

**LETSEMENG LOCAL MUNICIPALITY**



**Integrated Development Plan**

**2018/19**

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## ACRONYMS

ABET	:	Adult Based Education and Training
ASGI-SA	:	Accelerated and Shared Growth Initiative of South Africa
CDW	:	Community Development Worker
COGTA	:	Cooperative Governance and Traditional Affairs
CRDP	:	Comprehensive Rural Development Programme
CWP	:	Community Works Programme
DARDLA	:	Department of Agriculture, Rural Development and Land Affairs
DBSA	:	Development Bank of Southern Africa
DME	:	Department of Minerals and Energy
DMP	:	Disaster Management Plan
DOE	:	Department of Education
DPRT	:	Department of Public Works Roads and Transport
DW&S	:	Department of Water and Sanitation
EPWP	:	Expanded Public Works Programme
ESCOM	:	Electricity Supply Commission
FBS	:	Free Basic Services
FET	:	Further Education and Training
GDP	:	Gross Domestic Product
GIS	:	Geographic Information System
HDI	:	Historically Disadvantaged Individual
HRD	:	Human Resource Development
IDP	:	Integrated Development Plan
IGR	:	Inter – Governmental Relations
INSDF	:	Integrated National Spatial Development Framework
ISRDP	:	Integrated Sustainable Rural Development Program
KPA	:	Key Performance Area

KPI	:	Key Performance Indicator
LED	:	Local Economic Development
M&E	:	Monitoring and Evaluation
MFMA	:	Municipal Finance Management Act
MIG	:	Municipal Infrastructure Grant
MPCC	:	Multi-Purpose Community Centre
MSIG	:	Municipal Systems & Implementation Grant
MTREF	:	Medium Term Revenue Expenditure Framework
MTSF	:	Medium Term Strategic Framework
NEPAD	:	New Partnership for Africa's Development
NSDP	:	National Spatial Development Perspective
PDI	:	Previously Disadvantaged Individual
PPP	:	Public Private Partnership
PMS	:	Performance Management System
RDP	:	Reconstruction Development Programme
SAPS	:	South African Police Services
SASSA	:	South African Social Security Agency
SCM	:	Supply Chain Management
SDBIP	:	Service Delivery Budget Implementation Plan
SDF	:	Spatial Development Framework
SDG	:	Sustainable Development Goal
SMME	:	Small Medium Micro Enterprises
SOPA	:	State of the Province Address
SONA	:	State of the Nation Address
SWOT	:	Strength, Weaknesses, Opportunity and Threat
WSDP	:	Water Services Development Plan

**Foreword by the Mayor of Letsemeng Local Municipality, Honourable Councillor Thandiwe Ivy Reachable**

**Centenary Celebrations of World Icon Tata Nelson Mandela and Mother of the Nation Mama Albertina Sisulu**

Let me take this opportunity to pass my sincere word of gratitude and celebration to the life of our international icon, father of the nation and the 1<sup>st</sup> ever black President of South Africa; our late Tata Nelson Mandela. The year 2018 indeed marks the Centenary celebrations of his life and we owe it to him to do and celebrate everything during this year in his name and his memory. May his spirit forever live on amongst us and may we continue to practically implement his aspirations and ideals he stood for. A critical impulse of another icon and mother of our nation, Cde Albertina Sisulu who made a significant contribution to the struggle as a woman and mother of the nation. May we celebrate her life and take courage from her leadership and may her spirit live on as we celebrate her Centenary.

**Radical Economic Transformation and Expropriation of Land without Compensation**

The review of our Integrated Development Plan comes at the backdrop of a very important and historic conference of the ruling party, the African National Congress where a number of critical policy positions have been adopted; some of which affect our communities directly. We ought to give effect to the realization and implementation of those policy positions. Letsemeng Local Municipality will indeed give effect to Radical Economic Transformation and Expropriation of Land without compensation; of course within the realms and prescriptions of our legislative reforms and amendments. We therefore call upon all farmers and the private sector to enter into progressive discussions with the municipality and all relevant stakeholders so that we are not caught wanting by the time of implementation of these policy changes. Giving effect to diversification and expansion of Agriculture and food security will be part of key interventions and we will apply the Spatial Land Use Management Act (SPLUMA) as a guiding tool for the effective utilization of land in our municipality. We will advance progressive interventions like the 1-Household 1-Hectare programme in our municipality within the 2018/2019 financial year to give access to our most vulnerable households to work the land and ensure their own food security.

Building an inclusive society that will equally participate in the economy of our Country, Province, District and Municipality is what should guide our discussions and planning henceforth. Coming

together to find common ground and unite around a common agenda will make life so much easier for everyone. The emancipation and empowerment of our Youth should be at the forefront of our agenda. Investing in the youth and its future will lay a strong foundation for a better tomorrow and indeed, we will be able to say that South Africa is better today than yesterday.

Implementation of the above will be in direct congruence with one of the pillars of our National Development Plan namely, Inclusive Economic Growth and Sustainable Job Creation. It is therefore for the Public and Private Sector to enter into sustainable Public – Private Partnerships to realise the vision of our Country.

## **Back to Basics**

*The Back to Basics strategy focuses on five pillars, namely:*

- Putting people and their concerns first;
- Creating conditions for decent living;
- Demonstrating good governance;
- Ensuring sound financial management; and
- Building and maintaining sound institutional and administrative capabilities;

*Progress and plans on the following 6 Points from the 10 Point Plan of B2B:-*

### **1. Ensuring Positive Community Experiences.**

We urge communities to come forward with suggestions on how to close ranks between communities and the municipality to create a positive partnerships for future development initiatives aimed at improving service delivery and the lives of our communities for the better. Public opinion and debate is critical especially the rendering of effective and efficient services.

## **2. Municipalities Consistently Receiving Disclaimer Audit Opinions.**

Letsemeng Local Municipality is at the point of changing its Audit Opinion for the 2018/ 19 Audit process and is currently working around the clock to implement its Audit Action Plan in an attempt to address prior Audit year issues raised by the Auditor General. We have accelerated our pace on the implementation of effective Internal Controls as well as taking a radical approach to implementing consequence management. It therefore cannot and will never be business as usual; the tide has turned.

## **3. Revenue Enhancement Programme.**

A very thorny and sensitive issue that needs leaders of society, stakeholders, Government Departments and society at large to take active part in is revenue collection. The municipality will be giving full effect to its Revenue Enhancement Policy in the 2018/19 financial year and henceforth, we will also ensure that effective Revenue Enhancement Programmes are implemented in order to ensure a sustainable revenue base for the municipality. We therefore urge communities and stakeholders to play their part by paying for services rendered by the municipality. The time to take Letsemeng municipality to its positive and healthy financial position is now. We will take a radical approach and we would not want any eventualities during the process and thus urge that we all take a pro – active stance in paying for our services. Those who are financially unable to do so must register for the Indigent subsidy of the municipality. The municipality needs to improve its level of service provision and sustain it accordingly but it can only be done if the end users pay for services received.

## **4. Appointment of Senior Managers in Municipalities.**

The year of 2018/ 19 is a different year and I can confidently report that the Senior Management component will be filled to full effect come April 2018. This will give effect to effective and efficient service delivery, not forgetting the sense of accountability it will bring.

## **5. Services and Infrastructure.**

The municipality will continue to improve its service provision and infrastructure development through its conditional grants from the National fiscus and its own revenue. We urge communities to take ownership of its own infrastructure by preserving and protecting it at all cost and report perpetrators who vandalize and demolish their own infrastructure. We discourage the modification and by – passing of water and electricity networks by communities, it is a criminal offence as it is tantamount



to stealing and we issue a stern warning to the culprits as we are going to radically root out such elements.

We are aware of the electricity by – passes and we have appointed 3 electricians to deal with such cases and open cases of theft with the police. We would also like to warn the culprits who by-pass their water meters to fill up their Jojo tanks on their residences; we are going to embark on Operation Hlasela Lihlahisoa in the not so distant future.

## **6. Implementation of Forensic Reports.**

Our Audit report and own Internal Audit Unit has not reflected the need for Forensic investigations but we are however doing investigations through our Section 32 Committee and the necessary precautionary measures will be taken where needed.

### **Letsemeng Local Municipality's Drivers of Change**

The Letsemeng Local Municipality will embark on the following high level objectives to turn the Local Municipality around and prioritise them as Drivers of Change.

1. Revenue collection must improve from 36% to 85% by the end of the term;
2. Billing System must be improved and smart meter readers and prepaid water meters must be explored to increase revenue collection;
3. Inculcate a culture of payment amongst residents to support the improved revenue collection objective;
4. Implement sound and prudent Financial Management to ensure financial viability, accountability and sustainability;
5. Improve on the Disclaimer municipal audit outcome to a clean audit and put systems in place to maintain the status quo going forward;
6. Facilitate radical economic transformation through emancipation of local SMME's and enterprise development support;
7. Avail Municipal Land for development of Solar Plants to support the promotion of alternative energy sources;
8. Set aside 30% of the municipal budget for empowerment of Women and the Youth;
9. Establish relations with the private sector for investment opportunities and Public Private Partnerships especially in the Mining and Agricultural Sectors;
10. Accelerate and improve service delivery standards to communities;

11. Accelerate land reform processes within the Municipality to promote agricultural activities and food security amongst previously disadvantaged individuals;
12. Identify prime land for Local Economic Development and development of industrial areas;
13. Improve and maintain existing municipal Infrastructure and find a way to deal with aged infrastructure;
14. Finalise and implement the Letsemeng LM Infrastructure master plan complimented by a sound infrastructure maintenance plan;
15. Implement and cascade Performance Management System to all levels to improve on Municipal Performance and Accountability;
16. Ensure Compliance and Good Governance;

### **Good Governance and Public Participation**

We urge communities to actively participate in all municipal processes which affect them and are applicable to them in their different constituencies and to work more closely with Councillors and elected Ward Committees in all six (6) wards to promote a culture of active citizenry. Communities are urged to use the Hlasela War Rooms and Ward Offices of Councillors effectively for service delivery issues as the intent of those offices is to take service delivery to the people in order for people to gain easy access to Government Services. We will be launching the Hlasela War Rooms officially to give a more detailed understanding of its operations to communities and to actively launch its operations to full effect.

We will be embarking on rigorous Public Participation on the core processes of the municipality which is the IDP, Budget and the Municipal Performance Management System of the municipality. We urge communities to take an active part during these consultations. We invite the Private Sector and Civil Society and organized formations to influence and support these processes. We want to give full effect to our vision of a people's centered approach to all critical processes of the municipality.

### **Five Key Government Priorities**

We wish to plead with all Government Departments across all spheres to implement and align their planning to the Priorities of Government especially the 5 Key Priorities as listed below:-

Education	Quality Basic Education
Health	A long and Healthy Life for all South Africans
Rural Development	Vibrant, equitable, sustainable rural communities contributing towards food security for all
Fight against Crime	All people in South Africa are and feel safe
Sustainable Livelihoods	Decent Work & Decent employment through Inclusive Economic Growth

This is an Integrated Development Plan and it accommodates the planning and implementation of Government priorities across all sectors and we therefore invite all Sector Departments and the Private Sector to include their plans into this planning document which is the developmental blue print for our municipality.

In conclusion we would like to encourage Educators and Learners to take opportunity of the Free Higher Education initiative of Government and ready our Learners to channel their subject choices in line with their intended tertiary study fields. We also support the promotion of Science and Maths in all our schools and invite Science and Maths experts and professionals among the working class to go an extra mile to support our kids by giving extra classes and learning groups to our learners.

**T.I REACHABLE**

**MAYOR – LETSEMENG LOCAL COUNCIL**

## **Executive Summary by Municipal Manager**

Letsemeng Local Municipality in heeding a “clarion call” of providing developmental services to its residents must embark on a throughgoing organizational re-engineering to develop a vibrant, effective, efficient and a service delivery-oriented municipality.

Opportunities availed by the municipal Workplace Skills Development Plan (WSDP) will be harnessed and supplemented by the development and implementation of a series of learnerships aimed at cultivating artisanal skills (plumbing, electricity) that are sorely needed by the municipality in providing services and maintenance of infrastructure and thus safeguard service delivery assets.

The municipality will embark on an intensive exercise of reviewing its operations as they relate to land use, land development processes, municipal health services and availability of service delivery utilities. Effective co-ordination of prompt and effective land development processes will lay a solid foundation for growing the local economy - Gross Geographic Product (GGP) and yield a positive knock-on effect on broadening the revenue base of the municipality.

The municipality will facilitate a conversation on innovative ideas (agenda-setting) that should be harnessed and implemented to provide effective services to the citizen of Letsemeng Local Municipality.

Performance Management System will be reviewed and used as an instrument to ensure that management account to Council and Council account to communities on development priorities as captured in the Integrated Development Plan and the reviewed Service Delivery and Budget Implementation Plan.

Visionary leadership at the elected and municipal leadership level will be pivotal in ratcheting up the municipality to greater heights.

**MUNICIPAL MANAGER**  
**LETSEMENG LOCAL MUNICIPALITY**

## CHAPTER 1

### 1. Introduction

#### 1.1 Legislative Context

In accordance with **Chapter 5 of the Municipal Systems Act No. 32 of 2000**, all Categories of Municipalities in South Africa, ranging from Metropolitan, District and Local Municipalities are required to compile a five year strategic plan (IDP's) with the current one covering the period of **2016 – 2021**, which:-

- Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- Aligns the resources and capacity of the municipality with the implementation of the plan;
- Complies with the provisions of this Chapter; and
- Is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation;

#### What is the IDP?

An IDP is the principal strategic planning instrument of the municipality which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality.

#### The Objective of IDP

The Integrated Development Plan is intended to link and co-ordinate sectoral mandates, strategies and interventions. It aligns strategic priorities with financial and human resources and integrates community inputs and development priorities.

The plan also looks at economic and socio-economic development of the area as a whole and sets out a framework for how land should be used, what infrastructure and services are needed and how the environment should be protected.

The legislation mandates that the plan should be holistic and integrated in its approach and content. The plan should be long-term, covering the medium-term revenue expenditure framework period and beyond the Integrated Development Plan (IDP) span, which is a five-year development plan.

### **(a) Section 28 of the Municipal Systems Act (Adoption of process)**

Each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan. The municipality must through appropriate mechanisms, processes and procedures established in terms of Chapter 4, of the Municipal System Act (Act No 32 of 2000) consult the local communities before adopting the process.

A municipality must give notice to the local community of particulars of the processes it intends to follow.

#### **The Process Plan outlines the following issues:**

- *Appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, and other role-players in the IDP drafting process; and*
- *The identification of all plans and planning requirements binding on the municipality in terms of national and provincial legislation.*

**The Process Plan should fulfil the function of a business plan or an operational plan for the IDP process. It should say in a simple and transparent manner:-**

- what has to happen when;
- by whom;
- with whom, and
- Where, and it should include costs estimate.

**The Process Plan document will therefore deals with the following aspects:**

- Consideration, inclusion of any relevant and new information;
- An overview of the IDP Review;
- The time and budget schedule for the planning processes;
- Roles and responsibilities of different role players;
- Approach to public participation;

- Institutional structures to be established for management of the processes; and
- Monitoring and evaluation of the processes.

**INSTITUTIONAL ARRANGEMENTS and ROLES and RESPONSIBILITIES**

<b>Role Players</b>	<b>Responsibilities</b>
<b>Municipal Council</b>	<p>As the ultimate political decision-making body of the municipality, the Municipal Council:</p> <ul style="list-style-type: none"> <li>• Consider and adopt a Process Plan;</li> <li>• Consider, adopt and approve the IDP;</li> </ul>
<b>Ward Councillors</b>	<p>Councillors are the major link between the municipal government and the residents. As such, their role is to:</p> <ul style="list-style-type: none"> <li>• Link the planning processes to their constituencies and/or wards;</li> <li>• Be responsible for organising public consultation and participation assisted by the Office of the Speaker;</li> <li>• Ensure the annual business plans, and municipal budget are linked to and based on the Public Participation processes outcome.</li> </ul>
<b>Municipal Manager and IDP Manager</b>	<p>The Municipal Manager or a senior official being charged with the function of an IDP Manager on his/her behalf has to manage and co-ordinate to IDP process. This includes to:-</p> <ul style="list-style-type: none"> <li>▪ Prepare the Process Plan;</li> <li>▪ Undertake the overall management and co-ordination of the planning process;</li> <li>▪ Ensure that all relevant actors are appropriately involved,</li> <li>▪ Nominate persons in charge of different roles;</li> <li>▪ Be responsible for the day- to-day management of the drafting processes;</li> <li>▪ Ensure that the planning processes are participatory, strategic and implementation-orientated and are aligned with and satisfies sector planning requirements;</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Respond to comments on the draft IDP from the public, coordinate horizontal alignment across spheres of government to the satisfaction of the municipal council;</li> <li>▪ Ensure proper documentation of the results of the planning of the IDP document; and</li> <li>▪ Adjust the IDP in accordance with the MEC for COGTA's proposals;</li> </ul> <p>Even if the Municipal Manager delegates some of these functions to an IDP Manager on his/her behalf, s/he is still responsible and accountable.</p>
<b>Heads of Departments and Officials</b>	<p>As officials in charge for implementing IDPs, the Heads of Departments have to be fully involved in the planning process to:</p> <ul style="list-style-type: none"> <li>▪ Provide relevant technical, sector and financial information for analysis for determining priority issues;</li> <li>▪ Contribute technical expertise in the consideration and finalisation of strategies and identification of projects;</li> <li>▪ Provide departmental operational and capital budgetary information;</li> <li>▪ Be responsible for the preparation of project proposals, the integration of projects and sector programmes;</li> <li>▪ Be responsible for preparing amendments to the draft IDP for submission to the municipal council for approval and the MEC for COGTA for alignment.</li> </ul>

**PARTICIPANTS IN THE IDP REVIEW PROCESS and TERMS OF REFERENCE**

<b>IDP and Budget Steering Committee</b>	
"Support the Mayor to ensure a smooth planning process"	
<b>Composition</b>	<b>Terms of Reference</b>
<b>Chair:</b> Mayor	<ul style="list-style-type: none"> <li>▪ Provides terms of reference for the various planning activities</li> <li>▪ Commissions research studies</li> </ul>
<b>Secretariat:</b> Dedicated Municipal Official	<ul style="list-style-type: none"> <li>▪ Consider and comments on: <ul style="list-style-type: none"> <li>- inputs from sub-committee/s, study teams and consultants</li> </ul> </li> </ul>



<p><b>Members:</b> Chairpersons of Section 80 Committees Heads of Departments Project Management Unit – Technician</p>	<ul style="list-style-type: none"> <li>- inputs from provincial sector departments and support providers</li> <li>▪ Processes, summarises and documents outputs</li> <li>▪ Makes content recommendations</li> <li>▪ Prepares, facilitates and documents meetings</li> </ul>
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**IDP Representative Forum**

“Institutionalises and guarantees representative participation in the IDP Process”

**Composition**

**Terms of Reference**

<p><b>Chair:</b> Mayor of Letsemeng Council</p> <p><b>Secretariat:</b> IDP Steering Committee</p> <p><b>Members:</b></p> <ul style="list-style-type: none"> <li>•Councillors</li> <li>•Ward Committee</li> <li>Chairpersons</li> <li>•Heads of Departments / Senior officials</li> <li>•Stakeholder representatives of organised groups</li> <li>•Resource people</li> <li>•Community Representatives</li> </ul>	<ul style="list-style-type: none"> <li>▪ Represent the interests of their constituents in the IDP process</li> <li>▪ Provide an organisational mechanism for discussion, negotiation and decision-making between the stakeholders</li> <li>▪ Ensure communication between all the stakeholder representatives</li> <li>▪ Monitor the performance of the planning and implementation process</li> <li>▪ Participate in the process of setting up and monitoring “key performance indicators” in line with the “Performance Management Framework of Letsemeng Municipality”.</li> </ul>
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## PUBLIC AND STAKEHOLDER PARTICIPATION DURING THE IDP PHASES

Planning phase		Participation Mechanisms
1	<b>Analysis</b>	<ul style="list-style-type: none"> <li>▪ Community consultation meetings</li> <li>▪ organised by councillors;</li> <li>▪ Stakeholder meetings in all wards;</li> <li>▪ Written submissions from the public</li> <li>▪ domain;</li> </ul>
2	<b>Strategies</b>	<ul style="list-style-type: none"> <li>▪ District level strategy workshops, with</li> <li>▪ Representatives of all municipalities in the Xhariep District;</li> <li>▪ Sector Provincial and National</li> <li>▪ departments; and selected representatives of stakeholder organisations;</li> <li>▪ IDP Representative Forum at local level;</li> <li>▪ Stimulation of public debates through public hearings;</li> </ul>
3	<b>Project planning</b> a) <b>Projects/ programmes with municipality-wide scale</b>  b) <b>Localised community-level projects</b>	<ul style="list-style-type: none"> <li>▪ Technical sub-committees with few selected</li> <li>▪ representatives of stakeholder organisations and civil society;</li> <li>▪ Intensive dialogue between technical</li> <li>▪ subcommittees and affected communities;</li> </ul>
4	<b>Integration</b>	<ul style="list-style-type: none"> <li>▪ provincial IDP Assessment Forum</li> </ul>
5	<b>Approval</b>	<ul style="list-style-type: none"> <li>▪ Broad public discussion/ consultation</li> <li>▪ process within all community and stakeholder organisations;</li> <li>▪ Opportunity for comments from</li> <li>▪ communities and stakeholder organisations;</li> </ul>
6	<b>Monitoring of Implementation</b>	<ul style="list-style-type: none"> <li>▪ IDP Representative Forum;</li> </ul>

## **(b) The Constitution of the Republic of South Africa**

The Constitution of the Republic of South Africa outlines the kind of local government needed in the country. According to the Constitution (sections 152 and 153), local government is in charge of the development process in municipalities, and notably is in charge of planning for the municipal area.

***The Constitutional mandate gives a clear indication of the intended purposes of municipal integrated development planning:***

- To ensure sustainable provision of services;
- To promote social and economic development;
- To promote a safe and healthy environment;
- To give priority to the basic needs of communities; and
- To encourage involvement of communities.

The Constitution also emphasizes local government to improve intergovernmental coordination and cooperation to ensure integrated development across all spheres of government.

## **(c) The White Paper on Local Government**

The White Paper on Local Government gives municipalities responsibility to “work with citizens and groups within the community to find sustainable ways to address their social, economic and material needs and improve the quality of their lives”.

Critically, the White Paper on Local Government envisions a developmental local government and articulates instruments such as planning, local economic development and performance management system that should be harnessed to achieve the highlighted developmental outcome.

A suite of policies and legislative frameworks were subsequently enacted to realize the mentioned developmental vision for local government. These are:

- Local Government: Municipal Structures Act (Act 117 of 1998);
- Local Government: Municipal Demarcation Act (Act 27 of 1998);
- Local Government: Municipal Systems Act (Act 32 of 2000)

- Local Government: Municipal Finance Management Act (Act 56 of 2003)
- Local Government: Municipal Property Rates (Act 6 of 2004)
- Spatial Planning and Land Use Management Act (SPLUMA), Act No. 16 of 2013

This suite of legislations and those that intersect with local government will be thoroughly discussed and deliberated on given the chronology of their enactment.

**(d) Local Government: Municipal Structures Act, No 117 of 1998**

This Act provides for the establishment of municipalities and defines the various types and categories of municipalities. Three categories of municipalities exist in South Africa after demarcation: Category A (Metropolitan), Category B (Local), Category C (District). Letsemeng Local Municipality is a Category “B” Municipality.

It further defines the types of municipalities that may be established within each category; to provide for an appropriate division of functions and powers between categories of municipalities; to regulate the internal systems, structures and office-bearers of municipalities and finally to provide for appropriate electoral systems.

