing to do so will face legal processes from the municipality.

OPERATING RATIOS

OPERATING EXPENDITURE BY TYPE	BUDGET		
	2014/2015	2015/2016	2016/2017
EMPLOYEE RELATED COSTS	138 682 000	148 112 376	158 184 018
COUNCILLORS REMUNERATION	18 583 255	19 512 418	20 488 039
GENERAL EXPENSES	129 650 894	136 911 344	144 578 379
CONTRIBUTION TO CAPITAL	23 651 000	24 975 456	26 374 082
REPAIRS & MAINTENANCE	36 275 700	38 307 139	40 452 339
TOTAL	346 842 849	367 818 733	390 076 856

OPERATIONAL EXPENDITURE BUDGET



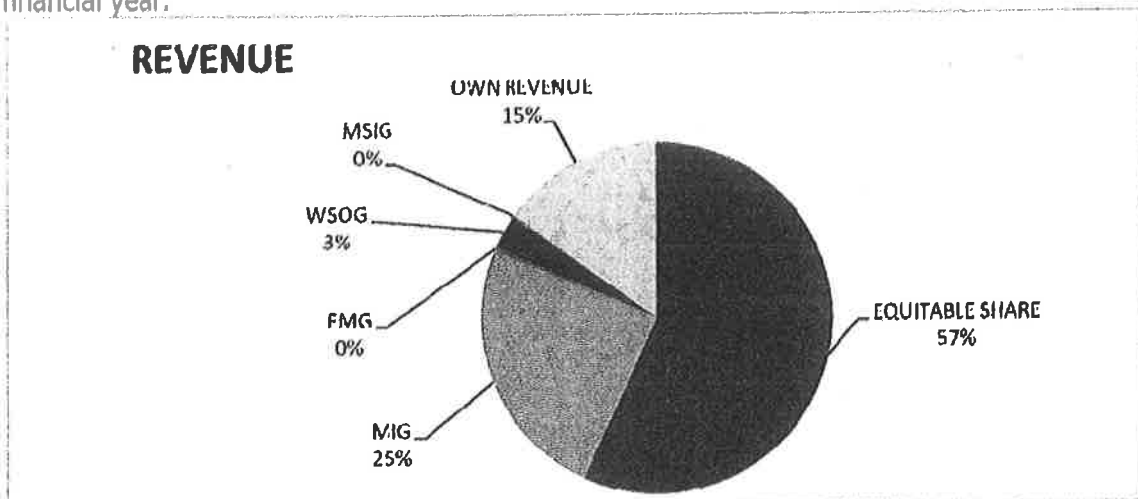
REVENUE AND EXPENDITURE SUMMARY

REVENUE & EXPENDITURE SUMMARY	BUDGET		
	2014/2015	2015/2016	2016/2017
REVENUE	479 647 873	532 065 051	542 642 028
OPERATIONAL EXPENDITURE	(346 842 849)	(386 979 841)	(413 294 470)
CAPITAL EXPENDITURE	(124 604 982)	(136 952 000)	(127 000 000)
SURPLUS/(DEFICIT)	8 200 042	8 133 210	2 347 558

SUMMARY OF OWN REVENUE BY SOURCE

OWN REVENUE BY SOURCE	BUDGET		
	2014/2015	2015/2016	2016/2017
PROPERTY RATES	(6 862 253)	(7 298 954)	(7 787 112)
WATER & SANITATION	(31 203 435)	(33 044 438)	(34 994 059)
WASTE	(2 700 556)	(2 859 889)	(3 028 622)
CEMETERY	(187 443)	(198 502)	(210 214)
FACILITIES	(172 363)	(182 532)	(193 302)
INTEREST ON INVESTMENT	(14 161 000)	(14 996 499)	(15 881 292)
INTEREST ON OUTSTANDING DEBTS	(9 450 000)	(10 007 550)	(10 597 995)
TRAFFIC FINES	(195 915)	(207 474)	(219 715)
MOTOR LICENSING	(3 633 959)	(3 848 363)	(4 075 416)
TRADING LICENCES	(95 000)	(100 320)	(105 938)
APPLIC FOR TRADING LICENCE	(15 750)	(16 632)	(17 563)
SUNDRY INCOME	(174 800)	(184 589)	(194 926)
APPLICATION FOR TENDER DEPOSIT	(1 000 000)	(1 063 850)	(1 131 300)
INTEREST ON TRADING LICENSE	(4 500)	(4 752)	(5 018)
UNALLOCATED DEPOSITS	(90 000)	(95 040)	(100 362)
ADVERTISING PREMEDIA	(55 750)	(58 872)	(62 169)
SALES OF STANDS	(422 400)	(446 054)	(471 033)
BUILDING PLAN FEES	(105 600)	(111 514)	(117 758)
PHOTO COPY	(30 000)	(31 680)	(33 454)
CLEARANCE CERTIFICATE	(2 000)	(2 112)	(2 230)
RENTAL OF SITES	(434 949)	(459 306)	(485 027)
REGISTRATION PROPERTY TRANSFER	(9 450)	(9 979)	(10 538)
RENATAL OF STALLS	(15 750)	(16 632)	(17 563)
TOTAL	(71 022 873)	(75 245 533)	(79 742 609)

The following graph gives a breakdown of the main revenue categories for 2014/2015 financial year.



1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Employees of the municipality undergo training as per the skills audit that covers the respective positions within departments and divisions.

The municipality is successfully providing bursaries to the needy community members through the Executive Mayor's Bursary Scheme. Note that some bursary holders who completed their training have been absorbed into the workforce of the municipality.

Although the training and development initiatives are undertaken, there's a need to identify the skills gaps and backlogs in strategic divisions and departments. Recently, the municipality is investigating the means to train the unemployed community members. It is the municipality's interest to train its employees in order to reach its Integrated Development Plan's objectives and goals.

A detailed overview of key Organisational Development issues is contained in Chapter 4.

1.6. AUDITOR GENERAL REPORT

The opinion given was a Qualified.

The detailed AG report is on chapter 6 of this report. The following are some of the issues that lead to the opinion:

- Inadequate system to maintain records of property, plant and equipment, which resulted in property being misstated
- Infrastructure assets to the value of R 637 877 760 could not be verified.
- Assets could not be located from the floor to the assets register
- Unable to obtain sufficient audit evidence for the unreconciled difference of R554 416 599 between prior year closing balance and the current year opening balance of PPE disclosed in note 5
- There was a difference of R 6 189 359 between the assets register and the financial Statement.
- The municipality did not accurately disclose its contractual commitments in accordance with GRAP. The commitment register and assets under construction had unreconciled difference and was understated by 36 911 861
- The corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 2014-15 in the financial statement of the municipality for the year ended 30 June 2014.
- 47% of the reported objectives were not consistent with those in the approved integrated development plan. This was due to monitoring and review by Management.
- The reported performance information was not valid, accurate, and complete when compared to the source information or evidence provided. This was due to the lack of standard operating procedure or documented system descriptions for the accurate recording of actual achievements; technical indicator descriptions for the accurate recording of actual measurement, recording and monitoring of performance; monitoring of completeness of source documentation in support of actual achievements; and frequent review of validity of the reported achievements against source documentation

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January

Please Note: The timescales from 1 to 11 were met. Item 12 to 19 could not be met as per this schedule because the municipality only received the AG report in December. The Annual Report will be submitted to Council in January as per MFMA, Section 121. (1) *Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality.*

CHAPTER 2 – GOVERNANCE

The purpose of an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

Nine major characteristics should be applied within the political and administrative structures of a municipality / municipal entity to ensure good governance:

- *Participation*: Participation could be either direct or through legitimate intermediate institution or representatives.
- *Rule of law*: Good governance requires legal frameworks that are enforced impartially.
- *Transparency*: Transparency means that stakeholders are provided with information on why decisions were made that directly affect them.
- *Responsiveness*: Good governance requires that institutions and processes try to serve all stakeholders with a responsible timeframe.
- *Consensus oriented*: Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved.
- *Equity and inclusiveness*: Society's well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being.
- *Effectiveness and efficiency*: Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal.
- *Accountability*: Accountability is a key requirement of good governance. Accountability cannot be enforced without transparency and the rule of law.
- *Sustainability*: Sustainability is the capacity to endure, how systems remain diverse and productive over time. It is the potential for long-term improvements, which in turn also depends on the responsible use of natural resources

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1. POLITICAL GOVERNANCE

The system of governance in the municipality is an Executive Mayoral System. The Executive Mayor is the head of the executive with a complement of 5 Members of the Mayoral Committee who are heading different Departments.

The Executive Mayor is the Political Head of the Executive and of the Institution and must therefore provide political leadership to the institution. The Executive Mayor is supported by a team of 5 councillors who are full time councillors. The Members of the mayoral committee heads the Section 80 Committees which are composed of the departmental heads of those particular departments.

The speaker of the Municipal Council acts as a custodian of the rules of Council and therefore heads the Rules and Ethics committee which is established in terms of

Section 79 of the Municipal Structures Act. Other committees of council that have been established in terms of the same section of the Act are executing an oversight role over the Executive on behalf of Council.

The Municipal Public Accounts Committee performs an oversight over the Annual report and the financial report and comments on such report before it is adopted by council.

**COUNCILLOR. G.T MTHIMUNYE
EXECUTIVE MAYOR (RESIGNED)**



**COUNCILLOR R.S. MATHABE
EXECUTIVE MAYOR (CURRENT)**



**SPEAKER
COUNCILLOR.G.J SKOSANA**



**CHIEF WHIP
COUNCILLOR.K.J BOSHOMANE**



MAYORAL COMMITTEE MEMBERS



**CLLR M. SEKWALA
MMC FOR ADMIN AND
CORPORATE SERVICE**



**CLLR T.L MADONSELA
MMC FOR PUBLIC SAFETY,
ROADS AND TRANSPORT**



**CLLR S. NTLAILANE
MMC FOR FINANCE AND
LED**



**CLLR D.P MAHLANGU
MMC FOR SOCIAL DEVELOPMENT**



**CLLR BS MAGOELE
MMC FOR PLANNING AND INFRASTRUCTURE**

CHAIPERSONS OF SECTION 79 COMMITTEES



**Cllr. D.M Mdluli
Chairperson: Finance
& LED**



**Cllr. S.P Aphane
Chairperson: Social
Development
Services**



**Cllr Skosana SN
Chairperson: Local
Geographic Names
Committee**



**Cllr.S.Mlegong
Chairperson: Public
Safety, Roads & Transport**



Cllr. N.G Mogano
Chairperson:
Planning &
Infrastructure



Cllr. A.Z Ndlovu
Chairperson: Admin,
Corporate Services
& HR



Cllr. M.T Maluleke
Chairperson: MPAC



Cllr Skosana GJ
Chairperson: Rules and
Ethics Committee

COUNCILLORS



Cllr Phaahla S M
Ward 01 - ANC



Cllr Maganedisa M S
Ward 02 - ANC



Cllr Shabangu M M
Ward 03 - ANC



Cllr Ratsoma P G
Ward 04 - ANC



Cllr Ndlovu A Z
Ward 05 - ANC



Cllr Mtsweni K O
Ward 06 - ANC



Cllr Mtsweni J M
Ward 08 - ANC



Cllr Mahlangu T T
Ward 09 - ANC



Cllr Mahlangu T T
Ward 09 - ANC



Cllr Masombuka J M
Ward 10 - ANC



Cllr Mahlangu J M
Ward 11 - ANC



Cllr Msiza J N
Ward 12 - ANC



Cllr Mthimunya F S
Ward 13 - ANC



Cllr Sethlako K N
Ward 14 - ANC



Cllr Aphane S P
Ward 15 - ANC



Cllr Maluleka M T
Ward 16 - ANC



Cllr Komape A N
Ward 17 - ANC



Cllr Malebe C D
Ward 18 - ANC



Cllr Mokoete M S
Ward 19 - ANC



Cllr Marota J M
Ward 20 - ANC



Cllr Mashao M J
Ward 21 - ANC



Cllr Mabaso N A
Ward 22 - ANC



Cllr Matlale O M
Ward 23 - ANC



Cllr Segalagala J
Ward 24 - ANC



Cllr Bopape D M
Ward 25 - ANC



Cllr Mabena S B
Ward 26 - ANC



Cllr Sekanka M E
Ward 27 - ANC



Cllr Matlala M N
Ward 28 - ANC



Cllr Labelo M M
Ward 29 - ANC



Cllr Legong T B
Ward 30 - ANC



Cllr Nkoana S E
Ward 31 - ANC



Cllr Mduli D M (PR)
Ward 01 - ANC



Cllr Masemula J M (PR)
Ward 02 - SPP



Cllr Mooka R N (PR)
Ward 03 - PAC



Cllr Skosana S N (PR)
Ward 04 - ANC



Cllr Manganye N M (PR)
Ward 05 - ANC



Cllr Skosana G J (PR)
Ward 06 - ANC



Cllr Motaung H B (PR)
Ward 07 - ILIMO



Cllr Masoga J N (PR)
Ward 08 - ANC



Cllr Nkadameng S L (PR)
Ward 09 - ANC



Cllr Mathabe R S (PR)
Ward 10 - ANC



Cllr Lemola B R (PR)
Ward 11 - DA



Cllr Shabalala R B (PR)
Ward 12 - ANC



Cllr Boshomane K J (PR)
Ward 13 - ANC



Cllr Masimula L P (PR)
Ward 14 - ANC



Cllr Khoza A D (PR)
Ward 15 - NFP



Cllr Mokoala V D (PR)
Ward 16 - DA



Cllr Mahlangu D P (PR)
Ward 17 - ANC



PICTURE
UNAVAILABLE
AT THE TIME
OF PRINT
Cllr Chabalala S D (PR)
Ward 18 - COPE



Cllr Sekwala J M (PR)
Ward 19 - ANC



Cllr Maja S R (PR)
Ward 20 - ANC



Cllr Majombosi S I (PR)
Ward 21 - APC



Cllr Mokhele J T (PR)
Ward 22 - DA



Cllr Mashishi M W (PR)
Ward 23 - ANC



Cllr Legong S M (PR)
Ward 24 - ANC



Cllr Magoele B S (PR)
Ward 25 - ANC



Cllr Mogano N G (PR)
Ward 26 - ANC



Cllr Ntlalane S M (PR)
Ward 27 - ANC



Cllr Lelaka Y L (PR)
Ward 28 - ANC



Cllr Madonsela T L (PR)
Ward 29 - ANC



Cllr Mnguni F M (PR)
Ward 30 - DA



Cllr Masilela S E (PR)
Ward 31 - ANC



dr.jsmlm

DR. JS MOROKA
LOCAL MUNICIPALITY

"We develop as we grow"

2.2. ADMINISTRATIVE GOVERNANCE

The role of the Municipal Manager is as prescribed in Section 55 of the Local Government: Municipal System Act, 2000 (Act no. 32 of 2000) read with section 60, 61 and 62 of the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003) which provides inter alia that as head of administration the municipal manager of a municipality is, subject to the policy directions of the municipal Council, responsible and accountable for –

- The management of the municipality's administration in accordance with this Act and other legislations applicable to the municipality;
- The implementation of the municipality's integrated development plan, and the monitoring of progress within implementation of the plan; and
- Managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure
 - That the resources of the municipality are used effectively and economically.
 - That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;
 - That the municipality has and maintains effective, efficient and transparent systems;
 - Financial and risk management and internal control; and
 - Internal audit operating in accordance with any prescribed norms and standards.

MUNICIPAL MANAGER: MR MAHLANGU BS



CHIEF FINANCIAL OFFICER: MR SKHOSANA ZG



MANAGER: TECHNICAL SERVICES: MR. SKOSANA VL – Until January 2015



ACTING MANAGER: TECHNICAL SERVICES MR. BABEDI LE – Acted from February 2015



ACTING MANGER: ADMINISTRATION AND CORPORATE SERVICES

MONKOE MF

Acted until February 2015

RAMPEDI RM

Acting from March 2015



MANAGER: COMMUNITY DEVELOPMENT SERVICES

BUSANE NP –

Contract ended in February 2015



MONKOE MF –

Acting from March 2015



COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

The relationship with other municipalities all over the district is coordinated through the District Municipality. The interaction with other municipalities is achieved through the District Forums. Such participation enriches the capacity of the municipality as we share and network on ideas that are instrumental towards the development of our municipality.

The municipality also participated in the following:

- Municipal Manager's Forum;
- Mayor's Forum;
- EXCO Lekgotla;
- Premier Co-ordinated Forum; and
- Technical Premier Co-ordinated Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

Nature and Purpose of the meeting	Date of events	Number of participating Municipal Councillors	Number of participating Municipal Administrators	Number of community members attending	Dates and manner of feedback given to community
1. IDP IMBIZO	14/08/2014 16/08/2014 21/08/2014 23/08/2014 28/08/2014 29/08/2014	48	56	2 946	Feedback are given through ward committee meeting and community meetings
2. IDP OPEN DAY	12/03/2015 13/03/2015 17/03/2015 19/03/2015	51	42	3 032	Through ward committee and community consultation meetings
3. BUDGET IMBIZO	14/05/2015 16/05/2015 20/05/2015	45	33	1 718	Through ward committee and community consultation meetings

The purpose of these meetings is not only to help and involve the communities in decision-making processes of the municipality but also obtaining feedback on service delivery and challenges they face day-to-day. These public meetings bridge the gap between the municipal council and its communities.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	YES
Does the IDP have priorities, objectives, KPIs, development strategies?	YES
Does the IDP have multi-year targets?	YES
Are the above aligned and can they calculate into a score?	N/A
Does the budget align directly to the KPIs in the strategic plan?	YES
Do the IDP KPIs align to the Section 57 Managers	YES
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	YES
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	YES
Were the indicators communicated to the public?	YES
Were the four quarter aligned reports submitted within stipulated time frames?	NO
IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	YES
Does the IDP have priorities, objectives, KPIs, development strategies?	YES
Does the IDP have multi-year targets?	YES
Are the above aligned and can they calculate into a score?	N/A
Does the budget align directly to the KPIs in the strategic plan?	YES
Do the IDP KPIs align to the Section 57 Managers	YES
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	YES
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	YES
Were the indicators communicated to the public?	YES
Were the four quarter aligned reports submitted within stipulated time frames?	NO

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

Dr JS Moroka Local Municipality may be faced with control environment that is not conducive for effective and efficient functioning of Risk Management systems that may arise as a result of risks relating to both internal and external factors such as but not limited to compliance risks, reputational risks, financial risks, service delivery risks, fraud and corruption risks and the knowledge and information

To explain two of the aforesaid risks such as knowledge and information management risks and the fraud and corruption risks. The former risks relate to the following but not limited to the credibility of information, availability and relevance of information and the safeguarding thereof which may also occur as a result high staff turn-over of skilled and knowledgeable staff members, inadequate skills transfer and that such risks may have negative impact on the reputation and performance management thereof in particular failure to produce portfolio of evidence and the latter risks on fraud and corruption relate to illegal and improper acts by staff members including third parties which have a negative impact on service delivery.

The other category of risk which may have an impact in the Institution is financial risks and that these types of risks mainly relate to inadequate or insufficient application of internal controls which include among others classification and recording of transactions and the safeguarding of assets and if not taken care of, it will result in misstatements of Annual Financial Statements (AFS) which in return will result to unfavourable audit opinion.

The following are general challenges that have the potential to affect the effective and efficient functioning of Risk Management systems:

- lack of timeously monitoring of risks versus the future actions or mitigating strategies
- fragmented operations amongst Departments within the Municipality particularly on risks that cut-across in terms of future actions or mitigating strategies

- continuous lack of resources to carry out the mitigating strategies such as procurement of resources, employment of additional staff members, lack of prioritization
- lack of internal skills and expertise on certain specialised assignments and inadequate coverage of risks related matters at Departmental level on regular basis.

PRIORITIES

Risk management is everyone's responsibility and that the entire management and individual employees are responsible for understanding and implementing risk management principles within their areas of responsibility and for making effective risk management decisions. To ensure that Risk Management issues are standing items in broader management meetings and that they will be presented by the risk owners in order to ensure that there is accountability on their part.

Risk management will not be a stand-alone function, but will become an inherent, explicit and routine part of strategic planning, business process and operational activities. This means that the risk identification and assessment process will not be done in isolation but will form part of the strategic planning, business process and operational activities.

The Municipality will manage its significant risks through an integrated approach. The process will be established or enhanced to optimize trade-offs between risk and return and maximize value to the Municipality. Optimization of risk and return ensures that the Municipality accepts the right amount of risk to meet or exceed its objectives. To strive towards the establishment of hotline number in order to ensure that fraud and corruption incidences are reported through it.

