DEPARTMENT: OFFICE OF THE MUNICIPAL MANAGER

DRAFT ANNUAL PERFORMANCE REPORT - 2015/2016 FINANCIAL YEAR

1. PURPOSE

To table the 2015 - 2016 DRAFT ANNUAL PERFORMACNE 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 MOLATSELI

MUNICIPAL MANAGER

Date: 16/01/2017

15/16 FY – DRAFT ANNUAL PERFORMANCE REPORT

Everyone, Every household, Every entity – A testimony of our excellent Service! DIHLABENG LOCAL MUNICIPALITY - FS 192 004

ANNUAL REPORT



A GOOD STORY TO TELL!

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

The Gateway to Service Excellence.

Our dream of a "Developmental Local Government"



"ALL HANDS ON DECK – TOGETHER WE MOVE DIHLABENG FORWARD"

006

Part A: Genera Information

1. GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

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

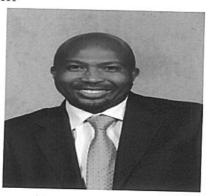
4. LEADERSHIP AND MANAGEMENT STRUCTURE

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 | 0 |
| Freedom Front Plus | 0 | 1 | 0 |
| 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 1 |
| Mr. P D Lengoabala | | | countmon, ward 1. |
| Wir. P D Lengoapaia | SPEAKER | Mrs. S M Jacobs | Councillor, Ward 10 |
| 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 CIr TMH MOFOKENG



SPEAKER Clr P D LENGOABALA



THE COUCIL'S WHIP Me. L U MAKHALEMA



CHAIRPERSON: MPAC CIr 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

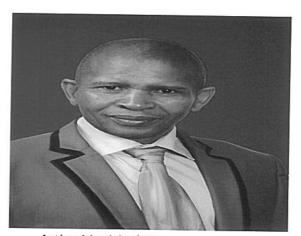


MMC T J TSHABALALA WOMEN, CHILDREN, DISABILITY & VULNERABLE GROUPS



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: Community Services

Ms. Soso Sepheka

Qualification: BA Social Work



Director: Public Works Mr. Afrika Masuku

Qualification: B. Tech Civil Engineering



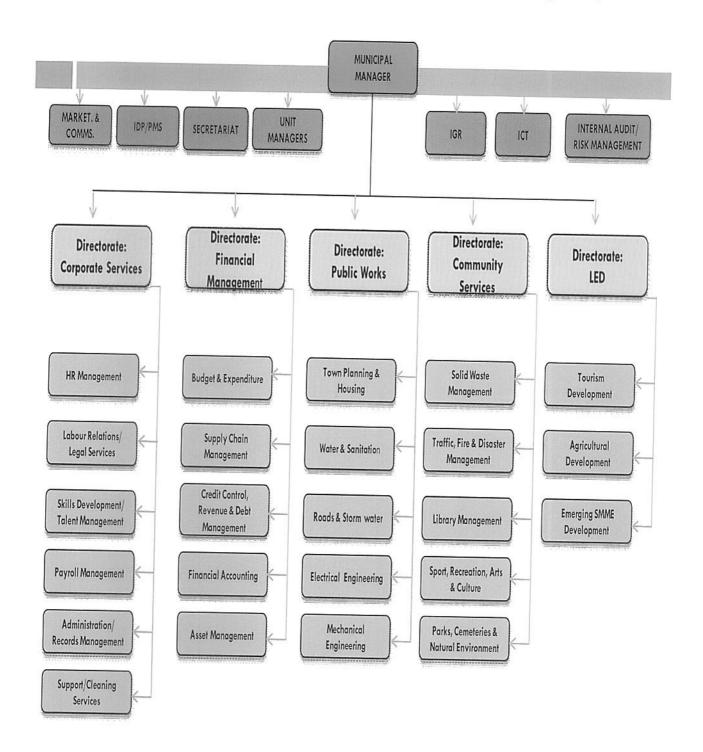
Director: Local Economic Development

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 | |
| Director: Community Services | Mrs MMC Sepheka | Manager: IDP | |
| Director: Local Economic Development | Mrs T G Hadebe | | Mr J Potsane |
| | ans , 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 & Deb | t 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 Delport |
| Manager: Tourism | Mr T Dladla | Manager: Public Safety & Emergency Services | Vacant |
| Assistant Manager: Electricity | Mr S Masoeu | Manager: Town Planning | Mr T Mokomatsili |
| Лаnager: Risk | Vacant | Manager: Business Development | Mr J L Botha |
| Manager in the Office of the Mayor | Mr L I Tshabalala | | |
| | | | |

FOREWORD: EXECUTIVE MAYOR



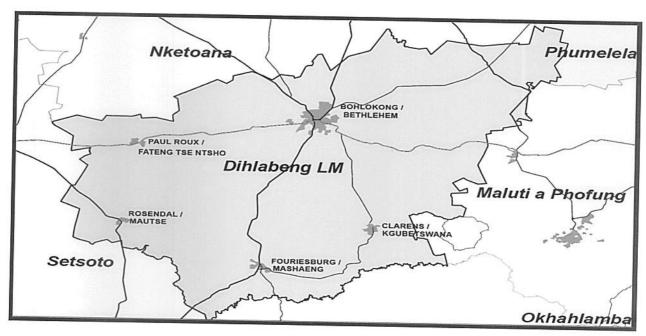
EXECUTIVE MAYOR: Hon. CIr THM Mofokeng

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

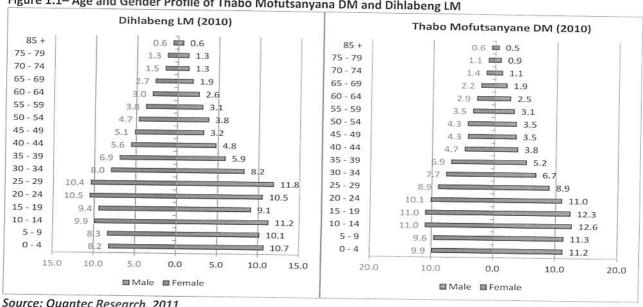


Figure 1.1- Age and Gender Profile of Thabo Mofutsanyana DM and Dihlabeng LM

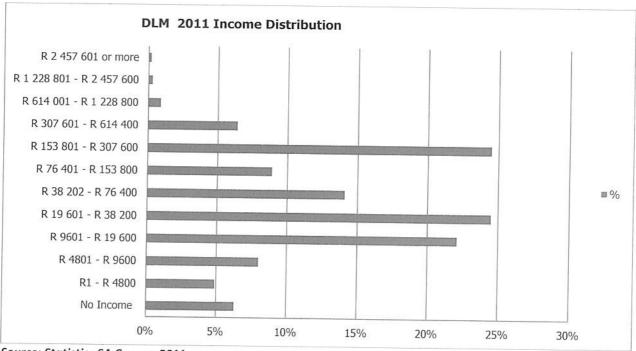
Source: Quantec Research, 2011

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.

