

LETSEMENG LOCAL MUNICIPALITY

Draft Annual Report



2017/ 2018 Financial Year

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1 MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

MAYOR'S FOREWORD



It is a great pleasure and honour for me, to once more present the annual report to the community of Letsemeng. The report covers the work done during 2017/18 financial year, which started in July 2017 to June 2018.

I am not oblivious to the social ills resulting from poor performance of our economy in general and the struggling micro-economy in particular. This has continued to erode the revenue base of our municipality resulting in large numbers of indigent families, thus weighing heavily on the equitable share of the institution. Nonetheless this did not, and should not, deter us from keeping our commitments and the “oath of office” to serve our communities to the best of our abilities.

I am bound by our fledgling democracy to be accountable and responsive to the needs of our communities. I am also guided by the vision of the municipality in giving political direction and ensure sustainable quality service delivery.

Formulation of policies and strategies will ensure sustainability and quality service delivery equitably in all communities in Letsemeng. I will ensure that each year assessment of the previous targets set and performance thereof is rigorously done. Annually, the councillors and management hold a strategy workshop at which we revise, realign and adopt new strategies that the Council ultimately adopts.

The municipality guarantees a firm commitment towards good governance, accountability and efforts to extend to our people the benefits accruing from the resources of this municipality.

I am pleased to present the Letsemeng Local Municipality's Annual Report for the 2017/18 financial year. The report outlines our achievements and challenges for the past financial year, reflecting our vision and plans for the communities' future. Democratization of our beloved country imposed imperatives that compel us to communicate and inform both internal and External role players who strengthen accountability to the people and deepening democracy in the quest for a developmental state.

1.1 Vision

“A responsive Municipality in pursuit of Service excellence”

1.2 Mission

“Providing sustainable quality services through partnering with Stakeholders and Communities”.

1.3 Values

- Integrity
- Commitment
- Transparency
- Innovation
- Accountability

1.4 Key Policy Developments

Although the municipality is still facing challenges with the developmental agenda as espoused in the IDP and the Free State Growth and Development Strategy, there is progress in achieving some of the goals we have set for ourselves. This has made us to be more resolute in proceeding with the developmental agenda and build the municipality that is responsive to the plight of the communities, accountable and better managed to bring a better life to all.

I believe that Letsemeng Local Municipality will continue putting people first in its endeavours to fulfil its adopted motto that “We Sparkle in Pursuit of Service Excellence”.

1.5 Key Service Delivery Improvements

The focus in the previous year was to tirelessly work towards the improvement of the audit opinion, which we did achieve. The municipality has improved to a qualified audit opinion.

Further strides are being made in addressing unemployment, poverty and inequality. The long awaited project of a crusher plant and brick making has moved a step farther. Risk Assessment to determine the safety of the mine dump if the material to make bricks was used from it was completed and found to be safe if closely monitored. Petra Diamond Mine is currently conducting an environmental impact assessment (EIA), to determine the suitability of setting up a brick factory and the solar plant. These two projects will go a long way in addressing the skills levels in the community and reduce unemployment, especially from the youth.

The devastating drought has led to water restrictions throughout Letsemeng. Earlier in the year the municipality was requested to impose a further 15% restriction on the supply of water by Oranje Riet. It is currently the sole bulk supplier of water as Kalkfontein Dam has almost dried out. The silver lining in the cloud is the completion of the Jacobsdal clean water reservoir that was recently completed. This, we believe, will permanently eliminate the water problem we have at Jacobsdal once the building of the new water treatment plant is completed by the end of the next financial year.

All capital projects we embarked upon in during the course of the year are either complete or are about to be completed. A few of our local contractors have also benefited from these projects, including refurbishment projects sponsored by Petra Diamonds.

Part of the successes during the year under review is the installation of a bulk water pipeline at Ratanang to cater for the 202 sites that do not have piped water in the yards. This will also address the bucket system that is still in use at the area.

Challenges still remain. Crime has set us back through stealing of cables and vandalism of an electric panel at the Alpha pump station. This is the cause of unending sewer spillage into the Riet River and the leaking manholes in Ditlhake. A permanent solution to the problem is being looked at.

1.6 Public Participation

Public Participation is the cornerstone of deepening the relationship between the communities and the municipality through improved community engagement mechanisms. Thus the functionality of the Ward Committees and regular ward meetings are imperative. The municipality did not do well in this field and it remains a challenge that the incoming Council should look at some of the issues below for effective strategy to be developed in addressing the failures;

- ❖ Public communication systems;
- ❖ Complaints management system;
- ❖ Feedback to communities.
- ❖ Service Delivery Satisfaction Survey for 17/18 Financial Year.
- ❖ Proper documentation of Public Participation meeting held during the 17/18 Financial Year.

Capacity building of the incoming Ward Committees will also be the main key in ensuring that our communities participate fully in the democratic processes and strengthening of the municipality.

1.7 Future Actions

I need to point out that this is the end of term of the Council elected in 2011. Plans we had to implement in the previous year have been alluded to and some are reported in detail in the chapters below. Suffice to say the incoming Council will make its future plans known to the communities once it has had its strategic session to map out its course of action for the next five years.

1.8 Conclusion

It has been a difficult year to render uninterrupted and quality service to our communities in Letsemeng. However, we have under trying circumstances, delivered services to the majority of our communities.

We recognise the important role played by our citizens at the municipality. It is therefore fundamental that they collaborate and cultivate harmonious relations with the municipality to advance development and service delivery.

I must say that we remain committed to the principle of a responsive and accountable local government, a local government by the people, for the people.

Thank you,

.....
Cllr. Thandiwe I. Reachable
Mayor / Speaker

2 EXECUTIVE SUMMARY

MUNICIPAL MANAGER'S OVERVIEW



Our motto “we sparkle in pursuit of service delivery” compels administration in general, and management in particular, to perform to our utmost best in ensuring that service delivery is rendered in an efficient and effective manner at all our communities irrespective of socio-economic status, colour or creed. In pursuance of the motto, minor changes were effected in the technical department to accommodate the electrical manager in the organogram. Further staff placement and re-assignment of duties in the technical and community services departments were made in order to minimise escalating overtime costs and improve efficiencies. Some improvement is starting to show through the downward trend of overtime costs at one of our units and slight improvement of refuse removal at the other unit.

The following specific activities highlight where there has been either improvement or under performance.

Year after year the municipality seem to be facing the same challenges. The situation can only change if the municipality and the supporting economic sector cluster can bring about a radical economic transformation in the area. **The key challenges are;**

- ❖ Attracting economic investment opportunities to improve the economy of the municipal area;
- ❖ Professionalizing the institution so as to enable it to render efficient government services to the people as per the electoral mandate;
- ❖ Creating adequate job opportunities in attempting to alleviate poverty;
- ❖ Empowerment of the SMMEs and entrepreneurs to create job opportunities and increase economic activity in the area;
- ❖ Provide alternative means of support to rural / informal population in order to decrease dependencies on the grants
- ❖ Improvement of the road networks (internal and external roads);

Council, management and staff strongly believe that challenges can be effectively addressed only if we maintain and continue to build partnerships that include all spheres of government, organizations of civil society, communities and the private sector.

The Municipality has now an internal audit unit in place. The risk management unit has also been established and headed by an officer.

The municipality used to have a shared Audit committee , unfortunately it was dissolved in the third quarter of the year under review.

Appreciation

I record my thanks and appreciation to the political leadership for support and guidance. The appreciation is also extended to the management and administration team who selflessly devoted so much time and effort in the execution of their mandates.

Regards,

.....
Mr. TL Mkhwane
Municipal Manager

2 CHAPTER 1: MUNICIPAL FUNCTIONS, POPULATION & ENVIRONMENTAL OVERVIEW

2.1 INTRODUCTION TO BACKGROUND DATA

Our Municipality is situated in the South Western part of the Free State Province and forms part of the smallest district namely Xhariep District Municipality, a rich agricultural area with natural economic resources. The local municipality area measures 10 192 square kilometres in extend and comprises of five towns; Koffiefontein (which is the head office), Petrusburg, Jacobsdal, Oppermansgronde and Luckhoff. The figure below shows the Letsemeng area with its main towns and neighbouring municipalities of the Xhariep District.



Figure 1: Letsemeng Municipal Area

It borders the Northern (through Jacobsdal) and Western Cape Provinces and is renowned for diamond, salt and slate mining as well as irrigation farming along the Orange Riet Canal and Van der Kloof Dam.

The N8 route transgresses the area to the North West and links Kimberley and Bloemfontein via Petrusburg.

The five towns are connected with tarred road infrastructure via Koffiefontein. The R705 links Jacobsdal with Koffiefontein while the R48 links Petrusburg, Koffiefontein and Luckhoff in a north-south direction. The R704 links Koffiefontein, Fauresmith and Jagersfontein with one another.

The municipal area also accommodates Oppermansgronde, just west of Koffiefontein, which is part of a land restitution project. Several pans occur in the area while the Van der Kloof dam, Kalkfontein Dam and Wuras Resort are some of the more prominent water sources available near the area. The Riet River drains through the area in a Westerly direction while the Orange River is the border west of the area. Although there are ample water sources available near the area, access to potable water in some of the towns remain problematic.

The Northern parts of the municipal area surrounding Petrusburg are good cultivated agricultural land while the southern area is renowned for livestock farming.

Table 1: Overview of Neighbourhoods within Letsemeng Municipality

Overview of Neighbourhoods within Letsemeng	
Settlement Type	Households
Towns	
Jacobsdal	1003
Koffiefontein	3203
Petrusburg	2639
Luckhoff	1007
Sub-Total	7852
Townships	
Ratanang	1112
Sub-Total	1112
Rural settlements	1717
Oppermansgronde	230
Sub-Total	1947
Informal settlements	202
Sub-Total	202
Total	11113
	<i>T 1.2.6</i>

2.2 DEMOGRAPHIC AND SOCIO-ECONOMIC PROFILE

The population figures are based on the census conducted in 2016 and the recent 2016 household survey. Migration tends to be voluntary, in most cases it is in search of better economic opportunities and a quality of life. A case in point is foreign nationals. Thus migration patterns are difficult to measure, keep track and get the exact reasons for migrating.

According to the 2016 survey, there is a positive growth in Letsemeng. It is an indication that more and more people are moving to Letsemeng municipality for various reasons. The population in Letsemeng currently stands at 40 044 This is according to the latest STATSSA figures.

Unemployment has marginally increased from 22.8% to 22.30%. Suffice to say the effect of drought and decreasing job opportunities might have a direct effect on migration out of the Letsemeng jurisdiction. Youth unemployment stands at 27.7%, which poses another challenge to the municipality and all Sector Departments to pay special attention to the youth in terms of both employment and economic empowerment.

2.2.1 Table 2: Census Key Statistics

Census Key Statistics	
Population	38 628
Age Structure	
Population under 15	29.70%
Population 15 to 64	64.80%
Population over 65	5.40%
Dependency Ratio	
Per 100 (15-64)	54.20
Sex Ratio	
Males per 100 females	105.70
Population Growth	
Per annum	-1.04%
Labour Market	
Unemployment rate (official)	22.30%
Youth unemployment rate (official) 15-34	27.70%
Education (aged 20 +)	
No schooling	17.70%
Higher education	4.80%
Matric	18.70%
Household Dynamics	
Households	11 242
Average household size	3.30
Female headed households	33.50%
Formal dwellings	83.20%
Housing owned	54.00%
Household Services	

Census Key Statistics	
Flush toilet connected to sewerage	72.80%
Weekly refuse removal	68.00%
Piped water inside dwelling	49.80%
Electricity for lighting	92.80%

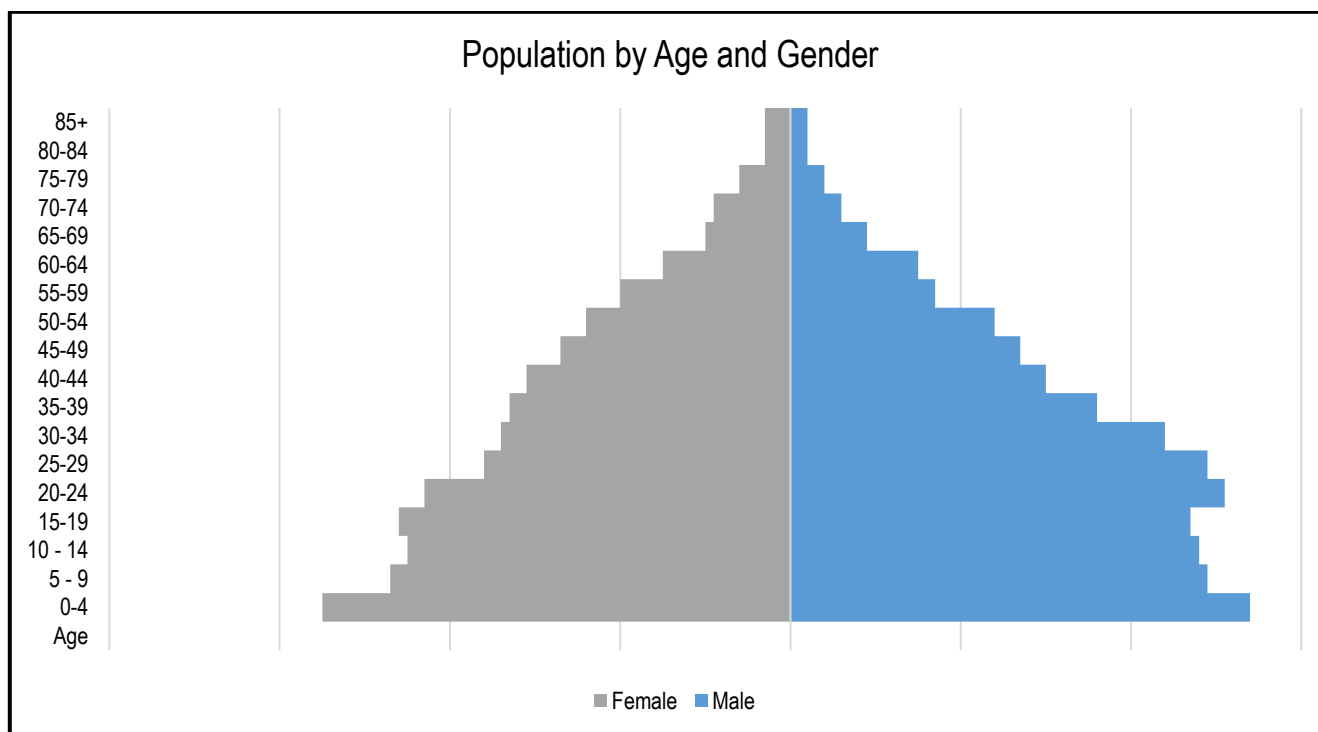


Figure 2: Population by Age and Gender

Table 3: Distribution of Population by Population Group

	Census 2011
Black African	67.80%
Coloured	23.40%
Indian/Asian	0.30%
White	8.10%

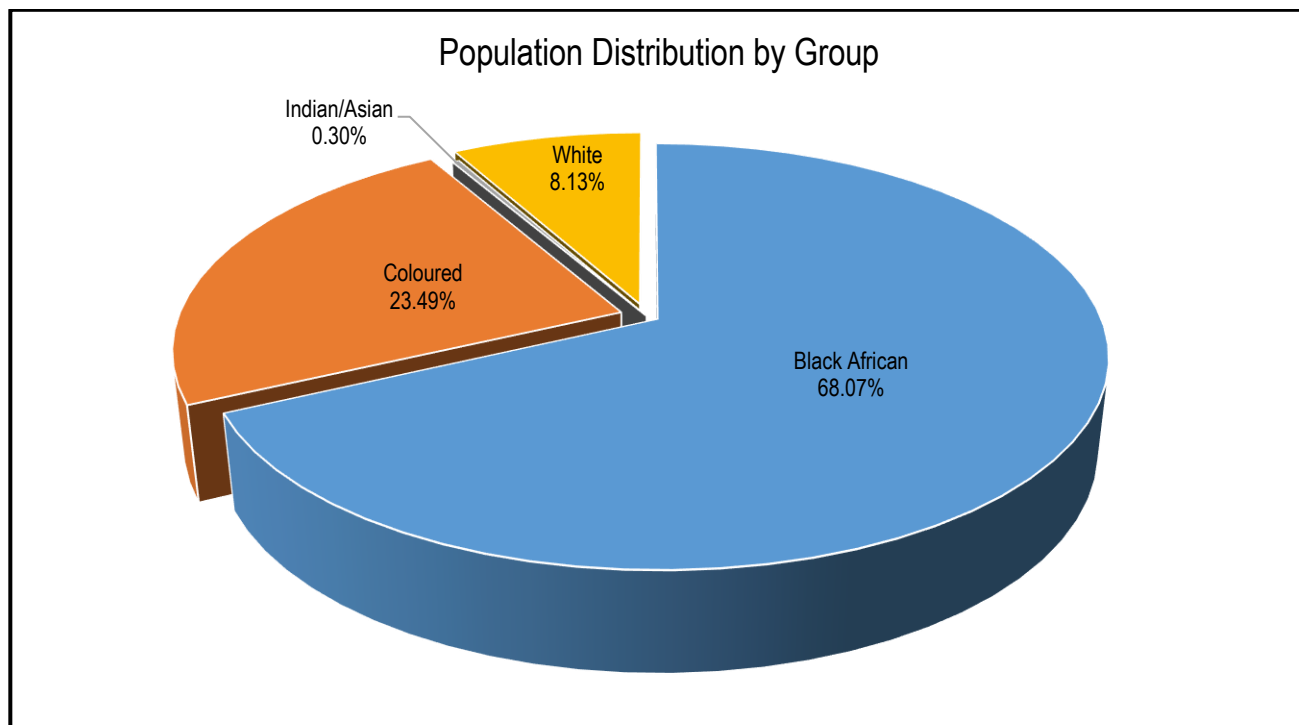


Figure 3: Distribution of Population by Population Group

Households

There are 11 242 households in the municipality according to Stats SA. The technical department conducted a physical count of households at all five towns and found that there are 8 369 houses with an average household size of 3, 3 persons per household. 90, 8% of households have access to piped water either in their dwelling or in the yard. Only 2, 2% of households do not have access to piped water.

The figures above are according to the 2011 census, and they are still official statistics. The view might slightly change following the physical count done by the municipality.

Table 4: Settlement Type

Area	Percentage
Urban	83,3%
Tribal/Traditional	0%
Farm	16,7%

2.2.2 Housing and dwellings

All urban areas are composed of various residential components varying from formal housing units to informal dwellings units as indicated in the table below. Within the Local Municipality, 83.2% of the population live in formal housing, 16.1% in informal housing and only 0.5% in traditional housing. This reflects that the housing backlog is not that huge but will increase with the new development patterns in the municipality.

The following issues were highlighted regarding the housing delivery:

- ❖ Lack of funding for housing development;
- ❖ Access to land for sustainable human development;
- ❖ Construction of more RDP houses;
- ❖ Provision of services to new residential sites;
- ❖ Fast tracking land availability and transfer of land;
- ❖ Slow delivery of housing development;
- ❖ Lack of capacity at local municipal level;

2.2.3 Socio- economic Status

The socio-economic growth of the municipality is centred on agriculture. The municipality area also has mining activities that are taking place with diamond minerals being the major natural resource which helps with employment creation. The municipality's effort is to create an environment that will be conducive for investment and entrepreneurs to do business.

The LED division at the municipality is making effort to empower local small business and individuals to take advantage of local procurement, organize workshops business skills and making comply with relevant pieces of legislation.

However, the challenge is the sustainability thereof due to limited financial resources and lack of skills by various people to run their own projects. Whilst the trend is worldwide in that about 96% of businesses / projects fail within the first five years, the municipality will make an effort to reduce the failure rate.

Letsemeng Municipals economy is characterized by the following:

- ❖ Mining and agricultural sector are the largest contributor to the local economy;
- ❖ The decline in the agricultural sector over the recent years has had an adverse effect on the employment potential of the rural areas;
- ❖ Luckhoff has the highest unemployment rate;
- ❖ De Beers Mines contributed a major part to the local economy before it was closed;

By virtue of its geographic location the Municipality prides itself as a natural transportation route for people travelling to destinations such as Bloemfontein since one of the major national roads, namely N8 passes through the municipal area.

2.3 INCOME DISTRIBUTION

In order to determine the people's living standards, as well as their ability to pay for basic services, such as water and sanitation, the income levels of the local population are analysed.

Household Income

Household income is a parameter which is, amongst others, also indicative of poverty levels within a community. A financially healthy community's household income usually displays a so-called "normal" income distribution pattern where the income is spread over a fairly wide range of income categories, and the income of the bulk of the community is situated more or less within the first half to two thirds of the income category range.

Females are more likely to be unemployed and looking for work than males. Poor communities are sometimes highly dependent on the environment for survival and, in this regard, almost always over-exploit the environment.

Only 10.2% of households in the Letsemeng Municipal fall within the "No income" category. Of concern is that 7.4% of the households in Letsemeng have an annual income of less than R 10 000 and 23.9% of the households have an annual income of less than R19 601.00.

Table 5: Income profile

Income	Percentage
None income	10,2%
R1 - R4,800	4,2%
R4,801 - R9,600	7,4%
R9,601 - R19,600	23,9%
R19,601 - R38,200	24,6%
R38,201 - R76,4000	14,1%
R76,401 - R153,800	8%
R153,801 - R307,600	4,5%
R307,601 - R614,400	2,3%
R614,001 - R1,228,800	0,5%
R1,228,801 - R2,457,600	0,2%
R2,457,601+	0,1%

2.4 EDUCATION AND SKILLS

11 788 people are economically active (employed or unemployed but looking for work), and of these 22, 3% are unemployed. Of the 6 058 economically active youth (15 – 34 years) in the area, 27, 7% are unemployed. The level of skills within an area is important to determine the level of potential employment.

Using the expanded definition, on average 22.3% of the population in Letsemeng is unemployed, with the highest rate of unemployment being in rural areas.

This high unemployment rate has serious repercussions on the ability of the residents of Letsemeng to pay for their daily needs. Unemployment is more than 21% in all of the areas and the highest is in Luckhoff at 32%.

Table 6: Employment Status:

Employment Status	Number
Employed	9164
Unemployed	2624
Discouraged Work Seeker	1745
Not Economically Active	11518

Table 7: Educations and skills profile

Group	Percentage
No Schooling	4,4%
Some Primary	45,4%
Completed Primary	8%
Some Secondary	29,9%
Completed Secondary	8,6%
Higher Education	0,6%
Not Applicable	3,1%

Table 8: Distribution of population aged 20 years and older by level of education attained

Group	%
No Schooling	4,4%
Some Primary	45,4%
Completed Primary	8%
Some Secondary	29,9%
Completed Secondary	8,6%
Higher Education	0,6%
Not Applicable	3,1%

3 SERVICE DELIVERY OVERVIEW

3.1 WATER

The Municipality's objective remains that of ensuring at least 100% of its inhabitants have access to portable water. Measures are being implemented on a regular and on-going basis to ensure that this objective is achieved. We will continue to ensure that this is met, and clean water is delivered to our communities. Where necessary and required, the municipality will engage the Provincial/National Government as well as other key stakeholders. Projects such as the Petrusburg one undertaken in the previous year is an example of such coordinated and joint efforts.

90, 8% of households have access to piped water either in their dwelling or in the yard. Only 2, 2% of households do not have access to piped water.

Table 9: Distribution of households with access to piped (tap) water by geography

Geography	Households				Percentages			
	Piped (tap) inside dwelling /yard	Piped (tap) water on community stand	No access to piped (tap) water	Total	Piped (tap) inside dwelling /yard	Piped (tap) water on community stand	No access to piped (tap) water	Total
FS161: Letsemeng	10211	788	243	11242	90.8	7.0	2.2	100.0
Koffiefontein	3180	8	15	3203	99.3	0.3	0.5	100.0
Ratanang	1105	1	6	1112	99.3	0.1	0.5	100.0
Jacobsdal	646	354	3	1003	64.4	35.3	0.3	100.0
Riet River	224	78	30	332	67.6	23.5	8.9	100.0
Petrusburg	2400	154	85	2639	91.0	5.8	3.2	100.0
Oppermans	230	-	-	230	100.0	-	-	100.0
Luckhoff	987	17	3	1007	98.0	1.6	0.3	100.0

3.2 SANITATION

The Municipality's continues to provide proper sanitation facilities to all communities. The municipality managed to reduce the number of bucket toilets. To date there are two hundred households who are still using a bucket system. Plans are afoot to totally eradicate the system.

