REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF DIHLABENG LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Dihlabeng Local Municipality which comprise the statement of financial position as at 30 June 2009, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages [xx] to [xx].

The 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 the Statements of Generally Recognised Accounting Practice (Statements of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) 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.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Because of the matters discussed in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

4. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Dihlabeng Local Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

Basis for disclaimer of opinion

Cash and cash equivalents

5. For reasons as detailed below, I was unable to obtain sufficient appropriate audit evidence as to the valuation of the cash and cash equivalents amounting to R47 447 860 as disclosed in the statement of financial position and note 6 to the financial statements:

   - The cash book balance for the cheque account of R50 908 268 differed by R5 935 719 from the cash book balance per the bank reconciliation of R44 972 549.

- The favourable project account balance of R3 460 408 differed by R3 255 410 from the cash book balance per the bank reconciliation of R204 998.

Management oversight did not identify differences and the financial reporting system did not make provision for alternative audit procedures to verify these amounts.

Property, plant and equipment

6. The financial statements did not contain information regarding the classification of property, plant and equipment into the relevant classes as required by paragraph 10 of the Standards of Generally Recognised Accounting Practices, GRAP 17, *Property, plant and equipment* (GRAP 17) which includes: land and buildings, infrastructure, community assets, heritage assets, other assets, finance lease assets and work in progress. Thus, sufficient appropriate evidence as to the classification of assets could not be obtained. Due to the extent of the weakness no alternative procedures could be performed.
7. No investment property as required by paragraph 5 of the Standards of Generally Recognised Accounting Practices, GRAP 16, *Investment property*, was disclosed in the financial statements due to management not adhering to the requirements from the accounting framework. Property, plant and equipment to the amount of R591 152 425 as disclosed in note 7 to the financial statements are overstated by R3 440 357 and investment property is understated by the said amount in both financial years.
8. Sufficient appropriate evidence could not be provided by management for assets totalling R11 946 214 included in note 7 to the financial statements. The assets could not be verified during a physical verification of assets. We were thus unable to verify the completeness and existence of these assets.
9. Assets were disposed of during the year under review, but receipts were not correctly accounted for in the accounting records, resulting in assets being overstated and revenue being understated by R2 256 334.

Trade and other receivables

10. Sufficient appropriate evidence could not be obtained for trade receivables of R175 175 277 disclosed in note 5 to the financial statements. The debtors listing provided was R2 411 323 more than the amount disclosed. This difference could not be explained and the financial reporting system did not make provision for alternative procedures to be performed.
11. Sufficient appropriate evidence could not be obtained as supporting documentation and explanations for suspense debtors of R3 982 727 (debit) and R3 288 793 (credit) could not be provided. The accuracy, completeness and rights and obligations of the amount disclosed in note 5 to the financial statements could not be confirmed. The financial reporting system did not make provision for alternative procedures to be performed.
12. Paragraph 58 of the International Accounting Standards, *IAS 39 – Financial Instruments: Recognition and measurement (IAS 39)* states that an entity shall assess, at the end of each reporting period, whether there is any objective evidence that a financial asset or group of financial assets is impaired. The municipality however did not assess the consumer receivables, individually or by category, for any indication that these assets may be impaired. Because the relevant information is not available, I am not able to determine the amount by which trade and other receivables and fair value adjustment are overstated. The

entity's records did not allow the performance of reasonable alternative procedures to reliably determine these amounts.

13. Paragraphs 43 and 46 of the International Accounting Standard, *IAS 39, Financial Instruments: Recognition and measurement (IAS 39)* requires that receivables have to be initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Contrary to these requirements, due to an oversight by management, trade and other receivables as disclosed at an amount of R175 175 277 in note 5 to the financial statements were not initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Because the relevant information is not available, I am not able to determine the amount by which trade and other receivables and fair value adjustment are overstated. The entity's records did not allow the performance of reasonable alternative procedures to reliably determine these amounts.

Trade and other payables

14. Explanations and supporting documentation could not be provided for suspense accounts as disclosed in note 14 totalling R15 865 654 at year-end, which placed a limitation on the scope of the audit. Sufficient appropriate evidence could not be obtained for the valuation and existence of the amount and the financial reporting system did not make provision for alternative procedures to be performed.

15. A net difference of R2 696 636 was found between a trade creditors' list submitted to audit and the amount of R13 867 069 disclosed in note 14 to the financial statements could not be explained. This placed a limitation on the scope of the audit and as a result the completeness and valuation of this amount could not be confirmed. The system did not make provision for alternative procedures to confirm this amount.

16. Payables and expenditure were both overstated by R2 077 603 as a result of the incorrect correction of uncashed cheques.