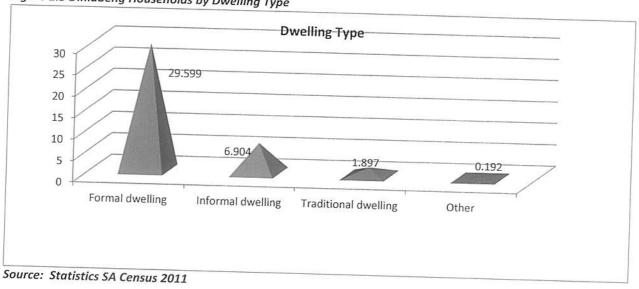


Source: Statistics SA Census, 2011

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



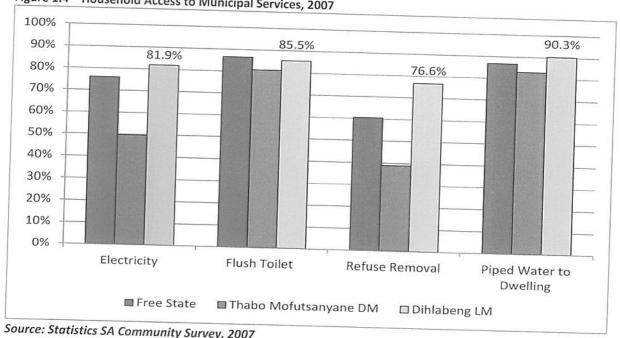
HOUSEHOLD ACCESS TO MUNICIPAL SERVICES 1.3.3

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
- 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.

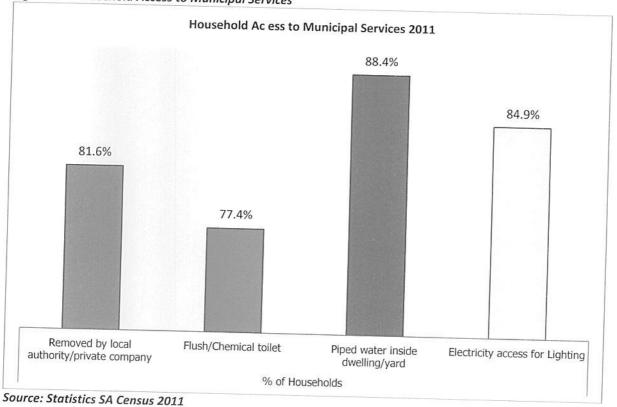
Figure 1.4 – Household Access to Municipal Services, 2007



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



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.

Mr. Busa Molatseli

Mr. Busa Molatseli

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Performance Management Systems Unit

Art Direction, Design, Layout & Editing

Marketing and Communications Unit

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1.2 PROGRAMME PERFORMANCE HIGHLIGHTS

As a directive of the Constitution of the Republic of South Africa, Dihlabeng 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

LEVEL AND STANDARD OF SERVICE - WATER AND SANITATION 1.2.1

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.

Dihlabeng Municipality is the Water Service Authority and as such we are committed to improving the physical, socioeconomic 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 Dihlabeng 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: Dihlabeng 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 | |
|--------------------------|----------------------|---------------------------------------|------|-------------------|------|------------------|--|
| | riouseriolus | 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 | | |
| Paul Roux | 2 080 | 1 824 | 87.6 | 256 | | 1 430 | |
| Rosendal | 1.072 | | | 256 | 12.4 | 1 703 | |
| 20030 | 1 973 | 1 244 | 62.9 | 729 | 37.1 | 1 965 | |
| Fouriesburg | 4 979 | 4 372 | 87.8 | 607 | 12.2 | 3 484 | |
| TOTAL ource: Dihlaben | 38 593 | 34 127 | 88.4 | 4 466 | 11.6 | 23 386 | |

Source: Dihlabeng 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 stratgic objectives which included the provision of water reticulation networks in all underserviced 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 Sa Service Le | anitation vels (2011) | RDP Sanitation Backlog | | Free Basic Sanitation | |
|-------------|----------------------|-------------------------|--------------------------|---------------------------|------|-----------------------|--|
| | Households | 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 sceptic 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 distrubute 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 ACCSESS T | |
|-----------------------------|----------------------|--|----------------------|--------------|
| - 1 (CEs - 5-5) | riouseriolus | Number | INFORMAL | RURAL /FARMS |
| BETHLEHEM/BOHLOKONG | 26996 | 23622 | 1400 | 1974 |
| FOURIESBURG/MASHAENG | 4982 | 4089 | 0 | 893 |
| ROSENDAL/MAUTSE | ROSENDAL/MAUTSE 1975 | | 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 uninterupted 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

| | TOTAL NI HOUSES/HOUSE | UMBER OF HOLDS | HOUSE HOLD WIT REFUSE REMOVAL | | REFUSE REMOVAL BACKLOG | |
|-----------------------------------|---------------------------|--------------------|----------------------------------|--------------------|---------------------------|-------|
| | Households Census 2011 | DLM Survey 2012 | Households Census 2011 | DLM Survey 2012 | 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 | | |
|--|--|---------------------------------|-------------|--|
| 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.

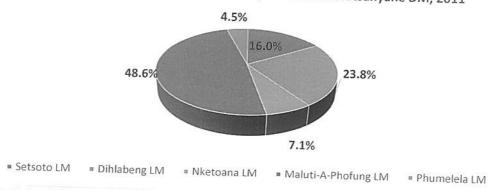
1.5.1 ECONOMIC PROFILE

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

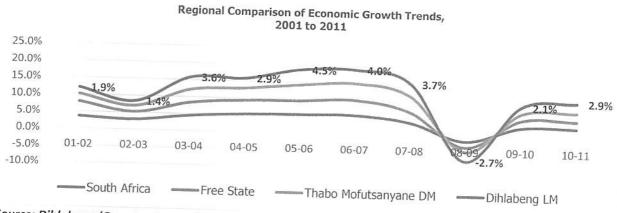




Source: Statistics SA Census 2011

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)

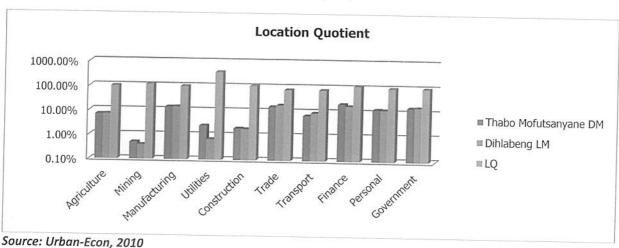
LEVEL OF CONCENTRATION

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:

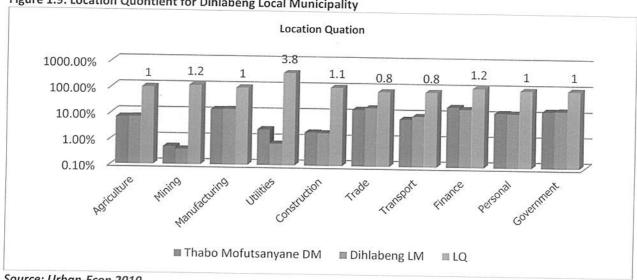
- 1. Agriculture
- 2. Manufacturing
- 3. Trade
- 4. Transport
- 5. Government Services

Figure 1.8: Location Quontient for Dihlabeng Local Municipality 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.