Critically, the Act provides for the establishment of ward committees that will be assisting Council and elected representatives in deepening local democracy and facilitating the meaningful participation of communities in local governance.

The Act elaborates institutional arrangements such as Section 79 and Section 80 committees for provision of oversight and ensuring that municipal administration account to Council and invariably, to communities.

**(e) Local Government: Municipal Demarcation Act, No 27 of 1998**

The Local Government: Municipal Demarcation Act, Act 27 of 1998, provides a legal framework for defining and implementing a post-transitional system of local government.

The Act provides for the criteria and procedures for the determination of municipal boundaries by an independent authority; which in this case is the Municipal Demarcation Board. Thus far Letsemeng has not been affected by the resolutions of the demarcation board.

**(f) The Municipal Systems Act, No 32 of 2000**

Section 25 (1) of the Municipal Systems Act stipulates that “each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality”.

***The Municipal Systems dictates that the IDP should:***

- Link, integrate and coordinate plans; and
- Should take into account proposals for the development of the municipality;
- In addition the plan should align the resources and capacity of the municipality with the implementation of the plan.

Moreover, the plan must form the policy framework and general basis on which annual budgets must be based. Furthermore, the plan should be compatible with national and provincial development planning requirements binding on the municipality in terms of legislation.

***The IDP has a legislative status. Section 35 (1) of the Municipal Systems Act states that an IDP adopted by the Council of a municipality—***

- a. is the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality;
- b. binds the municipality in the exercise of its executive authority, except to the extent of any inconsistency between a municipality’s integrated development plan and national or provincial legislation, in which case such legislation prevails; and
- c. binds all other persons to the extent that those parts of the integrated development plan that impose duties or affect the rights of those persons have been passed as a by-law.

**(g) Local Government: Municipal Finance Management Act, No 56 of 2003**

This Act aims to secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government. It sets out the procedures for efficient and effective management of all revenue, expenditure, assets and liabilities. It establishes the duties and responsibilities of officials in charge of finances. The Act aims to secure transparency, accountability and sound financial management in local government.

#### **(h) Local Government: Municipal Property Rates Act, No 6 of 2004**

The Act is aimed at ushering uniform rating system of property in the Republic of South Africa. It further regulates the power of a municipality to impose rates on property; to exclude certain properties from rating in the national interest; to make provision for municipalities to implement a transparent and fair system of exemptions, reductions and rebates through their rating policies; to make provision for fair and equitable valuation methods of properties; to make provision for an objections and appeals process; to amend the Local Government: Municipal Systems Act, 2000, so as to make further provision for the serving of documents by municipalities; to amend or repeal certain legislation.

#### **(i) Spatial Planning and Land Use Management Act (SPLUMA), Act No. 16 of 2013**

**SPLUMA has the following objectives:**

- Provide for a uniform, effective and comprehensive system of spatial planning and land use management in the Republic,
- Ensure that the system of spatial planning and land use management promotes social and economic inclusion;
- Provide for development principles and norms and standards;
- Provide for the sustainable and efficient use of land;
- Provide for cooperative government and intergovernmental relations amongst the national, provincial and local spheres of government; and
- Redress the imbalances of the past and to ensure that there is equity in the application of spatial development planning and land use management systems.

Critically, the Act prescribes development principles and norms and standards to inform land use management and development. Importantly, the Act outlines envisaged inter-governmental support to be provided to municipalities in implementing the Act.

The Act, provides a guide on the preparation and content of municipal Spatial Development Framework and Land Use Management Scheme.

**Furthermore, the Act, provides for the following**

- Establishment and composition of Municipal Planning Tribunal (MPT), term of office of members of Municipal Planning Tribunals;
- Disqualification from membership of Municipal Planning Tribunals;
- Processes to be followed in approving land development applications; and

- Provide for related land development matters such as internal appeals and development applications affecting national interests.

***There are a number of ACTS enacted by Parliament that intersect with local government, chief amongst these are the following:***

**j. WATER SERVICES ACT, ACT 108 OF 1997**

The Act provides that every water services authority has a duty to all consumers or potential consumers in its area of jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to water services

The assigned responsibility should be discharged with the following cognizance:

- The availability of resources.
- The need for an equitable allocation of resources to all consumers and potential consumers within the authority area of jurisdiction.
- The need to regulate access to water services in an equitable way and the duty of consumers to pay reasonable charges which must be in accordance with any prescribed norm or standard for tariffs on water services.
- The duty to conserve water resources, the natural topography, zoning and the situation of the land in question.

The right of the water service authority to limit or discontinue the provision of water service if there's a failure to comply with reasonable conditions set for the provision of such services.

**k. NATIONAL ENVIRONMENTAL MANAGEMENT ACT 107 OF 1998**

The National Environmental Management Act 107 of 1998 (NEMA) provides for co-operative governance by establishing principles and procedures for decision- makers on matters affecting the environment. An important function of the Act is to serve as an enabling Act for the promulgation of legislation to effectively address integrated environmental management. Some of the principles in the Act are –

- Accountability;
- Affordability;

- Cradle to Grave Management;
- Equity; Integration;
- Open Information;
- Polluter Pays;
- Subsidiary; Waste Avoidance and Minimization;
- Good Governance;
- Sustainable Development; and
- Environmental Protection and Justice.

## I. Powers and Functions of the Municipality

Local government is assigned specific powers and functions that are unique and appropriate to the lower sphere of government. Similar to the position on national and provincial spheres, local government powers and functions are constitutionally entrenched and protected and cannot be unilaterally taken away by another sphere of government. *Albeit* constitutionally protected, the powers and functions of municipalities are not absolute and are subject to both constitutional and national legislative requirements.

Chapter 3 of Municipal Systems Act, 2000 states that a municipality has all the functions and powers assigned to it in terms of the Constitution, and must exercise them subject to Chapter 5 of the Municipal Structures Act, 1998. Furthermore, a municipality is empowered by legislation to do anything reasonably necessary for, or incidental to, the effective performance of its functions and the exercise of its powers.

The Municipal Demarcation Board, will be embarking on an extensive process of assessing the performance of powers and functions by municipalities and advising the executive authorities in provinces responsible for co-operative governance and traditional affairs on whether the mentioned assessment warrant further review of powers and functions between category B and category C municipalities.

### 1.2 Policy context

The Constitution stipulates that all three spheres of governance are autonomous but inter - dependent. This in essence calls for rather closer collaboration and effective implementation of intergovernmental relations between all these spheres of Government. It is very important to note and



take cognizance of the fact that most of our national and international policies have a particular bearing on the Provincial and Local spheres of government.

**(a) Medium Term Strategic Framework (MTSF)**

The Medium Term Strategic Framework is a statement of government intent which explicitly identifies the development challenges facing South Africa and outlines the medium-term strategy for improving living conditions of South Africans. The MTSF base document is meant to guide planning and resource allocation across all spheres of government. National and provincial departments need to develop their five-year strategic plans and budget requirements, taking into account the medium term imperatives.

**(b) 14 Key Outcomes of Government**

From the development focus of the MTSF the government has derived fourteen outcome areas that set the guidelines for more results-driven performance and these are:

1. Improved quality of basic education;
2. A long and healthy life for all South Africans;
3. All people in South Africa are and feel safe;
4. Decent employment through inclusive economic growth;
5. A skilled and capable workforce to support an inclusive growth path;
6. An efficient, competitive and responsive economic infrastructure network;
7. Vibrant, equitable and sustainable rural communities with food security for all;
8. Sustainable human settlements and improved quality of household life;
9. A responsive, accountable, effective and efficient local government system;
10. Protect and enhance environmental assets and natural resources
11. Create a better South Africa and contribute to a better Africa and world;
12. An efficient, effective and development oriented public service;

13. A Comprehensive, responsive and sustainable social protection system; and
14. A diverse, socially cohesive society with a common national identity

Out of the 14 outcomes above, Outcome 9 is closest to local government. The champion of this Outcome is the National Department of Cooperative Governance and Traditional Affairs. In order to achieve the vision and objectives of a “Responsive, accountable, effective and efficient local government system”, **seven outputs have been identified under Outcome 9, which are as follows:-**

- 1 **Output 1:** Implement a differentiated approach to municipal financing, planning and support;
- 2 **Output 2:** Improving Access to Basic Services;
- 3 **Output 3:** Implementation of the Community Works Programme;
- 4 **Output 4:** Actions supportive of the human settlement outcomes;
- 5 **Output 5:** Deepen democracy through a refined Ward Committee model;
- 6 **Output 6:** Administrative and financial capability;
- 7 **Output 7:** Single Window of Coordination;

#### © **National Development Plan**

The South African Government, through the Presidency, has published a *National Development Plan* which aims to eliminate poverty and reduce inequality by 2030. The Plan is targeting the development of people’s capabilities to improve their lives through:-

1. Education and skills development;
2. Health care;
3. Better access to public transport;
4. Jobs;
5. Social protection;
6. Rising income;
7. Housing and basic services; and
8. Safety

***It proposes to the following strategies to address the above goals:***

1. Creating jobs and improving livelihoods;
2. Expanding infrastructure;
3. Transition to a low-carbon economy;
4. Transforming urban and rural spaces;
5. Improving education and training
6. Providing quality health care;
7. Fighting corruption and enhancing accountability;
8. Transforming society and uniting the nation;

The primary intention of the National Development Plan is to eliminate poverty and reduce inequality with special focus on the promotion of gender equality and addressing the pressing needs of youth.

**IDP Alignment - National Development Plan (Vision 2030)**

<b>IDP Alignment - National Development Plan (Vision 2030)</b>	<b>Municipality IDP Response</b>
<b>Expand infrastructure</b>	<ul style="list-style-type: none"> <li>▪ Accelerate and improve service delivery standards to communities.</li> <li>▪ Improve and maintain existing municipal infrastructure and find a way to deal with age(ing)d infrastructure.</li> <li>▪ Finalise and implement the Letsemeng local Municipality Infrastructure master plan complimented by a sound infrastructure maintance plan.</li> </ul>
<p><b>Create 11 million jobs by 2030:</b></p> <ul style="list-style-type: none"> <li>▪ Expand the public works programme</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establish relations with the private sector for investment opportunities and public private partnerships specifically.</li> </ul>

<b>IDP Alignment - National Development Plan (Vision 2030)</b>	<b>Municipality IDP Response</b>
	<ul style="list-style-type: none"> <li>▪ Facilitate radical economic transformation through empowerment of local SMMEs and Enterprise Development support.</li> </ul>
<p><b>Transition to a low-carbon economy:</b></p> <ul style="list-style-type: none"> <li>▪ Speed up and expand renewable energy, waste recycling, ensure buildings meet energy efficient standards</li> <li>▪ Set a target of 5 million solar water heaters by 2029</li> </ul>	<ul style="list-style-type: none"> <li>▪ Avail municipal land for development of solar plants to support the promotion of alternative energy sources.</li> </ul>
<p><b>Transform urban and rural spaces:</b></p> <ul style="list-style-type: none"> <li>▪ Stop building houses on poorly located land and shift more resources to upgrading informal settlements, provided that they are in areas close to jobs</li> <li>▪ Fix the gap in the housing market by combining what banks have to offer with subsidies and employer housing schemes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Identify prime land for Local Economic Development.</li> </ul>
<p><b>Provide quality healthcare:</b></p>	<ul style="list-style-type: none"> <li>▪ Accelerate and improve service delivery standards to communities.</li> <li>▪ Improve and maintain existing municipal infrastructure and find a way to deal with aged infrastructure.</li> <li>▪ Finalise and implement the Letsemeng local Municipality Infrastructure master plan complimented by a sound infrastructure maintenance plan.</li> </ul>

<b>IDP Alignment - National Development Plan (Vision 2030)</b>	<b>Municipality IDP Response</b>
<p><b>Build a capable state:</b></p> <ul style="list-style-type: none"> <li>▪ Fix the relationships between political parties and government officials</li> <li>▪ Improve relations between National, Provincial and Local Government</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensure compliance and good governance</li> </ul>
<p><b>Fight corruption:</b></p> <ul style="list-style-type: none"> <li>▪ Make it illegal for civil servants to run or benefit directly from certain types of business activities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensure compliance and good governance</li> </ul>
<p><b>Transformation and unity:</b></p> <ul style="list-style-type: none"> <li>▪ Employment equity and other redress measures should continue and be made more effective</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implement and cascade Performance Management System to all levels to improve on municipal performance and accountability.</li> </ul>

### (c) **Integrated Urban Development Framework**

The Integrated Urban Development Framework (IUDF) is government’s policy position to guide the future growth and management of urban areas. In the economic history of humanity, urbanisation has always been an accelerator of growth and development, bringing about enormous changes in the spatial distribution of people and resources, and in the use and consumption of land. Supporting policies and frameworks are therefore needed that can leverage the urbanisation process for increased development gains and sustainability.

The IUDF responds to the post-2015 Sustainable Development Goals (SDGs), in particular to Goal 11: Making cities and human settlements inclusive, safe, resilient and sustainable. It also builds on various chapters of the National Development Plan (NDP) and extends Chapter 8 ‘Transforming human settlements and the national space economy’ and its vision for urban South Africa:

*By 2030 South Africa should observe meaningful and measurable progress in reviving rural areas and in creating more functionally integrated, balanced and vibrant urban settlements. For this to happen the country must:*

- *Clarify and relentlessly pursue a national vision for spatial development;*
- *Sharpen the instruments for achieving this vision; and*
- *Build the required capabilities in the state and among citizens.*

The IUDF's overall outcome – spatial transformation – marks a New Deal for South African cities and towns, by steering urban growth towards a sustainable **growth model of compact, connected and co-ordinated cities and towns**. Informed by this outcome and the NDP's vision for urban South Africa, the IUDF aims to guide the development of inclusive, resilient and liveable urban settlements, while directly addressing the unique conditions and challenges facing South Africa's cities and towns.

Importantly, this vision for South Africa's urban areas recognises that the country has different types of cities and towns, each with different roles and requirements. As such, the vision has to be interpreted and pursued in differentiated and locally relevant ways. To achieve this transformative vision, four overall strategic goals are introduced:

- **Spatial integration:** To forge new spatial forms in settlement, transport, social and economic areas.
- **Inclusion and access:** To ensure people have access to social and economic services, opportunities and choices.
- **Growth:** To harness urban dynamism for inclusive, sustainable economic growth and development.
- **Governance:** To enhance the capacity of the state and its citizens to work together to achieve spatial and social integration.

These strategic goals inform the priority objectives of the nine policy levers, which are premised on the understanding that (1) integrated urban planning forms the basis for achieving integrated urban development, which follows a specific sequence of urban policy actions: (2) integrated transport that informs (3) targeted investments into integrated human settlements, underpinned by (4) integrated infrastructure network systems and (5) efficient land governance, which all together can trigger (6) economic diversification and inclusion, and (7) empowered communities; all of the above will demand

effective (8) governance and (9) financial reform to enable and sustain these policy actions. These levers thus seek to address in combination the structural drivers that maintain the status quo.

(e) **The Free State Growth and Development Strategy (FSGDS)**

The Provincial government of Free State has developed a long term development strategy; The Free State Provincial Growth and Development Strategy (FSGDS)

- The FSGDS is the fundamental policy framework for the Free State Provincial Government;
- It is the embodiment of the broad strategic policy goals and objectives of the FS Province in line with national policy objectives;

The Strategy addresses key and most fundamental issues of development, spanning the social, economic and political environment. It constantly takes into account annual Provincial priorities and sets broad targets in terms of Provincial economic growth and development, service delivery and public service transformation.

***The Strategy has identified six priority areas of intervention, namely;***

1. Inclusive Economic growth and sustainable job creation;
2. Education innovation and skilled development
3. Improved quality of life
4. Sustainable Rural Development
5. Efficient Administration and Good Governance
6. Building social cohesion

The expressed “overarching goal of the FSGDS is to align the provincial policies with the national policies and to guide development in terms of effective and efficient management and governance to achieve growth and development.” The Letsemeng Local Municipality is committed in aligning its IDP to the FSGDS as one of the principle development tools in the Free State Province. Shaping the debate in pursuit of robust economic growth in our municipal area should be the order of the day.

## IDP Alignment with the Free State Growth and Development Strategy

FSGDS	Municipality IDP Response
<p><b>Inclusive economic growth and sustainable job creation</b></p>	<ul style="list-style-type: none"> <li>▪ Facilitate radical Economic transformation through emancipation of local SMMEs and Enterprise Development support set aside 30% of the municipal budget for empowerment of Women and Youth.</li> <li>▪ Establish relations with private sector investment opportunities and PPP especially in the Mining and Agricultural sectors.</li> </ul>
<p><b>Improved quality of life</b></p>	<ul style="list-style-type: none"> <li>▪ Accelerate and improve service delivery standard to communities.</li> <li>▪ Improve and maintain existing municipal infrastructure and find a way to deal with aged infrastructure.</li> </ul>
<p><b>Sustainable rural development</b></p>	<ul style="list-style-type: none"> <li>▪ Accelerate land reform processes with the municipality to provide agricultural activities and food security amongst previously disadvantaged individuals (PDIs)</li> </ul>
<p><b>Build social cohesion</b></p>	<ul style="list-style-type: none"> <li>▪ Inculcate a culture of payment amongst the residents to support the revenue collector objectives and maintain existing municipal infrastructure and find a way to deal with aged infrastructure.</li> </ul>
<p><b>Good Governance</b></p>	<ul style="list-style-type: none"> <li>▪ Ensure good governance</li> <li>▪ Revenue collection must rise from 35% to 75% within the 2018/19 financial year.</li> </ul>



FSGDS	Municipality IDP Response
	<ul style="list-style-type: none"> <li>▪ Billing system must be improved and smart meter reader and prepaid water meters must be explored to enhance revenue collection.</li> </ul>

**(f) Sustainable Development Goals**

The sustainable development goals (SDGs) are a new, universal set of goals, targets and indicators that the United Nations’ member states will be expected to use to frame their agendas and political policies over the next 15 years. The SDGs follow and expand on the millennium development goals **(MDGs)**, which were agreed by governments in 2001 and expired in 2015. These goals were concluded on 25 September 2015. On 1 January 2016, the world officially began with the implementation of the 2030 Agenda for **Sustainable Development Goals (SDGs)**. These are therefore a Post 2015 Development Agenda (successor to the Millennium Development Goals)

It is spearheaded by the United Nations, through a deliberative process involving its 193 Member States, as well as global civil societies. This transformative plan of action is based on 17 Sustainable Development Goals to address urgent global challenges over the next 15 years. South Africa as a member state is also obliged to implement same.

These 17 goals with 169 targets covers a broad range of sustainable development issues. These includes ending poverty and hunger, improving health and education, making cities more sustainable, combating climate change, and protecting oceans and forests.

**Domestication of the Sustainable Development Goals.**

In view of the fact that these goals were developed at a global level, it is important to domesticate them. This implies selection and modification of those that are relevant and peculiar to our country, province and finally our Municipality

**Goal 1** – End poverty in all its forms everywhere.

**Goal 2** – End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

**Goal 3** – Ensure healthy lives and promote well-being for all at all ages.

**Goal 4** – Ensure inclusive and equitable quality education and promote lifelong learning

**Goal 5** – Achieve gender equality and empower all women and girls

**Goal 6** – Ensure availability and sustainable management of water and sanitation for all.

**Goal 7** – Ensure access to affordable, reliable, sustainable and modern energy for all.

**Goal 8** – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

**Goal 9** – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

**Goal 10** – Reduce income inequality within and among countries.

**Goal 11** – Make cities and human settlements inclusive, safe, resilient and sustainable

**Goal 12** – Ensure sustainable consumption and production patterns.

**Goal 13** – Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy.

**Goal 14** – Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

**Goal 15** – Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

**Goal 16** – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

**Goal 17** – Strengthen the means of implementation and revitalize the global partnership for sustainable development.

(g) **African Unions' Agenda 2063**

The Heads of States and Government of the African Union adopted the Agenda 2063 in January 2015.

Agenda 2063 is primarily Africa's vision and roadmap that coalesce with a series of sectoral, national, regional and continental plans into a coherent whole.

The Agenda 2063 is geared towards galvanizing collective action in the next 50 years to contribute towards the realization of the following outcomes:

- a) Eradicating poverty in the coming decades;
- b) Providing opportunities for all Africans to have decent and affordable housing in clean, secure and well-planned environments;
- c) Catalyse education and skills revolution and actively promote science, technology, research and innovation;
- d) Transform, growth and industrialise our economies;
- e) Consolidate the modernization of African agriculture and agro-businesses;
- f) Act with sense of urgency on climate change and environment;
- g) Connect Africa through world class infrastructure
- h) Fast-track the establishment of the Continental Free Trade Area;
- i) Support young people as drivers of Africa's renaissance;
- j) Silence the guns by 2020 through enhanced dialogue-centred conflict prevention and resolution;
- k) Achieve gender parity in public and private institutions
- l) Introduce an African Passport;
- m) Consolidate a democratic and people-centred Africa;
- n) Enhance Africa's united voice in global negotiations;
- o) Strengthen domestic resource mobilization; and

## **h. NATIONAL SPATIAL DEVELOPMENT PERSPECTIVE**

### **GUIDING PRINCIPLE: SUSTAINABLE DEVELOPMENT**

THE LLMSDF takes as its starting point the goal of sustainable development. Although sustainable development is a much talked about and widely supported goal, in practice our development path, globally, nationally and in the LLM, is taking us in the opposite direction. Not everyone has the same interpretation and understanding of “sustainability”. This causes numerous problems between civil society, developers, conservationist and the municipality. In the above view, development must only be acceptable and in the public interest if it is socially equitable, economically viable and environmentally sustainable. This means that the development need of present generations should be met without the ability of future generations to meet their needs, being compromised. Sustainable development encompasses the integration of social, economic and ecological factors into planning, decision-making and implementation so as to ensure that development serves present and future generations.

### **KEY SPATIAL ISSUES**

A detailed community and stakeholder analysis was done with all the respective communities at a day work session. The sessions were specifically to allow the communities to analyse the region and to provide their specific needs. The main issues identified by the communities are summarized as follows.

#### **Community Spatial Issues**

<b>SPATIAL KEY ISSUE</b>	<b>BRIEF DESCRIPTION</b>
<b>Access to land</b>	The issue of access to land relates the local municipality as well as individuals and groups. As far as individuals and groups are concerned, the burning issues are access to residential land in urban areas and to agricultural land for emerging farmers. The municipalities experiences a shortage of land for residential expansion and other social functions
<b>Land development</b>	Land Development relates to the availability, preparation and funding of certain key land uses such as sites for housing developments, land for needed social amenities and economic activities. The key issues requiring attention in this regard include: the generation of proper information of projected land development needs, funding, co-operation and local capacity to evaluate development applications.

<b>Spatial integration</b>	Spatial integration has to focus on both a macro and a micro level. On a macro level there need to be more focused development initiatives at key nodal points to develop the municipality within its region strategically within current resource constraints. On a micro level, most town areas are still geographically segregated and direct intervention within former buffer strip areas will be required to integrate communities.
	The long term sustainability of all land development practices will be the key factor in the environmental and economic future of this predominantly mining and agricultural region. Specific attention will have to be given to the building of capacity amongst especially emerging land users (both miners and farmers) and the provision of a management framework to all land users within the municipality.
<b>Sustainable land management</b>	
<b>Land reform and restitution</b>	<b>Proper distribution network</b>
<b>Land Conservation</b>	Various areas adjacent to the rivers are well suited for tourism and agricultural development alike. These areas are however sensitive to over utilization and pollution and will have to be protected and conserved to ensure long term benefits thereof.

## **LOCALISED SPATIAL DEVELOPMENT PRINCIPLES**

From the above national and provincial legislation the community identified localized objectives and principles. These principles serve as a statement of the community, which should be taken in to consideration when future development is planned.

