



MOHOKARE
LOCAL MUNICIPALITY

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2012 / 2013 MID – YEAR ASSESMENT REPORT

1 July 2012 - 31 December 2012

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1. SUBMISSION BY THE MUNICIPAL MANAGER

To The Honourable Mayor

In accordance with section 72 of the Local Government: Municipal Finance Management Act 2003 (the “MFMA”), I submit the required statement assessing the performance of Mohokare Local Municipality during the first half of the 2012/13 financial year.

Section 54 of the MFMA requires the Mayor to take certain actions on receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan (the “SDBIP”).

The information contained in this report has been reviewed and it is evident that adjustments to the capital and operating budgets will be necessary. When an adjustment budget is adopted, the SDBIP will need to be reviewed and adjusted.



TC Panyani
Municipal Manager
25 January 2013

2. PURPOSE

To present the Mayor and Council with an assessment report on the Municipality's performance covering the period 1 July 2012 to 31 December 2012, as required by legislation. This report supports the Strategic Intent to achieve Equitable and Effective Service Delivery, as well as facilitating the accomplishment of Council's other strategies

3. BACKGROUND

In terms of Section 72 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003);

The accounting officer of a Municipality must, by 25 January of each year, assess the performance of the municipality during the first half of the financial year and submit a report on such assessment to:

- a) The Mayor of the municipality,
- b) The National Treasury and the relevant provincial treasury.

The mayor must, in turn, comply with the provisions of Section 54, which includes submitting the report to council by 31 January of each year.

Although Section 72 (1) of the MFMA provides for a mid-year budget and performance assessment, with the concurrence of the Finance Department;

1. it is agreed that;
 - a. The Finance Department would submit a report complying with the financial requirements and dealing with the recommendations for the Adjustment Budget and;
 - b. The Municipal Manager would compile a report on the performance assessment of service delivery and related matters. Accordingly, this report only deals with the second aspect and the necessary assessment report on the performance of Mohokare Local Municipality between 1 July 2012 and 31 December 2012 and is attached, for the Mayor's consideration, as **Annexures A&B**

4. DISCUSSIONS

As much as it is a legislative requirement to conduct a mid-year performance assessment report for Council's consideration as dictated by section 72 of the Municipal Finance Management Act, the following will be critically considered with regards to Mohokare Local Municipality;

The Municipality has through concerted efforts, been able to put in place the following strategic tools to ensure that the mid - year performance assessment report is compiled and meets the legislated requirements as well as Treasury guidelines;

- i. Integrate development plan for the year under consideration
- ii. A performance Management System or Framework / Plan to allow for performance management / assessment.
- iii. Municipal Score Card and
- iv. The service delivery and budget implementation plan

This therefore implies that a true assessment will be brought to light by this report and the attached **Annexures A - B**.

The Municipal Manager will also ensure that as the mid - year performance assessment is concluded, there will be a living plan of action to ensure that the mid - term review of other municipal plans and policies is put into action.

This also covers the report and review of the strategic session implementation plan of the municipality

5. LEGAL IMPLICATIONS

White Paper on Local Government, 1998

Local Government Municipal Finance Management Act, 2003

Treasury Guidelines and Regulations

Local Government Municipal Planning and Performance Management Regulations, 2001

Local Government Municipal Systems Act of 2000, Chapter 6.

6. FINANCIAL IMPLICATIONS

For the purpose of the mid-year assessment report, no financial implications at this stage are identified due to the instruction by the Municipal Manager that the whole legislative exercise will be conducted internally.

7. CONSULTED PARTIES

- The Chief Financial Officer, Mr. J. V. Nkosi
- Directors: Corporate Services, Technical Services and
- Manager, Community Services

8. SERVICE DELIVERY REPORTS

8.1 Technical Services

8.1.1 Introduction

In terms of the Municipal Organogram the Technical Services Department has been structured to include the following divisions:

1. Project Management Unit

The PMU unit was established in March 2009 and its functions are to oversee the implementation of all MIG projects, but this functions have however have been extended to management of all Infrastructural projects within the Municipality.

2. Drinking Water Services

The Municipality received an **86.36%** in the 2011/12 financial year, which is a **6.36%** increase from the 2010/11 towards the Blue drop status. With that achievement the municipality has set its target for a full percentage on the Blue Drop for this current year.

The Mid-year Blue Drop Status is shown under Operational Programmes on page 10.

3. Sanitation Services

The Municipality achieved only **47%** on the assessment of the 2010/11 financial year. In the 2011/12 financial year, the municipality achieved a score of 82.22%, which is over 50% year-on year increase.

The Mid-year Green Drop Status is shown under Operational Programmes on page 11.

4. Roads and Storm Water Division

The Municipality was unable to perform well in first six months of the financial year in its roads and storm water division due to lack of fleet and roads maintenance machineries. This can be noticed by the bad state of the Municipal internal roads which have been greatly affected by erosion as the result of the uncontrolled storm water.

5. Electricity

Although provision has been made for establishment of the electricity division in the Municipal organogram but its functions are limited to internal operational work (e.g. operation and maintenance of water and waste water treatment works) as this service has been outsourced to CENTLEC.

8.1.2 CAPITAL PROGRAMMES

i. Municipal Infrastructure Grant

The Municipality has been allocated with R18, 840, 000.00 for implementation of MIG projects in the 2011/12 financial year, however the Municipal made a provision within its budget for a roll-over to an amount of R 12, 5 Million which was not spend from the 2011/2012 financial year. The provision made for this roll-over brought the total budget of the MIG to an amount of R 31 Million.

The Rouxville Access Road Project is the only project which has been completed in the first half of the current financial year. The project's contractual work has been completed and the contractor left site in December 2012. Certain small components of the projects which were not budgeted for, which include placement of speed limit and pedestrian crossing sign will be done internally.

| Project Description | MIG Value | Expenditure to Date | Status of the Project | Planned Completion |
|-----------------------------------------------------------------------------------------------------|-----------------------|----------------------|-------------------------------------|--------------------|
| Mohokare PMU 12/13 | 944,200.00 | 251,088.71 | Functional | N/A |
| Mohokare: Upgrading of the Caledon Water Scheme to Smithfield | 9,470,550.00 | 9,470,550.00 | Awaiting Budget Maintenance | 25 July 2013 |
| Upgrading of the Zastron Sewerage Treatment Works | 14,170,851.00 | 7,773,749.64 | Construction in Progress | 31 Oct 2013 |
| Smithfield: Upgrading of the Oxidation Ponds | 14,635,735.00 | 9,055,582.40 | Construction in Progress | 26 Oct 2013 |
| BEP, Phase 1 for 777 sites in Roleleathunya, Rouxville (Sewer Networks) | 11,378,000.00 | 4,325,002.39 | Awaiting Completion of RBWS Project | 30 March 2015 |
| Zastron: Installation of High Mast Lights in Refengkhoto | 4,225,871.20 | R0.00 | Registered | 27 April 2015 |
| Upgrading of Internal Streets in Matlakeng (2.42km) | 12,884,003.29 | R0.00 | Registered | 30 Nov 2014 |
| Upgrading of Roleleathunya Sports Ground | 2,832,600.00 | R0.00 | Awaiting Appointment of contractor | 30 June 2013 |
| Roleleathunya/Rouxville: Access Collectors, Internal Streets & Related Stormwater (4.14km), Phase 1 | 52,910,678.00 | 12,883,964.18 | Contractual Work Completed | Completed |
| TOTAL | 123,452,488.50 | 43,759,937.32 | | |

Although these projects were identified as the main projects for the current year, their individual performances had minimal impact on the entire performance of the Municipal Action Plan on the Municipal Infrastructure Grant programme. Deviations on the original action plan can be attributed to the following reason:

1. Unapproved 2012/2013 roll-over (R 12,5 million) by the **National Treasury**
2. The slow progress and poor workmanship of the contractor (**Colemo Projects**) on the Zastron Waste Water Project. The New contractor had to rectify quality mistakes on the structure which also affected the municipality's action plan and cash flow projection.

3. Delays encountered in the approval of the maintenance budget for the **Smithfield** and **Zastron** waste water treatment plant projects.
4. Delays encountered in the approval of the maintenance budget for the **Smithfield** Caledon Water Scheme Project.
5. The Rouxville BEP is still awaiting completion of the Rouxville Bulk Water Scheme before it can commence

The non-approval of the roll-over, as indicated earlier, will impact greatly in the initial MIG action plan which will also necessitate adjustments on the MIG budget and the Municipal budget by an amount of R12, 5 million.

To date, the Municipality was able to spend **R 3 963 429.02** which translate to **21 %** percent of the current financial year allocation. The current expenditure is below the Provincial Project Management Unit (PPMU) target of **44 %** by the end of December.

A revised action plan has now been drafted in alignment with the allocation for the current year. The action Plan clearly indicates that the Municipality is fully committed for this financial year.

ii. **Integrated National Electrification Project**

The Municipality has been allocated with R 2,000,000.00 for electrification of 209 households in Somido Park Smithfield. Currently R800 000.00 have been spent on the project. The project was supposed to have been completed by December 2012 but Centlec has indicated that designs have been completed and they are still awaiting Way-Leave approval from Telkom.

iii. **Regional Bulk Infrastructure Grant**

Due to the serious scarcity of water in Mohokare the Department of Water Affairs allocated funding for the implementation of the Bulk water supply to the Rouxville town to an amount of R 10 Million for the current financial year. The project is estimated to a total cost of R63 million when complete.

The Municipality appointed a consulting company (Isa & Partners) during May 2011. The contractor (Ngelethu Construction) was appointed on 24 February 2012. Construction started on 11 April 2012 and to date, the following construction tasks have been started:

| Item | Description | Average Complete | Percentage |
|------|----------------------------------------------------------------------------------------------------------------------|------------------|------------|
| 1 | Site Establishment | | 100% |
| 2 | Pipelines (Bulk pipeline, Bypass pipeline, pipe testing etc) | | 55% |
| 3 | Borehole Infrastructure (Borehole Building, a160mm pipe, 110 pipe etc) | | 46% |
| 4 | Water Treatment Works (Bulk excavations, Concrete Works, Steel pipe installations, Reinforcement, Material Delivery) | | 53% |

The Municipality was allocated R 13 million on the current financial year, an amount that was revised to R 9.5 million due to none expenditure as at end of August 2012. To date the Municipality has spent R1.5 million (16 %) on its allocation.

iv. Expanded Public Works Programme

The Municipality was allocated with R 1 million as part of the incentive grant for implementation of labour intensive programmes which has the primary objective of creating employment opportunities for the current financial year.

The following projects were created within the municipality: Cleaning & Greening in all 3 towns, Storm water channel in Zastron, creating 60 people have been employed for the programme.

R700 000.00 of the R1 000 000.00 has been transferred and R 520 920 has been spent to date.