Risk management will continue to evolve and that the Municipality will continuously improve its risk management processes to ensure that it reflects best practices and adds value to Municipality's service delivery capacity. This evolution will recognize and adapt to changes in strategic direction. It will also recognize different rates of maturity levels. The Risk Management Policy, Risk Management Strategy and Risk Management Committee Charter will be used to monitor and improve the maturity level.

ACTIVITIES

- To review the operational and strategic risk registers
- To compile risk assessment reports
- To profile the Municipal risks
- To monitor the implementation of future actions as per the risk registers
- To coordinate quarterly Risk Management Committee meetings

- To review the risk management enablers such as Risk Management Committee Charter, Risk Management Implementation Plan, Fraud and Corruption Prevention Plan, Risk Management Policy and Risk Management Strategy
- To conduct regular workshops with regard Risk Management concept

Risk Management Committee

Type of Committee	Responsibilities	Benefits
Risk Management Committee	It is the Committee responsible for Risk Management issues	Ensure that there is governance over Risk Management matters in the Municipality

The aforesaid Committee comprises of four Heads of Departments and an external Chairperson. The role of this Committee is to advice through recommendations and that the implementation of recommendations remains the responsibilities of the Risk Owners and the Accounting Officer.

2.7 ANTI-CORRUPTION AND FRAUD

A draft anti-corruption strategy was developed however it was approved by the Mayoral Committee. The committee recommended that the strategy should also include the anti-fraud component. The following key risk areas have been identified in accordance with the institutional risk register, i.e. Finance, SCM, Fleet Management and Technical Services. Councillors are excluded from the procurement processes as prescribed by schedule 1 of the MSA of 2000.

2.8 SUPPLY CHAIN MANAGEMENT

Currently, the Supply Chain Management Unit (SCM) comprises of six staff members, and the positions includes Demand, Acquisition, Logistic, Disposal, Risk, Performance, Senior Procurement, intern and Assistant Manager. The main objectives of the SCM unit are to ensure effective and efficient procurement of goods and services, to support the strategic objectives of the municipality through procuring at the right place, right time, right quantity, right quality and at a right price; to ensure that goods and services are procured in line with section 217 of the constitution and the all applicable legislation; to assist the municipality in achieving a clean audit opinion, through ensuring compliance with the SCM policy and all applicable pieces of legislation when procuring goods and services.

During the SWOT analysis of the Supply Chain Management Unit the following were realized;

Strengths

- 1 Communicating and managing the sitting of Bid Committees

- 2 Attending to procurement requests received
- 3 Ability to procure goods and services in line with the SCM policy
- 4 Ability to enforce compliance to legislative requirements in procuring goods and services
- 5 Dedication of SCM role players towards service delivery

Weaknesses

- (i) Poor record keeping
- (ii) Poor control of tender documents sales
- (iii) Poor procurement planning i.e. unavailability of procurement plans

Opportunities

Capacity building through training of all SCM role players

Filling all vacant posts within the SCM unit

Review of the SCM policy to increase efficiency

Preparation of council approved procurement plans

Conducting workshops for local business people on tendering processes and encourage participation and advancing LED objectives of council.

2.9 BY-LAWS

By-Laws Introduced during 2014-2015 Financial year		
Newly Developed	Public participation conducted prior to adoption of By-Laws (yes/no)	By-Laws Gazetted (yes/no)
Cemetery draft by law	Yes	YES
Abattoir and keeping of animals draft by law	Yes	No-still undergoing public participation
Building draft by law	yes	No-still undergoing public participation
Food keeping of animals draft by law	Yes	No-still undergoing public participation
Solid, Drainage and plumbing and sanitations draft by laws	Yes	No-still undergoing public participation
Pounding and keeping of animals	Yes	No-still undergoing public participation

Street and miscellaneous draft by law	Yes	No-still undergoing public participation
Swimming pool/ baths draft by law	Yes	No-still undergoing public participation
Water draft by law	Yes	YES
Street workers, salon, draft by law	yes	No-still undergoing public participation
Noise control draft by law	yes	No-still undergoing public participation

2.10 WEBSITES

For the period under review the municipality had a functional website, managed by an external consultant. The website was fully functional and was updated frequently with information as reflected by the table below. Information listed on the website depends upon departments submitting data for publication on the website. The ICT unit is responsible for this function and it reports to the Head of Department, Corporate and Admin Services.

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	March 2015
All current budget-related policies	Yes	March 2015
The previous annual report (2013/2014)	Yes	January 2015
The annual report 2014-2015 published/to be published	Yes	January 2016
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act 2014-2015 and resulting scorecards	Yes	June 2015
All service delivery agreements 2014-2015	No	N/A
All long-term borrowing contracts 2014-2015	No	N/A
All supply chain management contracts above a prescribed value (give value) for Year 2014-2015	No	N/A

An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2014-2015	No	N/A
Contracts agreed in 2013/2014 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/A
Public-private partnership agreements referred to in section 120 made in Year 2014-2015	No	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2014-2015	Yes	July 2015

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

No public satisfaction survey was done in 2014-2015.

2.12. MUNICIPAL COMMITTEES

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
MUNICIPAL COMMITTEES	PURPOSE OF COMMITTEE
Risk Management Committee	To ensure that risks identified and their controls are managed effectively
Audit Committee	Advisory role to Council
Specification committee	To ensure that the specification is drafted in an unbiased manner
Evaluation Committee	To ensure that SCM policy and regulation together with procurement processes are adhered to
Adjudication Committee	To ensure that SCM policy and regulation together with procurement processes are adhered to
Budget Steering committee	Alignment of budget with MTREF
Local Labour Forum	To ensure good relationship between employee and employee and consultative forum
Administration, Corporate Services & Human Resource	oversight role
Planning and Infrastructure	oversight role
Social Development Services	oversight role
Public Safety, Roads and Transport	oversight role
Finance and LED	oversight role
Municipal Public Accounts Committee	oversight role
Local Geographic Names Committee	oversight role
IT Steering committee	IT compliance

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

COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

The Municipality has a 68ML capacity Weltevreden Water Purification Plant and more than 200 boreholes that are used for water supply services. Water supply in the municipality is characterized by the eastern and the western systems. The eastern areas are supplied by surface water from the Weltevreden Water Purification Plant whereas the western areas have historically been dependent on groundwater resources and tanker services as their source of water. The bulk water network supplying potable water from the Weltevreden Water Purification Plant only extends up to Lefiso and Lefiswane in the north and Marapyane and Semotlhase/Loding in the west.

The Weltevreden water supply system also supplies Sekhukhune District Municipality and Thembisile Hani Local Municipality and this put water supply constraints on the system. In addition, the demand within the Municipality has also increased massively and this can be associated with the increasing population within the water supply areas. The Municipality is currently in the process of developing operation and maintenance plans for the Weltevreden water supply system. These will assist to proactively maintain municipal water infrastructure thus ensure its sustainability. The Municipality endeavour to render basic water level of services to all households within its jurisdiction. Basic level of service is defined as having access to water supplies within 200m walking distance from any household.

At present, it is estimated that less than 9% (5086 households) still requires basic levels of service for water. For households that are already being serviced; more than 10% (8700 households) experience discontinuous water supply. Amongst others, villages within the Wards; 02, 07, 10, 11, 12, 13, 16, 19 and 20 constantly have interruptions and discontinued water supplies. These include the following villages:

- Libangeni;
- Senotlelo;
- Makometsane;

- Mapotla;
- Makopanong;
- Ga-Mmakola;
- Digwale;
- Loding;
- Madubaduba;
- Mmaduma and
- Two-line.

The interruptions and discontinuous water supplies to these villages and other areas are mainly due to a combination of the following factors;

- Ageing infrastructure;
- Illegal connection due to the none availability of infrastructure;
- Unequal distribution of water;
- Limited maintenance funds due to none collection of revenue;
- Lack of maintenance plans/strategies;
- Reactive operation & maintenance infrastructure;

The discontinuous water supply services prompt communities to resort to illegal connections to the bulk water infrastructure. This further leads to unacceptable losses of water resulting from inferior quality of work by inexperienced plumbers doing illegal connections to households. Furthermore, the tampering with the bulk water supply system immensely compromises the quality of water within the distribution network. Gardens and car washes also contribute to water shortages. The western part of the Municipality does not have bulk potable water supply hence the Municipality rely on underground-water (boreholes). Villages that are mostly supplied through underground water are:

- Mmamethlake;
- Nokaneng;
- Phake;

- Rankaile;
- Ratlhagane;
- Thabeng;
- Mantlole and
- Masobe.

In summer there's over usage of the underground water and this affects the quantities and life span of the boreholes. Another challenge experienced with some of the boreholes is poor water quality (saltiness).

At present revenue collection for water services is collected from households, and it is not as per consumption. Households are expected to pay a flat rate fee to the Municipality for all services received; as a result the Municipality does not apply free basic water provisioning. This also contributes water wastage by households since the flat rate fee is independent of their water consumption patterns.

3.2 WASTE WATER (SANITATION) PROVISION

Sanitation services within the Municipality are characterised by the sewerred sanitation facilities in the Siyabuswa and Toitskraal areas and vastly the non-sewerred onsite sanitation facilities in the largest part of the Municipality. As much as the Municipality endeavour to provide conventional sewer-based sanitation services in the form of water-borne flush toilets in all areas; the current lack of consistent, reliable and uninterrupted water supply limits the type of sanitation technology to Ventilated Improved Pit (VIP) toilets. The large part of the Municipality which is highly dependent on groundwater source is provided with of Ventilated Improved Pit (VIP) toilets as a means to meet the Municipal obligation to provide basic sanitation services.

Municipal Wastewater Treatment Plants

Siyabuswa Sewage Treatment Plant

The capacity of the Siyabuswa Sewage Treatment Plant is 10 MI/d. This plant collects domestic wastewater from Siyabuswa covering approximately 8237 households. Operational challenges such as blocked sewers are experienced from time to time,

some of which are due to theft of manhole covers, unauthorized disposal of solids into manholes as well as channelling of storm-water (surface run-off) into manholes.

Apart from treating the domestic wastewater from Siyabuswa, the plant also receives septage (wastewater from septic tanks) collected from households within the Municipality. The sudden increase in organic and nutrient loads induced by the receipt of septage at the Plant have a great potential to upset the biological wastewater treatment processes resulting in non-compliant effluent. There is a lack of a disposal site for septage, in addition to the By-Laws regulating handling of septic tanks installations.

The current refurbishment project for the plant has significantly improved the operation and performance of the plant; however sporadic power failure (due to Eskom load shedding) negatively impact on the operation of newly installed pumps, motors and other electro-mechanical equipment. In general, power failures also result in the discharge of partially treated effluent thus posing an environmental and health hazard. The treated effluent from the plant is discharged into the nearby Elands River. Shortages of staff especially Class III Process Controllers is also a challenge at the Siyabuswa Sewage Treatment Plant, more especially that the draft Regulation 17 requirements for Process Controllers are stricter than the previous Regulation 2834.

Vaalbank Waste Stabilisation Ponds

The Vaalbank (Libangeni) Waste Stabilization Ponds have a capacity of 0.07ML/d and only serves the nearby Police Station and also serves as a disposal site for septage. The residences within Libangeni are currently using on-site sanitation such as VIP and CWB toilets. There are no flow meters and monitoring of both influent and effluent quality as these Ponds. No personnel are dedicated to this plant; however the process controllers from Siyabuswa Sewage Treatment Plant visit the Ponds at least once a month for visual inspections. The security fence around Vaalbank Waste Stabilization Ponds has been vandalized and this poses a health and environmental hazard to the local community. A project to carry out a feasibility study for sanitation in Vaalbank is due to start. Part of the project outputs is to identify the sustainable sanitation solutions for the Vaalbank (Libangeni) Township, including cost estimation for addressing the challenges at the Waste Stabilization Ponds.

The Municipality is currently in the process of developing operation and maintenance plans for all wastewater treatment works. These will assist to proactively maintain municipal water infrastructure thus ensure its sustainability.

Toitskraal Wastewater Treatment Works.

The Toitskraal Wastewater Treatment Work treats domestic wastewater from Toitskraal area. The plant is based on rotating biological contactors (RBC) technology and its design capacity is not known. The plant is currently under the Department of Public Works and the process of handing it over to the Municipality is underway. Currently the Municipality is only providing operational support at the plant in terms of minor maintenance activities. One of the challenges experienced at the Plant is non availability of Process Controllers.

Rural Sanitation

As previously mentioned, the current lack of consistent, reliable and uninterrupted water supply limits the type of sanitation technology to Ventilated Improved Pit (VIP) toilets. The large part of the Municipality which is highly dependent on groundwater source is provided with of Ventilated Improved Pit (VIP) and CWBs toilets as basic acceptable level of service for provision of sanitation. Currently the backlog for provision of basic sanitation is 36.39% (35 570 households), which constitute of; 36.02% still using pit toilets without ventilation and 0.37% using other types of sanitation facilities. The sanitation backlog affects all Wards within the Municipality except Ward 3 and 4 which are serviced by water-borne flush toilets.

3.3 ELECTRICITY

Dr JS Moroka Municipality solely depends on the Department of Energy for funding electricity projects and Eskom for implementation thereafter. The Municipality further depends solely on Eskom in terms of electricity matters including electricity provision in its entire Municipal area of jurisdiction. The Millennium Development Goals target for electricity is 2016. The Municipality does not have any significant electricity backlogs due to the fact that all Villages in the Municipality are fully electrically

reticulated and energized with the exception of the newly and recently created Village extensions.

It can therefore be noted that in terms of the basic provision for electricity, Dr JS Moroka has made significant achievements in such a way that it can be considered that millennium development goals targets will either be achieved by 2015 or have already been achieved depending on the analyzing of the situation by an individual. The only challenge the Municipality faces from time to time relates to the informal allocation of land by Traditional Authority resulting in the land occupant's thereafter immediately expecting or demanding electricity from the Municipality. Where electricity reticulation projects are implemented, challenges are that the implementation process is not expeditiously done and sometimes leads to Community members crying foul in terms of the Municipality's commitment to meeting their needs.

Electrical technology is a subject which is closely related to the technologies as we are looking towards 2015 to make better life to the households living in our areas of jurisdiction to benefit from electricity. Dr JS Moroka Municipality has approximately 57 811 total number of households with 57131 total number of households receiving Electricity from Eskom program. This leaves the balance being those needing posts connections as well as those needing minor reticulation.

Bulk Supply

The quality of bulk electricity supply to Dr JS Moroka Municipality is adequate except for areas getting supply from Amandla/Pieterskraal Substation. The power outages in all the areas that are supplied from Amandla/Pieterskraal Substation are experienced as a result of network overloading and caused the Electrification Projects to be delayed, unless the network is strengthened by Eskom. Plans are well advanced as Eskom is currently upgrading the capacity of the Amandla/Pieterskraal Substation. Areas that are supplied by Amandla/Pieterskraal are Libangeni, Digwale, Mbongo, Ukukhanya and Maphanga. The other challenge that the municipality is facing is the process of implementing electrification projects is taking longer than it should have.

Demarcation of New Extension

The demarcation of new extensions is currently the challenge that the Municipality faced with. Most Tribal Authorities within the Municipality are still allocating stands

(households) without any prior consultation with the Municipality so that advance plans can be initiated on electricity matters that will immediately affect households. It is however important to make known to household owners settling on private lands that they are expected to incur the full cost for electricity supply and connections to their households. Proclamation of the landowner is another challenge as the Municipality through Eskom is unable to electrify those areas whose ownership remains unresolved such as Phaake.

Community Lighting

Community lighting is a serious challenge as most of our areas do not have street lighting and are living in darkness. This promotes high rate of crime to our community such as housebreaking, robbery, high jacking etc. The municipality has been electrifying the community through high-mast lighting, however in some areas the municipality has been experiencing capacity problems e.g. at Libangeni and Mbongwe high-mast light have been erected but have not been energized.

The operation and maintenance of Municipal Facilities is executed with two teams and the teams are responsible for the fault finding and maintenance, the following are Municipal infrastructure that the sector is responsible for:

Item no	Village Name	Type of Facility
1.	To 240 repair High-mast slights	Moroka
1.	Weltevrede, Toitskraal, Waalkraal and Zoetmelkfontein	Water Treatment Plant & Booster Pump Stations
2.	Siyabuswa "A"	Sewerage Treatment Plant
3.	Siyabuswa "A", Ga-Phaahla, GA-Morwe, Digwale, Matshiding, DMA-Rhondehoogte, Allemansdrift "D", Mthambothini King Cluster, Libangeni, Nokaneng, Pankop	Community Hall
4.	Ga-Phaahla, Ga-Morwe, Nokaneng, Lefiswane	Sports Facilities (stadium)
5.	Molapomogale, Makopanong, Toitskraal, Matshiding, Mbongo, Nokaneng, Mahareng, Phaake	Mini Pump Stations

	1,2,3,Masobye,Ga-Morwe Reservoir, Senotlelo Reservoir, Mmaduma, Thabana	
6.	Makopanong, Ga-Phaahla, Siyabuswa "A,B,C,D", Digwale, Molapoamogale, Libangeni, Allemansdrift C, Mbongo, Makometsane, Senotlelo, Troya, Dihekeng, Loding , Sehoko-Moletse, DeBeers put, Ga-Maria, Mmamethake, Phake 1,2,3 and Masobe	Public Lighting
7.	Siyabuswa, Industrial Park, Libangeni, Matshiding, Nokaneng, Mmamethake	Municipal Offices
8.	Ga-Phaahla,Mabusabesala,Digwale,Molapomogale, Maphotla,Senotlelo,Gamaria,Pankop,DeBeersput ,Madubaduba,Makopanong and Thabana ,Ramokgeletsane,Mthambothini,Madlayedwa,Ski mming,Ga-Matempule,Loding,Dihekeng,Phaake1;2;3,	Cashiers Offices
9.	Siyabuswa and Maphotla	Public Library
10	Siyabuswa and Libangeni	Licence Authorities
11.	Siyabuswa	Council Chamber
12.	Ga-Phaahla, Siyabuswa, Sehoko, Lefiswane,	Mini Booster Pump

Priorities

- To ensure that Eskom as the bulk provider meets the municipality's present and future needs in terms of the capacity
- To ensure provision by Eskom reliable and affordable electricity access to all residents of Dr. J.S. Moroka Municipality in accordance with National Legislation.
- To ensure that ESKOM electrification plans: Development plans are informed by the Municipality's IDP and also approved by the Municipality.
- To provide community lighting to the Community.
- Ensure electricity backlog is corresponding to what is on the ground level.

- To have a routine maintenance of all Municipal Infrastructure in accordance with the municipality's organogram
- To ensure that all the Large Power Users (LPU's) and Small Power Users (SPU's) are functioning correctly.
- To have recorded Municipal Electricity data.
- To identify all electricity infrastructure.

Activities

- To provide power backup systems to all key municipal facilities.
- To ensure all electrical projects are to be fully discussed with electrical division prior implementation of projects.
- To ensure that Eskom strengthens the capacity on areas of concern.
- To ensure that DoE allocate budget for electrification of households Extensions.
- To have funds available to procure and install alternative energy sources (solar system).

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

Waste Management is a core function of local government and a basic service delivered by Dr JS Moroka Local Municipality. It is also a generator of revenue for the municipality and therefore Dr JS Local Municipality must put mechanisms in place to deliver this service on a sustainable manner using the most cost-effective way. The percentage of dwellings accessing the service is 31561 Households 13.6% of the total number of household 62 162. The basic provision of refuse removal to indigent household is to ensure that at least poor people have access to basic refuse removal services from municipality.

According to Section 11.4 of the Waste Act (59 of 2008) requires local municipalities to develop Integrated Waste Management Plans. The Draft IWMP of Dr JS Local Municipality was submitted to council for adoption on the second quarter of the current

financial year, and it will serve as an effective institutional framework for the following purpose:

- Pollution and waste minimization;
- Impact management and remediation;
- Holistic and integrated planning with the intention to develop mechanisms to ensure that integrated pollution and waste management considerations are integrated into the development of government policies, strategies and programmes; and
- Alignment of waste management with all spatial and economic development planning processes within the municipal space.

The Waste Management Plan will focus on a system that will ensure the least possible volumes of waste at licensed landfill site. In order to achieve this, the emphasis would be on the following:

- Waste education;
- Effective law enforcement; and
- Material recovery and treatment plants.