### **Localised Spatial Development Principles**

- To ensure the availability of land for the various land uses and in specific for future residential extensions;
- To enhance the economic base of the region through the optimal utilization of agricultural land;
- All future development should be accessible to the larger community, to promote the accessibility of employment opportunities from residential areas;
- Future development should promote the development of compact human settlements, and low intensity urban sprawl should be combated;
- Plans of neighbouring municipalities and regions should relate positively to each other;
- Promote mixed land use development;

- Land use and development decisions must promote harmonious relationships between the built and natural environment;
- Land development and planning should protect natural, environmental and cultural resources;
- Land used for agricultural purposes may only be reallocated to another use where real need exists, and prime agricultural land should as far as possible remain available for production;
- Land use regulators and planning authorities must ensure that previous disadvantaged communities and areas receive benefit and opportunities flowing from land development;
- Appropriateness of land use must be determined on the basis of its impact on society as a whole rather than only the applicant or immediate neighbours;
- Special focus will be placed on rural development, especially where service delivery is not up to standard;
- Incentives should be reinstalled to promote the development of valuable riparian properties in the urban and rural areas,

## **SPATIAL OBJECTIVES**

The Spatial Development Framework (SDF) supports the Letsemeng Vision as indicated in the IDP document and is intended to promote an urban form that will deliver the long-term vision for Letsemeng. The main purpose of the SDF is to create a town that is sustainable, accessible and efficient. The following objective will ensure that the municipality succeeds in their main purpose.

### **Table for Spatial Objectives**

<b>Objective 1</b>	To create sustainable human settlement with quality physical, economic and social environments;
<b>Objective 2</b>	To encourage land reform towards more intensive land uses;
<b>Objective 3</b>	To encourage urban and regional integration and rectification of past imbalances;
<b>Objective 4</b>	To create a sustainable local land use management system;
<b>Objective 5</b>	Support Local Economic Development Opportunities;
<b>Objective 6</b>	Manage Informal settlements;
<b>Objective 7</b>	Manage development to ensure environmental sustainability;
<b>Objective 8</b>	Promote regional connectivity;

The outcomes of the above objectives are indicated in the Table below

<b>SUSTAINABLE ENVIRONMENT</b>	<b>ACCESSIBLE MUNICIPALITY</b>	<b>AN EFFICIENT TOWN</b>
<ul style="list-style-type: none"> <li>• The responsible use of natural resources;</li> <li>• Focused activities and investment;</li> <li>• Sustainable neighborhoods;</li> <li>• Infrastructure viability;</li> <li>• Managed growth;</li> <li>• Cultural heritage;</li> </ul>	<ul style="list-style-type: none"> <li>• A physical town structure that promotes accessibility;</li> <li>• Form and structure that lead to greater efficiency;</li> <li>• A sustainable rates base;</li> </ul>	<ul style="list-style-type: none"> <li>• Equity within the urban system;</li> <li>• Protection of existing investments;</li> <li>• Focused investment;</li> <li>• Safety and security;</li> <li>• Diversity within the urban system;</li> <li>• Open space system;</li> <li>• Sustained economic growth;</li> </ul>

## **STRUCTURING ELEMENTS**

The Spatial Development Framework needs to be indicative and therefore there is a need to adopt a set of structuring elements that can give future structure to the urban and rural form of the municipal area. Six (6) spatial structuring elements have been identified; with the main purpose of these structuring elements being:

- To ensure that the SDF achieves the desired urban form;
- To link spatial objectives with clear implementation strategies;
- To ensure that infrastructure is carefully planned;
- Policy and institutional instruments are in place;
- Growth is appropriately managed;
- To ensure that all relevant sectors are aligned to the plan;

The above can be achieved by implementing an effective growth management approach, which steers development to achieve the desired spatial and developmental outcomes. Growth management is a multi-sectoral concept that should be reflected in an integrated management system which relies on the contributions of all service providers in the area.

## **NATIONAL SPATIAL DEVELOPMENT VISION**

Government's National Spatial Development vision can be described as follows:

*“South Africa will become a nation in which investment in infrastructure and development programmes support government's growth and development objectives”*

- by fostering development on the basis of local potential;
- by focusing economic growth and employment creation in areas where this is most effective and sustainable;
- by supporting restructuring where feasible to ensure greater competitiveness;
- by ensuring that development institutions are able to provide basic needs throughout the country.

## **NORMATIVE PRINCIPLES**

The NSDP proposes the following normative principles to be used as a guide by all spheres of government when making decisions on infrastructure investment and development spending:

- (a) Government spending on fixed investment, beyond the constitutional obligations to provide basic services to all citizens, should be focused on localities of economic growth and/or potential for sustainable economic development in order to attract private sector investment, stimulate sustainable economic activities and/or create long-term employment opportunities. In these areas government's objective of both promoting economic growth and alleviating poverty will best be achieved.
- (b) In localities where there are both high levels of poverty and development potential, this could include fixed capital investment beyond basic services to exploit the potential of those localities. In localities with low development potential, government spending beyond basic services should focus on social investment, such as human resource development, labour market intelligence and social transfers, so as to give people in these areas better information and opportunities. This will enable people to become more mobile and migrate, if they choose to, to localities that are more likely to provide sustainable employment or other economic opportunities. The further concentration of people in need in areas of low potential should therefore not be encouraged.



## **DEVELOPMENT POTENTIAL**

### NSDP Categories of Development Potential

Categories of development potential proposed by the NSDP are:

- (a) Innovation and experimentation;
- (b) Production – high value, differentiated goods (not strongly dependent on labour costs);
- (c) Production – labour intensive, mass-produced goods (more dependent on labour costs and/or natural resource exploitation);
- (d) Public services and administration;
- (e) Retail and services;
- (f) Tourism.

Based on the above development potential towns are classified as having a high combined development potential, above average combined development potential, below average combined development potential and limited combined development potential.

## **Chapter 2:**

### **SITUATION ANALYSIS**

#### **2.1 Vision**

##### **Vision**

*“A responsive Municipality in pursuit of Service excellence”*

##### **Mission**

*“Providing sustainable quality services through Partnerships with stakeholder.*

##### **Values**

- Integrity
- Commitment and customer-centred
- Transparency
- Innovation
- Accountability
- Decisiveness
- High Performance Culture
- The will to Succeed

#### **2.2 Situational Analysis**

##### **(a) Letsemeng Local Municipalities Demographic Overview**

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 surface area and comprises of five towns; Koffiefontein (which is the head office), Petrusburg, Jacobsdal, Oppermansgronde and Luckhoff.

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 remains problematic.

The Northern parts of the municipal area surrounding Petrusburg are good cultivated agricultural land while the southern area is renowned for livestock farming. The figure below shows the Letsemeng area with its main towns and neighbouring municipalities of the Xhariep District.



**Figure : Letsemeng Municipal Area**

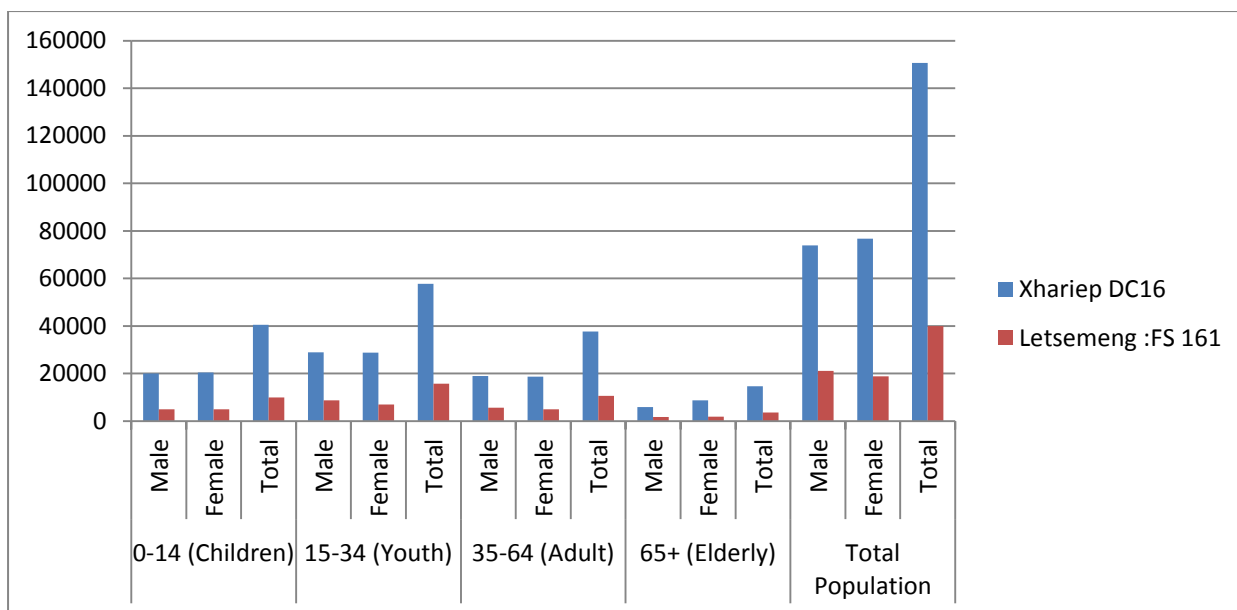
### Population

This municipality has shown a population growth from **38 628** residents in **2011** to **40044** in **2016**.

Herewith a detailed breakdown of the population per age groups and gender for our municipality:-

Province, District and Local Municipality	0-14 (Children)			15-34 (Youth)			35-64 (Adults)			65+ (Elderly)			Total			Dependency Ratio
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Free State	397502	399763	797265	530743	528205	1058948	355678	377185	732863	96042	149596	245638	1379965	1454749	2834714	58.2
DC16: Xhariep	20074	20511	40585	28926	28775	57701	18943	18709	37652	5984	8758	14743	73927	76754	150681	58.0
FS161: Letsemeng	4930	5025	9955	8744	7050	15794	5718	4938	10656	1747	1892	3639	21140	18904	40044	51.4

**Source Community Survey 2016, STATSSA**

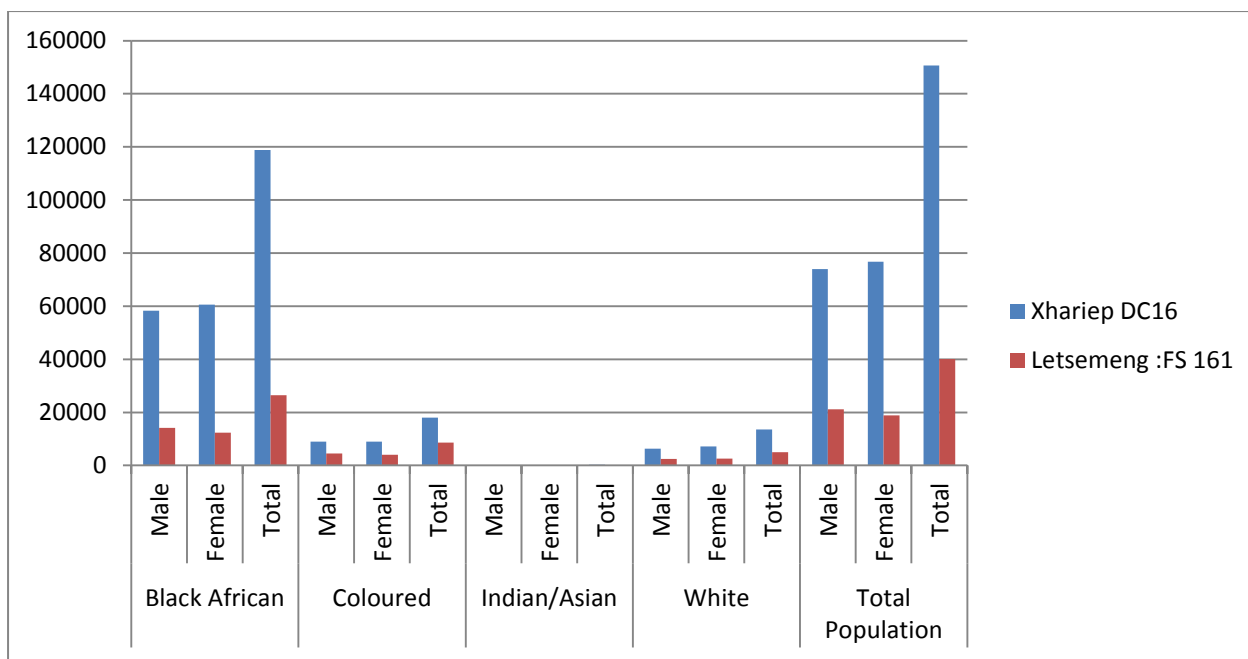


The figure above illustrates that age group of 15 – 34 which is mostly youth, contributes a large population number of Letsemeng municipality, while the male population is slightly higher than that of the female.

### Population Group and Sex

Province, District and Local Municipality	Black african			Coloured			Indian/asian			White			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Free State</b>	<b>1225180</b>	<b>1289810</b>	<b>2514990</b>	<b>35042</b>	<b>37052</b>	<b>72095</b>	<b>4700</b>	<b>2596</b>	<b>7296</b>	<b>115042</b>	<b>125291</b>	<b>240333</b>	<b>1379965</b>	<b>1454749</b>	<b>2834714</b>
DC16: Xhariep	58318	60539	118857	9022	9010	18032	216	37	253	6371	7167	13539	73927	76754	150681
FS161: Letsemeng	14134	12339	26473	4557	4037	8593	43	-	43	2406	2529	4935	21140	18904	40044

**Source Community Survey 2016, STATSSA**



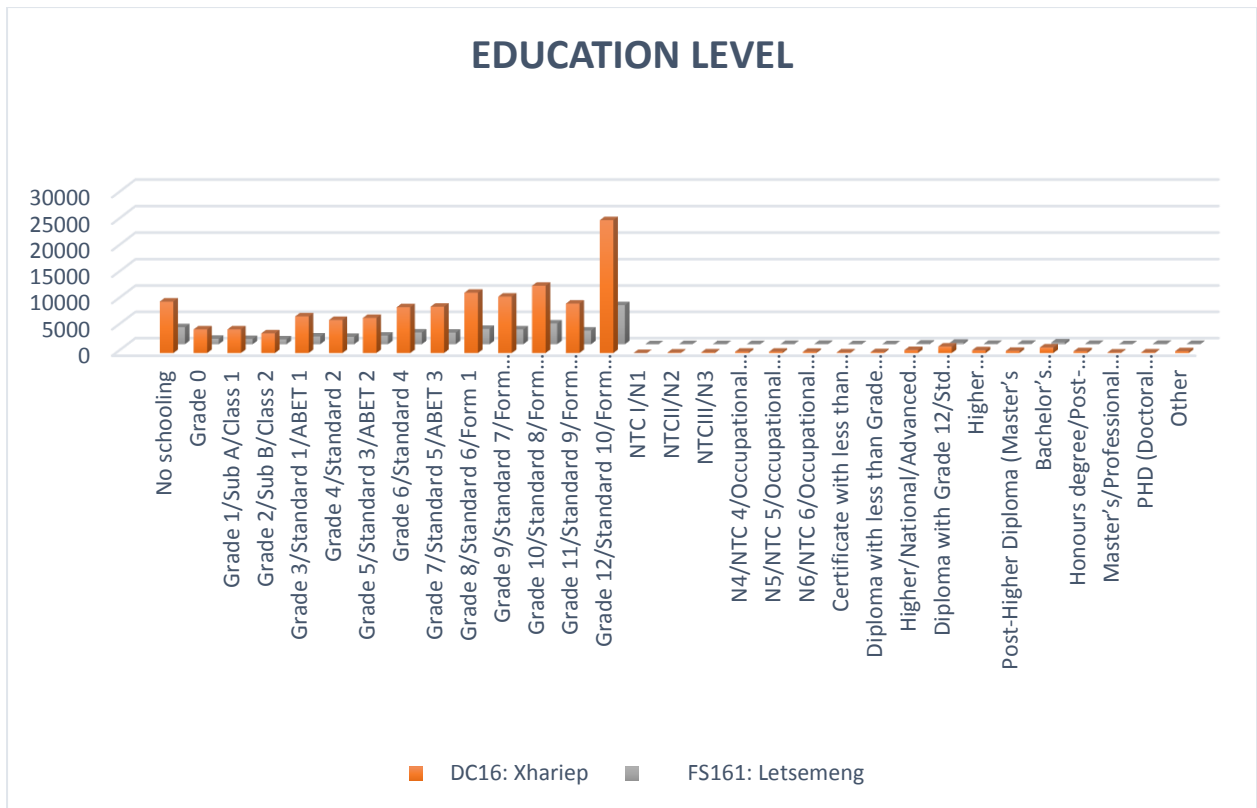
The population of the municipality in relation to the ethnic group shows that the Black African group is more higher followed by Coloured and White and the least is Indian and Asian.

## Education

Highest level of education	Free State	DC16: Xhariep	FS161: Letsemeng
No schooling	124092	9780	3228
Grade 0	82660	4484	1040
Grade 1/Sub A/Class 1	77179	4502	982
Grade 2/Sub B/Class 2	65319	3736	926
Grade 3/Standard 1/ABET 1	106668	6964	1477
Grade 4/Standard 2	105582	6281	1407
Grade 5/Standard 3/ABET 2	106609	6662	1629
Grade 6/Standard 4	132475	8715	2233
Grade 7/Standard 5/ABET 3	131450	8807	2195
Grade 8/Standard 6/Form 1	176496	11471	2918
Grade 9/Standard 7/Form 2/ABET 4/Occupational certificate NQF Level 1	188195	10729	2824

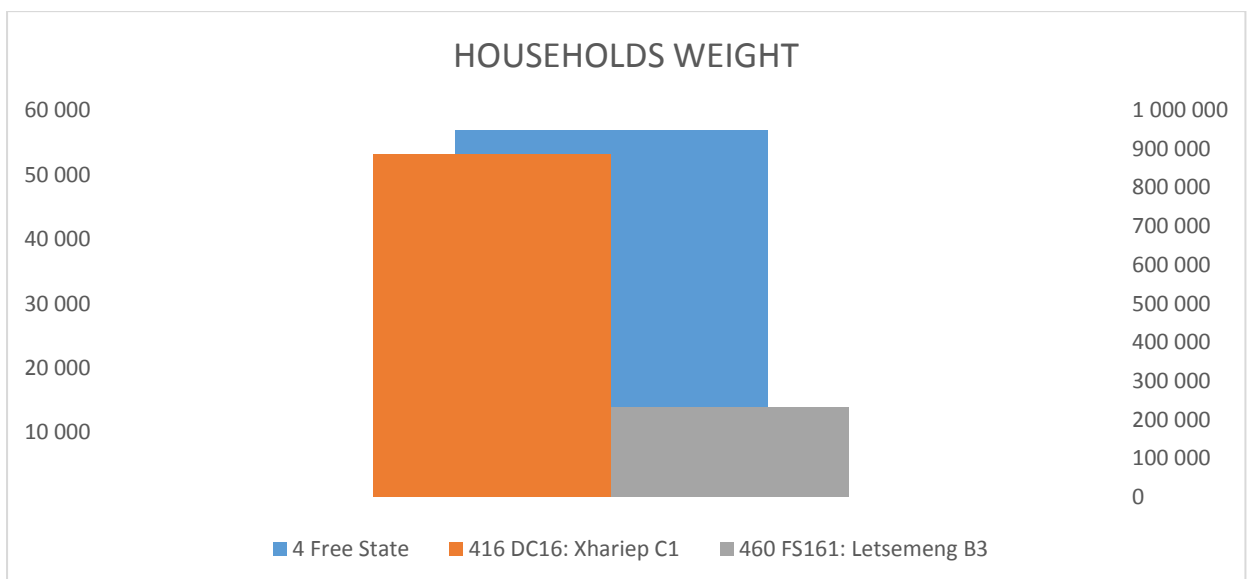
Grade 10/Standard 8/Form 3/Occupational certificate NQF Level 2	252624	12795	3941
Grade 11/Standard 9/Form 4/NCV Level 3/ Occupational certificate NQF Level 3	229960	9410	2589
Grade 12/Standard 10/Form 5/Matric/NCV Level 4/ Occupational certificate NQF Level 3	565842	25176	7438
NTC I/N1	1815	-	-
NTCII/N2	2365	82	15
NTCIII/N3	5583	114	16
N4/NTC 4/Occupational certificate NQF Level 5	9722	243	14
N5/NTC 5/Occupational certificate NQF Level 5	6475	245	39
N6/NTC 6/Occupational certificate NQF Level 5	10067	230	79
Certificate with less than Grade 12/Std 10	1540	104	-
Diploma with less than Grade 12/Std 10	4104	154	10
Higher/National/Advanced Certificate with Grade 12/Occupational certificate NQF	15532	563	105
Diploma with Grade 12/Std 10/Occupational certificate NQF Level 6	38554	1230	277
Higher Diploma/Occupational certificate NQF Level 7	17518	535	62
Post-Higher Diploma (Master's	11807	406	92
Bachelor's degree/Occupational certificate NQF Level 7	31348	1044	354
Honours degree/Post-graduate diploma/Occupational certificate NQF Level 8	15423	336	80
Master's/Professional Master's at NQF Level 9 degree	4932	96	-
PHD (Doctoral degree/Professional doctoral degree at NQF Level 10)	3198	115	59
Other	8822	346	41

Source Community Survey 2016, STATSSA



### Household Weight

Province, District and Local Municipality	Households
<b>Free State</b>	<b>946638</b>
<b>DC16: Xhariep</b>	<b>53146</b>
FS161: Letsemeng	13969

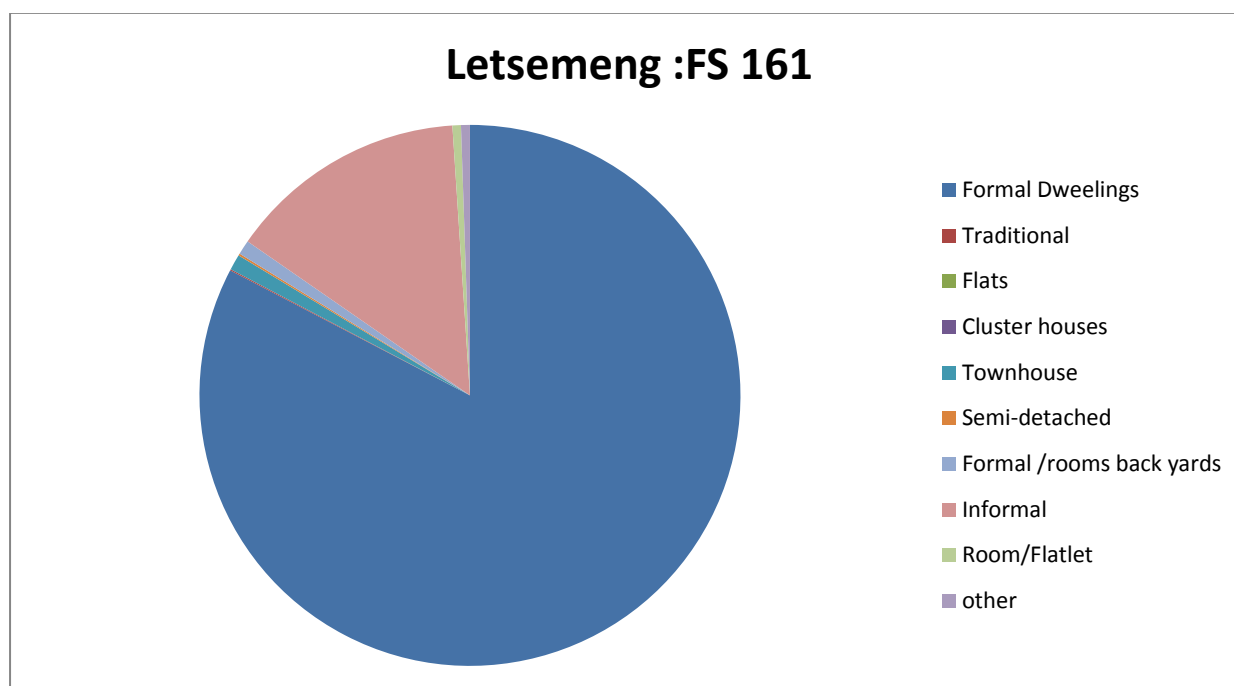




## Household Dynamics

Province, District and Local Municipality	Main dwelling that household currently lives in											
	Formal dwelling/house or brick/concrete block structure on a	Traditional dwelling/hut/structure made of traditional	Flat or apartment in a block of flats	Cluster house in complex	Townhouse (semi-detached house in a complex)	Semi-detached house	Formal dwelling/house/flat/room in backyard	Informal dwelling/shack in backyard	Informal dwelling/shack not in backyard (e.g. in an	Room/flatlet on a property or larger dwelling/servants quart	Caravan/tent	Other
<b>Free State</b>	<b>704511</b>	<b>15509</b>	<b>16142</b>	<b>2659</b>	<b>6515</b>	<b>2395</b>	<b>55569</b>	<b>56447</b>	<b>76001</b>	<b>3692</b>	<b>109</b>	<b>7028</b>
DC16: Xhariep	44134	199	316	-	429	142	1701	2598	2934	328	-	341
FS161: Letsemeng	11545	10	-	-	131	17	120	674	1327	71	-	74

## Source Community Survey 2016, STATSSA



The 2016 Community Survey revealed that the current households stands at approximately 13 969 with a backlog of 2000 household without adequate houses in Letsemeng.