Table 10: Toilet Facility

Toilet Facility	Percentage
None	5%
Flush toilet (connected to sewerage system)	72,8%
Flush toilet (with septic tank)	2,7%
Chemical toilet	0,5%
Pit toilet with ventilation	10,5%
Pit toilet without ventilation	5,3%
Bucket toilet	2,3%
Other	0,8%

3.3 ELECTRICITY

Electricity provision in the Municipality is jointly supplied by ESKOM and the Municipality. The Municipality is servicing four of the five towns under its jurisdiction, which are Koffiefontein, Petrusburg, Oppermansgronde and Luckhoff. The municipality also sells prepaid electricity to some Koffiefontein and Luckhoff residents. In Jacobsdal, Ratanang and Bolokanang distribution is done by ESKOM.

Table 11: Distribution of households with access to electricity for lighting by geography

Geography	Households				Percentages			
	Electricity	Other	None	Total	Electricity	Other	None	Total
FS161: Letsemeng	10430	796	17	11242	92.8	7.1	0.1	100.0
Koffiefontein	3157	41	5	3203	98.6	1.3	0.2	100.0
Ratanang	1068	44	-	1112	96.0	4.0	-	100.0
Jacobsdal	809	187	7	1003	80.6	18.7	0.7	100.0
Riet River	258	74	-	332	77.7	22.3	-	100.0
Petrusburg	2524	112	2	2639	95.7	4.3	0.1	100.0
Oppermans	227	2	-	230	98.9	1.1	-	100.0
Luckhoff	919	88	-	1007	91.3	8.7	-	100.0

3.4 REFUSE REMOVAL

Waste Removal Services are provided to all the towns Koffiefontein, Petrusburg, Luckhoff, Oppermansgronde and Jacobsdal. These land fill sites with the exception of Jacobsdal and Petrusburg, are currently used as transfer stations and will be registered accordingly and be used fully as land fill sites.

Table 12: Distribution of households by type of refuse removal and geography

Geography	Households					Percentages				
	Formal Dwelling	Informal	Traditional	Other	Total	Formal Dwelling	Informal	Traditional	Other	Total
FS161: Letsemeng	9358	1812	17	55	11242	83.2	16.1	0.1	0.5	100.0
Koffiefontein	2659	538	1	5	3203	83.0	16.8	0.0	0.2	100.0
Ratanang	861	240	2	10	1112	77.4	21.6	0.2	0.9	100.0
Jacobsdal	598	395	-	10	1003	59.6	39.4	-	1.0	100.0
Riet River	251	76	5	-	332	75.6	23.0	1.4	-	100.0
Petrusburg	2181	450	1	7	2639	82.6	17.1	0.0	0.3	100.0
Oppermans	229	1	-	-	230	99.5	0.5	0	0	100.0
Luckhoff	937	60	1	8	1007	93.1	6.0	0.1	0.8	100.0

3.5 HOUSING

The objective of the Municipality is to facilitate provision of adequate and affordable housing structures to the communities in its area of jurisdiction. Provision for houses is not the core competency of the Municipality; this objective is undertaken in partnership with the Provincial Department of Human Settlement which continues to allocate houses to residents on an on-going basis. This is mainly due to the fact that demand for housing remains a big challenge but we remain committed to facilitate the provision of shelter to the communities we serve.

3.6 ROADS AND STORM WATER

Another aim of the municipality is to facilitate the adequate and constant maintenance of access roads and to ensure regular maintenance of all internal roads. Every year, a lot more kilometres of internal roads have been repaired. Furthermore, there is an annual allocation to ensure that roads are maintained. The proportion of households with access to the minimum level of services is shown in the table below:

Table 13: Proportion of Households with minimum level of Basic Services

Proportion of Households with minimum level of Basic services				
		2015/16	2016/17	2017/18
Electricity service connections		100%	100%	
Water - available within 200 m from dwelling		99%	99%	
Sanitation - Households with at least VIP service		99%	99%	
Waste collection - Kerbside collection once a week		100%	100%	

3.7 FINANCIAL OVERVIEW

This overview sets out highlights of the municipality's financial performance in the past year. Full details appear in the annual financial statements.

Table 14: Financial Overview – 2017/18

2016/17			R' 000	2017/18		
				R'000		
Details	Original budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget	Actual
Income:						
Grants	50 227	50 227	105 756	52 089	52 089	79 495
Taxes, Levies and tariffs	54 864	64 832	63 850	68 980	67 271	60 799
Other	5 5 484	4 559	13 868	12 261	10 644	20 892
Sub Total	110 575	120 480	183 473	148 574	167 052	161 186
Less: Expenditure	147 889	-147 017	-183 937	164 391	170052	168 183
Net Total*	-37 314	-26 177	-464 618	-15 817	-3000	-6 997
<i>*Note: surplus/(deficit)</i>						

Table 15: Operating Ratios

Operating Ratios			
Detail	2015/16	2016/17	2017/18
	%	%	%
Employee Cost	28.1%	43%	31%
Repairs & Maintenance	1%	3%	2%
Finance Charges	1%	0.1%	1.3%

Table 16: Total Capital Expenditure

Total Capital Expenditure: '2015/16 - to '2017/18			
R'000			
Detail	2015/16	2016/17	2017/18
Original Budget	66,80716,245	71,635	46 877
Adjustment Budget	74,140	74,140	43 047
Actual	(36 836)	22 526	27 028
			<i>T 1.4.4</i>

3.8 COMMENT ON CAPITAL EXPENDITURE

The municipality's property, plant and equipment for the financial year under review amounted to R 593 524 941 compared to R 568 867 826 for the previous year. Capital commitments as at 30 June 2017 amounted to R 17 985 888 (2016: R 5 808 821). The fixed assets were financed from government grants.

3.9 ORGANISATIONAL DEVELOPMENT OVERVIEW

Staffing

There are still some key posts at lower levels of the organogram that need to be filled with urgency. The challenge the institution will forever battle with is the retention of skilled personnel. The geographical location and the financial position of the municipality are major deterrents to potential candidates.

3.10 AUDITOR GENERAL REPORT

3.10.1 AUDITOR-GENERAL REPORT: 2017/18

3.10.1.1 The Municipality Received A Qualified Opinion For Financial Year Under Review 2017/18. Statutory Annual Report Process

According to legislation the Annual Report of a municipality must be tabled in the municipal council on or before 31 January each year. In order to enhance Councils oversight function the municipality should submit their Annual Reports as soon as possible after the financial year end, ideally this ought to be the end of August. The Annual Financial Statements and Annual Performance Report were submitted on 13 September 2017 to the Auditor-General. Management is currently developing processes and systems in order to ensure that the remaining sections be in place for the 2017/18 Annual Report process. It is expected that the entire process should be concluded by the end of January. The legislative process for the creation, submission, review and approval of the 2017/18 Annual Report is set out in the table below.

4 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July 2019
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft 2017/18 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August 2019
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – October 2019
12	Municipalities receive and start to address the Auditor General's comments	January 2020
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	February 2020
16	Council adopts Oversight report	March 2020
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	April 2020
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	March 2020

5 CHAPTER 2 – GOVERNANCE

5.1 INTRODUCTION TO GOVERNANCE

The Letsemeng Local Municipality is an organ of state within the local sphere of government. It was established by means of Provincial Notice No 181, published in the Free State Provincial Gazette of 28 September 2000. The Municipality is a municipality with plenary executive system determined by the Determination of Types of Municipality Act, 2000 (Act No. of 2000.

In terms of section 151(3) of the Constitution of the Republic of South Africa the municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to the national and provincial legislation, as provided for in the Constitution.

5.2 COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

5.2.1 INTRODUCTION TO POLITICAL GOVERNANCE

Section 151 of the Constitution, 1996 states that, the executive and legislative authority of a municipality is vested in its municipal council. This is complemented by the Municipal Structures Act and Municipal Systems Act. In terms of section 160(2) of the Constitution, 1996, the following powers may not be delegated by a municipal council and must therefore be exercised by council: passing of by-laws, approval of budgets, imposition of rates and taxes, levies and duties and the raising of loans. The Speaker is appointed by Council and performs her/his functions in terms of section 37 of the Municipal Structures Act, such as presiding at council meetings and overseeing the work of council committees.

The Municipal Council uses a governance system that applies plenary executive type system. It is consisted of eleven (11) Councillors with a Speaker/Mayor being a member who has been designated as full time councillor. In terms of section 36(5) of the Local Government: Municipal Structures Act, No. 117 of 1998, the speaker must be called mayor as the Letsemeng Municipal Council is plenary executive type system.

The main obligations of the Municipal Council is to formulate and endorse or pass by – laws, policies, most importantly the Integrated Development Plan and the Medium term revenue and expenditure framework (Budget)

The Speaker presides over Ordinary as well as Special Council meetings. The administration dispatch notices and agendas to Councillors forty eight (48) hours before the commencement of the council meetings as determined in the Standard Rule and Orders.

The Mayor as a political head of the Municipal Council attends to day to day obligations of the Municipal Council by playing oversight role over the administration and represents the meeting at the district and provincial intergovernmental relation forums as well as at the, South African Local Government Association. The Mayor provides general guidance over the fiscal and financial affairs of the municipality as well as the Integrated Development Plan.

The Council has established five (5) Section 79 Committees in terms of the Municipal Structures Act and the Municipal Finance Management Act to process items before they could be forwarded to the Municipal Council i.e. Finance, Local Economic Development and Planning and Development, Corporate Services, Technical Services, Community Services and Good Governance and Monitoring Committee. These Committees process items before they could be forwarded to the Council.

The different Departments of the Municipality prepare reports that are then submitted to the Council for consideration and approval. Important to note is that the Section 79 Committees and Municipal Council sit as per schedule of Council meetings that was adopted by the Council.

The Municipal Council has established an Oversight Committee, which is composed of three members, one community member and two Council members; and the Council is playing an Oversight role in the activities that are performed by the Municipality.

The Annual Report is prepared by the Performance Management Unit in collaboration with other departments. When the management is satisfied with this report it is then submitted to the Council for noting before the 25th of January of each year. Subsequent to this process it is forwarded to the Oversight Committee before the 31st March of each year for assessment and thereafter it is presented before the Council with the Committee comments and recommendations. The Annual Report and the Oversight Committee report are submitted to Departments of Treasury, Cooperative Governance and Traditional Affairs for comments. Furthermore, these reports are separately published to the community for comments.

The Internal Audit Unit conducts audit throughout the year in terms of their audit plan and prepares Audit packs/reports that are then submitted to the Internal Audit Committee. After consideration of these reports the Audit Committee forwards its recommendations to Council for considerations and approval

The Municipality has appointed the Municipal Manager who is the head of the administration. He is responsible for day to day operations of the organization and accounts to the Mayor in between Council meetings. Other senior managers who have been appointed in terms of section 56 of the Local Government: Municipal Systems Act, 2000 reports directly to the Municipal Manager. It is important to highlight that the Municipality is composed of four (4) departments that are headed by departmental heads, section 56 managers, excluding the office of the Municipal Manager i.e. Corporate Services, Budget and Treasury, Community Services and Technical Services. .

POLITICAL STRUCTURE	Function
MAYOR Cllr TI Reachable	<i>Preside over Municipal Council meetings and attend to day to day obligations of the Council by playing oversight role over the administration.</i>
Section 79 Committee Chairpersons Cllr TI Reachable Cllr TM Rens Cllr MC Ntemane Cllr XW Nqelani Cllr SJ Bahumi	Chairperson for Planning and Development, LED and Finance Committee Chairperson for Corporate Services Committee and Local Labour Forum Chairperson for Community Services Committee Chairperson for Technical and Infrastructure Committee Chairperson for Good Governance

5.2.1.1 COUNCILLORS

The Municipal Council of Letsemeng Local Municipality comprises of eleven (11) Councillors. Six of them were elected to represent wards and five (5) were proportional representative. The Council was represented of three political parties as follows:

African National Congress (ANC) : Eight (8)

Democratic Alliance (DA) : Two (2)

Economic Freedom Fighter (EFF) : One (1)

Five (5) members of Council, including the Mayor were designated as Chairpersons of Section 79 Committees. Each Committee is composed of three members which includes the Chairperson of the Committee. Furthermore, it has established an oversight committee which is composed of two Council members **and one Community member**, The Ward Councillors are Chairpersons of Ward Committees, and the Ward Committee serves as an advisory committee to the wards councillors.

5.2.2 ADMINISTRATIVE GOVERNANCE

5.2.2.1 INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the accounting officer of the municipality and the head of the administration and reports directly to the Mayor and Council. Directors (section 56 managers) report directly to the Municipal Manager and their performance is managed by the Municipal Managers in terms of the annually signed performance agreements and plans.

Directors are responsible for the management of their respective functions/departments, which include the management of service delivery programs and targets, personnel and budgets.

The Municipal Manager ensures accountability by departments through weekly and monthly management meetings and quarterly performance reviews of Directors.

TOP ADMINISTRATIVE STRUCTURE

	POST DESIGNATION	FUNCTION	PERFORMANCE AGREEMENT SIGNED YES/NO
1.	MUNICIPAL MANAGER Mr. BA Mnguni/ Mr TL Mkhwane	Accounting Officer/Head of Administration	Yes
2.	DIRECTOR: CORPORATE SERVICES Mr. T Deeuw	<i>Human Resources, Auxiliary and Legal Services, Council Support</i>	Yes
3.	CHIEF FINANCIAL OFFICER Mrs MJ Mazinyo, Acting CFO/SJ Tooi	<i>Expenditure, Revenue, Assets & Liability Management, Budgeting & Reporting</i>	Yes
4.	DIRECTOR: COMMUNITY SERVICES Mr. CJ Makhoba	<i>Waste Management, Sport & Recreation, Arts & Culture, Public Safety and Parks</i>	Yes
5.	DIRECTOR: TECHNICAL SERVICES Acting Director – Mr KS Tsikang/ Mr CJ Makhoba/Ms DG Motlogelwa	<i>Water, Sanitation, Electricity, Roads & Storm water, Urban Planning and PMU</i>	Yes

5.3 COMPONENT B: INTERGOVERNMENTAL RELATIONS

5.3.1 INTRODUCTION TO COOPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Letsemeng Municipality through the 2017/18 financial year participated in a number of intergovernmental forums. This ensures that the Municipality is kept up to date on key developments in strategic areas of its responsibilities.

Through active participation in these forums and the available platform created the Municipality exchanges ideas and interact with other spheres of government.

5.4 INTERGOVERNMENTAL RELATIONS

5.4.1 NATIONAL INTERGOVERNMENTAL STRUCTURES

The Municipality participate in the National South African Local Government Association Members Assembly which is held once annually. The municipalities converge annually at the assembly to discuss matters that affects the municipality and resolved how to tackle the challenges faced by the municipalities

5.4.2 PROVINCIAL INTERGOVERNMENTAL STRUCTURES

The Municipality is part of the Provincial Coordinating Forum which is used to facilitate intergovernmental relations between the province and local government in the province. The Municipality also participates in Provincial Forums which include Provincial IDP Forum, Provincial Energy Forum, Provincial AIDS Forum as well as South African Local Government Association (SALGA).

5.4.3 DISTRICT INTERGOVERNMENTAL STRUCTURES

Meetings are been held once in a quarter, whereby the District Municipality is responsible for ensuring the co-ordination of intergovernmental relations within the district municipality with local municipalities in the district. District Coordinating Forum consists of the Executive Mayor of the District and three other local municipalities' Mayors who are primary members of this structure.

5.4.5 TECHNICAL SUPPORT COMMITTEE

This Committee consists of the District Municipal Manager and other three Local Municipal Manager who are primary members of the structure. The Committee must meet at least once per quarter with other stakeholders to process issues in preparation of the political District Forum.

5.5 COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

5.5.1 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality improved on the responsibilities mentioned above as indicated in the 2017/18 IDP by:

- Providing feedback to different communities on issues people raised during the first round of public engagements.
- Providing progress report on funded projects implemented in the different Wards.
- Providing opportunity for communities to making input to the 2017/2018 IDP process.
- Providing Ward Committee an opportunity to prioritise inputs received from the different wards.
- Encouraging Ward Councillors and Ward Committees to do further consultation about communities service delivery priorities.
- Encouraging communities, Stakeholders and individual members of society to make use of the opportunity to do submission regarding the IDP review and budget of the municipality.

The staff is allocated wards to work with and report on their activities. There are also members of ward committees responsible for different sections in their wards. These measures have helped as members of community reports issues related to service delivery at their earliest occurrence.

5.6 PUBLIC MEETINGS

5.6.1 KEY PURPOSES OF WARD COMMITTEES

- Create formal unbiased communication channels and co-operative partnerships between the Municipality and the community within a ward.
- Ensure contact between the Municipality and the community through the relevant feedback mechanisms.
- Act as an advisory body on council policies and matters affecting communities in the ward as requested.
- Make recommendations on matters affecting the ward to the ward councillor.
- Serve as a constructive mobilizing agent for positive community action.

5.6.2 COMMUNICATION, PARTICIPATION AND FORUMS

The municipality uses loud hailing, print media, posters, as well as physical delivery of invitation such as IDP/budget which are on semester interval. These meetings are inclusive of representative from Safety, Business and CBO's.

Table 17: Public Meetings

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
IDP, Budget Consultation meeting at Oppermansgronde	11/05/2018	3	10	64	Yes	Agreed on projects to be implemented.
IDP and Budget Consultation at Petrusburg	11/05/2018	2	5	101	Yes	Agreed on projects to be implemented.
IDP and Budget Consultation at Koffiefontein (Ward 5)	09/05/2017	4	7	85	Yes	Agreed on projects to be implemented.

5.6.3 COMMENT ON THE EFFECTIVENESS OF PUBLIC MEETINGS HELD

Meetings have succeeded and the community have reported improvement as can be seen on infrastructure requested by communities.

5.7 IDP PARTICIPATION AND ALIGNMENT

Table 18: IDP Participation and Alignment Criteria

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

Were the indicators communicated to the public?	Yes
*Section 26 Municipal Systems Act 2000	

5.8 COMPONENT D: CORPORATE GOVERNANCE

5.8.1 OVERVIEW OF CORPORATE GOVERNANCE

The municipality endeavours to comply with the regulatory frameworks and best practices regarding corporate governance. This includes the establishment of a risk management function, internal audit unit and independent audit committee and the implementation of fraud and anti-corruption policies and measures.

In addition, Letsemeng Municipality follows a comprehensive system of rules and processes that are designed to sustain and enhance optimal end to effective organizational management.

5.9 RISK MANAGEMENT

Risk Management provides a clear and structured approach to identifying risks. Having a clear understanding of all risks allows the municipality to measure and prioritise them and take the appropriate actions to reduce possible losses.

The Municipality implements and maintains effective, efficient and transparent systems of risk management and internal control. The risk management will assist the municipality to achieve its service delivery outcomes and enhance organisational performance. The risks are managed formally and periodically by means of a factual and realistic approach. This promotes the achievement of objectives and further avoids these risks from impacting negatively on the organizational efficiency

The average risks in developing the Internal Audit Coverage Plan was extracted from the risk assessment report, considering the impact and likelihood of critical issues/risks within each of the identified activities.

5.10 ANTI-CORRUPTION AND FRAUD

The actions that constitute corruption can be classified as follows:

- Any dishonest, fraudulent or corrupt act,
- Theft of funds, supplies and other assets,
- Maladministration or financial misconduct in handling or reporting of money,
- Making profit from insider knowledge,

- Disclosing confidential information to outside parties,
- Deliberately refusing or omitting to report or act upon reports of irregular or dishonest conduct

The strategies in place to prevent corruption, fraud and theft are the application of policies approved by council such as the supply chain management policy, the cashiers' policy and the segregation of duties to approval of transactions within the municipality.

Key risk areas susceptible to corruption and fraud are the procurement, cash collection and payments as well as unauthorized distribution of information from the institution. Policies such the cashiers' policy was approved by council. The code of conduct in terms of the Municipal Systems Act was communicated to all employees to highlight the importance of proper employee behaviour and conduct.

A previous challenge that is now overcome was the lack of important structures to effectively deal with the occurrence of corruption and fraud within the municipality. A lack of capacity at the Internal Audit and Supply Chain and the ineffective functioning of the Audit Committee were some of the challenges the municipality faced to effectively eliminate the occurrence of fraud and corruption. These challenges have now been resolved and a functional internal audit, supply chain management. The term of the District Shared Audit and Performance Committee expired in March 2017 and the Municipality was in the process of recruitment and selection of members of the Audit Committee that will serve only the Letsemeng Local Municipality.

5.11 SUPPLY CHAIN MANAGEMENT

Supply Chain Management is centralised and attached to Budget and Treasury Office which is mainly responsible for the administration and procurement of goods and services. The municipality is currently utilizing *Sage Evolution* which its implementation commenced during 2017/18 financial year. All the procurements are transacted through sage evolution system to avoid irregular and fruitless expenditure. Supply Chain processes are regulated by supply chain policy which is in line with relevant regulations.

5.12 BY-LAWS LITIGATION

Table 19: By-laws introduced

By-laws Introduced during 2017/18					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
None	-	-	-	-	-
<i>*Note: See MSA section 13.</i>					

5.12.1 COMMENT ON BY-LAWS

For the financial year under review the municipality promulgate any new by-law.

5.13 WEBSITE

A municipal website <http://www.letsemeng.gov.za> is a key communication mechanism in terms of service offering, information sharing and public participation and should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the annual budget, adjustments budgets, budget related documents and policies.

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

Table 20: Municipal Website: Content and Currency of Material

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (2016/17)	Yes
The annual report (2017/18) to be published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2017/18) and resulting scorecards	Yes
All service delivery agreements (2017/18)	Yes
All long-term borrowing contracts (2017/18)	No
All supply chain management contracts above a prescribed value (give value) for 2017/18	No
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's Website	Yes / No
Contracts agreed in 2017/18 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No
Public-private partnership agreements referred to in section 120 made in 2017/18	No
All quarterly reports tabled in the council in terms of section 52 (d) during 2017/18	No
<i>T 2.10.1</i>	

5.13.1 COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

The municipality's website is managed and maintained by the ICT section. ICT has greatly improved in terms of managing and compliance of the municipality's website.

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

6.1 INTRODUCTION

The municipality as a Service Authority within its area of jurisdiction has a legislative mandate to provide services in a safe and healthy environment. The Technical Department is responsible for operation and maintenance of infrastructure which include electricity, water services, roads and storm water. The Technical Department also provides support services such as the mechanical workshop.

The Technical Department plays a pivotal role in terms of facilitation and coordination of services provided by Provincial and National Departments. The municipality has adopted a five-year IDP Plan which is a strategic document aiding in the developments within the municipality. Sector plans are also included which gives effect to the strategies and objectives in the IDP. The IDP is further informed by both the National and Provincial development strategies.

The purpose of the report is to provide information in respect of the core responsibilities, objectives, achievements as well as challenges faced by the Technical Department during the 2017/18 financial year.

6.2 COMPONENT A: BASIC SERVICES - WATER

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services. The municipality accepted that the number of households within the municipal area is 40 044 as provided by Statistics South Africa for 2016.

6.2.1.1 INTRODUCTION TO BASIC SERVICES

Technical Services Department is responsible for the following services:

- Provision of new infrastructure in terms of planning and implementation.
- Operating, maintenance and refurbishing/rehabilitation of existing infrastructure.
- Provision of basic services such as water, electricity and roads.

This is done as a basic service delivery aspect in the following areas:

A. Water and waste water services

- Water purification
- Sewerage treatment
- Storage dams
- Water reservoirs
- Water and sewage reticulation networks

B. Roads, storm water, railways and public works

- Roads design, construction and maintenance
- Storm water drainage system
- Bridges and culverts
- Landfill site management

C. Electricity

- Electricity Distribution
- Electricity network maintenance and upgrading
- Electricity Consumption Care
- Public lighting

D. Buildings survey

- Approval of building plans, construction and inspections thereof

Objectives and Achievements

Strategic objectives are set out in planning and budgeting tools such as IDP and SDBIP in order to properly plan and achieve targets. Priority areas regarding basic service delivery are as follows:

- Access to water,
- Water loss,
- Water quality,
- Access to sanitation,

- Access to electricity,
- Energy efficiency,
- Access to municipal surfaced roads

Departmental Challenges

- Institutional and organizational development:
 - Inadequate attraction and retention of skilled competent personnel,
 - Prolonged recruitment processes,
 - Inadequate training and development of staff
- Infrastructure maintenance and development:
 - Outdated technology and aged infrastructure,
 - Lack of infrastructure master plans and maintenance plans,
 - Inadequate infrastructure capacity to meet supply demand,
 - Increasing theft and vandalism of infrastructure,
 - Limited preventative maintenance,
 - Decaying infrastructure,
 - Heavy motor vehicular movement through and around CBD,
 - High distribution losses (water and electricity)
- Machinery, equipment and fleet:
 - Shortage of machinery, equipment and fleet,
 - High average age of municipal fleet,
 - Most fleet out of useful lifespan,
 - Prolonged turnaround time in terms of repairs and continued breakages,
 - Limited maintenance equipment,
 - Delayed processing time of purchase request in terms of maintenance and repairs,
 - Shortage of vehicles and machinery causing low productivity and low morale of staff cascading into serious delays in service delivery.