The key elements of the Integrated Waste Management Plan are:

- Waste Avoidance;
- Waste Reduction;
- Re-use & Re-cycle;
- Treatment of waste; and
- Disposal at landfill.

This can only be achieved if effective awareness campaigns can be identified amongst the community and business to establish a culture of recycling at source and participate enthusiastically in waste minimization efforts. The rate of participation and an intervention is to improve the rate of the waste collection by ensuring that each household is supplied with a pack of recycling bags every three months. This program may start in July 2015 and we foresee a significant participation rate. The municipality is going to embark on a comprehensive Hlwekisha on Waste education programme at schools which will focus on educating learners regarding the handling of certain types

of waste and appropriate disposal thereof. The proposed programme at certain primary schools will also assist in enhancing the re-cycling programme. One of the challenges to implement this awareness and education campaign for recycling is adequate human resources to champion this programme.

The municipality has insufficient capacity to collect refuse regularly on a weekly basis. This service is currently rendered to Siyabuswa and Libangeni residential areas. The current EPWP employees are targeting the illegal dumping sites, parks and open spaces. The status of waste disposal in terms of landfill sites, with regard to licensing, compliance with license condition and transportation mechanism. One landfill site at Libangeni is authorized and waiting to be licensed by the Department of Environmental Affairs. The service providers for infrastructure development have been appointed. Infrastructure implementation plans has been submitted and the construction will commence in January 2015.

Dr JS Moroka local municipalities face a number of challenges with respect to delivering, an effective and sustainable waste service to all households, including insufficient budget, skilled capacity, lack of appropriate equipments and poor access to areas to be serviced. These challenges are exacerbated by growing semi-urban populations who need access to municipal services and migration from rural to semi urban area within our municipality. The rapidly growing economy within the municipality is also expected to see increasing volumes of waste being collected from household, industrial area, businesses and institutions. Presently twenty five (25) wards are without solid waste removal while seven (7) have access to refuse removal this is due to lack of resources. Areas with solid waste removal are Wards 3,4,5,6,16 and 17 and the frequency of removal and the reliability of the service is once a week and skip containers are used for businesses and government institution.

3.5 HOUSING

The Dr JS Moroka Local municipality has established two townships through Nkangala District Municipality in Libangeni and Moripe Gardens. Residential development is a very important component of any TOD. Government has an opportunity to impact directly in this regard by way of government subsidized housing and it can set the

trend in terms of densities, housing typologies and tenure alternatives around a railway station (TOD). The more people are located around such a node the more sustainable the node should be. The Mpumalanga Department of Housing, in conjunction with the local municipalities will have a significant contribution to make to the Moloto Development Corridor in this regard by creating Green fields projects on the out skirts of these stations.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Section 97 of the Municipal Systems Act, Act 32 of 2000 among others stipulates that a credit control and debt collection policy must provide for (c) provision for indigent debtors that is consistent with its rates and tariff policies.

In view of the above Council has approved an indigent policy to provide for the following Consumer Services:

- Water
- Electricity
- Refuse removal
- Sewer where applicable

Indigent Programme summary

In terms of Section 6.3 of the indigent's policy registration programme, annually starts on the 1st July until the 30th April for inclusion in the following financial year annual budget. Since the beginning of the financial year until the 30th September 2014 a total number of 1368 applications have been received as follows:

VILLAGES	NO OF INDIGENT REGISTERD	NO OF INDIGENT APPROVED	DISSAPROVAL
1.Gamorwe	212	79	133
2.Meetsimadiba	174	146	28
3.Makopanong	81	81	00
4.Siyauswa A& E	157	45	None
5.Siyabuswa B	114	105	09
6.Siyabuswa C	98	70	13
7.Siyabuswa D	15	15	None

8.GaPhahlia	277	218	59
9.Maphotla	32	-	-
10.Dithabaneng	78	-	-
11.Madlayedwa	130	-	-
Total	1368	759	242

Indignant registrations are being handled at the pay point and unit offices. Field workers also visit the areas that are far from the pay points.

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

Roads Infrastructure is the main transportation system and all roads are classified and owned by different spheres of government. Provincial roads are maintained under Mpumalanga Public Works, Roads and Transport (PWRT), District Roads are under the Nkangala District Municipality and Municipal roads (Local bus and taxi routes) are maintained by Dr JS Moroka Local Municipality. A number of provincial and district roads are found with the jurisdiction of Dr J.S Moroka Local Municipality; with the Moloto Road (Route R573) and Kwa-Mhlanga - Mkhombo Dam Road (Route R568) crossing within our Municipal boundaries.

The municipality considers the ITP (Integrated Transport Plan) which was prepared in terms of the provisions of the National Land Transport Act (NLTA) Act5 of 2009, for a period of five years 2014/15 to 2018/2019. The ITP serves to provide overall guidance on transport service delivery in the municipality through identifying gaps in the transport systems and formulating systematic interventions to address the gaps. The ITP will also provide the transport-related inputs into the municipality's Integrated Development Plan (IDP) which is the primary planning and budgeting tool to realize the municipality's vision.

There is currently no road network asset management system in the municipality, which is essential for guiding the municipality on the prioritization of road network

development and maintenance. The road network asset management system would also help to ensure efficient use of resources, especially in the case of the Dr JS Moroka municipality where resource limitations are one of the primary concerns. In the absence of a road network asset management system, therefore, the municipality does not have a systematic method to help to develop and maintain its road network.

The Municipality has a total length of approximately 2720Km of internal gravel roads of which 125km is bus and taxi roads. Approximate 500Km is maintained annually (Includes re-gravelling and bladding). The municipality is however unable to maintain all of its gravel roads due to insufficient resources. 85 km of the total 210 km of bus and taxi road is paved which leaves 60% backlog. The Municipality has thus far been able to increase number of paved bus and taxi routes from 36% to 41% since 2011 which is 5% backlog reduction to-date.

- **Status with regard to maintenance**

The Municipality has a network of roads which mostly is gravel roads. These roads are used by buses and taxis to ferry commuters to and from work, shopping stores and other their desired destinations. Gravel roads are to a low pavement standard and as such their design life is shorter than that of a surfaced road. Even though the Division uses SANRAL, SANS and other related governing legislatures to construct these roads, but due to a high number of unskilled operators we are unable to reach optimum allowance standards.

Even though surfaced roads are frequently maintained through potholes patching programmes there still a high backlog of uncompleted surface roads as well as proper storm water channels to assist in control of run-off water on the ground and on our roads, furthermore the Division extends its responsibility to assist with maintenance of provincial and district roads.

- **Status of the integrated Transport plan**

The Municipality has not yet implemented the integrated transport plan and as such the municipality relies on the District Municipality for such matter.

- **Status of roads with regard to public transport, major economic belts etc.**

The municipality works jointly with PWRT to maintain all the above mentioned roads, this assists in that roads remain in a suitable driving condition at all times.

- **Status of arterial or internal roads**

With three of the magisterial units to maintain, there are different types of roads found within the villages. Mathanjana unit is mostly sandy as such minimal number of gravel roads are found in this unit while Mdutjana and Mbibane have most of the gravel roads in the municipality. Most of the paved roads are also found in Mdutjana followed by Mbibane unit. Our roads need frequent maintenance as there are inadequate storm water control drainages thus they are eroded timely. Although they are mostly in good conditions but they are badly damaged during rainy seasons. There is a vast need of upgrading some of the gravel roads to asphalt pavement as a solution for poor materials found within the area of concern which make poor road wearing course.

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

DR J.S Moroka Municipality is an agent of the province in the administration of driver's licenses, vehicle licenses and a Vehicle Testing station as part of Libangeni Registering Authority. However the Vehicle Testing Station is not yet operational and community members are send to other municipality for other services like testing of motor vehicles.

Previously the municipality had a backlog in the booking of driver's license and learner's licenses, applicants would have to wait up to a months before securing an appointment. People had to queue a night before at the entrance of the Licensing Offices to secure an appointment. To alleviate this problem an internal control measures has been taken by introducing appointment list to control or reduce long queue, licensing staff were trained as examiners of learner's licenses and two examiners of drivers licenses were appointed. This means that the applicants can secure booking for driver's and learner's license within (seven) 7 days.

This led to applicant from neighbouring municipalities flocking in large number to Libangeni DLTC for the improved system of getting an appointment within 7 days and the office is experiencing a problem of servicing applicant with limited resources which led to services move slowly. Mathanjana Registering Authority performs only registration and licensing of motor vehicles and these lead to the community of Moretele to suffer because not all services are rendered by the Registering Authority. Its grading need to be reviewed so as far as to cover renewal of driver's licenses' applications, testing of learners licenses and processing of professional driving permit.

Priorities

- To provide effective and efficient Licensing Services and to ensure that all driver's using the road are competent.

Activity

- To provide responsive, accountable, effective and sustainable public services.

3.9 WASTE WATER (STORMWATER DRAINAGE)

• Areas without the Roads & Stormwater service

All wards within the municipality have services though some have very limited services in terms of storm water channels and paved roads. The division is capable of assisting all the villages or wards around the municipality with the limited resources and personnel it has.

• Availability of Stormwater water management plan or system

Currently the Division has no storm water master plan or system as such it has gone out on tender and awaits the appointment of the suitable professional firm to do the study and compile storm water master plan.

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

Town planning is all about developing the Land Use Management Schemes, rezoning and the Spatial Development Framework which has to be reviewed annually. All regulations relating to land use rights are governed by the schemes and by-laws of the

municipality. The planning function for Dr Moroka Local Municipality was entrusted to Nkangala District Municipality as published in the Province of Mpumalanga Provincial Gazette Volume 10 No. 959 date 26 May 2003. This basically means that all Town Planning functions of the Municipality still had to be performed through the Nkangala District Municipality. This process was gazetted due to the fact that the Municipality did not have capacity at the time and it can be reviewed provided that the Municipality's Town Planning section is fully capacitated with relevant and required resources.

Siyabuswa and Libangeni are formalized townships which have a lot of unused public space to date and as such a resurvey is required on those public spaces for the purpose of schools, churches, leisure, business and others. The two are proclaimed townships in the municipality referred to as R293 areas. All issues of rezoning, consolidations and final approvals of the Spatial Development Framework and the schemes, have first to be approved at district level.

- Town Planning is not consulted in most of the development that are taking place within the municipality.
- Finalization of sanitation services project in Siyabuswa D Extension 2 will speed up the opening of the area for site sales and occupation
- Town Planning is not taken as a first point of call when developments takes place within the municipality.
- The implementation of the new bill (SPLUMA) in municipalities is still awaiting the finalization by the Presidential office.
- The establishment of Tribunals in municipalities has not begun because of the fact SPLUMA regulations have not yet being signed by the Presidency.
- The process of submitting all applications for land use rights to the district delays service delivery or response time of the municipality.

Priorities

- Finalization of the SPLUMA regulation and the Presidency signing them for implementation
- Establishment of the Tribunals within the District for process of land development applications considerations
- Establishment of Human Settlements by establishing townships in most areas of the municipality.

Activities:

- Township establishment of areas like Moripe Gardens, Toitskraal, Kameelrivier D, Libangeni, Wolwekraal and Mmamethake.
- Reviewal of the SDF as required by the IDP annually
- Development of Precinct Plans for areas earmarked for spatial development.

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

LOCAL ECONOMIC DEVELOPMENT

Local Economic Development is the process of building strong, responsive, inclusive and adaptive economies. The strategy is driven by local assets and realities, a diverse industry base and commitment to equality of opportunities and sustainable practices have emerged as those that will ensure a strong foundation for long-term stability and growth. Even within this parameters what constitutes success in local economic development and the strategies to accomplish it will look different from place to place. Despite these differences, leadership is consistently identified as critical factor in effective economic development.

Co-operatives have been regarded as sector to expand economic activity and address the needs of the unemployed. Hundreds of co-operatives have been set up in the area, many under the jobs for growth programme, other linked to either the department of agriculture or department of social services and finally some have been set up by producers, workers and business people themselves. Majority of these co-operatives still lack business management skills, understanding on co-operatives values, ethics and principles

TOURISM DEVELOPMENT

With the completion of Dr JS Moroka Tourism centre and the SMME centre by Nkangala District Municipality and subsequent commitment and support by Open Africa Tourism Route developers, to re-develop Kamoka Tourism Route, the development of Mkhombo & Mdala Nature Reserves, the facilitation on Tourism ambassadors, tourism monitors and tourism buddies, this demonstrates the commitment that the municipality has in-terms of tourism development.

Priorities

- Development and marketing of tourism product that the municipality got to offer;
- Training and capacity building co-operatives ;
- Strengthening development of co-operatives as primary sector to develop and sustain local economy
- Review of the Local Economic Development Strategy;
- To encourage and promote the use of Co-operatives as vehicle to poverty eradication and job creation;
- To make Local Economic Development everyone's business;
- Work on re-launching and strengthening the Local Economic Development Forum.

Activities:

- Establishment of incubator programme for the development and training of co-operatives
- Improve communication between the municipality and sector department at various levels of government
- Work closely with government parastatals such as SEDA, MEGA, MTPA, IDC, MRTT, NYDA and last but not least NDA
- Continue marketing DR JS Moroka Municipality as favourable place for doing business (investments)
- Position Co-operatives at the centre

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

Out of the 61 villages that are within the Municipality, there are only five (5) Public Libraries, one being a container stationed at Masobye. The other four (4) libraries are at Maphotla, Siyabuswa, Libangeni and Marapyane. Mdutjana and Mathanjana has 2 Libraries each Leaving Mbibane with one (1) Library. The Municipality has signed the protocol agreement with the Department of Culture, Sports and Recreation with regards to Library Service within the Municipality. The Libraries are currently staffed by both provincial and municipal staff. Currently the monthly statistics of library users is at around 16000 for all the five Libraries combined.

As a section the Library has so far conducted outreach programs in three magisterial districts of our Municipality targeting primary and high schools. The response received from the principals regarding the impact that our programs have are remarkable. To extend public participation to include the illiterate, semi literate, emerging authors within our Municipality a vigorous marketing in a form of our Annual Event Book Indaba. Partnership with the Institutions like the American Embassy, UNISA and University of Pretoria were entered to for the exchange of program. A mobile library is also available the Municipality upon request to service areas that are far from libraries.

Priorities

- Ensure that we encourage a culture of reading to create a nation of readers.
- To provide books for children in their home language.
- Forge and strengthen community partnership and outreach.
- Ensure that there is an effective co-ordination and consultation on matters regarding community libraries and information services between us and provincial department.

Activities:

- Staff to participate in LIASA, other professional library conference, seminars and workshops, and serve on committees, provincially and nationally.
- Increase outreach programmes to all 55 villages by acquiring a mobile library that will visit all areas that are far from the existing libraries.
- Introduce and develop systems which support resource sharing, including interlibrary loan among our libraries.
- To promote and ensure access by people with disabilities and other categories of persons disadvantaged by unfair discrimination.

- Celebrate National Library calendar Mandela Month, readerthon and literacy day.

3.13 CEMETORIES AND CREMATORIUMS

The Municipality has 1 cluster cemetery and 102 village cemeteries throughout the municipal area. The Cluster cemetery and village cemeteries are maintained by EPWP contract employees. 78 Villages cemeteries are fenced and 24 village cemeteries still need to be fenced. The municipality is currently not rendering crematoria services within its jurisdictional area.(impossible)

The Municipality experiences quite a sizeable number of grave digging requests on weekly basis. This exerts pressure on the 2 municipal officials that have to ensure that the whole Dr JS Moroka is serviced. Often officials in this section are required to perform beyond the call of duty as communities only want their graves to be dug on Fridays and Weekends. Currently, it is only the Head Office that is responsible for the coordination of grave excavation with the assistance of three operators. The cemeteries section is also responsible for burial, exhumation, pauper and reburial of deceased people. Numbering of individual graves especially at Mogononong cluster cemetery is in progress. There is unauthorized access of people who bury their beloved ones without permit.

This has an effect on proper recording of individual graves vandalism at Siyabuswa cluster cemetery due to no security personnel. Most village cemeteries are without water. It must also be noted that there are a quite a number of village based cemeteries which are not on the Municipal records especially family graves and traditional graves. Ideally, these village based cemeteries need to be properly fenced and closed on being full to address the current problems. With the concept of the cluster cemeteries being in place, provision needs to be made in demarcating the cemeteries to make provision for a crematorium as currently it is not catered.

Priorities

- To encourage communities to utilize the cluster cemeteries to minimize the travelling between villages.
- To have security personnel at cluster cemeteries.
- Establishment of 2 more cluster cemeteries in Mathanjana and Mbibane Unit offices
- Closing up of individual village cemeteries when they are full.

Activities

- Establish additional cluster cemeteries in our area of jurisdiction.
- Ensure numbering of graves where there are cluster cemeteries.
- Development of community awareness programme on usage and registration of graves contained in the by-laws
- Ensure proper control and management of graves.
- Establishment of a crematorium within cluster cemeteries.

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Transversal section is focus on issues such as mobilizing advocacy, children's education, women, People with Disability, Elderly, HIV/Aids, and Moral Regeneration. The municipality has managed to implement programmes as planned, however there are still some challenges internally and externally which need to be addressed, mostly on none functionality of forums.

Children:

In terms of the African Union a child is defined as "every human being under the age of 18 years". Children between the ages of 2 to 6 years of age are expected to be in Early Childhood Development Centers (ECDs). Children between the ages of 7 to 18 years are expected to be in school; with the inclusion of all those children from the age of 15 to 18 years attending FET colleges. The municipality assists children on Services such as water, safe parks and provides school uniforms where possible, including sanitary towels for destitute learners. There are still challenges in the provision of water and sanitation some schools within the municipality. These are matters which can be addressed by the municipality and Department of Education.

Women

The total percentage of women estimated at 52.9% and men at 47.1% (according to STATS SA 2011) Therefore the planning for the municipality and other departments need to focus on women development. Awareness around **ABET** Centers is still minimum and not known to women, and its timing for attending classes is still a critical on the factor that is in the afternoon, where women need to cook and assist children as they come back from school. The other problem is a safety as they will be leaving classes to home at night. Economic Development for women, is still a challenge as most of women within the Municipality are unemployment and having a challenge on

entrepreneurs skills; as their business mostly involves catering, tailor making, decoration, hawkers for vegetable and fruits at shopping complexes, and the most challenge is that they are working in solo.

The gender equity is still a challenge within the municipality where men dominate more than their women counterparts were in out of 587 employees (top management 2 males and 1 female 33.33% Management 3 males and 2 females 40%, assistant's managers 22 males and 6 females 21%. Councilors 38 males councilors and 24 female councilors, 39% and on management at 45% professionally qualifications, 12 males and 6 females, skilled 53 males 61 females, semi-skilled 88 males and 63 females, unskilled 326 males and 126 females).

The Municipality is in 39 % and it has decrease with 1% from the previous council. The launching of women caucus on the 4th December 2013 and 16 Days of Activism for No Violence against Women and Children Campaign in 2007, it's only done in two months main while the violence is taking place throughout the year (365 days). There is a need to step up efforts and institutionalize the campaign by developing 365 days plan of Action for "No Violence against Women and children in Dr JS Moroka Local Municipality and spread the work in our community.

Elderly Persons:

Most of elderly persons need care that will be carefully followed by the caregivers; it might be members of the family or volunteer persons, because at this stage elderly persons are very fragile and need to be treated with high care. The Municipality has no place of safety for elderly persons, that is registered with the social development Department, and this brings a challenge as there are elderly persons that they don't have family members and others being abuse by their children and warrant a need to be removed from the families and put at the palace of safety. The need for campaigns around issue of elderly persons by the municipality as they are still members of the community.

Person with Disability:

The Municipal Systems Act 32 of 2000 mandates municipalities to deliver basic services to local communities within their jurisdiction to ensure acceptable and reasonable quality of life which, if not provided would endanger public health, safety and the environment. Demand for inclusive approach is growing steadily; posing a challenge to local government to act in order to achieve government priorities such as MDG's and vision 2014.

There are persons with disabilities that are residing within the municipality and it includes children, women, elders and men. Person with disability (PWD), they are mostly changed ones when service delivery is delayed. Our municipality is still struggling with the placement of person with disabilities as there is a need of 2% (12 persons) that need to be employed by the municipality. There are (04) four schools that are catering for children with disabilities under Mbibane managerial district and Mathanjana managerial district.