## Household Access to Electricity

Province, District and Local municipality	Household access to electricity									
	In-house conventional meter	In-house prepaid meter	Connected to other source which household pays for (e.g. con	Connected to other source which household is not paying for	Generator	Solar home system	Battery	Other	No access to electricity	Total
<b>Free State</b>	<b>108973</b>	<b>761009</b>	<b>17676</b>	<b>2466</b>	<b>209</b>	<b>992</b>	<b>179</b>	<b>4786</b>	<b>50349</b>	<b>946638</b>
DC16: Xhariep	9451	39523	1212	504	28	141	-	443	1845	53146
FS161: Letsemeng	2073	10495	648	242	-	69	-	59	384	13969

## Source Community Survey 2016, STATSSA

The Municipality is providing electricity services to an average of 13 585 and 384 households are still without electricity. This represents 97.2% of households that have access to electricity services.

### Household Access to Refuse Removal

Province, District and Municipality	Refuse removal							Other	Total
	Removed by local authority/private company/community members at least once a week	Removed by local authority/private company/community members less often than once a week	Communal refuse dump	Communal container/central collection point	Own refuse dump	Dump or leave rubbish anywhere (no rubbish disposal)			
<b>Free State</b>	<b>659477</b>	<b>36019</b>	<b>33928</b>	<b>7242</b>	<b>165624</b>	<b>37494</b>	<b>6854</b>	<b>946638</b>	
DC16: Xhariep	33784	1700	1904	370	12955	2121	311	53146	
FS161: Letsemeng	8139	65	889	36	4140	665	35	13969	

### Source Community Survey 2016, STATSSA

Out of 13 969 households throughout the municipality 8 136 (58%) of households receive weekly kerb-side waste removal services.

### Household Access to Ablution Facilities

Province, District and Local Municipality	Main type of toilet facility used										
	Flush toilet connected to a public sewerage system	Flush toilet connected to a septic tank or conservancy tank	Chemical toilet	Pit latrine/toilet with ventilation pipe	Pit latrine/toilet without ventilation pipe	Ecological toilet (e.g. urine diversion; enviroloo; etc.)	Bucket toilet (collected by municipality)	Bucket toilet (emptied by household)	Other	None	Total
<b>Free State</b>	<b>663809</b>	<b>19526</b>	<b>19662</b>	<b>64462</b>	<b>105588</b>	<b>1602</b>	<b>24131</b>	<b>13650</b>	<b>18526</b>	<b>15684</b>	<b>946638</b>
DC16: Xhariep	42535	3469	648	1302	1839	-	504	508	494	1847	53146
FS161: Letsemeng	9709	1404	579	809	755	-	173	163	129	247	13969

### Source Community Survey 2016, STATSSA

12 501 (89.4%) household had access to basic sanitation. There are still however 1 467 households with below minimum service level

### Household Access to Water

Province, District and Local Municipality	Main source of water for drinking													
	Piped (tap) water inside the dwelling/house	Piped (tap) water inside yard	Piped water on community stand	Borehole in the yard	Rain-water tank in yard	Neighbours tap	Public/communal tap	Water-carrier/tanker	Borehole outside the yard	Flowing water/stream/river	Well	Spring	Other	Total
<b>Free State</b>	<b>357926</b>	<b>499067</b>	<b>25768</b>	<b>8098</b>	<b>694</b>	<b>13142</b>	<b>14680</b>	<b>11226</b>	<b>8548</b>	<b>1124</b>	<b>411</b>	<b>1108</b>	<b>4848</b>	<b>946638</b>
DC16: Xhariep	17830	31071	524	954	-	639	96	635	1176	13	-	10	199	53146
FS161: Letsemeng	6469	6487	153	291	-	46	29	65	364	13	-	-	52	13969

### Source Community Survey 2016, STATSSA

The municipality is currently providing 12 656 households with water within the set ROP standards.

**Summary of current level of services, demands and backlogs**

SERVICE	MUNICIPALITY	
	Access	Backlog
HOUSING	11 969	2 000
WATER	12 956	1 013
SANITATION	12 501	1 468
ELECTRICITY	13 585	384
SOLID WASTE	8 136	5 833

**Free Basic Services**

The Municipality is committed to assisting its communities by giving Free Basic Services to households that cannot afford to pay for services and are classified as Indigents.

Free Basic Services	Indigent Support/Subsidy	Indigents Household
Electricity	50 kwh	1666
Water	6kl	1666
Sewerage	Basic charge	1666
Refuse Removal	Basic Charge	1666
Property Rates		

## Ward Based Community Needs Analysis

### Letsemeng Municipal Ward Demarcation

Ward 1 – Luckhoff, Relebohile, Teisesville and Oppermansgronde

Ward 2 – Ratanang and Sandershoogte

Ward 3 – Bolokanang (portion), Jacobsdal and Phambili

Ward 4 – Khayelitsha and Diamanthoogte

Ward 5 – Dithlake and Koffiefontein

Ward 6 – Bolokanang (portion) and Petrusburg

Priority No	Priority Issue	Needs Identified	Responsible Department	Affected Wards/Areas
1	Water	Replacement of non – functional household water meters	Technical Services Department	Ward 1 – 6
		Incorrect readings/ estimates of water meters	Finance Department	Ward 1 – 6
		Sourcing of reliable water source for Petrusburg	Project Management Unit	Ward 3 and 6
		Repair of boreholes and supply of water to municipal commonage land	Community Services Department	Ward 1 – 6
		Re – look the water drainage system at the MPCC	Community Services Department	Ward 4
2	Sanitation	Replacement of dilapidated toilets in Petrusburg	Community Services Department	Ward 3 and 6

		Servicing of VIP chemical toilets	Community Services Department	Ward 3 and 6
		Removal of buckets in Sandershoogte to be monitored	Community Services Department	Ward 2
		Servicing of drainage system of Sandershoogte	Community Services Department	Ward 2
		Servicing of drainage system of Khayelitsha (Donkerhoek pump station)	Community Services Department	Ward 4
		Servicing of drainage system of Dithlake (Roselove pump station)	Community Services Department	Ward 5
		Building of waterborne toilets in Bolokanang	Community Services Department	Ward 3 and 6
		Building and maintenance of ablution facilities at all our graveyards	Community Services Department	Ward 1 – 6
<b>3</b>	<b>Waste Disposal &amp; Refuse Removal</b>	Waste Disposal Truck only servicing the Jacobsdal Area in town and not Sandershoogte and Ratanang	Community Services Department	Ward 2
		Dumping site in Sandershoogte not fenced and access is therefore not properly controlled, proposed that dumping permits be issued by the municipality	Community Services Department	Ward 2
		Illegal Dumping sites be cleaned and <b>NO DUMPING</b> sign boards be erected and municipal by – laws be implemented in order to contain trespassers	Community Services Department	Ward 1 – 6

		Conduct labour intensive projects to clean the current dumping sites both legal and illegal	Community Services Department	Ward 1 – 6
4	Electricity	Regular maintenance be done on street lights in all areas as it poses a security risk	Technical Services Department	Ward 1 – 6
		Erect street lights in Sandershoogte next to the dumping site	Technical Services Department	Ward 2
5	Streets and Storm Water canals	Construction of paved roads in Relebohile 3 in Luckhoff	Project Management Unit	Ward 1
		Construction of paved roads in Donkerhoek in Jacobsdal	Project Management Unit	Ward 2
		Construction of paved roads in Sandershoogte in Jacobsdal	Project Management Unit	Ward 2
		Construction of paved roads in Nkululeko in Bolokanang	Project Management Unit	Ward 6
6	Radical Economic Transformation & Economic	Avail business sites in all areas for local business people to create an enabling environment	Community Services Department	Ward 1 – 6
		Outsource road maintenance to local SMME's for job creation of local people	Office of the MM - Planning & Development Unit	Ward 1 – 6

	<b>Development</b>	Outsource maintenance of ablution facilities in Jacobsdal to local SMME	Office of the MM - Planning & Development Unit	Ward 2
		Outsource maintenance of ablution facilities in Petrusburg to local SMME	Office of the MM - Planning & Development Unit	Ward 3 and 6
		That Petra Diamonds be engaged on their SLP contribution to benefit the broader community of Letsemeng municipality and not Koffiefontein only	Office of the MM - Planning & Development Unit	Ward 1 – 6
		That the development of small contractors not be compromised in any way to upgrade their CIDB grading's	Office of the MM - Planning & Development Unit	Ward 1 – 6
		That SMME development opportunities and initiatives be categorised and opportunities be given accordingly	Office of the MM - Planning & Development Unit	Ward 1 – 6
		That the maintenance of local parks be outsourced to local SMME's		
		That 30% of the SCM procurement budget be set aside for local SMME's on all future projects	Supply Chain Management Unit – BTO	Ward 1 – 6
		That an amount of R 500 000.00 be set aside for Youth Empowerment Programmes	Supply Chain Management Unit – BTO	Ward 1 – 6
<b>7</b>	<b>Spatial Planning</b>	That land be availed for both residential and industrial use at a radical paste		

	<b>and Land Use Management</b>	That land and farms be availed for Agricultural projects to the previously disadvantaged individuals	Office of the MM – Planning & Development Unit  Department of Land Affairs	Ward 1 – 6
<b>8</b>	<b>Job Creation</b>	That skills development programmes for Artisans be included in the SDF of the municipality to support the unemployed youth	Department of Corporate Services	Ward 1 – 6
		That buildings be availed in Oppermansgronde for Youth Job Creation Cooperatives and Projects	Community Services Department	Ward 1
		That Letsemeng unemployed graduates be absorbed into the Government across all spheres	Department of Corporate Services	Ward 1 – 6
<b>9</b>	<b>Crime</b>	That the Oppermans police station be expanded and operating hours be extended to 24 hours per day	South African Police Services	Ward 1
		That a satellite police station be opened in Relebohile to service the community as the current one is way too far	South African Police Services	Ward 1
		That a satellite police station be opened in Ratanang to service the community as the current one is way too far	South African Police Services	Ward 2
		That a satellite police station be opened in Bolokanang to service the community as the current one is way too far	South African Police Services	Ward 3 and 6
		That a satellite police station be opened in Dithlake to service the community as the current one is way too far	South African Police Services	Ward 4 and 5

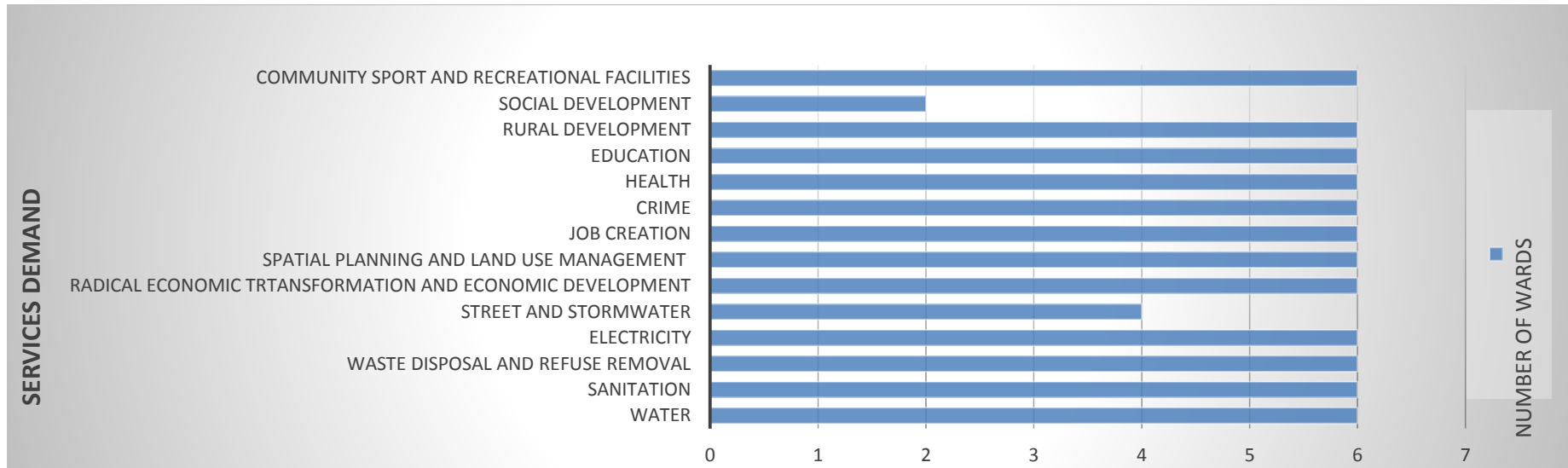


		That the SAPS improve on visible policing in all areas	South African Police Services	Ward 1 – 6
<b>10</b>	<b>Health</b>	That more Doctors be deployed to the municipal area as we are currently only having two Doctors to service all local clinics	Department of Health	Ward 1 – 6
		That the racial issue of Dr Hunter at the Jacobsdal clinic be handled as a matter of urgency as he is ill-treating black patients	Department of Health	Ward 2
		That proper waiting areas be built at the local clinics as some patients are lying dormant on chairs whilst waiting to be serviced	Department of Health	Ward 1 – 6
		That EMS improve on their response time as some old and critically ill patients suffer the consequences of their slow response	Department of Health	Ward 1 – 6
		That proper clinics be built in:- Teisesville Ratanang	Department of Health	Ward 1 and 2
		That a mobile clinic be obtained to service the farming areas	Department of Health	Ward 1 – 6
		That the maternity Wards at Ethembeni Clinic in Koffiefontein be equipped with necessary machinery so that it can become operational	Department of Health	Ward 4 and 5
		That the Ethembeni clinic be turned into a Health Care Centre' in order to operate 24 hours to decrease the no of referrals to the District hospital	Department of Health	Ward 4 and 5
		Clinic personnel must improve on effectiveness as people can't gain access to services after 12h00	Department of Health	Ward 1 – 6

		Batho Pele principles must be applied at all clinics and customer relations should be improved	Department of Health	Ward 1 – 6
11	Education	Facilitate roll – out training programmes for the youth in the Arts & Culture to empower them as performing groups	Office of the Mayor Department of SACR	Ward 1 – 6
		Assist the youth with registration fees and bursaries for deserving students	Office of the Mayor Office of the Premier and Sector Departments	Ward 1 – 6
		Facilitate the roll – out of Maths and Science at all our local schools	Office of the Mayor Department of Education	Ward 1 – 6
12	Rural Development	Facilitate the formalisation of Phambili into an Agricultural Hub and residential area	Community Services Directorate DHA & Human Settlements	Ward 1 – 6
13	Social Development	Social Development must look into the possibility of bringing both the Social Development and SASSA offices to Dithlake as it is currently out of reach of the people	Department of Social Development	Ward 4 and 5

			Department of Public Works	
14	Community Sport & Recreational Facilities	Building of a community hall in Oppermansgronde	Project Management Unit SASSA	Ward 1
		Building of an sports centre' in Oppermansgronde	Project Management Unit  Department of SACR	Ward 1
		Upgrading/Completion of sports facility in Teisesville	Project Management Unit	Ward 1
		Fencing of grave yard in Ratanang	Community Services Department	Ward 2
		Upgrading of sports facility in Bolokanang	Project Management Unit  Department of SACR	Ward 3
		Completion of sport facility in Khayelitsha	Project Management Unit	Ward 5
		Proper maintenance of parks, recreational facilities, sports facilities and community halls, libraries and offices by local people	Department of Community Services	Ward 1 – 6

## A SUMMARY OF SERVICES DEMAND PER WARDS



## MUNICIPAL RESPONSE IN REGARDS TO THE ABOVE IDENTIFIED NEED

### INFRASTRUCTURE AND DEVELOPMENT

What needs to be improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
STORM WATER DRAINAGE SYSTEM	Upgrade Storm water drainage system	KOFFIEFONTEIN, JACOBSDAL, LUCKHOFF, PETRUSBURG AND OPPERMANSGRONDE	To deal with roads and storm-water drainage backlogs	Technical Services	Upgrade roads and storm-water by 6km in 2021

### COMMUNITY SERVICES

What needs to be improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
WASTE MANAGEMENT	— New CWP recruits to be assisted to register <b>storage facilities</b> (what is commonly known as recycling) with	KOFFIEFONTEIN, JACOBSDAL, LUCKHOFF,	— Minimize littering.	— Community Services — LED	80 EPWP for waste

What needs to be improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
	DESTEVA that will collect all recyclable material and sell to big recycling companies via in Johannesburg when 35 Ton of each recyclable material is collected and baled	OPPERMANSGRON DE AND PETRUSBURG	<ul style="list-style-type: none"> <li>— Keep SA Clean with less pollution.</li> <li>— Increase wages of members of recycling cooperatives.</li> <li>— Increase revenue because more people will be able to can pay for municipal services</li> </ul>	— IDP	management in 2021
BUILDINGS/AS SESTS	Renovation of municipal buildings /assets	KOFFIEFONTEIN, JACOBSDAL, LUCKHOFF	Upgrade and renovate municipal buildings / assets	Community Services	3 municipal buildings (Koffiefontein, Petrusburg and Jacobsdal in 2021

What needs to be improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
CEMETRIES	Safeguard all cemeteries with physical security	All towns	To safeguard cemeteries	Community Services	4 cemeteries safeguarded
SPORTS FIELDS	Refurbishment of sports facilities	All towns	Refurbishment of sports facilities	Community Services	2 sports facilities (Sonwabile and Ditlhake)
PARKS	Upgrading and maintenance all community parks	All towns	Upgrading and maintenance of community parks	Community Services	4 community parks upgraded by 2021

What needs to be improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
SMME DEVELOPMENT	Enskilling SMMES through workshops on (tendering, sub-contracting 30% of capital projects)	Town based and Municipal based	— Supporting and promoting SMMEs	Finance (SCM)	2 workshops convened on tendering by 2021

What needs to be improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
				LED	6 projects with sub-contracting arrangements
	Promote and register SMMES.  —	Town based and Municipal based	— Supporting and promoting SMMES	Finance (SCM)/LED	100 SMMES supported in registering
	— Number of co-operatives supported	Town based and Municipal based	— Supporting and promoting SMMES	LED	2 co-ps Bricklaying and Crusher Plant resustitatedand supported by 2021



What needs to be improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
REVENUE ENHANCEMENT	<p>— INDIGENT REGISTRATIONS</p> <p>Massive ward-based campaign on Indigent registrations</p>	KOFFIEFON TEIN, PETRUS BURG, JACOBSDAL, LUCKHOFF AND OPPERMANSGRONDE	— Revision of the Indigent Register	Finance	6334 additional indigents registered by 2021
	<p>— PAYMENTS OF SERVICES</p> <p>Ward committee members to be given the list of people in areas of the people council anticipate to write-off their debt.</p> <p>— Ward committee members to be paid a commission for revenue collected.</p>	KOFFIEFON TEIN, PETRUS BURG, JACOBSDAL, LUCKHOFF AND OPPERMANSGRONDE	— Improving the collection rate	Finance	85 % collection rate by 2021

What needs to be improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
TOURISM	Improve the wine route Build a tourist village at Malatse	Jacobsdal	Support Local Economic opportunities	LED	Develop a business plan and leverage funding for the building of a tourist village at Malatse
FOOD SECURITY	Establish a hydroponic farm	Oppermansgrond	Support Local Economic opportunities	Petra Diamonds LED	Hydroponic farm established and operational

## YOUTH DEVELOPMENT

What needs to be improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
<p>Youth Enterprise Development</p>	<ul style="list-style-type: none"> <li>— Train aspiring young entrepreneurs on Business plan Development.</li> <li>— Encourage business plan competition.</li> <li>— Petra to provide start-up capital for the best sustainable business idea from social enterprise development budget.</li> <li>— Develop incubation and monitoring system</li> </ul>	<p>KOFFIEFONTEIN,P ETRUSBURG, JACOBSDAL, OPPPERMANSGR ONDE AND LUCKHOFF. One project per town</p>	<ul style="list-style-type: none"> <li>— Reduce youth unemployment</li> <li>— Supporting the development of youth entrepreneurs</li> <li>— Harness opportunities from the Presidential Youth Employment Service</li> </ul>	<p>YDO SEDA LED</p>	<p>20 aspiring young entrepreneurs trained</p> <p>Mayoral budget supplemented by private sector for Youth Entrepreneur Start-up capital</p>

## EDUCATION AND TRAINING

What needs to be improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
School results / performance	<p>Cradle to Career(Mayors Project)</p> <p>— Municipality to recruit at <b>least 15 Unemployed Youth</b> with Tertiary Qualifications or Matric participating in internship programme.</p> <p>— Supporting matriculates with good results with registration monies at institutions of higher learning</p>	KOFFIEFONTEIN, JACOBSDAL, LUCKHOFF, PETRUSBURG AND OPPERMANSGRO NDE	Creation of employment opportunities for unemployed Youth	<p>— OOFFICE OF THE MAYOR</p> <p>— YDO</p> <p>— IGR</p>	45 unemployed youth participating in internship programme by 2021

## WOMEN, CHILDREN AND PEOPLE WITH DISABILITIES

What needs to be improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
Support women, children and people with disabilities organizations	Providing information through sessions and engagements  Engage different departments and stakeholders for support	JACOBSDAL, KOFFIEFONTEIN AND PETRUSBURG	Providing supporting to women, children and people with disabilities organisations	Mayors office	2021

## HEALTH CARE

What needs to be improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
All towns is in short of Ambulances and waiting rooms are also	Municipality to intervene and ask for Department of health to at least sponsor all five towns with Ambulances by the help of the community.	OPPERMANSGRONDE, KOFFIEFONTEIN, PETRUSBURG, JACOBSDAL AND LUCKHOFF	Lobby department of health to provide adequate services	Mayor and Municipal Managers Office	Secure 5 ambulances from the Department

requested to all towns					of Health by 2021
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## SAFETY AND SECURITY

What needs to improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
Law enforcement	Municipality to recruit unemployed trained security volunteers through CWP that will focus on enforcing and implementation of By-Laws. Obviously with consideration of applicable legislative guidance	LUCKHOFF, OPPERMANSGRONDE, JACOBSDAL, KOFFIEFONTEIN AND PETRUSBURG	<p>Effective by laws enforcement that will result in</p> <ul style="list-style-type: none"> <li>▪ addressing refuse and littering problems.</li> <li>▪ Addressing road accidents as a result of roaming animals.</li> <li>▪ Contribution to municipal revenue</li> </ul>	Community Services	Recruit 20 law enforcement officers by 2021

What needs to improved In your Community	A summary of how you will do it.	Specific location	Monitoring and evaluation		
			Project objective	Responsible sector	Time lime
Fire and Rescue Services	Municipality to recruit unemployed trained fire fighters volunteers through CWP that will focus on fire and rescue services	LUCKHOFF, OPPERMANSGRONDE, JACOBSDAL, KOFFIEFONTEIN AND PETRUSBURG	Provision on an effective disaster and emergency services	Community Services	Establishment of a local disaster management committee by 2020  Recruit 10 fire fighters  Leverage funds and acquire fire fighting equipment by 2021

### **Chapter 3 - Key Performance Areas**

The Letsemeng Local Municipality has aligned its IDP with the top – level Service Delivery Budget Implementation Plan to achieve the Strategic Objectives as set out in the IDP. The Service Delivery and Budget Implementation Plan (SDBIP) is defined in Chapter one of the MFMA as “a detailed plan approved by the Mayor of a Municipality in terms of Section 53(1)(c)(ii) for implementing the municipality’s delivery of municipal services and its annual budget”. Essentially the SDBIP is the Council’s operational business plan and is an integral part of the planning, implementation and reporting processes. Although the SDBIP only needs to be approved by the Mayor 28 days after approval of the budget, its preparation occurs in tandem with the IDP and MTREF process.