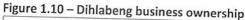
Figure 1.9: Location Quontient for Dihlabeng Local Municipality



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.



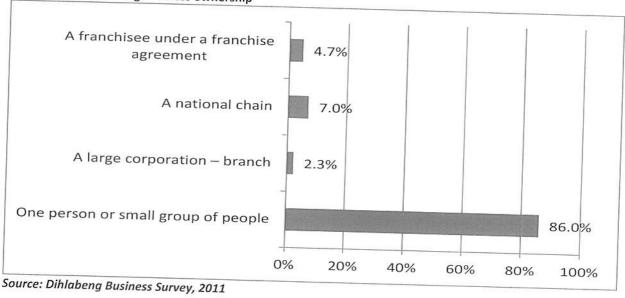
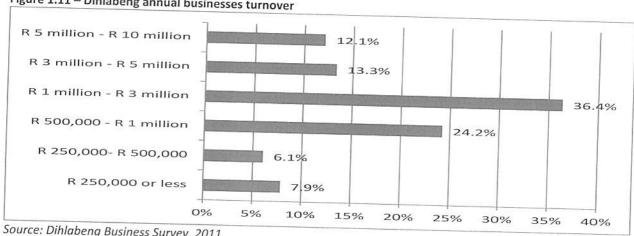


Figure 1.11 illustrates the annual turnover of businesses in Dihlabeng. Almost 40% of local businesses said that they have recorded a turnover of between one and three million Rand during 2010, while 25.5% of businesses indicated a higher turnover. This observation is in line with the majority of businesses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

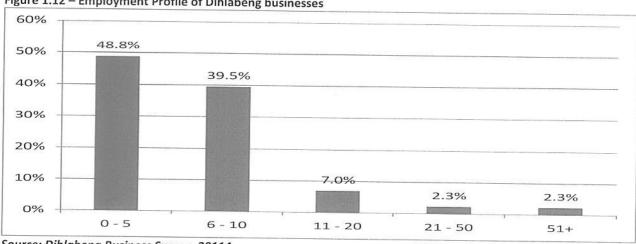


Figure 1.12 - Employment Profile of Dihlabeng businesses

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.

| | New Res | sidential | New Residential | | | |
|--------------------------------|----------------|---|-----------------|-----------------|--|--|
| Approvals | 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 | | | , , , , | 1120 150 000,0 | | |
| 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 | | , | | 1120 000 000,00 | | |
| Number | 4 | 1 | 1 | 7 | | |
| Value | R1,835,000.00 | R 570,000.00 | R 470,000.00 | R4 691 000,00 | | |
| Rosendal/Mautse | | | , | 022 000/00 | | |
| 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 | | | | 1120 000 000,00 |
| 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 | | 0 | *** = 7 = 2 = 7 = 2 = 1 | 112 000 ,00 |
| Number | 3 | | 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 | 11 110/000100 | 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-Extensi | on 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 | | |
|---|------|----|---|----|--------|---|---|----|----------------------|--------|------|
| | A | С | 1 | w | A | С | 1 | 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 |
| Inskilled and defined decision naking | 240 | 6 | 0 | 6 | 145 | 1 | 0 | 1 | 0 | 0 | 399 |
| OTAL PERMANENT | 530 | 10 | 0 | 51 | 240 | 2 | 0 | 19 | 0 | 0 | 852 |
| emporary 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 | | | |
|--|------|---|---|----|----|--------|---|---|----|
| | A | С | 1 | w | А | С | 1 | 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 |
| OTAL PERMANENT | 42 | 3 | 0 | 13 | 10 | 0 | 0 | 0 | 58 |
| emporary 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 | |
| Director Corporate Services | Mr. B Molatseli | MFMP | Awaiting SoR |
| Director Public Works | Mr. A Masuku | MEMP | Awaiting SoR |
| Director Community Services | Me. M Sepheka | CPMD | Awaiting SoR |
| Director LED | | Total Control of Contr | Awaiting SoR |
| THE COLON ELD | Me. T Hadebe | CPMD | Awaiting SoR |

Part E: functional Area Service Delivery Report

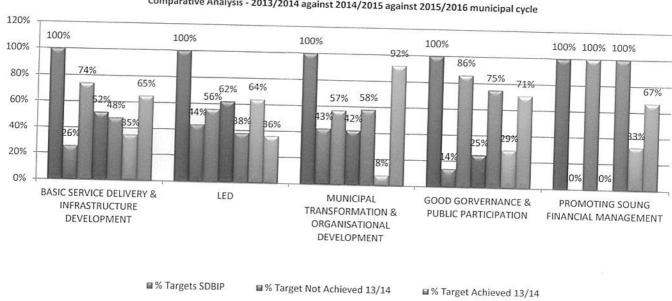
1. FUNTIONAL AREA SERVICE DELIVERY REPORT

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
- 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.



Comparative Analysis - 2013/2014 against 2014/2015 against 2015/2016 municipal cycle

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 proving advise, project and programme management support to the Executive Mayor and thereby ensuring political and administrative cohesion.

Table 1

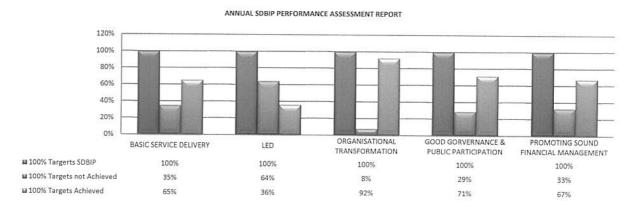
| COLOU | RED CODE | | | | |
|---|--|-------------------------------------|------------------------------|------------|--------|
| | | | HIC | ЭH | Rating |
| Red- Un | 40,0 | C | | | |
| Light Gre | een- Average | | 80,0 | | 0. |
| Dark Blue/Archiev | ed Exceeded Targert | | 100 | | 000 |
| Directorates | Nr of Annual target as per SDBIP | Nr of Annual targert Realised | Nr of Annual Not Realised | % Realised | Rating |
| Management & Admin | 8 | 5 | 3 | 63% | ••• |
| Finance | 9 | 6 | 3 | 67% | |
| Organaisational Transformation & Development | 12 | 11 | 1 | 92% | @ |
| Local Economic Development | 11 | 4 | 7 | 36% | |
| Community Services | 26 | 21 | 5 | 81% | |
| Public Comminication Machanism /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

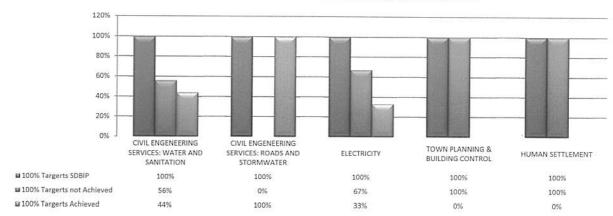
The Programme's Strategic objective is to deliver infrastructural services in a manner that achieves a high level of customer satisfaction and cost effectiveness, improving on sustainability.