Person's with disability still face a challenge particularly with the social grant; some person's with disability receive temporary grant and this is a problem since often times the notion is not explained well and thus leaving the grant recipient with a lack of information concerning their grant agreement or clauses. Other factors which are a challenge include assessments done by Doctors to assess eligibility of receiving a disability grant. The other challenge is brailing of Municipal document as it disadvantage blind person with the information as they are unable to read printed documents.

HIV/ Aids and TB, STI

HIV / AIDS is currently seen as a major public health problem and accounting for the highest number of deaths in the country. Statistics already indicates that one out of five people are HIV positive. Apart from addressing preventative and curative approaches it is important to address social conditions aggravating the vulnerability of communities to HIV /AIDS, such as poverty especially among rural women. Linkages between community care and support services and health facilities should be developed to ensure holistic approach. The municipality has launch the Local Aids Council (LAC) that will assist on the planning and implementing of programs and

projects related to HIV /Aids and TB and STI epidemic. Members of LAC are from Home Based Care's, Traditional Healers, Sector Departments (Department of Health, Department of Agriculture, Department of Justice, Department of Social and SASSA) only department that are participating at LAC. The challenge is the attendance by Traditional Leaders and Sector Departments it's very poor and this it hinder the contribution on how to deal with the issues related to this epidemic.

Priorities

- To continue to have a sound relationship with Sector departments and strengthen the transversal forum.
- Support and caring for person with HIV and Aids and non-communicable diseases
- Mobilize, advocate for women, children, elderly and person with disability.
- Promotion of sign language and Braille documentation.
- Reinforce and accelerate commitment to the realization of gender equality and women's empowerment within municipality
- Strengthen working relations between female councilors and female officials

Activities

- HIV/Aids, cancer and TB awareness campaigns quarterly.
- Disability awareness campaign.
- IDP rep forums for sector forums.
- Commemoration Mandela day (distribution of school uniform and sanitary towels).
- Community Economic builder wards for women
- Reading contest for children (age 9 to 12)
- Workshops on development (for women councilor and female officials)
- Launching of Moral Regeneration Movement.

COMPONENT E: ENVIRONMENTAL PROTECTION

3.15 POLLUTION CONTROL

Not applicable for Dr JS Moroka Local Municipality

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

Not applicable for Dr JS Moroka Local Municipality

COMPONENT F: HEALTH

3.17 CLINICS

Not applicable for Dr JS Moroka Local Municipality. Province's function.

3.18 AMBULANCE SERVICES

Not applicable for Dr JS Moroka Local Municipality. District's function.

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

COMPONENT G: SECURITY AND SAFETY

3.20 POLICE

Not applicable for Dr JS Moroka Local Municipality. Province's function.

3.21. – 3.22. FIRE AND OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

Disaster Management has now become an important concept in the contemporary South Africa. So this requires adequate attention and support by all sectors of society including government as demanded by the Disaster Management Act 57 of 2002. Nkangala District Municipality is providing Disaster Management services on a large scale within

Dr JS Moroka Local Municipality. Dr JS Moroka Local Municipality provides immediate Disaster relief, coordinates, support and other initiatives throughout the local municipal area. The unit is housed in the municipal head offices in Siyabuswa and currently occupied by one official dealing on matters of disaster management and fire services. The Municipality gets assistance from fire and rescue services in Nkangala District Municipality operating from Thembisile Municipal area. This is a challenge due to the

distance between Thembisile and Dr JS Moroka Municipality due to the vastness of the municipal area.

In most cases fires that broke out in municipal residential areas could not be contained on time and properties are lost due to the turnaround time. The Nkangala District Municipality has intervened by constructing a fire station to service the Dr JS Moroka Local Municipality. A Fire Protection Association for the municipality has been launched to assist farmers and neighboring communities when disaster strikes especially veld fires.

Priorities

- Formulate a comprehensive disaster management plan to co-ordinate with all roll players.
- To establish an effective, safe, prompt and responsive team that will assist in the prevention, mitigation and proper management during disaster and fire.

Activities

- Review the Disaster management plan
- Rolling out stake holders and community awareness programs
- Purchasing of a proper equipment
- Training of ward committees on disaster functions

COMPONENT H: SPORT AND RECREATION

3.23 SPORT AND RECREATION

The municipality has fifteen community halls, five stadiums, and a multipurpose centre and community hall will commence in Senotlelo and Thabana respectively before the end of the financial year 2014/15. Four stadiums are under upgrading which include rehabilitation of the soccer fields, volley ball and net ball courts to comply with sporting code/ laws of the game. The municipality has made some strides to address water shortage and theft through installation of water tanks and provision of security officers to completed facilities. Although there are security officers in completed facilities, vandalism is occurring during community events. Some facilities have been constructed without the inclusion of a guard house and proper paved parking bays.

Credit should be given to the Nkangala District Municipality for a continual support by constructing an additional community hall in the Mbibane jurisdictional area. The municipality has no in-house maintenance team to deal with day to day maintenance which lead to a high cost of minor repairs.

Priorities

- To improve compliance to OHS and Batho Pele Principles.
- To ensure that vandalism is reduced in sports, recreational and social facilities.
- Ensure that more sporting codes are accommodated in Sports and Recreational Facilities.
- To ensure that the office challenge is temporarily addressed.
- To ensure that guard houses are provided in all facilities
- To ensure that security is provided in all completed Municipal Facilities.
- To improve parking space.
- To provide additional sporting codes in sports and recreational facilities
- To ensure that community halls are provided
- To ensure that additional personnel is provided in Facilities division

Activities

- Provision of sign/direction boards, fire extinguishers and ramps for people with disabilities in unit Municipal Offices
- Construction of parameter walls in facilities
- Construction of guard houses.
- Provision of additional mobile offices
- Provision of security personnel all completed Municipal Facilities.
- Construction and upgrading with inclusion of other sporting codes to some facilities.
- Rehabilitation of soccer fields in stadiums
- Construction of parking bays.
- Construction of additional community halls
- Appointment of relevant disciplines in Facilities Division.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.24 EXECUTIVE AND COUNCIL

Section 53 of the Municipal Systems Act (Act 32 of 2000) stipulates inter alia that the respective roles and areas of responsibility of each political structure and political office bearer of the Municipality and of the municipal manager must be defined.

Municipal Council

- Governs by making and administering laws, raising taxes and taking decisions that affect people's rights;
- Is a tax authority that may raise property taxes and service levies;
- Is the primary decision maker and takes all the decisions of the Municipality except those that are delegated to political structures, political office bearers, individual councillors or officials;
- Can delegate responsibilities and duties for the purposes of fast and effective decision making;
- Must strive towards the constitutional objects of local government;
- Must consult the community with respect to local government matters; and
- Is the only decision maker on non-delegated matters such as the approval of the IDP and budget.

Executive Mayor

- Is the executive and political leader of the Municipality and is in this capacity supported by the mayoral committee;
- Is the social and ceremonial head of the Municipality;
- Must identify the needs of the Municipality and must evaluate progress against key performance indicators;
- Is the defender of the public's right to be heard;
- has many responsibilities with respect to the annual budget, the budget process, budget control and various other financial matters; and
- Performs the duties and exercise the responsibilities that were delegated to him by the council.

Mayoral Committee

- Its members are elected by the Executive Mayor from the ranks of councillors, with the exception of the Deputy Executive Mayor who is elected by the council and is an ex officio member of the mayoral committee;

- Its functional responsibility area is linked to that of the Executive Mayor to the extent that he must operate together with the members of the mayoral committee;
- Its primary task is to assist the Executive Mayor in the execution of his/her powers - it is in fact an “extension of the office of Executive Mayor”; and
- The committee has no powers of its own – decision making remains that of the Executive Mayor.

3.25 FINANCIAL SERVICES

Dr JS Moroka Local Municipality is a developing and growing municipality striving for service delivery excellence. Therefore many challenges are faced with regards to financial planning and are ever changing due to the dynamic setting of local government. The priority from the financial perspective is the viability and sustainability of the municipality. The financial plan and related strategies are in place to address a number of key areas in order to achieve this goal.

These strategies are detailed below:

Revenue Enhancement Strategy

Revenue enhancement and maintaining of existing revenue sources are essential for sustainable service delivery. Municipal budgets must be appropriately funded to ensure a financial going concern which is capable of providing and extending service delivery.

The following actions are considered:

- To seek alternative sources of own revenue to increase funding for capital projects.
- Expand revenue base through implementation of new valuation roll.
- The ability of the community to pay for services.
- Identification and pursuance of government grants.
- Tightening credit control measures and increase debt collection targets.
- Improve customer relations and promote a culture of payment.

- Realistic revenue estimates. Going back to basics to ensure MTREF are appropriately funded.
- Create an environment which enhances growth, development and service delivery.

Operational Financing Strategies

Financial planning and effective management of municipal cash resources will ensure that the municipality meets their service delivery mandate.

The strategies are:

- Ensure integrity of billing systems and accuracy of accounts.
- Eliminating spending on non-priority items.
- Ensure 100% spending of government conditional grants to prevent withholding of equitable share.
- Standardize chart of accounts.
- Effective cash flow management to ensure continuously a sufficient and sustainable cash position.
- Enhance budgetary controls and financial reporting.
- Direct available financial resources towards meeting the projects as identified in the IDP.
- To improve supply chain management processes in line with regulations.

Capital Financing Strategies

One of the greatest challenges facing municipalities is the decline in public trust in service delivery. Investment in municipal infrastructure is critical to sustaining growth, rehabilitating ageing infrastructure and eradicating service delivery backlogs.

The strategies are:

- Ensure capital programme is based on priorities, programmes and projects of the IDP.
- Improve creditworthiness.
- Ensure capital replacement reserve is cash backed.

- Expedite spending on capital budget especially projects that are funded from conditional grants.
- Maximizing of infrastructural development through the utilization of all available resources.

Financial Management Policies

The purpose of financial policies is to provide a sound environment to manage the financial affairs of the municipality.

The following are key budget relating policies:

- Budget policy
- Tariff policy
- Credit Control and debt Collection Policy
- Property Rates Policy
- Cash Management and Investment Policy
- Assets Management Policy
- Debt Impairment and Write off Policy
- Supply chain Policy

Revenue and Medium Term Expenditure Framework Forecast

The medium term expenditure and revenue framework (MTREF) is based on the priorities, programmes and projects of the IDP and implemented according to the service delivery and budget implementation plan (SDBIP) to ensure delivery on the IDP key performance indicators.

Budget Assumptions

The selected key assumptions relating to this budget are as follows:

- Government grants for years 2015/2016 to 2017/2018 are as per the Division of Revenue Act.
- The CPI has been estimated at 5.8% per annum.
- Growth in the salary wage bill has been provided for in the budget at 5.8 %
- Provision has been made for tariffs increases relating to services as follows:
7.5% Household, 8,5% Government, 9.5% Business

3.26 HUMAN RESOURCE SERVICES

It is upon the institution to attract suitable and competent candidates for positions that are strategic for service delivery. In its operation, there's a need to implement the recruitment and selection policy and other policies that govern the human resource management. At the moment, most employees need to be informed of the policies that are applicable to local government. This implies that the human resource division shall develop and review all policies within its powers and functions.

In addition, there's a need to fill the vacant positions that will be beneficial for service delivery purposes. It shall be our priority to identify vacant positions in the organogram that shall be aligned to the objectives and goals found in the Integrated Development Plan of the municipality. One of the major tasks of the human resource division is to develop and review the job descriptions and evaluate jobs within the entire workforce. Every employee shall be able to operate and execute his/her tasks and duties competently.

One of the main area of concern in the workplace is the need to develop the retention strategy of the municipality. This strategy shall be drawn from the exit Interview comments and recommendations. This initiative shall reduce the level of resignations and increase job satisfaction among employees.

Priorities

- The HRM unit is to priorities the recruitment and selection of competent candidates.
- The reviewal and adoption of the organogram.
- Conduct Job evaluation.
- Development of Job descriptions.
- Development of the employee retention strategy.

Activities

- To develop the Human Resource Strategy.
- Placement of staff as per the organogram.

- To develop and adopt human resource policies.

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Municipality utilizes its Information and Communication Technology Services to communicate with other spheres of government and the outside world through its website which has been revamped and currently being updated regularly. Furthermore the Municipality also uses its exchange for emails communication and other Government Portals to ensure that it remains up to date with developments in Local, Provincial and National Governments. The Information and Communication Technology Services has also implemented the IT Helpdesk, the Intranet for internal communication and notice board.

The Municipal Satellite Offices have access to the IT Systems held at the Municipal Headquarters through the Wireless Radio Networks connectivity. Siyabuswa Library, Matshiding Water Services and other Finance Pay Points to be identified remain the only offices to be linked to the Wireless Radio Networks in future. The Municipality also uses its Geographical Information System for spatial information of its villages within its jurisdiction. The Municipal Telephonic System has also been improved in which the VoIP Technology was installed with additional lines to ensure that the Municipality is accessible at all times.

The Municipal Pay point offices previously identified and managed by the Finance Department doesn't have adequate ICT infrastructure and furthermore the municipal Public Library's ICT Infrastructure needs to be revamped to ensure that the public is always assisted with on-line information on Bursaries, Careers, Health, Education, Research and etc.

Priorities

- To improve and upgrade the existing electrical power supply to ensure uninterrupted power supply to the Municipal ICT infrastructure across all Offices.
- To improve and standardized the existing telecommunication system for all Municipal Offices through the use VoIP Technology across.

- To gear up the existing ICT Infrastructure to keep abreast with the ever changing technology this includes hardware, software's and networks.
- To maintain and improve the ICT Infrastructure currently in Municipal Libraries for research and information sharing purposes.
- To establish the ICT infrastructure for satellite pay point offices as previously identified by the Finance department.
- To establish the municipal -Toll Free number which would be used by members of the community to report any service delivery issues and complaints to the Municipality beyond the normal business operating hours.
- To improve and fasten the Municipal Internet connection engaging all relevant Internet Service providers.
- To improve the ICT usage within the Municipality for the purpose of successful interaction and reliable communication.

ACTIVITIES

- Installing an Electrical Generator and Uninterrupted Power Supply (UPS) which will secure the supply and reduce the effects due to fluctuations in the power cuts and interruptions across Municipal Satellite Offices.
- Extend the installation of the VoIP Technology to other Municipal Satellite Offices in order to standardize tele-communication system and also to reduce telephone costs.
- Identifying additional Off-Site Data Recovery Site or Data Center for critical systems to ensure redundancy and business continuity.
- Installing additional Local Area Network and Wide Area Networks for the Municipal Libraries and other satellite offices in order to ensure that ICT Systems held at Headquarters are reliable and accessible at all times.
- Engaging Telkom (Pty) Ltd to advise the Municipality on the 24hr Hotline-Toll free number which would assist members of the community to report any service delivery issues.
- Improve the current municipal internet connection with Telkom or any ISP for a better and reliable communication to meet future IT growth and needs.

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

PROPERTY

Dr J.S. Moroka local municipality is approximately 1 416, 4240 square kilometres in area composed of 61 villages and only two proclaimed townships namely Siyabuswa and Libangeni. Most villages in the Municipality fall under the jurisdiction of traditional leadership which is a system inherited from the previous administration. In terms of land administration all pieces of land falling within the municipality is supposed to be owned and administered by the municipality, in Dr J.S. Moroka most of the pieces of land still fall under the state as in the Department of Agriculture, Rural Development and Land Affairs (DARDLA), Department of Public Works, Province of Mpumalanga and those that are privately owned. Supposedly during the transition from the previous government to the new one, proper transfers of land were not accordingly done.

For proper land administration by the municipality, land transfers have to be effected accordingly. The vast amount of land in Dr JS Moroka Municipality is registered with the National government, tribal or communal land and is administered by traditional authorities through gazetting done by the Mpumalanga government. It is critical that the municipality through Department of Agriculture, Rural Development and Land Affairs continue with the implementation of the Land Tenure Upgrading to enable individuals to have formal ownership. Land reform in terms of land claims affects land ownership, only 3 land claims that were successful within the jurisdiction of the Municipality till to date. The municipality is currently busy with the process of transferring farm portions registered with the State and Province to the Municipality. Portions of land that are purchased by the municipality bordering with other municipalities are often demarcated to be out of the municipality by the board, and this creates problems too.

The Municipality has purchased Farm Kameelrivier 160 JR portion 1 a portion of portion 7 in 2009, the farm is already registered under DR. JS. Moroka Municipality the farm, and in terms of the Spatial Development Frame work it is earmarked for residential, commercials, professional services and tourism prospects. The municipality has already adopted a precinct plan on one part of the portion which was

developed by the Nkangala District Municipality on its behalf. The purchase of this farm was an attempt by the Municipality to reclaim some of the privately owned land that lies idle for development purposes as well as to develop the Libangeni/ Siyabuswa economic node.

Priorities

- Land ownership by individuals in the municipality is a priority for land development and property rates payment
- Acquisition of land by the municipality is imperative for land development and for proper spatial planning
- Unoccupied sites or stands and open spaces lying fallow in Siyabuswa and Libangeni are to be acquired back by council to discourage illegal dumping on them
- Encroachment of the servitude and sites has to be attended to by land-use inspectors and the municipal legal services

Activities:

- Land Tenure Upgrading has to be done to provide individuals with title deeds
- Purchasing land by the municipality should be considered in areas where municipal development is required
- Repossession of unoccupied stands and empty spaces lying fallow by the municipality should be done through the legal services
- Surveying of land and issuing beacon certificates will be done to sort out encroachment

LEGAL

The municipality as established through the Municipal Structures Act, Act 32 of 2000, is a legal person or juristic person as defined by law. The municipality as a juristic person can be sued, may face litigations and can also apply for litigation against individuals or other juristic persons like individual institutions. As a juristic person and employer is governed by the Labour Relations Act, Basic Conditions of Employment and the Employment Equity Act which are legislations governing individuals and organizations on how they are supposed to treat and manage their employees as well as how they are to relate to their employees.

The municipality as employer has to act within the parameters of the law in its relations to its employees. Employees' rights and privileges as accorded to them by the different legislations have to be respected. Among employees' rights, there is a right to belong to a workers' trade union of their choice registered with the department of labour in the country. All laws governing the employment relationship between the municipality and its employees has to be complied with including any business or working relations established by the municipality and any other organization.

Priorities

- Establishment of the Local Labour Forum within the legal framework
- The establishment of grievances procedures in accordance with the prescripts of the Constitution and Labour Relations Act
- Review municipal By-Laws not to be in contrast with the Constitution
- Deal with all municipal litigations, legal suites and interdicts
- Handle all Service Level Agreements and Contracts between the municipality and individuals and also including other organizations.

Activities:

- Handle all disciplinary hearings for the employer
- Deal with all the legal processes relating to litigations by individuals and organizations against the municipality as well as interdicts by the municipality against its clients
- Review all drafted By-Laws within the municipality to ensure none is in contrast with the constitution
- Develop Service Level Agreements, Contracts, Leases and Memorandums of Understandings between individuals, organizations and the municipality

Monitor and evaluate the compliance to such SLAs, Contracts, Leases and MOUs by the municipality and its clients

RISK MANAGEMENT

The Risk Management Unit was established in December 2012 and that the establishment of this Unit was informed by section 62 (1) (c) (i) of the Municipal Finance Management Act No. 56 of 2003. The individual responsible for this Unit is at the level of Assistant Manager. Dr JS Moroka Local Municipality may be faced by the control environment that is not conducive for effective and efficient functioning of Risk

Management systems that may arise as a result of risks relating to both internal and external factors such as but not limited to reputational risks, financial risks, service delivery risks, third party performance risks, social environment risks, fraud and corruption risks and the knowledge and information management risks.

The following are general challenges that may also affect the effective and efficient functioning of Risk Management systems, lack of timeously monitoring of risks versus the future actions or mitigating plans, fragmented operations between Departments within the Municipality particularly on risks that cut-across in terms of future actions or mitigating plans continuous lack of resources to carry out the mitigating plans such as procurement of resources, employment of additional staff members, lack of internal skills and expertise on certain specialized assignments and inadequate coverage of risks related matters at Departmental level on regular basis.

OBJECTIVES

To coordinate, monitor, maintain and improve the effective and efficient functioning of Risk Management systems.

The culture of Risk Management in the entire Municipality will be inculcated in order to improve the Risk Management maturity level.

To ensure that Risk Management supports the effective functioning of core business processes and allow more reliable decision making.

PROCUREMENT SERVICES

Supply chain management unit assists the municipality in acquiring goods and service in order to achieve its strategic objective, this include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost. However the latter is to be carried out in the manner that is fair, equitable, transparent, competitive and cost-effective, in compliance with the supply chain management policy

The supply chain management unit has the following subsection:

- i. Demand Management
- ii. Acquisition and Logistics Management

Priorities

- Ensure full adherence and compliance to the municipal supply chain management policy.