- Financial Constraints:
 - Insufficient maintenance budget,
 - Insufficient capital budget appropriated (own funding),
 - Lack of consumables and sundry items,
 - Supplier / municipal relations dented,
 - Long processing period of purchase orders.

- Natural Hazards:
 - rainfall and flooding causes delay in project implementation and flooding of residential areas,
 - Drought, leading to inadequate raw water supply and thereby negatively affecting the Municipality's mandate of providing basic water service to its communities.
 - Extensive damage to infrastructure (decaying roads surfaces and potholes) and facilities / property.

- Compliance to Regulations:
 - Inadequate monitoring and measuring equipment and processes to facilitate compliance.

- Bulk Supply Services:
 - Inadequate bulk raw water supply in Petrusburg and Koffiefontein.
 - Rapidly deteriorating condition of roads network including main roads.

6.2.1.2 WATER PROVISION

Water needs are determined via the consumer base on the ground. Figures used to determine this includes provision for registered indigents according to the municipal policy. Supply and disruptions are monitored and future needs are based on results. Further inputs from the community and political offices are compared with departmentally identified issues and included in the IDP as needed. National government targets are also included in future planning.

For blue drop purposes the water quality is monitored continuously and uploaded on the BDS site and water provision to the community is done in accordance with the Water Services Act 1997.

The top three priorities are:

1. Sufficient water supply for communities.
2. Connections to individual stands with provision for indigents.
3. Provision of water within legal requirements (Water within Blue drop and SANS 241 standards)

The challenge in water supply remains the balance between the available raw water and demand from the community.

The blue drop status have increased to 48% and it is expected to improve with a bigger percentage the next financial year due to the appointment of process controllers that are in line with regulation 16. The Koffiefontein and Luckhoff water treatment works were recently refurbished and there is construction of a Water Treatment Works in progress at the Jacobsdal water treatment plant. This will improve the quality of water supply and water quality in general from both the works as well and also contribute to an increase in the bluedrop status.

All formal areas of Letsemeng available for occupation are provided with water networks with pre installed connections and consumers moving onto unconnected stands are connected on application.

Letsemeng Local Municipality (LLM) is a Water Service Provider (WSP) and a Water Service Authority (WSA), all this functions are currently operated by the Municipality. Letsemeng Local Municipality has through the Development Bank of South Africa (DBSA) prepared a Water Service Development Plan (WSDP) which focused on the 2015 water and sanitation prospects.

LLM is struggling to meet the water demand from three towns namely Jacobsdal, Luckhoff and Petrusburg. This is due to the low capacity of the Water treatment Works (WTW) and availability of surface water, the demand is higher than the available supply, this is in some cases compromising the quality of water since the plans would be pushed to the maximum capacity or even be exeded resulting in turbidity increasing. LLM has through the Department of Water & Sanitation (DWS) been upgrading all the WTW to bigger capacities to be able to meet the demand, this project will be vissible under the capital project table. Due to the availability of funds, all the projects are multy-phased projects which run in different financial years. The biggest project recorded in LLM is the Construction of 4.15Ml Jacobsdal Conventional WTW with a budget of R66 million.

Unavailability of surface water poses a high risk to the community of Petrusburg because they rely on ground water, most of the boreholes have already started showing reduced capacity while there is no alternatice sources. Improvement of water supply in Ratanang 202 sites has been completed with water reticulation and yard connections.

6.3 COMMENT ON WATER USE BY SECTOR:

As indicated earlier, LLM did not have enough metering points to be able to gather the water balancing statistics, it is only recently when Oppermansgronde has been declared ready for water balancing. The above graph will not be able to show different categories and their usage.

Table 21: Water Service Delivery Levels

Water Service Delivery Levels					
Description	Ref	Households			
				2016/17 Actual 0-Jan-00	2017/18 Actual No.
<u>Water: (above min level)</u>					
Piped water inside dwelling				8 134	8 336
Piped water inside yard (but not in dwelling)				0	0
Using public tap (within 200m from dwelling)	2			693	693
Other water supply (within 200m)	4			493	493
<i>Minimum Service Level and Above sub-total</i>				9 320	9 522
<i>Minimum Service Level and Above Percentage</i>				100%	100%
<u>Water: (below min level)</u>					
Using public tap (more than 200m from dwelling)	3	490	490	0	0
Other water supply (more than 200m from dwelling)	4	0	0	0	0
No water supply		0	0	0	0
<i>Below Minimum Service Level sub-total</i>		490	490	0	0
<i>Below Minimum Service Level Percentage</i>		5%	5%	0%	0%
Total number of households*	5	9 319	9 319	9 320	9 522

Table 22: Households - Water Service Delivery Levels

Description		2016/17	2017/18
		Actual No.	Actual No.
Formal Settlements			
Total households		83698 134	8 369
Households below minimum service level		0	0
Proportion of households below minimum service level		0%	0%
Informal Settlements			
Total households		493	493
Households below minimum service level		0	0
Proportion of households below minimum service level		0%	0%

Actual performance against the predetermined objectives and targets

DIRECTORATE: TECHNICAL SERVICES

TL Ref	Key Performance Area	IDP/Strategic Objective	Key Performance Indicator	Unit of measurement	Annual Target	Annual Results	Budget	Performance Comment	Corrective measures to be taken or reasons for variance
TL1	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	% of households with access to basic level of basic water service standard	Physical verification forms	100%	3% (245hh)	Operational	Not Achieved	The Household profiling survey was introduced by the municipality and not completed, hence the failure for Technical department to no have achieved their objective of indicating
TL2	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	% of households with access to basic level of basic sanitation service standard	Physical verification forms	100%	3% (245hh)	Operational	Not Achieved	The Household profiling survey was introduced by the municipality and not completed, hence the failure for Technical department to no have achieved their objective of indicating
TL3	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	% of households with access to basic level of basic electricity service standard	Physical verification forms	100%	3% (245hh)	Operational	Not Achieved	The Household profiling survey was introduced by the municipality and not completed, hence the failure for Technical department to no have achieved their objective of indicating
TL4	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to	Install 6 bulk water meters at water treatment works (2Koffiefontein,	Bulk meters installed	June 2018	0	0	Not Achieved,	Bulk meters could not be installed due to financial constraints, KPI will be

		give priority to the basic needs of the communities	2Oppermansgronde, 2Jacobsdal)						included in the new financial year.	
TL5	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Fencing and layer works and designs for Construction of Sports Complex in Ward 4 Koffiefontein	MIG implementation Plan, progress reports	June 2018	100% completed by June 2018	R775 000	Not Achieved	The contract of the contractor was terminated due to non-performance, KPI to be implemented in new financial year	
TL6	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Upgrading of 2.2km paved road in Koffiefontein (ward 4&5)	Completion Certificate	Sept 2017	September 2017	R3 681 675.74	Achieved, Completion Certificate has been submitted	N/A	
TL7	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Construction of water borne sanitation for 202 sites in ward 2 Jacobsdal newly developed area	MIG Implementation plan, Completion Certificate	June 2018	0	MIG R6 057 210.03	Not Achieved	Project could not be completed by end June due to budget maintenance, Project to be implemented in the new financial year	
TL8	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	70% compliance with discharge license requirements on average for effluent quality at Koffiefontein (ward 5 & Jacobsdal (ward 2)	Laboratory analysis results	4	4	Operational	Analysis results has been submitted, 70% compliance as per requirement	N/A	

TL9	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	≥SANS 241 compliance on average for portable water quality	Laboratory analysis results	4	4	Operational	Analysis results has been submitted	N/A	
TL10	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Install level control valves at reservoirs (Koffiefontein, Oppermansgronde, Jacobsdal)	No of control valves installed	June 2018	June 2018	0	Not Achieved	Indicator is not achieved due to financial constraints, Project to be implemented in new financial year	
TL11	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Conduct Electrical meter audit of all businesses	Meter audit report	March 2018	March 2018	0	Not Achieved	The House hold survey was introduced by the municipality and not completed, hence the failure for Technical department to no have achieved their objective of indicating, this audit was supposed to be conducted together with the household profiling	
TL12	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Installation of outfall sewer lines and fencing at waste water treatment works in Jacobsdal (ward 2)	Progress report and Completion Certificate	June 2018	Project to be complete. Completion Certificate	R1.6m	Not Achieved	Due to financial constraints, indicator could not be achieved, Project to be implemented in new financial year	

TL13	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Install 4 shipping container at the pumps station and security monitoring devices in Koffiefontein	Completion Report	May 2018	Project to be complete. Completion report	0	Not Achieved	Contractor was appointed only in May 2018, Containers were only delivered during the month of August	
TL14	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Upgrade Power in Koffiefontein	Completion Certificate	June 2018	0	R4.5m	Not Achieved	Department of Energy reallocated R3.8m from LLM to other municipalities due to under-performance of the municipality The remaining amount will be spent on the fencing and the building during.	
TL15	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Install 3 bulk electrical meters (Luckhoff, Petrusburg, Koffiefontein)	Report on installation of meters	June 2018	Report on installation of meters	0	Not Achieved	Due to municipal constraints indicator is not achieved, Municipality to budget according in order to can achieve its objectives	
TL16	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Replace faulty domestic (prepaid) electrical meters in Luckhoff, Petrusburg and Koffiefontein	Report on meters replaced	March 2018	Meter Audit report	Operational	Partially Achieved	Not all meters could be replaced due to municipal financial status, Most of the meters replaced were done in Koffiefontein other towns will be done in the new financial year.	
TL17	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to	100% of the municipality's capital budget spent on Capital projects (MIG) identified	MIG implementation plan signed by MM and CFO	June 2018 100% expendit	75%	R17 377	Partially Achieved	Indicator partially achieved due to municipal financial status we could not spend 100% as per KPI	

		give priority to the basic needs of the communities	for 2017/18 in terms of the IDP		ure by June 2018					
TL18	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Reduce water loss in distribution to 20% by June 2018 (Difference between water supplied and water billed) (No of kilolitres purchased or purified – number of kilolitres sold)/ No of kilolitres purchased or purified) x 100	Quarterly reports on water losses	<20%	22%	Operational	Not Achieved	The municipality will include its own usage to the water calculations, install bulk water meters at reservoirs.	
TL19	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Reduce electricity distribution losses to 27% by June 2018 (no. of electricity units purchased – no. of electricity units sold) / no. of electricity units purchased) x 100	Quarterly reports on electricity losses	<27%	39%	0	Not Achieved	The municipality is currently busy to install faulty meters which will reduce the losses, tamper seal material for sealing of all meters to can see if meters are being tempered.	
TL20	Good Governance and Public Participation	Promote a culture of participatory and good governance	Attend to corrective measures as Identified in the Audit Action Plan pertaining to the department	Percentage of issues identified and proposed corrective measures attended to	95%	80%	Operational	Partially Achieved	Overall audit recovery plan is reported under MM's office	
TL21	Good Governance and Public Participation	Promote a culture of participatory and good governance	Update departmental risk register and submit to Risk Officer	4 Signed and updated departmental risk registers	4	4	Operational	Reportable under MM's office	NA	

DIRECTORATE: COMMUNITY SERVICES

TL Ref	Key Performance Area	IDP/Strategic Objective	Key Performance Indicator	Unit of measurement	Annual Target	Annual Results	Budget	Performance Comment	Corrective measures to be taken or reasons for variance	
TL22	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	No. of households with access to basic level of basic refuse service standard	Programme and Report on refuse removal	8369	3% (245)	Operational	Not Achieved	The Household profiling survey was introduced by the municipality and not completed, hence the failure for Technical department to no have achieved their objective of indicating	
TL23	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Clean two sport facilities(Stadium) once a quarter (Jacobsdal and Koffiefontein)	4 Reports on cleaning of sports facilities	4	4	Operational	Maintenance report on cleaning of sports complex has been submitted	N/A	
TL24	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Repair and maintain municipal halls (Koffiefontein ward 5 and Bolokanang hall ward 6	Maintenance reports	June 2018	0	Operational	Not Achieved	Due to financial constraints indicator could not be achieved, Municipality to plan accordingly in order to can implement its indicators as per annual plans.	
TL25	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Repair and maintain municipal offices in Koffiefontein and Jacobsdal	Maintenance reports	June 2018	1 Office in Koffiefontein maintained	Operational	Not Achieved	The office in Koffiefontein has been repaired and maintained. Due to financial constraints the office in Jacobsdal could not be maintained	

TL26	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Develop Technical Report and EIA for Construction of new solid waste landfill sites (phase 1) Luckhoff (ward1)	EIA Report, and Technical report	June 2018	Progress report for EIA by June 2018	R497 640	EIA report has been submitted	N/A	
TL27	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Surveying and Pegging of 1483 sites in Koffiefontein (Ward 4) newly developed area	Layout plans and progress reports	June 2018	Layout plan and Progress report for Koffiefontein by June 2018	Operational	Layout plan has been submitted	N/A	
TL28	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Surveying and Pegging of 563 sites in Luckhoff (Ward 1) newly developed area	Layout plans and progress reports	June 2018	Layout plans and progress report for Luckhoff by June 2018	Operational	Layout plan has been submitted	N/A	
TL29	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Review Spatial Development Framework by May 2018	Approved Spatial Development Framework	June 2018	Approved Spatial Development Framework by May	Operational	SDF has been submitted and approved as a sector plan of the IDP	N/A	
TL30	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to	Review Disaster Management Plan (local) by June 2018	Approved Disaster Management Plan	June 2018	Approved Disaster Management Plan	Operational	DMP has been submitted and approved as a sector plan of the IDP	N/A	

		the basic needs of the communities								
TL31	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Review Integrated Waste Management Plan by June 2018	Approved IWMP 2018/19	June 2018	Approved IWMP 2018/19	Operational	IWMP has been submitted and approved as sector plans of the IDP	N/A	
TL32	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs of the communities	Cleaning of 5 cemeteries on a quarterly basis (Koffiefontein 2, Jacobsdal 1, Luckhoff 1, Bolokanang 1)	Report on cleaning of cemeteries	4	4	Operational	Maintenance report on cleaning of cemeteries submitted	NA	
TL33	Good Governance and Public Participation	Promote a culture of participatory and good governance	Attend to corrective measures as Identified in the Audit Action Plan pertaining to the department	Percentage of issues identified and proposed corrective measures attended to	95%	80%	Operational	Partially achieved	Overall audit recovery plan is reported under MM's office	
TL34	Good Governance and Public Participation	Promote a culture of participatory and good governance	Update departmental risk register and submit to Risk Officer	4 Signed and updated departmental risk registers	4	4	Operational	Reportable under MM's office	N/A	

DIRECTORATE: FINANCIAL SERVICES

TL Ref	Key Performance Ara	IDP/Strategic Objective	Key Performance Indicator	Unit of measurement	Annual Target	Annual Results	Budget	Actual performance	Corrective measures to be taken or reasons for variance	
TL35	Municipal Finance Viability and Management	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems	Develop valuation roll 2018-2023 by June 2018 for implementation in 2018/19fy	Valuation roll	June 2018	Valuation roll	R1.2m	Certificate of the Valuation roll has been submitted	N/A	
TL36	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Quarterly reports on the implementation of the Revenue Enhancement Strategy	Signed Reports	4	3	0	Achieved	The Revenue Enhancement Committee was only established in the 2 nd Quarter thus only 3 reports could be compiled	
TL37	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Percentage of revenue collected on services rendered to the community for all municipal services by June 2018	Quarterly revenue report	70%	72%	Operational	Average collection rate calculation has been submitted	N/A	
TL38	Good Governance and Public Participation	Promote a culture of participatory and good governance	Develop Audit Action Plan 2016/17	Audit Action Plan 2016/17	Dec 2017	Dec 2017	Operational	Audit Action Plan has been developed and submitted	N/A	
TL39	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Quarterly MSCOA reports to management	MSCOA reports, minutes of management meeting	4	4	Operational	Report on Mscosa has been submitted	N/A	
TL40	Municipal Finance Viability and Management	To improve overall financial management in	Register indigent households for 2017/18 in all 6 wards	Signed Indigent Register	4800	1652	Operational	Soft copy of indigent register has	The process of household profiling will also assist the	

		municipalities procedures and systems						been submitted	municipality to identify indigent consumers.	
TL41	Municipal Finance Viability and Management	To improve overall financial management in municipalities procedures and systems	Submit Procurement Plan to Provincial Treasury	Procurement Plan 2017/18 and Proof of submission	August 2017	August 2017	Operational	Procurement Plan was submitted	N/A	
TL42	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Quarterly reports on verification of assets against asset register	Quarterly signed reports	4	4	Operational	Asset verification report has been submitted	N/A	
TL43	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Review Budget related policies for 2018/19 financial year	Approved budget related policies	June 2018	Approved Polices by June 2018	Operational	Council resolution has been submitted as proof of draft policies tabled to council	N/A	
TL44	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Review Financial Management Plan by June 2018	Approved FMP	June 2018	Approved FMP by June 2018	Operational	Financial Management plan has been approved as sector plan of the IDP	N/A	
TL45	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Prepare Mscosa compliant Budget 2018/19 financial year	Approved Budget 2018/19	June 2018	Approved Budget 2018/19 by June	Operational	Council resolution has been submitted	N/A	

TL46	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Compile Quarterly Sec 52 reports and submit to Council	Quarterly Sec 52 reports	4	4	Operational	Section 52 report has been submitted	N/A	
TL47	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Compiled and submitted 2016/17 AFS	Copy of signed AFS	31 August 2017	31 August 2017	Operational	AFS was submitted late	Municipality to ensure it complies with all relevant legislation	
TL48	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Number of SCM implementation reports	Signed copies of SCM implementation reports	4 SCM report	4	Operational	SCM report has been submitted	NA	
TL49	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Submit Annual SCM implementation report to the Mayor and Accounting Officer (Annually)	Proof of submission and Annual SCM report	1 Annual SCM report by June 2018	0	Operational	Not Achieved	Municipality to ensure it complies with all relevant legislation	
TL50	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Submit Deviation reports to the Municipal Manager	Proof of submission	4	4	Operational	Deviation Report is included in the SCM report and it has been submitted	NA	
TL51	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Submit monthly reports on salaries and wages to the Mayor (sec 66)	Proof of submission	12	12	Operational	Sec 66 reports has been submitted	N/A	
TL52	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Percentage of tenders awarded within 60 days of closing date	Appointment letters	100%	75%	Operational	Appointment letters has been submitted	N/A	
TL53	Good Governance and Public Participation	Promote a culture of participatory and good governance	Update departmental risk register and submit to Risk Officer	4 Signed and updated departmental risk registers	4	4	Operational	KPI is reported under MM's office	Not application	
TL54	Good Governance and	Promote a culture of	Attend to corrective measures as Identified in the Audit Action Plan	Percentage of issues identified and proposed	95%	80%	Operational	Partially Achieved	Overall audit recovery plan is reported under MM's office	

	Public Participation	participatory and good governance	pertaining to the department	corrective measures attended to						
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OFFICE OF THE MUNICIPAL MANAGER

TL Ref	Key Performance Ara	IDP/Strategic Objective	Key Performance Indicator	Unit of measurement	Annual Target	Annual Results	Budget	Actual performance	Corrective measures to be taken or reasons for variance	
TL55	Local Economic Development	Create sustainable jobs and improved livelihoods of communities in Letsemeng	Review EPWP policy by June 2018	Approved EPWP policy 2018/19	June 2018	Approved EPWP Policy	Operational	Not Achieved	EPWP policy to be approved in the new financial year	
TL56	Local Economic Development	Create sustainable jobs and improved livelihoods of communities in Letsemeng	135 temporary EPWP jobs created	Employment contracts	135 jobs created June 2018	50 employees appointed	R1 million	Not Achieved	Official responsible for EPWP to reason for none achievement	
TL57	Local Economic Development	Create sustainable jobs and improved livelihoods of communities in Letsemeng	Review commonage policy by June 2018	Approved Commonage policy	June 2018	Approved Commonage Policy by June 2018	Operational	Commonage Policy not approved	Policy will be implemented in the new financial year	
TL58	Local Economic Development	Create sustainable jobs and improved livelihoods of communities in Letsemeng	Assess the number of informal and formal businesses in all 6 wards	Assessment report	April 2018	Assessment Report by April 2018	Operational	Database assessment report has been submitted	N/A	
TL59	Local Economic Development	Create sustainable jobs and improved livelihoods of communities in Letsemeng	Conduct quarterly trainings/workshops for emerging farmers in all 5 towns of Letsemeng	Attendance Registers	4	4	Operational	Attendance registers has been submitted	N/A	

TL60	Local Economic Development	Create sustainable jobs and improved livelihoods of communities in Letsemeng	Conduct quarterly trainings/workshops for SMME's in all 5 towns	Attendance Registers	4	4	Operational	Attendance has been submitted	N/A	
TL61	Local Economic Development	Create sustainable jobs and improved livelihoods of communities in Letsemeng	Provide start up equipment and tools for 5 identified SMME's	Acknowledgment of receipt of equipment and tools	June 2018	Hand over report	R250 000	Due to financial constraints KPI is not achieved	Municipality to align budget with IDP in order to implement KPIs set	
TL62	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Develop 2018/19 SDBIP signed by the Mayor within 28 days after approval of budget 2018/19 as per sec 53(ii)	Signed 2018/19 SDBIP	Signed SDBIP within 28 days after approval of budget 2018/19 as per sec 53(ii)	1 SDBIP 18/19	Operational	Approved SDBIP 18-19 has been submitted	N/A	
TL63	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Publish SDBIP on website, all units, libraries within 14 days after approval of the Mayor (circular 13)	Screen dump of publication from website, acknowledgment from units and libraries	14 days after approval of SDBIP	Screen dump for publication of SDBIP 18-19	Operational	Screen dump as proof has been submitted	N/A	
TL64	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Submit signed Performance Agreements 2018/19 to Cogta	Acknowledgement from Cogta	July 2018	July 2018	Operational	PA's was submitted late to cogta,	Municipality to ensure it complies with all relevant legislation	
TL65	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Compile 4 performance reports and submit to Internal Audit unit for review	Acknowledgement from Internal audit unit	4	4	Operational	Achieved	N/A	

		public participation								
TL66	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Submit Mid-Year budget and Performance assessment report to the Mayor (sec 72)	Signed Mid – Year report by the Mayor	25 January 2018	25 Jan 2018	Operational	Sec 72 report has been submitted	N/A	
TL67	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Submit draft annual report 2016/17 to Auditor General	Acknowledgement of receipt	31 August 2017	31 August 2017	Operational	Documents were submitted late	Municipality to ensure it complies with all relevant legislation	
TL68	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Table draft annual report 2016/17 to Council	Signed Council minutes	31 January 2018	31 January 2018	Operational	Council minutes has been submitted and council resolution	NA	
TL69	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Tabling of 2016/17 Oversight report on the annual report to Council	Signed Council minutes, Oversight Report	30 March 2018	30 March 2018	Operational	Council minutes and OR report has been submitted	NA	
TL70	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Submit Final Annual Report and Oversight Report to relevant departments within 7 days after 30 March 2018	Proof of submission	Within 7 days after 30 March 2018	Within 7 days after 30 March 2018	Operational	Proof of submission to relevant departments has been submitted	N/A	
TL71	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Review of PMS policy by June 2018	Approved PMS policy	June 2018	June 2018	Operational	KPI not achieved	PMS policy to be approved in the new financial year	

TL72	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Table reviewed IDP 2018/19 to Council for approval	Approved IDP	June 2018	Approved IDP by June 2018	Operational	Council Resolution has been submitted	N/A	
TL73	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Conduct risk identification and assessments within the Municipality and update and consolidate risk register on a quarterly basis.	Updated risk register and attendance register	4	4	Operational	Updated risk register has been submitted (soft copy)	N/A	
TL74	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Review Risk management strategy, that includes fraud prevention plan	Approved Risk Management Strategy	March 2018	Approved Strategy by March 18	Operational	Not Achieved	Strategic documents were referred back by Audit Committee with inputs to be amended and tabled at next meeting.	
TL75	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Number of risk management committee meetings conducted	Attendance register and minutes	2	0	Operational	Not Achieved	Risk Officer to compile a risk committee meeting schedule for the new financial year.	
TL76	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Compile Risk Management Reports and submit to Risk management committee	Risk Management Reports, minutes of Risk management committee	4	4	Operational	Reports has been submitted	N/A	
TL77	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Conduct Fraud Prevention workshops in all 5 towns	Attendance register, invitation	April 2018	Workshops by April 2018	Operational	Not achieved	Due to lack of internal capacity workshops could not be conducted, Officer to ensure that fraud prevention workshops to be conducted annually	

TL78	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Monitor Implementation of Audit Action Plan 2016/17	Progress reports	2	2	Operational	Achieved	N/A	
TL79	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Review Risk Based Audit Plan and submit to Audit Committee (sec 165(2))	Minutes of AC and Risk Based Audit Plan	31 August 2017	31 August 2017	Operational	Approved RBAP has been submitted	N/A	
TL80	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Review Internal Audit Charter for 2017/18 and submit to Audit Committee	Minutes and Internal Audit Charter 2017/18	31 August 2017	31 August 2017	Operational	Approved Internal Audit Plan has been submitted	N/A	
TL81	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Review Audit Committee Charter 2017-18 and submit to AC	Minutes of AC and attendance register	31 August 2017	31 August 2017	Operational	Approved IA Charter has been submitted	N/A	
TL82	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Develop an Internal Methodology and submit to MM and Audit Committee	Approved Methodology	31 August 2017	31 August 2017	Operational	Approved Internal Methodology has been submitted	N/A	
TL83	Good Governance and Public Participation	Promote a culture of good Governance and public participation	No of internal audit executed in compliance with the plan	Percentage of audits executed	90%	90%	Operational	No information submitted	IA Manager to indicate reasons for non-achievement and corrective measures	
TL84	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Monitor and follow on management comments on Internal Audits performed	Progress reports	4	0	Operational	No information submitted	IA Manager to indicate reasons for non-achievement and corrective measures	
TL85	Good Governance and Public Participation	Promote a culture of good Governance and	Submit Internal Audit reports to Audit Committee on	Internal Audit reports	4	1	Operational	Not Achieved	Audit committee was recently appointed thus not reports could be submitted.	

		public participation	Performance reports reviewed							
TL86	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Develop ICT Security Policy	Approved ICT Policy	June 2018	Approved ICT Policy By June 18	Operational	ICT Policy Security not approved	Policies to be approved in the new financial year	
TL87	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Develop Disaster Recovery Policy	Approved Disaster Recovery Policy	June 2018	Approved Disaster Recovery Policy By June 18	Operational	Disaster Recovery Policy not approved	Policies to be approved in the new financial year	
TL88	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Conduct and ICT infrastructure assessment for the 4 other remaining towns	Assessment Report	June 2018	Assessment Report By June 18	Operational	Assessment Report has been submitted	N/A	
TL89	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Attend to corrective measure as identified in Audit Action Plan 2016/17	% of issues attended to as identified	95%	80%	Operational	Partially Achieved,	Management to ensure Audit Action Plan is implemented accordingly, and quarterly progress reports to be submitted to Audit and Performance Committee.	