Table 1.2

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

Figure 1.2

KPA 1.1: ACCELERATED SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT



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.

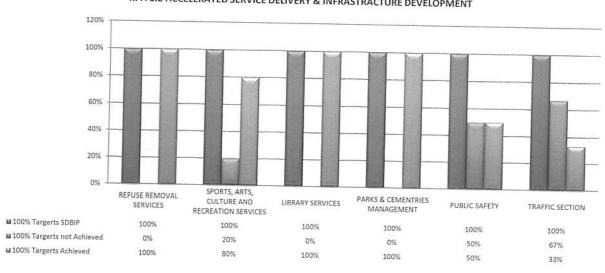
For the year ahead we will be focusing on the following areas: but not limited to,

- 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



KPA 1.2 ACCELERATED SERVICE DELIVERY & INFRASTRACTURE DEVELOPMENT

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.

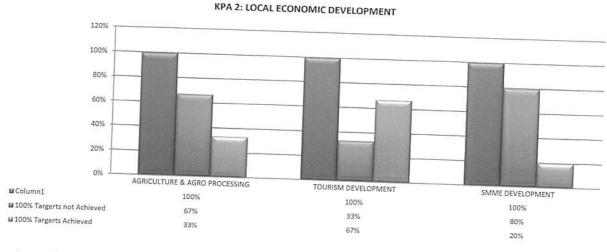
For the year ahead we will be focusing on the following areas: but not limited to,

- 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

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

| Tubic 1.5 | | | | | |
|--|--|-------------------------------------|------------------------------|------------|--------|
| Directorates | Nr of Annual target as per SDBIP | Nr of Annual targert Realised | Nr of Annual Not Realised | % Realised | Rating |
| Political Management | 4 | 4 | 0 | 100% | @ |
| PUBLIC PARTICIPATON | 4 | 2 | 2 | 50% | () |
| Public Communication Mechanism/MPAC/Council Whip | 5 | 4 | 1 | 80% | (3) |
| INTERNAL AUDIT | 1 | 0 | 1 | 0% | 0 |
| RISK MANAGEMENT | 1 | 0 | 1 | 0% | 0 |
| ANTI-CORRUPTION | 1 | 0 | 1 | 0% | 0 |
| PMS | 1 | 1 | 0 | 100% | |
| IDP | 1 | 1 | 0 | 100% | (4) |
| ICT | 1 | 1 | 0 | 100% | |
| CORPORATE ADMINISTRATION | 1 | 1 | 0 | 100% | (4) |
| Marketing & Communication | 1 | 1 | 0 | 100% | (4) |
| 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,

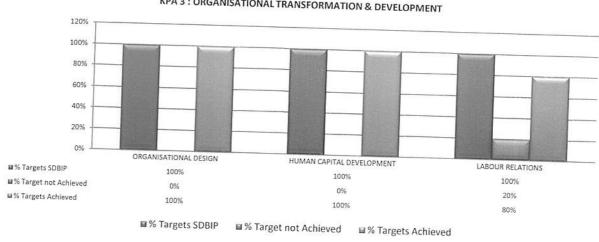
- Adopt IDP planning processes appropriate to the capacity and sophistication of the municipality
- Implement the Community Work Programme

- 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

ANALYSIS OF BUSINESS UNIT RESPONSIBLE FOR ORGANISATIONAL DEVELOPMENT AND 1.2.5 TRANSFORMATION

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

Figure 1.5



KPA 3: ORGANISATIONAL TRANSFORMATION & DEVELOPMENT

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

- 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

KPA 5: PROMOTING SOUND FINANCIAL MANAGEMENT REVENUE ENHANCEMENT & BUDGET & EXPENDITURE FINANCIAL ACCOUNTING SERVICES SUPPLY CHAIN MANAGEMENT BILLING SERVICES ■ 100% Targerts SDBIP 100% 100% 100% ■ 100% Targets not Achieved 0% 67% 33% ■ 100% Targets Achieved 100% 33% 67% 100%

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



The Municipal Manager Dihlabeng 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 Dihlabeng 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 auditrelated 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

- Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report, will be tabled.
- 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

 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.
- I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the
financial position of the Dihlabeng 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

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

Unauthorised expenditure

 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

 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

 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

 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 (FMPPI).
- 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.
- 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

 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

 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.
- 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.