8.1.3 OPERATIONAL PROGRAMMES

i. Drinking Water Services

The Mohokare Local Municipality serves both as a water service authority and water service provider. This function is executed in all three towns with each town having an independent water source and infrastructure.

Mohokare Municipality, like any other Municipality in the country is obliged under the legislation to comply, in order to achieve service delivery quality standards as determine in the National Water Services Act No. of 1998 and National Water Services Regulatory Strategy (NWSRS). The report would hereby focus on two items namely: Quantity and Quality of the water treated during the past six months

QUANTITY (Kiloliters)

| TOWN | JULY | AUG | SEPT | OCT | NOV | DEC | TOTAL |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Zastron | 87 620 | 80 690 | 80 070 | 91 760 | 93 450 | 96 890 | 530 480 |
| Rouxville | 38 450 | 41 180 | 41 560 | 44 260 | 51 410 | 43 910 | 260 770 |
| Smithfield | 47 930 | 48 450 | 46 810 | 50 910 | 57 600 | 51 910 | 303 610 |
| TOTAL | 174 000 | 170 320 | 168 440 | 186 930 | 202 460 | 192 710 | 1 094 860 |

QUALITY

The Municipality is currently monitoring the physical quality of water per 8 hour shift with focus on the physical quality of the water namely: turbidity, ph and Chlorine. The microbiological tests are conducted on a monthly basis with the assistance of the University of the Free State Underground water study laboratory.

The Blue Drop assessment for the three towns for the six months is therefore:

| ROUXVILLE WTP | | | | | | |
|---------------|-------------------------|--------------------|-------------------|----------------------------|---------------|---------------------|
| Month | Total number of samples | Sampling Frequency | % Achieved E coli | % Achieved Total Coliforms | Average | Remarks |
| July | 10 | Twice per month | 100 | 90 | 95 | Resampling complied |
| August | 10 | Twice per month | 100 | 100 | 100 | |
| Sep | 10 | Twice per month | 100 | 100 | 100 | |
| Oct | 10 | Twice per month | 100 | 80 | 90 | Resampling complied |
| Nov | 10 | Twice per month | 100 | 80 | 90 | Resampling complied |
| Dec | 10 | Twice per month | 90 | 90 | 90 | Resampling complied |
| TOTAL | 60 | | 98.33% | 90% | 94.17% | |

| SMITHFIELD WTP | | | | | | |
|----------------|-------------------------|--------------------|-------------------|----------------------------|---------------|---------------------|
| Month | Total number of samples | Sampling Frequency | % Achieved E coli | % Achieved Total Coliforms | Average | Remarks |
| July | 10 | Twice per month | 100 | 90 | 85 | Resampling complied |
| August | 10 | Twice per month | 100 | 100 | 100 | |
| Sep | 10 | Twice per month | 100 | 90 | 95 | Resampling complied |
| Oct | 10 | Twice per month | 100 | 80 | 90 | Resampling Complied |
| Nov | 10 | Twice per month | 100 | 80 | 90 | Resampling complied |
| Dec | 10 | Twice per month | 100 | 100 | 100 | |
| TOTAL | 60 | | 100% | 90% | 93.33% | |

| ZASTRON WTP | | | | | | |
|--------------|-------------------------|--------------------|-------------------|----------------------------|---------------|---------------------|
| Month | Total number of samples | Sampling Frequency | % Achieved E coli | % Achieved Total Coliforms | Average | Remarks |
| July | 10 | Twice per month | 100 | 90 | 95 | Resampling complied |
| August | 10 | Twice per month | 100 | 100 | 100 | |
| Sep | 10 | Twice per month | 100 | 90 | 95 | Resampling complied |
| Oct | 10 | Twice per month | 100 | 90 | 95 | Resampling complied |
| Nov | 10 | Twice per month | 100 | 90 | 95 | Resampling complied |
| Dec | 10 | Twice per month | 100 | 100 | 100 | |
| TOTAL | 60 | | 100% | 93.33 | 96.67% | |

The Green Drop assessment for the three towns for the six months is therefore:

| ROUXVILLE WTP | | | | | | |
|---------------|-------------------------|--------------------|-------------------|----------------------------|-------------|---------|
| Month | Total number of samples | Sampling Frequency | % Achieved E coli | % Achieved Total Coliforms | Average | Remarks |
| July | 02 | Twice per month | 100 | 100 | 100 | |
| August | 02 | Twice per month | 100 | 100 | 100 | |
| Sep | 02 | Twice per month | 100 | 100 | 100 | |
| Oct | 02 | Twice per month | 100 | 100 | 100 | |
| Nov | 02 | Twice per month | 100 | 100 | 100 | |
| Dec | 02 | Twice per month | 100 | 100 | 100 | |
| TOTAL | 12 | | 100% | 100% | 100% | |

| SMITHFIELD WTP | | | | | | |
|----------------|-------------------------|--------------------|-------------------|----------------------------|---------------|---------|
| Month | Total number of samples | Sampling Frequency | % Achieved E coli | % Achieved Total Coliforms | Average | Remarks |
| July | 02 | Twice per month | 100 | 100 | 100 | |
| August | 02 | Twice per month | 100 | 100 | 100 | |
| Sep | 02 | Twice per month | 100 | 90 | 95 | |
| Oct | 02 | Twice per month | 100 | 100 | 100 | |
| Nov | 02 | Twice per month | 100 | 100 | 100 | |
| Dec | 02 | Twice per month | 50 | 50 | 50 | |
| TOTAL | 12 | | 91.67% | 90% | 90.83% | |

| ZASTRON WTP | | | | | | |
|--------------|-------------------------|--------------------|-------------------|----------------------------|------------|---------|
| Month | Total number of samples | Sampling Frequency | % Achieved E coli | % Achieved Total Coliforms | Average | Remarks |
| July | 02 | Twice per month | 100 | 100 | 100 | |
| August | 02 | Twice per month | 100 | 100 | 100 | |
| Sep | 02 | Twice per month | 100 | 90 | 95 | |
| Oct | 02 | Twice per month | 100 | 90 | 95 | |
| Nov | 02 | Twice per month | 100 | 100 | 100 | |
| Dec | 02 | Twice per month | 50 | 50 | 50 | |
| TOTAL | 12 | | 91.67% | 88.33% | 90% | |

ii. Sanitation Services

Eighty percent of the households within the Mohokare utilises water borne system for sanitation. Each town has its own waste water treatment plant with their location just on the periphery of the residential areas.

The Zastron and Rouxville plant utilises a **Bio filtration** system while the Smithfield plant is currently utilising oxidation ponds. The Zastron and Smithfield plants are currently being upgraded within the MIG programme; with progress on site been 45 % and 90 % respectively.

These projects although delayed by budget adjustment approvals are anticipated to be completed by end of the current financial year, i.e. June 2012

Bucket Removals

The Municipality failed to meet the National Target on the Bucket Eradication, below is a number of existing buckets per town and reasons for not completing the projects:

| Area | No. of Buckets | Reasons for Delays |
|------------|----------------|--------------------------------------------------------------------------------|
| Zastron | 150 | Main line Blockages and incomplete house connections |
| Rouxville | 777 | Scarcity of Water |
| Smithfield | 52 | House connections could not be made as residents did not want built-in toilets |

Below is some of the initiative made by the Municipality in consultation with various stakeholders to address this backlog:

Zastron: The Municipality is in negotiation with private contractors to assist with the unblocking of the sewage main lines and connections of the outstanding houses

Rouxville: The Municipality is currently implementing a bulk water supply scheme which upon completion will pave way to the completion of BEP programme.

Smithfield: The Municipality is still sourcing funds for completion of this programme

Weekly bucket removal programme was developed but however there have been challenges in Smithfield and Rouxville in adhering to it due to lack of staff within this division. A provision was made in the month of November 2011 to employ extra staff in this division on contract basis to address this backlog. Three (3) temporary workers were employed in Smithfield while Rouxville was provided with Six (6) employees given its number of buckets. It is therefore necessary that provision for **employees' costs be made on the mid-year budget adjustment.**

iii. Roads and Storm Water

The Municipality was not able to fulfill its obligation within the above mentioned division due to lack of machinery and vehicles. This is very apparent given the current status of the internal roads which are now characterised by pot-holes.

In order to address the above an initiative has been made to engage the Department of Public Works (Government garage) in order to source fleet for maintenance of internal roads. The following are amongst the prioritised equipment:

1. 10 pick-up trucks
2. 2 TLB's
3. 2 tipper trucks (6 cm³)
4. 3 Refuse removal compactor trucks

It is evident that the above will have huge financial implications on the Municipal budget hence it's important that a provision be made accordingly when the **budget is adjusted**. Despite the above mentioned challenges the Municipality was still able to continue with the maintenance and upgrades though it was at a small scale, below are some of the programmes implemented to date:

| Area | Programme | Costs | Source of Funding |
|-----------|---------------------------------------------|--------------|-------------------|
| Zastron | Repairs and maintenance of S3 road | R 40, 000.00 | Internal funds |
| Rouxville | Upgrading of the Roleleyathunya Access road | R 12 400 000 | MIG |

In addition to the above the Municipality was still able to attend to the maintenance of storm water channels in all three areas. Extra labour was employed on a permanent basis in Rouxville (3) and Smithfield (3) in order to address the backlogs.

8.2 COMMUNITY SERVICES

8.2.1 INTRODUCTION

The report intends to give a preview of work, projects and activities done since the start of 2012/13 financial to December 2012.