#### **The SDBIP of Letsemeng Local Municipality is aligned with the:-**

- IDP Strategic Objectives: this is the primary alignment of the SDBIP and serves as the bases of the Annual Performance Report and informs Chapter three of the Annual Report;
- IDP Pre-determined Objectives;
- National Outcomes;
- National Key Performance Areas;
- National Development Plan; and
- Provincial Strategic Outcomes

#### **The various objectives, plans and outcomes are contained within the IDP as follows and covers the following six Key Performance Areas of Local Government:-**

1. Service Delivery and Infrastructure Development
2. Financial Viability and Management
3. Local Economic Development
4. Public Participation and Good Governance
5. Municipal Transformation and Institutional Development; and
6. Spatial Development Framework

#### **The municipality has set itself the following developmental objectives for the next 5 years ahead:-**

- Accelerated and improved basic service delivery to communities
- Financial viability and sustainability
- Good governance and Public Participation



- Facilitating economic development and job creation
- Improving Municipal Infrastructure
- Fighting poverty and building safe, secure and sustainable communities and
- Improving Skills development to raise productivity

**The SDBIP is utilised as the basis of Council's Performance Management System (PMS) and has the following objectives and uses:**

- To facilitate strategy (IDP) deployment throughout the municipality, and ensure alignment of strategic objectives;
- To transform the Strategic Objectives; Vision; Mission; and the IDP as a whole into clear and measureable deliverables;
- To create an organisational performance culture (culture of best practices);
- To provide early warning signals;
- To promote accountability;
- To develop open and constructive relationship between customers, leadership and employees;
- To manage and improve poor performance; and
- To link performance to skills development and career planning, therefore encourage learning and growth.

### **3.1 Service Delivery and Infrastructure Development**

#### **Strategic Objective**

Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance

#### **Intended outcome**

Sustainable delivery of improved services to all households

**The municipality in its planning of the Technical Directorate and Community Services Directorate prioritizes the following areas of service provision with shared responsibilities in some of the overlapping functions:-**

- Basic residential infrastructure for water sanitation, roads, refuse removal, street lighting;
- Connector and bulk infrastructure;
- Municipal infrastructure like sport, recreation and community facilities;
- Electricity;
- Storm – water drainage systems;
- Water distribution networks;
- Cemeteries; and
- Safety and Security facilities;

#### **Situational Analysis of Service Delivery and Infrastructure Development**

The municipality is mindful of the reality that it is currently operating without an Infrastructure Investment Plan (IIP) and intends to develop a Masterplan to that effect. The municipality however does not have neither the financial nor technical ability to develop the Infrastructure Investment Plan internally and therefore requested the Municipal Infrastructure Support Agency (MISA) Engineers to support the municipality to develop the said Masterplan. MISA has appointed a Service Provider to support the municipality to develop its own Masterplan that will serve as a vehicle to give strategic direction to the future planning of the municipality with regard to all components of Infrastructure Development towards 2030 and it is almost in completion phase.

Investment support from the Private Sector is minimal as the municipality is currently only limited to the investment from Petra Diamonds on their implementation of the Social Labour Plan which is subject to projects prioritised by the community and not necessarily infrastructure development support as per the priorities of the municipality. These interventions from the Mine are also predominant in Koffiefontein and at a very small scale in the other towns. It is therefore imperative for the municipality to source more Private Partners to support the municipality across all Sectors. The municipality is currently relying on DORA allocations for infrastructure development as its revenue is too low to implement its own Capital projects from its revenue and only budget for maintenance of its existing infrastructure.

The Water Service Development Plan (WSDP) of the municipality has been developed through the assistance of DBSA and is due for adoption by Council before actual implementation commences.

## **Water**

The Municipality's objective remains that of ensuring that 100% of its populace have access to potable water. Measures are being implemented on a regular and on-going basis to ensure that this objective is achieved. It is safe to report that Letsemeng Local Municipality does not have any backlogs for both Domestic and Associated Services at this stage but envisage to fall into a backlog due to the newly development townships within all six Wards in the near future. All informal settlements are currently supplied with water brought by trucks from the nearest towns with jojo tanks which can be located not more than 200m walking distance from the affected households. All schools and clinics that are in remote areas (farming areas) are regularly supplied with water tankers as and when there is a demand from the affected occupants as this is an ad – hoc arrangement.

Letsemeng Local Municipality is both the WSA and WSP and both functions are implemented by the Technical Directorate at this stage. Currently the functions of WSA and WSP are not clearly defined though the Technical Directorate is overseeing all the responsibilities of the WSA and WSP.

The status quo with regard to areas with unreliable water supply are as follows in the six (6) Wards of Letsemeng Local Municipality:-

Ward/s	Settlement/Areas	Status Quo
1 – 6	Private Farms	All private owned areas or farms are not being supplied with water or any other services, this is due to accessibility of the areas, farmers (farm owners) refuse access to their land
1	Luckhoff & Oppermansgronde	Unreliable Water supply due to low capacity of the water treatment works
2	Ratanang and Sandershoogte	Unreliable Water supply due to low capacity of the water treatment works
3	Jacobsdal Town	Unreliable sewer pipes which result in frequent spillages in town which contaminates drinking water
3 and 6	Bolokanang	Unreliable water supply, capacity of boreholes which are failing to meet the current demand
4 and 5	Koffiefontein, Dithlake and Sonwabile	Unreliable Water supply due to low capacity of the water treatment works

It must be noted that the upgrade to the Water Treatment Works of the affected areas is high on the priority list of the municipality and will be addressed over the MTREF period through our MWIG allocations as capital projects in the foreseeable future development in all Wards will also be taken into account.

LLM currently does not have approved service levels at this stage but a document is being prepared by the Administration office to curb this deficiency. There are currently no Operations and Maintenance Manuals in place and as a result operation and maintenance is becoming a huge challenge. Most of the existing infrastructure is dilapidated to a point where it is no longer acceptable for use either as it is no longer cost effective to operate and subsequently no longer yielding any returns.

There are no plans in place to manage the Water Conservation and Water Demand (WCWD) strategies, however; there are a number of items that are in the pipe line to reduce the losses. There are monitoring programmes in place and water quality is checked every two weeks for compliance. In case where there are failures, the Technical department investigates the cause and apply remedial actions and then re-test the water. The results are loaded in to the Blue Drop System (BDS) on a monthly basis for proper monitoring by the relevant authorities Department of Water and Sanitation and we have been registered in terms of the Blue Drop requirements of the National Certification Programme.

## **Sanitation**

The Municipality continues to provide proper sanitation facilities to all communities. The municipality managed to eradicate all bucket systems in formal settlements within the municipal area and this was achieved two years ago, earlier than the target dates set in National Standards. The municipality manages the Waste Water Treatment Works (WWTW), but there are no plans in place to re-use the treated water, only the Petra Mine has requested to divert the final effluent to their plants for reuse.

It must be noted that there is usage of Bucket Toilets in a portion in Ward 2 of Ratanang. The current problem will only be reduced after the completion of the Project in the financial year 2018/19 though there will still be a total of about 250 remaining bucket toilets because of the informal settlements in the area. All the informal settlements do not have any form of acceptable sanitation at this stage, nor does the municipality have any funding available to provide temporary services to the affected people.

About 90% of the VIP toilets in Petrusburg are dilapidated due to poor workmanship and the same VIP toilets are filled up which makes it extremely difficult for it to be drained or sucked by a truck and some of the toilets are not accessible for this truck.

The overall judgement on our WWTWs is fair, although some are in a poor state and is not effectively operational due to damaged mechanical and electrical equipment at the affected WWTW's. There are no Operation and Maintenance Plans available but a letter was sent to DBSA to assist with financing the development of sector plans.

## **Electricity**

Electricity provision in the Municipality is jointly supplied by ESKOM and the Municipality. The Municipality is servicing all the five towns under its jurisdiction, which are Koffiefontein, Petrusburg, Oppermansgronde, Jacobsdal and Luckhoff. The municipality also sells prepaid electricity to all consumers in Koffiefontein and a newly developed area in Luckhoff. ESKOM is selling electricity to the communities of Bolokanang, Ratanang, Saundershoogte, Relebohile and Teisesville. The electricity network still remains a challenge in some of the areas and the municipality intends to apply for funding from the National Department of Energy to upgrade some of these networks.

## **Refuse Removal**

Waste Removal Services are provided to all towns within FS161 which are, Koffiefontein, Petrusburg, Luckhoff, Oppermansgronde and Jacobsdal. The Municipality is in a process of developing an Integrated Waste Management Plan in conjunction with the DBSA. In addition to this land fill sites that are currently used as transfer stations will be registered accordingly and be optimally used as land fill sites.

## **Housing**

The objective of the Municipality is to facilitate provision of RDP housing structures to the communities in its area of jurisdiction. Provision of houses is not the core competency of the Municipality however; this objective is undertaken in partnership with the Provincial Department of Human Settlements which continues to allocate houses to residents on an on-going basis. There is an ever increasing demand for houses from communities and the municipality has resolved to establish Local Housing Committees in all five Wards which will assist in coordinating housing functions more transparently and efficiently. There is a further challenge of low quality of RDP houses which have been built in previous years and the municipality has made such referrals to the Department of Human Settlements for intervention.

## **Roads and Storm Water**

Another aim of the municipality is to facilitate adequate and constant maintenance of internal and access roads. Every year an affordable amount of kilometers of internal roads are being paved under the MIG and the municipality has even gone further to appoint local SMME's to do pothole repairs and internal road upgrades. To date more than 200 km's of these roads have been repaired.

### **3.2 Financial Viability and Management**

#### **Strategic Objective**

To improve overall financial management in the municipality by developing and implementing appropriate financial management policies, procedures and systems.

#### **Intended Outcome**

Improved financial management and accountability.

**Letsemeng Local Municipality has taken an approach of adopting the following budget principles:-**

- Drafting a delivering a realistic and funded budget
- Drafting an mSCOA compliant budget
- Focusing on provision of basic services
- Improving the revenue base and payment rate for services provided
- Maintaining commitment to deliver quality services
- Improving the cash reserves to increase future capital investment capacity of the municipality

**The municipality's revenue strategy is built around the following key components:**

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management, which aims to ensure a 10 per cent increase in revenue collection within the first six months;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);

- Achievement of full cost recovery of specific user charges especially in relation to trading services and full implementation of the approved budget related policies of the municipality;

The revenue base of the municipality has declined drastically and the low revenue collection has put the municipality in a compromising position in terms of both its financial sustainability and its cash flow. The municipality is currently in the process of reviewing its Revenue Enhancement Strategy and has started to roll out a massive Operation Patala campaign.

**The Council also approved a number of budget related policies which are as follows:-**

- Budget policy;
- Virement policy;
- Supply chain management policy;
- Credit control and debt collection policy;
- Indigent support policy;
- Property rates policy;
- Tariffs policy;
- Funding and reserves policy;

### **Budget Policy**

To set out the budgeting principles which the municipality will follow in preparing each annual budget and to secure sound and sustainable management of budgeting and reporting practices by ensuring compliance with norms and standards and other requirements as established by the National Treasury.

### **Virement Policy**

The purpose of this policy is to provide a framework whereby transfers between line items within votes of the operating budget may be performed with the approval of certain officials.

### **Supply Chain Management Policy**

To provide for effective systems for demand management, acquisition management, logistics management, disposal management, risk management and performance management and to



ensure that the procurement processes are conducted in an effective, efficient, equitable, transparent and sustainable manner.

### **Credit Control and Debt Collection Policy**

To ensure that all consumers pay for the services that are supplied and consumed according to the approved tariff structure of the municipality and to ensure that all consumer account related enquiries are attended to promptly and diligently.

### **Indigent Support Policy**

To provide procedures and guidelines for the subsidization of basic service charges to registered indigent households, using the Council's budgetary provisions received from National Government, according to prescribed policy guidelines.

### **Property Rates Policy**

To determine criteria to be applied for the levying of differential rates for different categories of properties, exemptions, reductions and rebates, and rate increases.

### **Tariffs Policy**

To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000); to prescribe procedures and guidelines in terms of tariff structure to be imposed on services provided by the municipality.

### **Funding and Reserves Policy**

The objective of the policy is to set out the assumptions and methodology for estimating the projected billings, collections and all direct revenues; the provision for revenue that will not be collected; the funds the municipality can expect to receive from investments; the funds to be set aside in reserves and the proceeds the municipality can expect to receive from the transfer or disposal of assets;

**The Letsemeng Local Municipality has undergone the necessary budget reforms and intends to implement the following principles with regard to budgeting:-**

- A more strategic approach to budgeting and financial management;
- Promote sound financial governance by clarifying roles;
- Modernization of financial management;
- Promoting cooperative governance;
- Promoting sustainability

**Some of the modernization initiatives the municipality has taken will be aimed at achieving the following:-**

- Thinner budgets – 3 year timeframes (MTREF period);
- Budgets get tabled 90 days before the start of the new year to deepen consultation and transparency;
- Integrate policy, planning and budgeting;
- Monthly reporting to promote in-year management and discipline;
- Implementation of accounting standards (GAMAP, GRAP), promoting comparability;
- Timely submission of financial statements;

**The long term vision of the municipality is to promote:-**

- Sound financial systems and processes;
- Transparent budgeting processes;
- Effective management of revenue, expenditure, assets and liabilities;
- Unqualified financial statements prepared on the accrual basis and on time.

The municipality has also adopted the following IDP/Budget process cycle to ensure credibility of both the IDP and Budget of the municipality as well as to ensure alignment of these two critical documents;-

<b>STEP – BY – STEP IDP/BUDGET PROCESS CYCLE</b>		
<b>No</b>	<b>Step</b>	<b>Process</b>
1	<b>Planning</b>	Schedule key dates, establish consultation forums, review previous processes
2	<b>Strategising</b>	Review IDP, set service delivery targets and objectives for the next 3 years, consult on tariffs, review all budget related policies, free basic services. Consider local, provincial and national issues, the prior year's performance and current economic and demographic trends
3	<b>Preparing</b>	Prepare budget, revenue and expenditure projections, draft budget policies, consult and consider local, provincial and national priorities
4	<b>Tabling</b>	Table IDP/Budget and budget – related policies before municipal council, consult and consider formal local, provincial and national inputs or responses
5	<b>Approving</b>	Council approves budget and budget related policies and any amendments to the IDP
6	<b>Finalising</b>	Approve SDBIP and publish with budget and annual performance agreements and indicators

The Finance Directorate is administering and managing all conditional and non – conditional grants received from the Division of Revenue Act, though the actual implementation responsibility lies upon the respective Directorates within the municipality

**The following grants are being received by the municipality with the following conditions which the municipality must comply with to ensure effective application and proper reporting of these grants**

Grant	Objective	National Financial Year		
		Column A	Column B	
			Forward Estimates	
		2018/2019	2019/2020	2018/2019
Local Government Financial Management Grant	To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act	1,970,000	2,435,000	2,867,000
Expanded Public Works Programme Integrated Grant for Municipalities	To incentivize municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme Guidelines: road maintenance and maintenance of buildings, low traffic volume roads and rural roads, basic services infrastructure, including water and sewer reticulation, sanitation, pipelines (excluding bulk infrastructure), other economic and social infrastructure, tourism and cultural industries, waste management, parks and	1,000,000	0	0

Grant	Objective	National Financial Year		
		Column A	Column B	
			Forward Estimates	
		2018/2019	2019/2020	2018/2019
	beautification, sustainable land-based livelihoods, social services programme, health service programme and community safety programme			
Municipal Infrastructure Grant	To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities	29,949,000	17,149,000	17,882,000
Municipal Water Services Infrastructure Grant	To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a water supply service	20,000,000	24,000,000	24,201,000
Equitable Share	To enable municipalities to provide basic services to poor households and to enable municipalities to afford administration and governance capacity to perform core municipal functions.	58,082,000	63,091,000	68,025,000

## LETSEMENG LOCAL MUNICIPALITY - FINANCIAL PLAN

Five –year Strategic objective	Five year IDP Programme	Section Changed	Reasons for Change
Availability of cost effective capital finance to fund capital programmes	Pursue borrowing through DBSA loans and source capital funding through government grants	IDP sub programme	<ul style="list-style-type: none"> <li>• The municipality will be implementing MIG capital projects for upgrading of Koffiefontein Sonwabile phase 1 2018</li> <li>• Installation 2800 of water meters in 2019</li> <li>• Koffiefontein Sonwabile phase 2 in 2019</li> <li>• Luckhoff solid waste in 2018</li> <li>• Luckhoff 0.9 km paved road in 2018</li> </ul>
Equitable and competitive tariff <b>Effective</b> system that is informed by national inflation data and targets, comparable to local municipalities and circumstances of communities to ensure affordability	<p>Tariff Management Programme</p> <p>An evaluation of the tariff methodology to assess whether it is relevant to the current changes in municipality and NERSA</p> <p>Revenue enhancement strategy</p>	<p>Ensure compliance with the reviewed tariff policy of the municipality</p> <p>Maintain separate property rates tariffs per category of property</p> <p>Improve the 2017/2018 tariff public consultation process onwards</p> <p>Improve revenue collection rate to 65% 2018</p>	Equitable and competitive tariff system that is informed by national inflation data and targets, comparable to local municipalities and circumstances of community to ensure affordability

		75% in 2019 80% in 2020 85% In 2021 90% in 2022	
<b>Five –year Strategic objective</b>	<b>Five- year IDP Programme</b>	<b>Section Changed</b>	<b>Reasons for Change</b>
A budget system, structure and format that enables sound resources allocation and MSCOA seven segments	Financial Management Programme  The revised budget management policy implementation from 1 July 2017  The department uses the MSCOA seven segments to determine the allocation of funding to each departments	Redevelop formats to ensure that they are in line with the National Treasury’s requirements  Develop and determine Medium Term Budget Framework and long-term financial framework  Ensure that the budget system is maintained and is at par with the latest trends in the economy	A budget system, structure and format that enables sound resource allocation  MSCOA budget strings effected for 2017-18
Clean audit by 2019	Develop action plan to address audit queries	Develop and implement effective internal controls	Clean audit report attained and maintained

## Financial Sustainability Section

The financial sustainability section is informed by the objectives as outlined in the 2018/2019 IDP of the municipality. The section fundamentals includes: ensuring financial sustainability, accountability, and responsiveness to the needs of the community of Letsemeng.

Indicator	Five-year target	Progress against the Five-year target (accumulated)	2018/2019 Delivery Agenda
75% collection rate	90% collection rate		Increase revenue collection to a minimum of 75% throughout the municipal area of jurisdiction including indigents to 4000
Number of clearance certificate issued	10 800 clearance certificates issued	180 Clearances issued within 30 days	100% clearance certificates issued within 30 days of application
95% of customers receiving bills	98% of customers receiving bills	95% customers receiving bills	95% active customers receiving bills
R30 Million rands raised	The target is to implement the short-term goals of the financial turnaround strategy by 2018/2019		<ul style="list-style-type: none"> <li>Do a municipality VAT review</li> <li>Leveraging of non-strategic property</li> <li>Finding alternative revenue sources</li> <li>Consider alternative funding besides grants e.g. available borrowing options to finance capital programmes</li> </ul>



Indicator	Five-year target	Progress against the Five-year target (accumulated)	2018/2019 Delivery Agenda
<p>100% implementation of the valuation roll and an amount additional revenue raised as a result of implementing the valuation roll.</p>	<p>Rates policy effectively monitor and evaluate SAGE financial system and align to new polices</p>	<p>Rates policy drafted and implemented in 2016</p> <p>Extensive and effective and consultation with the public done annually</p> <p>Approximately 298 valuation objections were received and addressed during 2016.</p> <p>In a process to do new valuation roll for 2018</p> <p>Compiled supplementary valuations rolls in compliance with property rates Act no. 6 of 2004</p>	<p>Monitor impact of the policy and tariff structure to inform possible policy changes</p> <p>Review the policy on an annual basis in line with the budget process and legislation</p> <p>Data collection and property verification for the 2018-2021 general valuation roll</p> <p>Formulate and implement additional supplementary valuation roll</p>

Indicator	Five-year target	Progress against the Five-year target (accumulated)	2018/2019 Delivery Agenda
Cost coverage ratio	<b>Cost coverage &gt; 3 months</b>	<b>54 days (for the quarter ending 30 September 2017)</b> <b>41 days (for the quarter 31 December 2017)</b>	<b>Ratio of group cost coverage of 90 days plus</b>
Percentage spent on capital programme	% spent on the municipality's capital budget	Was at 69% during the previous financial year	100% is targeted to be spent for 2018/2019
Less than 5% variance on the municipal operating budget	5% variance on the municipality operating budget.	A variance of less than 19% obtained	Should not be more than 5% over budgeted amount
<b>Unqualified audit outcome with no finding</b>	Unqualified audit outcome with no finding	Obtain clean audit for 2016/2017, 2017/2018, 2018/2019 and 2019/2020 financial years	To obtain and maintain clean audit report 2018/19
<b>100% updated and GRAP compliant FAR</b>	Update the moveable and immovable asset registers and develop a system for regular collecting asset performance	Implement a consistent method across all parts of the municipality to account for asset and account for	Continuous update of the movable and immovable asset registers quarterly

Indicator	Five-year target	Progress against the Five-year target (accumulated)	2018/2019 Delivery Agenda
	information and maintenance requirements going forward	future investments requirements  Auction held for obsolete assets to enable the municipality to write off unused assets on the 19 <sup>th</sup> April 2017	

### Challenges and Opportunities

Challenges	Opportunities
Placement of staff	Development of Annual Financial statements by 2018
Delays non delivery of customer accounts	Development of Budget and related policies in house
Grading of the municipality resulting to lack of retention of competent staff and attraction of scarce skill	Dedicated BTO staff
Satellite offices operating manually	
Unreliable meter reading leading to inconsistent billing	
Lack of clear business process	
Shortage of BTO staff	

## Strategic Priorities

Key Performance Area	Implementation Plan
Financial turnaround strategy	<p>Expenditure review and implementation of recommendations</p> <p>Stringent financial control municipal wide</p> <p>Revenue maximisation plan</p> <p>Credit control</p> <p>Improve implementation of billing</p> <p>Increased collections levels</p> <p>Focus on audit of the valuation roll 2017 and preparation of the new valuation roll for five years</p> <p>Implementation of fraud and corruption strategy</p> <p>Implementation of effective supply chain management</p>
Customer service	<p>Monitor turnaround time on query resolution</p> <p>Improve call centre performance and functionalities</p>

	Customer feedback on accounts
Overall financial oversight	Attainment and maintenance of clean audit

## Financial Sustainability Sector Plan

The table below is an outline of the financial sustainability sector plan. In addition to this tabulated sector plan, the above mentioned chief drivers must be read in conjunction with the IDP.