Provisions

17. Provisions of R12 067 429, as disclosed in note 16 to the financial statements, differed by R5 116 590 from the general ledger. Management could not explain the difference, nor did the system allow me to perform alternative procedures to confirm the correctness and classification of this amount.

Taxes and transfers payable

18. A reconciliation between the VAT 201 returns and the general ledger was not done. Note 15 to the financial statements included an amount of R1 232 632 as due to the South African Revenue Service, but according to information obtained, the amount receivable should be R4 114 767 at year-end. This resulted in Taxes and transfers payable and expenditure being overstated by R5 347 399 due to the fact that management neglected to timely perform VAT reconciliations.

Reserves

19. Reserves totalling R5 108 251 were found in the general ledger, but no amounts were disclosed in the financial statements. Explanations for this could not be provided by management. The correct classification of these amounts in the general ledger could thus not be confirmed. Alternative procedures to confirm this amount could not be performed.

Government grants

20. No reconciliation was performed by the municipality of grants allocated according to the Division of Revenue Act, 2009 (Act No. 12 of 2009) (DORA) and the actual amounts received to ensure that allocated grants are in fact received. Government grants as disclosed in note 21 to the financial statements was R5 724 387 less that the amount that should have been actually received. The accuracy, completeness and classification of these amounts could not be confirmed. Alternative procedures to confirm this amount could not be performed.

Revenue

21. Refuse removal charges of R24 675 827 as disclosed in note 20 and trade and other receivables were understated by R3 174 916 as levies were not charged on various consumer accounts with the implementation of the new financial system.

22. Sufficient appropriate evidence could not be submitted b y management for sewerage charges to the amount of R28 798 577 as disclosed in note 20. The accuracy and completeness of sewerage charges amounting to R28 798 577 could therefore not be confirmed. Alternative procedures to confirm this amount could not be performed.

23. Departmental charges for services to the amount of R13 349 381 were incorrectly included as part of revenue and expenditure in the statement of financial performance for the year, resulting in both being overstated by the said amount. It is considered to be contrary to paragraph 13 of the Standards of Generally Recognised Accounting Practices GRAP 9, *Revenue from exchange transactions*, as it did not increase the assets or decrease the liabilities of the municipality.

24. Contrary to paragraph 15 of Standards of Generally Recognised Accounting Practices GRAP 9, *Revenue from exchange transactions*, service charges were not measured at the fair value of the consideration received or receivable due to an oversight by management. Because the relevant information is not available, I am not able to determine the amount by which service charges are overstated and interest received is understated. The entity's records did not permit the performance of reasonable alternative procedures to reliably determine these amounts.

25. The sale of water of R30 083 610 as disclosed in note 20 to the financial statements was understated and the opening balance of the accumulated surplus overstated by approximately R3 million due to corrections made in the current year for amounts incorrectly levied during the previous year.

26. General expenditure of R3 110 399 was incorrectly allocated to income accounts, resulting in other income as disclosed in the statement of financial performance and general expenditure reflected in note 22 being understated by this amount.

Employee costs

27. Employee costs of R99 424 150 as disclosed in note 23 to the financial statements were overstated and general expenditure understated by R7 559 259 due to the incorrect inclusion of transport costs, reimbursable allowance and training costs in employee costs.

Expenditure

28. Prior year expenditure totalling R3 662 714 was recorded in the current year's statement of financial performance resulting in expenditure for the current year and accumulated surplus at the beginning of the year being overstated by the said amount.

29. Consulting and professional fees of R8 736 389 as included in note 22 were understated by R2 530 037 due to the incorrect classification of expenses to various other expense accounts.

30. In terms of paragraph 10 of the Standards of Generally Recognised Accounting Practice GRAP 17, *Property, plant and equipment* are tangible items that are held for use or supply of goods and services and are expected to be used during more than one accounting period. Items that meets this definition to the amount of R18 252 130 were erroneously included in the general expenditure of R33 682 034 of the previous year as reflected in note 22 to the financial statements, resulting in accumulated surplus being overstated and property, plant and equipment being understated by the said amount.

31. Sufficient and appropriate evidence could not be obtained for grants and subsidies as disclosed in note 31 to the financial statements. I could as a result not confirm the accuracy and classification of an amount of R5 077 331 as management could not submit indigent application forms in most instances. I was therefore also not able to confirm the occurrence, completeness and accuracy of the transaction. The system did not allow for alternative procedures to confirm this amount.

Cash flow statement

32. The cash flow statement was not compiled as required by paragraph 16 of the Standards of Generally Recognised Accounting Practice GRAP 2, *Cash flow statements*. The major classes of gross cash receipts and gross cash payments were not disclosed.