8.2.2 PROJECTS SINCE JULY TO DECEMBER 2012

| List No. | Project Name | Area/Town | Budgeted amount (R) | Project period | Status |
|----------|-----------------------------------------------------------------------|-----------------------------|-----------------------|-------------------------|------------------------------------------------|
| i. | Continued Eradication of Invader Plants by Department of Agriculture | Both Smithfield and Zastron | 550 000.00 | Sept 2012 – 18 Jan 2013 | Ongoing |
| ii. | Zastron Handling Facility and Auction Pans | Zastron | 950 000.00 | 9 (nine) months | Completed and handed over to commonage farmers |
| iii. | Roleleathunya/Uitkoms Multi-Purpose Community Hall | Rouxville | 10 Million | 12 (twelve) months | Project stopped |
| iv. | Human Settlements RDP Housing projects since 2010/2011 financial year | All of the three towns | 28 967 200.00 | 8 (eight) months | Ongoing |
| v. | ZIMVO General Trading Housing Project in Rouxville | Rouxville | 4 272 662.00 | 8 (eight) months | Project stopped |
| vi. | Construction of a new Public Library | Smithfield | 11 Million | 9 (nine) months | Ongoing |
| vii. | EPWP (Extended Public Works Programme) | All of the three towns | 402 000.00 | 8 (eight) months | Ongoing |
| viii. | CWP (Community Works Programme) | All of the three towns | | June 2012 Until 2014 | Ongoing |

8.2.3 APPROVED APPLICATIONS RECEIVED FROM THE COMMUNITY BUILDING PLANS REPORT

2.2.1 Building plans received: 4

2.2.2. Problems relating to building plans

| ERF NR | TOWN | PROBLEM | ACTION TAKEN |
|---------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| 181+181 a | Rouxville | Guesthouse – building inspector not satisfied with size of windows. Site visit needed to understand the location of the 2 sites | Site visit |
| 1778 | Matlakeng | Owner name and site nr absent | E mailed architect to rectify problem |
| 1/239 | ZASTRON | Not according to specifications | To be rectified |
| Pietersen's building plan | Smithfield | Not according to specifications - foundation | Mr. Ntseno spoke with Mr. Webber and he will rectify the problem |

8.3 ZONING AND REZONING, CONSOLIDATION, SUBDIVISION

| ERF NR. | OWNER | REQUEST FOR: | ACTION TAKEN |
|-----------------------------------------------------|------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------|
| 528/1 Smithfield | Telkom | Subdivision | After research by Roodt & partners, application not followed through |
| Louw street 16 Rouxville | SAPS | Rezoning | Explained procedure to Capt. Thusi: 051 4123049 She needs a written explanation –done and faxed |
| 712 Ext 4 Zastron | Mr. Leballo | Rezoning from industrial to residential use | Phoned Cogta – will not be allowed. |
| Erf 316 Zastron | Telkom | Rezoning to business | Council approval given |
| Erf 354 Smithfield | Mr and Mrs Khabo | Subdivision | Council approval given |
| Consolidation of Bell street Smithfield with Erf 36 | Municipality | Consolidation of Bell street Smithfield | Revisited – new request in progress |

8.4 LIQUOR LICENSE APPLICATION

| DATE | ERF NR. | OWNER | REQUEST FOR: | ACTION TAKEN |
|------------|---------------------|-----------------------|--------------------|-------------------------------|
| 08/06/2012 | 56 | Sakkie Potgieter | LIQUOR LICENSE | DONE. APPLICATION SUCCESSFULL |
| 13/08/2012 | Golf club | | Renewal of license | APPLICATION SUCCESSFULL |
| 07/09/2012 | Lestatsi Game Lodge | Isak Nel Family Trust | Liquor license | Done |

8.5 REQUEST FOR SITES

| DATE | REQUEST FOR: | NAME | CONTACT DETAILS | ACTION TAKEN |
|----------|---------------------------|----------------------------|-----------------------------|--------------------|
| 23/07/12 | CHURCH SITE | United church in Zion | L.E. Fobane 084 742 9024 | ON LIST |
| 23/07/12 | CHURCH SITE | Bethlehem apostolic church | 071 129 8615 | ON LIST |
| 11/09/12 | Site opposite New Rest | M. Valashiya | New rest 2668 Zastron | Petra Marais |
| 16/08/12 | Hawker site for container | Vuyani Loape | 073 1772620 | ASSISTED |
| 16/08/12 | Church site | Bethlehem Church in Zion | | ON LIST |
| 01/10/12 | Crèche site Itumeleng | Mr. Lephaila | 072 7165732 | NO SITES AVAILABLE |

Involvement in other projects and Business plans

- Uitkoms Hall – site identified next to the entrance road to Uitkoms, Rouxville. The site was surveyed and formalized, an erf number was allocated to the site. The project was however stopped due to the project funder, CoGTA, having reviewed & retracted the allocation for the project

- **Mooifontein**

This farm was ear-marked for future human settlement and the town planning division within the Mohokare Municipality is in the process of development of this land with the assistance of several stakeholders. Ongoing work has been done by the parties concerned, and a two day workshop was held on 16 to 17 October 2012 to start introducing the concept to various stakeholders. Two presentations were done before Council by CoGTA.

- A plan was developed to give structure for the entire area of Zastron and not only the new settlement area of Mooifontein . This proposal includes the area as a whole, incorporating a holistic developmental approach for a 20 – 30 year plan.

- **Creation of Hawker sites and –stalls.**

Erven 486 - 488 in Zastron has been identified for possible development as well as Erf 342 in Rouxville. Smithfield is currently difficult to assess for a taxi rank, but a possible site will be identified after more consultations. This project is ongoing.

- **Motheo College**

A business plan was submitted to the German Development Bank and the outcome is still awaited for. This is an on-going project.

8.6 Policies/plans

Policies that are needed to be in place as to regulate land use and development:

- Guest house policy
- Building plan policy – done and approved by Council
- Disaster management plan
- Traffic management plan

8.7 By-laws

The following by laws assisting in town planning were adopted and may now be implemented to assist in the management of municipal land.

- Standard Control of Street Vendors, Peddlers and Hawkers By-law
- Standard Advertising By-Law
- Standard Informal Settlements By-law

8.8 Measures taken to improve performance and major efficiencies delivered.

Weekly reports, formats and tick sheets were introduced by the town planning division to organize the work done on a daily basis and to ensure continuity as well as follow-ups to queries, problems and requests in terms of town planning.

With the approval of the Spatial Development Plan (SDF) the town planning division has the tool to focus on development and land use for betterment of the local communities, eg. Development of hawker stalls to regulate informal trading, assisting the Local Development division in terms of the identification and location of possible projects which will assist in terms of job creation; and development of the local communities eg. Fish breeding project opposite the golf course, Zastron.

8.8.1. Attach trends, comments and variances

One of the biggest challenges experienced by the town planning division is the search for possible areas to develop more **residential sites** as there is a high demand. The three new developments stated underneath are in need of basic services and the Dept. Technical services has committed MIG funds for provision of basic services and infrastructure.

| | |
|------------------------|-----------|
| Extension 10 Zastron | 725 erven |
| Extension 6 Rouxville | 855 erven |
| Greenfields Smithfield | 467 erven |

- There is a growing need for church sites. It will be important for Council develop a policy that will clearly outline the criteria to be used in allocating such church sites, the needs of such an organization and the structure that must be put up on a site zoned for institutional purposes.

There are also discussions on the possible use of Erf 3675 Refeng Khotso for the relocation of the Mooifontein Primary School. It is 3.5 hectares and can be suitable for a primary school. In terms zoning principles the word “institution” means a building for religious uses or a community hall or any other use which are included in Schedule F of this scheme”.

This means that with reference to the erf mentioned above, there will have to be a process of change of the conditions of establishment. It can be substantiated by the fact that the only other site big enough is Erf 3256 with no specific use (undetermined), but the challenge is that it is situated in a low lying area, making it more difficult to use.

Adherence to building regulations is a huge challenge as people are not properly informed as to what is expected of them. Structures are built without building plans. Awareness is necessary to explain the importance thereof. Control of hawkers and informal businesses is proving to be a huge challenge. Erven are identified for development of a site for hawkers with formalized structures to accommodate hawkers and their businesses.

8.9. ESTABLISHED HOUSING RESOLUTIONS COMMITTEE

Ever since the inauguration of the previous and present Municipal Council, Housing Disputes have been ineffectively addressed due to none existence of a structure to lead in resolving disputes, hence this current Council thought it vital to establish such as the Housing Resolution Committee

▪ COMMONAGE MANAGEMENT

Municipal Livestock

| Bulls | Cow | Calves | Horses | Total |
|----------------------------|-----|-----------------------------|--------|-------|
| 08 | 44 | 67 (including 22 new breed) | 8 | 127 |
| Total livestock in Zastron | | | | 127 |

▪ TRAFFIC LAW ENFORCEMENT, SAFETY AND SECURITY

SUMMARY TRAFFIC NOTICES ISSUED AND PAYMENTS RECEIVED – FINANCIAL YEAR 2012 - 2013

NUMBER OF NOTICES ISSUED WITH MONEY VALUE

| Month 2012 | Zastron Issued | Amount Zastron | Rouxville Issued | Amount Rouxville | Smithfield Issued | Amount Smithfield | TOTAL |
|--------------|----------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| July | 08 | 3 400.00 | 14 | 7 150.00 | 45 | 34 450.00 | 45 000.00 |
| August | 02 | 800.00 | 10 | 5 200.00 | 10 | 5 200.00 | 27 450.00 |
| September | 0 | 0 | 17 | 10 400.00 | 07 | 4 700.00 | 15 100.00 |
| October | 04 | 2 400.00 | 05 | 3 500.00 | 11 | 8 600.00 | 14 500.00 |
| November | 0 | 0 | 97 | 42 550.00 | 03 | 3 000.00 | 45 550.00 |
| December | 13 | 6 800.00 | 44 | 21 850.00 | 63 | 36 200.00 | 68 650.00 |
| TOTAL | 27 | 13 400.00 | 187 | 90 650.00 | 139 | 92 150.00 | 196 200.00 |

PAYMENTS FROM THE COURTS TO MUNICIPALITY

| Month 2011 | ROUXVILLE | SMITHFIELD | ZASTRON | TOTAL |
|--------------|------------------|-----------------|------------------|------------------|
| July | 5 450.00 | 1 550.00 | 1 800.00 | 8 800.00 |
| August | 2 450.00 | 500.00 | 3 800.00 | 6 750.00 |
| September | 2 100.00 | 100.00 | 2 500.00 | 4 700.00 |
| October | 1 000.00 | 800.00 | 1 200.00 | 3 000.00 |
| November | N/A | 800.00 | 1 300.00 | 2 100.00 |
| December | 0.00 | 600.00 | 1 250.00 | 1 850.00 |
| TOTAL | 11 000.00 | 4 350.00 | 11 850.00 | 27 200.00 |

The total number of tickets issued is **353** with a combined monetary value of **R196 200.00**. However the actual money received is **R27 200.00**. This represents a massive under-collection of **86.14%**.

- **ENVIRONMENTAL HEALTH**

This division falls within the competency of the Xhariep District Municipal offices situated in Trompsburg. Amongst all the work and projects done within this division, the below mentioned forms part of reports on the work conducted and still in process;

- MOHOKARE GOES GREEN (Beautification of Park, Cleaning and maintenance of Parks, this programme has employed 50 (fifty) contractual employees until its termination period
- CWP (Community Works Programme) under the auspice of Provincial CoGTA. 1000 (one thousand) contractual employees are employed until 2014.

- **REFUSE REMOVAL**

Operations

The aforementioned division was faced with a challenge regarding the effective removal of refuse.

One major challenge that hampered the delivery is shortage of vehicles and frequent repairs and maintenance of the ones we have, as outlined per town below;

- **In Zastron/Matlakeng**

A tractor and a trailer and a compactor truck are been utilised to remove the refuse in both Matlakeng and Zastron as per the towns programme. The services are ineffectively removed due to both reasons mentioned above, including the warm bodies.

- **Rouxville/Roleleathunya and Smithfield/Mofulatshepe**

Apart from having challenges regarding shortage of staff, and constant repairs and maintenance of the BELL and Massey Ferguson tractors and tipper trailers in each town, the removal of refuse programme is and can be consistently adhered to.