Activities

- Review the Supply Chain management policy annually
- Update the Municipal Database

COMPONENT J: MISCELLANEOUS

BUSINESS LICENCE ADMINISTRATION

Dr JS Moroka Municipality has limited control ownership of land were mostly owned by the Provincial government (Former KwaNdebele) these lead to people allocating themselves on wetland site. The allocation of land by traditional Authority lead to people operating their businesses on residential site without proper consultation with the municipality on rezoning the residential site to business site

Priorities

- Implementation of the draft business policies and street-trading by-laws
- Municipality need to encourage business outlets to form business forum
- Develop land Use Management Scheme to minimize mushrooming on site
- Increase the personnel in the business section to reduce backlog

Activities

- Manage the issuing of licence and Permit in accordance with applicable legislation
- To ensure Municipality co-ordinate quarterly business meetings with business outlets into three Magisterial, Mathanjana, Mbibane and Mdutjana
- Improve the standard of communication between the Municipality and other stakeholders e.g. South African Police Service and Department of Health
- Conduct physical Inspection on the businesses that operate around our jurisdiction for compliance
- Ensure sites are used for the purposed for which they were determined for and conditions and requirements for special scenarios of development in the municipality.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD



dr-j-smlm

Dr. J.S. Moroka Local Municipality

2014- 2015 ORGANISATIONAL SCORECARD

KPA, GOOD GOVERNANCE AND PUBLIC PARTICIPATION												
NO	WEIGHTING	FOCUS AREA	PROJECT	OBJECTIVE	KEY PERFORMANCE INDICATOR	2015-2016 ANNUAL TARGET	2014-2015 BASELINE	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	EVIDENCE
1	3	Organisational Management	Council Resolutions	To ensure Council resolutions are implemented	% of Council resolutions implemented	100% of Council resolutions implemented	Copies of minutes in place	100%	100%	100%	100%	Quarterly & Annual Council Resolutions implementation progress report
2	3	Risk management	Risk management	To address risk management issues	% Mitigation of risks identified	100% Mitigation of risks identified	Risk Management Strategy in place	25%	50%	75%	100%	Risk register & quarterly progress reports
3	3	Internal Audit Findings	Internal Audit Findings	To address Internal audit findings	% resolution of Internal audit exceptions raised for the Organisation	100% resolution of Internal audit exceptions raised for the Organisation	Record of Internal audit queries	100% resolution of exceptions raised	100% resolution of exceptions raised	100% resolution of exceptions raised	100% resolution of exceptions raised	Quarterly & annual implementation report
4	3	AG Audit Findings	AG Audit Findings	To address AG findings	% resolution of AG's queries raised for the Organisation	100% resolution of AG's queries raised for the Organisation	Record of Auditor General's queries	100% resolution of queries raised	100% resolution of queries raised	100% resolution of queries raised	100% resolution of queries raised	Quarterly & annual implementation report
5	3	Integrated Development Plan	IDP Framework	To ensure Integrated Development Planning	% completion of Framework	100% completion of Framework	2012/2013 process plan	0%	0%	0%	100%	Council resolution
6	3	Integrated Development Plan	IDP Process Plan	To ensure Integrated Development Planning	% completion of IDP Process plan	100% completion of IDP Process plan	2012/2013 Process plan	0%	0%	0%	100%	Council resolution
7	3	Youth Development	Assist 400 learners with correct career pathing	To assist learners with correct career pathing	Number of learners taken to Career Expo	400 learners taken to Career Expo	Council did not approve the event	Schools briefing	Career Expo I was done with partnership with Ethem and Virovan			Resolution and attendance register available
8	3	Youth Development	Youth business, Art bid, HIV/AIDS	To encourage youth to participate in development of youth in Economic, Art, Craft & health care awards	Number of youth organization to participate in the development of youth in Economic, Art, Craft & health care awards	45 youth organization to participate in the development of youth in Economic, Art, Craft & health care awards	Youth Awards done on the 21 June 2013			Advert for the youth events	Youth Awards will be done on the 20 June 2014	Resolution and attendance register will be available
9	3	Youth Development	Youth from various structures invited to discuss youth development issues & 52 learners to participate	To encourage the participation of youth in advocating for youth development	Number of youth participate in the event (youth Indaba)	200 youth participate in the event (youth Indaba)	Youth Indaba done on the 10 June 2013			Recruitment for participant	Youth Summit will be done on the 21 to 22 June 2014	Resolution and attendance register will be available
10	3	PUBLIC PARTICIPATION	WARD COMMITTEE MEETINGS	To build and enhance capacity of Ward Committees and Community Development Workers (CDWs)	Number of Ward Committee Meetings held	12 Ward Committee Meetings held		1 Ward Committee Meetings held	4 Ward Committee Meetings held	4 Ward Committee Meetings held	4 Ward Committee Meetings held	MINUTES & ATTENDANCE REGISTERS
11	3	PUBLIC PARTICIPATION	COMMUNITY MEETING	To popularize and ensure participation in the IDP and Budgetary Processes	Number of Community Meetings held	06 Community Meetings held		2 Community Meetings held	2 Community Meetings held	2 Community Meetings held	2 Community Meetings held	MINUTES & ATTENDANCE REGISTERS
12	3	PUBLIC PARTICIPATION	IDP Imbizo	To provide communication with accurate, updated information about municipal plans, projects and programmes	Number of IDP Imbizos held	2 IDP Imbizos held		1 IDP Imbizo held	1 IDP Imbizo held	1 IDP Imbizo held	1 IDP Imbizo held	MINUTES & ATTENDANCE REGISTERS
13	3	PUBLIC PARTICIPATION	Budget Imbizo	To provide communication with accurate, updated information about municipal plans, projects and programmes	Number of Budget Imbizos held	2 Budget Imbizos held		1 Budget Imbizo held	1 Budget Imbizo held	1 Budget Imbizo held	1 Budget Imbizo held	MINUTES & ATTENDANCE REGISTERS
14	3	Community relations	To establish and implement customer service	To have a formalised way of dealing with Community complaints and referrals	% functional Customer care the (number)	100% functional Customer care the (number)	High rated response to queries. Existing one, only attend to water and related matters	ongoing	ongoing	ongoing	ongoing	Findings register

15	Transversal	Disability awareness day	To assist community with moral issues (e.g. teen pregnancy, violence against women and children)	Number of PWD	200 PWD	159 PWD attend the event for 2012/2014	Coordination	Coordination	Coordination	200 PWD	attendance register and report to council
16	Transversal	Mardi Gras Day	To provide support and advocacy to the needy and vulnerable on Mardi Gras Day	Number of Deafblind children and 155 artists	300 Deafblind children and 155 artists	300 children and 155 artists	Coordination	Coordination	Coordination	300 PWD	attendance register and report to council
17	PERFORMANCE MANAGEMENT	SDBP	To enhance institutional performance culture and To maximise accountability and transparency amongst employees	% development of the 2015/2016 SDBP	100% development of the 2015/2016 SDBP	2014/2015 SDBP	Working sessions with departments (Direct SDBP) 50%	Submission to council and various stakeholders (CoGTA, WEBSITE)	Signed 15/16 SDBP in place 50%	200 PWD	attendance register and report to council
18	PERFORMANCE MANAGEMENT	Annual Report	To maximise accountability and transparency	Number of % Annual Report 2013/2014 compiled	100% Annual Report 2013/2014 compiled	2012/2013 Annual Report	Data collection 30%	Draft annual report 50%	Submission to council and various stakeholders (CoGTA, WEBSITE)	200 PWD	attendance register and report to council
19	PERFORMANCE MANAGEMENT	Performance Appraisals/Reviews	To enhance institutional performance culture and To maximise accountability and transparency amongst employees	Number of performance appraisals/reviews conducted	2 performance appraisals/reviews conducted	2012/2013 Performance Agreements	Performance appraisals/reviews concluded	2 performance appraisals/reviews concluded	Submission to council and various stakeholders (CoGTA, WEBSITE)	200 PWD	attendance register and report to council
20	PERFORMANCE MANAGEMENT	Performance Agreements	To enhance institutional performance culture and To maximise accountability and transparency amongst employees	% performance agreements concluded for the MM and Managers directly accountable to the MM	100% performance agreements concluded for the MM and Managers directly accountable to the MM	100% performance agreements concluded for the MM and Managers directly accountable to the MM	100% performance agreements concluded for the MM and Managers directly accountable to the MM	100% performance appraisals/reviews concluded	Submission to council and various stakeholders (CoGTA, WEBSITE)	200 PWD	attendance register and report to council
21	Intergovernmental Relations	Intergovernmental Relations	To foster intergovernmental relations	4x district and 4x provincial meetings held and/or attended	4x district and 4x provincial meetings held and/or attended	Four district and provincial meetings held and/or attended	one district and provincial meeting held and/or attended	one district and provincial meeting held and/or attended	Submission to council and various stakeholders (CoGTA, WEBSITE)	200 PWD	attendance register and report to council
22	BUDGET	2015/2016 Annual Budget	To prepare realistic and credible budget	1 realistic and credible budget prepared	1 realistic and credible budget prepared	Approved 20/4/2015 Annual Budget	Approval of the Budget Process Schedule	Consultation of Internal stakeholders	Final Approved Annual Budget	200 PWD	attendance register and report to council
23	FINANCIAL STATEMENTS	Annual Financial statements	To complete the 2013/14 Annual Financial Statements which are GRAP compliant	100% GRAP compliant Annual Financial Statements 2013/14	100% GRAP compliant Annual Financial Statements 2013/14	AFS 2012/13	Quarterly Financial Statements	Quarterly Financial Statements	Development of the year end procedure	200 PWD	attendance register and report to council
24	ASSETS	Unbundling of Assets	To ensure that all Completed Assets are Unbundled according to GRAP 17 requirements	Reliable and accurate Assets are Unbundled Assets	Reliable and accurate Fixed Asset register - Unbundled Assets	2013/14 Fixed Asset register	unbundling of all assets acquired	unbundling of all assets acquired	Cut off date for year end implementation	200 PWD	attendance register and report to council
25	REVENUE COLLECTION		To collect revenue due to the municipality	50% Revenue Collection	50% Revenue Collection	2013/14 Collected Revenue	50%	50%	30%	200 PWD	attendance register and report to council
26	WASTE ENVIRONMENTAL MANAGEMENT	Ubungeni Landfill site (Construction and Fencing)	To provide communities with alternatives facilities for waste storage and disposal	Number of Landfill sites	1 Landfill sites	Illegal Dumping site	To obtain license from DEA	30% Construction of infrastructure (see per attached project plan)	50% Construction of infrastructure (see per attached project plan)	200 PWD	attendance register and report to council

27	DISASTER MANAGEMENT	Disaster Risk Awareness campaigns	To promote safe environment to communities	Number of disaster risk awareness campaigns	4 disaster risk awareness campaigns	Awareness Campaigns	1 Awareness campaign held	1 Awareness campaign held	1 Awareness campaign held	1 Awareness campaign held	1 Awareness campaign held	Picture and attendance registers
28	TRAFFIC	Road safety promotions	To promote road safety awareness, road safety campaigns and safety school patrol	Number of road safety promotions held	4 road safety promotions held	1 road safety program held in 2013	1 road safety campaign	1 road safety campaign	1 road safety campaign	1 road safety campaign	1 road safety campaign	Picture and attendance registers
29	CEMETERY	Digging of graves	To increase access to services. Ensure the provision of sufficient and adequate burial space	% requests attended to	100% requests attended to	300 attended requests	100% requests attended to	100% requests attended to	100% requests attended to	100% requests attended to	100% requests attended to	Requests Received.
30	WATER AND SANITATION	Water Demand Management and Conservation Project	To improve provision of clean water for the Village residents including where possible. Surrounding Communities by minimizing the current water losses.	% Unaccounted water loss	25 % Unaccounted water loss	10 % Unaccounted water loss (10% of water reduction by June 2015)	2%	2%	2%	2%	2%	Monthly Water balance Report (Water reading reports)
31	WATER AND SANITATION	Analysing of the quality of standing water	To measure the access to services by providing proper water supply	Number of water samples Analysed in the 2013/14 FY	408 water samples Analysed in the 2013/14 FY	408 water samples Analysed by June 2015	102 water samples analysed	102 water samples analysed	102 water samples analysed	102 water samples analysed	102 water samples analysed	Progress report (Monthly lab reports) signed off by the MM
32	WATER AND SANITATION	Installation and Replacement of Water meters	To increase the access to services by providing proper water supply	Number of water meters installed in the 2013/14 FY	48 water meters installed in the 2013/14 FY	100 water meters by June 2015	25 water meters to be installed or replaced	25 water meters to be installed or replaced	25 water meters to be installed or replaced	25 water meters to be installed or replaced	25 water meters to be installed or replaced	Progress report (Job card) signed off the MM
33	WATER	Gas Mowee Reservoir to V3 Reservoir Bulk Water Supply	To improve supply and provision of clean water to 14236 residents.	Number of km HDPE bulk line, Number of pump stations and Number of GL reservoirs, Number of households improved	28km HDPE bulk line, 4 pump stations and 6MGL reservoir, improve 14236	53462 HH	Construction	Construction	Construction	Construction	Construction	Handover certificate
34	WATER	Upgrading of Domeke Bulbula from 250mm AC to 400mm uPVC pipe	To improve supply and provision of clean water to 11396 residents.	Number of km HDPE bulk line, Number of GL reservoir	11km HDPE bulk line, 6MGL reservoir	53462 HH	Appointment of contractor + Construction	Construction	Construction	Construction	Construction	Handover certificate
35	WATER	Piping and Re-lining of Bloodstream Bulk Line System	To improve supply and provision of clean water to 6142 residents.	Number of km of HDPE pipe line, Number of reservoirs, Number of pump station	22 km of HDPE pipe line, 4 reservoirs, 1 pump station	53462 HH	Construction	Construction	Construction	Construction	Construction	Handover certificate
36	WATER	Mepholo Bulk & Water Reticulation	To improve supply and provision of clean water to 10657 residents.	Number of Households	163 Households	53462 HH	Completion	Completion	Completion	Completion	Completion	Handover certificate
37	SANITATION	Sewer Reticulation at Syabulawe D	To improve access to sanitation on households	A total of 1050 households connection	A total of 1050 households connection	8239	Construction	Construction	Construction	Construction	Construction	Handover certificate
38	ROADS & STORMWATER	Masapanya Bus and Taxi Route	To ensure that all residences and roads users have a safe and reliable roads and storm water drainage	3.4 km surfaced with storm drainage	3.4 km surfaced with storm drainage	88km on Bus and Taxi Routes	Completion	Completion	Completion	Completion	Completion	Handover certificate
39	FACILITIES	Construction of Mafhejane Unit Office	To ensure that all residence and roads users have a safe and reliable roads and storm water drainage.	1 Unit office	1 Unit office	6 Unit offices	Appointments of Service providers	Construction	Construction	Construction	Construction	Handover certificate
40	ELECTRICITY	Facilitation of ESKOM to energise outstanding houses and streetlights	To provide electricity access to residents of DUC35XLM	Number of meeting held with ESKOM	4	3	1	1	1	1	1	Minutes, Attendance Register, Progress Reports

RD, MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

40	3	Training and Development	Development of Workplace Skills Plan	To equip all employees/Councillors with necessary skills	255 employees trained and 62 Councillors trained	2013/2014 Training Report	Training 141 people	Training 141 people	Training 141 people	Training 141 people	Certificates Reports Attendance Registers
41	3	Occupational Health and Safety	Occupational Health and Safety	Compliance with OHS Act	(e) 100% OHS Committee established (b) 6 OHS Representatives appointed	OHS Officer	Establishment Health and Safety Committee Appointment of OHS Reps	Training of OHS Committee members and Reps	Facilitation of committee sitting	Facilitation of committee sitting	Appointment letters, Training report
42	3	Employment Equity	Recruiting women on broader management positions	Implementation of EE Plan	50% of broader management positions filled with women	Employment Equity Plan	As and when posts are advertised	As and when posts are advertised	As and when posts are advertised	As and when posts are advertised	Appointment letters Report on number of women employed
43	3	Employment Equity	Recruiting of disabled staff in line with the EE Act	Implementation of EE Plan	2 people living with disabilities appointed	Employment Equity Plan	As and when posts are advertised	As and when posts are advertised	As and when posts are advertised	As and when posts are advertised	Report on number of women employed
44	3	ICT	Revamp the Municipal Website	To improve the ICT infrastructure & usage within the Municipality for the purpose of successful interaction and Reliable communication	100% Municipal Website revamped	Updated Municipal Website	Revamping and Updating	Revamping and Updating	Revamping and Updating	100% Functional and revamped Municipal Website	100% Functional and revamped Municipal Website
KPA- LOCAL ECONOMIC DEVELOPMENT											
45	3	LOCAL ECONOMIC DEVELOPMENT	Up-grade of SME's centre	To create conducive environment for sustainable Local Economic Development	Number of SME Centre up-graded	SME centers	Facilitation	Facilitation	Facilitation	One SME Centre up-graded	Reports
46	3	LOCAL ECONOMIC DEVELOPMENT	Recruitment of 20 tourism monitors and tour guides	To create conducive environment for sustainable Local Economic Development	Number of monitors & tour guides recruited	N/A	Facilitation	Facilitation	Facilitation	20 monitors & tour guides recruited	Appointment Letters Reports
47	3	LOCAL ECONOMIC DEVELOPMENT	Up-grade of Tourism centre roof	To create conducive environment for sustainable Local Economic Development	Number of Tourism centre up-graded	Tourism Center	Facilitation	Facilitation	Facilitation	One Tourism centre up-graded	Reports
48	3	LOCAL ECONOMIC DEVELOPMENT	SME funding	To create conducive environment for sustainable Local Economic Development	Number of Small Medium Micro Enterprises funded	SME's	Facilitation	Facilitation	Facilitation	Small Medium Micro Enterprises funded	Reports

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II: (The detailed performance report is attached as Annexure 5 on this report))

The objective of service delivery to the community is anchored on the skills that employees are possessing. The municipality is successfully providing bursaries to the needy community members through the Executive Mayor's Bursary Scheme. Note that some bursary holders who completed their training have been absorbed into the workforce of the municipality. All the employees of the municipality are undergoing training as per the skills audit that covers the respective positions within departments and divisions.

Although the training and development initiatives are undertaken, there's a need to identify the skills gaps and backlogs in strategic divisions and departments. Recently, the municipality is investigating the means to train the unemployed community members. It is the municipality's interest to train its employees in order to reach its Integrated Development Plan's objectives and goals.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The municipality's primary focus is to ensure that departments are neither over- nor understaffed, and that employees with appropriate talents and skills are available to carry out tasks in the right jobs at the right time to support the municipality to achieve its strategic objectives.

As part of the Human Resource Management Plan, the municipality's human resource focuses on filling of critical vacancies, skills audit, and capacity building intervention for Councillors and officials, performance recognition and develop human equity plan.

Vacancy Rate: Year 2014-2015		
Designations	Total Approved Posts	Vacant No.
Municipal Manager	1	0
Section 56	4	2
All other posts	561	354
Total	589	xx
Turn-over Rate		
Details	Total Appointments No.	Terminations (Resignations/Deaths) during the Financial Year No.
2014-2015	3	5

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council/comment
1	Sexual Harassment Policy	100	100	2014
2	Cellular Phone Allowance Policy	100	100	2013
3	Reviewed Overtime Policy	100	100	2014
4	Draft Learner ship and Internship Policy	100	100	2014
5	Draft Employees Assistance Programme Policy	100	100	2014
6	Draft Private Work and Declaration of Interest Policy	100		2013
7	Reviewed Leave policy	100	100	2013
8	Selection and Recruitment, Occupational Health and Safety Policies	100	100	2014

4.3 INJURIES, SICKNESS AND SUSPENSIONS

In the 2014-2015 financial year, the municipality had no injuries or duty case.