Bloemfontein

30 November 2016

Audilor - General

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

3. AUDITOR GENERAL'S REPORT ACTION PLAN

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| on date Responsible Unit / department as well as Officials. | | oln MATTERS | | | | | | | | 1 5 | Passeu | | Removable | | | | | | | | | | \parallel | | | | | | | | | | | |
| naible Unit / depa | CHAIR SECTION | Directorate: Finance Responsible Person: L. Mosis | | Directorate: ALL Responsible Person: CFQ | | | Urectorate: Finance Responsible Person: CFO | | Directorate: Finance | ole Person: Mabu | Directorate: Public Works Responsible Person: Sam Massou | | : ALL | Zondo | | | | Directorate: Office Of MM Responsible Person: J Potsane | | Directorate: Office of MM Responsible Person: M Zondo | Directorate: Office Of MM Responsible Person: M.Zondo | | | Finance Person: CFO | Directorate: Office of MM Responsible Person: M.Zondo | | Directorate: Office of MM Responsible Person: M Zondo | | Inance rson: V Mjr | | rson: V Mji | Minca Son: V Mji | | |
| flon date Reapo | | | | | 2010 | П | | | Directoral | 20 | 1 200 | | Directorate: ALL | | 2 | | | | | 1000 | | | Ш | Directorate: Finance Responsible Person: CFO | Directorate: Responsible F | | Directorate: Of Responsible P | | Directorate: Finance Responsible Person: V Mji | | Oirectorate: Finance Responsible Person: V.Mji | Directorate: Finance Responsible Person: V Mil | | |
| or each | | | 0.000 | ilament 1/1/2016 | 2/28/2016 | + | 1/1/2016 6/30/2016 | | | 6/30/2018 | en 6/30/2016 | 3/31/2016 | 9 | port | 0.710 | | | | 4/31/2018 | 2/22/2018 | | 6/30/2016 | | 8/31/2016 | 4/30/2016 | | 4/30/2016 | | Continious | _ | Continious | Continious | | |
| [Seperate row should be used for each action] | | Proper e systems to prevant irregular expenditure. Implement systems. | | Prepara financial recovery plan, Impla financial recovery plan. | | Correct during the compliation of the | Financial Statems | | artaban of credit control policy | | Install a matter that will read between Eskom bulk purchases and municipal sales. | o address the agin infrastructure. | Correct during the compilation of the | | | | | Vecessary adjustments will be done to our IDP for 16/17 fin year. | | Will ensure complance with on the mpliton of 2015/16 SDBP and Budget Adjustment process. | White performance white the process of | | | compilation of the ancial Statements. | splance in with the 2014/15 arthusi report | 2010101 | The state of the s | | re obtained from treet the minimum | | rowders complete riterest forms | s by Suppliers and | | |
| Re [Seperate row | | Propiere sys expenditure. | | Prepare financia | | - | 2015/16 Armu | | mplem | | Eskom bulk pu Sales. In | Prepare plan electrica | Correct during | | | | | Vecessary adjustm IDP for 1 | | 8 | Prepare procedure policy for performance management that highlights the princes of performance management | | | Correct during the compilation of the 2015/16 Annual Financial Statements | Ersure complance arrival | The Complete in with the parades | 5 | | Ensure that quotes are obtained from service providers who need the minimum | criter | Ensuring that Service Providers complete the Declaration of interest forms | Completion of MBD a Forms by Suppliers a Declaration of Interest forms by Municipal Officials | | |
| Roof cause | Official to some | compliance with the Act. | | Due to eash flow constraints caused by consumers not paying their debtor accounts. | | (the internal control | controls by the municipality. | | Due to crah flow constraints catused by consumers not paying their debtor accounts. | 81,5000 | Management did not axarcise oversight responsibility regarding financial and performance is | d complence and ternal controls | f did not exarcise onsibility regarding | financial and performance reporting and complence and related internal controls | | | | oversight responsibility reparding | compliance and | Management did not exercise Percisit responsibility regarding Americal and performance Reporting and compliance and related internal controls | _ £ E & | | lied to develop | | of not exercise halfly regarding enformance emplance and all controls | d not exercise Ens | bility regarding reporting reportionance mplance and | CONTROLS | ferest in doing E | of interest by | | | | |
| | IL | | | Due to cash caused by c their debtor | | | following up controls by a | | de caused by co | | Managame oversight res financial a | reporting an | Managemen oversight resp | frencial a reporting an related in | | | | d financial and | related inte | 1 Management Oversight respo financial and reporting and related inte | | | Management fa | and moritor the implementation of action plans in internal control deficiencies. | 1. Mare person did not exercise ownsight teapons bully regarding francial and performance and reporting and complaines and restrict complaines. | 1 Management d | Oversight responsibility regarding re- francial and performance reporting and complexes and related internal | | providers lack of interest in doing business with the municipality is | False declaration of interest by | | Felie declaration of interest by Service Providera | | |
| Audit finding | endhire due to no | complance with supply chain management (SCM) | | Going concern. | | corresponding figures. | | | of irrecoverable tra | distribution beans | | | iterial mistatements | | | | and alreads for the | agand to each of the | e e | month of the reven, y source and the risk expenditure, by y section 1 of the A. | ement system and it maintained as it did not the processes of | d managed. | of figures. | | oversight report for not fied with the within seven days might report by the MFMA 132 (1) and | e annual report, was | nin two months e 2013/14 armusi | | | oviders who are in | 112(j) and SCM 44 | principality whose private or s awarded by the e such incerest, as | 46(2)(e). | |
| * | Pregular ex | complan | | 9 | | Restatement of corres | | | Material impairment were incurred as a result of a write-off of irrecoverable trade debtors. | Electricity of | | | Adjustment of ma | | | | Messurable perform | financial year with regard to each of the or dewelopment priorities or objectives and key performance indicators were not set in | Districts for cont. | to be collected, by some and the population of t | The performance management system and related controls were not maintained as it old not describe and expenser; the processes of not formance as | nducted, organised at | Restatement of figures | | The arministration and overlaght report for 1 the year 2013-14 was not field with the periodical legislature within seven rights after adjection of the coveragint report by the coveragint support by the coveragint appet by the 2014 and (2). W. M. M. 132 (1) and (2). | oversight report on the | from the date on which the 2013/16 annual | tuotations were not | prospective providers who are not registered. | ds were made to pr | Confinement of MFMA 112() and SCAA 192() and SCAA | Persons an service of the municipality whose Edone family members had a private or Bastress interest in contracts awarded by the municipality failed to disclose such interest, as | Committee and the committee of the commi | |
| metional Area | | Audit Report Expenditure | | Audit Report Financial Sustainability | | | Audit Report Restatement of corresponding figures | | | | | | Material losses | | | | | 2 | [6 | Audit Report Strategic Planning & Performance Managemnt | TE E S S | 8 | | | The property of the property o | The c | lram. | | 7 | Awar | Verment and | Person three i busine munci | | |
| | | Audit R | | Audit | | | Audit Rep corress | | | | | | Audit Report | | | | | | | Audit Report Str. Performance | | | | | Audt Report Financial statements, performance and annual report | | | | | | Audit Report Procurement and contract management | | | |

| 9 | | × | × | | * | × | × |
|--|---|--|---|--|---|--|---|
| 200 AV | | 50.5 20.W 00.5 20.5 70.V 20.5 100.5 20.5 100.5 20.5 100.5 20.5 100.5 20.5 20.5 20.5 20.5 20.5 20.5 20.5 | 2017 2018 2018 2018 2018 2018 2018 2018 2018 | 20% ON 60% ON 70% ON 80% ON 60% ON 100% ON | 01. NO NO NO NO NO | | |
| El property and the constant and the constant and the constant and the constant and the constant and the constant and the constant and the constant and the constant and the con | pue | h Progress | Through the state of the state | | 9 | av atsigmod % behanites Risogs to bris diw atsigmod | |
| Responsible Person: I. Mosta | | Directorate: Corporate Services Responsible Forson: T Posholi | Directorate: Corporate Services Responsible Person: T Poshoil | Directorate, France Responsible Person: Tosholl | Directorale: Finance Responsible Person: Lydia Mosia | | |
| ernal report where recommendations on 11/2018 connequences are made. 3/31/2016 | to by decreasing the second | reviewed for alliment with the requirement reviewed for alliment with the requirement for Towarty Terrawood for managing programme performance information for officials responsible for preformance information. | Comply with legislation. | Competency attentioned of these of SCM and Intelligence of the sea | Implement revenue action plan. | Contribus | |
| responsibility respecting financial and performance reporting and compliance and related internal controls. | (CoAF 4) 1. It was notind that | employer's contract does not specify their dules and job descriptions are also not stated in the contract | Management did roct in all materiore inferente effectiva. Inferrore inferente effectiva. There is resembled to the management to resulte that indequals and sofficiently stilled resources are in place and their performance is monitored. | Management dat red in all Competent percental release of the particular in the parti | The cause of the internal control deficiency is due to lack of Delicoving up to one monthly control by the manifestation. | - Augustus and Augustus August | |
| fruncipality was not invasigated to determine if any person was lable for the expenditure. | Job descriptions were not established for | made in the current year. | The municipality of not submit a report on complaints with prescribed competency levels to the National Treatury and the National Treatury and the Manticipal Englations on an equired by the Manticipal Englations on minimum competency levels. | The componencies of head of supply chan, controlled and supply chan, disclosed the controlled and controlled and disclosed the controlled and supply in model to identify and address game in competency levels a required by Muhategal Negadistions on Milmann Competency Levels Negadistions on Milmann Competency Levels Management Competency Levels Negadistions on Milmann Competency Levels Management Competency Levels Negadistions on Milmann Competency Levels Negadistions on Milmann Competency Levels Negadistions and Milmann Competency Levels Negadistions and Milmann Competency Levels Negadistions and Milmann Competency Levels Negadistions and Milmann Competency Negadistions and Negadistions N | Money owed by the municipality was not The cause of the internal coorpol alloways paid within 30 days. Playing to one among yet control to the second control to the control to the control to the control to the management | | |
| Avoit Report Consequence Management | | ļ | Audit Report Human resources | P \$ 8 3 8 5 3 1 | Audit report Expenditure Management | | |