✓ **CORPORATE SERVICES**

▪ **Human Resource Management**

i) **Employment Equity**

In terms of complying with Employment Equity, the municipality has made significant strides in ensuring representation at the different levels within the organization, and we have managed to compile an Employment Equity Plan during the 2010/2011 financial year. The table below shows the employment equity statistics for the municipality as at July- December 2012.

Table 1.1: Employment Equity Statistics

| Employment Equity Category | Actual Employee statistics from Jul-Dec 2012 |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| % of staff employed in the highest levels of management that are black (African, Indian and coloured) | 1.62% |
| % of staff employed in the highest levels of management that are women | 25% |
| % of staff employed in different categories and levels that are people with disabilities | 0.41% |
| % of staff employed in different categories and levels that are black people (African, Coloured and Indian | 97.15% |

The Municipality has gone through great strides to fill section (56) management positions. The following positions have been filled: - Municipal Manager, Chief Financial Officer, Director Technical Services, and Director Corporate Services. The position of Director Corporate Services is occupied by a female. The post of Director Community Services is still vacant.

▪ **Learnership and Internships**

3 Learners were elected from Operation Hlasela in plight of job creation within a pool of unemployed graduates from the Municipal Communities. The programme commenced in December 2011 and will run until 31st May 2013.

1 learner was subsequently appointed full time as a municipal official.

During the beginning of the financial year, the municipality had 4 interns instead of 5 as per Treasury guidelines. By the end of the Mid-year period 3 were absorbed as full time employees.

▪ Skills Development

The following training was conducted for 19 employees, including councilors during the first six months of the financial year and more employees still to be trained:

| NAME OF LEARNER | IDENTITY NUMBERS | TRAINING INTERVENTION | DATE ENTERED | DATE COMPLETE | SERVICE PROVIDER | PROGRESS |
|--------------------------|------------------|--------------------------------|--------------|---------------|------------------------|-----------------|
| LEFA LEKHULA | 7807285406089 | ADVANCE CPMD | 03/8/2012 | 12/2012 | WITS UNIVERSITY | IN PROCESS |
| TOTAL NO. OF LNRS | | | | | | 1LNRS |
| PANYANI THABO | 7312225648080 | MFMP | 03/2012 | 12/2012 | UNIVERSITY OF PRETORIA | IN PROCESS |
| NKOSI J.V | 6910115423083 | MFMP | 29/05/2012 | 02/2013 | UNIVERSITY OF PRETORIA | IN PROCESS |
| NQOKO L.V | 7511040842089 | MFMP | 29/05/2012 | 02/2013 | UNIVERSITY OF PRETORIA | IN PROCESS |
| TOTAL NO. OF LNRS | | | | | | 3 LNRS |
| MABOTE M.T.V | 8503270820082 | MFMP | 07/05/2012 | 10/07/2013 | SAICA/DELLOITTE | IN PROCESS |
| YEKO .L.J | 7803155363088 | MFMP | 07/05/2012 | 10/07/2013 | SAICA/DELLOITTE | IN PROCESS |
| SEBATANE L.F | 8709125837086 | MFMP | 07/05/2012 | 10/07/2013 | SAICA/DELLOITTE | IN PROCESS |
| TOTAL NO. OF LNRS | | | | | | 3 LNRS |
| NTOYI N. | 8503290473086 | MFMP | 11/2011 | 11/2012 | DBSA | IN PROCESS |
| STOFFEL T. | 8608170193082 | MFMP | 11/2011 | 11/2012 | DBSA | IN PROCESS |
| TOTAL NO. OF LNRS | | | | | | 2 LNRS |
| JAMJAM N.G | 7301230380086 | ODETDP | 04/07/2011 | 08/2012 | MANETA CONSULTING | IN PROCESS |
| LOAPE M.M | 8209215570085 | ODETDP | 04/07/2011 | 08/2012 | MANETA CONSULTING | IN PROCESS |
| TOTAL NO. OF LNRS | | | | | | 2 LRNRS |
| SEERIE B. | 7209235614088 | PERFORMANCE MANAGEMENT SYSTEM | 24/10/2012 | 26/10/2012 | BSS | TO SUBMIT POE |
| MAJENGE S.L | 7804175476082 | PERFORMANCE MANAGEMENT SYSTEM | 24/10/2012 | 26/10/2012 | BSS | TO SUBMIT POE |
| RAMOTSABI M.V | 8007280303089 | PERFORMANACE MANAGEMENT SYSTEM | 24/10/2012 | 26/10/2012 | BSS | TO SUBMIT POE |
| THUHLO L.C | 8407100793081 | PERFORMANCE MANAGEMENT SYSTEM | 24/10/2012 | 26/10/2012 | BSS | TO SUBMIT POE |
| TOTAL NO. OF LNRS | | | | | | 4LRNRS |
| RETHABILE MONYANE | 8604170323084 | LGAC | 14/11/2011 | 08/2012 | ALTIMAX | COMPLETE D |
| DINEO TSILOANE | 6805130464080 | LGAC | 14/11/2011 | 08/2012 | ALTIMAX | COMPLETE D |
| MAMPAYI HINANA | 6708240413080 | LGAC | 14/11/2011 | 08/2012 | ALTIMAX | COMPLETE D |
| LIZA STOVERS | 8304040153080 | LGAC | 14/11/2011 | 08/2012 | ALTIMAX | COMPLETE D |
| SANDRA HARVEY | 8107170700087 | ADVANCE LGAC | 0311/2011 | 02/2013 | ALTIMAX | STILL ATTENDING |
| TOTAL NO. OF LNRS | | | | | | 4LRNRS |

| | |
|----------------|---------------------------------------------------------------------|
| CPDM: | CERTIFICATE: PROGRAMME MANAGMENT DEVELOPMENT, MUNICIPAL FINANCES |
| ODETDP: | OCCUPATIONAL DIRECTED EDUCATION TRAINING & DEVELOPMENT PRACTICES |
| LGAC: | Local government accounting certificate |
| MFMP: | Municipal Finance Management Programme |
| DBSA: | DEVELOPMENT BANK OF SOUTHERN AFRICA |
| SAICA: | SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS |
| LED: | LOCAL ECONOMIC DEVELOPMENT |
| MFMA: | MUNICIPAL FINANCE MANAGEMENT ACT |

- **Personnel turnover**

Mohokare Local Municipality has for the mid –year period spent a total amount of **R12 492 427.34** on employee related costs excluding all councilors; this amount was distributed across 246 employees.

The table below outlines how the employee costs were spent over the 2012/13 mid-year period under review:

| Months | Number of employees | Employee related costs | Reasons for variance if any |
|--------------|---------------------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| July | 248 | 1 968 718.65 | Annual increase. |
| August | 248 | 2 084 290.47 | |
| September | 247 | 2 113 688.52 | 1 dismissal in August. 1 death in September of the Library Cleaner. |
| October | 247 | 2 114 409.83 | 1 appointment of the Secretary to the Director Technical Services. Other placements and appointments were made as per the table below. |
| November | 248 | 2 110 924.68 | 1 appointment of Ward Assistant in Rouxville |
| December | 246 | 2 100 395.19 | 2 withdrawals, 1 intern and 1 Supervisor: Amenities. |
| TOTAL | 246 | 12 492 427.34 | |

- **Staff Establishment**

A municipal manager within a policy framework determined by the municipal council and subject to any applicable legislation must approve staff establishment for the municipality.

During the mid- year period, the municipality permanently placed employees who were appointed on as interns and also appointed new employees in vacant positions as tabled below;

| STATUS AS AT 31 DECEMBER 2012 | NUMBER OF EMPLOYEES PERMANENTLY PLACED & POSITION TITLES |
|-------------------------------|----------------------------------------------------------------|
| APPOINTMENTS 25 | 1. Supply Chain Accountant |
| | 2. Payroll Accountant |
| | 3. Expenditure Accountant |
| | 4. Revenue Accountant |
| | 5. Senior Creditors Clerk |
| | 6. Debtors Clerk x 2 |
| | 7. Administration Clerk x2 |
| | 8. Secretary to the Director Corporate Services |
| | 9. Secretary to the Director Technical Services |
| | 10. Human Settlement Officer |
| | 11. Sanitation Supervisor x 2 |
| | 12. Operator x 8 |
| | 13. Landfill Site Attendant x2 |
| | 14. Handyman Assistant |
| PLACEMENTS 5 | 1. IT Administrator |
| | 2. HR Administrator |
| | 3. Committee's Officer |
| | 4. Meter Reader x 2 |

- **LEAVE**

- **Annual Leave**

All employees, irrespective of status or remuneration are entitled to annual leave of at least 21 consecutive days per annual leave cycle of 12 months, commencing on employment or at the end of the previous leave cycle. It is the policy of the municipality that authorization must be obtained prior to taking such leave.

| Month | Department | Days | Cost Implications |
|--------------|------------------|------------|-------------------|
| July | Corporate | 19 | |
| | Finance | 30 | |
| | Technical | 252 | |
| | Community | 208 | |
| | Office of the MM | 05 | |
| Total | | 514 | 164 672.10 |
| August | Corporate | 50 | |
| | Finance | 30 | |
| | Technical | 115 | |
| | Community | 98 | |
| | Office of the MM | 0 | |
| Total | | 293 | 106 374.80 |
| September | Corporate | 44 | |
| | Finance | 31 | |
| | Technical | 218 | |
| | Community | 82 | |
| | Office of the MM | 15 | |
| Total | | 390 | 138 681.47 |
| October | Corporate | 19 | |

| | | | |
|--------------|------------------|--------------|-------------------|
| | Finance | 70 | |
| | Technical | 99 | |
| | Community | 46 | |
| | Office of the MM | 17 | |
| Total | | 251 | 247 109.20 |
| November | Corporate | 36 | |
| | Finance | 08 | |
| | Technical | 234 | |
| | Community | 104 | |
| | Office of the MM | 09 | |
| Total | | 391 | 171 074.80 |
| December | Corporate | 98 | |
| | Finance | 43 | |
| | Technical | 175 | |
| | Community | 220 | |
| | Office of the MM | 24 | |
| Total | | 560 | 65 640.94 |
| TOTAL | | 2 399 | 893 553.31 |

▪ Sick Leave

Employees are entitled to paid sick leave if they are absent for more than two days, or for more than one day if more than two absences occurred in a space of eight weeks, only if they produce a medical certificate issued by a medical practitioner or a person certified to diagnose and treat patients and who is registered with some statutory body.

The right to sick leave accrues only when the employee cannot work because of incapacity, which means inability to work owing to sickness or injury.