The table below provides reflective figures of all the approved and recorded leave taken for 2014-2015 financial year,

Leave Type	Total leave days taken	No of Employees
Sick	2942	283
Maternity	1289	20
Family Responsibility	226	128
Annual Leave	3104	466
Study	246	26

4.4 PERFORMANCE REWARDS

The municipality did not pay any performance related rewards or bonuses in the 2014-2015 financial year.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

The Workplace Skills Development Plan (WSP) is in place and co-signed by The Department of Labour as required by relevant legislation. Training is provided to staff in line with the plan and reported monthly and quarterly to the LGSETA

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

MP316 Dr J.S. Moroka - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		14,651			12,919	12,919	12,919	11,000	11,638	12,313
Pension and UIF Contributions					1,437	1,437	1,437	1,600	1,693	1,791
Medical Aid Contributions					425	425	425	420	444	470
Motor Vehicle Allowance					3,803	3,803	3,803	4,000	4,232	4,477
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		14,651			18,583	18,583	18,583	17,020	18,007	19,052
% increase	4		(100.0%)	-	-	-	-	(8.4%)	5.8%	5.8%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2,886		4,115	3,625	3,625	3,625	4,105	4,343	4,595
Pension and UIF Contributions					1,105	1,105	1,105	72	76	802
Medical Aid Contributions					256	256	256	10	11	12
Overtime					15	15	15	30	32	34
Performance Bonus					400	400	400	342	362	383
Motor Vehicle Allowance	3				309	309	309	630	667	705
Cellphone Allowance	3							31	33	35
Housing Allowances	3									
Other benefits and allowances	3				4	4		2	22	2
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		2,886		4,115	5,714	5,714	5,711	5,223	5,545	6,588
% increase	4		(100.0%)	-	38.9%	-	(0.1%)	(8.5%)	6.2%	18.4%
Other Municipal Staff										
Basic Salaries and Wages		52,430			84,852	90,466	90,466	94,616	100,103	105,909
Pension and UIF Contributions		10,098			21,726	20,588	20,588	1,899	2,009	2,125
Medical Aid Contributions		3,094			7,555	7,074	7,074	1,212	1,282	1,356
Overtime		3,682			4,136	5,654	5,654	1,930	2,042	2,160
Performance Bonus		7,267			9,552	9,377	9,377	7,740	8,189	8,664
Motor Vehicle Allowance	3	2,109			1,840	1,728	1,728	1,858	1,966	2,080
Cellphone Allowance	3				79	218	218	154	162	172
Housing Allowances	3	1,441			1,024	1,063	1,063	112	118	125
Other benefits and allowances	3	642			2,203	1,969	1,969	2,128	2,252	2,382
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		80,763			132,968	138,137	138,137	111,647	118,123	124,974
% increase	4		(100.0%)	-	-	3.9%	-	(19.2%)	5.8%	5.8%
Total Parent Municipality		98,300		4,115	157,265	162,435	162,431	133,890	141,675	150,593

CHAPTER 5 – FINANCIAL PERFORMANCE

The aim of this chapter is to provide an overview of the financial performance of the municipality through measuring of results. It further provides an opportunity for planning, so as to ensure that future budgetary allocations are brought in line with IDP and functional area activities and outputs. Sound financial management practices are essential to the long-term sustainability of municipalities. They underpin the process of democratic accountability. Weak or opaque financial management practices and reports result in misdirected and under-utilisation of resources.

The key objective of the Municipal Finance Management Act (2003) (MFMA) is to modernise municipal financial management. Effective municipal financial management has the following interrelated elements:

- planning and budgeting
- asset and liability management
- revenue and expenditure management
- supply chain management
- other financial management
- accounting and reporting, and
- oversight & operational continuity

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

(figures can be verified on the audited Annual Financial Statements attached at the end of this reports as Volume II)

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	2013/14	Current Year 2014/15			
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
R thousands					
Financial Performance					
Property rates	6 168	6 862	9 649	9 649	13 707
Service charges	33 363	33 903	27 708	27 708	41 467
Investment revenue	2 110	172	112	112	83
Transfers recognised - operational	–	982	–	–	–
Other own revenue	488 071	325 878	321 862	321 972	307 308
	529 712	367 799	359 331	359 441	362 564
Gains on disposal of PPE					
Employee costs	–	–	–	–	–
Remuneration of councillors	125 122	138 682	143 851	143 851	114 679
Depreciation & asset impairment	33 737	35 700	35 700	35 700	4 180
Finance charges	119 417	140 000	140 000	140 000	–
Materials and bulk purchases	485	350	350	350	141
Transfers and grants	–	24 220	27 588	27 588	27 812
Other expenditure	225 320	183 591	174 989	169 524	144 336
	504 081	522 543	522 478	517 013	291 148
Loss on disposal of PPE					
	0	25 631	(154 744)	(163 147)	(157 572)
Surplus/(Deficit)		25 631	(154 744)	(163 147)	(157 572)

Contributions recognised - capital & contributed assets	-	111 849	111 849	111 849	-
Contributed assets	51 262	(197 639)	(214 446)	(203 294)	142 831
Surplus/(Deficit) attributable to municipality	25 631	(42 895)	(51 298)	(45 722)	71 416
Share of surplus/ (deficit) of associate	76 892	(240 534)	(265 744)	(249 016)	214 247
Capital expenditure & funds sources					
Capital expenditure	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-
Transfers recognised - capital	-	112 405	112 405	112 405	111 592
Public contributions & donations	-	-	-	-	-
Borrowing	-	-	-	-	-
Total sources of capital funds	-	112 405	112 405	112 405	111 592
Financial position					
Inventory	9 776	6 895	-	-	5 032
Other non-current assets	-	-	-	-	-
Provisions	10 839	-	-	-	-
Provisions	5 701	-	-	-	-
Community wealth/Equity	-	-	-	-	-
Cash flows					
Net cash from (used) operating	340 (4)	(5 465)	(7 590)	(7 590)	(1 079)
Net cash from (used) investing	349 (169)	(124 605)	(124 605)	(124 605)	(117 400)
Net cash from (used) financing	-	-	-	-	-
Cash/cash equivalents at the year beg	149 435	87 930	87 930	76 440	49 188
Cash backing/surplus reconciliation					
R thousand	-	-	-	-	-
0	-	-	-	-	-
Balance - surplus (shortfall)	-	-	-	-	-
Asset management					
Asset register summary (WDV)	98	251	3 251	3 251	3 414
EXPENDITURE OTHER ITEMS	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-
Repairs and Maintenance	119 417	140 000	140 000	140 000	140 000
Free services					
Cost of Free Basic Services provided	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-
Households below minimum service level					
Household service targets	-	14	14	-	-

Total number of households	-	-	-	-	0
Total number of households	-	2	2	-	0
Total number of households	-	0	0	-	0

TOTAL PROJECTED REVENUE

REVENUE & EXPENDITURE SUMMARY	BUDGET		
	2014/2015	2015/2016	2016/2017
REVENUE	479 647 873	532 065 051	542 642 028
OPERATIONAL EXPENDITURE	(346 842 849)	(386 979 841)	(413 294 470)
CAPITAL EXPENDITURE	(124 604 982)	(136 952 000)	(127 000 000)
SURPLUS/(DEFICIT)	8 200 042	8 133 210	2 347 558

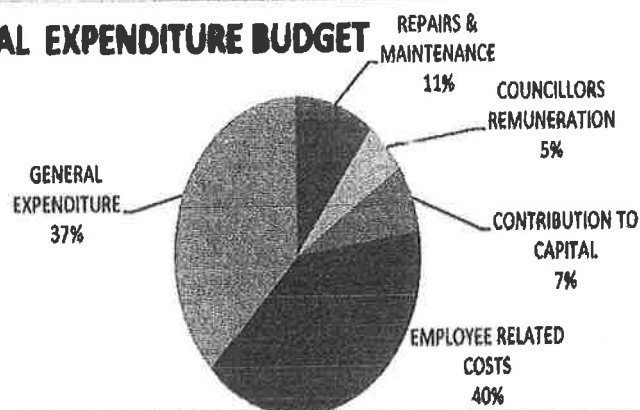
Total projected revenue for 2014/2015 financial year is at R479,947,873 and the total operating expenditure for the 2014/15 financial year has been appropriated at R346,342,849 which makes 72% of the total budget.

The capital budget is 26 per cent of the total budget.

TOTAL OPERATING EXPENDITURE

OPERATING EXPENDITURE BY TYPE	BUDGET		
	2014/2015	2015/2016	2016/2017
EMPLOYEE RELATED COSTS	138 682 000	148 112 376	158 184 018
COUNCILLORS REMUNERATION	18 583 255	19 512 418	20 488 039
GENERAL EXPENSES	129 650 894	136 911 344	144 578 379
CONTRIBUTION TO CAPITAL	23 651 000	24 975 456	26 374 082
REPAIRS & MAINTENANCE	36 275 700	38 307 139	40 452 339
TOTAL	346 842 849	367 818 733	390 076 856

OPERATIONAL EXPENDITURE BUDGET



The operating expenditure is at R346,842,849 and provision for bad debts that amounts to R35,700,000 and provision for depreciation that amounts to R140,000,000 has been made.

Major contribution factors to the expenditure budget are the vacant position that are intended to be filled in 2014/2015 financial year and other resources that will enable the municipality to deliver the service to the community.

5.2 GRANTS

GRANT	BUDGET		
	2014/2015	2015/2016	2016/2017
FINANCE MANAGEMENT GRANT	1 600 000	1 650 000	1 700 000
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	934 000	967 000	1 018 000
EXPANDED PUBLIC WORKS PROGRAMME	3 406 000	-	-
WATER SERVICE OPERATING SUBSIDY GRANT	15 000 000	10 000 000	-
MUNICIPAL INFRASTRUCTURE GRANT	116 875 000	121 952 000	127 594 000
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME	-	7 000 000	10 000 000
EQUITABLE SHARE	270 810 000	314 851 000	322 068 000
TOTAL	408 625 000	456 420 000	462 380 000

Grants and transfers comprise 85% and 8% growth in Equitable Share allocation from R248,190,000 to R270,810,000 is reflected.

4.3% OF Municipal Infrastructure Grant (MIG) has been allocated to the operational budget (Budget Financial Performance) that is directly related to the planning and management of infrastructure projects as guided by circular 59 of the MFMA

5.3 ASSET MANAGEMENT

Description	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16
R thousand				
CAPITAL EXPENDITURE				
Total New Assets	53 998	87 000	92 000	23 669
<i>Infrastructure - Road transport</i>	52 798	87 000	92 000	11 835
<i>Infrastructure - Electricity</i>	-	-	-	-
<i>Infrastructure - Water</i>	-	-	-	1 635

<i>Infrastructure - Sanitation</i>	200	1	-	-	200	10
<i>Infrastructure - Other</i>	-	-	-	-	-	-
Infrastructure	998	53	87	92	669	23
0	-	-	-	-	-	-
0	-	-	-	-	-	-
0	-	-	-	-	-	-
<i>Agricultural Assets</i>	-	-	-	-	-	-
<i>Agricultural Assets</i>	-	-	-	-	-	-
0	-	-	-	-	-	-
0	-	-	-	-	-	-
Total Renewal of Existing Assets	807	70	32	33	578	71
<i>Infrastructure - Road transport</i>	807	70	32	33	578	71
<i>Infrastructure - Electricity</i>	-	-	-	-	-	-
<i>Infrastructure - Water</i>	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>	-	-	-	-	-	-
<i>Infrastructure - Other</i>	-	-	-	-	-	-
0	807	70	32	33	578	71
0	-	-	-	-	-	-
0	-	-	-	-	-	-
0	-	-	-	-	-	-
<i>Agricultural Assets</i>	-	-	-	-	-	-
<i>Agricultural Assets</i>	-	-	-	-	-	-
0	-	-	-	-	-	-
0	-	-	-	-	-	-
Total Capital Expenditure	605	123	119	125	413	83
<i>Infrastructure - Road transport</i>	605	123	119	125	413	83
<i>Infrastructure - Electricity</i>	-	-	-	-	-	-
<i>Infrastructure - Water</i>	-	-	-	-	635	1

	1			10
Infrastructure - Sanitation	200	-	-	200
Infrastructure - Other	-	-	-	-
0	124 805	119 500	125 000	95 247
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
Agricultural Assets	-	-	-	-
0	-	-	-	-
0	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	124 805	119 500	125 000	95 247
ASSET REGISTER SUMMARY - PPE (WDV)				
Infrastructure - Road transport				651
Infrastructure - Electricity				9
Infrastructure - Water				131
Infrastructure - Sanitation				
Infrastructure - Other				
0	-	-	-	791
0				608
0				736
0	-	-	-	-
Agricultural Assets				103
Agricultural Assets	2 786 941	2 890 143	2 890 143	3 034 650
0	-	-	-	-
0	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 786 941	2 890 143	2 890 143	3 998 198
EXPENDITURE OTHER ITEMS				
Debt impairment	35 700	35 700	35 700	70 000
Repairs and Maintenance by Asset Class	20 700	22 108	23 611	22 800

	20	22	23	19
Infrastructure - Road transport	700	108	611	900
Infrastructure - Electricity	-	-	-	-
Infrastructure - Water	-	-	-	-
Infrastructure - Sanitation	-	-	-	-
Infrastructure - Other	-	-	-	900
	20	22	23	22
0	700	108	611	800
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
Agricultural Assets	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	56 400	57 808	59 311	92 800
<i>Renewal of Existing Assets as % of total capex</i>	56,7%	27,2%	26,4%	75,1%
<i>Renewal of Existing Assets as % of deprecn"</i>	198,3%	91,0%	92,4%	102,3%
<i>R&M as a % of PPE</i>	0,0%	0,0%	0,0%	0,0%
<i>Renewal and R&M as a % of PPE</i>	3,0%	2,0%	2,0%	2,0%

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Description	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework
	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16
Household service targets					
Water:					
Piped water inside dwelling	19%	8 827	8 827		19%
Piped water inside yard (but not in dwelling)	33%	34 648	34 648		32%
Using public tap (at least min.service level)	20%	3 744	3 744		20%

Other water supply (at least min.service level)		21%	1 078	1 078		21%
<i>Minimum Service Level and Above sub-total</i>	1		48 297	48 297	-	1
Using public tap (< min.service level)			114	114		5%
Other water supply (< min.service level)						
No water supply			13 750	13 750		
<i>Below Minimum Service Level sub-total</i>	-		13 864	13 864	-	0
Total number of households	1		62 161	62 161	-	1
<u>Sanitation/sewerage:</u>						
Flush toilet (connected to sewerage)		10%	8 239	8 239		10%
Flush toilet (with septic tank)		1%	1 107	1 107		5%
Chemical toilet		8%	366	366		8%
Pit toilet (ventilated)		66%	15 667	15 667		69%
Other toilet provisions (> min.service level)			35 194	35 194		8%
<i>Using public tap (< min.service level)</i>	1		60 573	60 573	-	1
Bucket toilet			221	221		8%
Other toilet provisions (< min.service level)			153	153		10%
No toilet provisions			-	-		10%
<i>Total number of households</i>	-		374	374	-	0
Sanitation/sewerage:	1		60 947	60 947	-	1
<u>Energy:</u>						
Electricity (at least min.service level)			60 091	60 091		54%
Electricity - prepaid (min.service level)						54%
<i>Using public tap (< min.service level)</i>	-		60 091	60 091	-	1
Electricity (< min.service level)						

Electricity - prepaid (< min. service level)					
Other energy sources		1 939	1 939		25,00%
<i>Total number of households</i>	-	1 939	1 939	-	0
Sanitation/sewerage:	-	62 030	62 030	-	1
<u>Refuse:</u>					
Removed at least once a week					
<i>Using public tap (< min.service level)</i>	-	-	-	-	-
Removed less frequently than once a week		2	2		5%
Using communal refuse dump		2	2		8%
Using own refuse dump		75	75		81%
Other rubbish disposal		0	0		
No rubbish disposal		7	7		5%
<i>Total number of households</i>	-	86	86	-	1
Sanitation/sewerage:	-	86	86	-	1
<u>Households receiving Free Basic Service</u>					
Water (6 kilolitres per household per month)					
Sanitation (free minimum level service)					
Electricity/other energy (50kwh per household per month)					
Refuse (removed at least once a week)					
<u>Cost of Free Basic Services provided (R'000)</u>					
Water (6 kilolitres per household per month)					
Sanitation (free sanitation service)					
Electricity/other energy (50kwh per household per month)					

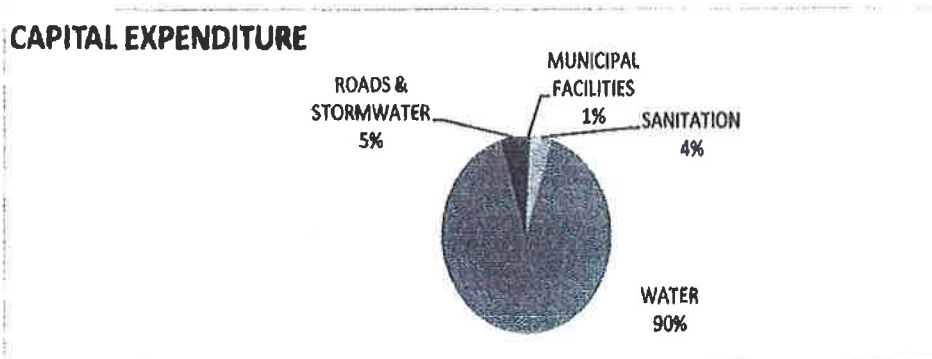
Refuse (removed once a week)					
Total cost of FBS provided (minimum social package)	-	-	-	-	-
Highest level of free service provided					
Property rates (R value threshold)		20 000			20 000
Water (kilolitres per household per month)		6			6
Sanitation (kilolitres per household per month)		-			-
Sanitation (Rand per household per month)		-			-
Electricity (kwh per household per month)		50			50
Refuse (average litres per week)					
Revenue cost of free services provided (R'000)					
Property rates (R15 000 threshold rebate)		873			
Property rates (other exemptions, reductions and rebates)		375			2 500
Water		500			300
Sanitation		3 750			200
Electricity/other energy		342			
Refuse					90
Municipal Housing - rental rebates					
Housing - top structure subsidies					
Other					
Total revenue cost of free services provided (total social package)	-	5 840	-	-	3 090

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

CAPITAL EXPENDITURE BY TYPE	BUDGET		
	2014/2015	2015/2016	2016/2017
WATER	112 483 910	45 000 000	29 000 000
LED	-	-	9 000 000
SANITATION	5 200 000	42 000 000	63 000 000
ROADS & STORMWATER	5 921 072	32 500 000	33 000 000
FACILITIES	1 000 000	25 952 000	-
TOTAL	124 604 982	145 452 000	134 000 000

Below chart illustrates the capital expenditure



The capital budget complies with the Municipal Structures Act and MFMA as its aligns with the IDP as adopted by Council

The budgetary allocations for capital expenditure have been undertaken in a manner that will not only ensure that the IDP outcomes are achieved but also lead to the municipality's vision being realized.

5.6 SOURCES OF FINANCE

For the municipality to continue improving the quality of services provided to its community it needs to generate the required revenue. In these tough economic times strong revenue management is essential to the financial sustainability of every municipality. The reality is that the municipality is faced with development backlogs and poverty. The expenditure required to address these challenges will certainly always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

OWN REVENUE BY SOURCE	BUDGET		
	2014/2015	2015/2016	2016/2017
PROPERTY RATES	(6 862 253)	(7 298 954)	(7 787 112)
WATER & SANITATION	(31 203 435)	(33 044 438)	(34 994 059)
WASTE	(2 700 556)	(2 859 889)	(3 028 622)
CEMETERY	(187 443)	(198 502)	(210 214)
FACILITIES	(172 363)	(182 532)	(193 302)
INTEREST ON INVESTMENT	(14 161 000)	(14 996 499)	(15 881 292)
INTEREST ON OUTSTANDING DEBTS	(9 450 000)	(10 007 550)	(10 597 995)
TRAFFIC FINES	(195 915)	(207 474)	(219 715)
MOTOR LICENSING	(3 633 959)	(3 848 363)	(4 075 416)
TRADING LICENCES	(95 000)	(100 320)	(105 938)
APPLIC FOR TRADING LICENCE	(15 750)	(16 632)	(17 563)
SUNDRY INCOME	(174 800)	(184 589)	(194 926)
APPLICATION FOR TENDER DEPOSIT	(1 000 000)	(1 063 850)	(1 131 300)
INTEREST ON TRADING LICENSE	(4 500)	(4 752)	(5 018)
UNALLOCATED DEPOSITS	(90 000)	(95 040)	(100 362)
ADVERTISING PREMEDIA	(55 750)	(58 872)	(62 169)
SALES OF STANDS	(422 400)	(446 054)	(471 033)
BUILDING PLAN FEES	(105 600)	(111 514)	(117 758)
PHOTO COPY	(30 000)	(31 680)	(33 454)
CLEARANCE CERTIFICATE	(2 000)	(2 112)	(2 230)
RENTAL OF SITES	(434 949)	(459 306)	(485 027)
REGISTRATION PROPERTY TRANSFER	(9 450)	(9 979)	(10 538)
RENATAL OF STALLS	(15 750)	(16 632)	(17 563)
TOTAL	(71 022 873)	(75 245 533)	(79 742 609)

The total funding or the expected revenue of the 2014/2015 annual budget is R 479,947,873 which is 85% of total grants and subsidies and 15% of own revenue projected.