Five-year Strategic Objectives	IDP Programme and Key Achievements (accumulated to date)	Delivery Agenda
Empowered customers enjoying highest standard of customer care and responsiveness	Roll-out of programme	
	<b>Responsive customer care</b> <ul style="list-style-type: none"> <li>▪ Complaints V/S resolved</li> <li>▪ Embracing new business</li> <li>▪ Demands MPRA aims</li> </ul>	<b>Responsive customer care</b> <ul style="list-style-type: none"> <li>▪ Harness the single customer experience from optimisation of customer service centre</li> <li>▪ Address challenges related to technology improvements on the contact centre</li> <li>▪ Further reduction in time taken to answer calls to an average of 58 to 60 seconds</li> </ul>

Five-year Strategic Objectives	IDP Programme and Key Achievements (accumulated to date)	Delivery Agenda
		<ul style="list-style-type: none"> <li>▪ Sustain customer satisfaction despite forces of NCA, MPRA and credit control</li> </ul>
<p>The municipality that creatively evolves its resourcing/expenditure system to ensure long-term fiscal stability and growth, and optimal spending to support accelerated and sustainable development</p>	<p><b>Maximise Revenue Collection and Billing</b></p> <ul style="list-style-type: none"> <li>▪ Increase in revenue collection to 75%</li> </ul>	<p><b>Maximise Revenue Collection and Billing</b></p> <ul style="list-style-type: none"> <li>▪ Increase in revenue collection to minimum R100 million ,including indigents</li> <li>▪ Facilitate property value chain initiatives</li> <li>▪ Address meter reading</li> <li>▪ Reducing impact on refunds and clearance figures</li> </ul>
	<p><b>Financial control and reporting</b></p> <ul style="list-style-type: none"> <li>▪ Staff trained to respond to the NCA, closely monitoring its effect on income</li> </ul>	<p><b>Financial control and reporting</b></p> <ul style="list-style-type: none"> <li>▪ 100% compliance with NCA</li> <li>▪ Support the implementation of MPRA</li> </ul>
	<p><b>Debtors book</b></p> <p>Analysis of the debtors book</p>	<p><b>Debtors book</b></p>

Five-year Strategic Objectives	IDP Programme and Key Achievements (accumulated to date)	Delivery Agenda
	R118 million collection against debtors book	Reduction of the recoverable portion of the debtors book by R60 million Encourage customers to utilise incentive scheme through operation pataka
Sustained excellence in financial management	<b>Completeness of revenue</b> <ul style="list-style-type: none"> <li>▪ Increase in number of matched accounts reaching more than 97%</li> <li>▪ Fostering completeness of revenue partnering with poverty value chain</li> </ul>	<b>Completeness of revenue</b> <ul style="list-style-type: none"> <li>▪ Realise all revenue maximisation projects under property valuation relating to the following areas: <ul style="list-style-type: none"> <li>- Valuation roll</li> <li>- Reconciliation of property data</li> <li>- Overall completeness of data</li> <li>- Priority projects to raise additional revenue</li> </ul> </li> <li>▪ Return on investment of revenue maximisation</li> <li>▪ Harness value add of property value chain</li> <li>▪ Sustained incremental concise completeness of revenue project</li> </ul>
	<b>Refunds and clearances efficiencies</b>	<b>Refunds and clearances efficiencies</b>

Five-year Strategic Objectives	IDP Programme and Key Achievements (accumulated to date)	Delivery Agenda
	<ul style="list-style-type: none"> <li>▪ Increase of active customers receiving bills to 100%</li> <li>▪ 98% refunds issued within 30 days</li> <li>▪ 100% clearance certificates issued within 30 days</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accurate billing management</li> <li>▪ 93% to 97% clearance certificate and refunds issued within 30 days of application</li> <li>▪ 97% properties on the billing system metered and billed with accurate bills</li> <li>▪ 97% increase in active customers receiving bills to minimum</li> </ul>
A municipality stable and growing revenue streams	<p><b>Credit control enforcement</b></p> <ul style="list-style-type: none"> <li>▪ Expansion of credit control</li> </ul>	<p><b>Credit control enforcement</b></p> <ul style="list-style-type: none"> <li>▪ Strengthened credit management controls through reduction of areas where no credit control is taking place</li> </ul>
A municipality with stable and growing revenue streams	<p><b>Capital Financing Programme</b></p> <ul style="list-style-type: none"> <li>▪ Where appropriate and within a policy framework raise project finance for specific infrastructure projects</li> </ul>	<p><b>Capital Financing Programme</b></p> <ul style="list-style-type: none"> <li>▪ Strengthens relationship with businesses</li> </ul>
A budget system, structure and format that enables sound resource allocation decisions	<p><b>Budget reform programme</b></p>	<p><b>Budget reform programme</b></p>



Five-year Strategic Objectives	IDP Programme and Key Achievements (accumulated to date)	Delivery Agenda
	<ul style="list-style-type: none"> <li>▪ Revise the budget format to facilitate flexible programme-based MSCOA budgeting</li> <li>▪ As required by the MFMA, continue to build the system and practices enabling more effective and efficient budget tracking funded budget</li> </ul>	<ul style="list-style-type: none"> <li>▪ Develop an expenditure review model on an annual basis</li> <li>▪ Produce quarterly SDBIP reports in line with National Treasury regulations</li> <li>▪ Review budget policies annually</li> </ul>
Measurable improvements in unit cost and allocation efficiency on a key of set indicators	<p><b>Expenditure review programmes</b></p> <ul style="list-style-type: none"> <li>▪ As part of the overall framework of performance tracking and strategic decision-making , build a system and practice of annual budget review that tracks trends and issues in personnel spending, unit cost efficiencies, allocative efficiencies of, and social, economic and financial returns from, key service investments, and whether expenditure responsibilities are being adequately matched by resources</li> <li>▪ Develop methods for evaluating for evaluating unit cost efficient in</li> </ul>	<p><b>Expenditure review programme</b></p> <ul style="list-style-type: none"> <li>▪ Develop an expenditure review document on an annual basis</li> <li>▪ Produce quarterly SDBIP reports in line with national treasury regulations</li> <li>▪ Review budget policies annually</li> </ul>

Five-year Strategic Objectives	IDP Programme and Key Achievements (accumulated to date)	Delivery Agenda
	expenditure on key service and conduct regular benchmark-comparison studies with comparable to local municipalities	

### Audit Action Plan with remedial actions to Audit Findings raised by the Auditor – General

The Letsemeng Local Municipality has received a Disclaimer Audit Opinion for the 2016/17 FY and has drawn up the Audit Action Plan below to improve on its 2017/18 Audit Opinion. The Provincial Department of Treasury is also providing hands on support to the municipality to achieve this objective.

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>ASSET MANAGEMENT (PPE)</b>				
<b><u>Property, plant and equipment:</u> Useful lives, residual value and impairment loss of assets was not assessed (Evidence not submitted for</b>	Sufficient appropriate audit evidence was not submitted for audit purpose to substantiate that the municipality reviewed the useful lives and residual value of property, plant and	1. A procedure within the existing asset management procedures should be included and communicated. This should specifically address the assessment	management have to revisit the unbundling of the assets that was done in 2010 and review the methodology used to correct the figures and supporting documentation	CFO , Manager SCM and assets and Technical director

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
audit review). (ISS 66)	equipment at each reporting date, as well as assessment impairment when indicators of impairment were present.(Methodology)	of useful lives based on market norms. The procedures should include: 1.1. What methodology will be adopted and how	be obtained to support the values disclosed.	
	<b>Accounting treatment for fully depreciated assets still in use incorrectly applied:</b> Identified a significant number of assets per class of PPE, intangible and heritage assets that had been fully depreciated that are still in use.	will it be consistently applied, i.e. conditional assessment 1.2. How evidence should be gathered to support the assessment made 1.3. How the impairment exercise can be built into this process so there is no duplication of efforts 1.4. How the verification	Management to do the adjustments on the financial statements and also to do the full depreciation as at 30 June 2018. Municipality to appoint the service provider to compile annual financial statement and also address the depreciation issues.	SCM Manager /Assets Practitioner
	<b>Broken assets incorrectly included on the fixed asset register:</b> Identified a number of moveable assets indicated	exercise should support this exercise to ensure there is no duplication of efforts 1.5. Other factors that	Management will ensure that after verification of assets each quarter the will make sure that the FAR is properly updated	SCM Manager /Assets Practitioner

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>as broken assets and management did not remove them from the FAR. This is an indication that the FAR is not property updated.</p>	<p>each unit considered 1.6. A specific procedure to assess assets nearing a carrying value of R1. 1.7. Timing of the process. 1.8. Responsibilities of</p>	<p>according to their conditions .</p>	
	<p><b>The useful life as per accounting policy not aligned with asset guideline:</b> Through inspection of Local Government Capital Asset Management Guideline and Note 1.5 of the accounting policy to the financial statements, it could be noted that the useful lives of items of Property, plant and equipment are significantly higher than that of the asset guideline and therefore no</p>	<p>individuals performing the assessment. 1.9. Review responsibilities should be assigned. 2. Staff with the required experience and skills should be appointed to assist in the process of making conditional assessments on the assets and their useful lives.</p>	<p>Management to update or adjust their Accounting policy to be aligned to the Local Government capital Assets management guideline .</p>	<p>SCM Manager /Assets Practitioner</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>reasonable. Furthermore, through inspection of the asset register, the auditor could not gain comfort that the useful lives are appropriate.</p>			
	<p><b>Assets incorrectly valued in the fixed asset register:</b>            During the physical verification of assets selected, we assessed whether the assets were correctly valued, and based on the physical condition, expected useful as per FAR, conditional assessment as per FAR we identified that assets were not appropriately valued:</p>		<p>Management and appointed consultant will assess the physical conditions of all the assets to ensure correctness of values of assets on the FAR.</p>	<p>SCM Manager /Assets Practitioner</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<p><b>Property, plant and equipment: Land not belonging to the municipality has been capitalised in the asset register. (ISS 67)</b></p>	<p>During the physical verification progress of the selected land items, we identified that some of the land included in the FAR are currently not within the control of the municipality and they are occupied by other individuals (and/or entities). The other individuals (and/or entities) enjoying the benefits of use of the land.</p>	<p>Management should do the following:</p> <ol style="list-style-type: none"> <li>1. Evaluate whether all the land, as recorded in the asset register, actually belongs to the municipality.</li> <li>2. Land that is to be transferred to individuals (and/or entities) should be derecognised and classified as inventory as per the requirements of GRAP 12.</li> <li>3. Land already transferred should only be derecognised.</li> </ol>	<p>To perform a complete deed search to identify all land and buildings that belong to the municipality and update the asset register with assets that only belong to the municipality</p>	<p>SCM Manager /Assets Practitioner</p>
<p><b>Property, plant and equipment: Buildings not belonging to the municipality have</b></p>	<p><b>Buildings not within control of the municipality and incorrectly capitalised in the asset register:</b> During</p>	<p>Management should evaluate all the items included as buildings in the asset register on whether these items</p>	<p>The Assets officer /SCM Manager will make sure that all the property plan and equipment and Projects completed are</p>	<p>SCM Manager /Assets Practitioner</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<p><b>been capitalised. (ISS 85)</b></p>	<p>the physical verification progress of the selected buildings, we confirmed that some of the buildings included in the FAR are not within the control of the municipality, as they belonging to individuals (and/or entities), and therefore has been incorrectly capitalised.</p>	<p>actually belong to the municipality. Subsequently, the asset register and the financial statements should be amended as may be appropriate.</p>	<p>capitalised correctly on the FAR.</p>	
	<p><b>Land incorrectly classified as buildings in the FAR:</b> During the physical verification progress of the selected buildings, we confirmed that certain buildings are incorrectly classified.</p>		<p>Asset Officer and the SCM Manager must reclassified the PPE correctly on the FAR</p>	

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Property, plant and equipment: Land and buildings from the deeds registrar could not be traced to the asset register. (ISS 113)</b>	Through follow up on prior period financial statements misstatements with the asset practitioner and acting CFO, we determined that there are material misstatements that were not resolved in the current year. This was furthermore corroborated through inspection of the audit action plan and also the financial statements submitted for audit.	Management should investigate that all land and building belonging to the municipality are recorded in the asset register. Subsequently, the financial statements should be amended as may be appropriate.	Management must see to it that all the assets that supposed to be recorded has been recorded on the FAR and Deeds	SCM Manager /Assets Practitioner
<b>Infrastructure items could not be physically verified. (ISS 87)</b>	During the physical verification progress of the selected infrastructure items, we could not physically verify some of the items.	Management should investigate whether all the infrastructure assets as recorded in the asset register actually exist. Subsequently, the asset register and the financial statements should be	To review all the Infrastructure assets of the municipality and ensure that all the assets have been added on to the fixed asset register	SCM Manager /Assets Practitioner



Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
		amended as may be appropriate.		
<b>Work-in-progress is materially misstated and a material limitation also exists. (ISS 93)</b>	Management submitted payment vouchers (and journals) in support of the additions amounts. Subsequently, the auditor recalculated the additions amounts using the submitted invoices and noted that the additions amount in the WIP register is materially misstated	Management should investigate the matter for all the identified misstatements per projects. Subsequently, the financial statements should be amended as may be appropriate. Furthermore, active steps should be taken to recover the amount paid to the supplier for the services that are not within the scope of the project.	To perform reviews of the work in progress to ensure that all the completed assets have been capitalised, and ensure that completed assets are being depreciated.	SCM Manager /Assets Practitioner
<b>Movable assets could not be physically verified. (ISS 84)</b>	During the physical verification progress of the selected moveable items, we could not physically verify some of the items.	Management should confirm whether all items of property, plant and equipment included in the asset register exist.	To review all the assets of the municipality and ensure that all the assets have been added on to the fixed asset register	SCM Manager /Assets Practitioner

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>Therefore it can be reasonable concluded that the municipality has included items in the asset register that do not exist.</p> <p><b>Movable assets without a municipal barcode:</b> During the physical verification progress of the selected moveable items, we identified the items that were not barcoded.</p>	<p>Furthermore, all items should be bar coded to be clearly identifiable.</p> <p>Management should confirm whether all items of property, plant and equipment included in the asset register exist. Furthermore, all items should be bar coded to be clearly identifiable.</p>	<p>To review all the assets of the municipality and ensure that all the assets have been added on to the fixed asset register</p>	<p>SCM Manager /Assets Practitioner</p>
<p><b>Depreciation and amortisations – Difference in depreciation re-calculation between auditor and FAR. (ISS 38)</b></p>	<p>A sample of depreciable assets was randomly selected from the municipality's asset register. Subsequently, the auditor recalculated the depreciation charge for the year and difference were noted.</p>	<p>Management should recalculate the depreciation for all assets and adjust the financial statements as may be appropriate.</p>	<p>Review the fixed asset register to ensure that depreciation and amortisation was correctly recognised for all the assets on the FAR</p>	<p>SCM Manager /Assets Practitioner</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Property, Plant and Equipment: Work in progress incorrectly restated. (ISS 30)</b>	A prior period error of R23 002 393 was made in relation to property, plant and equipment as noted in Note 38 of the financial statements. Subsequently, the auditor understood that the adjustment was in relation to work in progress relating to 2014/15 financial year.	Management should investigate the matter as raised and adjust the financial statements as may be appropriate.	To perform reviews of the work in progress to ensure that all the completed assets have been capitalised, and ensure that completed assets are being adjusted in the AFS	SCM Manager /Assets Practitioner
<b>Property, plant and equipment: Completed projects capitalised at incorrect amounts (Prior Year Misstatements). (ISS 47)</b>	Work-in-progress (WIP) register was inspected and it could be confirmed that the municipality capitalised the identified projects into the asset register. It was however noted that two of the five capitalised projects were at incorrect amounts.	Management should obtain completion certificates for these projects and capitalise the assets at the correct date and amount. Furthermore, the capitalisation of the 2014/15 should be investigated and adjustment should be	To perform reviews of the work in progress to ensure that all the completed assets have been capitalised, and ensure that completed assets are being adjusted in the AFS	SCM Manager /Assets Practitioner

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
		made as may be applicable.		
<b>Work-in-progress: Supporting invoices and completion certificates could not be obtained. (ISS 56)</b>	Requested invoices and completion certificates have not been provided for audit purpose.	Management should ensure that information is submitted timeously for audit purposes.	Management should also ensure that proper record keeping processes are in place to ensure that invoices and completion certificate are found quickly and submitted timeously.	SCM Manager /Assets Practitioner
<b>Property, plant and equipment: Prior year's work-in-progress incorrectly valued. (ISS 64)</b>	Prior year's management report: Through inspection of the WIP register, it could be confirmed that the project has been included. It is however noted that the WIP of the prior year is understated by R830 450, 56.	Management should investigate the identified misstatement and adjust the financial statements and the WIP register as may be appropriate.	Accurate and correct valuations to be done on the work in progress to ensure completeness of the WIP register.	SCM Manager /Assets Practitioner

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	Prior year's management report: Through inspection of the WIP register, it could be confirmed that the misstatement has not been resolved.		Before the audit begins management must ensure that all the prior year issues has been resolved to avoid misstatements going forward	SCM Manager /Assets Practitioner
<b>Property, plant and equipment: Assets identified from the physical locations could not be traced to the asset register. (ISS 116)</b>	The municipality could not provide the unique numbers for six identified items and thereby indicating that the identified assets were not recorded in the asset register.	Management should investigate that all infrastructure assets belonging to the municipality are recorded in the asset register. Subsequently, the financial statements should be amended as may be appropriate	To review the FAR for completeness and perform reconciliations. To implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.	SCM Manager /Assets Practitioner
<b>Property, plant and equipment: Supporting evidence not provided for audit purpose. (ISS 35)</b>	<p>prior year limitations: Invoices in support of the assets</p> <p>prior year limitations: Supporting documents for</p>	<p>Management should provide the auditor with the requested information.</p> <p>The auditor's recommendations should</p>	Management will ensure that proper record keeping is done to all supporting documents relating to assets	<p>SCM Manager /Assets Practitioner</p> <p>SCM Manager /Assets Practitioner</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>the 2013/14 financial year end adjustments</p> <p>prior year limitations: completion certificates for projects that were capitalised</p>	<p>be implemented by management in a timely manner to correct the identified error where applicable.</p>		<p>SCM Manager /Assets Practitioner</p>
<p><b>Property, plant and equipment: Prior year misstatements not addressed in the current year under audit. (ISS 21)</b></p>	<p>Through follow up on prior period financial statements misstatements with the asset practitioner and acting CFO, we determined that there are material misstatements that were not resolved in the current year. This was furthermore corroborated through inspection of the audit action plan and also the financial statements submitted for audit.</p>	<p>Management should investigate the matters communicated and subsequently adjust the financial statements as may be appropriate.</p>	<p>Management will ensure that the correct information is disclosed on the financial statements including prior year issues.</p>	<p>SCM Manager /Assets Practitioner</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Property, plant and equipment - Prior year issues not addressed (Physical verification). (ISS 20)</b>	During physical verifications process, it was identified that 14 buildings as recorded in the fixed asset register (FAR) were actually empty land sites, which therefore should have been classified as land.	Management should perform the physical asset verification and amend the asset register, as well as the financial statements, as may be appropriate.	To adequately perform physical verifications on prior year issues of land and buildings and ensures that they have been correctly classified in the fixed asset register.	SCM Manager /Assets Practitioner
	Land selected from the asset register could not be physically verified during the verification process.			SCM Manager /Assets Practitioner
	Buildings selected from the asset register could not be physically verified during the verification process.			SCM Manager /Assets Practitioner
	Other assets selected from the asset register could not be physically verified, as well as their condition.			SCM Manager /Assets Practitioner

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	While physically verifying additions, the items of property, plant and equipment that were bought during the year could not be physically verified.			SCM Manager /Assets Practitioner
	Through the deed search that was performed for assets that belongs to the municipality (as per the asset register), it was identified that the land and buildings could not be found under Letsemeng Local Municipality.		To perform a complete deed search to identify all land and buildings that belong to the municipality and update the asset register with assets that only belong to the municipality	SCM Manager /Assets Practitioner
<b>Property, plant and Equipment - Lack of segregation of duties within the asset division: (ISS 14)</b>	Identified that there is lack of segregation within the asset division of the municipality. This is as results of the following key activities: 1.	Management should involve other officials who are not part of the asset division while performing the asset count to ensure	Appointment of asset clerk, to have segregation of duties within the asset management office, involvement of other staff is not always objective as	CFO , MANAGER SCM AND ASSETS



Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>The individuals that performed the moveable asset counts are also responsible for recording and maintaining of the fixed asset register.</p> <p>2. The individuals who sign off on the counted assets and those who prepare asset records and registers.</p>	<p>that the process is objective.</p>	<p>the finance department is currently under staffed and in most cases there are no personnel idling to be part of asset counts.</p>	
<p><b>Property, plant and equipment: Prior year's misclassification not corrected. (ISS 63)</b></p>	<p>Through a follow up of the prior year's misclassification, paragraph 2 of the prior year's management report (Annexure A), it could be confirmed that management did not correct the misclassification.</p>	<p>Management should perform the physical asset verification and amend the asset register, as well as the financial statements, as may be appropriate.</p>	<p>To adequately perform physical verifications of land and buildings and ensures that they have been correctly classified in the fixed asset register.</p>	<p>SCM Manager /Assets Practitioner</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Property, plant and Equipment: Prior year's supporting invoices for work-in-progress not provided for audit purpose. (ISS 92)</b>	Requested supporting evidence (invoices) has not been provided for audit purpose.	Management should ensure that information is submitted timeously for audit purposes.	To implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information (invoices for WIP) is accessible and available to support financial reporting.	SCM Manager /Assets Practitioner
<b>REVENUE SECTION (AFS)</b>				
<b>Receivables from exchange transaction: Provision for bad debts policy not applied when calculating the provision for impairment. (ISS 112)</b>	While testing the allowance for impairment of consumer, we identified that the Provision for bad debts and write off policy was not applied when calculating the allowance for impairment.	Management should prepare an AFS preparation checklist. This checklist should include matters such as ensuring compliance with section 8.4 of provision for bad debts and write off policy states.	The policy to be amended address the compliance and internal controls	CFO

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Receivables from exchange: Debtors recognised are not complete. (ISS 133)</b>	A sample of households from the valuation roll was traced to the listing of debtors. Several households could not be traced to the listing of debtors:	Management should perform reconciliation between the valuation roll and also the billing systems to ensure that each households it accordingly being billed.	Management has already put measures in place to address this matter by reconciling properties and debtors.	MacDonald Matsunyane(Revenue Accountant) Lerato Singonzo(Manager:Revenue & Budget)
<b>Payable from exchange transactions – Accrued expense transactions recorded are not complete. (ISS 139)</b>	Expenses paid after year end were identified, however they could not be traced to an accrual/payable raised at year end by the municipality although they services and the invoices were received prior to year - end.	1. Creditors statement should be obtained from suppliers and creditors reconciliations prepared for all the suppliers on a regular basis. 2. To resolve this finding, management should inspect the payments made after year (review population) end and update the creditors balance at year end. Evidence of this exercise	This will be rectified in future	<b>Expenditure Section should clarify this</b>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
		must be provided to the auditors to assess.		
<b>Cash suspense account: supporting evidence was not provided for audit purpose. (ISS 122)</b>	requested supporting evidence has not been provided for audit purpose	Management should ensure that information is submitted timeously for audit purposes.	This will be rectified in future	MacDonald Matsunyane(Revenue Accountant) Lerato Singonzo(Manager:Revenue & Budget)
<b>Revenue - Interest earned on outstanding debtors - Incorrect classification of interest on property rates as revenue from exchange: (ISS 97)</b>	1. Incorrect classification of interest on property rates as revenue from exchange 2. Incorrect classification of interest on property rates as revenue from exchange	Management make use of GRAP checklist when the financial statements are being reviewing before they are submitted for audit purpose. This will ensure that they comply with GRAP standards. Management should ensure that the system is programmed to be in line with their approved policies and this will	Management will ensure the correct treatment of interest on property rates accounts. The process of correcting this information will include a remapping process on the system.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
		ensure that the interest is accurately determined.		
<b>HR DEPARTMENT</b>				
<b>Accrued leave: Employees not included on the leave schedule. (ISS 117)</b>	Employees could not be traced to the leave schedule meaning that no leave accrual was made.	Management should ensure that the human resource administrative policies are adhered to and that there are effective controls over administration of leave for interns.	The interns would be included in the leave schedule as prescribed by the Human Resources Policy.	Manager: Human Resources
<b>Accrued leave: Leave accrued incorrectly calculated. (ISS 39)</b>	Accrued leave: Leave accrued incorrectly calculated	1. The leave forms are timeously processed to the system to ensure that the system agrees to the actual leave days taken. 2. That regular reviews are	Leave forms will be captured on the system on weekly basis and reconciled with the leave forms and be placed in the employees leave files.	Manager: Human Resources