33. The corresponding figures disclosed in the cash flow statement for the 2008 year could not be confirmed as correct as sufficient appropriate supporting documentation could not be provided by management. The financial reporting system did not make provision for alternative procedures to confirm the accuracy of the amounts disclosed.

Irregular or fruitless and wasteful expenditure

34. I could not obtain sufficient appropriate audit evidence that bad debts written off to the sum of R102 091 631 in the financial year under review were appropriately authorised in accordance with Dihlabeng Local Municipality's delegation of powers and duties in terms of section 79 of the MFMA. Since this was only condoned by council on 10 September 2009, the expenditure is considered to be irregular.

35. According to information supplied during the audit, expenditure on conditional MIG grants exceeded the income by R2 455 115. This overexpenditure is considered to be irregular in terms of section 47(2) of DORA.

36. We were not in all instances able to confirm that Supply Chain Management procedures were complied with. Payments are considered to be irregular expenditure which was not disclosed as such in the financial statements as required by section 125(2)(d)(i) of the MFMA.

- Documentation such as advertisements for tenders, tenders included in the bid register, evaluation of the tender bids, adjudication of bids and appointment letters and conditions applicable to contractors were complied with as these documents could not be provided for tenders to the value of R21,3 million. Payments to the amount of R3 554 450 were made during the year under review and are thus considered to be irregular expenditure. Further payments could result in additional irregular expenditure to be incurred.
- Quotations with the necessary documents could not be provided for payments during the year to the value of about R2 303 560.

Due to limitation of a system for identifying irregular expenditure I was not able to confirm the completeness of irregular expenditure.

37. Fruitless expenditure of R49 764 (2008: R2 571 127) was paid to unit managers appointed without the proper process followed.

Contingent liabilities

38. Sufficient appropriate evidence could not be obtained for contingent liabilities as disclosed in note 35 to the financial statements as items totalling R4 680 000 could not be provided by management. I was unable to perform alternative procedures to obtain adequate audit assurance and therefore the completeness and accuracy of this disclosure could not be confirmed.

Retirement benefits

39. The information disclosed in note 11 to the financial statements regarding retirement benefits was incomplete and not in accordance Statements of Generally Accepted Accounting Practice (GAAP), *Employee benefits* (IAS 19). No actuarial valuations were performed and no amounts were disclosed. The accuracy and completeness of the details disclosed could not be confirmed.

Disclaimer of opinion

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

Emphasis of matters

I draw attention to the following matters on which I do not express a disclaimer of opinion:

Going concern

41. The accounting officer's report on page 15 of note 6.1 to the financial statements indicates that the municipality might experience challenges over the next 12 months in meeting some of its obligations. These conditions, along with other matters, point to the existence of a material uncertainty that might cast significant doubt on the municipality's ability to continue as a going concern.

Fruitless and wasteful expenditure

42. As disclosed in note 40 to the financial statements, fruitless and wasteful expenditure to the amount of R995 561 was incurred, as interest subsidies were given to employees while interest was paid on the bank overdraft.

Restatement of corresponding figures

43. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2008 have been restated as a result of the conversion to the GRAP reporting framework.

Other matters

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Non-compliance with applicable legislation

Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)

44. Various instances of non-compliance with the MFMA were observed, which included the following:

Section	Detail
62(1)(c)(i)	Various policies on fraud and risk management, human resources and performance information were still not approved by council.
65(2)(e)	Payments were not always made within 30 days of receipt of invoices. Instances amounting to R3,9 million were revealed during the audit.
75(1)	The accounting officer of a municipality must place on the website certain documents of the municipality, which was not done in all instances.
122(3)	The annual financial statements must be prepared in accordance with generally recognised accounting practice as determined by the Accounting Standards Board. The municipality has not provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, as prescribed by GRAP 1 *Presentation of Financial Statements.*
124(1)(c)	All the section 57 managers' remuneration was not disclosed separately.
127 & 130	The annual report for the 2007-08 financial year was not submitted and tabled.

Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA)

45. Declarations of interest, as prescribed by schedule 1 to the MSA, could not be obtained for councillors (paragraph 5 of the Code of Conduct for Councillors) or managers (paragraph 5 of the Code of Conduct for Municipal Staff Members) for the year under review.

46. Sections 12, 15 and 75 of the MSA require by-laws, but only draft by-laws on the tariff policy could be submitted to audit.

Governance framework

47. The governance principles that impact the auditor's opinion on the financial statements relate to the responsibilities and practices of the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

Internal control deficiencies

48. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the qualified opinion. The root causes are categorised according to the five components of an effective system of internal control. (The number listed per component can be followed with the legend below the table.) In some instances deficiencies exist in more than one internal control component.