Sick leave for the period under review is outlined in the table below;

| Month | Department | Days | Cost Implications |
|--------------|------------------|------------|-------------------|
| July | Corporate | 11 | |
| | Finance | 02 | |
| | Technical | 117 | |
| | Community | 119 | |
| | Office of the MM | 06 | |
| Total | | 255 | 47 597.08 |
| August | Corporate | 48 | |
| | Finance | 01 | |
| | Technical | 39 | |
| | Community | 64 | |
| | Office of the MM | 0 | |
| Total | | 152 | 48 779.24 |
| September | Corporate | 23 | |
| | Finance | 15 | |
| | Technical | 148 | |
| | Community | 79 | |
| | Office of the MM | 0 | |
| Total | | 265 | 110 053.87 |
| October | Corporate | 0 | |
| | Finance | 05 | |
| | Technical | 33 | |
| | Community | 24 | |
| | Office of the MM | 0 | |
| Total | | 62 | 34 460.32 |
| November | Corporate | 34 | |

| | | | |
|--------------|------------------|--------------|-------------------|
| | Finance | 08 | |
| | Technical | 103 | |
| | Community | 44 | |
| | Office of the MM | 14 | |
| Total | | 203 | 87 193.08 |
| December | Corporate | 26 | |
| | Finance | 50 | |
| | Technical | 40 | |
| | Community | 18 | |
| | Office of the MM | 06 | |
| Total | | 140 | 67 228.07 |
| TOTAL | | 1 077 | 395 311.66 |

Most of this total amount was not budgeted for, which has to be corrected in the budget adjustment.

- Other Types of Leave (Family Responsibility, Study, Maternity, etc)

| Month | Department | Days | Cost Implications |
|--------------|------------------|------------|-------------------|
| July | Corporate | 01 | |
| | Finance | 0 | |
| | Technical | 0 | |
| | Community | 05 | |
| | Office of the MM | 0 | |
| Total | | 06 | 2 810.71 |
| August | Corporate | 05 | |
| | Finance | 03 | |
| | Technical | 01 | |
| | Community | 01 | |
| | Office of the MM | 0 | |
| Total | | 10 | 3 101.71 |
| September | Corporate | 11 | |
| | Finance | 0 | |
| | Technical | 02 | |
| | Community | 04 | |
| | Office of the MM | 0 | |
| Total | | 17 | 8 411.12 |
| October | Corporate | 0 | |
| | Finance | 18 | |
| | Technical | 0 | |
| | Community | 0 | |
| | Office of the MM | 0 | |
| Total | | 18 | 9 418.56 |
| November | Corporate | 01 | |
| | Finance | 30 | |
| | Technical | 01 | |
| | Community | 01 | |
| | Office of the MM | 0 | |
| Total | | 33 | 4 795.74 |
| December | Corporate | 0 | |
| | Finance | 27 | |
| | Technical | 0 | |
| | Community | 0 | |
| | Office of the MM | 0 | |
| Total | | 27 | 10 595.89 |
| TOTAL | | 111 | 39 133.73 |

▪ Overtime / Standby

The rate of overtime is one and a half times the normal wage (i.e. money payable not his whole package), unless the employee is subsequently granted 30 minutes off on full pay for each hour of overtime worked at normal rates, or 90 minutes off if the overtime was not paid at all. Time in lieu of pay for overtime must be taken within a month of the time worked, unless the employee agrees in writing to a longer period of up to 12 months.

As a general rule employers may not compel their employees to perform non-contractual voluntary overtime work. Nor are employees obliged to work overtime for periods exceeding those prescribed in the BCEA or a collective agreement.

Overtime may not exceed ten (10) hours in any week and three (3) hours in any day of the week.

Currently situation is that employees are committed in executing overtime for a long period without prior approval of the Accounting Officer and proper commitment of the budget.

Overtime and Standby is the operation of the whole year (365 days) and reports justifying such financial commitment and utilization of staff are not present.

Records of employees executing overtime and standby for the period under review:

| ASSIGNMENT | NUMBER OF EMPLOYEES PER MONTH | | | | | | TOTAL |
|--------------------|-------------------------------|------------|------------|------------|------------|------------|------------|
| | JULY | AUG | SEPT | OCT | NOV | DEC | |
| OVERTIME (DAYS) | 42.1 | 55.9 | 53.7 | 50.9 | 70.6 | 49.02 | 322.22 |
| COSTS IMPLICATIONS | 121 839.09 | 144 112.07 | 148 329.19 | 143 301.73 | 175 752.23 | 147 973.01 | 881 307.32 |

The confirmation of municipal funds that are directed to the above mentioned assignments is critical because as indications might be, the amounts that have probably been paid out have exceeded the budgeted amounts; and this must also be corrected through the adjustment budget.

▪ Workplace

▪ Labour Relations

Employers have a right, to maintain discipline in the workplace. This right is recognized in the LRA, which contains a Code of Good Practice: Dismissal setting out broad guidelines on dismissal for misconduct, incapacity and poor work performance, but which is relevant also to the maintenance of discipline.

The function of discipline in the employment context is to ensure that individual employees contribute effectively and efficiently to the goals of the common

enterprise. Production and the provision of services will clearly be impeded if employees are free to stay away from work when they please, to work at their own pace, to fight with their fellow employees, or to disobey their employers instructions. Hence it is the right and duty of employers to ensure that their employees adhere to reasonable standards of efficiency and conduct.

The table below outlines all cases during the period under review;

JULY

| DEPARTMENT | CHARGE/ MATTER | OUTCOME/ VERDICT | LOCATION |
|--------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------|
| Technical | Refusal to take instruction of the supervisor. | Finalised: second written warning. | Rouxville |
| Technical | Refusal to take instruction of the supervisor. | Finalised: second written warning. | Rouxville |
| Technical | Failure to carry out duty diligently and to the best of one's potential. | Finalised: second written warning. | Smithfield |
| Community | Dereliction of duty. | Finalised: verbal warning. | Zastron |
| Technical | Unruly behavior, drunkenness and swearing at HOD. | Pending: date for disciplinary hearing to be decided. | Zastron |
| Technical | Unruly behavior, drunkenness and swearing at HOD. | Pending: date for disciplinary hearing to be decided. | Zastron |
| Technical | Absenteeism and abscondment. | Pending: date for disciplinary hearing to be decided. | Smithfield |
| Community | Unauthorized possession of municipal vehicle which resulted in damages thereof. | Pending: hearing scheduled for 30/07/2012. Postponed due to unavailability of union representative. Another date to be decided. | Zastron |
| TOTAL | 08 CASES | | |

AUGUST

| DEPARTMENT | CHARGE/ MATTER | OUTCOME/ VERDICT | LOCATION |
|--------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------|-------------|
| Technical | Gross negligence, willful and negligent behavior which resulted in damage to property. | Finalised: Dismissed on 22 August 2012. | Zastron |
| Technical | Absenteeism and abscondment. | Finalised: on 21/08/2012. 10 days suspension without pay. | Smithfield. |
| Technical | Refusal to take instruction of the supervisor. | Finalised: on 23/08/2012. 5 (five) days suspension without pay. | Rouxville |
| Technical | Refusal to take instruction of the supervisor. | Finalised: on 23/08/2012. 5 (five) days suspension without pay. | Smithfield |
| TOTAL | 04 CASES | | |

SEPTEMBER

| DEPARTMENT | CHARGE/ MATTER | OUTCOME/ VERDICT | LOCATION |
|--------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------------|
| Community/ Traffic | Failure to report sick leave on time as per HR Policy. | Finalised: Counselling | Smithfield |
| Community/ Traffic | Deserting work station. | Finalised: case dismissed due to lack of evidence. | Smithfield. |
| Technical | Abscondment. | Finalised: letter of abscondment issued to employee. | Smithfield |
| Community | Unauthorised possession of municipal vehicle which resulted to damages thereof. | Pending: Disciplinary hearing held on 07/09/2012 and to continue on 02/10/2012. | Zastron |
| Technical | Absenteeism | Pending: hearing scheduled for 24/10/2012. | Zastron |
| TOTAL | 05 CASES | | |

OCTOBER

| DEPARTMENT | CHARGE/ MATTER | OUTCOME/ VERDICT | LOCATION |
|--------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------|
| Technical | Unauthorized possession of municipal vehicle which resulted in damages thereof. | Finalised: on 02/10/2012. Dismissal. | Zastron |
| Technical | Absenteeism. | Finalised: case dismissed (sick note produced). | Zastron |
| Technical | Under the influence and swearing at HOD. | Finalised: on 04/10/12. Final written warning. | Zastron |
| Finance | Absent without leave for one day. | Finalised: on 31/10/12. Written warning. | Zastron |
| Finance | Absent without leave for one day, failure to report sick leave on time. | Finalised: on 30/10/12. Written warning. | Zastron |
| Technical | Swearing at colleague. | Finalised: counseling for both, because both have a history of talking to each other like that. | Zastron |
| Community/ Traffic | Failure to carry out instruction of the supervisor. | Pending: letter sent to the employee on 31/10/2012 to answer charges against him. | Smithfield |
| Technical | Disclosure of privileged information. | Pending: investigation underway. | Zastron |
| TOTAL | 08 CASES | | |

NOVEMBER

| DEPARTMENT | CHARGE/ MATTER | OUTCOME/ VERDICT | LOCATION |
|---------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|------------|
| Technical | Unauthorized possession of municipal vehicle which resulted in damages thereof. | Finalised: dismissal overturned, final written warning imposed and reimbursement of damaged vehicle. | Zastron |
| Technical | Disclosure of privileged information. | Pending: suspension pending investigations. Date of hearing still to be set. | Zastron |
| Technical | Threatened colleagues with violence. | Pending: under investigation. | Zastron |
| Community/ Traffic | Failure to carry out instruction of the supervisor. | Pending: under investigation. | Smithfield |
| Corporate/ Administration | Failure to report sick leave. | Finalised: verbal warning. | Zastron |
| Community/ Traffic | Dishonesty about absence and absenteeism. | Pending: under investigation. | Smithfield |
| Technical | Absenteeism. | Pending: hearing date to be finalised. | Smithfield |
| TOTAL | 07 CASES | | |

DECEMBER

| DEPARTMENT | CHARGE/ MATTER | OUTCOME/ VERDICT | LOCATION |
|-----------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|------------|
| Technical | Abscondment. | Pending: hearing held on 19/12/2012. Employee found guilty as charged. Awaiting sanction. | Zastron |
| Technical | Disclosure of privileged information. | Pending: hearing held on 20/12/2012, postponed <i>sine die</i> (without a date) | Zastron |
| Technical | Threatened fellow employees with violence. | Finalised: written warning. | Zastron |
| Corporate/ Political Office | Charges still to be formulated. Investigations under way. | Pending: still under investigation, | Zastron |
| Community | Gross insubordination. | Pending: employee did not respond to allegations levelled against him. Disciplinary hearing with proceed. | Smithfield |
| TOTAL | 05 CASES | | |

- Incapacity due to Ill health

Incapacity arising from ill-health or injury is recognized as a legitimate reason for terminating the employment relationship, provided, as always, it is/ done fairly.

The LRA Code (item 11) enjoins all persons including arbitrators and the court to consider number of factors when determining if a dismissal arising from ill-health or injury is fair.

During the Mid – year under review, no incapacity due to ill – health incidents occurred.

LEGAL SERVICES

The Municipality currently utilizes external assistance on the above mentioned issue, however provision for a Legal Manager on the organizational structure has been made and currently the position is vacant.

END

ANNEXURE A

FINANCIAL HEALTH OVERVIEW (SUMMARY)

1. Financial Performance

1. Introduction
2. Overview of financial performance
 - 2.1 Operating income
 - 2.2 Operating Expenditure
 - 2.3 Personnel Expenses
 - 2.4 Debtors Age analysis
 - 2.5 Government Grants
3. General corrective measures

11. Introduction

Legislative requirement in terms of MFMA section 72 and 54.

In terms of section: 72(1), (2) and (3) of the Municipal Finance Management Act 56 of 2003, (MFMA), the budget and performance assessment report for the period ending 31 December 2010 *must be compiled and tabled to council as per legislated time-frames.*

2. Overview of Financial Performance

The municipality's bank account opened with a positive balance of R 358,583.71 on 01 July 2012 and closed with a positive balance R 2,400,376.36 on 31 December 2012. The cashbook opened with a positive balance of R 6,886,623.93 on 01 July 2012 and closed with a positive balance of R 1,657,006.94 on 31 December 2012.

The following table summarises the overall position on the capital and operating budgets in relation to the municipality's SDBIP. The SDBIP is a detailed plan approved by the Mayor in terms of section 53(1) (c) (ii) of the MFMA for implementing the budget and which must indicate:

- a) Projections for each month of:
 - i. Revenue to be collected, by source; and

- ii. Operational and capital expenditure by vote;
- b) Service delivery targets and performance indicators for each quarter; and
- c) Any other matters that may be prescribed, and includes any revisions of such plan by the Mayor in terms of section 54(i)(c);

TABLE 1: OVERALL POSITION OF CAPITAL AND OPERATING BUDGETS

| Table 1 :Overall Position of Capital and Operating Budgets | | | |
|------------------------------------------------------------|---------------------|------------------|-----------------------|
| GRANTS | Capital Expenditure | Operating Income | Operating Expenditure |
| Annual Budget To Date | R 33 126 000 | R 86 936 000 | R 85 002 000 |
| Plan to Date | R 11 042 000 | R 43 468 000 | R 42 501 000 |
| Actual (31 December 2012) | R 3 210 000 | R 21 951 340 | R 22 950 540 |
| Variance to SDBIP | | | |
| Under/ (Over) perform | | | |

****** The municipality budgeted for capital expenditure in the annual budget and SDBIP but none has been incurred to date and no such expenditure is planned for the remainder of the year. The municipality intends to submit an adjustment budget affecting this and other adjustments.

TABLE 1 above shows that the municipality is underperforming as it has received 60% less operating income than intended at this time. The main reason for this is that the planned revenue from services was budgeted to be around R 28, 8 million in the SDBIP but stands at R 11, 6 million at this time. This matter is as a result of an error in our budget and will be adjusted during this assessment. The municipality has spent 26% less of its operating budget as planned at this time.

2.1. Operating Income

The following table displays the operating income per revenue source from 01 July - 31 December 2012

TABLE 2: REVENUE BY SOURCE

| Revenue Source | Annual Budget | Budget Year to Date | Actual Year to Date | Variance Actual vs Budget Year to Date | % Variance |
|---------------------|---------------------|---------------------|---------------------|----------------------------------------|------------|
| Property Rates | R 7 325 370 | R 3 662 685 | R 6 739 340.40 | R -3 076 655 | -84% |
| Electricity | R - | R - | R - | R - | #DIV/0! |
| Water | R 7 099 505 | R 3 549 753 | R 3 762 738.00 | R -212 986 | |
| Sanitation | R 7 028 738 | R 3 514 369 | R 3 654 944.00 | R -140 575 | -4% |
| Refuse Removal | R 4 795 945 | R 2 397 973 | R 2 517 871.00 | R -119 899 | -5% |
| Traffic Fines | R 52 500 | R 26 250 | R 28 613.00 | R -2 363 | -9% |
| Sundry Income Total | R 10 203 680 | R 5 101 840 | R 4 387 582.00 | R 714 258 | 14% |
| Total | R 36 505 738 | R 18 252 869 | R 21 091 088 | R -2 838 219 | |

Apart from property rates, all other income was over-budgeted. The main reasons for the significant variances are:

1. The above income includes grants given (indigent subsidy).
2. Electricity: Service outsourced – no expected income.
3. Water & other services – a slight increase in billed amounts is expected.
4. Sundry Income – VAT receivable -
5. Property Rates: The rates are billed annually – A slight decrease is expected in respect of the full year.

2.2 Operating Expenditure

The following table shows the actual expenditure for each department against the budgeted expenditure for the first six months of the 2012/13 financial year.

TABLE 3: OPERATING EXPENDITURE PER DEPARTMENT

| Department | Annual Budget | Budget Year to Date | Actual Year to Date | Variance - Actual vs. Budget Year to Date | Variance |
|--------------------------|------------------------|------------------------|-----------------------|-------------------------------------------|----------------|
| Council | R 6 192 910.00 | R 3 096 455.00 | R 1 331 793.10 | R 1 764 661.90 | 57% |
| Municipal Manager | R 4 806 120.00 | R 2 403 060.00 | R 156 618.09 | R 2 246 441.91 | 93% |
| Dept. Corporate Services | R 14 941 910.00 | R 7 470 955.00 | R 960 956.40 | R 6 509 998.60 | 87% |
| Dept. Financial Services | R 20 700 608.00 | R 10 350 304.00 | R 1 484 751.60 | R 8 865 552.40 | 86% |
| Dept. Community Services | R 10 590 470.00 | R 5 295 235.00 | R 823 147.20 | R 4 472 087.80 | 84% |
| Dept. Technical Services | R 34 191 430.00 | R 17 095 715.00 | R 889 520.81 | R 16 206 194.19 | 95% |
| Total | R 91 423 448.00 | R 45 711 724.00 | R 5 646 787.20 | R 40 064 936.80 | 502.52% |

The above table reflects indigent expenditure.

From the above table it can be seen that there is overspending under both Council (R 384,718) and the Corporate Department (R 384,659). The overspending is as a result of the following votes:

Council

- ✓ Salaries: 100%
- ✓ Medical Aid: 244%
- ✓ Pension Fund: 134%
- ✓ Mayor entertainment: 143%
- ✓ Subsistence & travelling: 293%

There were a number of employees whose salaries were paid from this vote but were not budgeted for. An adjustment will be made to correct this matter.

Overall, departments have under spent on their respective budgets hence the R 15, 5 million under spending as can be seen on TABLE 2.

2.3. Personnel Expenditure

In terms of Section 66 of the MFMA, all expenditure that the municipality incurred on staff salaries, wages, allowances and benefits must be reported to the Council.

The following table shows actual expenditure per department on staff salaries, allowances and other benefits.

TABLE 4: PERSONNEL EXPENDITURE PER DEPARTMENT

| Department | Annual Budget | Budget Year to Date | Actual Year to Date | Variance - Actual vs. Budget Year to Date | Variance |
|--------------------------|---------------------|---------------------|---------------------|-------------------------------------------|-------------|
| Council | R 4,535,930 | R 2,267,965 | R 2,142,546 | R 125,419 | 6% |
| Municipal Manager | R 3,469,430 | R 1,734,715 | R 348,786 | R 1,385,929 | 80% |
| Dept. Corporate Services | R 7,491,520 | R 3,745,760 | R 2,287,849 | R 1,457,911 | 39% |
| Dept. Financial Services | R 6,131,130 | R 3,065,565 | R 2,268,672 | R 796,893 | 26% |
| Dept. Community Services | R 6,289,190 | R 3,144,595 | R 3,457,771 | R -313,176 | -10% |
| Dept. Technical Services | R 16,912,300 | R 8,456,150 | R 22,634,365 | R -14,178,215 | -168% |
| Total | R 44,829,500 | R 22,414,750 | R 33,139,990 | R -10,725,240 | -27% |

There is an under spending of R 1, 5 million as can be seen on TABLE 4. This is because of under spending in the following votes:

MUNICIPAL MANAGER (LED & IDP)

There is an under spending of R 356,503 in this vote due to an error in the allocation of the salaries of LED & IDP officials on the system. The salaries of a number of officials were budgeted under this vote but are currently being paid from the administration and housing votes. This is because of the placement of staff that was done. This means that there is actually no under spending and this matter will be corrected in the adjustment budget.

COMMUNITY SERVICES

Different votes under community services under spent their salary budgets to date as follows:

- Environmental Health – R 43, 864
- Housing – R 86, 824
- Community Hall – R 78, 743
- Parks – R 375, 665
- Sport grounds – R 1, 390
- Refuse removal – R 76, 317

2.4. Debtors Age Analysis

TABLE 5: DEBTORS AGE ANALYSIS

| Revenue Source | 0 - 30 Days | 31 -60 Days | 61 - 90 Days | 91 - 120 Days | More than 120 Days | Total |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|
| Property Rates | R 259 967.00 | R 257 320.00 | R 254 677.00 | R 249 519.00 | R 5 031 693.00 | R 6 053 176.00 |
| Water | R 762 349.00 | R 716 391.00 | R 902 090.00 | R 773 491.00 | R 15 814 779.00 | R 18 969 100.00 |
| Electricity | R - | R - | R - | R - | R 168 683.00 | R 168 683.00 |
| Sanitation | R 362 501.00 | R 508 627.00 | R 503 885.00 | R 492 030.00 | R 8 749 896.00 | R 10 616 939.00 |
| Refuse | R 248 535.00 | R 370 041.00 | R 364 796.00 | R 345 507.00 | R 6 841 979.00 | R 8 170 858.00 |
| Other | R 57 208.00 | R 129 040.00 | R 129 018.00 | R 72 494.00 | R 17 339 068.00 | R 17 726 828.00 |
| | | | | | | |
| Balance as at 31 December | R 1 690 560.00 | R 1 981 419.00 | R 2 154 466.00 | R 1 933 041.00 | R 53 946 098.00 | R 61 705 584.00 |

It is a known fact that there is a high unemployment rate within the jurisdiction of Mohokare Local Municipality. For this reason, the debtors remain outstanding for long periods hence debtors over 120 days account for 90% of the debtor's book as can be seen in TABLE 5. However, the municipality has taken a corrective measure by appointing a debt collector to assist with the implementation of the credit control and debt collection policy of the Municipality.