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>The remuneration used in the leave schedule is not the expected cost to be incurred in the future. Through inspection of circular no. 02/2017 from South African Local Government Bargaining Council (SALGB) we established that on 27 March 2017, SALGA announced general salary and wage increase of 7,36% effective from 1 July 2017.</p>	<p>performed of the leave registers and the leave per the system to ensure that the register and the system agree. 3. That the leave forms are timeously processed and added to the relevant employee's file. 4. A GRAP checklist is prepared and used when the financial statements is reviewed to ensure that the necessary GRAP standards are complied with accordingly.</p>	<p>HR should rectify this as per SALGB</p>	<p>Manager: Human Resources</p>
	<p><b>Incorrect application of the human resource management policy:</b> Based on the inspection of Municipal Human Resource Policy and also the Basic Condition Of</p>		<p>That regular reviews are performed of the leave registers and the leave per the system to ensure that the register and the system agree.</p>	<p>Manager: Human Resources</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>Employment Act (BCEA) it was determined that an employee may accumulate the excess of annual leave accruing to her/him to a maximum of 48 working days.</p> <p><b>Incorrect classification of non-accumulative leave expiring within 6 months.</b> Management did not correctly classify the non-accumulative leave as provision while the accumulative leave is classified accrued leave.</p>		<p>A GRAP checklist is prepared and used when the financial statements is reviewed to ensure that the necessary GRAP standards are complied with accordingly.</p>	<p>Manager: Human Resources</p>
<p><b>Revenue: Conventional water and electricity usage incorrectly calculated. (ISS 75)</b></p>	<p>Differences were noted after recalculating the amount charged for the year for conventional water and electricity using reading at the beginning of</p>	<p>Investigate the above matter and ensure that meters are read on a monthly basis, and formulate a detailed action</p>	<p>All broken meters to be fixed, to ensure 100% reading. Monthly review to be made by the supervisor.</p>	<p>MacDonald Matsunyane(Revenue Accountant) Lerato Singonzo(Manager:Revenue &amp; Budget)</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	the year and the physical reading that the auditors obtained at year end.	plan to identify and replace broken meters		
<b>Revenue: Consumers billed incorrect refuse and sewerage amounts. (ISS 76)</b>	The municipality did not correctly calculate the service charge: refuse and sewerage and sanitation. Differences were noted due to the use of tariffs which differed to the tariffs on the approved tariffs list.	Management should physically verify the properties within Letsemeng against the valuation roll to confirm that the rating category are accurate, and then review the municipal valuation roll and the all properties on the system to ensure that the information is captured accurately.	Management will endeavour to rectify the sewerage and refuse accounts respectively. The necessary reconciliations will be performed.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane
<b>Electricity and water meters could not be traced to the billing report. (ISS 95)</b>	Selected properties could not be traced to the billing report for conventional electricity and water resulting in the debtors not being billed.	Management should ensure that meters are read for all households that have meters and where there is consumption.	Management will perform the necessary reconciliation to ensure the conventional electricity is correct.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane



Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Revenue: Consumers not billed for refuse and sewerage amounts. (ISS 77)</b>	While testing the completeness of revenue from service charges: Refuse removal and sanitation charge, it was identified that the municipality did not bill the properties	Management should review the municipal valuation roll and ensure that the all properties on the valuation roll that should be billed are included in consbill.	Management will perform the necessary reconciliation to ensure the refuse and sewer is billed to all properties.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane
<b>The municipality did not prepare a supplementary valuation roll for the 2016/17 financial year. (ISS 99)</b>	While performing procedures on revenue, we identified that there was no supplementary valuation roll prepared for the 2016/17 financial year.	Management should ensure that a supplementary valuation roll is prepared as least once a year in order to ensure that the all properties that should be charged are being charged at the updated values of the properties.	Supplementary valuation roll to be signed off by the Accounting Officer and to be loaded on the system	MacDonald Matsunyane(Revenue Accountant) Lerato Singonzo(Manager:Revenue & Budget)
<b>Revenue Municipality used tariffs that are different from the</b>	While testing the sale of electricity, we identified that the municipality charged tariffs that were not in line	Management should ensure that the rates that are recorded on the system used for billing are	Municipality has already implemented the tariffs approved by NERSA since	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>NERSA approved tariffs. (ISS 108)</b>	with the National Energy Regulator of South Africa (NERSA) approved tariffs for the 2016/17 financial period.	line with the NERSA approved tariffs.	the beginning of this new financial year.	
<b>Revenue from exchange transactions: Prior period issues not addressed. (ISS 107)</b>	Through follow up on prior period financial statements misstatements with the management, we determined that there are misstatements that were not resolved in the current year.	Management should implement an audit action plans to address the unresolved misstatements of the prior year.	Management will endeavour to rectify and address prior year issues. Management will improve a process of recognising items of Financial Statement correctly.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane
<b>Revenue: Prepaid electricity incorrectly calculated. (ISS 45)</b>	The prepaid electricity for the consumers were not calculated correctly in terms of the approved tariffs list for 2015/16.		Municipality has already implemented the tariffs approved by NERSA since the beginning of this new financial year. The necessary reconciliation will be performed and data cleansing process will also be conducted.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Revenue Expenditure did not meet conditions of MIG. (ISS 47)</b>	conditional grant payments were not utilised in terms of the conditions and purpose of the conditional grants:		Should be rectified in future	Mpho should give clarity on this matter
<b>Revenue: Property rates were incorrectly calculated. (ISS 48)</b>	While performing work on the property rates of the municipality, it was identified that the municipality used a property valuer that differed from the one on the approved valuation roll of the municipality, resulting in incorrect billing of property rates.		Management will ensure that correct rates are charged on accounts by using the latest values of properties appearing on the supplementary valuation roll.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane
<b>Revenue: Inaccurate calculation of water meter and conventional electricity. (ISS 49)</b>	During the financial year under audit and the prior year, it was established that the municipality uses interim for a significant number of its meters for both water and electricity as		Management will ensure that all broken meters are replaced and all the readings are taken by competent meter readers. The process of capturing	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	they believe the reading of the meter readers are not accurate. We identified that the meter readers and revenue officials did not correctly bill the customers due to incorrect calculations of usage and also incorrect capturing of water and electricity usage.		the readings on the system will be monitored.	
<b>Revenue: Refuse and Sewerage inaccurately charged. (ISS 50)</b>	the municipality did not correctly calculate the service charge: refuse and sewerage and sanitation		Management will ensure all the refuse and sewerage accounts are levied according to the approved tariff list by the council. The system reconciliation will be performed by to ensure compliance.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Revenue: Properties that were NOT charged sewerage and refuse. (ISS 51)</b>	the municipality did not bill properties for service charge: refuse and sewerage and sanitation:		Management will ensure all other service charge are levied according to the approved tariff list by the council on all the properties. The system reconciliation will be performed by to ensure compliance.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane
<b>Revenue: Completeness of Prepaid electricity (External sale points). (ISS 52)</b>	The completeness of service charges: prepaid electricity with regards to external sale points could not be tested as management does not perform a comprehensive reconciliation of the units of electricity sold by SYNTELL to the units of electricity purchased from Eskom.		Management will ensure that external sales point's transactional reports are available for reconciliation at all times.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Revenue: Difference on amounts disclosed in the schedules for conventional and prepaid electricity and the trial balance. (ISS 53)</b>	differences were identified on amounts disclosed in the schedules for conventional and prepaid electricity and the trial balance		Management will ensure financial statements are reviewed on time before submitted to Auditor General, council and audit committee.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane
<b>Revenue – Supporting evidence was not provided for audit purpose (Prior year misstatements). (ISS 36)</b>	Requested supporting evidence has not been provided for audit purpose. The information was requested under request for information (RFI) 09 which was issued on 27 September 2017 with a due date of 02 October 2017.	Management should ensure that information is submitted timeously for audit purposes.	Management will ensure that the supporting evidence is accessible at all times to Auditor General. This information will be retrieved from the system.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane
<b>Basic Service: Meter readings are not consistently read and lack of review of meter books. (ISS 13)</b>	The meter reading books for the month of April 2017 were obtained and inspected. The books were not reviewed by senior	Management should ensure that the meter readers take the necessary active steps in obtaining the reads of the	The readings will be taken on monthly basis by the competent meters readers. The readings will	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>officials of the municipality to ensure that the readings are appropriate.</p> <p>The meter reading books for the month of April 2017 were obtained and inspected. The books were not reviewed by senior officials of the municipality to ensure that the readings are appropriate.</p>	<p>meters on a monthly basis and the meter books are adequately review to ensure that accurate reading are obtained. Furthermore, the leadership of Letsemeng LM should implement consequence management for failure by employees to perform their duties.</p>	<p>be checked by management at all times.</p> <p>The readings will be taken on monthly basis by the competent meters readers. The readings will be checked by management at all times.</p>	<p>Budget &amp; Revenue: Lerato Singonzo/ Macdonald Matsunyane</p>
<p><b>Revenue– Supporting evidence was not provided for audit purpose. (ISS 40)</b></p>	<p>The following requested supporting evidence has not been provided for audit purpose. The information was requested under request for information (RFI) 12 which was issued on 05 October 2017 with a due date of 09 October 2017.</p>	<p>Management should ensure that information is submitted timeously for audit purposes.</p>	<p>Management will ensure that the supporting evidence is accessible at all times to Auditor General. This information will be retrieved from the system.</p>	<p>Budget &amp; Revenue: Lerato Singonzo/ Macdonald Matsunyane</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Revenue: Property rates incorrectly calculated. (ISS 61)</b>	Property rates charged does not agree to the tariffs that were approved by Council.	Management should physically verify the properties within Letsemeng against the valuation roll to confirm that the rating category are accurate, and then review the tariffs captured on the system to ensure that the information is captured accurately. These changes should be part of the supplementary valuation roll.	Management will ensure that correct rates are charged on accounts by using the latest values of properties appearing on the supplementary valuation roll.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane
<b>Revenue: VAT portion of government grants and subsidies amount incorrectly classified as other income.(ISS 60)</b>	While testing revenue from conditional grants we noted that the municipality did not recognise the entire expenditure incurred as revenue from non-exchange transactions.	Management make use of GRAP checklist when the financial statements are being reviewing before they are submitted for audit purpose. This will	Management will ensure the correct treatment of VAT on government grants. The process of correcting this information will include a remapping process on the system.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane



Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	The VAT portion of the expenditure incurred was incorrectly classified as Revenue from exchange transactions: Other income.	ensure that they comply with GRAP standards.		
<b>Revenue: Expenditure does not meet the conditions of the MIG. (ISS 58)</b>	A maximum of five per cent of municipalities' MIG allocations may be used for project management costs related to grant funded projects and only if a business plan is approved. through testing revenue from government grants and subsidies, it was identified that payment made was not utilised in terms of the conditions and purpose of the MIG:	Management should ensure that the payments are reviewed before the payment is made to ensure that the expenditure meets the requirement of the grant.	Municipality will implement the control to ensure that the goods received are properly accounted (i.e. using goods receive note stamp or designated personnel as receiving department). Senior personnel should review and sign the transactions verified on daily and weekly basis	Mpho PMU should give clarity on this matter together with Expenditure Section

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<p><b>Revenue: Conditional grant payments recorded in the incorrect accounting period. (ISS 59)</b></p>	<p>The conditional grant expenditure payments which relate to 2015/16 financial year were incorrectly recorded in the current financial year:</p>	<p>Management should ensure that expenditure is accounted for in the correct accounting period as this also affects the revenue recognised for the conditional grant.</p>	<p>Municipality will implement the control to ensure that the goods received are properly accounted (i.e. using goods receive note stamp or designated personnel as receiving department). Senior personnel should review and sign the transactions verified on daily and weekly basis</p>	<p>Zine Mondleki</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>EXPENDITURE SECTION</b>				
<b>Business Process: Unspent grants not cash back. (ISS)</b>	Processes that management has implemented are not sufficient nor adequate to ensure that the funds are spent for the intended purpose. It was determined that the municipality has a significant unspent conditional grant of R35,767,029 (relates to DWA and MIG) on the disclosed on the financial statements while the municipality's primary bank account has less than a million.	Management should develop and monitor the cash balance in the primary bank account to ensure that the balance is not below the unspent conditional grants.	Municipality will implement the control to ensure that the goods received are properly accounted (i.e. using goods receive note stamp or designated personnel as receiving department). Senior personnel should review and sign the transactions verified on daily and weekly basis	Lerato Singonzo(Budget and Revenue Manager)
<b>Repairs and Maintenance: Classification error of</b>	During testing of repairs and maintenance it has been noted that capital expenses have been	To avoid classification errors, management should ensure that adequate and proper	Municipality will implement the control to ensure that the goods received are properly accounted (i.e.	Zine Mondleki

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>capital expenditure.(ISS 51)</b>	incurred but incorrectly classified as repairs and maintenance.	reviews are performed of specifically the vote to which transactions are posted to. These controls should be implemented and performed on all payments made from the municipality's bank account.	using goods receive note stamp or designated personnel as receiving department). Senior personnel should review and sign the transactions verified on daily and weekly basis	
<b>Repairs and Maintenance: Transactions authorised without following appropriate approval process. (ISS 52)</b>	Through review of expenditure to determine compliance with MFMA in terms of authorisation payments, payments were identified not to have followed the appropriate processes of authorising them for payment.	Municipality should ensure that no transaction is paid without following appropriate authorisation processes.	Municipality will ensure that no transaction is paid without following appropriate authorisation processes.	Zine Mondleki

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Repairs and Maintenance: No appropriate sufficient evidence that goods/services have been received. (ISS 53)</b>	Management does not have proof of delivery of goods and/or rendering of services for the below transactions. There was no acknowledged delivery note; signed goods received notes attached or any substantiating information to confirm receipt thereof.	Municipality should implement the control to ensure that the goods received are properly accounted (i.e. using goods receive note stamp or designated personnel as receiving department). Senior personnel should review and sign the transactions verified on daily and weekly basis	Municipality will implement the control to ensure that the goods received are properly accounted (i.e. using goods receive note stamp or designated personnel as receiving department). Senior personnel should review and sign the transactions verified on daily and weekly basis	Zine Mondleki
<b>Repairs and Maintenance: Inaccurate amount recorded in the books and paid to a supplier. (ISS 55)</b>	For invoices obtained for review differences were noted between amount recorded in the general ledger and amount per supplier invoice.	Management should review amounts paid for repairs and maintenance and ensure that all invoices received from suppliers are inspected for accuracy.	Management will review amounts paid for repairs and maintenance and ensure that all invoices received from suppliers are inspected for accuracy.	Zine Mondleki
<b>Repairs and Maintenance: Three</b>	During the review of repairs and maintenance, it was noted that three quotations	Management should ensure that the SCM regulation policies are	Management will ensure that the SCM regulation	Zine Mondleki

<b>Finding</b>	<b>Detailed Finding</b>	<b>AGSA Recommendations</b>	<b>Remedial action</b>	<b>Responsible person</b>
<b>quotations were not obtained. (ISS 54)</b>	were not provided for the selected paid transactions:	followed when appointing the suppliers.	policies are followed when appointing the suppliers.	
<b>Bulk purchases – Bulk purchases recorded on the general ledger not complete. (ISS 101)</b>	During the testing of completeness for bulk purchases the invoice could not be traced to the bulk purchases schedule.	Management should ensure that they perform monthly reconciliation and are being reviewed by the senior officials to ensure all transactions have been processed.	Management will ensure that they perform monthly reconciliation and are being reviewed by the senior officials to ensure all transactions have been processed.	Zine Mondleki
<b>Bulk Purchases – Expenditure transactions not paid within 30 days. (ISS 140)</b>	Identified that the transactions were not paid within 30 days after the invoice or statement received by the Municipality.	Management should formulate and implement controls to identify invoices received and due for payment within 30 days of receipt and also ensure that the controls are not overridden.	Management should formulate and implement controls to identify invoices received and due for payment within 30 days of receipt and also ensure that the controls are not overridden.	Zine Mondleki
<b>Bulk Purchases: Expenditure transactions not approved by</b>	During an audit of Bulk purchases to determine compliance with MFMA in terms of authorisation	Municipality should ensure that no transaction is paid without following	Municipality will ensure that no transaction is paid without following	Zine Mondleki

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Municipal Manager. (ISS 141)</b>	payments, several payments were identified not to have followed the appropriate processes of payment authorisation.	appropriate authorisation processes.	appropriate authorisation processes.	
<b>General Expenses: No appropriate sufficient evidence that goods/services have been received. (ISS 79)</b>	Management does not have proof of delivery of goods and/or rendering of services for the selected transactions reviewed. There were no acknowledged delivery notes; signed goods received notes attached or any substantiating information to confirm receipt thereof.	Municipality should implement the control to ensure that the goods received are properly accounted (i.e. using goods receive note stamp or designated personnel as receiving department). Senior personnel should review and sign the transactions verified on daily and weekly basis	Municipality will implement the control to ensure that the goods received are properly accounted (i.e. using goods receive note stamp or designated personnel as receiving department). Senior personnel should review and sign the transactions verified on daily and weekly basis	Zine Mondleki
<b>General Expenditure - Payment vouchers not submitted resulting limitation of scope. (ISS 80)</b>	Requested information not submitted by the municipality.	Management should ensure that the municipality implements effective monitoring of controls over the filing	Management should ensure that the municipality implements effective monitoring of controls over the filing	Zine Mondleki

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
		system to ensure that all information is properly filed and can easily be made available for audit purposes.	system to ensure that all information is properly filed and can easily be made available for audit purposes.	
<b>Inventories: Journal - Incorrect classification of journal processed at year end to bulk purchases. (ISS 100)</b>	It was noted during the testing that the journal was incorrectly posted to the bulk purchases vote instead of general expenses,	To avoid classification errors, management should ensure that adequate and proper reviews are performed of specifically the vote to which journals are posted to.	Management to see to it that Inventory Journal are done properly with clear description and reasons on why it was performed	SCM Manager
<b>Trade payables and Expenses: Internal control deficiencies regarding purchases and payables. (ISS 9)</b>	Municipality does not have controls over the goods received and service rendered as they are relying on the suppliers to submit the delivery notes. For goods delivered without the delivery notes, there is no evidence that the	Municipality should implement the control to ensure that the goods received are properly accounted (i.e. using goods receive note stamp or designated personnel as receiving department). Senior personnel should	Municipality will implement the control to ensure that the goods received are properly accounted (i.e. using goods receive note stamp or designated personnel as receiving department). Senior personnel should	Zine Mondleki



Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>officials of the municipality are acknowledging receipts of goods and services.</p> <p>The creditors' reconciliations are not reviewed by senior personnel.</p> <p>Inputs into the finance system (Sebata FMS) are not reviewed by senior personnel other than the capturers resulting in transactions being incorrectly classified and/or inaccurate (i.e. material journal passed by management to classify the VAT).</p>	<p>review and sign the transactions verified on</p>	<p>review and sign the transactions verified on</p>	
<p><b>General expense: Transaction recorded in incorrect period (Cut- off): (ISS 78)</b></p>	<p>General expenditure transaction was incorrectly recorded in the current year</p>	<p>Expenses are recorded in the correct accounting period.</p>	<p>Expenses are recorded in the correct accounting period.</p>	<p>Zine Mondleki</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	30 June 2017, instead of the prior year financial year.			
	Furthermore, through inspection of the statement from Vodacom we noted that the municipality was still paying for unknown users, counsellors and employees that are terminated.	Implement proper controls to ensure cancellations are done for contracts pertaining to unknown/terminated personnel.	Management will formulate and implement controls to identify invoices received and due for payment within 30 days of receipt and also ensure that the controls are not overridden	Zine Mondleki
<b>General expense: Transactions not paid within 30 days of receiving the invoice/statement. (ISS 81)</b>	General expenses, transactions were not paid within 30 days after the invoice or statement received by the Municipality	Management should formulate and implement controls to identify invoices received and due for payment within 30 days of receipt and also ensure that the controls are not overridden	Management will formulate and implement controls to identify invoices received and due for payment within 30 days of receipt and also ensure that the controls are not overridden	Zine Mondleki

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>General expense: Normal approval processes of payment were not followed. (ISS 83)</b>	General expenditure payments were initiated prior to approval of the municipal Manager:	Management should ensure that all payments for transactions made are fully authorised and approved prior to initiation of payment.	Management should ensure that all payments for transactions made are fully authorised and approved prior to initiation of payment.	Zine Mondleki
<b>General expense: Transactions from bank statements not recorded on general ledger. (ISS 86)</b>	Transactions could not be traced from the bank statement to the GL	Management should ensure that they perform monthly reconciliation and are being reviewed by the senior officials to ensure all transactions have been processed.	Management will ensure that they perform monthly reconciliation and are being reviewed by the senior officials to ensure all transactions have been processed.	Zine Mondleki
<b>General expense: Transactions not processed in the correct period. (ISS 103)</b>	Transactions relating to the current financial year were incorrectly recorded as transaction relating to 2017/18 financial period. Therefore the expenditure recorded is not complete.	Management should ensure that all transactions are recorded in the correct financial period.	Management will ensure that all transactions are recorded in the correct financial period.	Zine Mondleki

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>General expense: Payment vouchers and supporting evidences not submitted for transaction after year end. (ISS 104)</b>	Documents were not submitted for the transaction processed after year end.	Management should also ensure that proper record keeping processes are in place to ensure that documents are readily available and submitted timeously.	Management will ensure that proper record keeping processes are in place to ensure that documents are readily available and submitted timeously.	Zine Mondleki
<b>General expense: Transactions could not be confirmed for occurrence (Prior Year Uncorrected Misstatements): (ISS 145)</b>	During the audit of general expenses in the prior year, it was noted that the municipality did not keep record and/or obtain proof that goods have been delivered or the services have been rendered before the payments are	Management should ensure that there are goods received notes in place when the goods are being delivered and inspections are done for the services that have been delivered by the suppliers.	Management will ensure that there are goods received notes in place when the goods are being delivered and inspections are done for the services that have been delivered by the suppliers.	Zine Mondleki
<b>General expense: Transaction incorrectly recorded and also completeness (Prior year uncorrected</b>	Prior year unresolved.	Management should ensure that the information is submitted timeously for audit purposes.	Management will ensure that the information is submitted timeously for audit purposes.	Zine Mondleki