DIRECTORATE: CORPORATE SERVICES

TL Ref	Key Performance Ara	IDP/Strategic Objective	Key Performance Indicator	Unit of measurement	Annual Target	Annual Results	Budget	Actual performance	Corrective measures to be taken or reasons for variance	
TL90	Municipal Transformation and Institutional Development	To create efficient, effective and accountable administration	Review Organizational structure by June 2018	Approved Organizational structure	June 2018	Approved Structure June 2018	Operational	Not Achieved	Consultation on the structure with the Sec 79 committee not yet finalized, Structure to be approved in the new financial year	
TL91	Municipal Transformation and Institutional Development	To create efficient, effective and accountable administration	Develop Workplace Skills Plan 2018/19 and submit to LGSETA by 30 April 2018	Proof of acknowledgement	30 April 2018	April 2018	Operational	Acknowledgement and WSP has been submitted	N/A	
TL92	Municipal Transformation and Institutional Development	To create efficient, effective and accountable administration	Table WSP to council by June 2018 for noting	Council resolution	June 2018	June 2018	Operational	Not Achieved	The WSP has been compiled and submitted to LGSETA, the only leg was to table it to council for noting. It be will tabled to Council for noting in new financial year	
TL93	Municipal Finance Viability and Management	To improve overall financial management in municipalities	% of municipality's personnel budget actually spent on implementation of its work place skills plan	Expenditure reports	100%	26%	R900 000	Not Achieved	Indicator is not achieved due to financial constraints, Municipality to spread the budget to cover all four (4) quarters	
TL94	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Compile monthly leave reports	Monthly leave reports	12 monthly leave reports	12 monthly leave reports	Operational	Leave report has been submitted	N/A	

TL95	Good Governance and Public Participation	Promote a culture of good Governance and public participation	No. of LLF meetings conducted	Minutes, attendance register	4 LLF meetings	3	Operational	Partially Achieved	LLF committee to ensure they sit according to meetings scheduled	
TL96	Municipal Finance Viability and Management	To improve overall financial management in municipalities	Develop employee performance appraisal system	Developed EPAS system	June 2018	EPAS System by June	Operational	Not achieved	Due to lack of internal capacity indicator could not be achieved, SALGA National is in the process of assisting municipalities with the Xhariep District with the development and cascading PMS to lower levels	
TL97	Municipal Transformation and Institutional Development	To create efficient, effective and accountable administration	Review Employment Equity Plan	Compliance letter from Department of Labour	April 2018	January 2018	Operational	EE Plan has been submitted	NA	
TL98	Municipal Transformation and Institutional Development	To create efficient, effective and accountable administration	No of Employment Equity Reports submitted to Department of Labour	Proof of submission and acknowledgment from DOL	15 January 2018	15 January 2018	Operational	Acknowledgement letter has been submitted	N/A	
TL99	Municipal Transformation and Institutional Development	To create efficient, effective and accountable administration	Develop Customer Policy by December 2017	Approved customer policy, Council resolution	Dec 2017	Approved Customer Care Policy by Dec 2017	Operational	Acknowledgement has been submitted	N/A	
TL100	Municipal Transformation and Institutional Development	To create efficient, effective and accountable administration	Conduct 2 awareness workshops on leave discipline benefits in all five towns	Attendance registers	March 2018	March 2018	Operational	Attendance registers has been submitted	N/A	

TL101	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Conduct community consultation/Imbizo on service delivery	Attendance registers	Annually	0	Operational	Not achieved	PPO to plan accordingly when compiling programme in Mayors office	
TL102	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Conduct 4 Ordinary council meetings	Attendance register, Council agenda	4	4	Operational	Attendance register and notice has been submitted	N/A	
TL103	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Conduct 4 section 79 committee meetings	Attendance register and minutes of committee meeting	4	4	Operational	Attendance register and minutes has been submitted	N/A	
TL104	Good Governance and Public Participation	Promote a culture of good Governance and public participation	% of council resolution implemented within required timeframe	% of council resolutions implemented	≥85%	≥85%	Operational	Execution list has been submitted	NA	
TL105	Good Governance and Public Participation	Promote a culture of good Governance and public participation	No. of community report back meetings convened by Councillors on service delivery including IDP etc	Attendance registers	2	1	Operational	Not Achieved	Meeting was held during IDP process and Attendance registers has been submitted	
TL106	Basic Service Delivery and Infrastructure Development	To ensure sustainable provision of services and to give priority to the basic needs	Submit monthly back to basics reports to provincial and national department of Cogta	Proof of submission and B2B reports	12	6	Operational	Not Achieved	Municipality to ensure compliance is adhere to.	

		of the communities								
TL107	Good Governance and Public Participation	Promote a culture of good Governance and public participation	Attend to corrective measure as identified in Audit Action Plan 2016/17	% of issues attended to as identified	95%	80%	Operational	Partially Achieved	Overall audit recovery plan is reported under MM's office	

Table 23: Employees Water Service

Employees: Water Services					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
4 – 6	1	1	1	1	0%
7 – 9	0	0	0	0	0%
10 - 12	18	19	18	1	5,5%
Total	19	20	19	2	10,5%

Table 24: Financial Performance Water Service

Financial Performance : Water Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	12 907	8 865	8 244	15 748	7 704
Expenditure:					
Employees	1 635	4 827	4 827	7 729	-2 902
Repairs and Maintenance	1 575	1 756	2 049	5 483	1 739
Other	2 300	7 532	7 532	4 320	5 483
Total Operational Expenditure	5 510	14 115	14 115	9 775	4 320
Net Operational Expenditure	2 597	-5 250	-5 871	6 153	3 384

Table 25: Capital Expenditure Water Service

Capital Expenditure 2017/18 Water Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All				0	
Project A				0	
T 3.1.9					

Capital Expenditure 2017/18: Water Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Name of project:					
T 3.1.9					

6.3.1 COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The Department of Water & Sanitation has been the main source of upgrading the WTW's, even though progress has been made, it has not yet made an immediate impact to communities due to projects being implemented in phases. Setting wrong priorities led to construction of the 5Ml Reservoir instead of upgrading the WTW, this delayed the upgrading of the WTW and pushed it back by a year. Another setback was prioritizing the refurbishments instead of upgrading the plants, this set back some of the project by a year or two while the cost of refurbishment could not be recovered.

All the future projects will be based on upgrading and looking for alternative surface water from other available sources. This will be a long term solution since Petrusburg does not have any alternative except the ground water.

6.4 WASTE WATER (SANITATION) PROVISION

6.4.1 INTRODUCTION TO SANITATION PROVISION

LLM is a Water Service Authority (WSA) and a Water Service Provider, this means that LLM has a responsibility to authorise water & sanitation usage and also provide the services, it is the role of the Municipality to provide acceptable form of sanitation. Through programmes like Accelerated Community Infrastructure Programme (ACIP), Municipal Infrastructure Grant (MIG) and Municipal Water Infrastructure Grant (MWIG), LLM has been engaged in a number of projects upgrading and refurbishing the WWTW and the Sewer pump stations.

There is however prolonged challenges within the municipality that requires long term redress like the bucket toilets and the vandalism & theft of pumps and cables in the pump stations. This problem persisted for more than 5 years without a proper redress, the LLM always fixed the stolen and damaged goods out of its own funds. In some cases there would be spillages in to the river for months because of the above said challenge. The Koffiefontein WWTW has not been fully operational due to lack of maintenance and the stolen pumps & motors. A project for refurbishment was registered with ACIP and it was able to get the plant to 90% operational.

One of the major challenges as outlined in the WSDP is the location of the plant. It is indicated that the plant requires 80% of the sewer to be pumped upstream where the current plant is. A new conventional plant should be located at an area lower than the existing and the future planned settlements, which will eliminate all the current pump stations from the system.

Table 26: Sanitation Service Delivery

*Households				
Description			2016/17	2017/18
			Outcome No.	Actual No.
<i>Sanitation/sewerage: (above minimum level)</i>				
Flush toilet (connected to sewerage)			8 021	8021
Flush toilet (with septic tank)			250	250
Chemical toilet			0	0
Pit toilet (ventilated)			354	354
Other toilet provisions (above min. service level)				
<i>Minimum Service Level and Above sub-total</i>			8 625	8 625
<i>Minimum Service Level and Above Percentage</i>			90.6%	90.6%
<i>Sanitation/sewerage: (below minimum level)</i>				
Bucket toilet			452	452
Other toilet provisions (below min. service level)			443	443
No toilet provisions				
<i>Below Minimum Service Level sub-total</i>			895	895
<i>Below Minimum Service Level Percentage</i>			9.4%	9.4%
Total households			9 520	9 520
<i>*Total number of households including informal settlements</i>				<i>T 3.2.3</i>

Table 27: Sanitation Service Delivery Levels below the minimum

Households - Sanitation Service Delivery Levels below the minimum				
Description			2016/17	Households
			Actual No.	2017/18 Actual No.
Formal Settlements				
Total households			8 625	8 625
Households below minimum service level			202	202
Proportion of households below minimum service level			2%	2%
Informal Settlements				
Total households			480	493
Households below minimum service level			480	493
Proportion of households below minimum service level			100%	100%
T 3.2.4				

Table 28: Employees: Sanitation Service

Employees: Sanitation Services					
Job Level	2017/18	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
4 – 6	1	1	1	0	0%
7 – 9	0	0	0	0	0%
10 - 12	16	16	16	0	0%
Total	17	17	17	0	0%
					T 3.2.7

Table 29: Financial Performance 2017/18: Sanitation Service

Financial Performance : Sanitation Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	8 637				
Expenditure:					
Employees	459				
Repairs and Maintenance					
Other					
Total Operational Expenditure	459				
Net Operational Expenditure	0				
					T 3.2.8

Table 30: Capital Expenditure 2017/18: Sanitation Service

Capital Expenditure 2017/18: Sanitation Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
Project B					
Project C					
					T 3.2.9

6.4.1 COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

LLM has not being compliant with the required legislative Water Acts in various reasons, continuous spillages into the river, in-compliant final effluent from plants and many other more areas. Ensuring availability of Security at all the WWTW will at least guarantee a continued reliable sanitation to the LLM constituencies and also ensure compliance to the required laws and acts.

Inadequate operation and maintenance budget also impact on the poor service experience, this result in pump stations not having attendants at all times, shortage of process controllers at WWTW. If this aspect can be addressed or prioritized, then the municipality can experience change in attitude by the consumers in terms of revenue collection and other positive outcomes.

6.5 ELECTRICITY

6.5.1 INTRODUCTION TO ELECTRICITY

LLM is sharing the supply of electricity with Eskom within the municipality, there is about 50% for LLM and 50% for Eskom, LLM has secured and retained three electrical personnel. LLM does have strategic documents like the Electrical Master Plan but no Operatios and Maintanace plan.

One biggest challenge in the LLM supply area is the aged infrastructure which require maintenance from time to time. A request for funding was sent to the Department of Energy for the upgrading of the main substation and feeder lines, the application was approved with a budget of R4.5million. The funding was withdrawn due to non-compliance., Even though LLM is struggling with aged infrastructure, it always makes sure that there is electricity available at all times. There were shutdowns that were experienced during this year, however they were attended to immediately.

Challenges are experienced with meters that are being tampered with or unavailability of meters. The shortage of vehicles is also a challenge in this regard. The frequent theft and vandalism of equipment and cables also impacted negatively on the financial and operational effectiveness of the section due to the fact that materials and equipment stolen must be replaced as soon as possible.

In addition the damage to the network extends much further than only the piece of cable or equipment that was damaged and in some cases requires specialized repairs. In addition vandalism and cable theft further poses a danger to the community as well as the culprits stealing the equipment due to exposed live conductor and consequent dangerous situations created.

The above mentioned constraints all impacted negatively on service delivery due to additional work load, unproductive standing time, long waiting period for spares and equipment, limited preventative maintenance hence unnecessary and avoidable damage to the infrastructure.

Table 31: Electricity Service Delivery Levels

Electricity Service Delivery Levels					Households
Description			2015/16 Actual No.	2016/17 Actual No.	2017/18 Actual No.
Energy: (above minimum level)					
Electricity (at least min.service level)			8 040	8369	8369
Electricity - prepaid (min.service level)					
<i>Minimum Service Level and Above sub-total</i>			8 040	8369	8369
<i>Minimum Service Level and Above Percentage</i>			100.0%	100.0%	100.0%
Energy: (below minimum level)					
Electricity (< min.service level)			—	—	—
Electricity - prepaid (< min. service level)					
Other energy sources					
<i>Below Minimum Service Level sub-total</i>			—	—	—
<i>Below Minimum Service Level Percentage</i>			0.0%	0.0%	0.0%
Total number of households			8 040	8369	8369
					<i>T 3.3.3</i>

Table 32: Households - Electricity Service Delivery Levels below the minimum

Households - Electricity Service Delivery Levels below the minimum				
Description			2016/17	Households
			Actual	2017/18
			No.	Actual No.
Formal Settlements				
Total households			8 040	8369
Households below minimum service level			0	0
Proportion of households below minimum service level			0%	0%
Informal Settlements				
Total households			0	0
Households below minimum service level			0	0
Proportion of households below minimum service level			0%	0%
				<i>T 3.3.4</i>

Table 33: Employees: Electricity Services

Employees: Electricity Services					
Job Level	2017/18	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	0	0	0	0	0%
7 - 9	3	3	3	0	0%
10 - 12	7	7	7	0	0%
Total	10	11	10	1	10%
T 3.3.6					

Table 34: Financial Performance: Electricity Services

Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15 106				
Expenditure:					
Employees					
Repairs and Maintenance	1 575				
Other	730				
Total Operational Expenditure	2 305				
Net Operational Expenditure	12 801				
					T 3.3.7

Table 35: Capital Expenditure: Electricity Services

Capital Expenditure 2017/18					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
T 3.3.8					

Capital Expenditure 2017/18:					
					R' 000
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
					T 3.3.8

6.5.1 COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

LLM have prioritized the Upgrading of Koffiefontein Substation, training of skilled personnel and appointment of one electrician. Long term plans will be included in the next IDP for the implementation of these projects. An application for the electrification of new developments and upgrading of the substation has been submitted to DOE for the financial year 17/18.

The projects intended for the next FY are:

- ❖ Electrification of 252 sites in Koffiefontein
- ❖ Electrify the new developments and avoid baglogs
- ❖ Upgrading of the substation & Replace delapidated existing bulk power lines
- ❖ Enhance power supply and increase capacity
- ❖ Replacement of existing meters with smart meters revenue enhancement and reduction of losses

6.6 WASTE MANAGEMENT

6.6.1 INTRODUCTION TO WASTE MANAGEMENT

Waste Management is a core function of local government and a basic service delivered by Letsemeng Municipality. It is also a major generator of revenue for the municipality and therefor the Municipality has to put mechanisms in place to deliver this service on a sustainable basis in the most cost-effective way. Section 11.4 of the Waste Act (59 of 2008) requires local municipalities to Develop Integrated Waste Management Plans. The IWMP of Letsemeng Municipality was adopted in 2015 and serves as an effective institutional framework for the following purpose:

- Pollution and waste minimization;
- Impact management and remediation;

- Holistic and integrated planning with the intention to develop mechanisms to ensure that integrated pollution and waste management considerations are integrated into the development of government policies, strategies and programmes; and

Table 36: Solid Waste Service Delivery Levels

Solid Waste Service Delivery Levels				Households
Description		2015/16	2016/17	2017/18
		Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week		9 319	8369	
<i>Minimum Service Level and Above sub-total</i>		9 319	8369	
<i>Minimum Service Level and Above percentage</i>		100.0%	100.0%	
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week		0	0	
Using communal refuse dump		0	0	
Using own refuse dump		0	0	
Other rubbish disposal		0	0	
No rubbish disposal		0	0	
<i>Below Minimum Service Level sub-total</i>		0	0	
<i>Below Minimum Service Level percentage</i>		0.0%	0.0%	
Total number of households		9 319	8369	
				<i>T 3.4.2</i>

Table 37: Households - Solid Waste Service Delivery Levels

Households - Solid Waste Service Delivery Levels below the minimum				Households
Description		2015/16	2016/2017	2017/18
		Actual No.	Actual No.	Actual No.
Formal Settlements				
Total households		9319	8369	8369
Households below minimum service level		0	0	0
Proportion of households below minimum service level		0%	0%	0%
Informal Settlements				
Total households		0	0	0
Households below minimum service level		0	0	0
Proportion of households below minimum service level		0%	0%	0%
				<i>T 3.4.3</i>

Table 38: Employee: Waste Management Services

Employees: Waste Management Services					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
7 - 9	0	1	0	1	100%
10 - 12	6	7	6	1	%
13 - 15	5	5	5	0	0%
Total	11	13	11	2	15%
T 3.4.5					

Table 39: Employee: Waste Disposal and other services

Employees: Waste Management Services					
Job Level	2017/18	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	1	0	1	100%
13 - 15	34	34	34	0	0%
Total	34	35	34	1	2.9%
T 3.4.5					

Table 40: Financial Performance 2017/18: Waste Management Services

Financial Performance 2017/18: Waste Management Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	9 485	10 108	9 501	7 984	1517
Expenditure:					
Employees	2 267				
Repairs and Maintenance	294				
Other	443				
Total Operational Expenditure	3 004				
Net Operational Expenditure	6 481				
T 3.4.7					

Table 41: Capital Expenditure: Waste Management Services

Capital Expenditure 2017/18: Waste Management Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
No projects for the financial year					

6.6.2 COMMENT ON THE OVERALL PERFORMANCE OF WASTE MANAGEMENT SERVICES

The municipality is having a shortage of waste management personnel and equipment

6.7 HOUSING

6.7.1 INTRODUCTION TO HOUSING

The biggest challenge is that the demand for housing grows annually out of proportion in correlation with the funding resources that are available. With budgetary constraints it is difficult to install bulk services and infrastructure for housing development and the construction of top structures.

Some of the other fundamental challenges that influence housing delivery in Letsemeng Municipality include:

- Inadequate funding allocations for human settlement development;
- Limited availability of suitable land;
- Inadequate capacity of existing bulk infrastructure;
- Lengthy environmental and other statutory approval processes; and
- Alignment of identified pipeline projects

Table 42: Capital Expenditure: Waste Management Services

Capital Expenditure 2017/18: Waste Management Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
No projects for the financial year					

Table 43: Households - Access to basic housing

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2017/18	8917	8369	93.9%
			<i>T 3.5.2</i>

Table 44: Employees: Housing

Employees: Housing					
Job Level	2017/18	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	100%
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	0%
10 - 12	2	7	2	5	29%
Total	3	8	3	5	
T 3.5.4					

Table 45: Financial Performance: Housing

Financial Performance 2017/18: Housing					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%
T 3.5.5					

Table 46: Capital Expenditure: Housing

Capital Expenditure 2017/18: Housing					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
No capital projects for the financial year.					

6.8 COMPONENT B: FREE BASIC SERVICES AND INDIGENT SUPPORT

6.8.1 INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Section 97(1)(c) of the Municipal Systems Act requires municipalities to formulate an Indigent Policy that is consistent with Council's rate and tariff policies and also meets the requirements of S152 of the Constitution. The policy on indigent support and social rebates means that many households who would normally struggle to pay their accounts receive free or subsidised basic services thereby keeping them free of the burden of municipal debt. Adequate provision has to be made in the budget for provision of bad debts based on assumptions on collection rates. The municipality has an indigent register with 1 approved indigent households at the end of 2017/2018 financial year. The municipality provides indigent households with free 6kl of

water per month, free sanitation and refuse removal per month, 50 units of electricity per indigent household per month and exemption on Property Rates for properties valued at R70 000.

Table 47: Free Basic Services

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2016/17	8369	8369	1410	16.85%	1410	16.85%	1410	16.85%	1410	16.85%
2017/2018	8369	8369								
<i>T 3.6.3</i>										

Table 48: Financial Performance: Free Basic Services

Financial Performance 2017/18: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2016/17	2017/18			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	1410	1 065	1 065	788 134-32	277
Waste Water (Sanitation)	1410	1 832	1 832	1 735 811-52	1 658
Electricity	1410	2 490	2 490	776 628	1 713
Waste Management (Solid Waste)	1410	1 769	1 769	1 675 982-40	1601
Total	5 640	7 156	7 156	4 976 556-27	2 179
<i>T 3.6.4</i>					

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality allocates free basic water to all households including indigents households only in terms of the national norms.

The objective of Indigent Support is to ensure the following:

- The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council;
- To provide procedures and guidelines for the subsidisation of rates and basic service charges to its indigent households, using the Council's budgetary provisions received from National Government, according to prescribed policy guidelines;
- That Council recognises that many of the residents can simply not afford the cost of full provision and for this reason Council will endeavour to ensure affordability through:
- To set rates and tariffs in terms of the Council's Rates and Tariff Policy, which will balance the economic viability of continued service delivery; and
- To determine appropriate service levels.

6.9 COMPONENT C: ROAD AND TRANSPORT

6.9.1 INTRODUCTION TO ROADS

Letsemeng Local Municipality has about 189km of roads or streets in five (5) towns. The table below shows the length of the existing roads per Town. Out of the 58km paved roads, 70% of them are in a poor condition if not very poor. This is as a result of poor or no maintenance at all. The condition is deteriorating in a fast pace since the existing potholes and cracks are not being attended as soon as they surfaces.