2.5. Government Grants

TABLE 6: GOVERNMENT GRANTS

| Grants | Gazetted | Budget | Roll Over | Amount Received | Expenditure to Date | Amount Available | Under/Over Performance |
|---------------------------------------------|----------------------|----------------------|-----------|----------------------|---------------------|---------------------|------------------------|
| National Government Grants | | | | | | | |
| Equitable Share | R 51,002,000 | R 51,002,000 | | R 38,221,000 | | | |
| Municipal Infrastructure Grant | R 18,840,000 | R 18,840,000 | | R 8,854,000 | R 6,708,665 | R 2,145,335 | |
| Municipal Systems Improvement Grant | R 800,000 | R 800,000 | | R 800,000 | R 316,483 | R 483,517 | |
| Financial Management Grant | R 1,500,000 | R 1,500,000 | | R 1,500,000 | R 708,510 | R 791,490 | |
| Regional Bulk Infrastructure Grant | R 13,000,000 | R 13,000,000 | | R 5,721,919 | | | |
| Expanded Public Works Programme | R 1,000,000 | R 1,000,000 | | R 700,000 | | | |
| Integrated National Electrification Program | R 2,051,000.00 | R 2,051,000.00 | | R 1,500,000.00 | R - | R 1,500,000 | |
| Total | 37,191,000.00 | 37,191,000.00 | - | 19,075,919.23 | 7,733,657.45 | 4,920,342.55 | -59% |

Note: The municipality's grants as per TABLE 6 do not agree to the annual financial statements and annual budget, as some grants have been omitted. This is because of old grants which were erroneously included in the annual budget and AFS without sufficient knowledge on their nature and council will soon commence investigating these and other legacy issues in the next month.

In TABLE 6 above, the rollover of the R 11, 5 million was agreed with the national MIG unit but not included in the Municipalities' annual budget. This will also be corrected through adjustment budget.

3. General corrective measures

3.1 Adjustment budget

A number of variances noted in this report are due to challenges regarding the municipality's budgeting and operations. The municipality intends to submit an adjustment budget as per MFMA regulations to correct most of the variances noted above.

3.2 Government Grants

The municipality is investigating all the legacy issues regarding government grants and Council will make a final decision in January regarding further action on the grants.

ANNEXURE B

AUDIT ACTION PLAN 2011 – 2012

| MOHOKARE MUNICIPALITY | | | | | |
|-----------------------------------------------------------|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|---------------|
| ACTION PLAN TO ATTEND TO THE 2011/12 AUDIT REPORT. | | | | | |
| Category | Ref | Findings | Management Action Plans | Resp. Person | Exp Outcome |
| Receivables from exchange transactions | 4 | Application forms and other supporting documents for certain indigent consumers could not be submitted to determine whether the applicant qualifies for indigence. | A ward profile will be conducted to identify indigent consumers and all necessary application forms and other supporting documents will be completed and filed. Beneficiaries will be determined in terms of Part 2 of the municipality's indigent policy. | Chief Financial Officer and Community Services Manager | 31 April 2013 |
| | | A difference of R2 231 098 was noted in the prior year between the debtors system for bad debts written off for which council approval was obtained and the amount disclosed in note 4 to the financial statements. | This relates to a prior year adjustment. A project will be undertaken whereby all the prior year mistakes will be corrected and efforts will be made to get the relevant supporting documents in place. | Chief Financial Officer | 30 June 2013 |
| Sundry debtors | 5 | Lack of supporting documentation for sundry debtors of R 1 158 062 (2011: R 1 156 845) as disclosed in the financial statements due to the lack of sufficient appropriate audit evidence for debit transactions with an estimated value of R497 436 processed against sundry debtors accounts. | All journals will be filed systematically and relevant supporting documents will be attached in each journal before sign off by authorised personnel. Supporting documents for any journals which may be requested by auditors will be submitted in time per agreement with auditors in future. Reconciliations of sundry debtors and the review by the senior will be done on a monthly basis. This will include scrutinizing sundry debtors account transactions and performing the age analysis to identify old items and items posted incorrectly into this account. The reconciliations workings will be retained to give evidence of existence of receivables and valuation of debtors. | Chief Financial Officer | 31 March 2013 |

| Category | Ref | Findings | Management Action Plans | Resp. Person | Exp Outcome |
|--------------------------------|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------|
| Accumulated surplus/ (deficit) | 6 | The auditors were unable to obtain sufficient appropriate audit evidence for the prior year balance of the accumulated surplus of R 303 217 865 as disclosed in note 19 to the financial statements due to the lack of sufficient appropriate audit evidence for the corrections made against the accumulated surplus account as disclosed in note 36.1 to the financial statements. Furthermore, the VAT debtor in the prior year is overstated by R 4 662 950 and also should have been adjusted against the accumulated surplus/deficit as disclosed in note 36.1 to the Financial statements. Consequently I was unable to determine the existence, rights and obligations, completeness, valuation and allocation of accumulated surplus for the prior year as well as for the other accounts affected by the adjustments. | <p>Accumulated surplus investigations and adjustments will be done as the other findings, with impact to prior years as raised, are being investigated and get adjusted. The matter will be investigated, supporting documents as evidence shall be gathered to support the prior year's accumulated surplus balance; and when necessary adjustments will be done. Supporting documents evidence shall be retained.</p> <p>A project will be undertaken where all the prior year mistakes will be corrected and efforts will be made to get the relevant supporting documents in place.</p> | Chief Financial Officer | 30 June 2013 |
| Property, plant and equipment | 7 | The valuation of property, plant and equipment (PPE) of R289 711 938 (2011: R289 510415) as per note 8 to the financial statements could not be confirmed as additions from 1 July 2009 to 30 June 2011 of R67 503 523 were not valued in line with the requirements of the South African Standards of Generally Recognised Accounting Practice, GRAP 17, <i>Property plant and equipment</i> , read in conjunction with Directive 7. | The valuation project will be undertaken by management to ensure that PPE additions from 1 July 2009 to 30 June 2011 of R67 503 523 is valued at cost and not deemed cost, in line with the requirements of the South African Standards of Generally Recognised Accounting Practice, GRAP 17 and Directive 7. Management will try to retrieve supporting invoices from 2010 and 2011 voucher files and efforts will be made to obtain invoices from suppliers as a means of last resort. All future PPE additions' supporting documentations and approvals will be kept in additions file and assets will be included in the fixed asset register with unique no and location details. | Chief Financial Officer | 30 June 2013 |

| Category | Ref | Findings | Management Action Plans | Resp. Person | Exp Outcome |
|-----------------------|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------|
| Payables | 8 | Lack of sufficient appropriate audit evidence for transactions and journals processed against the trade payables account amounting to R 5 116 443. | These relate to prior year adjustment, a project will be undertaken where all the prior year mistakes will be corrected and efforts will be made to get the relevant supporting documents in place. | Chief Financial Officer | 30 June 2013 |
| Long-term liabilities | 9 | No loan agreement could be obtained for loans of R 11 649 057 (2011: R6 198 905) from the electricity service provider. Auditors were unable to confirm the rights and ownership, existence and valuation of these loans by alternative procedures. The disclosure of and calculation of the current portion of long-term liabilities could also not be confirmed due to the limitations identified above. | <p>The "LOAN AGREEMENT" is a balancing figure in the ledger. This matter is being investigated and municipal management will recommend that any loan agreements with CENTLEC will be in writing.</p> <p>The municipality will recommend to CENTLEC that the control to ensure that all our SLA, contracts, Loan agreements is in place or will be introduced (Contract management). This will be achieved through maintaining of the register relating to SLA, contracts, Loan agreements and through a bi-annual review of all SLA, contracts, and loan agreements to ensure that whatever is in the register is backed by an existing physical SLA, contracts and loan agreements in place.</p> | Municipal Manager | 30 April 2013 |

| Cat. | Ref | Findings | Management Action Plans | Resp. Pers | Exp Out-come |
|---------|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------------------|
| Revenue | 10 | <p>No sufficient appropriate audit evidence obtained from the municipality and its electricity service provider for transactions with an estimated amount of R 19 106 280 included in the amounts of service charges of R35 847 242 (2011: R28 275 180), government grants and subsidies for the prior year of R68 189 764, rental of facilities and equipment of R663 136 (2011: R656 777), fines of R157 143 (2011: R156 055) and other income of R567 172 (2011: R974 842) included in the total revenue of R120 257 072 (2011: R 106 380 325) as disclosed in notes 20 to 26 of the financial statements. Furthermore, alternative procedures confirmed that the total revenue might be overstated by R2 277 798, but the amount of the overstatement could not be accurately determined due to a lack of reconciliations, supporting documentation and registers.</p> | <p>Service Charges Supporting documents for billing customers will be retained as evidence to support the revenue figure. The listing/sub ledger of revenue generated in terms of billing to individuals will be generated and be reviewed every month. The recon between the monthly listings mentioned above will be reconciled to the GL every month and will be reviewed. The sub ledger and the reconciliations will be retained as supporting documentation.</p> <p>Government grants and subsidies. These relate to prior year adjustments. A project will be undertaken where all the prior year mistakes will be corrected and efforts will be made to get the relevant supporting documents in place.</p> <p>Rental of facilities and equipment. The register for the use of facilities will be kept and updated by the community services office, the customer and the municipality official will both sign off the register for booking events. Bookings for rentals of Hall facilities are done at the community services' offices and payments are made at the Municipality's offices. Reconciliations between the bookings register and rental income received will be performed and reviewed on a monthly basis going forward. Rental income sub ledger will be reconciled to the GL and will be reviewed and this will be retained as supporting documents.</p> <p>Traffic fines The traffic fine books with the copy of traffic fines issued will be kept and filled by the municipality in the form of traffic fine register. A monthly recon of the traffic fines will be prepared and reviewed by management. A traffic fine register will act as a sub ledger and will be reconciled to the GL and get reviewed on the monthly basis.</p> <p>Other revenue All transactions classified as other revenue will be categorised into specific type of revenue e.g. Traffic fines and rentals of facilities and the sub ledgers will be created for them as indicated above. All receipts to have a supporting document. All the other "pure" other income will be included in the other income listing (sub ledger) and all supporting documents will be kept. The sub ledger will be prepared and reviewed every month and will be reconciled and reviewed every month.</p> <p>Overstatement of revenue Registers, reconciliations, record keeping of supporting documents and sub ledgers will be introduced in the way similar to what's stated above to ensure that any occurrence of revenue is substantiated.</p> | <p>Chief Financial Officer</p> <p>And</p> <p>Community Services Manager</p> | <p>31 April 2013</p> |