| | | | Remedial Actions | Committee | O BE COMPLETED BY MUNICIP | | | | |
|------------------------------|--|---|--|--------------------|--|--|--|---------------------------------------|---------|
| Functional Area | Audit finding | Root cause | [Seperate row should be used for each action] | date | Assemblie Unit department as well, | Progress as at reporting date | | TO BE COMPLETED BY TREASURY | |
| | | | | | | | Dac Jan Feb Mar Agr May Jun an Assessm | Assessment / Findings/Recommendations | % Score |
| | Ex71-Normally VAT relutins and payments fra are made on or before 25th day after the 1th end of the protod, talker to do so will attract in pornative and interest. Contrary to the, the municipality stated to make xxxx. | hits Failer to make payments to SARS by the the municipality for any VAT liability and incurred as per VAT return. | Management oversight in ensuring that VAT perments/labilities incurred are made on time to avoid penalties and inferest. | 30,06/2016 | QUALIFICATION MATTERS Directorate: Finance Responsible Person: Loraine Schanka | | ** ** ** ** ** ** ** ** ** ** ** ** ** | | |
| VAT | were papriteris was due his to papriteris y penatos and inforest thus incuring fulless and wasteful expendate. | 50 L | | | | mounted but all two information such in all and recordables as submitted teleurs and recordables as submitted but and recordables and as submitted but and a sometime but a sometime but a sometime but as submitted as submitted as submitted but as the submitted b | bulantias film while years to a 26 source film while years of 26 s | | × × |
| CASH AND CASH EQUIVALENTS | CASH AND BANK ET114 -ACIB not yet. No contact in price in renaming that cleared these are diven which are still by old of act define in enclaving that control theory are found of the control that contact in the cleared of the the not not yet being released to see that the prevents in experiment to prevent the part of the control through the part of the prevents of | No contols in pace in ensuring that No contols in pace in ensuring that You disclosed from a see cheer of She system to avoid them approximately The Bank Reconcilation | These should be confide as measures These should be confide as measures This should be confide as the should be confident as of measures of confident as the should be confident as the should be confident as the should be confident as the Beak Recordistion. | 30,06,2016 | Directorals: Franco Responsible Person: Lorine Selventa | There is a measure in place, were these forces are sent to be appropriate additional sector to check and forces and sent forces and forces and sent forces are sent on a weekly less to additional behavior to the behavior of | To brie 16 % balamile | | * |
| CASH AND CASH EQUIVALENTS | Miscelanous charges base are charges with errs a with a hould belance with a positive and a negative figure and be charged aff it is a vote. | 98 These thoris are casted by the Bank, not cornectly doing their distancers at any maskelterned was made from their side. | Even though the foreis rised by the Even though the foreis rised by the Man and off and the more than the con- Man and the condition for an white Evenedatory will be that such The mediately as they should be actioned to remodately as they should be actioned | 30,05/2016 | Directorate: Finance Responsible Person: Lotère Schanka | Currotly if there are eny miscellances charges we recordle the immediately the time they afficial process in our bank statement. | Complete with end of e | | ж ж |
| CASH AND CASH EQUIVALENTS | Unreconded on statements ofcodes they have not been reconciled but the free many has been recoved in the bank. | Not allocatory the deposits regularly. | Clearing these trineoly to avoid received being overstand and cash and bank being understated. | 30/06/2016 | Directorias Finance Responsible Person: Lossine Scharks | Even though this list is sent regularly free is subject received with the best subject received with the bass. After February we have specific from as its gots deeped followed to be the february with regular to they specific from as its gots deeped. | complete with | | * * |
| CASH AND CASH EQUIVALENTS | The thirty in responsible on statement - N ACRE and control of the first and being without in Proportion and the first and being without in recorded on the manifoldular block for recorded on the manifoldular block of recorded on the manifoldular block of recorded on the manifoldular block of the first and manifoldular of the for bork along the first and manifoldular There may be possible miscipciographic of | old esthesy following up an reconcilir mins. Genrolled it ensectors are followed up on steptic basis to risure but tensectors can subspect on the system where policible. | D Ensuring that the reconcling better and developed in their better and conclined the transcens are of clockword in or an engular beas and thinking locutorsy and contributors are and an engular and contributors are provided when making such | 3006/2016 | Directorale: Franco Responsible Pareor: Lorano Seherka | Three are mostures in place, were free forms or each to the appropriate section to check and significant to check and more completeness of this benachtors, and this reports are not no woodly free free free free free free free fre | | | ж ж ; |
| CASH AND CASH EQUIVALENTS | Unallocated needing (Ex.116 — Unallocated congress or not described on a fine prior year. The case of the finding is a fine prior year. The case of the finding is a fine to management of the finding is a proper confed in management of the management of the fine proper confed is as in a found in the count of the fine proper confed is as in a fine on it dearning the fine fine of the fine o | Unalizated recepts are not classed on a timely basis as trey should | In Proport referencing by debtors whom making perments into the form making perments into the management also manipularly bein account also constant gate hoses are observed immossley. And triplementation of a deposal bet | 30,06/2016 | Directorals: Finance Responsible Person: Lorana Setunia | Centrolly his fails sent togalarly free is a shift consideration in clearing this and skill not cleared on the fail and skill not cleared on the fail of the fail | to bne te % betamble | | * * |
| PROVISION | EX.45 - Provisions: Environmental Machinal Information (Ex.45), (20.44) provinced in properties of the convoluent and properties of the convoluental integration (Ex.45), (20.44) provisions (Information of the convoluent and provision Theories of the 20 year provision. The provision models loss (Penasocial more opticity) as a bit can happen in 20 years. | Meruppment did not liebswas the declaration of the high cells innehed in carrying act inssessment of the rehabilishion sign. | Rossuperment of the rehabilitation sale most carried out circle in overy 5 years | 30/5/2016 | Directorate; Frience Responsible Person: Nhigo Mphoselogi | film elektro. | e lo pue le 4º batemi | | * * |
| TRAFFICFINES | EX.183 Reconsides Traffic fines Try (EX.183.) code 7.1 piellers as exer EX.161 for 1831 code 7.1 pielers as exer EX.161 for 1831 bare bon includes in the dedictor, set in but moticy was already received prior to pe | re callise of the above is due to a like proper review and ensuing. Proper review and ensuing proper recorded on the system in the cornect rood | I Traffic Offendors see about a better set should be reviewed monthly to ensure the three reviewed monthly to ensure the three revoelets are outled in the connect accounting period and profine and period and p | 30/6/2016 | Directorate: France Responsible Person: Nitleo Mynokolodi | Hopeasts of information were sent for reconclision purposes | lae 10 bne 18 % betamit | | * * |
| TRAFFIC FINES | EX.44 - Chee incorno Traffe (fines (EX.44) (CAA.82) Those is no (CAA.82) These is no (CAA.82) It is not control on the capbar of all fines (CAA.82) If no addernal party is responsible for the islaming and capbaring of that | The cause of the above is are to a local of treplementation of internal controls. | A Monthly baffic frees reconciliation will include the boat water of the frees include the boat water of the frees is sound as expressed to the reconciliation within the property region will be reconciliation. | 306/2016 | Orectorates Frienco Responsible Person: Niliquo Mythiskeled | the control in the co | ee utnom phoequ to bre | | x x |
| TRAFFICFINES | EX 68 - Howous Orne - Tartic free - Tartic free - Compelences (Ex 8) (CA 82) The startic betadon as par Ex 88 ween not trained from the fines is saude free in | The clause of the above is the to the system that cat's showing free on the system that cat's showing partial to the control to the clause of the control the community to the control the control to the clause of the control to the clause of the control to the control to the clause of the clause | Traffic fines will be printed on the day of offerce to incord the tartisc fines incord out time and to prevent any cut-cold fessures which may affect | D R R R R | Directorate: Finance Responsible Person: Nilspo Mphosisiosi | 1000 Information page 100 Info | 10 Dua te er parennea | | x x x |
| | | | | | | | | | |

| × | × × | x x | 26 26 | х х | 05 | x x x | × | * * | * * | * * |
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| THE TO BE discussed with our control of the discussed with our control of the discussed with our control of the discussed of the discussed of the discussion | | | tation into account when the account account to the account account the account to the account account the accou | gee 10 pue le 40 pareur | 10 000 10 00000 | espirate espirate | % leutos Aliw etelo | Wildecount was given more setting their country and their country their country their complete with complete with complete with complete with at end of | In pure to a commun | 000 10 pue 10 % n |
| Offectorate: Pranco | Directorate: Franco: Responsible Person: Vallipo Myteleinto | Directorate Finance Responsible Person, Wingo Mytelated nn | Directorals: France Responsible Parson: Milago Mendesied propuiry | Directorate Franco Responsible Person: Nitipo Aphabaiog | Directorate i Transo Responsible Parson: Ningo Mynekeled | Directorate Franco Responsible Person: Whiteo Mcreaced | Directorate: Funnce Responsible Person: Lydia Mosia Submitted I | Orectorite: France Responsitis Pursor: Lydis Mosts Pozounts from | Directoria: Franco Responsible Person: Lydia Mosia | Directorato: France Responsible Person: Voyeliva Mil and Lydia Moela |
| report will be record of all 30%2016 | oct wit be ned from the 30.87016 | Seffect and STiclass 30/6/2016 | be done and chained to it disclosed. 30%/2016 | hed as al will be re- tre in the 30/8/2016 | Habilitors of, then will be 30/8/2016 | done to horse to the state of t | 6/30/2016 | 6/30/2016 | 6/30/2016 | 6/30/2016 |
| d Request for beath offices report will be issued monthly to been record of all the fires issued. | Morally traitic fines report wit to reconciled to receive received from the offersides and QL. | New contacts must be drafted and signed by the senter officials | Monthly reconciliation will R supporting documentation [ustify variety of the emoun | The glant amount decided as conditional and unconditional will be calculated before decided in the decided of t | Grafis will be recognised as labilities until expenditure is neutrate, then neutral per ne | Morthly recordinates will done to recordinates will done to recordinates suggest from backings of Town Half and Stabilimaghank to the Core and Laboy and defined income in Popilities. | Submit impolar, finitiess and masterlating report to NEC or Provinced Treasury | Implement roverus action plan. And ercouraging consumes to pay their doctourt to this two can be cable to pay our creditors. | Revosating everything before the sufernission of the information. | Reconcitation are now done on a monthly basis |
| The destination of the above is port record as the first first through the municipality as port ELT (21 nower and increased for a solid purposes: | EX.44 - Other income. Traffic fines (EX.44). The cause of the above is due to a lock (CA.92). There is no of implementation of international internal controls representation of the capturing of at those in a control internal controls. The internal controls is a control internal control internal controls in a capturing of a through the secondary is exponsible for the issuing and capturing of futfic fines it should be recording. | EX 160 - LEASES Service Level EX 160 - LEASES Service Level Agreement of Agreement (An Old Let 10) The Service Level Agreement as pre E. The Service Level Agreements as pre 1100 are expried and med be treawed is 100 are expired and med be to remove the service Level Agreements as pre 1100 are expired and med be to remove the service Level Agreement and the service Level Agreem | EX.153 - Surpones accounts were not the cause of the internal control. The cause of Children confined the selection of the control of the co | EX.20 - Gents - Incornet classification. The class is Bull management dot not press (10.48) (Och 11) is what model that the laste in the according to the characteristic of parts was not concentrated between guests according to the characteristic or difficult and unconditional: confident profits the control of the control of the characteristic or difficult and unconditional: | EX.83 - Gratis - Revenue recognition [E. The canon is the bials of developing [E. The canon is the bials of developing the presentation of the properties recording to general and revenue for the province in convent or properties are applicable from the properties of the properties | EX.16 - Newtrue Other hooms - Direct The cause in than be in infernal control infernal control and con | 7 EX.2 Expendure-Unathorised, impulse Lack of monitoring to ensure as well as futilises and ensured from compliance with the Act. | 9 EXCS.) Payment make over 30 caye. Due to card flow constituint, caused Inn. Monie owed by the municipality was not by the municipality was not by the constraint in the paying their debtor or according to the constraint. | 22 EXZ2 Fullities and seatedud francial disternant retretened R. Exportition - Disclosure not compile process police the admission to ACSA police the | 44 EXOS Fruitoses, Washiful and Irroguler Financial subsecrets for tendoned Re- Expenditure - Regular Incompieto Property before the automission to AGSA, before the automission to |
| TRAFFIC FINES 38 P | EX.44 (CC) Friends TRAFFIC FINES If on a leasure leasure. | The sA 100 as | EX15 recore The acca. PAYABLE recovering and drain and acta. | EX.78 (Ex.78) ((Ex.78) (grants w. | EX83-c 83) recogn recogn The recogn The report | EX.60 - 1 PROTECT OF THE INCOME OTHER INCO | 7 EXZZ ER REMOITURE | 9 EXXZ, P Money own ellware | 22 EXT Expenditure | 44 EXV8 Fin Expendib |