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

PROJECT REFERENCE NR	SOURCE OF FUNDING	LINE ITEM	PROJECT DESCRIPTION	EXPENDITURE
JSM W4/13W00	MIG	501/3067 11	FIXING AND RE- INSTATING OF THE BLOEDFONTEIN BULK SYSTEM	23 541 735,33
JSM W5/13W00	MIG	501/3062 12	GAMORWE TO V3 RESERVOR BULK WATER SUPPLY	49 240 544,88
	COUNCIL	502/3060 91	SEWER RETICULATION SYSTEM AT SIYABUSWA D	3 310 942,29
JSMR1/BW05		507/3060 94	SIYABUSWA B BUS AND TAXI ROUTE	7 610 186,06
JSMW4/08W19		501/3060 07	UKUKHANYA BULK WATER SUPPLY: PHASE 2	5 521 112,11

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

The Municipality has grown immensely in terms of managing, storage, treating monitoring and delivering safe potable water as well as collection and treatment of waste water to the citizens of Dr J.S Moroka Local Municipality. The scope of responsibility ranges from bulk water supply from Weltevreden water purification plant and boreholes to the drinking water for water supply.

The Municipality produces on average a circa 42ML/pd from the Weltevreden treatment works. Unacceptable losses of potable water are being experienced due to illegal, inferior quality by inexperienced plumbers doing unauthorized connections to households, gardens, car washes and lack of infrastructure in some areas.

A considerable percentage of the population in Dr J.S Moroka Local Municipality still regularly complaints about intermitted water supply. The problem occurs more severe during the hot summer months from late September until the first heavy rain of summer. Intermittent water supply is chiefly attributed by:

- Unequal distribution of water
- None collection of revenue /Low rate of cost recovery

- Illegal connection due to the none availability of infrastructure
- Ageing infrastructure
- Reactive operation & maintenance infrastructure
- Lack of maintenance plans/ strategies
- High volume of leakages
- None availability of water meters

There are major challenges facing the provision of water effective and efficient water services in the entire municipality these ranges from: The target of achieving 100% of coverage of water supply infrastructure to all that do not have access to water is based on the minimum walking distance of 200m basis on nearest tap and has been the basis on deciding the scope of backlog eradication. A minimum walking distance of 200m has been assumed as the criteria for making water supply accessible to all communities of Dr J.S Moroka Local Municipality. Wards or villages that are constantly having potable water interruptions and intermitted water supply due to over usage, unauthorized connections and lack of infrastructure in certain areas are: Ward,02,07, 10,11,12,13,16,19,20,

The challenges from the abovementioned wards, is that there is no adequate infrastructure, capable of supplying all the people with enough potable water. As a results of this, the communities organized themselves and procured cheap materials and illegally connected water from the bulk mains in the area resulting in serious friction losses, water losses and none payment of services. The problem is evident in most of the abovementioned wards.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

The importance of cash flow management within the municipality is that it serves to allow the organisation to predict their anticipated revenues and expenditures for a month, quarter or half yearly. Cash flow management assist in managing and evaluating the collected income and expenses incurred for a certain period.

Description	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
R thousand						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
		47 412	56 883	56 883	13 707	12 500
Property rates, penalties & collection charges					42	34 000
Service charges	12 819					
Other revenue	17 914				4 387	349 369
Government - operating	341 157	297 076	297 076	297 076	279 267	-
Government - capital		111 849	111 849	111 849	141 849	-
Interest	8 849	23 611	16 000	16 000	6 354	7 650
Dividends						5 000
Payments						
Suppliers and employees	(318 516)		(360 803)	(360 803)	(503 233)	(154 480)
Finance charges	(68)	(350)	(350)	(350)	(117)	(17 020)
Transfers and Grants	(4 340)	(5 465)	(7 590)	(7 590)	(1 079)	(28 425)
NET CASH FROM/(USED) OPERATING ACTIVITIES	57 815	124 605	113 065	113 065	(58 824)	208 594
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	5 414					120 751
Decrease (Increase) in non-current debtors	7 188					-
Decrease (increase) other non-current receivables						-
Decrease (increase) in non-current investments						-

Payments						
	(169 349)	#####	(124 605)	(124 605)	(117 400)	--
Capital assets						
NET CASH FROM/(USED) INVESTING ACTIVITIES	(156 746)	#####	(124 605)	(124 605)	(117 400)	120 751
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Short term loans						--
Borrowing long term/refinancing	2 091					--
Increase (decrease) in consumer deposits	(18)	50	50	50		--
Payments						
Repayment of borrowing	--					(118 051)
NET CASH FROM/(USED) FINANCING ACTIVITIES	2 073	50	50	50	--	(118 051)
NET INCREASE/(DECREASE) IN CASH HELD	(96 858)	50	(11 490)	(11 490)	(176 224)	211 294
Cash/cash equivalents at the year begin:	149 435	87 930	87 930	76 440	49 188	90 133
Cash/cash equivalents at the year end:	52 577	87 980	76 440	64 950	(127 036)	301 427

5.10 BORROWINGS AND INVESTMENTS

BORROWINGS:

In the 2014-2015 financial year, the municipality did not have any borrowings.

INVESTMENTS:

BANK	AMOUNT
ABSA	165 039
ABSA	5 406 345
ABSA	3 435 184
STANDARD BANK	5 000 000

5.11 PUBLIC PRIVATE PARTNERSHIPS

In the 2014-2015 financial year, the municipality did not have any Public Private Partnerships.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

The supply chain management policy established the supply chain management policy through section 7. Supply chain management unit is established to implement the Supply Chain Management Policy, in which all procurement of goods and services have been centralized to the unit. The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act. Listed below are all the apparent challenges in implementing of the supply chain management policy.

DEMAND MANAGEMENT

In terms of section 10(1) of the supply chain management policy the accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan. The latter is supported by the implementation of procurement plans, thus the institution during the 2014/2015 financial year did not implement procurement plans, which has led to numerous deviations

ACQUISITION MANAGEMENT

Procurement of goods and services

The municipality in the 2014/2015 financial year has through its operations centralised acquisition of goods and services for operational commitments (goods and services below R30,000), which is line with the legislation, which then meant that the supply chain management unit procured goods and services for the municipality after request by individual departments. The latter however resulted in departments not being in charge on their procurement, as managers were not approving final quotations for procurement received by supply chain management unit.

Bid committees not seating on time due to the unavailability of bid committee members and unplanned bid committee meeting

LOGISTICS MANAGEMENT

When goods and service have been procured, the municipality does not have a system to track the delivery of those goods and service, thus some service providers take as much time as they need to deliver the procured item. The latter is also caused by the fact that the user department rely solely on the supply chain management unit which is extremely understaffed to follow up on all orders issued, the other factor is that a bidder performance monitoring system is not in place.

Strategies

The supply chain management policy in a process of being amended in terms of sub-delegations, therefore managers are now enabled to approve transactions to the value of R 30,000.00, thus after the quotations have been received the relevant manager

will be given the opportunity to scrutinize and approve the procurement, the latter will assist in cost effective of procured goods and services.

The municipality will adopts its SDBIP along with procurement plans in order to ensure that requisition for procurement are made in advance

Once a procurement plan for capital projects is signed and approved by the accounting officer, a schedule of bid committee meeting will be drafted and monitored by the supply chain management unit, this will result in each bid committee member having the schedule so that delays can be avoided

The municipality will in adopt its service delivery and budget implementation plan, together with procurement plans. This will lead to the organization procuring goods and services at the right quality, right quantity, right place, and right time and at a right price

5.13 GRAP COMPLIANCE

The 2014-2015 Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below. These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

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

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2013-2014

The municipality's 2013-2014 Audit Opinion was QUALIFIED

6.1 AUDITOR GENERAL REPORTS 2013-2014

Full report on the following page



AUDITOR - GENERAL
SOUTH AFRICA

Dr JS Moroka Local Municipality
The accounting officer
A2601/3 Bongimfundo Street
Siyabuswa
0472

30 November 2014

Reference: 18014Reg13/14

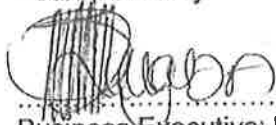
Dear Sir

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Dr JS Moroka Local Municipality for the year ended 30 June 2014.

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa section 121(3) of the Municipal Finance Management Act of South Africa (MFMA)
2. In terms of section 121(3) of the MFMA, you are required to include the audit report in the municipality's annual report to be tabled.
3. Until the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a public document and should therefore be treated as confidential.
4. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.
5. Please notify the undersigned business executive well in advance of the date on which the annual report containing this audit report will be tabled.
6. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely



Business Executive: Mpumalanga

Enquiries: Nadia Bruwer
Telephone: (013) 756 0800
Fax: (013) 756 0879

Auditor's report

Dr JS Moroka Local Municipality

30 June 2014

Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on the Dr JS Moroka Local Municipality

Report on the financial statements

Introduction

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

Accounting officer's responsibility for the financial statements

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

Auditor-general's responsibility

3. My responsibility is to express an opinion on these 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 qualified audit opinion.

Basis for qualified opinion

Property, plant and equipment

6. In terms of GRAP 17 *Property, plant and equipment*, an entity shall recognise items of property, plant and equipment that qualify for recognition as assets in the financial statements. Contrary to this requirement, the municipality did not have an adequate system to maintain records of property, plant and equipment, which resulted in property, plant and equipment being misstated. I was unable to locate infrastructure assets amounting to R170 558 039 (2013: R15 516 461) recorded in the asset register due to the inadequacy of the municipality's fixed asset register. Furthermore, I could not obtain sufficient appropriate audit evidence for the cost of infrastructure assets.
7. In addition, I was unable to locate other property, plant and equipment amounting to R529 772 878 as recorded in the asset register. I could also not locate assets selected from the floor to the asset register. As a result, I was unable to determine whether any adjustments were necessary relating to the property, plant and equipment stated in note 5 to the financial statements.
8. Consequently, I was unable to determine whether any adjustments were necessary relating to the infrastructure assets of R817 454 824 (2013: R886 380 337) stated in note 5 to the financial statements.

Sales of stands

9. The municipality did not recognise revenue from sales of stands on the accrual basis, as required by GRAP 1 *Presentation of financial statements*. The municipality entered into a sale agreement for the sale of stands and the revenue arising from these agreements was recognised on the cash basis. Consequently, revenue from exchange transactions and receivables from exchange transactions were understated. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus. I was unable to determine the value of the impact, as it was impracticable to do so due to the inadequacy of the municipality's systems.

Investment property

10. In terms of GRAP 16 *Investment properties*, the fair value of investment property shall reflect market conditions at the reporting date. Contrary to this requirement, the municipality did not assess the fair value of its investment properties at year-end. I was therefore unable to confirm whether the values of investment property reflected the market conditions at year-end. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any adjustments were necessary relating to the investment property stated at R100 171 400 (2013: R100 171 400) in the statement of financial position and note 4 to the financial statements.

Trade payables

11. The municipality did not recognise all outstanding amounts meeting the definition of a trade payable in accordance with GRAP 1 *Presentation of financial statements*. As the municipality did not maintain adequate records of outstanding payments for goods and services received but not yet paid at year-end, I was not able to determine the full extent of the understatement of trade payables and expenditure, as it was impracticable to do so. Consequently, I was unable to determine whether further adjustments were necessary to the trade payables of R72 388 655 (2013: R42 928 277) disclosed in note 16 to the financial statements.

Distribution losses

12. Section 125(2)(d)(i) of the MFMA requires the municipality to disclose in the notes to the financial statements the particulars of any material losses. The municipality disclosed material losses of R20 669 046 (2013: R50 656 169) in note 42 to the financial statements. However, I identified material differences in the variables used in the current and prior year. I was not able to confirm these differences through alternative procedures, as the municipality's records did not allow it. I was unable to determine the total extent of the understatement of distribution losses, as sufficient appropriate audit evidence could not be obtained. Consequently, I was unable to determine whether any adjustments to distribution losses were necessary.

Traffic fines

13. The municipality did not recognise traffic fine revenue on the accrual basis in accordance with iGRAP 1 *applying the probability test on initial recognition of exchange revenue*. The municipality recognised traffic fine revenue on the cash basis. I was unable to determine the full extent of the understatement of revenue from traffic fines and trade receivables. Consequently, I was unable to determine whether any adjustments were necessary to the revenue from fines of R1 170 795 disclosed in the statement of financial performance.

Commitments

14. The municipality did not disclose all of its contractual commitments in accordance with GRAP 1 *Presentation of financial statements*. The municipality had a number of undisclosed contractual commitments at year-end. Consequently, commitments were understated by R143 558 887 (2013: R52 555 507).

Qualified opinion

15. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Dr JS Moroka Local Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Restatement of corresponding figures

17. As disclosed in note 35 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of an error discovered during 2014 in the financial statements of the municipality at, and for the year ended, 30 June 2013.

Material losses

18. As disclosed in note 42 to the financial statements, material losses of R20 669 046 were incurred as a result of water losses.

Material impairments

19. As disclosed in note 11 to the financial statements, the receivables balance was significantly impaired. The impairment of consumer debtors amounted to R135 042 367 (2013: R124 297 345), which represented 81% (2013: 79%) of total consumer debtors. The contribution to the provision for debt impairment was R10 745 580 (2013: R20 457 581).

Additional matter

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

Unaudited disclosure notes

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

Report on other legal and regulatory requirements

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

Predetermined objectives

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

- Basic service delivery: infrastructure on pages ... to ...

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

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

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

27. The material findings in respect of the selected objective are as follows:

Basic service delivery: infrastructure

Usefulness of reported performance information

Performance targets not time bound and not well defined

28. The FMPP requires the following:

- The period or deadline for delivery of the targets must be specified. A total of 100% of the targets were not time bound.
- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 100% of the indicators were not well defined.

This was because management did not adhere to the requirements of the FMPP, due to a lack of proper systems, processes and technical indicator descriptions.

Reliability of reported performance information

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

Additional matters

30. I draw attention to the following matters:

Achievement of planned targets

31. Refer to the annual performance report on pages ... to ... and ... to ... for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected objective reported in paragraphs 28 to 29 of this report.

Adjustment of material misstatements

32. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for basic service delivery: infrastructure. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

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

Strategic planning and performance management

34. The performance of the municipality was not assessed during the first half of the financial year, as required by section 72(1)(a)(ii) of the MFMA.
35. The annual performance report for the year under review did not include the performance of external service providers, as required by section 46(1)(a) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA).

Annual financial statements, performance report and annual report

36. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Some material misstatements of non-current assets, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Internal audit

37. The internal audit unit did not function as required by section 165(2) of the MFMA, in that it did not advise the accounting officer or report to the audit committee on matters relating to accounting procedures and practices as well as loss control.
38. The internal audit unit did not advise the accounting officer on matters relating to compliance with the MFMA, DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

Procurement and contract management

39. Quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by supply chain management (SCM) regulation 43.
40. Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

Expenditure management

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

Revenue management

42. An adequate management, accounting and information system was not in place to account for revenue and debtors, as required by section 64(2)(e) of the MFMA.

Conditional grant received

43. The allocation of local government financial management grants was not spent in accordance with the applicable grant framework, in contravention of section 16(1) of DoRA.

Asset management and liability management

44. An adequate management, accounting and information system was not in place to account for assets, as required by section 63(2)(a) of the MFMA.
45. An effective system of internal control was not in place for assets, as required by section 63(2)(c) of the MFMA.

Consequence management

46. Irregular as well as fruitless and wasteful expenditure incurred by the municipality was not investigated at year-end to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

Internal control

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

Leadership

48. The accounting officer did not implement effective human resource management to ensure that adequate and sufficiently skilled resources were in place and that performance was monitored.
49. The accounting officer did not establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.

Financial and performance management

50. The municipality did not have a proper filing and record management systems to maintain information that supported the reported performance in the annual performance report.
51. The municipality did not prepare regular, accurate and complete financial and performance reports.
52. The municipality did not review and monitor compliance with applicable laws and regulations.

Governance

53. The internal audit unit did not conduct all the internal audits or reviews of performance information systems and management that focused on compliance aspects as well as the usefulness and reliability of the reported performance information.

54. The audit committee operated effectively during the period under review as per their legislated mandate. Recommendations were made to management to improve internal controls and to ensure reliable reporting of financial and performance information as well as compliance with legislation. However, this did not result in improved controls due to management not implementing the recommendations, which led to the adverse assessment of the impact of this committee.

Auditor-General

Mbombela

30 November 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMPONENT B: AUDITOR-GENERAL OPINION 2014-2015

The municipality's 2014-2015 Audit Opinion was QUALIFIED

6.2 AUDITOR GENERAL REPORT 2014-2015

Full report on the following page

Auditor's report

Dr JS Moroka Local Municipality

30 June 2014

Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on the Dr JS Moroka Local Municipality

Report on the financial statements

Introduction

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

Accounting officer's responsibility for the financial statements

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

Auditor-general's responsibility

3. My responsibility is to express an opinion on these 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 qualified audit opinion.

Basis for qualified opinion

Property, plant and equipment

6. In terms of GRAP 17 *Property, plant and equipment*, an entity shall recognise items of property, plant and equipment that qualify for recognition as assets in the financial statements. Contrary to this requirement, the municipality did not have an adequate system to maintain records of property, plant and equipment, which resulted in property, plant and equipment being misstated. I was unable to locate infrastructure assets amounting to R170 558 039 (2013: R15 516 461) recorded in the asset register due to the inadequacy of the municipality's fixed asset register. Furthermore, I could not obtain sufficient appropriate audit evidence for the cost of infrastructure assets.
7. In addition, I was unable to locate other property, plant and equipment amounting to R529 772 878 as recorded in the asset register. I could also not locate assets selected from the floor to the asset register. As a result, I was unable to determine whether any adjustments were necessary relating to the property, plant and equipment stated in note 5 to the financial statements.
8. Consequently, I was unable to determine whether any adjustments were necessary relating to the infrastructure assets of R817 454 824 (2013: R886 380 337) stated in note 5 to the financial statements.

Sales of stands

9. The municipality did not recognise revenue from sales of stands on the accrual basis, as required by GRAP 1 *Presentation of financial statements*. The municipality entered into a sale agreement for the sale of stands and the revenue arising from these agreements was recognised on the cash basis. Consequently, revenue from exchange transactions and receivables from exchange transactions were understated. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus. I was unable to determine the value of the impact, as it was impracticable to do so due to the inadequacy of the municipality's systems.

Investment property

10. In terms of GRAP 16 *Investment properties*, the fair value of investment property shall reflect market conditions at the reporting date. Contrary to this requirement, the municipality did not assess the fair value of its investment properties at year-end. I was therefore unable to confirm whether the values of investment property reflected the market conditions at year-end. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any adjustments were necessary relating to the investment property stated at R100 171 400 (2013: R100 171 400) in the statement of financial position and note 4 to the financial statements.

Trade payables

11. The municipality did not recognise all outstanding amounts meeting the definition of a trade payable in accordance with GRAP 1 *Presentation of financial statements*. As the municipality did not maintain adequate records of outstanding payments for goods and services received but not yet paid at year-end, I was not able to determine the full extent of the understatement of trade payables and expenditure, as it was impracticable to do so. Consequently, I was unable to determine whether further adjustments were necessary to the trade payables of R72 388 655 (2013: R42 928 277) disclosed in note 16 to the financial statements.

Distribution losses

12. Section 125(2)(d)(i) of the MFMA requires the municipality to disclose in the notes to the financial statements the particulars of any material losses. The municipality disclosed material losses of R20 669 046 (2013: R50 656 169) in note 42 to the financial statements. However, I identified material differences in the variables used in the current and prior year. I was not able to confirm these differences through alternative procedures, as the municipality's records did not allow it. I was unable to determine the total extent of the understatement of distribution losses, as sufficient appropriate audit evidence could not be obtained. Consequently, I was unable to determine whether any adjustments to distribution losses were necessary.