Par. no.	Basis for disclaimer of audit opinion	CE	RA	CA	IC	M
5	Cash and cash equivalents	1				1
6-9	Property, plant and equipment			3,5,6		
10-13	Trade and other receivables	2,5		4,6		1
14-16	Trade and other payables	1		5		
17	Provisions	5				
18	Taxes and transfers payable	5				
19	Reserves			6		
20	Government grants			2,5		
21-26	Revenue			2,4,5	1	
27	Employee costs				1	
28-31	Expenditure	1		3,4,5	1	
32-33	Cash flow statement	5				
34-37	Irregular or fruitless and wasteful expenditure			5		
38	Contingent liabilities				1	
39	Retirement benefits				1	

Overall reflections on the governance framework based on the internal control deficiencies:

49. Several senior employees left the municipality during the previous financial year, resulting in knowledge and skills not being transferred to new employees. Various senior management positions were filled during the year under review. The chief financial officer position was vacant since April 2009 and the duties were performed by a consultant. The necessary management oversight was therefore lacking in some instances. This resulted in reconciliations like bank, VAT, debtors and creditors not being timeously performed and reconciling items not being cleared by management.

50. GRAP challenges were experienced by staff with the conversion to the accounting framework (GRAP) due to the complex nature of these standards and the new accounting system.

51. Insufficient control, monitoring and supervision by management as the deficiencies reported previously were still not adequately addressed.

Legend	
CE = Control environment	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of	3

personnel.	
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer/accounting authority does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which in turn are not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee nor self-assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Matters of governance

52. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		X
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		X
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	X	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines (section 126 of the MFMA).	X	

Availability of key officials during audit			
5.	Key officials were available throughout the audit process.		X
Development of and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The municipality had an audit committee in operation throughout the financial year.		X
	• The audit committee operates in accordance with approved, written terms of reference.		X
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		X
7.	Internal audit		
	• The municipality had an internal audit function in operation throughout the financial year.	X	
	• The internal audit function operates in terms of an approved internal audit plan.		X
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		X
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		X
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		X
10.	The information systems were appropriate to facilitate the preparation of the financial statements.		X
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.	X	
12.	Powers and duties have been assigned as set out in section 79 of the MFMA.	X	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		X
14.	SCOPA resolutions have been substantially implemented.		X
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		X
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		X
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Dihlabeng local municipality against its mandate, predetermined objectives, outputs, indicators and targets (section 68 of the MFMA).		X
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	X	

Overall reflections on the governance framework based on other key governance requirements

53. The financial statements were subject to material corrections resulting from the audit process which are attributable to the accounting officer not developing and implementing adequate control measures to ensure that financial statements and reporting information are effectively reviewed before the financial statements are submitted for audit. These weaknesses indicated a lack of oversight of financial reporting by management as a result of the challenges with the conversion to and implementation of GRAP.

54. Management did not sufficiently control supporting documentation and in various instances significant delays were encountered in the submission of relevant documents. The accounting officer did not prioritise the attending of audit steering committee meetings and a permanent chief financial officer was not appointed.
55. The audit committee and the internal audit unit was not fully functional and the accounting officer did not implement a proper internal control system which includes a fraud prevention plan and follow up on previous year findings and SCOPA resolutions.

Investigations

56. A forensic investigation is being conducted by a consulting firm, which includes an investigation into the collection of revenue, supply chain management, inventory and the disposal of assets. As this investigation has not been finalised, it is not known what impact, if any, this matter could have on the financial statements. It will be reported on once the investigation has been finalised.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

57. I have reviewed the performance information as set out on pages xx to xx.

The accounting officer's responsibility for the performance information

In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

The Auditor-General's responsibility

58. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

59. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

60. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

61. A performance management system, as required by section 38 of the Municipal Systems Act (MSA), was not established during the year under review.

62. Measurable performance targets were not set for the key performance indicators as required by section 41(1) of the MSA.

63. This was mainly due to a lack of capacity to ensure performance reporting during the year, as a performance manager was only appointed in April 2009.

Performance information not received in time

64. An assessment could not be performed of the reliability of the reported performance information, as set out on pages xx to xx of the annual report, since

the information was not received in time for audit purposes. This could be attributed to lack of a performance management and reporting system as reported in paragraphs 61 to 62 and the inability of management to establish proper performance oversight and reports to ensure effective service delivery.

APPRECIATION

65. The assistance rendered by the staff of the Dihlabeng Local Municipality during the audit is sincerely appreciated.

Auditor-General

Bloemfontein

30 November 2009

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence