

DEPARTMENT: OFFICE OF THE MUNICIPAL MANAGER**DRAFT ANNUAL PERFORMANCE REPORT - 2015/2016 FINANCIAL YEAR****1. PURPOSE**

To table the 2015 - 2016 DRAFT ANNUAL PERFORMANCE REPORT to Council for consideration and to allow Council to facilitate the development and adoption of its Oversight Report within two months subsequent to the tabling of the Draft: Annual Report.

2. BACKGROUND

- 2.1 Every Municipality must Prepare and Adopt an Annual Report for each financial year in terms of Section 121 of the Municipal Finance Management Act 56 of 2003 (MFMA) and, Section 46 of the Municipal Systems Act 32 of 2000 (MSA).
- 2.2 The purpose of the Annual Report is:
 - 2.2.1 To provide an authoritative record of the activities of the municipality;
 - 2.2.2 To provide a record of performance on service delivery and budget implementation;
 - 2.2.3 To provide information that supports the revenue and expenditure decisions made; and
 - 2.2.4 To promote accountability to the local community for decisions made.
- 2.3 The Annual Report serve as a key historic record for the municipality revealing the progress, growth and development of municipal services and performance during the 2015/2016 financial year.
- 2.4 The report reflects on the achievements and progress made by the municipality during the said financial year. It provide details of the work of various components of the municipality and the report encompasses the following parts:
 - 2.4.1 Part A and B: Introduction and Overview of Dihlabeng Local Municipality;
 - 2.4.2 Part C: Municipal Performance Highlights;
 - 2.4.3 Part D: Human Resources and Other Organisational Management;
 - 2.4.4 Part E: Functional Service Delivery Report; and
 - 2.4.5 Part F: Audited Financial Statement and Related Financial Information (including the AG's Report and the Action Plan to address AG's matters of emphasis).
- 2.5 A copy of the 2015/2016 Draft: Annual Report was submitted to the Auditor-General on the 31st of August 2016 and is attached as Annexure A.

3. FINANCIAL IMPLICATIONS

None at this stage.

4. LEGAL IMPLICATIONS

Compliance with:

- 4.1 Local Government: Municipal Systems Act (Act no. 32 of 2000), Section 46.
- 4.2 Local Government: Municipal Finance Management Act (Act no. 56 of 2003), Section 121, 129, 130, 131 and 132.
- 4.3 Local Government: Municipal Structures Act (Act no. 117 of 1998), Section 33 and 79.
- 4.3 MFMA Circular No. 11, 13 and 32

5. RECOMMENDATION:

- 5.1 that Council adopt the 2015/2016 Draft Annual Performance Report.
- 5.2 that Council through MPAC develops and adopt an oversight report within two months subsequent to the tabling of the Draft: Annual Report.

PREPARED BY :



MUZIWAKHE ZONDO

MANAGER: PMS

RECOMMENDED BY :



PULE KHIBA

CHIEF FINANCIAL OFFICER

APPROVED FOR SUBMISSION:



BUSA MOLATSELE

MUNICIPAL MANAGER

Date: 16/01/2017

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15/16 FY – DRAFT ANNUAL PERFORMANCE REPORT

Everyone, Every household, Every entity – A testimony of our excellent
Service!

*DIHLABENG LOCAL
MUNICIPALITY – FS
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ANNUAL REPORT

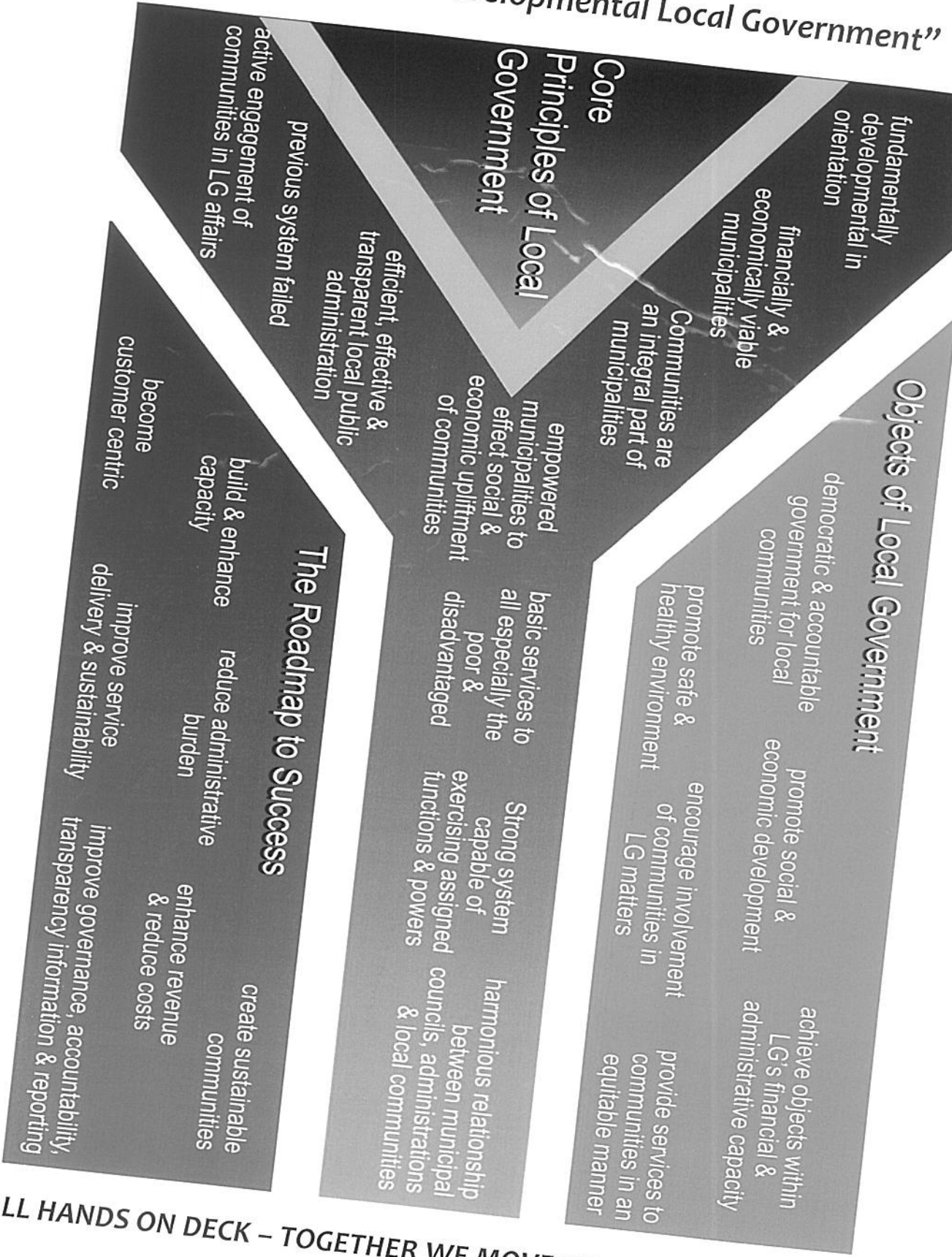


A GOOD STORY TO TELL!

*Everyone, Every Household, Every Entity –
A Testimonial of our Excellent Service!*

The Gateway to Service Excellence.

005
 Our dream of a “Developmental Local Government”



“ALL HANDS ON DECK – TOGETHER WE MOVE DIHLABENG FORWARD”

006

Part A: General Information

1. GENERAL INFORMATION

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TABLE OF CONTENTS

007

Part A: General Information

1.	GENERAL INFORMATION	- 3 -
2.	LIST OF ABBREVIATIONS/ACRONYMS	- 6 -
3.	STRATEGIC OVERVIEW	- 1 -
3.1	VISION.....	- 1 -
3.2	MISSION.....	- 1 -
3.3	CORE VALUES	- 1 -
3.4	STRATEGIC OUTCOME ORIENTATED GOALS	- 1 -
4.	LEADERSHIP AND MANAGEMENT STRUCTURE.....	- 2 -
4.1	EXECUTIVE LEADERSHIP	- 3 -
4.2	EXECUTIVE MANAGEMENT TEAM.....	- 6 -
	FOREWORD: EXECUTIVE MAYOR.....	- 7 -

Part B: Introduction and Overview of Dihlabeng

1.	INTRODUCTION AND OVERVIEW OF DIHLABENG LOCAL MUNICIPALITY	- 8 -
1.1	LOCATION, COMPOSITION AND SIZE	- 8 -
1.2	AGE AND GENDER PROFILE	- 9 -
1.3	SOCIO-ECONOMIC PROFILE.....	- 10 -
1.3.1	INCOME DISTRIBUTION	- 10 -
1.3.2	DWELLING TYPES.....	- 10 -
1.3.3	HOUSEHOLD ACCESS TO MUNICIPAL SERVICES	- 11 -

Part C: Municipal Performance Highlights

1.	MUNICIPAL PERFORMANCE HIGHLIGHTS.....	- 13 -
1.1	STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION	- 13 -
1.2	PROGRAMME PERFORMANCE HIGHLIGHTS	- 14 -
1.2.1	LEVEL AND STANDARD OF SERVICE - WATER AND SANITATION	- 14 -
1.2.2	SERVICE DELIVERY IMPROVEMENT INITIATIVES – WATER AND SANITATION SERVICES .	- 15 -
1.3	LEVEL AND STANDARD OF SERVICE - ELECTRICITY PROVISION.....	- 16 -
1.4	LEVEL AND STANDARD OF SERVICE - REFUSE REMOVAL & SOLID WASTE MANAGEMENT.	- 17 -
1.5	LEVEL AND STANDARD OF SERVICE – LOCAL ECONOMIC DEVELOPMENT	- 18 -
1.6	LEVEL AND STANDARD OF SERVICE – TOWN PLANNING & HOUSING.....	- 21 -

Part D: Human Resource and other Organisational Management

1.	HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT	- 23 -
1.1	WORKFORCE PROFILE	- 23 -
1.2	HUMAN CAPITAL DEVELOPMENT	- 24 -

Part E: Functional Area Service Delivery Report

1.	FUNTIONAL AREA SERVICE DELIVERY REPORT	- 25 -
1.1	SUMMARY OF BUSINESS PERFORMANCE	- 25 -
1.2	ANALYSIS OF BUSINESS PERFORMANCE	- 26 -

Part F: Audited Financial Statements and Related Financial Information

1.	AUDIT COMMITTEE REPORT	- 34 -
2.	AUDITOR GENERAL'S REPORT	- 35 -
3.	AUDITOR GENERAL'S REPORT ACTION PLAN	- 36 -
4.	AUDITED FINANCIAL STATEMENTS	- 37 -
5.	FUNCTIONAL AREA SERVICE DELIVERY REPORT	- 38 -

2. LIST OF ABBREVIATIONS/ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome	MAYCO	Mayoral Committee
CBP	Community-Based Planning	MDG	Millennium Development Goals
CDWs	Community Development Workers	MFMA	Municipal Finance Management Act
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
Cllr	Councillor	MM	Municipal Manager
DFA	Development Facilitation Act	MSA	Municipal Systems Act
DLM	Dihlabeng Local Municipality	MTSF	Medium-Term Strategy Framework
DORA	Division of Revenue Act	MTREF	Medium-Term Revenue Expenditure Framework
HIV	Human Immunodeficiency Virus	NAS	National AIDS Strategy
EIA	Environmental Impact Assessment	NDP	National Development Plan
EMP	Environmental Management Plan	NKPI	National Key Performance Indicator
FET	Further Education and Training	NSDP	National Spatial Development Plan
FSGDS	Free State Growth and Development Strategy	PGDS	Free State Provincial Growth Development Strategy
GDP	Growth Domestic Product	PMS	Performance Management System
GRAAP	Generally Accepted Accounting Practices	SCM	Supply Chain Management
HDI	Historically Disadvantaged Individual	SDBIP	Service Delivery and Budget Implementation Plan
ICT	Information Communication Technology	SDF	Spatial Development Framework
IDP	Integrated Development Plan	SMME	Small Medium and Micro Enterprise
IGR	Intergovernmental Relations	SSA	Statistics South Africa
IWMP	Integrated Waste Management Plan	USDG	Urban Settlement Development Grant
KPA	Key Performance Area	VIP	Ventilated Improved Pitt
KPI	Key Performance Indicator	WTW	Water Treatment Works
LGSETA	Local Government Sector Education and Training Authority		
LUMS	Land Use Management System		

3. STRATEGIC OVERVIEW

3.1 VISION

A vision statement reflects the perfect future and enables an organization to focus on future success. An all-encompassing vision will allow employees to be motivated and focused on the bigger picture of the municipality. Our dream is:

***“To be people centred, people driven and self-sufficient municipality committed to the provision of effective and quality services to its community.*”**

3.2 MISSION

A mission statement reflects the way in which Dihlabeng Local Municipality will conduct its everyday business. It describes the purpose of the Municipality and the area on which the Municipality should focus in order to achieve its vision. The Dihlabeng Local Municipality is:

“To provide effective and efficient people centred governance that will facilitate the developmental role of Local Government”

3.3 CORE VALUES

Values are the nexus to our future progress and they are an expression of our emotionalised truths. They serve to guide our decision making and conduct. It is the Devine to the minds of men and women of Dihlabeng to seek and pursue a better life for all, and in no particular order of significance, they are:

- ✓ *Dedication*
- ✓ *Discipline*
- ✓ *Sacrifice; and*
- ✓ *Accountability*

3.4 STRATEGIC OUTCOME ORIENTATED GOALS

Based on the Municipality’s Turnaround Strategy, our strategic objectives were refined to be as follows:

- ✓ *Provide democratic and accountable government for local communities.*
- ✓ *Be responsive to the needs of the local municipality.*
- ✓ *Ensure the provision of services to communities in a sustainable manner.*
- ✓ *Promote social and economic development.*
- ✓ *Promote a safe and healthy environment.*
- ✓ *Encourage the involvement of communities and community organizations in the matters of local government.*
- ✓ *Facilitate the culture of public service and accountability amongst staff and*
- ✓ *Assign clear responsibilities for the management and co-ordination of administrative units and mechanisms.*

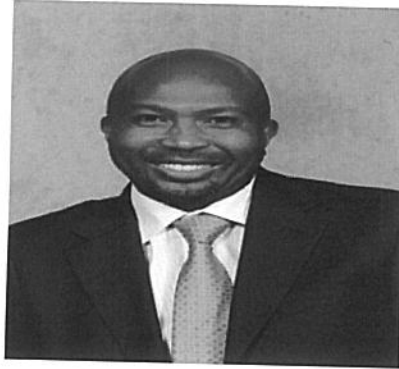
4. LEADERSHIP AND MANAGEMENT STRUCTURE

The following Political Parties are being represented in the Council.

Political Party	Ward Councillors	Proportional Councillors	Total
African National Congress	18	12	30
Democratic Alliance	2	6	8
Freedom Front Plus	0	1	1
Congress of the People	0	1	1
Total	20	20	40

NAME	DETAILS	NAME	DETAILS
Mr. T M H Mofokeng	EXECUTIVE MAYOR	Ms. M E Sempe.	Councillor, Ward 15
Mr. P D Lengoabala	SPEAKER	Mrs. S M Jacobs	Councillor, Ward 16
Mrs. L U Makhalema	COUNCIL WHIP	Mrs. A L R Mkhwanazi	Councillor, Ward 17
Mr. T A Masoeu	Chairperson MPAC	Mr. J F Bonthuys	Councillor, Ward 18
Mr. C C Harrington	MMC LED	Mr. M V Mofokeng	Councillor, Ward 19
Ms. A L Rakhothule Mkhwanazi	MMC Human Settlement	Ms. M R Mokoena	Councillor Ward 20
Mr. T J Tseki	MMC IDP& PMS	Mr. M M Radebe	Councillor
Mr. M J Tshabalala	MMC Finance	Mr. H E Mokoena	Councillor
Ms. M A Noosi	MMC Community Services	Ms. L U Makhalema	Councillor
Mr. P P Mokoena	MMC Corporate Services	Mrs. N E Mabizela	Councillor
Mrs. T J Tshabalala	MMC Women, Children, Disability and Vulnerable Groups	Mrs. T J Tshabalala	Councillor
Mr. T J Seekane	MMC Public Works	MR. M S Mofokeng	Councillor
Mrs. M A Mokoena	Councillor, Ward 1	Mr. J P H Pienaar	Councillor
Mr. S Msimanga	Councillor, Ward 2	Mr. C C Harrington	Councillor
Mr. N N Nzimande	Councillor, Ward 3	Ms. M K Mofokeng	Councillor
Mr. P P Mokoena	Councillor, Ward 4	Mr. L J Mosikili	Councillor
Mr. M D Shabalala	Councillor, Ward 5	Mr. M J Mokoena	Councillor
Mr. M J Tshabalala	Councillor, Ward 6	Mr. B D L Venter	Councillor
Ms. T M Mofokeng	Councillor, Ward 7	Mr. P D Lengoabala	Councillor
Mr. T M H Mofokeng	Councillor, Ward 8	Mrs. N A Motaung	Councillor
Mr. B F Mokoena	Councillor, Ward 9	Mr. J J Nhlapo	Councillor
Mr. G J Roetz	Councillor, Ward 10	Mr. D Steven	Councillor
Mr. T A Masoeu	Councillor, Ward 11	Ms. M A Noosi	Councillor
Mr. J M Radebe	Councillor, Ward 12	Mr. P A Maarsdorp	Councillor
Mr. T J Seekane	Councillor, Ward 13	Mr P H J Olivier	Councillor
Mr. T J Tseki	Councillor, Ward 14	Mr P T Ramaele	Councillor

4.1 EXECUTIVE LEADERSHIP



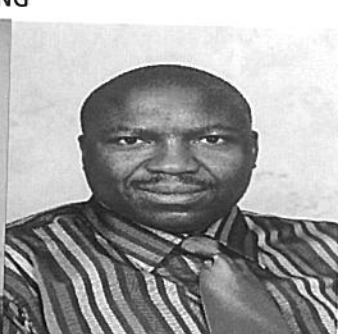
THE EXECUTIVE MAYOR
HONOURABLE Clr TMH MOFOKENG



SPEAKER
Clr P D LENGOBALA



THE COUCIL'S WHIP
Me. L U MAKHALEMA



CHAIRPERSON: MPAC
Clr T A MASOEU



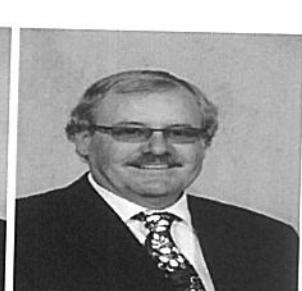
MMC T J TSEKI
IDP, PMS & MONITORING



MMC P P MOKOENA
CORPORATE SERVICES



MMC M J TSHABALALA
FINANCE



MMC C C HARRINGTON
LED



MMC M A NOOSI
COMMUNITY SERVICES



MMC T J SEEKANE
PUBLIC WORKS

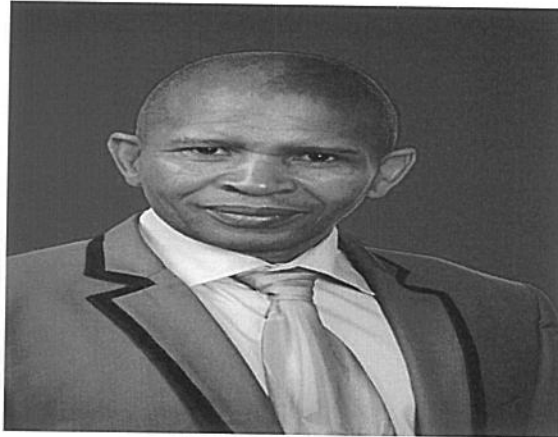


MMC T J TSHABALALA
WOMEN, CHILDREN,
DISABILITY & VULNERABLE
GROUPS



MMC A L RAKHOTHULE
MKHWANAZI
HUMAN SETTLEMENT

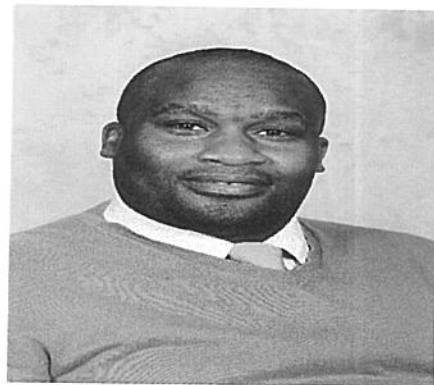
4.2 EXECUTIVE MANAGEMENT



Acting Municipal Manager
 Director: Corporate Services
 Qualification: Masters in Public Admin



Acting Chief Financial Officer
 Mr. Pule Khiba
 Qualification: B. Com Accounting



Director: Public Works
 Mr. Afrika Masuku
 Qualification: B. Tech Civil Engineering

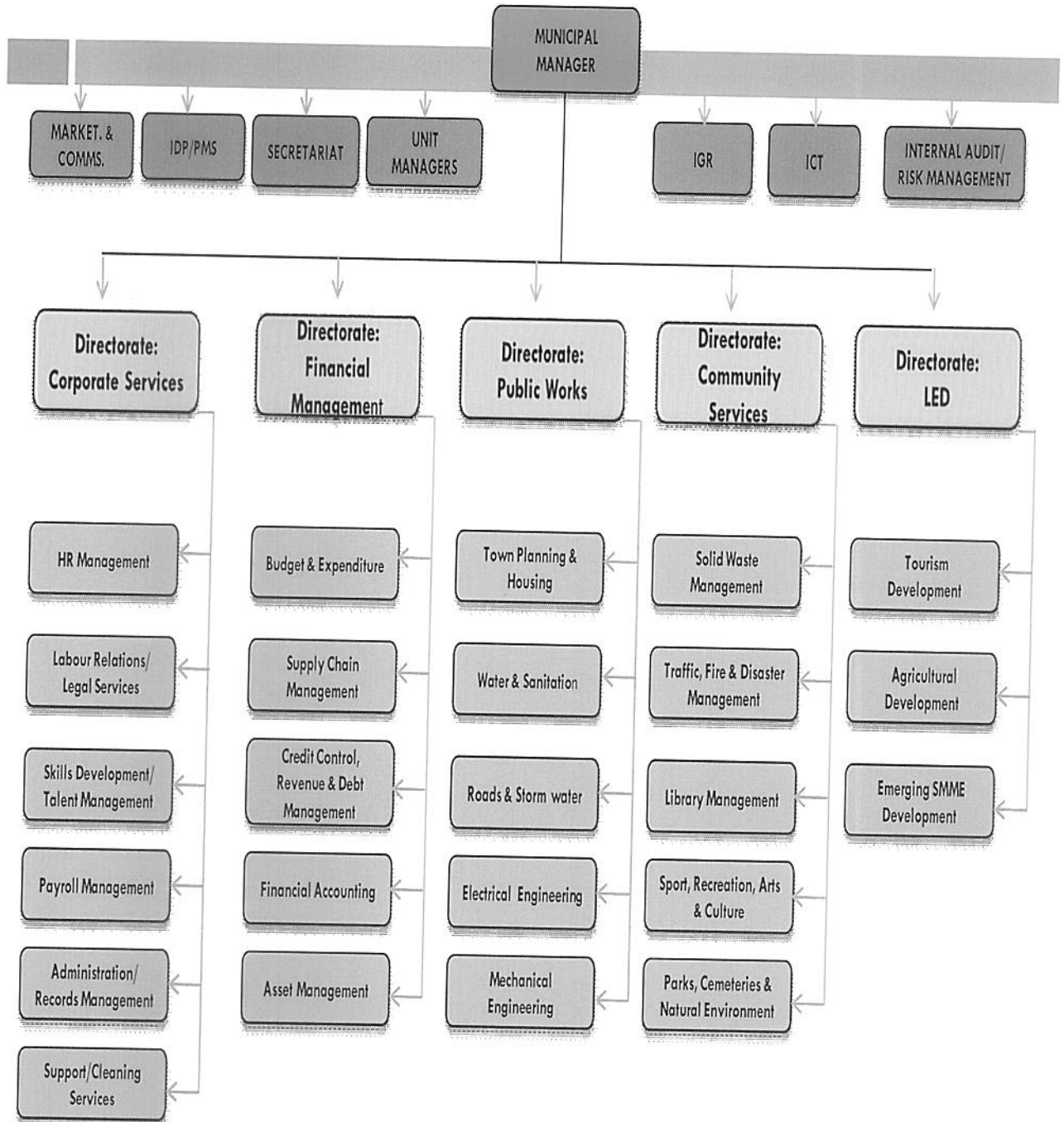


Director: Community Services
 Ms. Soso Sepheka
 Qualification: BA Social Work



Director: Local Economic Development
 Ms. Thandi Hadebe
 Qualification: BA Development and Management

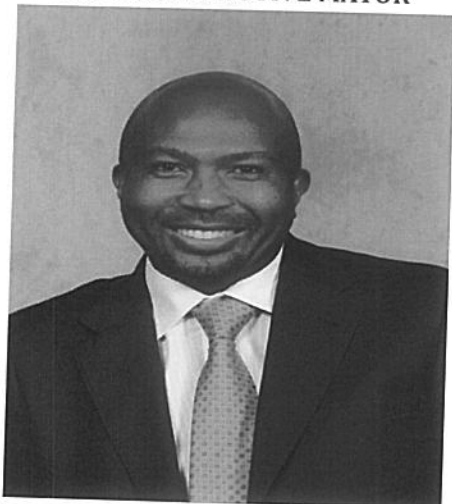
Functional View of Dihlabeng Local Municipality



4.3 MANAGEMENT TEAM

DESIGNATION	NAME	DESIGNATION	NAME
Acting Municipal Manager	Mr B Molatseli	Manager: Libraries	Mrs MB Mazibuko
Acting Chief Financial Officer	Mr P Khiba	Manager: Water & Sanitation	Mr M Machongoane
Director: Corporate Services	Mr B Molatseli	Manager: Assets	Mr I J Rossouw
Director: Public Works	Mr A B Masuku	Acting Manager: Internal Audit	Mr K Jinika
Director: Community Services	Mrs MMC Sepheka	Manager: IDP	Mr J Potsane
Director: Local Economic Development	Mrs T G Hadebe	Manager: Sport & Recreation	Ms N P Mdakane
Manager: Project Management Unit	Vacant	Manager: Solid Waste	Ms M A Mosima
Unit Manager: Clarens	Vacant	Manager: Revenue & Debt management	Vacant
Unit Manager: Fouriesburg	Mr L P Ncala	Acting Manager: Secretariat	Mrs J Etzebeth
Unit Manager: Paul Roux	Mr D R Evans	Manager: PMS	Mr M Zondo
Unit Manager – Rosendal	Mr S Lekota	Manager: Human Resources	Mr T E Posholi
Manager: Financial Accounting	Vacant	Manager: Roads & St. Water	Vacant
Acting Manager: Supply Chain	Ms V B Phathela	Acting Manager: Legal Services	Mr M Mokhathi
Manager: Budget & Expenditure	Mr P Khiba	Acting Manager: Marketing/Communication	Mr T E Maitse
Manager: Human Settlement	Mr M Nhlapo	Manager: Mechanical Engineering	Mr J Delpont
Manager: Tourism	Mr T Dladla	Manager: Public Safety & Emergency Services	Vacant
Assistant Manager: Electricity	Mr S Masoeu	Manager: Town Planning	Mr T Mokomatsili
Manager: Risk	Vacant	Manager: Business Development	Mr J L Botha
Manager in the Office of the Mayor	Mr L I Tshabalala		

FOREWORD: EXECUTIVE MAYOR



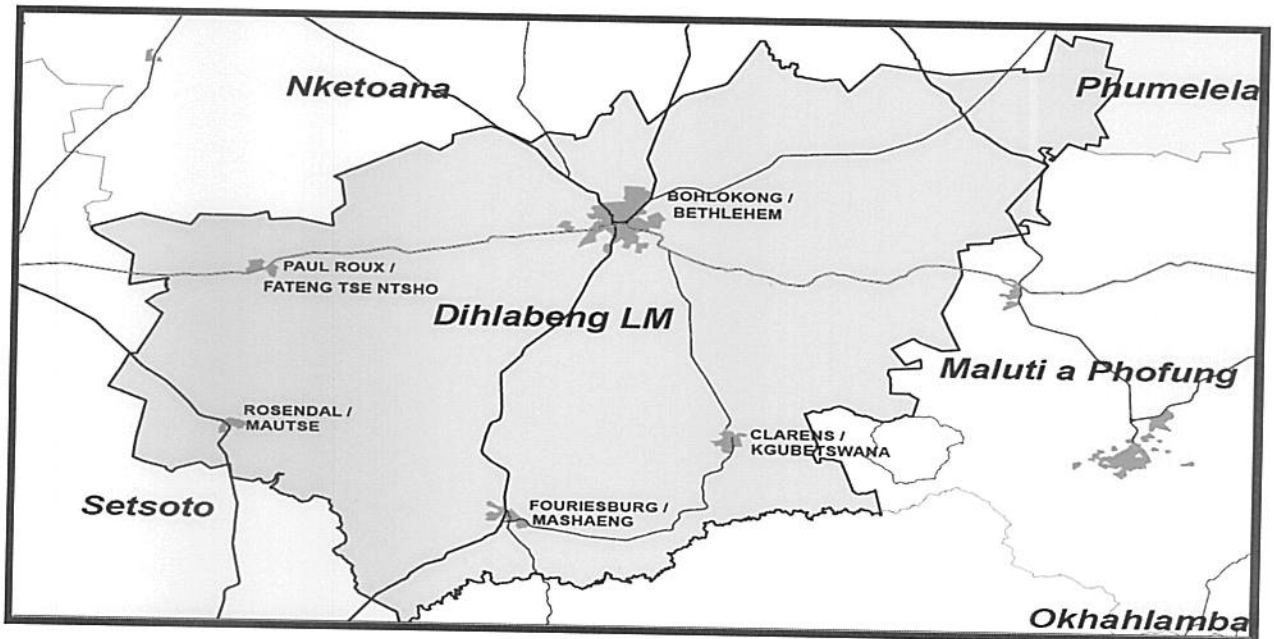
EXECUTIVE MAYOR: Hon. Clr THM Mofokeng

Part B: Introduction and Overview of Dihlabeng

1. INTRODUCTION AND OVERVIEW OF DIHLABENG LOCAL MUNICIPALITY

1.1 LOCATION, COMPOSITION AND SIZE

Dihlabeng Local Municipality, amongst the Local Municipalities of Setsoto, Phumelela, Maluti-a-Phofung, Mantsopa and Nketoana falls within the Thabo Mofutsanyana District Municipality, along the eastern boundary of the Free State Province. The total extent of Thabo Mofutsanyane District Municipality covers 28 347km² in extent of which the Dihlabeng local Municipality takes up 4 739 km², which represents 17% of the District.



Dihlabeng Local Municipality community comprises of approximately 128 704 individuals and 38 593 households. According to the Statssa 2011 Census, the population has since 2007 increased by 20 255. The number of households has also increased by 6757, whereby the population was 108 449 individuals and 31 836 household in 2007.

TOWNS	WARDS	POPULATION	HOUSEHOLDS
BOHLOKONG/BETHLEHEM	1,2,3,4,5,6,7,8,9,10,11,16,18,19	89778	26996
FOURIESBURG/MASHAENG	12,13,14	19725	4982
PAUL-ROUX/FATENG TSE NTSHO	17	7014	2083
CLARENS/KGUBETSWANA	20	7905	1975
ROSENDAL /MAUTSE	15	6611	2557
TOTAL	20	128704	38593

The Dihlabeng Local Municipality comprise of a large rural component together with the presence of five (5) urban concentrations, which is briefly explained as follows:

Bethlehem/Bohlokong can be viewed as the “Capital” of the Eastern Free State and is situated approximately 240km north-east of Bloemfontein, 140km east of Kroonstad and 90km west of Harrismith. The town forms part of the Highland Route and is located 80 km from Qwa-Qwa and 60km from the Golden Gate Highlands. The town originally developed as a service centre.

Growth is stimulated by the strategic location of the area that presently serves as a central regional centre. This is attributed to the fact that the area is situated adjacent to the N5 National Road between Bloemfontein and Durban. Bethlehem/Bohlokong are also directly linked to other towns such as Kroonstad, Reitz, Warden and Ficksburg. The

accessibility of the town is further emphasized by the prominence of the railway station at the Kroonstad/Durban and Bloemfontein/Frankfort railway intersection in the urban area.

The scenic town of **Clarens/Kgubetswana**, often referred to as the “Switzerland of South Africa”, is situated approximately 34km south-east of Bethlehem. Clarens/Kgubetswana is 20km from the Golden Gate Highlands. This urban area is situated 10km from the Lesotho boarder and has a splendid view of the Maluti Mountains. The past few years experienced a rapid growth in the tourist industry. The urban area and surroundings is known for its “arts and craft” route in the picturesque sandstone Rooiberg and the Maluti Mountains.

Paul Roux/Fateng-tse-Ntsho is situated 35km west of Bethlehem. This urban area is located in an area of agricultural significance and mainly provides services in this regard to the surrounding rural areas. Bethlehem influences the area to a great extent as a large service centre in close proximity.

Fouriesburg/ Mashaeng is situated on the R26 route and in close proximity of Lesotho. The town’s location in relation to other major centres is as follows: 49km from Bethlehem and 46km from Ficksburg. Situated within the former Fouriesburg District, this urban area is predominantly the function of a small service centre to the surrounding agricultural communities. This primary function is being supported by tourism as the latter industry is starting to gain momentum in the Eastern Free State.

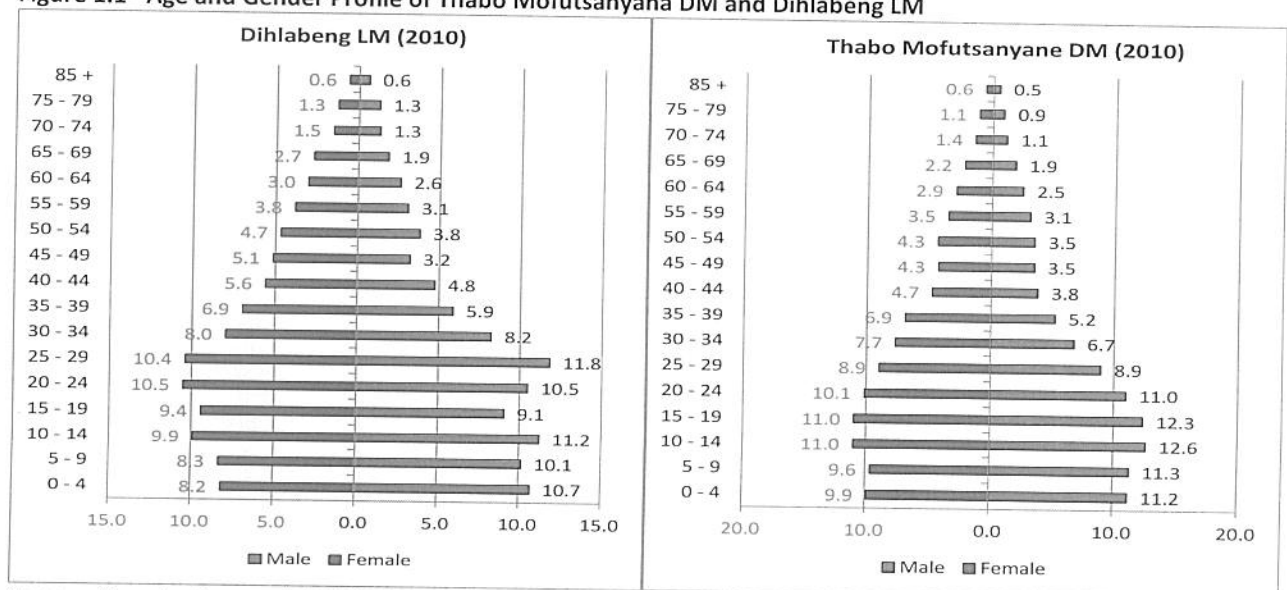
Rosendal/ Mautse is approximately 60km south west of Bethlehem, 40km south east of Senekal and 40km north of Ficksburg. The town is located in an area of agricultural significance and mainly provides services in this regard to the surrounding rural areas, together with a growth in tourism.

1.2 AGE AND GENDER PROFILE

The age and gender profile of Dihlabeng appears relatively different to that of Thabo Mofutsanyana, with a large portion of the population under 15 years of age. The working-age population indicates the concentration of labour in the District and in the Local Municipality. Figure 1.1 illustrates the age-gender profile for Thabo Mofutsanyana District Municipality and Dihlabeng Local Municipality.

It is, however, observed that the working-age (15 to 64) population of Dihlabeng is female dominated, where this age group is more evenly distributed between the genders in Thabo Mofutsanyana District. This can be attributed to young male workers that relocate to larger economic centres, such as Bloemfontein and Johannesburg, for better work opportunities.

Figure 1.1– Age and Gender Profile of Thabo Mofutsanyana DM and Dihlabeng LM



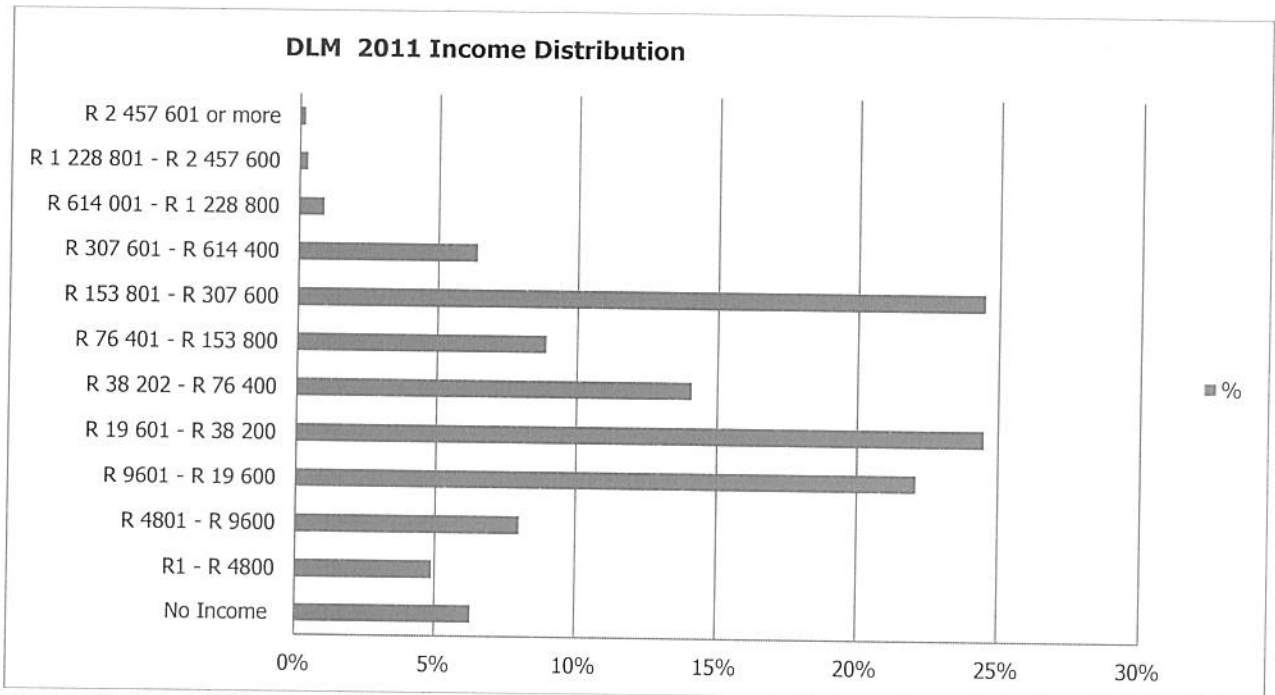
Source: Quantec Research, 2011

1.3 SOCIO-ECONOMIC PROFILE

1.3.1 INCOME DISTRIBUTION

From Figure 1.2 it is evident that the largest portion (25%) of employed adults in Dihlabeng earns between R19 601-38 200. The second most significant income category, of R9 601-R19600 represents 22% of the Dihlabeng working adults. The income levels of the local population is analysed in order to determine the people's living standards, as well as their ability to pay for basic services.

Figure 1.2: Income Distribution in Dihlabeng.

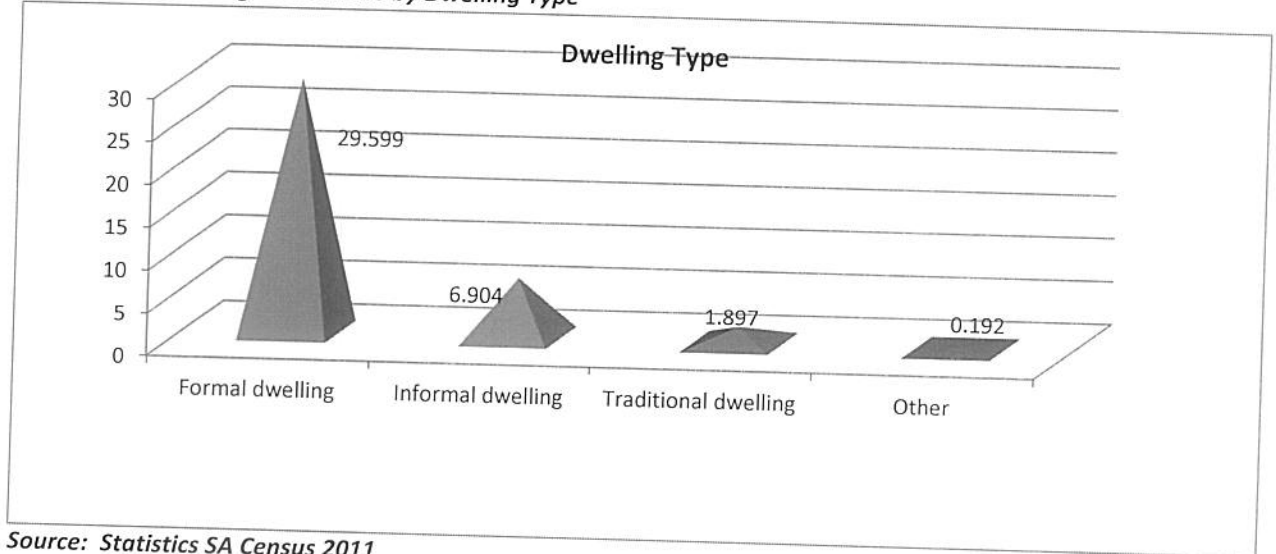


Source: Statistics SA Census, 2011

1.3.2 DWELLING TYPES

Figure 1.3 shows that 29 599 (76.7%) of the households are living in a formal type of dwelling and 6 904 (17.7%) are in need of the formal dwelling type of structure .

Figure 1.3 Dihlabeng Households by Dwelling Type



Source: Statistics SA Census 2011

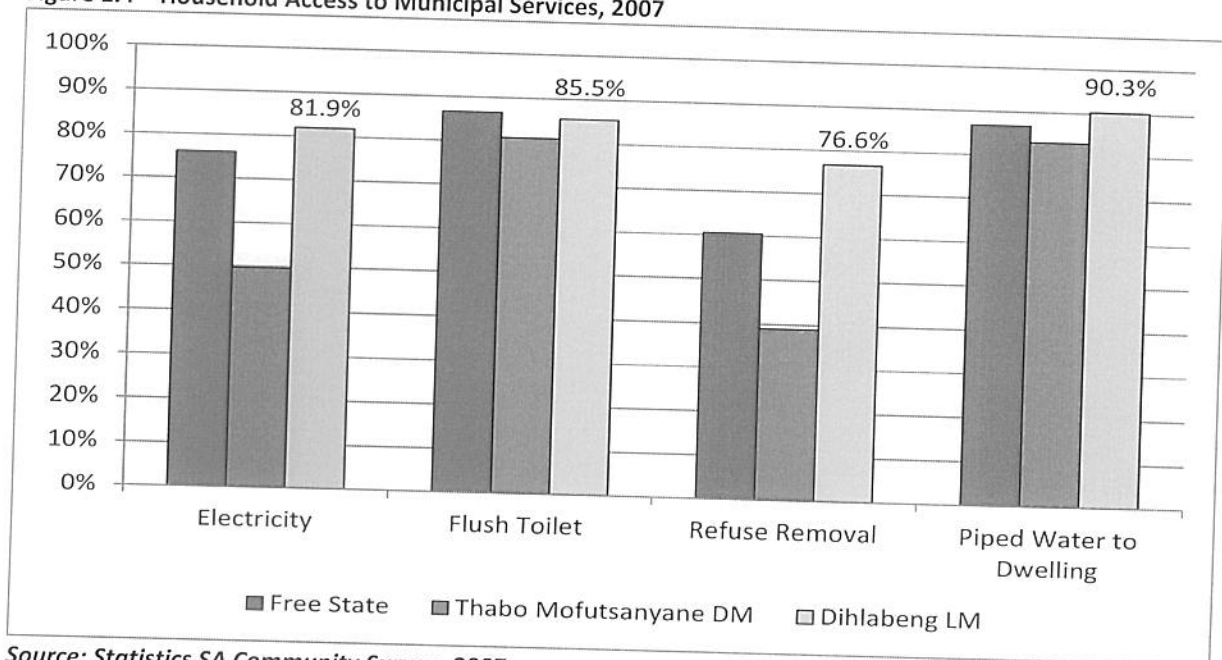
1.3.3 HOUSEHOLD ACCESS TO MUNICIPAL SERVICES

Household access to various municipal services in Dihlabeng around 2007 is indicated by Figure 1.4.

The following observations are made:

1. About 18.1% of households were dependent on the use of candles as their main source of lighting during 2007.
2. Almost 23.4% of households indicated that they made use of their own refuse dump during 2007.
3. 9.7% of households did not have access to any form of piped water and had to make use of alternative sources such as streams, pools, water vendors, rain tanks, etc. during 2007.

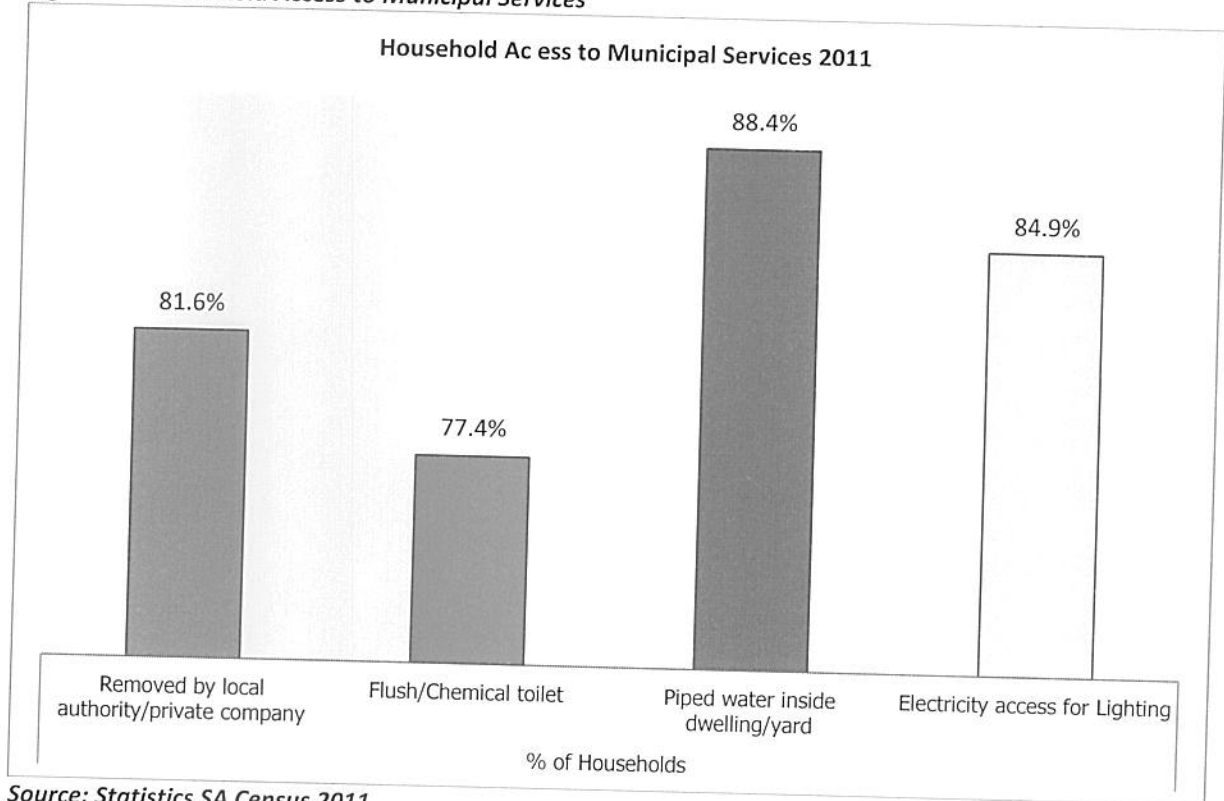
Figure 1.4 – Household Access to Municipal Services, 2007



Source: Statistics SA Community Survey, 2007

In Figure 1.5 below, shows that there is improvement in the lives of the people with regard to access to municipal services. Electricity provision has increase from 81.9% to 84.9%, Refuse removal from 76.6% to 81.6%. According to Municipal information all formal dwellings have water and sanitation services as per RDP standards. Our informal areas receive communal services that meet RDP standards.

Figure 1.5: Household Access to Municipal Services



Source: Statistics SA Census 2011

Part C: Municipal Performance Highlights

1. MUNICIPAL PERFORMANCE HIGHLIGHTS

1.1 STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

This Annual Report is published by the Dihlabeng Local Municipality. It seeks to give an overview of our performance against predetermined strategic objectives as we review progress on all projected targets of the Municipality for the period as at July 2015 to June 2016.

Every effort has been made to ensure that the facts as reported are accurate and a true reflection of achievements for the year under review. Every municipality and municipal entity must prepare and adopt an Annual Report for each financial year in accordance with the Municipal Finance Management Act 56 of 2003 (MFMA) and, the Municipal Systems Act 32 of 2000 (MSA) as Amended.

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1.2 PROGRAMME PERFORMANCE HIGHLIGHTS

As a directive of the Constitution of the Republic of South Africa, Dhlabeng Local Municipality provides services as outlined in Schedules 4 (Part B) and 5 (Part B) of the Republic of South Africa Act, (Act 108 of 1996). These services include water provision, waste water (sanitation), electricity distribution, waste management (including refuse removal and solid waste disposal) and the facilitation of housing and provision of sites. In accordance with National Treasury Guidelines and Directives, the Municipality also provides Free Basic Services (FBE) to indigent households within our communities. This is meant to provide relief to those households that are not able to pay their consumer accounts.

1.2.1 LEVEL AND STANDARD OF SERVICE - WATER AND SANITATION

The Water Services Act of 1997 and the General Enabling Act of 2005, dictate how Water Authorities and Water Service Providers should provide the water services as well as the quality of water that needs to be supplied.

Dhlabeng Municipality is the Water Service Authority and as such we are committed to improving the physical, socio-economic and institutional arrangements in order to address poverty and promote infrastructure development. For the year under review we committed to ensuring the provision of water and sanitation services to our communities in a sustainable manner.

All townships around Dhlabeng have access to water and sanitation services (according to RDP standards) and only informal areas mention below have no access to water and sanitation services according to RDP standards.

Informal Settlements with no access according to RDP standards

Town	Informal settlements	Total to Informal areas
Bohlokong	Captain Charles Selahliwe Riverside	1097
Kgubetswana	Mokobobong	300
FatengtseNtsho	Makwetu	93
Mautse	Metati	1000
Mashaeng	None	None

Source: Dhlabeng Local Municipality 2011

According to the 2011 Census, there was an increase of 65% of Households with access to piped water inside the dwelling between 1996 and 2011.

Service levels for the core function-water

TOWN	No. of Households	HH RDP Water Service Levels (2011)		RDP Water Backlog		Free Basic Water
		Number	%	Number	%	Number
Bethlehem	27 004	24 556	90.9	2 448	9.1	14 804
Clarens	2 557	2 131	83.3	426	16.7	1 430
Paul Roux	2 080	1 824	87.6	256	12.4	1 703
Rosendal	1 973	1 244	62.9	729	37.1	1 965
Fouriesburg	4 979	4 372	87.8	607	12.2	3 484
TOTAL	38 593	34 127	88.4	4 466	11.6	23 386

Source: Dhlabeng Local Municipality

1.2.2 SERVICE DELIVERY IMPROVEMENT INITIATIVES – WATER AND SANITATION SERVICES

The Municipality initiated a number of programmes to drive the achievement of the set strategic objectives which included the provision of water reticulation networks in all underserved areas around Dihlabeng and at the same time continue to carry out the maintenance and upgrading of existing water networks programme.

We continue to provide quality portable water access to all our Schools, Public Hospitals and Clinics around our jurisdiction in a sustainable manner. Dihlabeng Local Municipality complies and continues to improve our ratings with regards to adherence to the water services regulation in particular taking into account the Blue Drop Assessment Criterion.

According to the 2011 Census, there was an increase of 66% of Households with access sanitation between 1996 and 2011.

Service level for the core function -sanitation

TOWN	No. of Households	HH RDP Sanitation Service Levels (2011)		RDP Sanitation Backlog		Free Basic Sanitation
		Number	%	Number	%	Number
Bethlehem	27 004	23 458	86.9	3 538	13.1	14 804
Clarens	2 557	1 912	74.8	645	25.2	1 430
Paul Roux	2 080	195	9.4	1 888	90.6	1 703
Rosendal	1 973	388	19.6	1 587	80.4	1 965
Fouriesburg	4 979	3 938	79.0	1 044	21.0	3 484
TOTAL	38 593	29 891	75.1	8 702	24.9	23 386

Source: Dihlabeng Local Municipality 2012

1.2.2.1 SERVICE DELIVERY IMPROVEMENT INITIATIVES – WATER AND SANITATION SERVICES

Project Name	Project Category	Project Status	Remedial Action
Construction of 6ML Reservoir, 4.6 km Pipeline and Appurtenant works in Mashaeng, Fouriesburg.	Water	100% Completed	N/A.
Construction of 24.2 Km Bulk Water Pipeline and Appurtenant works between Paul Roux and Rosendal by 2016	Water	30% Completed	Project rolled over to 16/17 fin year.
Upgrading of Clarens Water Treatment Works from 1.0 ML to 6.5ML.	Water	0% Completed	Project rolled over to 16/17 fin year.
Extension of Mashaeng Waste Water Treatment Works from 1.1ML/d to 2.2 ML/d capacity.	Sanitation	0% Completed	Project rolled over to 16/17 fin year.
Conversion of 730 VIP toilets into water-borne sanitation system in Mautse by 2016	Sanitation	79% Completed	Project rolled over to 16/17 fin year
Conversion of 1 600 VIP Toilets to Waterborne Sanitation in Fateng-Tse-Ntsho by 2015.	Sanitation	80% Completed	Project rolled over to 16/17 fin year.

We are committed to provide the highest level of sanitation services to our residents. In our area of jurisdiction the highest level of sanitation services provided by the municipality is a flush toilet connected to the sewerage system and the basic level of service includes flush toilet with septic tank and a PIT latrine with ventilation.

We continue to provide quality, full and intermediate access to sanitation to all our Schools, Public Hospitals and Clinics around our jurisdiction in a sustainable manner.

Dihlabeng Local Municipality complies and continues to improve our ratings with regards to adherence to the water services regulation in particular taking into account the Blue and Green Drop Assessment Criterion.

1.3 LEVEL AND STANDARD OF SERVICE - ELECTRICITY PROVISION

Electricity Generation and Transmission is in part the sole responsibility of ESKOM and the Municipality. Dihlabeng Local Municipality is licenced by the National Energy Regulator of South Africa (NERSA) only to distribute electricity within the Bethlehem area of jurisdiction. Dihlabeng Local Municipality noted over time that electricity is no longer a cheap commodity hence our successful initiative to use our water resource to generate and distribute electricity using the HYDRO plant located at the Saulspoort dam.

Communities in the DLM are fairly well supplied with electricity. From this it is evident that about 32 723 of the households in the municipality have access to electricity. The total electricity backlog in the municipality is in the order of about 5870 Households.

The Census 2011 statistics indicate that 84.9% of the households of DLM have access to electricity. Bethlehem has the highest percentage of households with access to electricity at 23622.

TOWN	No. of Households	HH RDP Access to Electricity (2011)	HH WITHOUT ACCESS TO ELECTRICITY	
		Number	INFORMAL	RURAL /FARMS
BETHLEHEM/BOHLOKONG	26996	23622	1400	1974
FOURIESBURG/MASHAENG	4982	4089	0	893
ROSENDAL/MAUTSE	1975	1187	0	788
CLARENS/ KGUBETSWANA	2557	2076	220	261
PAUL ROUX/ FATENG TSE NTSHO	2083	1749	60	274
TOTAL	38 593	32 723	1 680	4 190

We continue to provide uninterrupted access to electricity to all connected households around our area of jurisdiction in a sustainable manner. For year under review, in total we registered a reduced number of indigent from 4 940 the previous financial year to 4 567 for the period ending June 2014.

1.2.2.1 SERVICE DELIVERY IMPROVEMENT INITIATIVES – ACCESS TO ELECTRICITY

Project Name	Project Category	Project Status	Remedial Action
Installation of Bulk Infrastructure 6 KM MV line from Panorama substation to Vogelfontein by 2016	Electricity	0% Completed	Project terminated and handed over to ESKOM.
Replacement of obsolete and Dangerous Switchgears in substations within DLM	Electricity	0% Completed	Project rolled over to 16/17 fin year.

1.4 LEVEL AND STANDARD OF SERVICE - REFUSE REMOVAL & SOLID WASTE MANAGEMENT

Dihlabeng Local Municipality spares no effort in ensuring that refuse removal is done at least once a week at every household, to ensure the efficient management of the solid waste disposal sites, to prevent littering and to ensure that the street and pavements are regularly cleaned.

Refuse collection service is rendered to 31 358 households, with collections being made once a week by the Local Municipality.

Service levels for the core function – refuse removal

TOWNS	TOTAL NUMBER OF HOUSES/HOUSEHOLDS			HOUSE HOLD WITH ACCESS TO REFUSE REMOVAL			REFUSE REMOVAL BACKLOG		
	DLM 2012	Survey	Households Census 2011	DLM 2012	Survey	Households Census 2011	DLM 2012	Survey	Households Census 2011
Bethlehem/Bakenpark/Bohlokong	13 789		26996	13 783		22 547	6		4 449
Fouriesburg/Mashaeng	4 697		4982	4644		3825	53		1 157
Clarens/Kgubetswana	1 713		2083	1 665		1858	48		225
Rosendal/Mautse	1 378		1975	1 238		1412	140		563
Paul Roux/Fateng	1 533		2557	1 533		1715	0		842
TOTAL	23 110		38593	22 863		31358	247		7 235

With the exception of Bethlehem (permitted landfill site) and Clarens (permitted transfer station), none of the other urban areas permitted disposal site are functional. The capacity of each of the permitted and non-permitted disposal sites is sufficient over the medium-to-long term as indicated below:

Town	Waste Facility	Collection System	Capacity
Bethlehem	Permitted Regional Landfill Site.	Once a week collection	25-30 years
Paul Roux	Waste disposal site permitted. A transfer Station not operational.	Once to twice a week collection	5-10 years
Rosendal	Waste disposal site permitted. A transfer Station not operational.	Once to twice a week collection	10-15 years
Fouriesburg	Waste disposal site permitted. A transfer station not operational.	Once to twice a week collection	10-15 years
Clarens	A permitted and operational transfer Station.	Once to twice a week collection	25-30 years

We continue to provide free basic refuse removal to all registered indigent households around our area of jurisdiction in a sustainable manner.

To ensure the smooth and uninterrupted provision of refuse collection and at the same reducing overheads the municipality leased six (6) haulage trucks from the Government Garage on a three year contract, over and above this initiative the municipality embarked on a number of cleaning campaigns and initiated recycling projects around the Dihlabeng Communities.

The Dihlabeng Local Municipality is characterized by large areas of natural beauty (mountains, rivers) which contributes to the vibrant tourism activities within the area. Apart from a number of policy guidelines, environmental activities are regulated in terms of the National Environmental Management Act and the Regulations thereto.

1.5 LEVEL AND STANDARD OF SERVICE – LOCAL ECONOMIC DEVELOPMENT

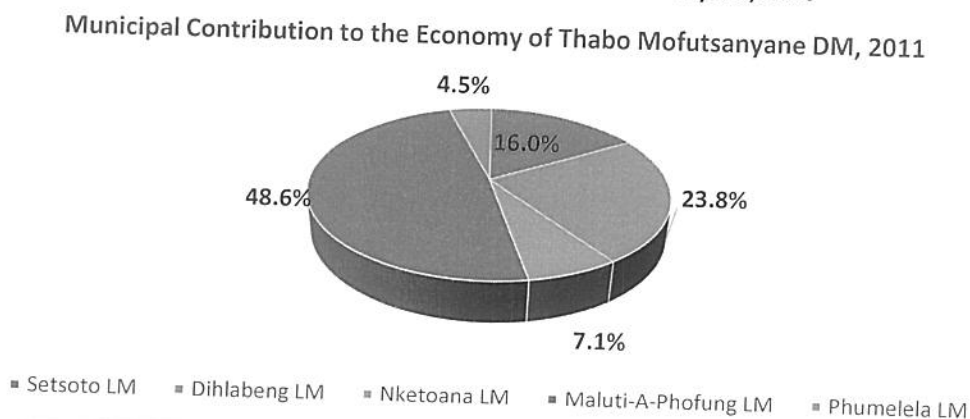
The Local Economic Development Directorate continues to support a number of Entrepreneurial initiatives around Dihlabeng and as such contributes towards poverty alleviation and job creation. The municipality continues to facilitate SMME development and community projects in line with the broader LED Strategy implementation.

1.5.1 ECONOMIC PROFILE

The purpose of this Section is to provide a broad economic analysis of the regional and local economy. It is important to understand the economy of Dihlabeng within the context of the broader region so that comparisons and linkages with the broader economic community can be made. In doing so, this Section discusses and analyses each economic sector in terms of a sectoral analysis and also identifies those sectors with growth potential.

During 2000 to 2010, the economy of Dihlabeng experienced an average annual growth rate of 2.3%, compared to a 2.6% growth rate in Thabo Mofutsanyana and the Free State. Figure 1.6 indicates the annual growth rate from 1996 to 2010 in Dihlabeng, compared with the District, the Province.

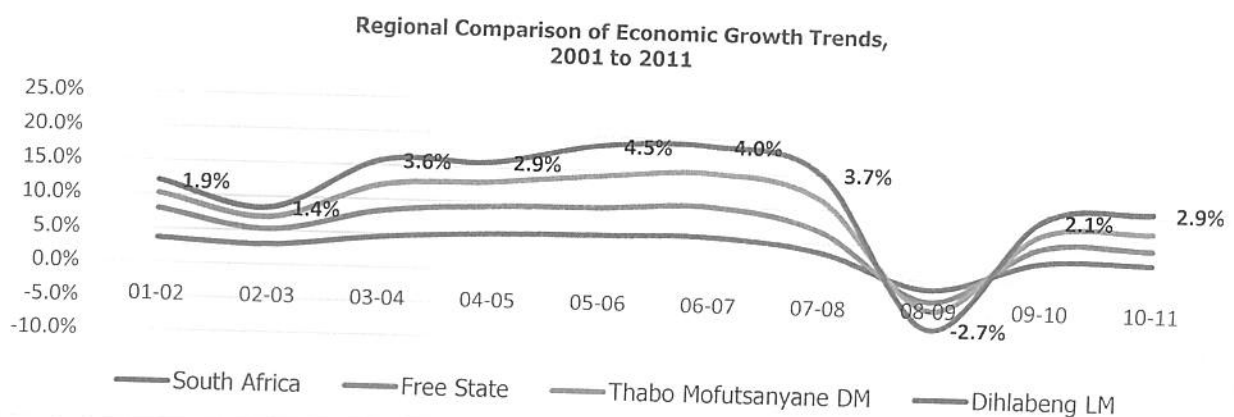
Figure 1.6 – Municipal Contribution to the Economy of Thabo Mofutsanyana, 2010



Source: Statistics SA Census 2011

Dihlabeng experienced an average annual growth rate of 2.9%, compared to a 2.1% growth rate in Thabo Mofutsanyana and the Free State. Figure 1.7 indicates the annual growth rate from 2001 to 2011 in Dihlabeng, compared with the District, the Province.

Figure 1.7 Regional Comparison of Economic Growth Trends



Source: Dihlabeng (Quantec Research, 2011)

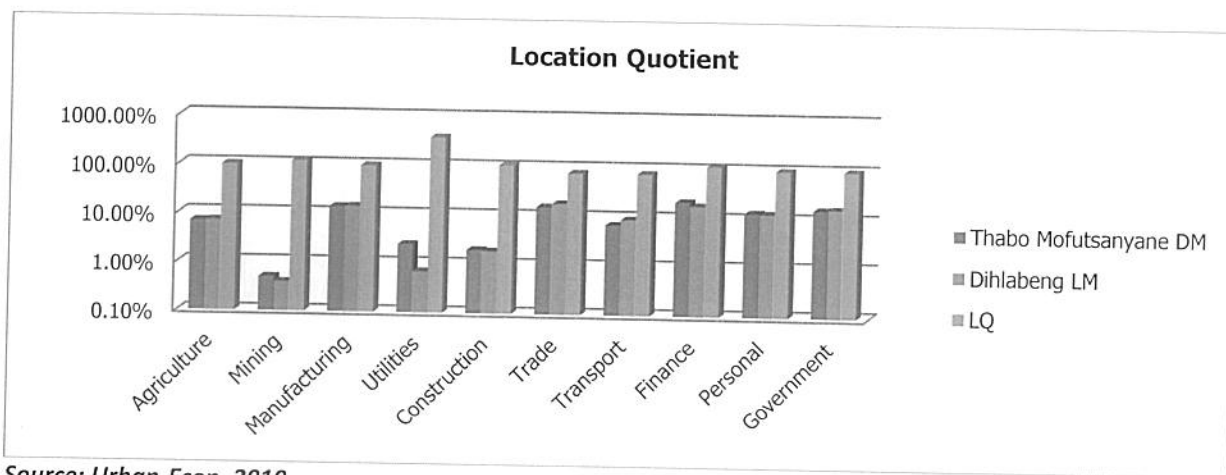
LEVEL OF CONCENTRATION

A Location Quotient indicates the comparative advantage or disadvantage of a particular economic sector in an area or region. A comparative advantage indicates a relatively more competitive production function for a product or service in that specific activity. A Location Quotient analysis for Dihlabeng in District context is provided by Figure 1.8

A quotient larger than one indicates a comparative advantage and a quotient smaller than one indicates a comparative disadvantage in an economic activity. A quotient greater than five indicates a dependence on an industry sector. From Figure 1.8 below it is evident that the Dihlabeng economy has a comparative advantage in the following sectors with regards to the District economy:

1. Agriculture
2. Manufacturing
3. Trade
4. Transport
5. Government Services

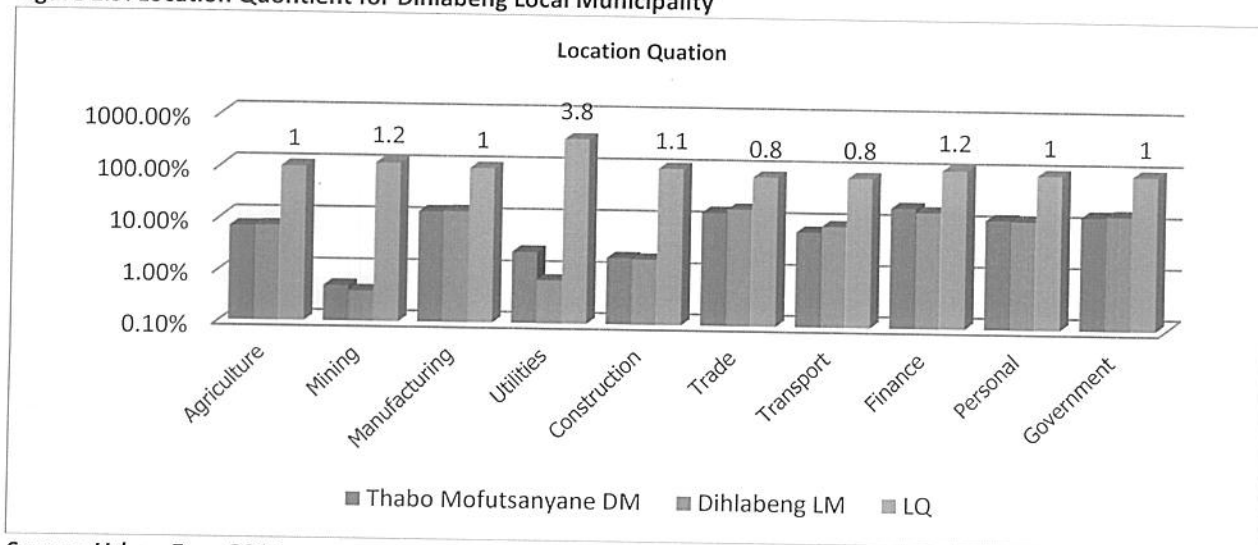
Figure 1.8: Location Quotient for Dihlabeng Local Municipality 2010



Source: Urban-Econ, 2010

A quotient larger than one indicates a comparative advantage and a quotient smaller than one indicates a comparative disadvantage in an economic activity. A quotient greater than five indicates a dependence on an industry sector.

Figure 1.9: Location Quotient for Dihlabeng Local Municipality

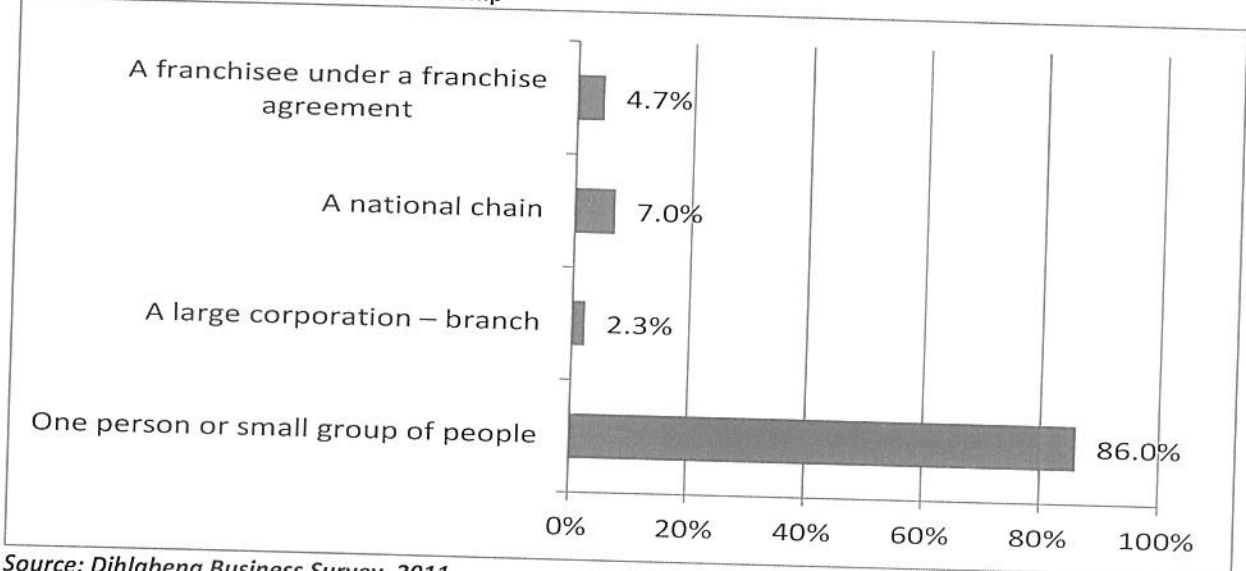


Source: Urban-Econ 2010

BUSINESS PROFILE

Business ownership is illustrated by Figure 1.10 and from this Figure it is clear that almost 90% of local businesses are owned by one person or a small group of people. Large corporations only accounted for 2.3% of Dihlabeng businesses, while national chains accounted for 7.0% and franchises 4.7% during 2011. This profile reflects a Trade sector which is mainly dependent on SMME-size businesses.

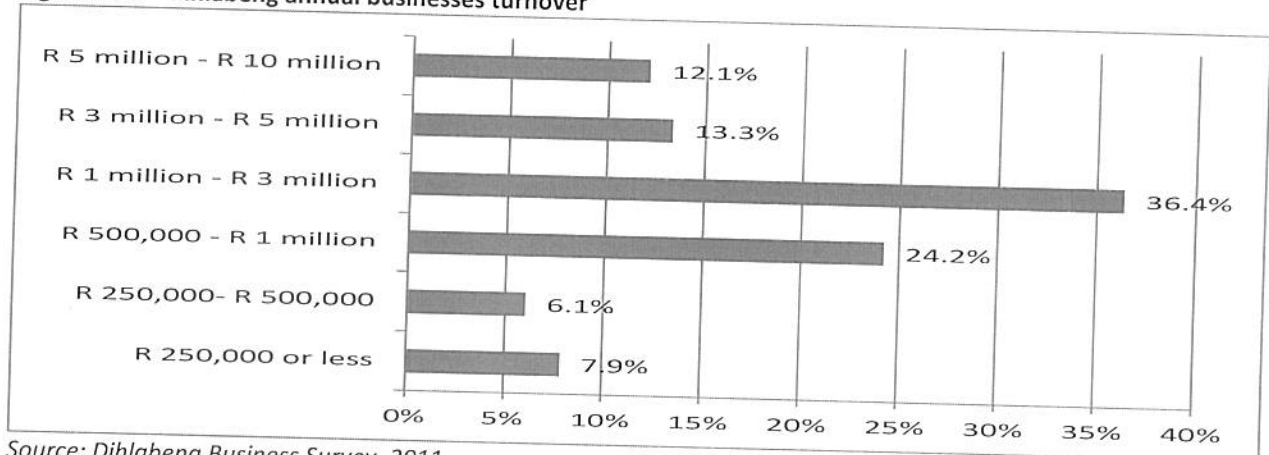
Figure 1.10 – Dihlabeng business ownership



Source: Dihlabeng Business Survey, 2011

Figure 1.11 illustrates the annual turnover of businesses in Dihlabeng. Almost 40% of local businesses said that they have recorded a turnover of between one and three million Rand during 2010, while 25.5% of businesses indicated a higher turnover. This observation is in line with the majority of businesses being categorised as SMMEs.

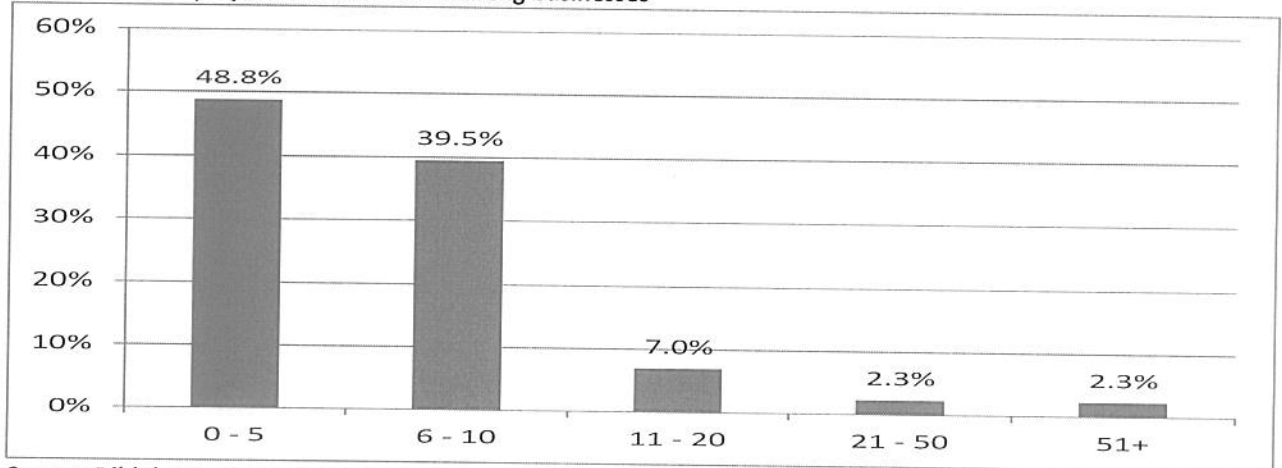
Figure 1.11 – Dihlabeng annual businesses turnover



Source: Dihlabeng Business Survey, 2011

Another approach to measuring business size is to investigate employment absorption. Figure 1.12 illustrates the employment profile of local businesses. From this profile it is evident that almost half of all businesses in Dihlabeng employ less than six people, while 39.5% employ between five and ten workers. Only 11.6% of local businesses employ more than ten people.

Figure 1.12 – Employment Profile of Dihlabeng businesses



Source: Dihlabeng Business Survey, 20114

1.6 LEVEL AND STANDARD OF SERVICE – TOWN PLANNING & HOUSING

Town Planning is responsible for determining the development direction of the Local Municipality. It provides services relating to Spatial Planning, Building Control, Development Control and Land Use Management. Although the Dihlabeng Local Municipality does not have powers to approve the respective Land use applications, it does provide recommendations to the Free State Province.

1.6.1 BUILDING AND ZONING PLANS

The submission and approval of building plans within a Local Municipality is used as an economic indicator within its boundaries.

The submission and approval of building plans is classified as follows:

- New Residential Buildings;
- Extensions to Residential Buildings;
- Non-residential Buildings; and
- Extensions to Non-Residential Buildings.

Approvals	New Residential		New Residential	
	2011/2012	2012/2013	2013/2014	2014/2015
Bethlehem/Bohlokong				
Number	34	27	28	46
Value	R39,924,000.00	R 25,277,000.00	R 32,692,000.00	R18 496 000,0
Clarens/ Kgubetswana				
Number	10	7	3	9
Value	R9,864,000.00	R 7,813,000.00	R 2,002,000.00	R28 000 000,00
Paul Roux/Fateng-tse-Ntsho				
Number	4	1	1	7
Value	R1,835,000.00	R 570,000.00	R 470,000.00	R4 691 000,00
Rosendal/Mautse				
Number	1	1	2	4
Value	R800,000.00		R2,272,000.00	R2 169 000,00
Fouriesburg/Mashaeng				
Number	1	0	1	2
Value	R964,000,00	0	R 447,000.00	R1 860 000,00
Total Number	50	36	35	68
Total Value	R53,387,000.00	R33,660,000.00	R 39,885,000.00	R35 216 000.00

Source: Dihlabeng Local Municipality 2015

It is evident that the majority of building activity within the residential market is focused within Bethlehem/Bohlokong followed by Clarens/Kgubetswana. This trend is a national phenomenon with a significant slow-down in the new property market.

1.6.2 EXTENSIONS TO RESIDENTIAL BUILDING

Trend seems to be that property owners rather opted to upgrade their existing properties as opposed to build new buildings.

Approvals	Extension to Residential			
	2011/2012	2012/2013	2013/2014	2014/2015
Bethlehem/Bohlokong				
Number	109	131	99	104
Value	R20,637,000.00	R 19,401,000.00	R 15,794,000.00	R26 686 000,00
Clarens/ Kgubetswana				
Number	8	2	5	7
Value	R2,372,000.00	R 325,000.00	R 1,526,000.00	R2 112 000 ,00
Paul Roux/ Fateng-tse-Ntsho				
Number	3	0	4	1
Value	R322,000.00	0	R 1,132,000.00	R350 000,00
Rosendal/Mautse				
Number	1	1	0	0
Value	R147,000.00	R 325,000.00	0	0
Fouriesburg/Mashaeng				
Number	2	0	3	2
Value	R362,000.00	0	R 445,000.00	R731 000,00
Total Number	122	134		14
Total Value	R23,840,00.00	R 20,051,000.00	R 18,897,000.00	R29 879 000,00

2.5.2 EXTENSIONS TO NON-RESIDENTIAL BUILDINGS

The majority of non-residential activities are taking place in Bethlehem/Bohlokong, with marginal activities in Clarens. The total number of applications for non-residential buildings and extensions thereto is summarized below.

Approvals	Non-Extension to Residential			
	2011/2012	2012/2013	2013/2014	2014/2015
Bethlehem/Bohlokong				
Number	9	4	12	12
Value	R58,096,000.00	R 6,240,000.00	R10 263 000.00	R2 487 000,00
Clarens/ Kgubetswana				
Number	0	2	1	3
Value	0	R 636,000.00	1 100 000.00	R7 056 000,00
Paul Roux/ Fateng-tse-Ntsho				
Number	0	0	0	0
Value	0	0	0	0
Rosendal/Mautse				
Number	0	0	0	0
Value	0	0	0	0
Fouriesburg/Mashaeng				
Number	0	0	8	1
Value	0	0	4 255 000.00	R2 200 000,00
Total Number	9	6	20	
Total Value	R58,096,00.00	R 6,876,000.00	R17,188,000.00	R11 743 000,00

The future development proposals of each of the urban areas are contained in SDF 2014/2015. Details pertaining to each of the proposals are contained in the Dihlabeng Local Municipality SDF.

Although the planning of the Dihlabeng Local Municipality should occur in an integrated manner, the scale and the detail of development between the rural and urban development is totally different and for such reason the proposals are dealt with separately.

Part D: Human Resource and other Organisational Management

1. HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

The Human Resources function is located within the Department of Corporate Services and is headed by the Director: Corporate Services who is accountable to the Municipal Manager. The Section serves as a catalyst to all Departments of the Municipality with regards to Human Capital Placement, Development and Retention amongst other services rendered by the Directorate.

1.1 WORKFORCE PROFILE

During the year under review, the municipality revised its organisational structure to ensure that it is aligned to strategic priorities. Subsequently, the municipality ensured that most critical posts were filled, and the positions were filled through internal movements and external appointments. Below is a breakdown of the staff establishment of the municipality:

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3	0	0	1	2	0	0	0	0	0	6
Senior management	18	0	0	5	4	0	0	1	0	0	28
Professionally qualified and experienced specialists and mid-management	43	2	0	13	24	0	0	8	0	0	90
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	142	2	0	13	54	1	0	9	0	0	232
Semi-skilled and discretionary decision making	84	0	0	2	11	0	0	0	0	0	97
Unskilled and defined decision making	240	6	0	6	145	1	0	1	0	0	399
TOTAL PERMANENT	530	10	0	51	240	2	0	19	0	0	852
Temporary employees	217	2	0	4	313	2	0	5	1	0	544
GRAND TOTAL	747	12	0	55	553	4	0	24	1	0	1396

In an attempt to fill all critical posts, the municipality took into account, the Employment Equity Plan. It ensured that deliberate measures were being taken to promote the appointment of women. However, most appointments could not be finalised due to budget constraints. This was an important step in the right direction since the municipality is not doing particularly well on the employment equity front, and the filling of these critical posts will be rolled over to the next financial year.

Over and above the many human resource policies that are already in place, the municipality continuously reviews and updates its policies to ensure the acceleration of our organisational development and transformation goals, in particular talking to talent management and leadership development.

On Labour Relations, the municipality made efforts to resuscitate the Labour Forum including its sub-committees, in particular the Health and Safety Committee and the Human Resources Committee. Dispute the challenges, the forum and its sub-committees managed to meet on a regular basis and progressive decisions taken in the interest of both parties.

1.2 HUMAN CAPITAL DEVELOPMENT

In relation to skills development, the municipality ensured that training needs are identified and the Workplace skills plan is compiled and submitted to the LGSETA. The municipality ensured in implementing its workplace skills plan that most of the training targets were met for the period under review. Below is a breakdown of the interventions implemented by the municipality during the period under review:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	2	0	0	0	1	0	0	0	3
Senior management	4	0	0	0	1	0	0	1	5
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	19	3	0	3	2	0	0	0	27
Semi-skilled and discretionary decision making	6	0	0	0	1	0	0	0	7
Unskilled and defined decision making	11	0	0	0	4	0	0	0	15
TOTAL PERMANENT	42	3	0	13	10	0	0	0	58
Temporary employees	4	0	0	0	5	0	0	0	9
GRAND TOTAL	46	3	0	3	15	0	0	0	67

The municipality in compliance with the Treasury Regulations ensured that all senior managers are in-rolled and in the process of complying with the minimum competency requirements as prescribed by the Department of Treasury. This is one of the matters that the Auditor General has been raising consistently with the municipality hence the exerted effort to ensure adherence and compliance to the regulation.

Position	Name & Surname	Training Program	Progress
Accounting Officer	Mr. B Molatseli	MFMP	Awaiting SoR
Chief Financial Officer	Mr. P Khiba	CPMD	Awaiting SoR
Director Corporate Services	Mr. B Molatseli	MFMP	Awaiting SoR
Director Public Works	Mr. A Masuku	MFMP	Awaiting SoR
Director Community Services	Me. M Sepheka	CPMD	Awaiting SoR
Director LED	Me. T Hadebe	CPMD	Awaiting SoR

Part E: functional Area Service Delivery Report

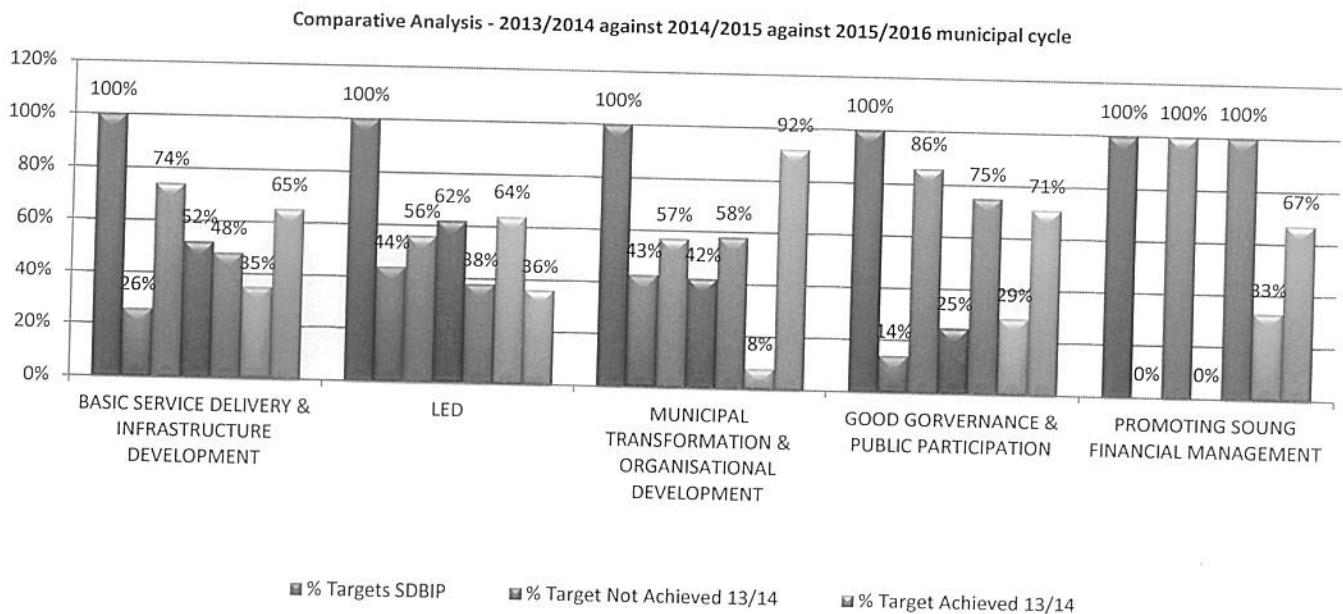
1. FUNTIONAL AREA SERVICE DELIVERY REPORT

1.1 SUMMARY OF BUSINESS PERFORMANCE

Dihlabeng Local Municipality is executing its core business, which in the main is focused on expediting effective and efficient people centred governance and ensure continued provision of value for money services to the community. During the year under review as the Local Council we continued to focus on the following Key Performance Areas:

- Encouraging and creating conditions conducive for public involvement in the affairs of Dihlabeng Local Municipality
- Ensuring Financial Viability and compliance to relevant legislation
- Transforming and Strengthening Institutional Capacity aimed at ensuring effective and efficient service delivery
- Building the Economic Capacity of Dihlabeng to improve the economic future, sustainability and quality of life for all
- Ensuring that services are delivered to the Community in line with strategies as outlined in the IDP

A comparative analysis of our performance on each of the key performance areas is addressed below.
















2015/2016 financial year proved to be the most challenging year compared to the 14/15 financial year. Due to low revenue collection rates the Institution had to re-prioritise and as a result Council approved a financial recovery plan immediately after the start of the financial year, in order to deal and address the Eskom account shortfall. This meant that most, if not, all internally funded project had to be rolled over to the 16/17 financial year hence the high percentage of targets not achieved during the year under review.

1.2 ANALYSIS OF BUSINESS PERFORMANCE

The Council's Strategic objective is to oversee, coordinate and manage the transformation and strategic agenda of the Municipality as well as facilitating the developmental process by providing advice, project and programme management support to the Executive Mayor and thereby ensuring political and administrative cohesion.

Table 1

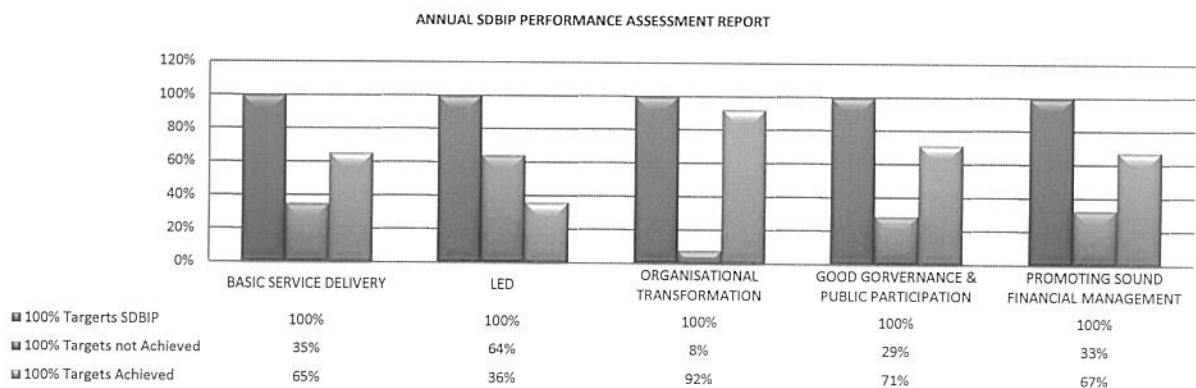
COLOURED CODE					
			HIGH		Rating
			40,00%		
			80,00%		
			100%		
Directorates	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realised	Rating
Management & Admin	8	5	3	63%	
Finance	9	6	3	67%	
Organisational Transformation & Development	12	11	1	92%	
Local Economic Development	11	4	7	36%	
Community Services	26	21	5	81%	
Public Communication Mechanism /MPAC/C.Whip	5	4	1	80%	
Public Works	20	9	11	45%	
Political Oversight	4	4	0	100%	
Public Participation	4	2	2	50%	
TOTAL	99	66	33	67%	

During the year under review Council focused on settling the Eskom account and ensuring the continue provision of essential services in a consistent manner. This meant deviating from the original plan and prioritising the implementation of the Council's approved financial recovery plan.

This internally audited performance report is based on the original service delivery and budget implementation plan as entered into between the Accounting officer and the Executive Mayor at the start of the financial year under review. The main root cause and reason for our average performance was as a result of low revenue collection rates and re-directing of resources in order to adhere to the financial recovery plan.

We were able to realise 67% of the SDBIP Annual projected targets during the year under review. A detailed report of our performance is attached as ANNEXURE 1 of this report.

Figure 1



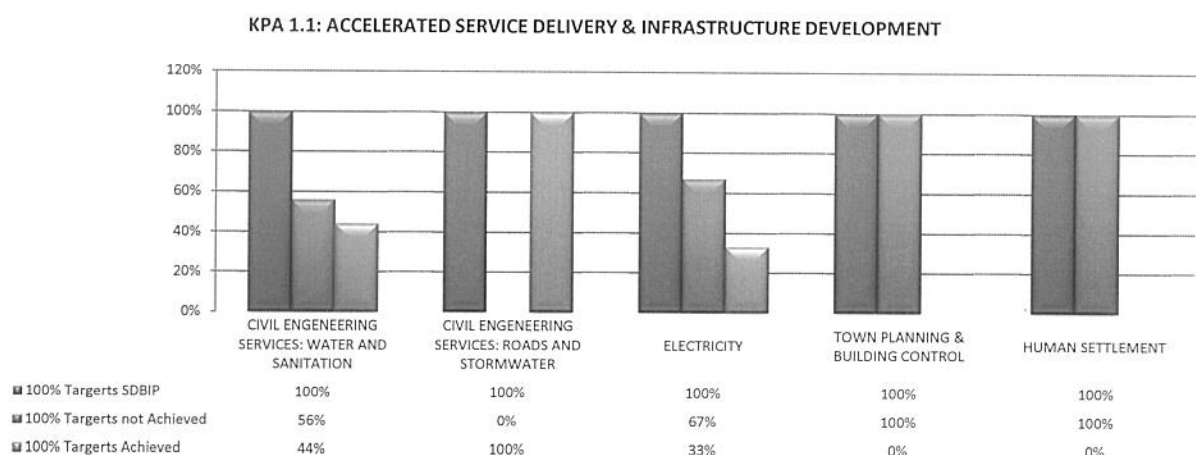
1.2.1 ANALYSIS OF BUSINESS UNIT RESPONSIBLE FOR PUBLIC INFRASTRUCTURE DEVELOPMENT

The Programme's Strategic objective is to deliver infrastructural services in a manner that achieves a high level of customer satisfaction and cost effectiveness, improving on sustainability.

Table 1.2

Directorates	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realised	Rating
Civil Engineering Services: Water & Sanitation	9	4	5	44%	☹️
Civil Engineering Services: Roads & Storm water	4	4	0	100%	😊
ELECTRICITY	3	1	2	33%	☹️
Town Planning & Building Control	1	0	1	0%	☹️
Human Settlement	3	0	3	0%	☹️
TOTAL	20	9	11	45%	☹️

Figure 1.2



We were able to realise 45% of the SDBIP approved annual targets. Table 1.2 gives a reflection of our performance against predetermined targets. A detailed report of our performance is attached as Annexure 1 of this report.

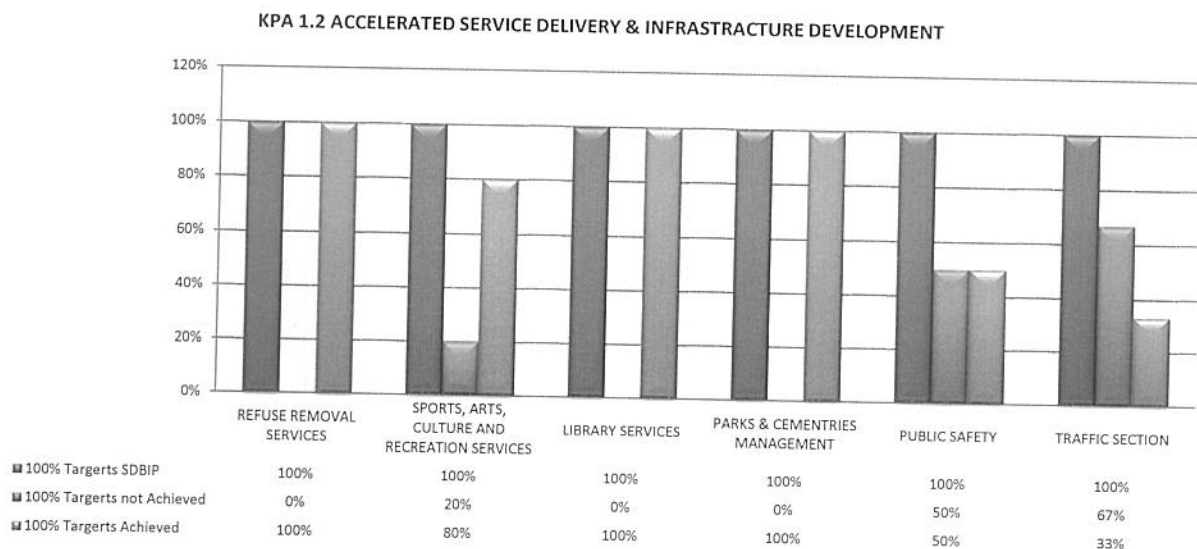
For the year ahead we will be focusing on the following areas: but not limited to,

- Distribution of quality water to 37 729 and 98 % Households around DLM by 2017.
- To increase the number of Households with Access to water from 98% to 100% by 2017.
- Provision of quality basic Sanitation services to 37 469 and 97% of Households around DLM by 2017.
- To Increase the number of Households with Access to sanitation from 97% to 100% by 2017.
- Improve access to Municipal Roads by construction of 4.6km paved roads and maintenance of 225.4km of Trafficable Municipal Roads around DLM by 2017.
- To Increase the number of Households with Access to electricity from 85% to 100% by 2017.
- To provide a clear and logical framework for spatial development, promote orderly planning and guide physical development of Dihlabeng.

1.2.2 ANALYSIS OF BUSINESS UNIT RESPONSIBLE FOR COMMUNITY BASIC SERVICES

The Programme's Strategic objective is to ensure that social services are effectively provided to the Dihlabeng Community.

Figure 1.3



During the year under review, the following priority areas were identified and appropriate strategies deployed to ensure effective provision of social services.

- To provide an effective Fire Fighting and Rescue service
- To establish institutional capacity to handle all natural and human disasters
- To enforce traffic law and order on public roads and ensure safety in the use of municipal roads
- To provide library facilities to all residents, promote a culture of reading and lifelong learning
- To identify and develop new environmental areas
- To ensure timeous upgrading and integration of cemeteries
- To refurbish sport facilities within Dihlabeng
- To promote and develop all sporting codes
- To promote, develop and preserve arts, cultural and heritage activities
- To ensure effective and prompt provision of waste disposal services to all towns within Dihlabeng
- To develop and implement an integrated Waste Management Plan

We were able to realise 81% of the SDBIP targets. Figure 1.3 gives a reflection of our performance against predetermined targets. A detailed report of our performance is attached as Annexure 1 of this report.

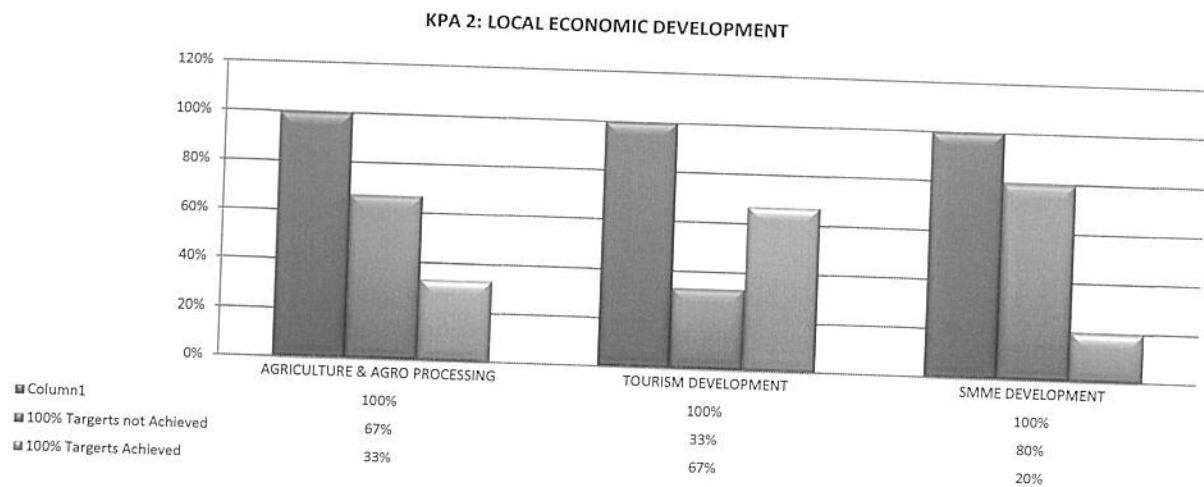
For the year ahead we will be focusing on the following areas: but not limited to,

- Improved Waste Management System and Facilities
- Improved community services such as Disaster Management, Cemeteries, Parks, Sport and Libraries

1.2.3 ANALYSIS OF BUSINESS UNIT RESPONSIBLE FOR LOCAL ECONOMIC DEVELOPMENT

The Programme's Strategic objective is to stimulate economic growth, create jobs and business opportunities and thus alleviate poverty.

Figure 1.4



The primary function of this key performance area is to create and encourage conditions conducive for economic development and SMME development. In essence it was our mandate to oversee the following:

- To create an enabling environment that stimulates economic development
- To promote and enhance tourism opportunities in order to become a popular tourist destination
- To implement measures in order to broaden the economic base of the area
- To create employment by promoting viable economic opportunities through tourism

The purpose of Local Economic Development (LED) is an approach to sustainable economic development that encourages residents of local communities to work together to stimulate local economic activity that will result in, inter alia, an improvement in the quality of life for all in the local community.

It is a process by which the public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation to advance the economic identity, based on a local competitive and comparative economic profile.

We were able to realise 36% of the SDBIP targets. Figure 1.4 gives a reflection of our performance against predetermined targets. A detailed report of our performance is attached as Annexure 1 of this report. An LED strategy was developed and adopted, for the year ahead we will be focusing on achieving enhanced economic growth and creating new employment opportunities in the following key areas, Agriculture and agro-processing; Tourism Development; Trade and Business including manufacturing. This will be accomplished through:

- Enhancing social equity
- Encouraging competitiveness
- Mobilizing domestic investment
- Ensuring stakeholder participation
- Broad Based Black Economic Empowerment
- Provision of appropriate infrastructure













Dihlabeng's commitment to LED will be facilitated through a dedicated administration and bureaucracy.

1.2.4 ANALYSIS OF BUSINESS UNIT RESPONSIBLE FOR GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The primary function of this area is to create and encourage conditions conducive for good governance and effective public participation process. In essence it was our mandate to oversee the following:

- Functional ward Committees and Council
- Integrated Development Planning
- Sufficient internal controls and effective risk management
- Skills development and talent management
- IT Infrastructure to facilitate business processes
- And constant communication and accountability

Table 1.3

Directorates	Nr of Annual target as per SDBIP	Nr of Annual target Realised	Nr of Annual Not Realised	% Realised	Rating
Political Management	4	4	0	100%	
PUBLIC PARTICIPATION	4	2	2	50%	
Public Communication Mechanism/MPAC/Council Whip	5	4	1	80%	
INTERNAL AUDIT	1	0	1	0%	
RISK MANAGEMENT	1	0	1	0%	
ANTI-CORRUPTION	1	0	1	0%	
PMS	1	1	0	100%	
IDP	1	1	0	100%	
ICT	1	1	0	100%	
CORPORATE ADMINISTRATION	1	1	0	100%	
Marketing & Communication	1	1	0	100%	
TOTAL	21	15	6	71%	

We were able to realise 71% of the SDBIP targets during the year under review. Table 1.3 gives reflection on how we performed against predetermined targets in particular talking to Good Governance and Public Participation. A detailed report of our performance is attached as Annexure 1 of this report.

For the year ahead we will be focusing on the following: but not limited to,

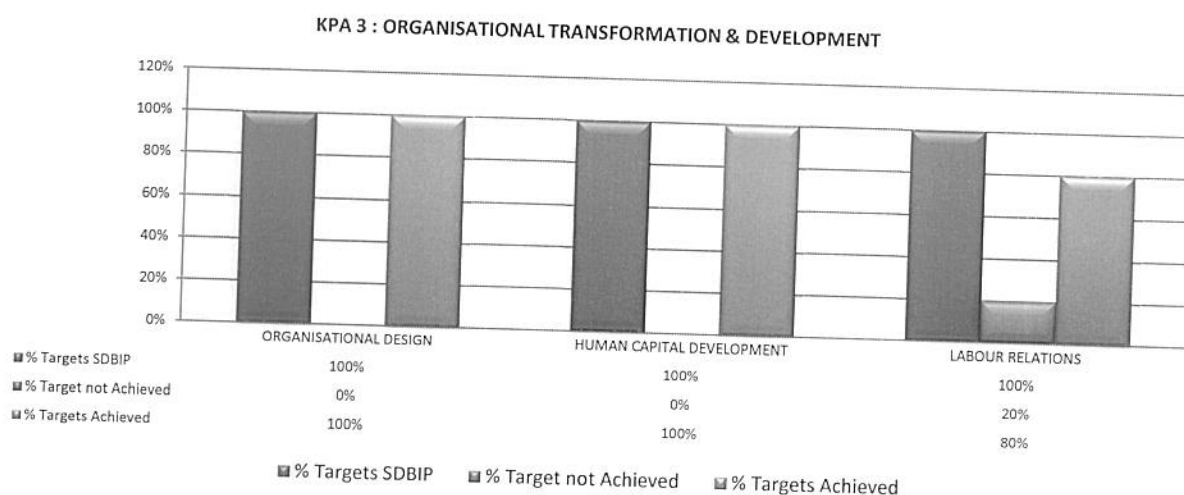
- Adopt IDP planning processes appropriate to the capacity and sophistication of the municipality
- Implement the Community Work Programme

- Ensure Ward Committees are representative and fully involved in community consultation processes around the IDP, Budget and other strategic service delivery issues
- Functional Organisational Performance Management system
- Effective Internal Audit and Risk Management practices

1.2.5 ANALYSIS OF BUSINESS UNIT RESPONSIBLE FOR ORGANISATIONAL DEVELOPMENT AND TRANSFORMATION

The Programme's Strategic objective is to provide internal support services, facilitate transformation and development and ensure service excellence to the Dhlalabeng Community.

Figure 1.5



During the year under review, the following priority areas were identified and appropriate strategies deployed to ensure sufficient transformation and Human Capital Development.

With regard to institutional development, the municipality focused on leadership development aimed at driving change initiatives within the organisation, some of the interventions implemented included training of Ward Committees, Councillors and Senior Managers to ensure that we meet the minimum requirements as stipulated by National Treasury.

- To strengthen the Institutional Capacity
- To implement Graduate Development Programme
- To encourage culture of learning and education amongst the youth
- To finalise the implementation of the organisational structure and placement of employees
- To develop governance policies and by-laws that affect the functioning of the organisation
- To implement HIV/AIDS preventative measures
- To strengthen employer and employee labour relationships
- To ensure effective contract management and centralization of legal services
- To ensure high levels of hygiene and cleanliness of all Council buildings

We were able to realise 92% of the SDBIP targets. Figure 1.5 gives a reflection of our performance against predetermined targets. A detailed report of our performance is attached as Annexure 1 of this report.

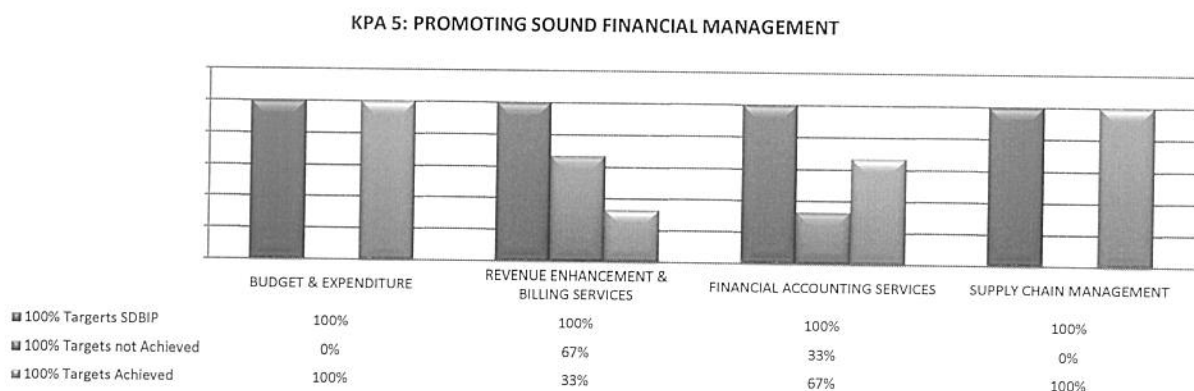
For the year ahead we will be focusing on the following: but not limited to,

- Review the Organisational Structure and ensure all funded posts are filled.
- Policy and By-Law development and effective implementation
- Effective talent management and skills development
- Provision of legal services and integrated HR management systems
- Improved Labour Relations

1.2.2 ANALYSIS OF BUSINESS UNIT RESPONSIBLE FOR FINANCIAL VIABILITY & MANAGEMENT

The Programme's Strategic objective is to manage and control all financial functions of the municipality so that the current and future effectiveness of Council services, programmes and operations are asserted in a sustainable way.

Figure 1.6



During the year under review, the following strategic priorities were identified and appropriate internal controls deployed to manage and improve on our financial viability:

- To ensure availability of a credible budget
- Revenue enhancement
- Effective debt management
- Proper cash flow management
- Ensure proper accounting for public funds
- GRAP compliant asset register
- Transparent supply chain management processes
- Property rates policy implementation
- Proper indigent management
- Ensure accurate and proper financial reporting

We were able to realise 67% of the SDBIP targets. Figure 1.6 gives a reflection of our performance against predetermined targets with regards to financial viability. A detailed report of our performance is attached as Annexure 1 of this report.

For the year ahead we will be focusing on the following: but not limited to,

- Improve municipal financial administrative capacity by implementing competency norms and standards and acting against incompetence and corruption
- Intensify the implementation of a Revenue Enhancement Strategy
- Effective implementation of an integrated financial management system

Part F: Audited Financial Statements and Related Financial Information

1. AUDIT COMMITTEE REPORT

2. AUDITOR GENERAL'S REPORT



AUDITOR-GENERAL
SOUTH AFRICA

The Municipal Manager
Dhlabeng Local Municipality
P.O. Box 551
Bethlehem
9700

1 December 2016

Reference: 21389REG15/16

Dear Municipal Manager

Report of the Auditor-General on the financial statements and performance information of the Dhlabeng Local Municipality for the year ended 30 June 2016

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act, 2004 (Act No. 25 of 2004) read in conjunction with section 188 of the Constitution of the Republic of South Africa, 1996 and section 121(3) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).
2. In terms of section 121(3) 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. Ten (10) copies of the municipality's annual report should be submitted to my office once available.

Auditing to build public confidence

6. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report, will be tabled.
7. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely



N. Poonsamy
Senior Manager: Free State

Telephone: (051) 409 0100
Fax: (051) 409 0182
E-mail: narishap@agsa.co.za

Report of the auditor-general to the Free State Legislature and the council on the Dihlabeng Local Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Dihlabeng Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2015 (Act No. 1 of 2015) (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 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 audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Dhlabeng Local Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Unauthorised expenditure

8. As disclosed in note 50 to the financial statements, the municipality incurred unauthorised expenditure of R76 123 483 (2015: R102 474 833) during 2015-16 due to expenditure that exceeded the limits provided for in the main divisions of the approved budget.

Irregular expenditure

9. As disclosed in note 52 to the financial statements, the municipality incurred irregular expenditure of R37 079 173 (2015: R37 635 488), which was mainly due to non-compliance with supply chain management (SCM) requirements in respect of procurement transactions. In addition, the full extent of irregular expenditure is still in the process of being determined.

Fruitless and wasteful expenditure

10. As disclosed in note 51 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R11 887 300 (2015: R14 200 244) in 2015-16 due to interest and penalty charges on the late payment of suppliers.

Restatement of corresponding figures

11. As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during 2015-16 in the financial statements of the municipality at, and for the year ended, 30 June 2015.

Material losses

12. As disclosed in note 23 to the financial statements, material water losses of 32,78% (2015: 26,70%) and electricity losses of 7,83% (2015: 13,25%) were incurred by the municipality due to leakages in the water networks as a result of an aging infrastructure and illegal connections in the electricity network.

Material impairments

13. As disclosed in note 7 to the financial statements, trade receivables from exchange and non-exchange transactions were impaired by R566 411 512 (2015: R530 625 337).

Going concern

14. Note 48 to the financial statements indicates that the municipality incurred a net loss of R54 274 727 (2015: R48 665 770) during the year ended 30 June 2016 and, as of that date, the municipality's current liabilities exceeded its current assets by R214 755 350 (2015: R158 489 350). In addition, the municipality owed Eskom R108 217 546 (2015: R75 235 752) as at 30 June 2016 which is long overdue. These conditions, along with other matters as set forth in note 48, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern and to meet its service delivery objectives.