TOWN	PAVED ROADS (KM'S)	GRAVEL ROADS (KM'S)
Jacobsdal	9.539	22.6
Luckhoff	3.536	20.6
Petrusburg	10.942	47,249
Oppermans	4.306	16.2
Koffiefontein	24.365	24.1
TOTALS	52.688	130.7
Koffiefontein	23.7	24.1

6.10 ROADS

Table 49: Gravel Road Infrastructure

Gravel Road Infrastructure				Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2016/17	130	0	1	10
2017/18	130	0	0	0
				<i>T 3.7.2</i>

Table 50: Tarred Road Infrastructure

Tarred Road Infrastructure					Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2016/17	54	0.65	0	0	3
2017/18					
					<i>T 3.7.3</i>

Table 51: Employees: Road Services

Employees: Road Services					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	0	1	0	1	100%
13 - 15	0	5	0	5	100%
Total	0	6	0	6	100%

Table 52: Financial Performance: Road Services

Financial Performance 2017/18: Road Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	34	0	0	0	
Expenditure:					
Employees	8 312	0	0	0	-1 593
Repairs and Maintenance	1 315	1 500	1 500	122	1 379
Other	272	5 1825	5 182	603	4 599
Total Operational Expenditure	9 899	6 682	6 682	2 318	-4 364
Net Operational Expenditure	-9 865	6 682	6 682	2 318	
T 3.7.8					

Table 53: Capital Expenditure: Road Services

Capital Expenditure 2017/18: Road Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
T 3.7.9					

6.10.1 COMMENT ON THE PERFORMANCE OF ROADS OVERALL

A rehabilitation of the roads in Koffiefontein is planned for the next financial year with a value of **R12million** this project will rehabilitate 2.2km of the existing tarred roads which were in a very poor condition. Koffiefontein has been prioritised for this first phase of rehabilitation; this is due to the amount of roads that were collapsing due to poor or non-maintenance. This project will be replacing the tarred roads with a block paving that is durable and has a low maintenance.

LLM does not have any dedicated roads maintenance teams in place, a new organogram clearly indicates that there must be a maintenance team, no additional employees were appointed to address this matter. LLM has little road maintenance equipment available, this will assist the new team to **Start and Go**; the only obstacle will be their Vehicle, PPE and minor tools.

6.11 TRANSPORT

The municipality does not perform this function.

6.12 COMPONENT D: WASTE WATER (STORMWATER DRAINAGE)

6.12.1 INTRODUCTION TO STORMWATER DRAINAGE

The storm water of LLM is also one of the infrastructure that is neglected. This is due to the unavailability of staff, the above team mentioned in Roads section will also be tasked with maintaining the storm water drainage and unblocking them. Currently most of the storm water V-drains and canals are filled with debris if not blocked, this is a challenge during heavy rains because people housed get flooded where as they are not supposed to.

LLM is faced with a paramount challenge of controlling storm water in the entire municipality, areas like Petrusburg, Jacobsdal and Koffiefontein get flooded by occasional floods which affects the streets in Bolokanang. There is also historical records of floods in these areas, and the matter has been neglected for years. A Storm Water Wasterplan, O&M manuals and plans are the highest priority in this case. As LLM is likely a flat area, a full study must be made to control this storm water, all the aforesaid flags require budget which can be able to address them one at a time for a period of 5 years.

Table 54: Storm water Infrastructure

Storm water Infrastructure				
	Total Storm water measures	New storm water measures	Storm water measures upgraded	Kilometres Storm water measures maintained
2013/14	10	1	0	10
2014/15	11	1	0	10
2015/16	12	1	0	5
2017/18				
T 3.9.2				

Table 55: Employees: Storm water Services

Employees: Road Services					
Job Level	2017/18	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	7	7	7	0	0%
13 - 15	3	6	3	3	50%
Total	10	13	10	3	23%
					T3.7.7

Table 56: Financial Performance: Storm water Services

Financial Performance 2017/18: Storm water Services					
					R'000
Details	2015/16	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	Included in roads table above				
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
					T 3.9.7

6.12.2 COMMENT ON PERFORMANCE OF STORMWATER DRAINAGE OVERALL

LLM currently does not have any sector plans for Storm water, it is however part of the procurement plan to appoint service providers to develop a Master plan for the entire municipality. The priorities of Storm water projects are as the list below:

- ❖ Petrusburg Bolokanang – the entire Bolokanang require an urgent attention with regards to storm water flooding from the N8 National Road to the Bolokanang area, the road is collecting water from downstream (Bloemfontein), acting as a barrier, it channels water to the Bolokanang houses and streets.
- ❖ Jacobsdal – Occasional floods has been recorded, this Storm water does not have any channelling, internal streets get flooded as and when it rains heavy.
- ❖ Koffiefontein – no proper Storm water channels, the elevation of Koffiefontein is close to a flat surface, some of the houses in Khayelitsha get flooded as and when it heavily rains.

6.13 COMPONENT E: PLANNING AND DEVELOPMENT

6.13.1 INTRODUCTION TO PLANNING AND DEVELOPMENT

This component includes planning and local economic development.

6.14 PLANNING

6.14.1 INTRODUCTION TO PLANNING

Table 57: Applications for Land Use Development

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/18
Planning application received	0	4	0	6	0	10
Determination made in year of receipt	0	0	0	0	0	0
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	2	2	0	0
						<i>T 3.10.2</i>

Table 58: Employees: Urban Planning & Property Management

Employees: Urban Planning & Property Management					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	0	0	0	1	100%
13 - 15	0	0	0	0	0
Total	0	0	0	0	0
T 3.10.4					

Table 59: Financial Performance: Urban Planning & Property Management

Financial Performance 2017/18: Urban Planning & Property Management					
R'000					
Details	2017/18				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1000				
Expenditure:					
Employees	525				
Repairs and Maintenance	475				
Other	0				
Total Operational Expenditure	1 000				
Net Operational Expenditure	0				
T 3.10.5					

Table 60: Capital Expenditure 2017/18: Urban Planning & Property Management

Capital Expenditure 2017/18: Urban Planning					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
No projects for the financial year					

6.15 LOCAL ECONOMIC DEVELOPMENT

6.15.1 INTRODUCTION TO ECONOMIC DEVELOPMENT

The growth of our local economy remains key priority to unlocking the employment opportunities for our people, thereby fighting head-on the socio-economic challenges facing our communities. The municipality is duty bound to create an environment that promotes the development of the local economy and create jobs.

In this regard, we should continue to strive to maximise our natural resources with the aim of attracting investors that will unlock employment opportunities for our community and thereby helping to tackle the socio economic challenges faced by our communities.

We remain positive and hopeful that due to our stable political environment and our rich natural resources we will attract positive investment which will benefit our community in the long term.

The development of local SMME's also remains our responsibility to ensure that they are developed and assisted to grow into self-sustainable businesses that will continue to invest and contribute to the local economic growth.

Expanded Public Works Programme and Community Works Programme have contributed positively in keeping our towns clean and also created jobs.

6.15.2 COMMENT ON LOCAL JOB OPPORTUNITIES:

Creation of long term sustainable jobs remains a key challenge, majority of jobs created are short term and only in the main alleviate key challenges such as unemployment for a short period. There is a much broader need to identify and source funding for bigger projects with the aim of creating long term sustainable employment opportunities for our people.

The majority of our youth are unemployed due to shortage of skills in order to qualify for some of the identified opportunities that end up being sourced elsewhere. To curb this, the municipality has partnered with the key local stakeholders such as Motheo and Petra Mine to ensure that some of the youth are given opportunities to be skilled in order to access better employment opportunities as they become available.

Table 61: Jobs Created during 2017/18 by LED Initiatives

Jobs Created during 2017/18 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
Top initiatives				
Contractor Development through subcontracting In projects implemented				MIG non-financial report.

Table 62: Jobs Created through EPWP projects

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2014/15	1	73
2015/16	2	81
2016/17	3	91
2017/18		
* - <i>Extended Public Works Programme</i>		

Table 63: Employees: LED Services

Employees: Local Economic Development Services					
Job Level	2016/2017	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	1	1	0	0%
Total	1	1	1	0	0%
T 3.11.8					

Table 64: Financial Performance 2017/18: LED Services

Financial Performance 2017/18: Local Economic Development Services					
R'000					
Details	2017/18				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1000	1000	1000	1000	-
Expenditure:					
Employees	1000	800	800	804	(4)
Repairs and Maintenance					
Other		200	200	196	4
Total Operational Expenditure				1000	-
Net Operational Expenditure					
T 3.11.9					

Table 65: Capital Expenditure 2017/18: LED Services

Capital Expenditure 2017/18 Economic Development Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
No capital projects					
T 3.11.10					

6.15.3 COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Growth of the local economy remains the priority key to unlocking the employment opportunities, thereby fighting head on the socio-economic challenges facing our communities. The municipality is duty bound to create an environment that promotes the development of the local economy and create jobs.

For the year under review, the LED unit has implemented the following successfully:

- Conducted quarterly SMMEs workshops/training in application for funding, Skills development, and Supply Chain regulations and tendering, by various stakeholders such as SEDA, DESTEA, Department of Agriculture, Rural Development and Land Reform, Provincial Treasury in all our towns.
- Received a complete business plan of Brickmaking factory and crusher plant and submitted for funding to the funding agencies
- Successful registration of 5 new cooperatives in Luckhoff and Petrusburg with the assistance of DESTEA.
- Allocation of a site in Koffiefontein for the establishment of the ostrich feed processing plant wholly funded by the Department of Agriculture
- Empowerment of a women cooperative in Oppermansgronde in allocation a municipal shop building for their use.
- Assistance of 10 youth entrepreneurs to attend the Free State Youth Chamber of Commerce and Industry's Youth Enterprise Summit in Zastron.
- Hosted a farmer's day event for the emerging farmers to get information from various Departments on how to access assistance.

The municipality is in the process of finalising the key policies which will assist with the direction the municipality should take in tackling the economic development challenges. These policies are;

- Comprehensive LED Strategy
- Emerging Contractor Development Strategy
- Commonage Management Policy

These policies are expected to be finalised during the coming financial year.

6.16 COMPONENT F: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

6.16.1 INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The libraries function has been transferred to the Provincial Government.

6.17 LIBRARIES, ARTS AND CULTURE

6.17.1 INTRODUCTION TO CIVIC THEATRE, ARTS AND CULTURE

The municipality does not perform this function.

6.18 PARKS AND CEMETERIES

6.18.1 INTRODUCTION TO PARKS AND CEMETERIES

OVERVIEW

It is the responsibility of the Community services division to provide a healthy and aesthetical environment to the public, to upgrade the current developed parks and to develop new parks for informal recreation. It is of aesthetical importance to maintain cemeteries and to provide graves for funerals.

CORE AREAS OF RESPONSIBILITY

- Public Parks and open spaces
- Cemeteries

LOCAL JOB OPPORTUNITIES

The municipality is making use of EPWP and CWP employees for the cleaning of the cemeteries.

Table 66: Employees: Parks and Cemeteries

Employees: Parks and Cemeteries					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
Total	0	0	0	0	0
T 3.13.4					

Table 67: Financial Performance: Parks and Cemeteries

Financial Performance 2017/18: Parks and Cemeteries					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	31			0	
Expenditure:					
Employees	0	0	0	0	
Repairs and Maintenance		1 090	1 090	277	813
Other	39	1 485	1 485	7	1 478
Total Operational Expenditure	39	2 575	2 575	284	2 291
Net Operational Expenditure	-8	2 575	2 575	284	2 291
T 3.13.5					

Table 68: Capital Expenditure: Parks and Cemeteries

Capital Expenditure 2017/18: Parks and Cemeteries					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
T 3.13.6					

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6.19 COMPONENT G: ENVIRONMENTAL PROTECTION

6.19.1 INTRODUCTION TO ENVIRONMENTAL PROTECTION

Top priority of the municipality is to formulate policies and procedures aimed at conserving the natural resources, preserving the current state of natural environment and where possible, reversing its degradation.

6.19.2 SERVICE STATISTICS FOR ENVIRONMENTAL PROTECTION

Environmental master plan to be submitted to council before the implementation takes place.

6.20 OTHER (DISASTER MANAGEMENT & OTHER)

6.20.1 INTRODUCTION TO DISASTER MANAGEMENT

As per Section 53 (1) of the Disaster Management Act, 57 of 2005 each municipality must:

- prepare a disaster management plan for its area according to the circumstances prevailing in the area;
- co-ordinate and align the implementation of its plan with those of other organs of state and institutional role-players; and
- regularly review and update its plan; and through appropriate mechanisms, processes and procedures established in terms of Chapter 4 of the Local Government Systems Act, 2000 (Act No. 32 of 2000), consult the local community on the preparation or amendment of its plan.

Letsemeng Municipality has mostly partnered with the Xhariep District Municipality to develop a disaster management plan for its area of jurisdiction since. Disaster management function is not functional due lack of equipment. LLM has developed a Disaster Management Plan locally and it was approved by Council for the year under review.

SPECIAL PROGRAMMES

INTRODUCTION TO SPECIAL PROGRAMMES

Special programmes are located in the Office of the Mayor and include the youth, women, disabled, aged, children and HIV/AIDS. The majority of the programmes and projects are implemented in partnership with other government departments, NGOs, CBO's and other external stakeholders.

COMMENT ON THE PERFORMANCE OF SPECIAL PROGRAMMES OVERALL

The majority of the programmes and projects are implemented in partnership with other government departments, NGOs, CBO's and other external stakeholders

6.21 COMPONENT H : SPORT AND RECREATION

6.21.1.1 INTRODUCTION TO SPORT AND RECREATION

The Municipality's core function is to maintain all sport and recreation facilities within its jurisdiction. The municipality also supports sports programmes such as the O.R Tambo regional games by assisting with transport through the office of Mayor.

Table 69: Employees: Sport and Recreation

Employees: Sport and Recreation					
Job Level	2015/16	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	
Total	0	0	0	0	
3.23.3					T

Table 70: Financial Performance: Sport and Recreation

Financial Performance 2017/18: Sport and Recreation					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0				
Expenditure:					
Employees	830				
Repairs and Maintenance					
Other	0				
Total Operational Expenditure	0				
Net Operational Expenditure	0				

Table 71: Capital Expenditure: Sport and Recreation

Capital Expenditure 2017/18: Sport and Recreation					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
No project for sports and recreation	0	0	0	0%	0
2017/18					
T 3.23.5					

7 CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

7.1 INTRODUCTION TO THE OFFICE OF THE MUNICIPAL MANAGER

The Municipal Manager is the Accounting Officer of the Municipality. As Accounting Officer he/she may delegate certain duties to the Chief Financial Officer, who will be accountable to him. The Municipal Manager is therefore accountable for all transactions entered into by his designates.

The Office of the Municipal Manager consists of the following administrative units:

- Internal Audit and Risk Management
- Integrated Development Planning and PMS
- Intergovernmental Relations and Customer Care
- Communications
- ICT
- LED

The Municipality as a Service Authority within its area of jurisdiction has a legislative mandate to provide services in a safe and healthy environment. The top three service delivery priorities are as follows:

- Provision of new infrastructure in terms of planning and implementation.
- Operating, maintenance and refurbishment/rehabilitation of existing infrastructure.
- Provision of basic services such as water, electricity and roads

7.1.1.1 SERVICE STATISTICS FOR THE OFFICE OF THE MUNICIPAL MANAGER

Table 72: Service Statistics: Office of the Municipal Manager

Service Activity	Service Results
Number of senior management meetings held:	7
Number of management meetings held:	3
Number of quarterly stakeholder meetings convened:	6

Table 73: Employees: Office of the Municipal Manager

Employees: Executive and Council					
Job Level	2017/18	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
4 – 6	0	1	0	1	100%
7 – 9	1	1	1	0	0%
10 - 12	4	5	4	1	
13-15	2	2	2	0	
Total	7	9	7	2	
					T 3.24.4

Table 74: Financial performance: Office of the MM

Financial Performance 2017/18: Office of the MM					
					R'000
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0				
Expenditure:					
Employees	3 420				
Repairs and Maintenance					
Other	3 457				
Total Operational Expenditure	6 877				
Net Operational Expenditure	-6 877				
					T 3.24.5

Table 75: Capital Expenditure: Office of the MM

Capital Expenditure 2017/18: Office of the MM					
					R' 000
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
No capital expenditure for the financial year					

7.2 FINANCIAL SERVICES

7.2.1 INTRODUCTION TO FINANCIAL SERVICES

Debt recovery has been a serious concern over the past years. The municipality struggles to collect 100% of what is billed on monthly basis. The arrears are not really serviced. Write-offs have been implemented on irrecoverable inactive accounts older than 3 years and cut offs are performed regularly. The municipality has put its focus on debt collection supporting Revenue Division.

There is a challenge of low revenue collection due to non-payment of accounts. . Cut-off processes are performed on regular basis to address revenue losses from electricity, water services and other services. Faulty meters both water and electrical are being replaced as much as the supply of manpower allows to improve the collection rate.

Table 76: Employees: Financial Services

Employees: Financial Services					
Job Level	2016/17	2017/18			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	1	1	1	0	0
4 – 6	3	3	3	0	0
7 – 9	4	4	4	0	0
10 - 12	11	15	11	4	27%
13 - 15	15	15	15	0	0
Total	34	38	34	4	27%
					T 3.25.4

Table 77: Financial Performance: Financial Services

Financial Performance 2017/18: Financial Services R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	200 501	133 330	130 004	161 185	(31 181)
Expenditure:					
Employees	50 120	52 720	54 026	52 819	(1 207)
Repairs and Maintenance	2 615	6 469	3 469	420	3 049
Other	135 609	105 202	112 557	114 944	(2 387)
Total Operational Expenditure	188 344	1 611 391	170 052	168 183	1 869
Net Operational Expenditure	12 157	(31 061)	(40 048)	(6 998)	(33 050)
					T 3.25.5

Table 78: Capital expenditure: Financial Services

Capital Expenditure 2017/18: Financial Services R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
No capital expenditure for the financial year					

7.3 HUMAN RESOURCE SERVICES

7.3.1 INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources is one of the supporting function in Corporate Services Department, its main functions are as follows: Leave Administration, Recruitment, Benefits and Terminations.

Priority: Institutional Performance Capacity and staff provision

To improve performance the Council approved Performance Management Policy and the Institutional Performance Management Framework that will provide guidance in measuring, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players.

7.3.2 SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

The Municipality is currently standing with a total staff component of 200 employees as at end June 2018. The Municipality filled a total number of 17 positions, during the financial year 2016/2018. A total of 11 terminations were recorded due to different types of terminations e.g. Death, retirement, ill health and resignations.

A total number of 6 training interventions were implemented with 34 employees being trained. Other main service statistics are included in Chapter 4 of the Annual Report.

Table 79: Employees: Human Resource Services

Employees: Human Resource Services					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	11	4	1	0	0
4 – 6	2	5	1	4	0
7 – 9	1	5	1	4	80%
10 - 12	14	20	14	6	30%
Total	18	10	18	10	110%
					T3.26.4

Table 80: Financial Performance: Human Resource Services

Financial Performance 2017/18: Human Resource Services					
					R'000
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0				
Expenditure:					
Employees	6 084	1 429	1 429	1 194	235
Repairs and Maintenance	0	0	0	0	0
Other	4 951	7 384	7 384	203	7 181
Total Operational Expenditure	11 035	8 803	8 803	1 397	7 406
Net Operational Expenditure		8 803	8 803	1 397	7 406
					T 3.26.5

Table 81: Capital Expenditure: Human Resource Services

Capital Expenditure 2017/18: Human Resource Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
No projects for the financial year					

7.4 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

7.4.1 INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Our 3 primary objectives in ICT are:

- To minimize IT downtime of the network to less than 5% of the time;
- To ensure that our data is backed-up on a regular basis; and
- To ensure all IT queries are addressed within 5 working days.

Table 82: Employees: ICT Services

Employees: ICT Services					
Job Level	2017/18	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	50%
7 - 9	1	1	1	0	0%
Total	1	2	1	1	50%
					T3,27.4

Table 83: Financial Performance: ICT Services

Financial Performance 2017/18: ICT Services R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees		365	365	14	351
Repairs and Maintenance		100	100	0	725
Other	0	725	725	0	725
Total Operational Expenditure		1 190	1 190	23	1 167
Net Operational Expenditure		1 190	1 190	23	1 167
					T 3,27.5

Table 84: Capital Expenditure: ICT Services

Capital Expenditure 2017/18: ICT Services R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					0
No capital project for this year					

7.5 LEGAL AND COUNCIL SUPPORT SERVICES

7.5.1 INTRODUCTION TO LEGAL AND COUNCIL SUPPORT SERVICES

The primary function of this division is to:

- Provide administrative support to Council.
- To attend to all legal related matters on behalf of the Municipality.
- To provide auxiliary services to the administration.
- To spearhead Batho Pele Principles and Back to Basics.
- To attend to all customer care related issues.

Table 85: Employees: Legal and Council Support Services

Employees: Legal and Council Support Services					
Job Level	2016/17	2017/18			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1			0	0%
4 - 6	0	5	4	1	90%
10 - 12	1	1	1	0	1000%
19 - 20	0	0	0	0	0%
Total	2	6	5	1	0%
					T 3.28.4

Table 86: Financial Performance: Legal and Council Support Services

Financial Performance 2017/18: Legal and Council Support Services R'000					
Details	2017/18				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees		0	0		
Repairs and Maintenance					
Other					
Total Operational Expenditure		0	0		
Net Operational Expenditure					
					T 3.28.5

Table 87: Capital Expenditure: Legal and Council Support Services

Capital Expenditure 2017/18: Legal and Council Support Services R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
No capital project for this year					
Polishers					
Space saving cabinets					
					T 3.28.6

7.5.2 COMMENT ON LEGAL AND COUNCIL SUPPORT SERVICE PERFORMANCE OVERALL

The Legal and Support Services Division perform exceptionally well for the period in review. It ensured that the Municipal Council sits as required by the Municipal Systems Act and the Standard Rules and Orders and make

necessary preparations for community consultation. It further provided administrative support to the entire institution.

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INTRODUCTION

7.6 COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Table 88: Total Number of Employees

Description	Employees				
	2015/16	2017/18			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	19	20	19	1	5%
Waste Water (Sanitation)	17	17	17	0	00%
Electricity	10	11	10	1	0.0%
Waste Management	6	7	6	1	15%
Housing	3	8	3	5	60%
Waste Water (Storm water Drainage)	0	0	0	0	0.0%
Roads	0	0	0	0	0.0%
Transport	0	0	0	0	0.0%
Planning	0	0	0	0	0.0%
Local Economic Development	1	1	1	0	0.0%
Planning (Strategic & Regulatory)	0	0	0	0	0.0%
Community & Social Services	34	45	34	9	26%
Environmental Protection	0	0	0	0	0.0%
Health	0	0	0	0	0.0%
Security and Safety	0	0	0	0	0.0%
Sport and Recreation	0	0	0	0	0.0%
Corporate Policy Offices and Other	0	0	0	0	0.0%
Totals	90	108	90	17	18%

T 4.1.1

Table 89: Vacancy Rate

Vacancy Rate: 2017/18			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0%
CFO	1	1	100%
Other S57 Managers (excluding Finance Posts)	3	1	33,33
Other S57 Managers (Finance posts)	0	0	0%
Police officers	0	0	0%
Fire fighters	0	0	0%
Senior management: Levels 13-15 (excluding Finance Posts)	7	4	57,14
Senior management: Levels 13-15 (Finance posts)	3	3	100%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	4	3	25%
Highly skilled supervision: levels 9-12 (Finance posts)	2	2	100%
Total	20	14	
T 4.1.2			

A high turnover rate may be costly to a Municipality and might negatively affect productivity, service delivery and institutional memory/Organisational knowledge. Below is a table that shows the turnover rate within the Municipality.

The table below indicates the turn-over rate over the last three years:

Table 90: Turn-over rate

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2015/16	6	8	7%
2016/17	17	11	14%
2017/18	11	13	
T 4.1.3			

7.6.1.1 COMMENT ON VACANCIES AND TURNOVER:

Since Council approved the organizational structure in May 2015 and reviewed structure is in process of being tabled before the Municipal Council. Some critical and compliance positions that needed to be filled have been filled and recruitment is in process for other crucial position.

During the 2017/18 financial year a total number of 2 positions were advertised both internally and externally. The two positions of Section 57 Managers (Director: Technical Services and the Chief Financial Officer) were advertised and filled.

Council also embarked on the process of reviewing HR Policies which will be submitted to relevant committees for consultation. Turnover is mainly as a result of terminations e.g. death, resignation, retirements and ending of fixed term contracts.

7.7 COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

7.7.1.1 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality is constituted of five departments, Office of the Municipal Manager, Department of Corporate Services, Department of Finance, Department of Community Services and the Department of Technical Services of which each head of department is responsible for the management of the workforce in its department. Furthermore, each department is divided into divisions that are headed by managers who responsible for the discipline and work of employees in their divisions.