EX.121 - Other Income: Cancelled Fines The cause of the above is

| * * | × × | × × | х х | x x | × × | * * | x x | × × | * * | × × |
|--|--|---|--|--|---|--|--|--|--|---|
| Complete and of the comple | ete with actual % Complete | miles to be at at betem | ISSO 10 DUO 10 AC DOLLA | gee Usuous supeds to prie | C C C C C C C C C C C C C C C C C C C | | | | | |
| sso.Co.d uj | In progress | ln progress | In Progressi suppliers states | | | Residved | | | | |
| Directorals: Franco Responsible Person Lydia Mosta | Directorate: France Responsible Person: Vuyelina Mij and Lydia Mosta | Directorate: Franco Responsible Person: Lyda Mosia | Directorals: Franco Responsible Person: Lyda Mosia | Orestorate Public Works Responsible Persons Town Planning Manager to suffmil to Resenau Manager | Directorate Theoree Responsible Person Managar Revenue | Directorate: Flowing Responsible Berson-Chocked by Bling Accountent and verefied by Resenta Manages | Directorate, Franco Responsible Person: Creat Coring Accordant | Directorias Finance Responsible Person MALCEO and Revenue Manage | Offercorate, Finance Responsible Ference Cost Costs According and Revenue Manager | Directorate: France Responsible Person Coat Control Accounted and Cateston section. |
| Oce N 67302016 | 6/30/2016 | 6/30/2016 | 6/30/2016 | Monthly | 30,06,2016 | Monety | 3406/2016 | 30/04/2016 | Monthly | Monthly A |
| Reviewing all the s. & Colorins before The approval of the OFO and MAI | Reviewing all the involves before capturing on the frencial system | Verfyng vole number before processing on the system | Requesting augsters subtement on a morethy basis. | Town paterines Deg. to submit updates information monthly before the new biling is done | Deposit for Clarens to be included in the tainfiles year. | Verfeellan of new assourts must be done | Verification of applicants binually as stated in the indipent Policy | Aspenistrate of new statt | Download the updated information Nation in month from Deeds | Utilise the logal department to help with all logal matters |
| The incornect interpretation of the policy and lack of riview | Lack of proper review of innoces received before payment is made | Lack of monitoring and reviewing to ensure that emperiess are correctly cleasified. | Not all the creditors send their monthly statement to the municipality to perform reconciliations. | Town planning Dept. does not supply Revenue action with the uptaled information. | Deposit for Cuterns was not included in the lattiff sat. | Wrong lerelf cooks was used refuse was not charged and sewerage was not charged | Applicants not providing the correct information | The class of the finding is clas to the local that the department of credit control is understaffed. | Information from Deeds wise not fully downtoacled for the new coveres. | Logal Representation's contract was not renewed and that lead to some bases not being followed up on time |
| 69 E223 Expenditure - Incorrect eA.1 Claim | 73 Eld Expendure - Tat Indices | 74 End2 Expenditure - Incorrect Chassification | 135 Ex142 Expendition - No reconcilion per explice | EX.146 - Revountron service charges: It (Ex.146) (Co.4.5 a service) consists blood (Ex.146) (Co.4.5 a service) consists blood (Ex.146) (Co.4.5 a service) and a service of services on the same of services of ser | EX.132 - Consumer deposits No. 10 (Code May 200 Code May | Double of trape of returner - Contains to the ly book — Lyon inspector of the seconds is the South Contains of the South Contains we was double changed the returner and no explaining could be provided for the explaining could be provided for the could be contained to the contained of the contained of the contained of the contained of the contained of the contained of the contained of the conta | E-S-S-Officials employed by the state A includes an indigital (\$5.9) (CA-8/2) - in The proper togate was compared to the PLTS-IL part of system and indigent potents that as take employees were reported. | EX.62 - Recentates, Indigent Verification and described and and an analysis of the Contral of th | EX.115 - Recovation Charges red in the interferent of the woo worse (Ex.15) (CoA.55) - Although Goods for some Coarse were therefore the new cowness they did not because they did not because they did not because from the president of the comment. They continued billing the previous | EX 109 - Reconsides No proof that logal Li Conf. 401 - For the distance of Ex 167) in Co.A. 601 - For the distance of Ex 167) in Co.A. 601 - For the distance of Ex 167 in World and deline exchange in the distan- work branded one for collection of that services for the respective distances |
| EXPENDITURE | EXPENDITURE | EXPENDITURE | EXPENDITURE | REVENUE | REVENUE | REVENUE | REVENUE | REVENUE | REVENUE | REVENUE CO |

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| and reporting performance information. Q3 SDBIP Report was informaty Audited and presented to Council | budget adustment approved by Councis and currently engaged in a process to procure an electronic profess to procure an electronic profess for process and in 1617 in year Hold a meeting with PWC and to facilities the benefing, however currently because in PSEsson. | | | The are number of Joba Descriptions within the institution but the problem is here is misunderstanding between the unrows in terms of their merchers to start lob describedons the | | The unions and management ere in discussion to by to find solutions. | |
| | | Directorate: Finance Responsible Person: P Khiba | | Directorate: Corporate Services Responsible Person: T Phoshodi | | Directorate, Corporate Services Responsible Person: I Phoshodi | Directorate: Corporate Services Responsible Person: Prochodi SALGA Free-State and District Job Evaluation Committee |
| 7/1/2016 | | 7/1/2016 | | 7/1/2016 | | 7/1/2016 | |
| contos for nanagng performance information | | Allocate Budget, procure and implement an appropriate electronic information system | | Management should specify in the employee's contracts their job description and dufies, this will enable the manageality to hid employees accountable lack of performance | | Menagement should spoolly in the employee's contracts their job employee's contracts their job description and employees accountable lack of performance | Job descriptors must be evaluated using the TASK Job Evaluation System end signed by employer and employee. |
| controls | The Accounting Office of the Thursing-bally did not ensure that the Municipality had not ensure to that the Municipality had and manishaned an efficient and the assessment system of internal control regarding performance management | The municipality dd not have an efectionic information system to collect, collate, verify and store performance information to be reported in the ennual report | This is due to a lack of management controls to ensure compliance with the MENA. | (COAF 4) 1. It was noted that employee's contract does not specify employee's contract does not specify their duties and bo descriptions are also not stated in the contract. | (CoAF 4) 2. Management will not be able to monitor employee's proforminace as delices are not stated in the employment contract, therefore not being able to haid employees eccountable for lack of performance | Management dd not in all instances ringement effective human resource a management to sessue that adoptate and skifficement skifficement sessue place and that performence is monitored. | Inadequate capacity in the PAS section which will result an non- portomance of critical responsibilities. |
| | | No system in place for performance information. (CoA 51)(EX.151) | | No job descriptions in employment contracts (Ex.15) | No job descriptions in employment confracts (Ex.16) | No Job description on the contract (CoA 41), [Ex.104) | |
| PERFORMANCE | 220 | PERFORMANCE | | PERFORMANCE | manacement - Employee costs (HR & AoPo) - | PERFORMANCE | |

4. AUDITED FINANCIAL STATEMENTS

5. FUNCTIONAL AREA SERVICE DELIVERY REPORT