Additional matters

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

Unaudited disclosure notes

16. 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 on it.

Supplementary explanations of budget variances presented outside the financial statements

17. The supplementary explanations of budget variances contained in the accounting officer's report, as referred to in note 54, do not form part of the financial statements. We have not audited these explanations and, accordingly, we do not express an opinion on it.

Report on other legal and regulatory requirements

18. In accordance with the Public Audit Act, 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 of selected key performance areas 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 them.

Predetermined objectives

19. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected key performance area presented in the annual performance report of the municipality for the year ended 30 June 2016:
- Key performance area 1: Accelerated services delivery and infrastructure development on pages x to x

20. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned key performance areas. 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 (FMPP1).
21. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. I did not identify material findings on the usefulness and reliability of the reported performance information for the following key performance area:
 - Key performance area 1: Accelerated services delivery and infrastructure development on pages x to x

Additional matters

23. Although I identified no material findings on the usefulness and reliability of the reported performance information of the selected key performance area, I draw attention to the following matters:

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of key performance area 1: Accelerated services delivery and infrastructure development. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

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

Compliance with legislation

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

Strategic planning and performance management

27. The service delivery and budget implementation plan 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.

Annual financial statements

28. 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 statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Human resource management and compensation

29. Sufficient appropriate audit evidence could not be obtained that job descriptions were established for all posts in which appointments were made in the current year, as required by section 66(1)(b) of Municipal Systems Act, 2000 (Act no. 32 of 2000) (MSA).

Expenditure management

30. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
31. Reasonable steps were not taken to prevent unauthorised, irregular, fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Procurement and contract management

32. Goods and services with a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).

Asset management

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

Consequence management

34. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
35. Irregular, fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Revenue management

36. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Internal control

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

Leadership

38. Management did not adequately exercise its oversight responsibility over compliance with laws and regulations as well as ensuring that the internal control environment is effective. There was no audit action plan during the year under review and this resulted in findings recurring in the current year.
39. Management did not monitor approved internal policies and procedures to address planning and implementation processes and events pertaining to performance management and reporting.

Financial and performance management

40. Inadequate monitoring and supervision over financial, performance and compliance reporting resulted in material corrections that had to be made to the financial statements and performance information.
41. Policies and procedures in respect of information technology management were not implemented adequately, due to lack of skilled staff with the information technology department.

Governance

42. Management did not in all instances implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored.
43. The audit committee, although established, was not functional for a major part of the year. This resulted in the internal audit department not being able to report on any of its work performed during the year. This also contributed to some of the findings recurring in the current year.

Other reports

Investigation

44. An internal investigation was instituted by the municipality, into possible irregularities with the cash count process at certain units in the municipal area. At the time of reporting, the mandate of the investigation was not made available but, according to management the investigation covered the daily banking and the cash collection services at the units. The investigation is currently in progress.

Auditor-General

Bloemfontein

30 November 2016



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

3. AUDITOR GENERAL'S REPORT ACTION PLAN

Functional Area	Audit Finding	Root cause	Remedial Actions (Reports now issued be used for each action)	Compliance date	Responsible Officer / Account Officer	Estimated progress when compiling plan and actual progress as at end of reporting period												Assessment / Finding/Recommendations	% Score			
						Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov					
Audit Report Expenditure	Regular expenditure due to non-compliance with supply chain management (SCM)	Lack of monitoring to ensure compliance with the ACL	Prepare systems to prevent regular expenditure Implement systems	01/2016	Directorate: Finance Responsible Person: L. Moin	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	X				
				03/2016	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%					
Audit Report Financial Sustainability	Going concern	Due to cash flow constraints	Prepare financial recovery plan. Implement financial recovery plan.	01/2016	Directorate: ALL Responsible Person: CFO	80%	52%	60%	61%	70%	74%	80%	80%	80%	80%	80%	80%	80%	X			
				03/2016	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%				
Audit Report Restatement of corresponding figures	Restatement of corresponding figures	This issue of the internal control following up on the monthly controls by the municipality.	Correct during the compilation of the 2015/16 Annual Financial Statements.	01/2016	Directorate: Finance Responsible Person: CFO	60%	53%	60%	61%	70%	74%	80%	80%	80%	80%	80%	80%	80%	X			
				03/2016	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		100%		
Audit Report Material Issues	Material Impairment was assumed as a result of a write-off of irrecoverable trade debtors.	Due to cash flow constraints	Implementation of credit control policy	03/2016	Directorate: Finance Responsible Person: Mahulule L	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	X			
				03/2016	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		100%		
Audit Report Material Issues	Electricity distribution losses.	Management did not exercise oversight responsibility regarding financial and performance related internal controls	Establish a meter that will read between Eskom sites. Installation of smart meters. Prepare plan to address the aging electricity infrastructure.	03/2016	Directorate: Public Works Responsible Person: Sam Masou	60%	62%	60%	61%	70%	74%	80%	80%	80%	80%	80%	80%	80%	80%	X		
				03/2016	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		100%	
Audit Report Material Issues	Adjustment of material misstatements.	Management did not exercise oversight responsibility regarding financial and performance related internal controls	Correct during the compilation of the 2014/15 Annual Report Oversight Report	01/2016	Directorate: ALL Responsible Person: M Zondo	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	X		
				01/2016	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		100%	
Audit Report Strategic Planning & Performance Management	Measurable performance targets for the financial year with regard to each of the following: a) decisions and b) key performance indicators were not set in the DP	1. Management did not exercise oversight responsibility regarding financial and performance related internal controls	Necessary adjustments will be done to our DP for 2017 in year	04/2016	Directorate: Office of MM Responsible Person: J Potane	60%	70%	60%	60%	70%	43%	60%	60%	60%	60%	60%	60%	60%	60%	X		
				04/2016	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		100%	100%
Audit Report Strategic Planning & Performance Management	The performance management system and related controls, were not maintained as it did not describe and represent the processes of the system and how it is conducted, organized and managed.	Management failed to develop and monitor the implementation of action plans in internal control deficiencies.	Will share the process with the completion of 2016/17 score with the Adjustment process	04/2016	Directorate: Office of MM Responsible Person: M Zondo	60%	55%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	X	
				04/2016	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		100%
Audit Report Financial Statements, performance and annual report.	The annual report and oversight report for the year 2013-14 were not filed with the relevant authorities in accordance with the adoption of the oversight report by council as required by MFMA 32(1) and (2)	Management failed to exercise oversight responsibility regarding financial and performance related internal controls	Correct during the compilation of the 2015/16 Annual Financial Statements.	03/2016	Directorate: Finance Responsible Person: CFO	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	X	
				03/2016	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		100%
Audit Report Procurement and contract management	The oversight report of the annual report, was not adopted by council within the 2017/16 annual financial statements reporting and compliance and control internal controls.	Established suitable service providers lists of interest in doing business with the municipality	Ensure compliance with the 2015/16 annual financial statements report.	04/2016	Directorate: Office of MM Responsible Person: M Zondo	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	X	
				04/2016	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		100%
Audit Report Procurement and contract management	False declaration of interest by Service Providers	False declaration of interest by Service Providers	Ensure that quotes are obtained from service providers who meet the minimum criteria	Continuous	Directorate: Finance Responsible Person: V Mji	60%	45%	60%	55%	70%	63%	60%	70%	80%	80%	80%	80%	80%	80%	80%	X	
				Continuous	Directorate: Finance Responsible Person: V Mji	60%	40%	60%	50%	70%	60%	60%	70%	80%	80%	80%	80%	80%	80%	80%		80%
Audit Report Procurement and contract management	False declaration of interest by Service Providers	False declaration of interest by Service Providers	Completion of MIP forms by Suppliers and Declaration of interest forms by Municipal Officials	Continuous	Directorate: Finance Responsible Person: M Zondo	60%	45%	60%	55%	70%	63%	60%	70%	80%	80%	80%	80%	80%	80%	80%	80%	X
				Continuous	Directorate: Finance Responsible Person: M Zondo	60%	40%	60%	50%	70%	60%	60%	70%	80%	80%	80%	80%	80%	80%	80%	80%	

055

Audit Report Category	Audit Report Description	Leadership - Management did not exercise oversight responsibility regarding financial reporting and controls	Prepare oversight report regarding the audit findings and recommendations on consequences and impact.	Directorate: Finance Responsible Person: L. Mook	Progress											
					3/1/2018	4/1/2018	5/1/2018	6/1/2018	7/1/2018	8/1/2018	9/1/2018	10/1/2018	11/1/2018	12/1/2018	1/1/2019	2/1/2019
Audit Report Compliance Management	Job descriptions were not established for all positions in which appointments were made in the current year. The municipality did not submit a report on compliance with prescribed competency requirements to the Municipal Treasury and relevant provincial institutions as required by the Municipal Regulations on minimum competency levels. The competencies of head of supply chain, financial and supply chain management, were not assessed to a timely manner in order to assess the impact of the competency levels as required by the Municipal Regulations on Minimum Competency Levels.	(CoAF 4) It was noted that employees' contract does not specify their duties and job descriptions are also not defined in the contract.	Job description to be designed and regularly updated in line with the requirements of the Treasury Framework for recruitment programme performance information for officials responsible for performance information.	3/1/2018	4/1/2018	5/1/2018	6/1/2018	7/1/2018	8/1/2018	9/1/2018	10/1/2018	11/1/2018	12/1/2018	1/1/2019	2/1/2019	
		Management did not establish human resource management to ensure that adequate and sufficient staff resources are in place and that performance is monitored.	Comply with legislation.	3/1/2018	4/1/2018	5/1/2018	6/1/2018	7/1/2018	8/1/2018	9/1/2018	10/1/2018	11/1/2018	12/1/2018	1/1/2019	2/1/2019	
		Management did not establish human resource management to ensure that adequate and sufficient staff resources are in place and that performance is monitored.	Competency assessment of heads of SCM and supply chain management officials is in process and will be completed by year end.	3/1/2018	4/1/2018	5/1/2018	6/1/2018	7/1/2018	8/1/2018	9/1/2018	10/1/2018	11/1/2018	12/1/2018	1/1/2019	2/1/2019	
		The cause of the internal control deficiency is due to lack of oversight by the municipality.	Implement revenue action plan.	3/1/2018	4/1/2018	5/1/2018	6/1/2018	7/1/2018	8/1/2018	9/1/2018	10/1/2018	11/1/2018	12/1/2018	1/1/2019	2/1/2019	
Audit Report Expenditure Management	Money owed by the municipality was not always paid within 30 days.			Directorate: Finance Responsible Person: Lydia Meale	In progress											
				3/1/2018	4/1/2018	5/1/2018	6/1/2018	7/1/2018	8/1/2018	9/1/2018	10/1/2018	11/1/2018	12/1/2018	1/1/2019	2/1/2019	

INTERNAL AUDIT	Management did not submit this request for approval to the Audit Committee	Management did not understand or execute internal controls objectives, processes, and responsibilities	Ensure that the Audit Committee responds to Council on issues raised in monitoring responses to risks and performance oversight over the management.	Quarterly	Directorate: Municipal Manager Responsible Person: Internal Audit Manager	None	Complete with estimated % at end of progress	Complete with actual % progress	%
INTERNAL AUDIT	Governance: Management did not respond to Council on issues raised in monitoring responses to risks and performance oversight over the management.	Ensure that the Audit Committee responds to Council on issues raised in monitoring responses to risks and performance oversight over the management.	Quarterly	Directorate: Municipal Manager Responsible Person: Internal Audit Manager	None	Complete with estimated % at end of progress	Complete with actual % progress	0%	0%
SUPPLY CHAIN MANAGEMENT	SCM: Internal not declared (EX 2)(COA 6) - accurate interest as per SCM Regulation 13(C)	Put controls in place to ensure that all employees declare interest. Head of departments will be asked to ensure when they sign for the monthly salary advices	29 February 2015	Directorate: Internal Audit and Supply Chain Management Responsible Person: M. K. Jirka and Mrs V. Mj	Ensuring the forms are in the required format per SCM Regulation.	Complete with estimated % at end of progress	Complete with actual % progress	50%	60%
SUPPLY CHAIN MANAGEMENT	SCM: Quarterly reports (EX 39)(COA 6) - SCM regulation 02(a)(4) & (5). The end of each quarter, submitted to the Mayor of the Municipality or the board of directors of the municipal entity, as the case may be.	Quarterly SCM Reports will be submitted to the Mayor and Council immediately.	Q1 Reports submitted to Mayor - Now 2015(03)	Directorate: Finance Responsible Person: Supply Chain Management Responsible Person: Mrs V. Mj	Quarter 1 and 2 submitted to Mayor and Submission to Section 80 Final not submitted on monthly basis	Complete with estimated % at end of progress	Complete with actual % progress	50%	60%
SUPPLY CHAIN MANAGEMENT	SCM: The project to operate and maintain the landfill site did not go through tender process (COA 7)(EX 102) - Section 02(1) of the Local Government Act, Act No. 56 of 2003 states that the accounting officer of a municipality is responsible for managing the financial resources of the municipality, and must for the purpose of that section take steps to ensure - that unauthorised expenditure and other losses are prevented	Procurement Phases for a service provider are under way	3/1/2016	Directorate: Community Services and Finance Responsible Person: Ms A. Noma	Regulation 32 process are in progress	Complete with estimated % at end of progress	Complete with actual % progress	50%	60%
SUPPLY CHAIN MANAGEMENT	SCM: Contract Management (EX 20)(COA 85) - MFMA sec 110(3)(a) modification to contracts (including variation orders) was done in accordance with the applicable procedures. All the possible procedures amendment were listed in the council of SCM. Deviation listing not completely received (EX 55)(COA 59) - SCM reg 30(2) report that the accounting officer must report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements.	3 Contracts received in the Audit report are noted and going forward the Municipal Manager will approve as required.	As and When Required	Directorate: All departments Responsible Person	No Variations to date	Complete with estimated % at end of progress	Complete with actual % progress	50%	60%
SUPPLY CHAIN MANAGEMENT	SCM: Supplier and Employees did not declare interest (EX 60)(COA 43) - SCM regulation 13(c) states that "A supply chain management policy must state that the municipal entity may not consider a written quotation submitted by the provider who submitted the quotations or bid has indicated.	No remedial action needed as AF'S were abolished. Submission when done when AF'S are prepared.	6/30/2016	Directorate: Finance Responsible Person: Supply Chain Responsible Person: Mrs V. Mj	Reports are submitted to council as required.	Complete with estimated % at end of progress	Complete with actual % progress	50%	60%
SUPPLY CHAIN MANAGEMENT	SCM: Advertiser (EX 65)(COA 29) - SCM regulation 13(c) states that "A supply chain management policy must state that the municipal entity may not consider a written quotation submitted by the provider who submitted the quotations or bid has indicated.	Suppliers complete the declaration of interest.	As and When Required	Directorate: Finance Responsible Person: Finance - Supply Chain Management Responsible Person: Mrs V. Mj	Database forms, tender documents all contain the MTD 4 Form	Complete with estimated % at end of progress	Complete with actual % progress	50%	60%
SUPPLY CHAIN MANAGEMENT	SCM: Service deliberately split into parts or items of lesser value merely to avoid SCM Preference points (EX 123) states that a supply chain management policy must state: a) that goods and services may not be split into parts or items of a lesser value merely to avoid SCM Preference points	No remedial action needed as AF'S will be adjusted. Adequate review will done when adverts are prepared.	6/30/2016	Directorate: Finance Responsible Person: Supply Chain Responsible Person: Mrs V. Mj	Expenditure amount to form part of regular Expenditure for 15/16	Complete with estimated % at end of progress	Complete with actual % progress	50%	60%
SUPPLY CHAIN MANAGEMENT	SCM: Limitation of Scope for 7 day tender advertisement (EX 135)(COA 43) - According to SCM regulation, section 18, procurement by means of RFP 000 be at least seven days on the website and an official notice board of the municipality	The website is working and adverts reflect the closing date	As and When Required	Directorate: Finance Responsible Person: Supply Chain Responsible Person: Mrs V. Mj	Adverts are placed on the website as and when required	Complete with estimated % at end of progress	Complete with actual % progress	50%	60%

062

4. AUDITED FINANCIAL STATEMENTS

5. FUNCTIONAL AREA SERVICE DELIVERY REPORT