Traffic fines

13. The municipality did not recognise traffic fine revenue on the accrual basis in accordance with iGRAP 1 *applying the probability test on initial recognition of exchange revenue*. The municipality recognised traffic fine revenue on the cash basis. I was unable to determine the full extent of the understatement of revenue from traffic fines and trade receivables. Consequently, I was unable to determine whether any adjustments were necessary to the revenue from fines of R1 170 795 disclosed in the statement of financial performance.

Commitments

14. The municipality did not disclose all of its contractual commitments in accordance with GRAP 1 *Presentation of financial statements*. The municipality had a number of undisclosed contractual commitments at year-end. Consequently, commitments were understated by R143 558 887 (2013: R52 555 507).

Qualified opinion

15. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Dr JS Moroka Local Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Restatement of corresponding figures

17. As disclosed in note 35 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of an error discovered during 2014 in the financial statements of the municipality at, and for the year ended, 30 June 2013.

Material losses

18. As disclosed in note 42 to the financial statements, material losses of R20 669 046 were incurred as a result of water losses.

Material impairments

19. As disclosed in note 11 to the financial statements, the receivables balance was significantly impaired. The impairment of consumer debtors amounted to R135 042 367 (2013: R124 297 345), which represented 81% (2013: 79%) of total consumer debtors. The contribution to the provision for debt impairment was R10 745 580 (2013: R20 457 581).

Additional matter

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

Unaudited disclosure notes

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

Report on other legal and regulatory requirements

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

Predetermined objectives

23. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objective presented in the annual performance report of the municipality for the year ended 30 June 2014:
- Basic service delivery: infrastructure on pages ... to ...
24. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
25. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objective. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).
26. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
27. The material findings in respect of the selected objective are as follows:

Basic service delivery: infrastructure

Usefulness of reported performance information

Performance targets not time bound and not well defined

28. The FMPPi requires the following:
- The period or deadline for delivery of the targets must be specified. A total of 100% of the targets were not time bound.
 - Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 100% of the indicators were not well defined.

This was because management did not adhere to the requirements of the FMPPi, due to a lack of proper systems, processes and technical indicator descriptions.

Reliability of reported performance information

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

Additional matters

30. I draw attention to the following matters:

Achievement of planned targets

31. Refer to the annual performance report on pages ... to ... and ... to ... for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected objective reported in paragraphs 28 to 29 of this report.

Adjustment of material misstatements

32. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for basic service delivery: infrastructure. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

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

Strategic planning and performance management

34. The performance of the municipality was not assessed during the first half of the financial year, as required by section 72(1)(a)(ii) of the MFMA.
35. The annual performance report for the year under review did not include the performance of external service providers, as required by section 46(1)(a) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA).

Annual financial statements, performance report and annual report

36. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Some material misstatements of non-current assets, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Internal audit

37. The internal audit unit did not function as required by section 165(2) of the MFMA, in that it did not advise the accounting officer or report to the audit committee on matters relating to accounting procedures and practices as well as loss control.
38. The internal audit unit did not advise the accounting officer on matters relating to compliance with the MFMA, DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

Procurement and contract management

39. Quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by supply chain management (SCM) regulation 43.
40. Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

Expenditure management

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

Revenue management

42. An adequate management, accounting and information system was not in place to account for revenue and debtors, as required by section 64(2)(e) of the MFMA.

Conditional grant received

43. The allocation of local government financial management grants was not spent in accordance with the applicable grant framework, in contravention of section 16(1) of DoRA.

Asset management and liability management

44. An adequate management, accounting and information system was not in place to account for assets, as required by section 63(2)(a) of the MFMA.
45. An effective system of internal control was not in place for assets, as required by section 63(2)(c) of the MFMA.

Consequence management

46. Irregular as well as fruitless and wasteful expenditure incurred by the municipality was not investigated at year-end to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

Internal control

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

Leadership

48. The accounting officer did not implement effective human resource management to ensure that adequate and sufficiently skilled resources were in place and that performance was monitored.
49. The accounting officer did not establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.

Financial and performance management

50. The municipality did not have a proper filing and record management systems to maintain information that supported the reported performance in the annual performance report.
51. The municipality did not prepare regular, accurate and complete financial and performance reports.
52. The municipality did not review and monitor compliance with applicable laws and regulations.

Governance

53. The internal audit unit did not conduct all the internal audits or reviews of performance information systems and management that focused on compliance aspects as well as the usefulness and reliability of the reported performance information.

54. The audit committee operated effectively during the period under review as per their legislated mandate. Recommendations were made to management to improve internal controls and to ensure reliable reporting of financial and performance information as well as compliance with legislation. However, this did not result in improved controls due to management not implementing the recommendations, which led to the adverse assessment of the impact of this committee.

Auditor-General

Mbombela

30 November 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Auditor's report

Dr JS Moroka Local Municipality

30 June 2015

Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on the Dr JS Moroka Local Municipality

Report on the financial statements

Introduction

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

Accounting officer's responsibility for the financial statements

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

Auditor-general's responsibility

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

Basis for qualified opinion

Property, plant and equipment

6. In terms of GRAP 17 *Property, plant and equipment*, an entity shall recognise items of property, plant and equipment that qualify for recognition as assets in the financial statements. Contrary to this requirement, the municipality did not have an adequate system to maintain records of property, plant and equipment, which resulted in property, plant and equipment being misstated. I was unable to locate infrastructure assets amounting to R637 877 760 (2013-14: R170 558 039) recorded in the asset register due to the inadequacy of the municipality's fixed asset register. I could also not locate assets selected from the floor in the asset register.
7. I was unable to obtain sufficient appropriate audit evidence for the unreconciled difference of R554 416 599 between the prior year closing balance and the current year opening balance of property, plant and equipment disclosed in note 5 to the financial statements, and I could not confirm the disclosure by alternative means. I was therefore unable to determine whether any further adjustment was necessary to property, plant and equipment in the financial statements. Furthermore, there were differences amounting to R6 189 359 between the asset register and the financial statements.
8. Consequently, I was unable to determine whether any adjustments were necessary relating to property, plant and equipment of R1 455 067 870 (2013-14: R1 354 316 434) as disclosed in note 5 to the financial statements.

Commitments

9. The municipality did not accurately disclose its contractual commitments in accordance with GRAP 1 *Presentation of financial statements*. The commitment register and the assets under construction had unreconciled differences. Consequently, commitments were understated by R36 911 861 (2013-14: R143 558 887).

Irregular expenditure

10. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure, as internal controls had not been established to recognise and investigate irregular expenditure identified in the previous year. I could not confirm by alternative means whether all irregular expenditure had been recorded and investigated. Consequently, I was unable to determine whether any adjustment was necessary to the irregular expenditure of R215 102 521 as disclosed in note 47 to the financial statements.

Cash flow statement

11. I was unable to obtain sufficient appropriate audit evidence for the undefined differences in amounts included in the cash flows from operating activities amounting to R66 980 638 in the cash flow statement. The municipality could not provide sufficient calculations to substantiate these amounts. I was unable to confirm these amounts by alternative means. Consequently, I was unable to determine whether any adjustments to the cash flow statement were necessary.

Qualified opinion

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

Emphasis of matters

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

Restatement of corresponding figures

14. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 2014-15 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Material impairments

15. As disclosed in note 12 to the financial statements, the receivables balance was significantly impaired. The impairment of consumer debtors amounted to R144 665 470 (2013-14: R135 042 924), which represented 69% (2013-14: 81%) of the total consumer debtors. The contribution to the provision for debt impairment was R10 616 394 (2013-14: R11 734 642).

Additional matters

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

Unaudited supplementary schedules

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

Unaudited disclosure notes

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

Report on other legal and regulatory requirements

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

Predetermined objectives

20. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2015:
 - KPA 2: basic service delivery and infrastructure management, on pages ... to ...
21. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
22. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
23. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
24. The material findings in respect of the selected development priority are as follows:

Basic service delivery and infrastructure management

Usefulness of reported performance information

25. A total of 47% of the reported objectives were not consistent with those in the approved integrated development plan. This was due to a lack of monitoring and review by management.
26. The period or deadline for delivery of targets should be specified, as required by the FMPPI. A total of 54% of the targets were not time bound. This was because management did not adhere to the requirements of the FMPPI.

Reliability of reported performance information

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

Additional matter

28. I draw attention to the following matter:

Achievement of planned targets

29. Refer to the annual performance report on pages ... to ... for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development priority reported in paragraphs 25 to 27 of this report.

Compliance with legislation

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

Strategic planning and performance management

31. The performance management system did not provide for policies and procedures to take steps for improvement where performance targets were not met, as required by section 41(1)(d) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA).
32. The service delivery and budget implementation plan, used for implementing the municipality's delivery of municipal services and annual budget, did not indicate projections for each month of the revenue to be collected (by source) and the operational and capital expenditure (by vote), as required by section 1 of the MFMA.
33. The performance management system and related controls were inadequate, as it did not describe and represent the processes of performance monitoring, measurement, reporting and improvement as well as how it is to be conducted, organised and managed, as required by section 38 of the MSA and municipal planning and performance management regulation 7.
34. The annual performance report for the year under review did not include measures taken to improve performance, as required by section 46(1)(c) of the MSA.

Annual financial statements, performance report and annual report

35. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Audit committee

36. The audit committee did not advise the council on matters relating to compliance with legislation, performance management and performance evaluation, as required by section 166(2)(a)(vii) of the MFMA.

Internal audit

37. The internal audit unit did not function as required by section 165(2) of the MFMA, in that it did not advise the accounting officer and the audit committee on matters relating to internal controls, accounting procedures and practices as well as loss control.
38. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

Procurement and contract management

39. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
40. Sufficient appropriate audit evidence could not be obtained that all contracts had been awarded in accordance with the legislative requirements and a procurement process that is fair, equitable, transparent and competitive, as all requested documents were not submitted for auditing.

Human resource management and compensation

41. The municipality did not develop and adopt appropriate systems and procedures to monitor, measure and evaluate the performance of staff, in contravention of section 67(d) of the MSA.

Expenditure management

42. Reasonable steps were not taken to prevent unauthorised, irregular as well as fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.
43. Payments and withdrawals were made from the municipality's bank account without the approval of the accounting officer, the chief financial officer or a properly authorised official, contrary to section 11(1) of the MFMA.

Asset management

44. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

45. Irregular as well as fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

Internal control

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

Leadership

47. The accounting officer did not establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.
48. Management did not adequately monitor the implementation of action plans to address internal control deficiencies.

Financial and performance management

49. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.
50. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

Governance

51. The internal audit unit did not conduct all the internal audits or reviews of performance information and management, focusing on compliance aspects as well as the usefulness and reliability of the reported performance information.
52. Non-compliance with laws and regulations could have been prevented had compliance been adequately reviewed and monitored by the internal audit unit and the audit committee.

Other reports

Investigations

53. An independent consulting firm performed an investigation at the request of the municipality, which covered the period 8 September 2014 to 9 September 2014. The investigation was initiated based on an allegation of fraud involving an unauthorised transfer. The investigation was concluded in October 2014 and no criminal proceedings were instituted against any employees.

Auditor-General

Mbombela

30 November 2015



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence



ANNUAL AUDIT COMMITTEE REPORT

30 JUNE 2015

1. PURPOSE

The purpose of this report is to present the annual Audit Committee report of Dr. JS Moroka Local Municipality for the year ending 30 June 2015. This report will form part of the 2014/15 annual report of the municipality.

2. BACKGROUND

Dr JS Moroka Local Municipality had a fully functional audit committee for the year under review established in terms of section 166 of the Municipal Finance Management Act (MFMA), (Act No.56 of 2003). The Audit Committee has adopted its written terms of reference.

3. STATUTORY REQUIREMENTS

Section 166 of the MFMA requires that each municipality must have an Audit Committee. The Audit Committee is an independent advisory body that advises council, political office bearers, accounting officer, and staff of the municipality on the following:

- Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability, and accuracy of financial reporting and information;
- Performance Management and Evaluation
- Effective governance;
- Compliance with the MFMA, the Annual Division of Revenue Act (DoRA) and any other applicable legislation;
- Any other issues referred to by the municipality;
- Review annual financial statements so as to provide authoritative and credible view of the financial position, on overall compliance with MFMA, DORA and other applicable legislations.
- Respond to Council on any matter raised by the Auditor-General (AGSA); and
- Carry out such investigations into financial affairs of the municipality as may be prescribed from time to time.

4. ATTENDANCE OF MEETINGS

The Audit Committee had four (4) appointed members who served on the Committee for the 2014/15 financial year.

The Audit Committee had five (5) ordinary meetings and two (2) special Audit Committee meetings to deal with urgent matters.

The following is attendance of Audit Committee meetings by the members:

Dr. JS Moroka Municipality Audit Committee:

Name of Member	Ordinary Meetings	Special Meetings	Total
Mr. M Mmapheto (Chairperson)	5	2	7
Mr. Makaba	4	1	5
Mr. SP Simelane	5	0	5
Mr. NJK Mahlangu*	3	2	5

* The Audit Committee Member resigned on the 30th June 2015 and the Audit Committee appreciates his consummate professionalism and commitment to the work of the Audit Committee.

The following individuals and stakeholders, although not members of the Audit Committee, have standing invitation to Audit Committee meetings:

- (i) The Accounting Officer
- (ii) The Chief Financial Officer
- (iii) The Section 56 Managers/Departmental Heads
- (iv) The Auditor-General
- (v) Mpumalanga Provincial Treasury
- (vi) Internal Audit (also tasked with Secretariat function)

5. INTERNAL AUDIT

Section 165 of MFMA requires the municipality to have an Internal Audit Unit and prepare a risk based internal audit plan and an internal audit program for each financial year. Dr JS Moroka Local Municipality did have an effective Internal Audit Unit for the year under review.

During the reporting period, the Committee:

- Received and considered reports from the internal auditors.
- Reviewed and Approved the Internal Audit Charter, Audit Methodology, 1 year Operational Internal Audit Plan, and the 3 year rolling Internal Audit Plan.
- Reviewed and recommended Audit Committee Charter for approval.

Furthermore, on those audits which were conducted with the support of the Internal Audit, the following matters were high-lighted as challenges during the year under review:

- Slow response by management in availing information to Internal Audit Unit and addressing Internal Audit findings. This hampers the effectiveness of the Internal Audit Unit and the Audit Committee (AC).

The Audit Committee is of the view that Internal Audit is functional despite the capacity constraints and requires the support of management to ensure optimum audit coverage. Due to the delay in appointment of the co source service provider; Internal Audit Plan was not fully implemented. To ensure that the internal audit findings receive urgent attention at the highest level, the Audit Committee has requested internal audit reports to be a standing item on the agenda of Top Management Meetings. The Audit Committee recommended that the Municipal Manager addresses the delay in the submission of information.

6. INTERNAL CONTROLS

The Audit Committee monitored the internal audit assessment of the design, implementation and effectiveness of the municipality's system of internal controls, including internal financial controls during the financial year ended 30 June 2015. Based on the results of the assessment, as well as information and explanations given by management and discussions with the external auditors on the results of their audit, the Committee is of the opinion that the Council's system of internal and financial controls is partially effective.

The Audit Committee:

- Monitored the identification and correction of weaknesses and breakdowns of systems and internal controls;
- Monitored the adequacy and reliability of management information and the efficiency of management information systems;
- Reviewed quarterly, interim and final financial results and statements and reporting for proper and complete disclosure of timely, reliable and consistent information;
- Evaluated on an ongoing basis the appropriateness, adequacy and efficiency of accounting policies and procedures, compliance with GRAP overall accounting standards, as well as any related changes discussed.
- Reviewed reports supplied by management about the effectiveness and efficiency of the credit-monitoring process, exposures and related impairments and adequacy of impairment provisions to discharge its obligations satisfactorily;
- Reviewed and monitored all key financial performance indicators to ensure that they are appropriate and that decision-making capabilities are maintained at high levels; and
- Reported on the effectiveness of the Municipal internal reporting controls.

7. REPORTED FRAUDULANT ACTIVITIES

The municipality experienced hacking of the primary municipal bank account on the 08th and the 09th September 2014. This matter has been investigated by forensic auditors and been reported to the SAPS (HAWKS) for criminal investigation.

8. RISK MANAGEMENT

The Municipality has appointed the External Chairperson of Risk Management Committee during the course of the year and the Audit Committee wishes him well in bringing discipline in Risk Management. Risk Management is a standing item on all Audit Committee meetings for the year under review.

The following can be summarized as challenges facing the Unit.

- Slow progress in implementing risk mitigating strategies.
- Capacity constraints in Risk Management Unit.
- Non implementation of Fraud Prevention Plan.

The Audit Committee recommended the following:

- The municipality should increase capacity in the Risk Management Unit.
- The municipality to incorporate risk management into the performance agreements of senior managers.
- Risk Management be standing item on Top Management and departmental meetings.
- The municipality should priorities the implementation of Fraud Prevention Plan.

9. PERFORMANCE MANAGEMENT

The Audit Committee has considered the PMS Policy and has recommended it to Council for approval. The delay in submitting the PMS quarterly reports for Internal Audit purposes is a concern and this affect the effectiveness of Internal Audit and Audit Committee.

10. YEAR-END REPORTING

The Audit Committee received and reviewed the Annual Performance Information Report together with the Financial Statements before submission to the Auditor-General. Quarterly performance reports were also submitted to the Audit Committee by management during the year.

11. EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit Committee has met with management on the meeting held on 21 August 2015 to review the draft Annual Financial Statements.

The Audit Committee has:

- Reviewed the Annual Financial Statements and assessed the fair presentation and disclosure, consistent application of accounting policies and compliance with National Treasury guidelines, MFMA and Generally Recognised Accounting Principles (GRAP).
- provided comments and recommended corrections to management prior to the submission of Financial Statements to the Auditor General
- held discussions with the Auditor-General and the Accounting Officer on the AFS.
- Reviewed the Auditor-General's audit report, management letter and management's response.
- Reviewed any significant adjustments resulting from external audit queries and accepted unadjusted audit differences.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General. The Audit Committee has urged management to prepare action plan to address the issues raised by the Auditor General.

12. Conclusion

The Audit Committee acknowledges the co-operation and assistance by the Accounting Officer and management of Dr JS Moroka Local Municipality in strengthening corporate governance and working towards clean audit goal. The Audit Committee Chairperson remains confident of these matters receiving due consideration and intervention. We are committed to fully execute our oversight function and in strengthening Corporate Governance.


Mr. M. Mmaphele
On behalf of the Audit Committee

11.01.2016.
Date:

GLOSSARY

1. Key Performance Area (KPA)
It is the performance area in which the municipality must perform to achieve its mission and vision.
2. Strategic Objective (KPA)
It translates the Key Performance Area into an outcome statement.
3. Key Focus Area (KFA) must
It is those areas in which the municipality perform to ensure that the Key Performance Areas are achieved.
4. Predetermined Objective (PDO)
It translates the Key Focus Area (KFA) into a Predetermined outcome in the form of an outcome statement.
5. Key Performance Indicator (KPI)
It defines how performance will be measured along a scale or dimension (e.g. number of houses, km of road, percentage increase, etc.) to achieve the KPAs, KFAs and PDOs.
6. Inputs
The resources that contribute to the production and delivery of outputs
7. Outputs
The final products, or goods and services produced for Delivery
8. Activities
The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes
9. Outcomes
The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs
10. Impact
The developmental results of achieving specific outcome.
11. Project
It is an initiative that is executed over a specific period of time with a defined beginning and end with the intension of achieving the Key Focus Areas (KFAs). (It can be capital intensive or any other project)
12. Programme
A sequence of scheduled activities and / or Projects executed with the intension of achieving the Key Focus Areas (KFAs).
13. Activity
It is an action or task that is performed with the intension of achieving the Key Focus Areas (KFAs).

14. Baseline	It is the actual results of a project, programme or activity achieved during the previous financial year(s).
15 .Target	It completes the performance indicator with actual numbers, percentages, rand values, etc. To be achieved over a specific period of time.
16. Driver	It is the person who takes ownership to execute a project, programme or activity.
17 .Portfolio of Evidence (PoE)	It is file with a clear "paper trail" that serves as proof of the execution of a specific project, programme or activity. (It can include documents, pictures or any other form of evidence.)
18. National Key Performance Area (NKPA)	This is a key area of focus determined at national level and is mandatory to all municipalities in South Africa.
19 .National Key Performance Indicator (NKPI)	This is a key indicator determined at national level and is mandatory for all municipalities in South Africa to regularly report on.
20. National Outcomes	This refers to the 12 Outcomes determined by National Government of which Outcome 9 is focusing specifically on Local Government