7.8 POLICIES

Table 91: HR Policies and Plans

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action		95.0%	Not available
2	Attraction and Retention		95.0%	Part of HR Policy Manual
3	Code of Conduct for employees		100.0%	Collective Bargaining Council matter
4	Delegations, Authorisation & Responsibility		95.0%	Avail, needs to be reviewed
5	Disciplinary Code and Procedures		100.0%	Collective Bargaining Council
6	Essential Services		95.0%	Discussed at the level of the Local Labour Forum
7	Employee Assistance / Wellness		95.0%	Part of HR policy Manual
8	Employment Equity		95.0%	Not available
9	Exit Management		00.0%	Policy not yet developed
10	Grievance Procedures		100.0%	Collective Bargaining Council matter
11	HIV/Aids		95.0%	Part of HR Policy Manual
12	Human Resource and Development		95.0%	Part of HR Policy Manual
13	Information Technology		95.0%	In the process of developing IT policies
14	Job Evaluation		95.0%	In the process of conducting job evaluation
15	Leave		95.0%	Part of HR Policy manual
16	Occupational Health and Safety		95.0%	Part of HR Policy Manual
17	Official Housing		95.0%	Part of HR Policy Manual
18	Official Journeys		95.0%	Available
19	Official transport to attend Funerals		95.0%	A draft has been developed, still to be tabled before the LLF.
20	Official Working Hours and Overtime		95.0%	Part of HR Policy Manual
21	Organisational Rights		95.0%	Collective Bargaining Council matter
22	Payroll Deductions		95.0%	Referred back to the section 79 Committee to further refinement.
23	Performance Management and Development			

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
24	Recruitment, Selection and Appointments		95.0%	Part of HR Policy Manual
25	Remuneration Scales and Allowances		95.0%	Available
26	Resettlement		95.0%	Available
27	Sexual Harassment		95.0%	Part of HR Policy Manual
28	Skills Development		95.0%	Part of HR Policy Manual
T 4.2.1				

7.8.1.1 COMMENT ON WORKFORCE POLICY DEVELOPMENT:

During the financial year 2017/18, the Human Resource Policies Manual was reviewed and employees workshopped on it. It was tabled before the Council but unfortunately referred back to the relevant Section 79 Committee for further refinement.

7.9 INJURIES, SICKNESS AND SUSPENSIONS

Table 92: Number and Cost of Injuries on Duty

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	-				
Permanent disablement	-				
Fatal	-				
Total	0	0	0	0	0
T 4.3.1					

7.9.1.1 COMMENT ON INJURY AND SICK LEAVE:

The Municipality has put necessary precautions in place to mitigate the injuries from happening. The rate of employees who take sick leave is very minimal and it does not affect the smooth running of the operations.

Table 93: Number and Period of Suspensions

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
NONE				
				<i>T 4.3.5</i>

Table 94: Disciplinary Action Taken on Cases of Financial Misconduct

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
NONE			
			<i>T 4.3.6</i>

7.9.1.1.1 COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

One employee from the Department of Finance was suspensions for negligent of his responsibilities under period in review and no cases of financial misconducted were reported or discovered.

7.10 PERFORMANCE REWARDS

In terms of regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 R.805 a bonus may only be paid after the municipal council has adopted the annual report of the year under review.

The majority of Managers (Directors) appointed in terms of Section 56 of the MSA are on fixed-term performance contracts. The Individual Performance Management System has not yet been cascaded down to the second reporting line of managers. Currently no performance bonus system or policy exists to pay bonus to non-section 57 employees. This will be put in place once the organisation achieves the necessary performance management maturity level.

The table below sets out the total number and cost of annual bonuses paid out to senior managers and fixed term contract employees for the 2017/18 financial year:

7.10.1 COMMENT ON PERFORMANCE REWARDS

There were no performances rewards issued to employees during the period under review.

7.11 ORGANISATIONAL PERFORMANCE SCORECARD

Performance Management is a process, which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, and measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The constitution of S.A (1996) section 152 states that, dealing with the objectives of local government paves the way for performance management with the requirements for an “accountable government” The democratic values and principles in terms of section 195 (1) are also linked with the concept of Performance management, with reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration
- to be transparent by providing information,
- to be responsive to the needs of the community,
- and to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that “A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.”

Section 57 makes the employment of the Municipal Manager and Managers directly accountable to him subject to a separate performance agreement concluded annually before the end of July each year. Section 67 regards the monitoring, measuring and evaluating of performance of staff as a platform to develop human resources and to hold municipal staff accountable to serve the public efficiently and effectively. Performance Management, therefore, is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities

7.12 COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states, that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a Municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

7.12.1.1 INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The local sphere of government falls under Local Government Sector Education and Training Authority and is required to conduct skill audit and thereafter develop Workplace Skill Plan (WSP) which is accompanied by Training Plan. This Training Plan outlines the trainings that would be undertaken in a particular financial year. The employees are being sent to different training courses based on the skills identified in the WSP.

7.13 SKILLS DEVELOPMENT AND TRAINING

Table 95: Skills Matrix

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2017/18	Number of skilled employees required and actual as at 30 June 2017/18											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of 2017/18	Actual: End of 2017/18	2018 Target	Actual: End of 2017/18	Actual: End of 2017/18	2018 Target	Actual: End of 2017/18	Actual: End of 2017/18	2018 Target	Actual: End of 2017/18	Actual: End of 2017/18	2018 Target
MM and s57	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	4	0	0	0	0	2	2	0	2	0	0	2	2
Councilors, senior officials and managers	Female	3	0	0	0	0	0	0	0	3	3	3	3	3
	Male	8	0	0	0	0	0	0	0	8	8	8	8	8
Technicians and associate professionals*	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0	0	0	0	0
Professionals	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub total	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		15	0	0	0	0	2	2	0	13	11	11	13	13
*Registered with professional Associate Body e.g CA (SA)														T 4.5. 1

Table 96: Financial Competency Development: Progress Report

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidate d: Total of A and B	Consolidate d: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidate d: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidate d: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials	0	0	0	0	0	0
<i>Accounting officer</i>	1	0	1	0	1	0
<i>Chief financial officer</i>	1	0	1	0	1	0
<i>Senior managers</i>	2	0	2	0	2	0
<i>Any other financial officials</i>	34	0	34	0	0	0
Supply Chain Management Officials	0	0	0	0	0	0
<i>Heads of supply chain management units</i>	1	0	1	0	1	0
<i>Supply chain management senior managers</i>	0	0	0	0		
TOTAL	39	0	39	0	0	0

7.14 COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

7.14.1.1 INTRODUCTION TO WORKFORCE EXPENDITURE

Section 66 of the MSA states that the Accounting Officer of a Municipality must report to the Council on all expenditure incurred by the Municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

7.15 EMPLOYEE EXPENDITURE

The success or failure of a municipality depends on the quality of its political leadership, sound governance of its finances, the strength of its institutions and the caliber of staff working for the municipality.

Although sound financial governance is perceived to be most important, without proper personnel management, municipalities are likely to experience difficulty. This has become increasingly evident in a number of large municipalities that have recently found themselves in precarious financial situations, and is certainly true of many smaller municipalities. An analysis of municipal finances suggests that personnel issues lie at the heart of many of the financial problems experienced by municipalities.

At an aggregate level, about 33 per cent of the total municipal operating budget gets spent on the remuneration of personnel.

Municipalities are required to carry out quality services in an effective, efficient and financially sound manner by supporting the principles of ensuring cost-effective and affordable service delivery. Accountability and transparency are, therefore, important when managing workforce expenditure. If the Municipality wants to be effective, it is important to ensure that the Municipality plan properly. To ensure that the Municipality adhere to legislation, only approved and budgeted posts on the structure are advertised. The training and development of internal staff are aimed at ensuring that they are able to perform their duties better.

As can be seen from the graph below the workforce expenditure is on an upward curve since 2011. Demands by Labour have led to a steady increase in workforce expenditure despite a very slow economy. If the trend below continues in the future further pressure will be placed on the municipality's limited resources and will necessitate increases in tariffs that will place a greater burden on the rate payers.

7.15.1 COMMENT ON WORKFORCE EXPENDITURE:

The Municipal workforce expenditure is on an upward curve since 2011. Demands by Labour have led to a steady increase in workforce expenditure despite a very slow economy. If the trend below continues in

the future further pressure will be placed on the municipality's limited resources and will necessitate increases in tariffs that will place a greater burden on the rate payers.

Table 97: Number of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
There were no salary increases due to upgrading of employee's position on the period under review.		
<i>Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</i>		

Table 98: Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None.				

Table 99: Employees appointed to posts not approved

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
No appointments were made to posts not approved on the structure.				

7.15.2 COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

There was no upgrade of positions due to job evaluation for the financial year 2017/18. Some variances are legacy issues that occurred as a result of previous amalgamation.

8 CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of the following three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

8.1 COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The municipality's performance during the year under review has been unsatisfactory, due to financial constraints, municipality experienced decline in revenue.

With the GRAP 24 (Presentation of Budget Information in Financial Statements) now effective, detailed analysis and comments for comparatives of Actual against Budgeted Amounts are shown in the financial statement, which forms part of this report.

STATEMENTS OF FINANCIAL PERFORMANCE

8.1.1 INTRODUCTION TO FINANCIAL STATEMENTS

The following sections provide an overview of the financial results of the Municipality for the year under review per economic classification compared to the prior year audited results, the original and final adjustments budget.

Table 100: Financial Summary

Financial Summary R'000						
Description	2015/16	Current:2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	13 228	17 129	17 129	14 917	17 129	17 129
Service charges	37 747	37 735	47 703	48 932	37 735	47 703
Investment revenue	231	936	749	579	936	749
Transfers recognized-operational	52 780	50 227	50 227	47 402	50 227	50 227
Other own revenue	743	4 548	4 559	13 288	4 548	5 032
Total Revenue (excluding capital transfers and contributions)	104 498	110 575	120 367	125 943	110 575	120 840
Employee costs	45 410	44 929	45 829	46 643	44 929	45 829
Remuneration of Councilor's	3 644	3 378	3 500	3 348	3 378	3 500
Depreciation & asset impairment	29 836	30 000	30 000	32	30 000	30
Finance charges	1 522	53	120	866	53	000
						120
Materials and bulk purchases	24 219	26 991	24 419	3 010	26 991	24 419
Transfers and grants	0	0	0	26 844	0	0
Other expenditure	39 161	0	23 487	(31 374)	(7 887)	0
Total Expenditure	143 792	672	(147 016)	(183 937)	128 838	(36 921)
Surplus/(Deficit)	(35 850)	10 660	(26 176)	(3 650)	(36 836)	22 526
Transfers recognised - capital	17 925	71 636	74 140	56 529	71 636	74 140
Contributions recognised - capital & contributed assets						
Surplus/(Deficit) after capital transfers & contributions	(51 367)	52 795	68 163	(465)	52 795	68 163
Share of surplus/ (deficit) of associate					0	
Surplus/(Deficit) for the year	(51 367)	52 795	68 163	(465)	52 795	68 163
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	17 925	71 636	74 140	56 994	71 636	74 140
Public contributions & donations	0		0	0		
Borrowing	0		0	0		
Internally generated funds	0	0	461	0	0	461
Total sources of capital funds	17 925	71 636	74 601		71 636	74 601
Financial position						
Total current assets	55 709	41 608	63 407	69 904	41 608	63 407
Total non-current assets	569 476	77 860	634 360	594 936	77 860	634 360
Total current liabilities	17 431	1 597	12 597	55 705	1 597	12 597
Total non-current liabilities	16 818	0	0	21 850	0	0
Community wealth/Equity	590 934	76 263	621 763	587 285	76 263	621 763
Cash flows						
Net cash from (used) operating	123 257	63 920	76 263	55 450	63 920	76 263
Net cash from (used) investing	(126 733)	(71 636)	(74 140)	55 424	(66 607)	(74 140)
Net cash from (used) financing	2 344	(0)	(0)	(293)	(0)	(0)
Cash/cash equivalents at the year end	2 064	(5 716)	4 123	513	(18 695)	4 123
Cash backing/surplus reconciliation						
Cash and investments available		24,109	9 362		24,109	9 362
Application of cash and investments		(19 898)	6 084		(19 898)	6 084
Balance - surplus (shortfall)		44 007	15 446		44 007	15 446
Asset management						
Asset register summary (WDV)	568 868	664 731	570 700	593 525	664 731	570 700
Depreciation & asset impairment	30 000	30 000	30 000	32 866	30 000	30 000
Renewal of Existing Assets						
Repairs and Maintenance		5 040	3 343	2 651	5 040	3 343

Financial Summary R'000						
Description	2015/16	Current:2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment s Budget
Free services						
Cost of Free Basic Services provided	17 885	17 885	17 885	18 534	17 885	17 885
Revenue cost of free services provided	15	15	15	15	15	15
Households below minimum service level						
Water:						
Sanitation/sewerage:						
Energy:						
Refuse:						
T 5.1.1						

Table 101: Financial Performance of Operational Services

Financial Performance of Operational Services R '000						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjustment s Budget	Actual	Original Budget	Adjustment s Budget
Operating Cost						
Water	12 988	8 865	8 244	15 947	7 082	(7 703)
Waste Water (Sanitation)	9 103	10 286	9 361	8 312	1 974	1 049
Electricity	18 298	21 496	21 940	13 876	7 620	8 064
Waste Management	8 541	10 108	9 501	7 984	2 124	7 377
Housing						
Component A: sub-total	48 930	50 755	49 046	46 119	18 800	8 787
Waste Water (Storm water Drainage)						
Roads		-	-	-	-	-
Transport						
Component B: sub-total	-	-	-	-	-	-
Planning		1 000	1 000	1 000	1 000	1 000
Local Economic Development						
Component B: sub-total	-	-	1 000	1 000	1 000	1 000
Planning (Strategic & Regulatory)						
Local Economic Development						
Component C: sub-total	-	-	-	-	-	-
Community & Social Services						
Environmental Protection						
Health						
Security and Safety						
Sport and Recreation						
Corporate Policy Offices and Other						
Component D: sub-total	-	-	-	-	-	-
Total Expenditure	48 930	51 755	50 046	47 119	19 800	9 787
T 5.1.2						

Total recognised revenue was R183 472 812 the amount is over the budgeted figure of R120 840 000. The highlights of income recognised are as follows:

- Actual service charges amounts to **R48 932 367 against a budget amount of R47 703 000**. Part of the variance was due to free basic services being budgeted for in service charges while the funding of these services is from equitable share.
- Management anticipated that rebates for indigent consumers would not be significant , hence the decrease in budget amount, to **R14 917 157** against a budget of **R17 129 000**.
- The decrease is as a result of reduced investments during the year thereby leading to less investment income and compared to the budget amount .
- Treasury withheld funds to repay unspent grants on MIG and WSIG.
- Total expenditure incurred amounted to **R183 937 430** and the budgeted expenditure was **R147 016 000**. The variance is above 26%. The highlights of the municipality's expenditures are:
- Depreciation amounted to **R32 865 634** and debt impairment amounted to **R36 734 605**.

STATEMENT OF FINANCIAL POSITION

Municipality continues to employ prudent measures. Though the revenue collection is low and we cannot fund our own project, our cash flow is still being managed efficiently.

GRANTS

Table 102: Grant Performance

Grant Performance R' 000						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<u>Operating Transfers and Grants</u>						
National Government:	107 104	91 566	91 566	76 294	83%	83%
Equitable share	47 402	49 189	49 189	49 189	100%	100%
Municipal Systems Improvement	0	0	0	0	0	0
Department of Water Affairs	39 459	25 000	25 000	17 260	69%	69%
Levy replacement	—	—	—	—	0.00%	0.00%
Other transfers/grants [insert description]	20 243	17 377	17 377	9 845	57%	57%
Provincial Government:				—	0.00%	0.00%
Health subsidy	—	—	—	—	0.00%	0.00%
Housing	—	—	—	—	0.00%	0.00%
Ambulance subsidy	—	—	—	—	0.00%	0.00%
Sports and Recreation	—	—	—	—	0.00%	0.00%
Other transfers/grants [insert description]	0		-	—	0.00%	0.00%
District Municipality:	—	—	—	—	0.00%	0.00%
[insert description]					0.00%	0.00%
					0.00%	0.00%
Other grant providers:	—	—	—	—	0.00%	0.00%
[insert description]					0.00%	0.00%
					0.00%	0.00%

Total Operating Transfers and Grants	107 104	91 566	91 566	-		
T 5.2.1						

Table 103: Grants received from sources other than Division of Revenue Act (DoRA)

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2016/17	Actual Grant 2017/18	2015/16 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals – No grants received						
Foreign Governments/Development Aid Agencies – No grants received						
Private Sector / Organisations – No grants received						
T 5.2.3						

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

The municipality did not receive any conditional grants from sources other than the DoRA.

ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Table 104: Treatment of the three largest assets acquired

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED '2017/18				
Asset 1				
Name	Koffiefontein Construction of Roads and storm water			
Description	Upgrading of 2.2km roads and storm water in Koffiefontein			
Asset Type	Infrastructure asset			
Key Staff Involved	Mpho Tsoene			
Staff Responsibilities	Project Management			
Asset Value	2013/14	2014/15	2016/17	2017/18
				10, 376, 005.18
Capital Implications	Service Delivery Asset			
Future Purpose of Asset	Improved Service Delivery			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
Asset 2				
Name	Construction of 8 speed humps at 2.2km paved road and storm water in koffiefontein			

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED '2017/18				
Description	Construction of block paved speed humps			
Asset Type	Infrastructure asset (Speed Humps)			
Key Staff Involved	Mpho Tsoene			
Staff Responsibilities	Project Management			
Asset Value				2017/18
				380 532.00
Capital Implications	Service Delivery Asset			
Future Purpose of Asset	Service delivery (Speed Humps)			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
Asset 3				
Name	Upgrading of water treatment works			
Description	Upgrading of Oppermansgronde water treatment works			
Asset Type	Infrastructure Asset			
Key Staff Involved	Mpho Tsoene			
Staff Responsibilities	Project management			
Asset Value				2017/18
				4 816 780.71
Capital Implications	Service Delivery Asset			
Future Purpose of Asset	Improved water and Sanitation			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			

8.1.1.1 COMMENT ON ASSET MANAGEMENT:

Movable asset acquisitions for the 2017/18 financial year amounted to R472 711 and the additions on immovable assets amount to R16 million work in progress including project completed in the financial year amount to R54 million. Additions to the intangible assets amounted to R1 028 612 There were no additions to heritage assets.

Table 105: Repairs and Maintenance Expenditure

Repair and Maintenance Expenditure: 2017/18				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	6 469	3 469	420	94%
T 5.3.4				

FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

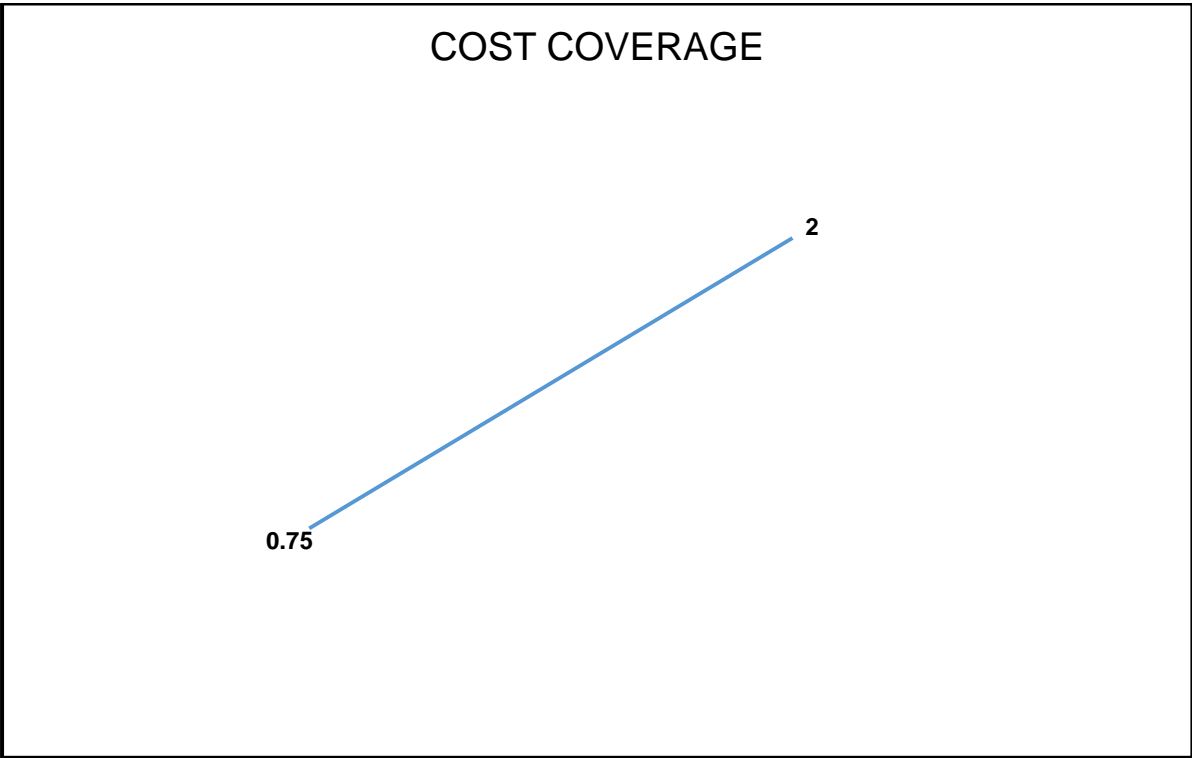


Figure 4: Ratio Cost Coverage

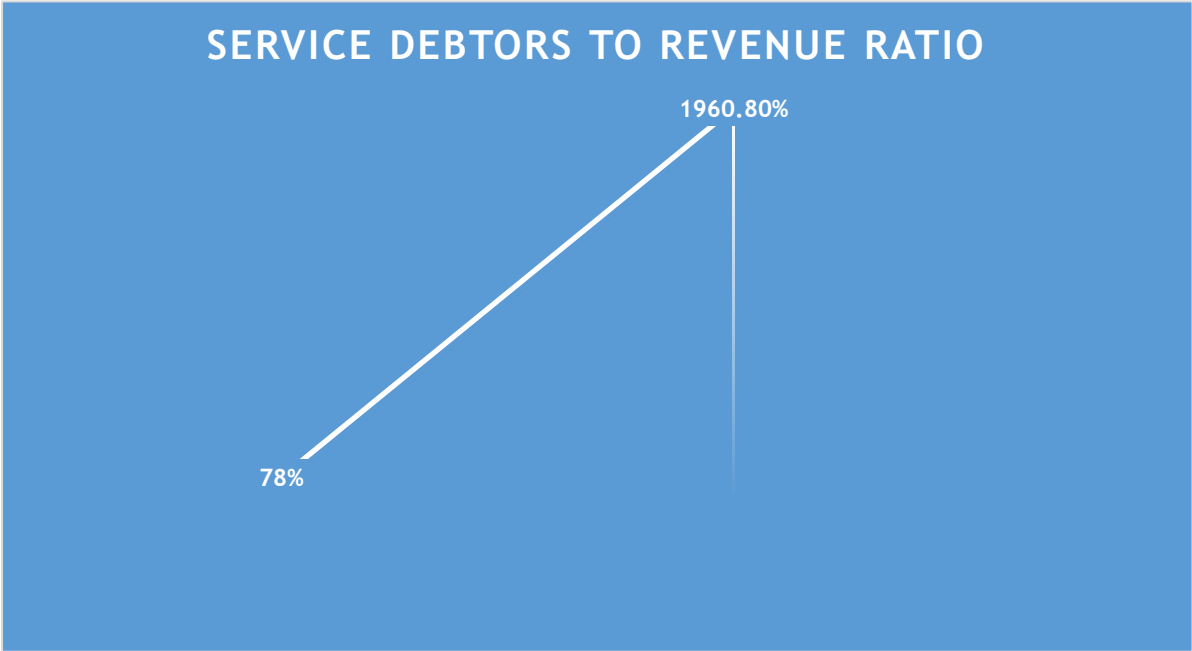


Figure 5: Service Debtors to Revenue Ratio

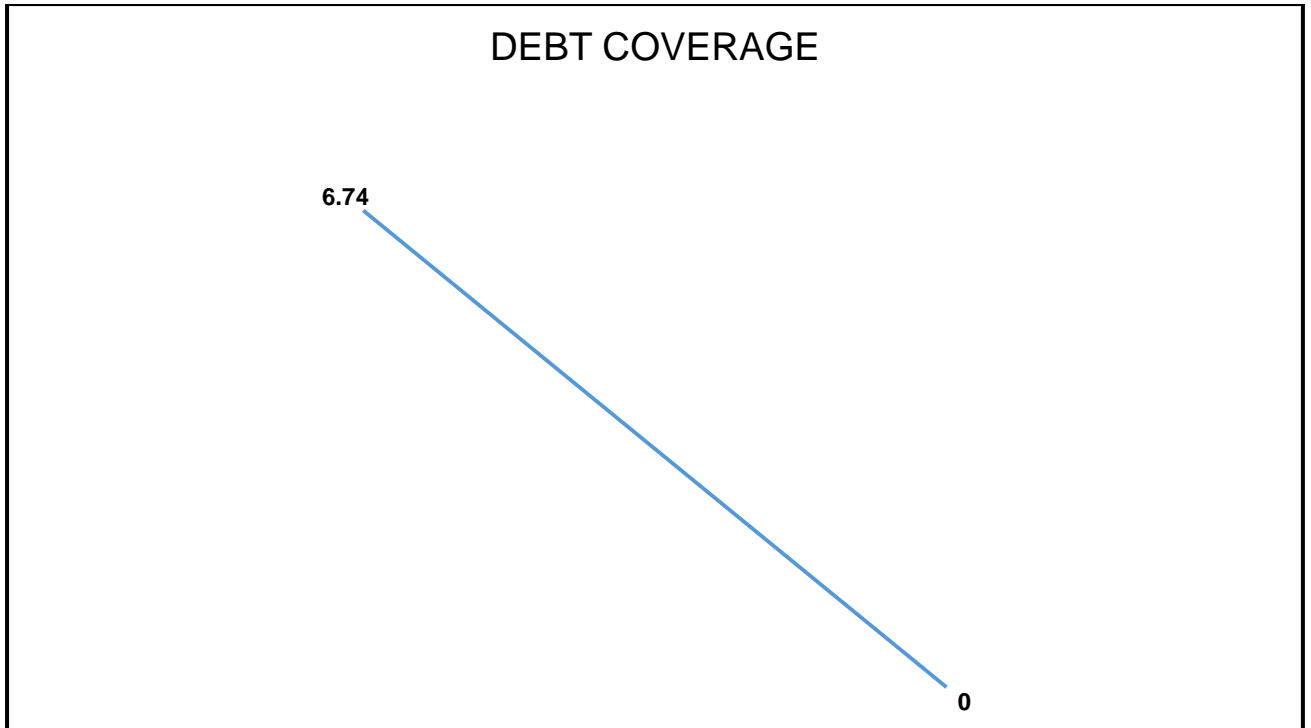


Figure 6: Debt Coverage Ratio

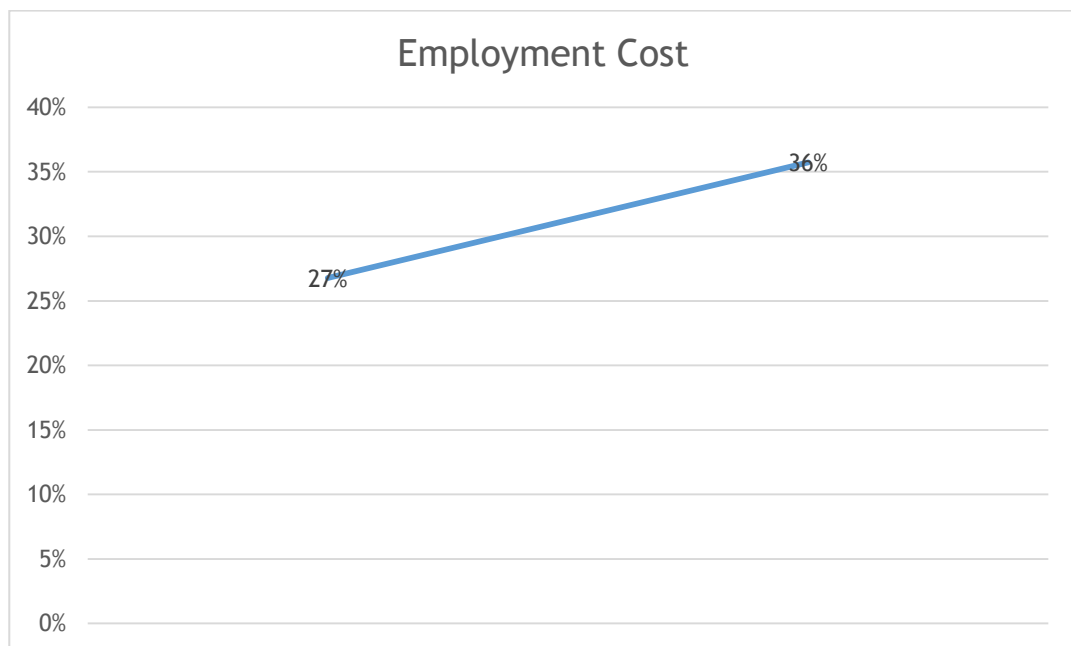


Figure 7: Employee Cost

8.2 COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend.

CAPITAL EXPENDITURE

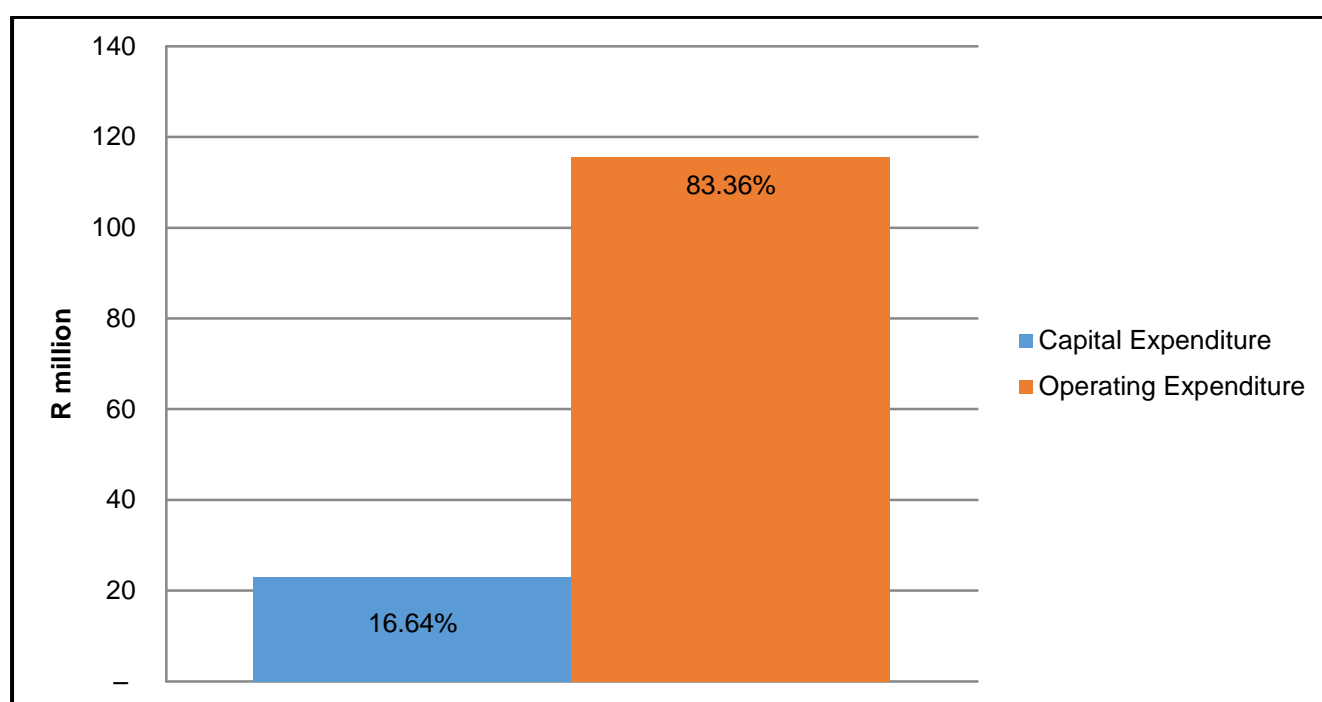


Figure 8: Capital Expenditure

SOURCES OF FINANCE

Table 106: Capital Expenditure

Capital Expenditure - Funding Sources: '2016/17 to '2017/18							
R' 000							
Details		2016/17	2017/18				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans						
	Public contributions and donations						
	Grants and subsidies	107 104	91 566	91 566	76 294	83%	83%
	Other		-	0	0	0%	0%
Total		107 104	91 566	91 566	76 294	83%	83%
<i>Percentage of finance</i>							
	External loans		0.0%		0	0%	0%
	Public contributions and donations		0.0%	0.0%	0	0%	0%
	Grants and subsidies	89%	100%	89%	93.5%	83%	83%
	Other						
Capital expenditure							
	Water and sanitation	10 241	32 586	32 586	35 557	91%	91%
	Electricity	3 770	4 630	4 630	890	81%	81%
	Housing	-	-	-	-	-	-
	Roads and storm water	1 140	899	483	9 806	46.3%	20%
	Other	8 358	6 415	3 589	3 923	44.1%	38.9%
Total		23 509	44 530	41 288	50 176	-10%	22%
<i>Percentage of expenditure</i>							
	Water and sanitation		91%	91%	0	0	0
	Electricity		81%	81%	0	0	0
	Housing		0.0%	0.0%	0	0	0
	Roads and storm water		46%	20%	0	0	0
	Other				0	0	0

T 5.6.1

8.2.1 INDIGENTS HOUSEHOLDS

The municipality embarked on an indigent registration for the period under review. At the end of June 2018 the number was standing at 1654

8.2.2 OTHER INCOME

The approved annual budget for other income was budgeted at R133million. Subsequent to the mid-year budget assessment other income was adjusted to R130 million. The year to date collection is at 45% of the revenue budget.

Table 107: Other Income CFA SEC71 REPORT

Detail	Month 1 July	Month 2 Aug	Month 3 Sept	Month 4 Oct	Month 5 Nov	Month 6 Dec	Month 7 Jan	Month 8 Feb	Month 9 Mar	Month 10 Apr	Month 11 May	Month 12 June
Cash Receipts by Source												
Property rates	432,829	318,932	379,165	244,220	1,136,818	1,359,033	793,129	487,032	303,108	733,810	1,766,678	928,407
Property rates - penalties & collection charges	0	0	0	0	0	0	0	0	0	0	0	0
Service charges - electricity revenue	1,453,939	1,243,983	1,034,625	1,051,853	1,658,123	1,843,103	1,012,300	1,196,917	1,324,541	1,469,345	1,389,847	1,313,992
Service charges - water revenue	179,500	134,370	140,344	118,477	409,298	535,136	213,439	219,189	239,098	269,782	201,617	279,778
Service charges - sanitation revenue	181,195	155,199	178,564	126,987	246,132	359,456	168,094	214,635	135,012	239,167	148,994	220,415
Service charges - refuse revenue	172,387	152,564	161,419	125,011	236,664	353,123	171,682	188,953	135,295	223,261	149,212	220,861
Service charges - other	0	0	0	0	0	0	0	0	0	0	0	0
Rental of facilities and equipment	10,570	11,042	12,416	11,281	14,116	24,448	9,520	12,644	10,400	10,572	9,402	9,042
Interest earned - external investments	0	17,227	15,702	14,025	0	0	0	0	0	0	0	0
Interest earned - outstanding debtors	0	0	0	0	0	0	0	0	0	0	0	0
Dividends received	0	0	1,649	0	0	1,920	0	0	0	0	0	0
Transfer receipts - operational	22,396,000	0	250,000	0	0	4,778,000	0	750,000	7,697,000	0	0	0
Other revenue	22,407	23,843	21,410	4,834	39,363	40,563	1,501,350	1,501,300	1,701,300	1,801,518	1,501,300	2,445,000
Cash Receipts by Source	24,848,827	2,057,160	2,195,294	1,696,688	3,740,514	9,294,782	3,869,514	4,570,670	11,545,754	4,747,455	5,167,050	5,417,495
Other Cash Flows/Receipts by Source												
Transfer receipts - capital	17,688,000	0	0	0	0	6,790,000	0	21,231,000	3,899,000	0	0	0
Total Cash Receipts by Source	42,536,827	2,057,160	2,195,294	1,696,688	3,740,514	16,084,782	3,869,514	25,801,670	15,444,754	4,747,455	5,167,050	5,417,495

Rental of facilities and equipment is at 10% for the period under review and 50% year-to-date which is still not satisfactory, the renting of equipment and facilities did not incur as expected, there were few rentals made for the period under review.

Interest earned- external investment is at 55% for the period under review.

Dividends received are at 90%- Dividends received from OVK at the beginning of the year.

Licenses and permits are at 0% - there were no licenses and permits paid for the period under review, people did not apply for licenses and permits as it is not a function of the Municipality.

Fines are at 28% of the budgeted amount and the low rate can be attributed to few fines being issued. Grants and subsidies received are at 90%, this is due to the INEG grant that was not received

8.2.3 DEBTORS AGE ANALYSIS

The debtors of the municipality arise from the households, government, business and other. These debtors arise from the following services, water, electricity, sewerage and refuse removal.

DEBTORS PER SERVICE

The table below shows the total outstanding debtors of the municipality as at 30 June 2018 which was standing at R172 million. As much as the municipality has not accounted for write-offs, the amount is quite significant.

Table 108: Debtors Age Analysis by Income Source

	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total -
Detail									
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	1,715,827	-25,010	6,122,467	907,023	1,803,807	-893	9,912,332	30,461,930	50,897,483
Trade and Other Receivables from Exchange Transactions - Electricity	775,610	-595	429,838	185,479	213,617	-1,275	651,378	3,060,317	5,314,369
Receivables from Non-exchange Transactions - Property Rates	2,220,506	-956,463	925,647	970,575	1,471,618	-12,468	4,240,559	28,632,698	37,492,672
Receivables from Exchange Transactions - Waste Water Management	1,888,275	-11,832	700,567	684,342	1,331,977	-1,955	4,822,702	28,853,879	38,267,955
Receivables from Exchange Transactions - Waste Management	1,775,837	-2,167	834,719	656,425	1,281,517	-1,828	4,667,180	28,035,660	37,247,343
Receivables from Exchange Transactions - Property Rental Debtors	61,615	0	24,255	28,716	42,204	0	134,274	2,850,164	3,141,228
Interest on Arrear Debtor Accounts	0	0	0	0	0	0	0	0	0
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0	0	0	0	0
Other	28,692	-5,353	5,140	11,844	19,400	35	-92,805	8,868	-24,179
Total By Income Source	8,466,362	-1,001,420	9,042,633	3,444,404	6,164,140	-18,384	24,335,620	121,903,516	172,336,871

DEBTORS PER CUSTOMER GROUP

Table 109: Debtors Age analysis by Customer Group

Debtors Age Analysis By Customer Group as at 31 June 2017										
Details	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	%
Government	708,700	696,573	657,832	596,778	582,198	502,714	2,776,908	9,350,379	15,872,082	12%
Business	903,959	726,603	577,726	543,591	497,822	796,696	3,856,266	14,000,787	21,903,450	16%
Households	4,863,022	5,672,300	4,400,456	3,035,731	2,843,722	3,108,061	14,660,404	57,652,132	96,235,828	72%
Total	6,475,681	7,095,476	5,636,014	4,176,100	3,923,742	4,407,471	21,293,578	81,003,298	134,011,360	100%

8.2.4 OPERATING EXPENDITURE

The municipality approved an operating expenditure budget of R164 million which was adjusted to R170 million after mid-year assessment was done in January 2018. The year-to-date expenditure amounts to R168 million.

EXPENDITURE	Notes	2018	2017
Employee related costs	28	(49 073 459)	(46 772 325)
Remuneration of councillors	29	(3 745 791)	(3 348 214)
Depreciation and amortisation	30	(44 090 400)	(42 692 280)
Impairment loss	31	(10 913)	-
Finance costs	32	(2 232 073)	(2 115 155)
Debt impairment	33	(12 259 706)	(34 323 563)
Repairs and maintenance		(420 847)	(2 615 338)
Bulk purchases	34	(26 469 170)	(27 270 262)
Professional and Consulting fees	35	(12 201 268)	(6 521 134)
General Expenses	36	(17 679 823)	(22 686 025)
Total expenditure		(168 183 450)	(188 344 296)

Operating (deficit) surplus		(6 997 635)	12 157 588
Loss on disposal of assets and liabilities		451 538	(601 099)
Fair value adjustments	37	9 378 877	8 595 921
Actuarial gains	17	2 695 073	(264 772)
Inventories losses/write-downs		(1 133 853)	(1 380 910)
		11 391 635	6 349 140
(Deficit) surplus for the year		4 394 000	18 506 72

CAPITAL SPENDING ON 5 LARGEST PROJECTS

Table 110: Capital Expenditure: 5 Largest Projects

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: '2017/18			Variance: Current '2017/18	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A- Koffiefontein: Construction of 2.2km block paved road and storm water	12,380,660	0	7,437,847		
B - Luckhoff: Upgrading of Waste Water Treatment Works	5,568,490	0	1,817,106		
C - Jacobsdal: Construction of new water treatment works (4.2 ml/day)	39,000,000	0	20,118, 784		
D - Letsemeng: Provision of 10 High-Mast Lights	4,660 320	343,892	4,660 320		
E - Ratanang Reticulation of 300 stands	4,128 172	0	4,128 172		
<i>* Projects with the highest capital expenditure in '2017/18</i>					
Name of Project - A -					
Objective of Project	Upgrade dilapidated asphalt surfaced to block pave road				
Delays	Tests result for base layers, delays in appointing of SMME's				
Future Challenges	None				
Anticipated citizen benefits	3 889				
Name of Project - B -					
Objective of Project	Construct additional 2 x Anaerobic Ponds, Inlet works and Shelter and refurbish existing ponds				
Delays	First contractor had to be terminate				
Future Challenges	None				
Anticipated citizen benefits					
Name of Project - C -					
Objective of Project	Increase the WTW capacity to alleviate water shortages problems				
Delays	Subs- Contractors unrests and stopping the project				
Future Challenges	None				
Anticipated citizen benefits	13 177				
Name of Project - D					

Capital Expenditure of 5 largest projects*					
Name of Project	Current: '2017/18			Variance: Current '2017/18	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Objective of Project	Provide 10 High Mast lighting for Letsemeng LM				
Delays	ESKOM connection				
Future Challenges	None				
Anticipated citizen benefits	8060				
Name of Project - E -					
Objective of Project	Provide a portable water to 300 House Holds in Jacobsdal				
Delays	Hard Rock				
Future Challenges	Sewer network				
Anticipated citizen benefits	300 Households				
T 5.7.1					

BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

8.2.5 INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Table 111: Service Backlogs

Service Backlogs as at 30 June 2017				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	9814	100%	0	0
Sanitation	9558	100%	0	0
Electricity	5720	100%	0	0
Waste management	9414	100%	0	0
Housing				
T 5.8.2				

8.2.6 COMMENT ON BACKLOGS:

As can be seen the basic services backlogs have reduced over the past few years. The backlogs remaining will however require big infrastructure spending to eradicate and it should also be borne in mind that existing infrastructure in some areas are dated and in need of major overhaul to prevent service interruptions.

8.3 COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The proper management of cash resources is paramount in ensuring viability and sustainable growth and development. The municipality did not maintain significant investments due to pressing operational requirements and an effort to maintain creditors' payment within 30 days and addressing the long term liabilities.

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		33 888 959	23 237 234
Grants and subsidies received		93 649 000	125 755 002
Interest income		512 557	578 992
Dividends received		3 569	1 369
		<u>128 054 085</u>	<u>149 572 597</u>
Payments			
Employee costs		(51 297 621)	(48 737 508)
Suppliers and other payments		(48 248 474)	(35 956 049)
Finance costs		-	(1 290 767)
		<u>(99 546 095)</u>	<u>(85 984 324)</u>
Net cash flows from operating activities	39	<u>28 507 990</u>	<u>63 588 273</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(25 376 911)	(62 526 667)
Purchase of investment property	9	(417 795)	-
Purchase of other intangible assets	11	-	(1 006 977)
Proceeds from sale of financial assets		1 368	115 447
Net cash flows from investing activities		<u>(25 793 338)</u>	<u>(63 418 197)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(1 781 491)	(286 891)
Finance lease receipts		1 200 795	-
		<u>(580 696)</u>	<u>(286 891)</u>

Net cash flows from financing activities		
Net decrease in cash and cash equivalents	2 133 956	(116 815)
Cash and cash equivalents at the beginning of the year	512 819	729 726
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2 646 775	
	8	612 1

8.4 COMPONENT D: OTHER FINANCIAL MATTERS

8.4.1 SUPPLY CHAIN MANAGEMENT

COMMENTS ON SUPPLY CHAIN MANAGEMENT

Organogram for Supply Chain Management Unit has been amended to include an extra Demand Acquisition vacant position and it will be approved 2018/2019 financial Year.

8.4.2 GRAP COMPLIANCE

COMMENTS ON GRAP COMPLIANCE

Letsemeng Local Municipal compiles its Annual Financial Statements in line with General Recognised Accounting Practise.

9. CHAPTER 6 – AUDITOR GENERAL AUDIT REPORT

Report of the auditor-general to the Free State Legislature and the Letsemeng Council on Letsemeng Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Letsemeng Local Municipality set out on pages 164 to , 250 which comprise of the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changed in net assets, cash flow statement and statement of budget comparison for the then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified on opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Letsemeng Local Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003)(MFMA) and the Division of Revenue Act of South Africa, 2007(Act No. 3 of 2017) (Dora).

Basis for qualified opinion

Investment property

3. The municipality did not recognise property held to earn rental or for capital appreciation as investment property accordance with GRAP 16, Investment property. Property that did not meet the definition of investment property was incorrectly recognised as due to the state of the accounting records at the municipality. Consequently, investment property was overstated and property, plant and equipment understated by R163 460 247.

Payables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence that all payables from exchange transactions had been recorded, as the municipality did not have adequate systems to confirm the outstanding balances. I could not confirm the balance by alternative means. I was also unable to obtain sufficient appropriate audit evidence that management had properly accounted for unknown deposits included in payable from exchange transactions of the previous financial year. In addition, the municipality did not recognise all transactions meeting the definition of liability in accordance with GRAP 1. Presentation of financial statements, as the municipality did not maintain adequate records of outstanding payment for goods and services received but not yet paid at year-end. This resulted in payables from exchange transactions of R52 893 322 (2017: R37 958 142) as disclosed in note 15 to the financial statements being overstated by R13

043 784. Consequently, I was unable to determine whether any adjustment was necessary to payables from exchange transactions.

Interest earned on outstanding debtors

5. The municipality incorrectly calculated interest charges on outstanding debtors accounts from exchange and non-exchange transactions in the current year on a monthly basis as per the council's approved credit control policy. I was unable to determine the full extent of the understatement of interest earned on outstanding debtors from non-exchange transaction stated at R14 861 858 and interests earned on outstanding debtors non-exchange transaction stated at R4 493 959 in the financial statements as it was impracticable to do so. This also has a resultant impact on debtors from exchange and non-exchange transactions. Additionally, there was an impact on the surplus for the year on the accumulated surplus.

Service charges

6. The municipality did not measure revenue at the fair value of the consideration received or receivable, in accordance with GRAP 9. Revenue from exchange transactions, as some consumer accounts were incorrectly billed for services rendered; consequently, services charges revenue from exchange transactions was overstated by R40 446 555 (2017: R14 844 042) and receivables from exchange transactions was overstated by a similar amount. Additionally, there was an impact on the surplus for the year and on the accumulated surplus.

Professional and consulting fee

7. I was unable to obtain sufficient appropriate audit evidence for professional and consulting fees due to the unavailability of supporting documents to confirm that goods and services had actually been received and correctly accounted for. I was unable to confirm the professional and consulting fees by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to professional and consulting fees stated at R12 201 268 in note 35 to the financial statements.

Inventories

8. The municipality did not state the inventories at weighted average method of measurement as per its accounting policy in accordance with GRAP 12, Inventories. This was due to financial system not being available at the municipality to do the adjustment required by the change in accounting policy. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm the inventory written off during the year due to the lack of accounting records at the municipality. I was unable to confirm inventories by alternative means, consequently, I was unable to determine whether any further adjustments are required for the accounts disclose in the financial statements.