| Cat. | Ref | Findings | Management Action Plans | Resp. Pers | Exp Out-come |
|-------------|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Revenue | 10 | The auditors were unable to obtain all the information and explanations deemed necessary to determine the occurrence, completeness, accuracy, cut off and classification of revenue of R37 234 693 (2011: R98 096 563) and to determine whether any adjustment relating to revenue in the financial statements was necessary. | Occurrence, completeness, accuracy, cut off and classification of revenue Appropriate supporting documents will be kept in respect of all types of revenue. The internal auditors will be tasked to look at the revenue process to see how it can be improved and training will be provided to revenue staff if there is a need. Reconciliations will be prepared and reviewed on the monthly basis. | Chief Financial Officer | 30 April 2013 |
| Expenditure | 11 | The municipality could not provide sufficient appropriate audit evidence from the municipality and its electricity service provider for transactions with an estimated amount of R8,376,236. Included are amounts related to bulk purchases, general expenditure, repairs and maintenance, grants and subsidies paid and contracted services amounting to R42,962,462, as disclosed in notes 27 to 35 of the financial statements. | SEE- Future agreement with Centlac. All expenditure vouchers from the 01 July 2012 – 31 December 2012 relating to the municipality have been filed and are readily available for audit purposes and this will be done from now going forward. The municipality will engage CENTLEC and recommend that its expenditure office must ensure that all future transactions are supported by invoices before it is paid. The municipality will recommend to CENTLEC that Contract management function be introduced and all contracts with service providers be filed in the secure place, ensure that they are valid (signed) and suppliers will be required to issue invoices according to contract terms before payments are made for all transactions relating to Mohokare Local Municipality. | Chief Financial Officer | On-going - 30 June 2013 |
| | 12 | For the prior financial year the municipality could not provide sufficient appropriate audit evidence to support the occurrence of expenditure of R 6 307 132 which includes duplicate payments of R 1 270 286, duplicate recordings of R 1 108 814 and expenditure of R 357 575 recorded in the incorrect period. Furthermore sufficient appropriate audit evidence was not available by the electricity service provider to support the occurrence, completeness, accuracy, cut-off and classification of electricity bulk purchases of R 16 136 859 for the prior financial year. | These relate to prior year adjustment, a project will be undertaken where all the prior year mistakes will be corrected and efforts will be made to get the relevant supporting documents in place. | Chief Financial Officer | 30 June 2013 |

| Cat. | Ref | Findings | Management Action Plans | Resp. Pers | Exp Out-come |
|------------------------------------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------|
| Capital commitments | 13 | The auditors were unable to obtain sufficient appropriate audit evidence to confirm the completeness of capital commitments stated at R 2 333 908 (2011: R 2 346 453) for approved commitments and R 42 739 744 (2011: R 12 407 994) for commitments approved and not yet contracted, as disclosed in note 45 to the financial statements. | Capital commitments register/schedule will be prepared and reviewed by responsible official and this will be bi-annually reconciled to the GL and sub-ledgers. | Chief Financial Officer and Director Technical services | On-going - 30 June 2013 |
| Irregular expenditure | 14 | An estimated irregular expenditure of R21 997 094 (2011: R25 093 393) was identified during the audit that was incurred due to the supply chain management (SCM) policy and SCM regulations not adhered to. This irregular expenditure was subsequently disclosed in note 43.3 to the financial statements as required in terms of section 125(2)(d) of the MFMA. Furthermore, sufficient appropriate audit evidence that management has properly identified, investigated and recorded all irregular expenditure transactions during the current and prior year could not be obtained. | Management will ensure that supply chain management (SCM) policy and SCM regulations are adhered to, which will include the introduction of the <u>Unauthorised and Irregular Expenditure Policy</u> to be approved by Mohokare Local Municipality council. All SCM staff will be sent to SCM course for them to update their knowledge and grasp key principles. The irregular expenditure listing/register will be prepared and kept up to date and get reviewed every month and be reported to the council. Any action or condonement will be submitted to the auditors as requested. | Chief Financial Officer | On-going - 30 June 2013 |
| Fruitless and wasteful expenditure | 15 | The auditors could not obtain sufficient appropriate audit evidence that the municipality has properly identified, investigated and recorded all fruitless and wasteful expenditure transactions during the current and prior year of R2 363 181 (2011: R2 086 252) as disclosed in note 43.2 to the financial statements. | Management ensures that the municipality does not incur fruitless and wasteful expenditure; in instances where the expenditure is unavoidable, it will be dealt with in terms of fruitless and wasteful policy and will be reported to the council for condonement or any other action. The fruitless and wasteful expenditure listing/register will be prepared and kept up to date, get reviewed every month and be reported to the council. | Chief Financial Officer | On-going - 30 June 2013 |

| Cat. | Ref | Findings | Management Action Plans | Resp. Pers | Exp Out-come |
|--------------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Presenta tion and disclosu re | 16 | Contrary to the requirements of Section 15(2)(d) of the MFMA, the distribution loss from water service was not disclosed in the financial statements while the electricity distribution losses amounted to R112 040287 as disclosed in note 44.9 to the financial statements. | All distribution losses will be disclosed in the 2013/14 financial statements once the municipality has introduced the project to install meters in the water service areas. | Chief Financial Officer | 30 April 2014 |
| Cash flow stateme nt | 17 | The auditors were unable to obtain sufficient appropriate audit evidence to determine whether the cash flow statement and the related notes were fairly stated. Taking into account the misstatements and scope limitations identified in the financial statements, as set out in this report, The auditors were unable to practically quantify the misstatements in the cash flow statement and notes thereto. Consequently, The auditors were unable to determine the accuracy, completeness and disclosure of the cash flow statement and related notes. | Cash flow statement will be more accurate and better substantiated when the abovementioned management action plans have been implemented and all audit issues have been resolved. | Chief Financial Officer | 30 June 2013 |
| Going concern | 20 | The statement of financial performance and the cash flow statement to the annual financial statements indicate that the Mohokare Local Municipality incurred a net loss of R17 040 532 and a net cash outflow of R2 073 970 during the year ended 30 June 2013. These conditions, along with other matters as set forth in note 46 to the financial statements, indicate the existence of an uncertainty that may cast doubt on the municipality's ability to operate as a going concern. | Cash flow projections indicate that the Municipality will break-even by the 30 th June 2013. | Chief Financial Officer | On-going - 30 June 2013 |

| Category | Ref | Findings | Man Action Plans | Resp Pers | Expt Outc |
|---------------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------|
| Pre-determined objectives | | | | | |
| Usefulness of Information | 28 to 32 | The IDP does not form the basis of the various performance reports. Performance targets must be more specific. (28% do not comply) Some performance targets are not measureable (28%) Some DATA definitions are ambiguous.(24%) Some outcomes were not verifiable. (24%) | Steps be taken to ensure that the IDP, SDBIP, performance targets and agreements are linked. Final review to ensure that all performance targets are specific, measureable, clear and unambiguous as well as that the successes or otherwise can be validated. | Municipal Manager | 30 May 2013 |
| Reliability of information | 33 to 34 | Some processes and systems indicated are not verifiable. (33%) or accurate (33%) | Steps be taken to ensure that all information is verifiable, accurate and relevant to the objective. | Municipal Manager | 30 May 2013 |
| Achievement of planned targets | 36 | Only 22 of the 55 targets were achieved. | The performance documentation should be monitored quarterly and reviewed by the internal audit unit. | Municipal Manager | 30 May 2013 |
| Compliance with laws & regulations | 37 | There are material non-compliance issues in respect of applicable laws & regulations relating to financial matters, financial management and other related matters. | Compliance matters relating to the MFMA, policies & municipal by-laws to be determined and monitored | Chief Financial officer | 30 May 2013 |
| Strategic planning & performance management. | 38 to 39 | The IDP process and review was not adopted in time. No performance management system was adopted. | Ensure that compliance is achieved regarding the IDP process. | Municipal Manager | 30 May 2013 |
| AFS, performance & annual report. | 40 | Material misstatements in the AFS were identified and corrected. | Steps to be taken to complete a dummy AFS in respect of a prior period. | Chief Financial officer | 30 June 2013 |
| Internal Audit | 41 to 44 | Functioning IAU not established for full year. IAU did not audit results of performance measurements. Functionality of performance management system not assessed. Performance measurements were not assessed on a continuous basis. | Internal Audit Unit in place. Ensure that audit programme includes the audit of all performance related matters. | Chief Financial officer | 30 May 2013 |

| Category | Ref | Findings | Man Action Plans | Resp Pers | Expt Outc |
|--------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------|
| SCM | 45 to 46 | Some goods & services between R10,000 @ R200,000 did not have 3 quotations. Some goods & services >R200,000 procured without competitive bids. | Procedures to be put in place to ensure compliance with the SCM policy. The formalisation of deviation processes to be concluded. | Chief Financial officer | 30 June 2013 |
| Sect 57 Performance agreements | 47 | Managers reporting to the MM in an acting position did not have performance agreements. | No acting section 57 manager in place. | N/A | N/A |
| Recognition of Revenue | 48 to 49 | The accounting and information system does not adequately comply with Sect 64(2)(e) of the MFMA. Interest was not levied in all instances. | The processes in the SEBATA system to ensure that all interest is calculated as per sect 64(2)(e) of the MFMA. | Chief Financial officer | 30 June 2013 |
| Conditional grants | 50 to 51 | Quarterly performance reports not submitted. Projects were not in line with the IDP | Processes to be put in place to ensure that the quarterly performance reports are submitted in respect of conditional grants. | Chief Financial officer | 30 June 2013 |
| Budget | 52 | Expenditure was in excess of the votes in the budget | Processes to be put in place to ensure that the annual and adjustment budget reflects a true picture of expected expenditure. | Chief Financial officer | 30 June 2013 |
| Financial misconduct | 53 | Irregular & wasteful expenditure was not investigated | Monthly reports in respect of irregular & wasteful expenditure to be submitted to Council. Investigations and reports to accompany the monthly report. | Chief Financial officer | 30 May 2013 |
| Expenditure Management | 54 to 55 | Reasonable steps were not taken to prevent fruitless & irregular expenditure. MFMA Sect 62(1)(d). Money owing by the municipality not always paid within 30 days. | Monthly reports regarding irregular & fruitless expenditure to be monitored by management. | Chief Financial officer | 30 May 2013 |
| Asset management | 56 | An adequate accounting information system not in place to account for municipal assets | The existing asset registers in respect of a) infrastructure and b) other assets to be reviewed so as to ensure that they are adequate. | Chief Financial officer | 30 May 2013 |

| Category | Ref | Findings | Man Action Plans | Resp Pers | Expt Outc |
|---------------------------------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|--------------|
| Internal Control | | | | | |
| Leadership | 58 to 61 | Leadership did not ensure management met their responsibility in proper record management. Necessary control re non-compliance with SCM not adequate. Quarterly AFS were not prepared. Controls re compliance were partly completed. | Processes to be put in place to ensure that the proper record management of financial & administrative information is reported to management. Reports re SCM deviations and compliance issues to be controlled by management. | Municipal Manager | 30 June 2013 |
| Financial and performance management | 62 to 66 | Effective performance systems not adequately developed & implemented. Compliance to laws & regulations were not prioritised Lack of skills in finance department necessitated use of consultants. Process to complete AFS was started late in year and CFO could not properly review such statements. There is an insufficient understanding of the accounting framework. | Performance system to be reviewed. The presence or lack of skills in the finance department to be reviewed. A plan to be developed to ensure in-house capacity. | Municipal Manager and Chief Financial Officer | 30 June 2013 |