Material losses

9. I was unable to obtain sufficient appropriate audit evidence that the municipality has an effective and efficient system of control over water and electricity losses and, in addition to these financial losses, the municipality also did not disclose particulars of any material losses that occurred during the financial year, and whether these are recoverable, any criminal or disciplinary steps taken as a result of such losses and

any material losses recovered or written off in the notes to the financial statements, as required by section 125(2)(d) of the MFMA.

Commitments

10. I was unable to obtain sufficient appropriate audit evidence for commitments as the municipality did not maintain accurate and complete records of the contractual information used to determine commitments. In addition, commitment values at year end differed materially from the actual obligations at year end, resulting in a misstatement of commitments. I was unable to confirm commitments by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to commitments stated at R30 753 122 (2017: R52 539 061) in note 40 to the financial statements.

Context for the opinion

11. I conducted my audit in accordance with the International Standard on Auditing (ISA). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
12. I am independent of the municipality in accordance with the International Ethics Standards Board of Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
13. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

14. I draw my attention to the matter below. My opinion is not modified in respect of this matter.
15. Note 56 to the financial statements, which indicates that the municipality has an unspent grants balance of R40 930 853 (2017: R26 777 283) which resulted in the transferring department withholding the equitable share for the current period for unspent grants not paid back to the revenue fund; therefore, the funds allocated for the projects were still in progress. The municipality has cash flow problems because the collection of the generated revenue takes a significant period and the municipality is struggling to pay the suppliers within the prescribe period of time, which is 30 days. Creditors such as Eskom increased significantly from the prior year as per note 15. As stated in note 56, these events or conditions, along with the other matters as set forth in note 56, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going on concern.

Emphasis of matters

16. I draw my attention to the matters below. My opinion is modified in respect of these matters.

Irregular Expenditure

17. As disclosed in note 48 to the financial statements, irregular expenditure of R52 105 610 (2017: R49 628 918) was incurred due to non-compliance with SCM requirements and the spending of conditional grants not aligned to the conditions of these grants. In addition, the full extent of irregular expenditure is still in the process of being determined. Furthermore, also included in note 48 is an amount of R49 678 674 identified in the current year that relates to previous financial periods.

Unauthorised expenditure

18. As disclosed in note 50 to the financial statements, the municipality incurred unauthorised expenditure of R64 871 038 (2017: R850 983 247) in the year under review due to overspending of the approved budget.

Fruitless and wasteful expenditure

19. As disclosed in note 49 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R1 375 621 (2017: R372 699) in the year under review due to interest charged on overdue accounts.

Restatement of corresponding figures

20. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2018.

Material impairment

21. As disclosed in notes 4 and 5 to the financial statements, receivables from exchange transactions were impaired by R84 776 253 (2017: R68 922 555) and receivables from non-exchange transactions by R16 513 508 (2017: R18 970 924), respectively.

Material underspending on conditional grants

22. As disclosed in note 18 to the financial statements, the municipality materially underspent the water infrastructure grant by R32 998 842 (2017: R20 680 994) and the municipal infrastructure grant by R6 031 554 (2017: R 4 564 885).

Other matter

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

Unaudited disclosure note

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

Responsibilities of the accounting officer

25. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA)], and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error
26. In preparing the financial statements, the accounting officer is responsible for assessing the Letsemeng Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibility for the audit of the financial statements

27. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
28. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

29. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected KPA presented in the annual performance report. I was engaged to perform procedures to raise findings but not to gather evidence to express assurance.

30. I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected KPA presented in the annual performance report of the municipality for the year ended June 2018:

Objectives	Pages in the annual performance report
KPA 1 Basic service delivery and infrastructure development – Technical services	49-53
KPA 1 Basic service delivery and infrastructure development Community Services	54-56

31. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant. And assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
32. The material findings in respect of the usefulness and reliability of these selected objectives are as follows:

KPA 1 – Basic service delivery and infrastructure development – Technical services

Various indicators

33. I was unable to obtain sufficient appropriate audit evidence for the reported achievements for indicators relating to this programme. This was due to limitations placed on the scope of the work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of the indicators listed below:

Indicator	Reported Achievement
1. TL1 % of households with access to basic level of water service standard	3% (245hh)
2. TL2 - % of households with access to basic level of basic sanitation service standard	3% (245hh)
3. TL3 - % of households with access to basic level of basic electricity service standard	3% (245hh)
4. TL14 – Upgrade of substation in Koffiefontein	0

5. TL – Install three bulk electricity meters (Luckhoff, Petrusburg and Koffiefontein).	Report on installation of meters
6. TL16 – Replaced faulty domestic (prepaid) electrical meters in Luckhoff, Petrusburg and Koffiefontein	Meter audit report
7. TL17 – 100% of the municipality's capital budget spent on capital projects (MIG) identified for 201-18 in terms of the IDP	Project to be complete. Completion certificate
8. TL18 – Reduce water loss in distribution to 20% by June 2018 (Difference between water supplied and water billed) (number of kilolitres purchased or purified – number of kilolitres sold)/No of kilolitres purchased or purified) x 100	22%
9. TL18 – Reduce electricity distribution losses to 27% by June 2018 (Number of electricity units purchased – number of electricity units sold)/number of electricity unit purchased) x 100	39%

Various indicators

34. The planned target for the following indicators was not specific in clearly identifying the nature and required level of performance and measure for this indicator as the municipality set the performance target as a date and not as a number or percentages. The achievement is reported as a number, whereas a date was set as a target, which resulted in the actual achievement not being consistent with the planned targets.

Indicator	Reported Achievement
1. TL4 – Install six bulk water meters in water treatment works. (two in Koffiefontein, in Oppermansgronde, two in Jacobsdal)	0
2. TL12 – Installation of outfall sewer lines and fencing at waste water treatment works in Jacobsdal (ward 2)	Project to be complete. Completion certificate
3. TL15 – Install three bulk electrical meters (Luckhoff, Petrusburg and Koffiefontein)	Report on installation of meters
4. TL14 – Upgrade substation in Koffiefontein	0
5. TL16 – Replaced faulty domestic (prepaid) electrical meters in Luckhoff, Petrusburg and Koffiefontein	Meter audit report
6. TL17 – 100% of the municipality's capital budget spent on capital projects (MIG) identified for 201-18 in terms of the IDP	Project to be complete. Completion certificate
7. TL7 – Construction water borne sanitation for 202 sites in ward 2 Jacobsdal	0

Various indicators

35. The planned targets for the following indicators were not specific in clearly identifying the nature and required level of performance and measure for this indicator as the municipality set the performance target as a date and not to what the expected outcome should be. The measurement basis or calculation method did not take into consideration electricity and water losses attributed to unsold electricity or unbilled, unsold purified water.

Indicator	Reported Achievement
1. TL18 – Reduce electricity distribution losses to 27% by June 2018 (Number of electricity units purchased – number of electricity units sold)/number of electricity unit purchased) x 100	39%
10. TL18 – Reduce water loss in distribution to 20% by June 2018 (Difference between water supplied and water billed) (number of kilolitres purchased or purified – number of kilolitres sold)/No of kilolitres purchased or purified) x 100	22%

KPA 1 – Basic service delivery and infrastructure development – Community services

Various indicators

36. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of indicators relating to this programme. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of the indicators listed below:

Indicator	Reported Achievement
1. TL22 - Number of households with access to basic level of refuse service standard	8369
2. TL31 – Review integrated waste management plan by June 2018	June 2018

Various indicators

37. The planned targets for the following indicators were not specific in clearly identifying the nature and required level of performance and measure for this indicator as the municipality set the performance target as a date and not to what the expected outcome should be. The achievements is reported as text whereas a date was set as a target, which result in the actual achievement not being consistent with the planned targets.

Indicator	Reported Achievement
1. TL26: Develop technical report and EIA for construction of new solid waste landfill sites (phase 1) Luckhoff (ward 1)	Progress report for IEA by June 2018
2. TL31: Review integrated waste management plan by June 2018	Approved IWMP 2018-19

Other matter

38. I draw my attention to the matter below:

Achieved planned targets

39. Refer to the annual performance report on pages 49 to 69 for information on the achievement of the planned targets for the year of a number of targets. This information should be considered in the context to the material findings on the usefulness and reliability of the reported performance information in paragraphs 33 to 37.

Report on the audit of compliance with legislation

Introduction and scope

40. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
41. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements, performance and annual reports

42. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure, and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided

subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Expenditure management

- 43. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
- 44. An adequate management, accounting and information system was not in place which accounted for creditor, as required by section 65(2)(b) of the MFMA.
- 45. Reasonable steps were not taken to prevent irregular expenditure amounting to R52 105 610 (2017: R49 628 918) as disclosed in note 48, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management bidding processes.
- 46. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 375 621, as disclosed in note 47 to the annual financial, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on overdue payments to suppliers.
- 47. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R64 871 038 (2017: R85 983 247 as disclosed in note 50, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure. The majority of the disclosed unauthorised expenditure was caused by overspending of individual votes.

Asset management

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

Revenue management

- 49. A tariff policy was not adopted for the levying fees for provision of municipal services, as required by section 74(1) of the MSA and section 62(1)(f)(i) of the MFMS.
- 50. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.
- 51. I was unable to obtain sufficient appropriate audit evidence that accounts for municipal tax and charges for municipal service charges were prepared on monthly, as required by section 64(d)(c) of the MFMA.

Consequence management

- 52. Authorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
- 53. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
- 54. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Utilisation of conditional grants

- 55. The municipal infrastructure grant, and water services infrastructure grant were not spent for its intended purpose in accordance with the applicable grants framework, as required by section 17(1) of Dora.
- 56. Performance in respect of programmes funded by the municipal infrastructure grant, and water services infrastructure grant were not evaluated, as required by section 67(1)(d) of the MSA.

Human resource management

- 57. Appropriate systems and procedure to monitor, measure and evaluate performance of staff were not developed and adopted as required by section 67(1)(d) of the MSA.
- 58. I was unable to obtain sufficient appropriate audit evidence that the municipal and senior managers previously dismissed for financial misconduct were re-appointed after the expiry of the 10 years term, as required by section 57A(3) of the MSA.

Strategic planning and performance management

- 59. The performance management system and related controls were not maintained as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted and managed, as required by municipal planning and performance management regulation (7)(1).

Procurement and contract management

- 60. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements as management did not ensure that the requested information was submitted and the computerised financial system does not automatically allocate unique payment numbers to the vouchers. A similar limitation was also reported in the prior year.

61. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention by the SCM regulation (17)(a) and (c). Similar non-compliance was also reported in the prior year.
62. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
63. Sufficient appropriate audit evidence could not be obtained that quotations and bids were only accepted from bidders whose tax matters had been declared by the South African Revenue Services to be in order, as required by SCM regulation 443. Similar non-compliance was also reported in prior year.
64. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procure by inviting competitive bids and that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM regulations 19(a) and 36(1). Similar non-compliance was also reported in the prior year.
65. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2). Similar non-compliance was also reported in the prior year.
66. Some of the contracts were awarded to bidders based on points given for criteria that differed for those stipulated in the original invitation for bidding and quotations, in contravention of SCM regulation 21(b) and 28(1) and the Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
67. Some of the competitive bids were adjudication by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year.
68. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding and quotations, as required by the Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
69. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders based on pre-qualification criteria that were stipulated in the original invitation for bidding and

quotations, in accordance to the 2017 preferential procurement regulation 4(1) and 4(2). Similar non-compliance was also reported in the prior year.

70. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board (CIDB) and qualified for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 1 and 25(7A). Similar non-compliance was also reported in the prior year.
71. Awards were made to providers who were in the service of other state institutions or whose directors, in contravention of MFMA 112(j) and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).
72. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of Municipal Systems Act.
73. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5. Similar non-compliance was also reported in the prior year.
74. The performance of contractors or providers was not mentioned on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
75. The contract performance and monitoring measures and method were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year.

Other information

76. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
77. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or a form of assurance.
78. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected

objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

79. I did not received the other information prior to the date of this auditor's report. When I do receive and read this information, if I include that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, If it is corrected this will not be necessary.

Internal control deficiencies

80. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objectives was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
81. The positions of accounting officer, chief financial officer and director technical vacant for a significant part of the financial year under review. Management and officials in acting positions did not ensure that the internal control environment was sufficiently developed and implemented and also did not drive an ethical, transparent environment.
82. No investigations were initiated into the concurrence of unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure and for the continued increased of these unwanted expenditure in the municipality and consequently no officials or suppliers were taken to account for any transgression.
83. The leadership did not ensure that the IT unit is adequately resourced in terms of an approved IT governance framework as no such framework was developed. The leadership did not ensure that the municipality has an effective performance management system that continuously monitor employee performance and provide feedback on such performance in a timely manner to address any risks on achieving objectives.
84. The leadership and management did not ensure that daily financial and performance reporting roles and responsibilities were discharged in a comprehensive and consistent manner. Management did not ensure that such financial reports and performance reports is supported by reliable, accurate and complete supporting documentation.
85. Management is too dependent of the work of service providers such as consultants to perform daily and monthly financial and performance controls and performance is not assessed to identify deviations and corrective measures taken to address under performance or substandard performance.

86. The leadership responsible for governance structures did not ensure that there was a fully functional internal audit unit and internal audit committee consistently throughout the financial period. The efforts by internal audit and the audit committee are made ineffective by officials and management within the organisation that consistently ignore internal audit findings and recommendations without any commendable action to address the issues raised by internal audit and audit committee.

Other reports

87. I draw my attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

88. Following protracted community protests in the latter half of 2018, the member of the executive council responsible for local government (MEC), initiated an investigation subsequent to year end, into the affairs of the municipality in line with section 106 of the Municipal Systems Act. This investigation was at its initiation stage at the time my report and further particulars were not available at the time.

Bloemfontein
15 March 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give " <i>full and regular</i> " reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe " <i>what we do</i> ".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)

Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Cllr TI Reachable	FT	Finance, LED and Planning & Development	ANC - PR	92	8
Cllr TM Rens	P/T	Finance, LED and Planning & Development	ANC - Ward Councillor	92	8
Cllr C Burger/JDJ Barnes	P/T	Finance, LED and Planning & Development	DA - PR	75	25
Cllr MA Rens	P/T	Corporate Services	ANC – Ward Councillor	92	8
Cllr AN November	P/T	Corporate Services	ANC – Ward Councillor	75	25
Cllr TV Nthapo	P/T	Corporate Services	DA - PR	83	17
Cllr MC Ntemane	P/T	Community Services	ANC – Ward Councillor	83	17
Cllr MJ Phaliso	P/T	Community Services	ANC – Wad Councillor	82	18
Cllr XW Nqelani	P/T	Community Services	ANC – Ward Councillors	92	8
Cllr XW Nqelani	P/T	Technical Services	ANC – Ward Councillor	92	8
Cllr MC Ntemane	P/T	Technical Services	ANC	82	18
Cllr Moghoishi	P/T	Technical Services	EEF - PR	83	17
Cllr SJ Bahumi	P/T	Good Governance and Monitoring	ANC – Ward Councillor	83	17
Cllr TM Rens	P/T	Good Governance and Monitoring	ANC – Ward Councillor	82	18
Cllr MA Lebaka	P/T	Good Governance and Monitoring	ANC – Ward Councillor	92	8
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A.1

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Oversight Committee	Playing an oversight Role over the finances and the administration of the Municipality
Audit Committee	Performing duties as stipulated in Section 166 of the MFMA

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Office of the Municipal Manager	Municipal Manager – Mr BA Mnguni (1 July – 31 October 2017/Mr CJ Makhoba (Acting 1 – 30 November 2017 /Mr TL Mkhwane (1 December 2017 – 30 June 2018)
Financial Services	Chief Financial Officer – Ms. J Mazinyo (Acting 1 July 2017 - 8 April 2018)/Mr SJ Tooi (9 April – 30 June 2018)
Technical Services	Director: Technical Services – Mr KS Tsikang (Acting 1 July – 30 November 2017/ Mr CJ Makhoba (Acting 1 December 2017 – 8 April 2018/Ms DG Motlogelwa (9 April – June 30 2018
Corporate services	Director: Corporate Services – Mr TF Deeuw
Community Services	Director: Community Services – Mr CJ Makhoba

APPENDIX D –FUNCTIONS OF MUNICIPALITY/ENTITY

Municipal Functions	
Municipal Functions	Function Applicable to Municipality (Yes / No)*
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Storm water management systems in built-up areas	Yes
Trading regulations	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes
T D	

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr XW Ngelani	Yes	-	-	-
2	Cllr TM Rens	Yes	-	-	-
3	Cllr MA Lebaka	Yes	-	-	-
4	Cllr MC Ntemane	Yes	-	-	-
5	Cllr MJ Phaliso	Yes	-	-	-
6	Cllr SJ Bahumi	Yes	-	-	-

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in '2017/18 (Full List at Appendix O)				
No.	Project Name and detail	Start Date	End Date	R' 000 Total Value
4 & 5	Koffiefontein: Construction of 2.2km block paved road and storm water	2016	2017/07/30	R12,380,666
2	Jacobsdal: Construction of new water treatment works (4.2 ml/day)	2014	Not yet completed	R 39. 000,000

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	8916	8021	8040	8081	
Households without minimum service delivery		692	0	0	
Total Households*	8916	8713	8040	8081	
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
Ward No.	Priority Name and Detail	Progress During '2017/18
1 (Oppermansgronde)	Construction of 5 ML raw water storage dam that will act additional storage capacity during dry session	Designs completed in 2017/18 project will be complete by the end of 2018/19 financial year.
1 (Oppermansgronde)	Refurbishment of Water Treatment works	The project will be Phase 2 of the above project, which will start in 2018/19

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2017/18

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2017/18	Recommendations adopted (enter Yes) If not adopted (provide explanation)
N/A		
T G		

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during 2017/18) R' 000					
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
NONE					
T H.1					

Public Private Partnerships Entered into during 2017/18 R' 000					
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2015/16
None entered into.					

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of 2017/18 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	Cllr TI Reachable	Nil
Member of MayCo / Exco		
Councillors		
	Cllr TS Moqhoishi	Nil
	Cllr AN November	Nil
	Cllr TV Nthapo	Nil
	Cllr C Burger	Nil
	Cllr XW Ngelani	Nil
	Cllr Cllr MA Lebaka	Nil
	Cllr MC Ntemane	Nil
	Cllr SJ Bahumi	Nil
	Cllr MJ Phaliso	Nil
	Cllr TM Rens	Nil
Municipal Manager	Mr B.A.Mnguni	Mashavana Cooperative
	Mr TL Mkhwane	Nil
Chief Financial Officer	Ms MJ Mazinyo (Acting)	Nil
	Mr SJ Tooit	Nil
Other S57 Officials	Mr T.F.Deeuw	Sabzenzele
	Mr Tsikang (Acting)	Nil
	Ms DG Motlogelwa	Nil
	Mr CJ Makhoba	Nil
<i>TJ</i>		

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description		Current: 2017/18			2017/18 Variance	
		Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Councillors - Vote 1		0	0	0	0	0
Municipal Manager - Vote 2		0	0	0	0	0
Corporate Services - Vote 3		30	30	27	3	3
Finance Services - Vote 4		69 742	71 663	112 219	-42 477	-40 556
Technical Services - Vote 5		121 879	121 879	98 932	22 947	22 947
Community Services - Vote 6		408	408	0	408	408
Total Revenue by Vote		192 059	192 059	211 178	-19 119	-17 201
T K /						

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
Description	2015/16	206/17			2017/18 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	15 112	17 129	17 129	14 917	2 212	2 212
Property rates - penalties & collection charges	—	—	—	—	—	—
Service Charges - electricity revenue	15 106	18 827	20 203	18 299	528	1 904
Service Charges - water revenue	8 107	8 809	8 332	12 989	-4 180	-4 657
Service Charges - sanitation revenue	8 637	9 668	9 668	9 104	564	564
Service Charges - refuse revenue	8 496	9 500	9 500	8 541	959	959
Service Charges - other	—	—	—	—	—	—
Rentals of facilities and equipment	504	510	408	2 209	-1 699	-1 801
Interest earned - external investments	231	936	749	579	357	170
Interest earned - outstanding debtors	—	—	—	10 527	—	—
Dividends received	6	4	30	1	3	29
Fines	89	56	32	8	48	24
Licenses and permits	—	7	3	0	7	3
Agency services	—	—	—	—	—	—
Transfers recognised - operational	68 815	50 227	50 227	47 402	—	—
Other revenue	730	4 248	4 559	545	3 703	4 014
Gains on disposal of PPE	—	—	—	—	—	—
Environmental Protection	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)	125 833	119 921	120 840	127 946	2 502	3 421
<i>T K.2</i>						

APPENDIX L: CONDITIONAL GRANTS RECEIVED

APPENDIX L: GOVERNMENT GRANTS AND SUBSIDIES						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	-	-	-	-	-	-
Public Transport Infrastructure and Systems Grant	-	-	-	-	-	-
<i>Other Specify:</i>						
FMG	1 825	1 825	1 825	-	-	
MSIG	-	-	-	-	-	
EPWP	1 000	1 000	1 000	-	-	
Total	2 825	2 825	2 825	-	-	
						TL

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	2015/16	2017/18			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<u>Capital expenditure by Asset Class</u>							
<u>Infrastructure - Total</u>	–			–	–	–	–
Infrastructure: Road transport - Total	–	12 585	10 652	7 438	–	–	–
<i>Roads, Pavements & Bridges</i>		12 585	10 652	7 438			
<i>Storm water</i>							
Infrastructure: Electricity - Total	–	–	860	4 660	–	–	–
<i>Generation</i>		–	860	4 660			
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	–	–	57 892	27 832	–	–	–
<i>Dams & Reservoirs</i>		–	57 892	27 832			
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	–		3 117	1 819	–	–	–
<i>Reticulation</i>		–	3 117	1 819			
<i>Sewerage purification</i>							
Infrastructure: Other - Total	–	55 000	–	–	–	–	–
<i>Waste Management</i>		55 000	–				
<i>Transportation</i>							
<i>Gas</i>							
<u>Community - Total</u>	–	–	1 394	–	–	–	–
Parks & gardens							
Sports fields & stadia							
Swimming pools							
Community halls		–	1 394				
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							

Table continued next page

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Capital Expenditure - New Assets Programme*							
							R '000
Description	2016/17	2017/18			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
<u>Heritage assets - Total</u>	–	–		–	–	–	–
Buildings							
Other							
<u>Investment properties - Total</u>	–	–		–	–	–	–
Housing development							
Other							
–							
<u>Other assets</u>	–	4 050	225		–	–	–
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other		4 050	225				
<u>Agricultural assets</u>	–				–	–	–
List sub-class							
<u>Biological assets</u>	–				–	–	–
List sub-class							
<u>Intangibles</u>	–				–	–	–
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on new assets	–				–	–	–

APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2017/18

Capital Programme by Project: '2017/18					
					R' 000
Capital Project	Original Budget	Adjust ment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
Upgrade Luckhoff WTW to increase water supply times and coverage	3 586	0	3 586		
Reticulation Ratanang	4 128	0	4 128		
Jacobsdal Construction of 4.15Ml WTW	39 000	0	20 119		
Sanitation/Sewerage					
Luckhoff: Upgrading of waste water treatment works: (MIS: 221659)	5 568	0	1 819		
Electricity					
Letsemeng: Provision of 10 High-Mast Lights	4 660	345	4 660		
Other					
Koffiefontein: upgrading of Access Road and Storm Water (2.2km)	12 380	0	7 438		
Water					
					TN

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2017/18

Capital Programme by Project by Ward: 2017/18 R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
Upgrade Luckhoff WTW to increase water supply times and coverage	1	Yes
Reticulation Ratanang	2	Yes
Koffiefontein WTW	4&5	Yes
Jacobsdal Construction of 4.15Ml WTW	2	No
Luckhoff WTW	1	Yes
Sanitation/Sewerage		
Luckhoff: Upgrading of waste water treatment works: (MIS: 221659)	1	Yes
Jacobsdal: Upgrading of waste water treatment works (Phase 2)	2	No
Electricity		
Letsemeng: Provision of 10 High-Mast Lights	All (1 to 6)	Yes
ICT and Other		
Koffiefontein: upgrading of Access Road and Storm Water (2.2km)	4 & 5	Yes
<i>T O</i>		

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
None that the municipality is aware of.				
Clinics (NAMES, LOCATIONS)				
None that the municipality is aware of.				
T P				

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

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:	None that the municipality is aware of.	
Housing:		
Licensing and Testing Centre:		
Reservoirs		
Schools (Primary and High):		
Sports Fields:		

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

Declaration of Loans and Grants made by the municipality: 2017/18				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2015/16 R' 000	Total Amount committed over previous and future years
No grants or loans were made.				
<i>* Loans/ Grants - whether in cash or in kind</i>				<i>T R</i>