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
misstatements): (ISS 146)				
<b>General expense: Transactions incorrectly classified (Prior year uncorrected misstatement): (ISS 174)</b>	Prior year incorrectly classified transactions were not resolved.	Management should ensure that there are effective controls in place to ensure that transactions are correctly classified.	Management should ensure that there are effective controls in place to ensure that transactions are correctly classified.	Zine Mondleki
<b>PROCUREMENT SCM</b>				
<b>Commitments: Commitments not recorded on the commitment register. (ISS 94)</b>	WIP projects were selected and traced to the commitment register and it could be confirmed that the municipality did not include commitment relating to	Management should obtain the contract with suppliers relating to the identified projects. Subsequently, commitments should be	To review the commitment register of the municipality and ensure that all the commitments have been added on to the commitment register	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>projects that are still under construction.</p> <p>Furthermore, the some of the WIP projects selected and traced to the commitment register were confirmed that the municipality did not include commitment relating to projects. We could not recalculate the amount of the commitments that should be disclosed due to the fact that contracts for those projects not being available.</p>	<p>calculated relating to these projects and the financial statements (Note 36) should be amended as may be appropriate.</p>		<p>SCM Manager</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Commitments: Contracts could not be obtained to recalculate commitments. (ISS 125)</b>	Management could not provide tender documents (containing supplier contracts), Subsequently, the auditor could not recalculate the balance of commitments to be disclosed in the financial statements.	Management should submit the tender documents (containing contracts) for audit process. Furthermore, the financial statements should be amended with the identified amount.	Management should also ensure that proper record keeping processes are in place to ensure that documents are found quickly and submitted timeously.	SCM Manager
<b>Unauthorised expenditure: Incorrect of unauthorised expenditure and No determination of unauthorised expenditure on capital expenditure. (ISS 105)</b>	Through the comparison of the final budget and the trail balance per vote, we identified that management incorrectly determined that the unauthorised expenditure.	The municipality should implement daily processing and review of transactions to keep track of the budgeted and actual spending at the municipality.	Management to review the list of unauthorised expenditure to ensure completeness	SCM Manager
	The municipality did not completely disclose all the instance of unauthorised expenditure, the municipality does not have record of which votes were	This is not a process that can wait for the consultants at the end of the year as it is normally too late at that time.	Management to review the list of unauthorised expenditure to ensure completeness	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>used to allocate the capital spending. The unauthorised expenditure calculation submitted did not include the determination of unauthorised expenditure on capital expenditure.</p>			
<b>ANNUAL FINANCIAL STATEMENT ISSUES</b>				
<p><b>Cash Flow Statements: Difference the auditors cash flow amounts and amounts disclosed on CF and incorrect accounting of</b></p>	<p>The cash flow statements for the financial year 2016/17 and also 2015/16 was recalculated based on the general ledger, financial statements (together with their notes) and audit evidence obtained during</p>	<p>Management should ensure that a GRAP checklist in developed and used when the financial statements are being reviewed. Furthermore, management should develop a plan that will</p>	<p>The financial statement to be properly reviewed by the CFO prior to submission to AGSA</p>	<p>CFO</p>



Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<p><b>purchase of property, plant and equipment (PPE) and Suppliers and other payments of CF. (ISS 115)</b></p>	<p>the audit of statement of financial position and statement of financial performance and differences were noted.</p>	<p>address over-reliance on consultants for AFS preparations. The plan must include, among other things:</p>		
	<p>Based on the testing performed on accrued expenses, note 13, and work-in-progress (WIP) we identified that payable from exchange transactions also includes, unpaid invoices for acquisition/construction of PPE to contractors/consultants, these are capital expenditure and not only operating expenses.</p>	<ul style="list-style-type: none"> <li>• Identification, appointment and/or promotion of staff with GRAP knowledge and experience, and</li> <li>• Empowerment of existing municipal staff to be involved in AFS preparation,</li> </ul>	<p>The financial statement to be properly reviewed by the CFO prior to submission to AGSA</p>	<p>CFO</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Budget statements - Differences noted on the budget statement. (ISS 114)</b>	Identified that the Cash Flow Statement section still does not have material variances explained as the actual amounts are still not disclosed on the statement.	The preparer of the budget statement should ensure that the amounts on the budget statement are corrected accurate and the CFO should perform a thorough review of the budget statement and ensure that the budget statement is fairly presented.	The financial statement to be properly reviewed by the CFO prior to submission to AGSA	CFO
<b>Budget Statement: Managements explanation of variances not reasonable. (ISS 110)</b>	During the audit of the budget statement and evaluation of the explanations provided by management for the material variances between the budgeted and actual amounts, short coming were found during the evaluation of the explanations	The senior financial manager should ensure that the explanations for the variances of budgeted and actual amounts are included in the budget statement when preparing the financial statements for audit. The CFO should perform a thorough review of the budget statement	<b>Budget and revenue Manager will ensure that all the variances are explained</b>	Lerato Singonzo(Budget and Revenue Manager)

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
		and ensure that all the requirements of GRAP 24 have been complied with.		
<b>Statement of Comparison of Budget and Actual Amounts - Explanations for the variances were not disclosed. (ISS 98)</b>	During the testing of Statement of Comparison of Budget and Actual Amounts we identified that management did not disclose the explanation of the material differences between actual amounts and the budget amounts.	Management make use of GRAP checklist when the financial statements are being reviewing before they are submitted for audit purpose. This will ensure that they comply with GRAP standards	CFO will ensure that the use of GRAP checklist is prioritised in order to ensure compliance	CFO
<b>Commitments: Contracts could not be obtained to recalculate commitments. (ISS 125)</b>	Recalculations performed on the balance of commitments, on projects where contract were available, and could confirm that commitments	Management should submit the tender documents (containing contracts) for audit process. Furthermore, the financial statements	Management should also ensure that proper record keeping processes are in place to ensure that documents are found quickly and submitted timeously.	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	as disclosed in the financial statements are overstated.	should be amended with the identified amount.		
<b>DoRA report: Not submitted within 2 months. (ISS 129)</b>	It was established that the municipality did not comply with the significant sections of the MFMA.	The municipality should designate an official that is responsible for ensuring that the municipality complies with the necessary laws and regulations	This will be discussed with the MM, as he indicated that he want to appoint an individual who will be responsible for Monitoring and Evaluation who will be dealing with the issues of Compliance	Municipal Manager
<b>HUMAN RESOURCE MANAGEMENT</b>				

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Human Resource Compliance – Non-compliance with MSA 56(1)(a)(ii) its competencies and qualifications of appointed acting Senior Managers. (ISS 136)</b>	While testing compliance with MSA to ensure that municipal council complied with this act in terms of appointment of sec. 56 managers and also acting 56 managers, we identified non-compliance with the act as the acting manager directly accountable to the municipal manager in the post of director technical does not have the minimum competency, relevant qualifications and experience required for the post.	Management should ensure compliance with laws and regulations by ensuring that all appointments are filled by candidates that have the prescribed minimum skills, expertise, competencies or qualifications.	Only employees who have minimum competency level, relevant qualifications and experience required for section 56 managers will be appointed to act in the aforesaid positions.	Director: Corporate Services /Manager; Human Resources
	Furthermore, due to his appointments being null and void, this will have a direct impact on compliance with supply		Qualified, senior managers will be appointed to sit in the adjudication committees.	Municipal Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>chain management regulation 29 - bid adjudication committee. The bid adjudication committee did not compose of at least four senior managers of the municipality.</p>			
<p><b>Employee related costing acting allowance paid for period exceeding three months. (ISS 143)</b></p>	<p>During the testing of the acting allowance of senior management, it was noted the following managers received an acting allowance for a period exceeding 3 months with no extension granted by the office of the MEC of local government.</p>	<p>Management should review the acting period to ensure compliance with the provisions of the Municipal Systems Act No. 32 of 2000</p>	<p>The acting period of employees in senior manager's positions will be reviewed on monthly basis and; in the event of extending acting for a period exceeding three months concurrence will be sought from the MEC for COGTA.</p>	<p>Director: Corporate Services</p>
<p><b>Employee Cost: No adequate background checks</b></p>	<p>During obtaining an understanding of the entity and its environment, the following was noted:</p>	<p>Management should perform adequate background checks to ensure that the right</p>	<p>The background checks will be performed on employees before they are</p>	<p>Manager: Human Resources</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
is performed. (ISS 15)	Management does not perform adequate background checks on the appointment of its employees as currently they do not conduct confirmation of qualifications and criminal records	candidate is appointed for the advertised position.	being employed by the Municipality.	
<b>Compliance: Human Resource appointment of position not included in the approved staff establishment. (ISS 137)</b>	During the testing of human resource compliance it was noted that Mr AA Gaba was appointed to the position of Gender Officer to the Mayor, it was however noted that the position was not approved staff establishment/organogram.	Management should ensure compliance with laws and regulations by ensuring that all appointments are in response to vacancies in the approved staff establishment/organogram.	The employees will be appointed in relation to the approved positions on the organizational structure.	Manager: Human Resources
<b>MANAGEMENT AND CFO</b>				
<b>High level review of financial statements. (ISS 16)</b>	Difference were noted when the supporting schedules submitted,	Management should ensure that sufficient time is allocated to perform	The CFO will ensure that sufficient time is allocated	CFO

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	together with the AFS, were agreed to the amount on the general ledger.	proper review of the financial statements prior to being submitted to the auditors. Management should implement daily and monthly monitoring controls to ensure that transactions are reviewed in time.	in order to perform a proper review of the AFS	
<b>SUPPLY CHAIN MANAGEMENT</b>				
<b>Procurement and Contract Management – No Infrastructure Procurement and Delivery Management policy. (ISS 5)</b>	It was identified that that the municipality did not have a SCM Policy for Infrastructure Procurement and Delivery Management in place for the 2016/17 financial year as required by MFMA Circular 77.	Management should actively participate and monitor the supply chain function to ensure that they are up to date with the circulars as well as timeous implementation thereof.	Infrastructure policy it's in place and it was approved by council towards the end of the financial year.	SCM Manager



Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>SCM: Procurement process not followed. (ISS 18)</b>	The order was placed before the quotation was issued by the supplier.	Management should investigate the reasons for non-compliance with SCM regulations. Management should implement consequences for officials who are not complying	Management will ensure that the order is placed after the quotation has been placed and also make sure that all SCM processes are in place to address compliance	SCM Manager
	No evidence was provided to substantiate that all suppliers responded to the advertisement were considered.	with procurement processes.	After the advert has been placed Management will make sure that the advertisement evidence will be kept and attendance register will be kept at the reception as proof.	SCM Manager
	Advertisement that was placed on municipality website could not be provided for audit review therefore advertisement minimum period was not		After the advert has been placed Management will make sure that the advertisement evidence will be kept and attendance register will be	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	verified as required by SCM regulations.		kept at the reception as proof.	
	Three quotations were not obtained from the supplier		During the sourcing of Quotation management will make sure that three quotation are attached and in the absent of three Quotation a deviation motivation will be written and be signed by the Accounting Officer.	SCM Manager
	The letter for deviation was not authorised by municipal manager and also the deviation were not approved by councillors.		All deviations identified within the financial year will be signed by the Accounting officer and thereafter will be noted by the council.	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	The municipal manager signed the deviation letter to procure chemicals. The deviation is not valid of poor planning by management		Management will review a list of all deviation identified to ensure validity of the deviation to avoid poor planning	SCM Manager
	The payment was made on the pro - forma invoice not a valid tax invoice.		After the service has been rendered Management will make sure that original invoice are issued by suppliers and paid within 30 days.	SCM Manager
	Payment number 67567, the payment was made without the invoice.		After the service has been rendered Management will make sure that original invoice are issued by suppliers and paid within 30 days.	SCM Manager
	Management did not attach the deviation letter for procurement of the property in erf 151		Management to review the deviation listing together with the supporting evidence to ensure	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	Koffiefontein and the deviation is not included in the deviation register.		completeness of the deviation register.	
<b>Procurement and Contract Management: Municipality did not utilise National Treasury Central Supplier Database. (ISS 26)</b>	The municipality did not utilise the National Treasury Central Supplier Database (CSD) as from 01 July 2016 even though it was fully effective from that date as required by MFMA Circular No.81.	Management should actively participate and monitor the supply chain function to ensure that they are up to date with the circulars as well as timeous implementation thereof.	Management will make sure that fully implementation of suppliers from CSD is in place this current financial year	SCM Manager
	also identified that that the Municipality did not advertise all their bids and publish notices of all awarded bids on the e-Tender Publication Portal as required by MFMA Circular No.83		It is a requirement to advertise tenders on e-tender portal management will make sure that all transactions above R 200 000 are advertisement on the E tender portal to address compliance	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>SCM: Procurement policy is not aligned to sec 43(1) of SCM regulation. (ISS 28)</b>	SCM policy is not aligned to SCM regulations	Management should align the policy with SCM regulations to avoid non compliances with SCM regulation	Management was follows the LLM supply chain Policy and Circular 29 of the MFMA	SCM Manager
<b>SCM: BAC not consisting of four senior managers. (ISS 42)</b>	It was noted that the bid adjudication committee meeting is not constituted by four senior managers as required by paragraph 29(2).	Management should implement controls for bid adjudication committee to consist of all the required members.	The municipality adhered to the National treasury guideline for municipal Bid Adjudication Committees which says a: the Bid Adjudication Committee cannot undertake business without a quorum present, consisting of half plus one of its total membership with voting power (rounded to the nearest whole number). For example, if there are four members in total, the quorum required is three members.	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<p><b>SCM: No quotations or written confirmations obtained for procurement of between R10 000 to R200 000. (ISS 65)</b></p>	<p>three quotations were not obtained for the procurement of the service from the supplier</p>	<p>Management should investigate the non-compliance with SCM regulations. Management should implement controls to ensure that all procurement processes are followed.</p>	<p>During the sourcing of Quotation management will make sure that three quotation are attached and in the absent of three Quotation a deviation motivation will be written and be signed by the Accounting Officer.</p>	<p>SCM Manager</p>
<p><b>SCM: Could not verify the duration of the bid being advertised. (ISS 44 )</b></p>	<p>Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days</p>	<p>Management should have proper review processes to ensure that all the information are included in the advertisement before being released to the public.</p>	<p>Newspapers and notice adverts will be properly kept by Management to serve as proof of advertisement</p>	<p>SCM Manager</p>
	<p>bids were advertised for less than the required days without following deviation processes</p>	<p>Management should follow proper SCM processes to ensure that they comply with the regulation.</p>	<p>Management will make sure that on the request of quotation basis advert will be done for 7 days and on the Tender processes it</p>	<p>SCM Manager</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
			will be done for 14 days as per the SCM Policy.	
<b>SCM: incorrect results used to calculate functionality. (ISS 68)</b>	a) The calculation table was incorrectly populated resulting in suppliers been eliminated for scoring below the set percentage (unfair elimination).	Management should investigate the calculation of functionality and also disclose irregular expenditure in the financial statements for the supplier awarded for this tender.	The evaluation committee members will make sure that calculations of points are done according to PPPF where we considered the prices and the BBBEE points.	SCM Manager
	b) The scoring sheets were not properly marked to indicate which supplier were evaluated		The evaluation committee members will make sure that calculations of points are done according to PPPF where we considered the prices and the BBBEE points.	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	c) The score sheets of the company EY Inc. were duplicated and the lowest score of 63 was used and if the score of 81 was used the supplier could have qualified on functionality scoring.		The evaluation committee members will make sure that calculations of points are done according to PPPF where we considered the prices and the BBBEE points.	SCM Manager
<b>SCM: Expenditure exceeding the contract amount and VAT included in expenditure. (ISS 69)</b>	Payment to Camelsa under tender LETS AFS/05/2016 was more than the contract value. The municipality appointed Camels to prepare the financial statement for 2015/16 for an amount of R1 011 083 (VAT Inclusive) and resulted in overspending by R2 012 486, 31 (VAT Inclusive).	Management should implement controls to ensure that payment to contractors do not exceed the contract amount.	Proper Contract Management and reconciliation to be done by management to avoid exceeding of tender amount.	SCM Manager



Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	Payment voucher number 15167437 is recorded in the general expenditure inclusive of vat amount of R99 572, 79.	Management should follow procurement processes in all transactions and not split transactions to lesser value to preference points process for payments over R30 000 and R200 000.	SCM will make sure that transaction between 0-2000 quotation will be provided and 2000 -30000 three quotation must be attached and if not the must be a deviation letter or motivation approved by the Accounting Officer	SCM Manager
<b>SCM: No three quotations obtained. (ISS 72)</b>	During the audit of SCM, we identified that less than three quotations were obtained for the transactions and that there was no deviation report approved by a delegated official.	Management should ensure that all procurement processes are followed.	SCM will make sure that transaction between 0-2000 quotation will be provided and 2000 -30000 three quotation must be attached and if not the must be a deviation letter or motivation approved by the Accounting Officer	SCM Manager
<b>SCM: Three suppliers not submitted for competitive bidding. (ISS 73)</b>	Sufficient evidence could not be obtained that management invited at least three suppliers for	Management should investigate the reasons for non-compliance with SCM	SCM will make sure that during the competitive bidding processes are in place such as supporting	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	procurement of services of Camelsa for implementation of MSCOA.	regulations and respond to this communication.	evidence such as enough Quotation requested and all the communication in writing.	
<b>SCM: Deviations not reported to council. (ISS 74)</b>	During the audit of SCM, it was identified that all deviations that were recorded in the deviation register were not reported to council as required by the regulation.	Management should ensure that all deviations are reported to council for approval.	All deviation that has been identified every month will be reported to section 79 Committee and sent them to Council for Noting	SCM Manager
<b>SCM: Quotations advertised for lesser days. (ISS 89)</b>	Advert was placed in municipality website for period of six days instead of seven day.	Management should implement controls to ensure adherence to SCM regulations	SCM unit will make sure that all transaction above 30000 are advertised on notice boards, Website or a Local newspaper .and within the right time as per the SCM policy.	SCM Manager
<b>SCM: Splitting of payments to avoid preference point's</b>	Payments were split to avoid complying with requirements of preference points evaluation criteria	Management should follow procurement processes in all transactions and not split	SCM must follow all the necessary procedures to avoid splitting of orders	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
processes. (ISS 90)		transactions to lesser value to preference points process for payments over R30000 and R200 000.		
<b>SCM - Limitation Supporting evidence not provided for audit purposes: (ISS 34)</b>	Tender documents for the winning bids were not provided for audit purposes as requested.	Management should also ensure that proper record keeping processes are in place to ensure that documents are readily available and submitted timeously.	Management will ensure that proper record keeping is done	SCM Manager
<b>SCM: Supporting documents not provided for audit purposes (ISS 41)</b>	The information was not provided for audit purposes.	Management should also ensure that proper record keeping processes are in place to ensure that documents are readily available and submitted timeously.	Management should also ensure that proper record keeping processes are in place to ensure that documents are readily available and submitted timeously.	SCM Manager
<b>SCM Limitation: Supporting documents not</b>	Requested quotations/bidding documents has not been provided for audit purpose.	Management should ensure that information is submitted timeously for audit purposes.	Management should also ensure that proper record keeping processes are in place to ensure that	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
provided for audit purposes: (ISS 57)			documents are readily available and submitted timeously.	
<b>SCM : Quotations and PPPF not followed (ISS 71)</b>	Inspected the payment number 15067135 for Malt Trading cc, we noted the following:	Management should investigate this transaction to establish the reason for not following procurement process. Management should correctly classify	The SCM Manager should ensure that all the threshold between R30000 and R200000 must comply with the principles of PPPF Act.	SCM Manager
	a) There is no indication that only one supplier responded for the advertisement.	the transaction in the financial statement.	Management will make sure that when there is an advertisement of a Quotation or a Tender The SCM unit will develop a register to record all the quotation and tenders that are submitted on time to serve as a proof.	SCM Manager
	b) There is no calculation sheet for preferential point system.		The SCM Manager should ensure that all the threshold between	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
			R30000 and R200000 must comply with the principles of PPPF Act.	
	c) There is no signed deviation letter approved by municipal manager indicating that procurement process should continue.		In instances where three quotations are not obtained Supply chain Management unit must make sure that the deviation is signed by the Head of department and approved by the Accounting officer.	SCM Manager
	d) The purchased order was issued on 15 September 2015 and the invoice number 555 from Malt Trading cc was issued on 23 August 2016. The invoice was received 11 months after the order was issued. There is no evidence that goods and		Supply chain Management unit will make sure that after the orders has been issued to the supplier they will ensure a turnaround time of delivery of 7 -14 days and failure to do that the order will be cancelled .Proper follow up will be	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>services were received by management because the invoice is not signed as evidence to acknowledge the delivery of goods and services delivered.</p> <p>e) The transactions is incorrectly accounted in the financial statements of 2016/17.</p>		<p>done to avoid delay of service delivery issues .delivery note will also be signed to ensure goods and services to be delivered in time.</p> <p>To adequately perform a review of all transactions and ensures that they have been correctly classified in the financial systems.</p>	SCM Manager
<b>PERFORMANCE MANAGEMENT SYSTEM</b>				
<b>AOPO: Non-compliance with FSAPP and sec 46 of MSA: (ISS 96)</b>	Management did not include the performance objective in the annual performance report to ensure that performance is reported in consistence with the SDBIP.	Management should investigate the non-compliance and adjust the annual performance report to ensure that it is accurate and complete.	Management will ensure that annual performance report for 2017/18 financial year complies with relevant legislations.	PMS Officer: Mieta Nkonki

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	The annual performance report does not include the previous year performance results resulting to non-compliance with municipal system act, act 32 of 2000, section 46(b).		Management will ensure that annual performance report for 2017/18 financial year complies with relevant legislations.	PMS Officer: Mieta Nkonki
	Explanations for non-achievements of performance indicators were not explained in the annual performance report		Management will ensure that annual performance report for 2017/18 financial year complies with relevant legislations.	PMS Officer: Mieta Nkonki
	Duplicates of the indicators reported were identified on page 51, 57, 61, 68 and 75 of annual performance report.		Management will ensure that annual performance report for 2017/18 financial year complies with relevant legislations.	PMS Officer: Mieta Nkonki

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Mid-year budget and performance assessment not done in a required format: (ISS 3)</b>	<p>It was identified that medium mid-year budget and performance assessment did not include:</p> <ol style="list-style-type: none"> <li>1. Mayor's report, Mayor's report was tabled in the municipal council meeting that was held on 31 January</li> <li>2. Resolutions</li> <li>3. Municipality's annual report for the past year and progress on resolving problems identified in the annual report.</li> </ol>	<p>Management should ensure that they have controls in place for municipality to comply with applicable laws and regulation.</p>	<p>Management will ensure that all regulations are followed</p>	<p>Manager in Mayor's office</p>
<b>AOPO - Municipal budget not aligned to the key performance areas and development objectives (ISS 8)</b>	<p>Through inspection of the budget it was noted that municipality could not provide a breakdown of all the revenue, capital and operating expenditure</p>	<p>Management should allocate the annual budget resources to the Key performance areas. All the development priorities with their respective key</p>	<p>Management must ensure that key performance areas (KPAs) as set out in the IDP and the action plans set out in the Service Delivery Budget and</p>	<p>Budget &amp; Revenue: Lerato Singonzo/ IDP Manager/PMS Officer</p>



Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	directly aligned to the key performance areas (KPAs) as set out in the IDP and the action plans set out in the Service Delivery Budget and Implementation Plan (SDBIP). We therefore could not align how the budget resources were allocated to the respective KPAs of the municipality.	performance indicators should be directly linked to the budget.	Implementation Plan (SDBIP) are aligned	
<b>AOPO - Weaknesses in adopting IDP : (ISS 11)</b>	1. Evidence could not be obtained that public was given at least 21 days to comment on the final draft IDP that was adopted on 31 March 2016.	Management should file evidence that IDP was publicised within the prescribed period as per laws and regulations, also that copies of IDP were submitted to relevant stakeholders.	Management should file evidence that IDP was publicized within the prescribed period as per laws and regulations, also that copies of IDP were submitted to relevant stakeholders	PMS Officer: Mieta Nkonki
	2. Evidence could not be obtained that final adopted IDP was		Management must ensure that they keep evidence	PMS Officer: Mieta Nkonki

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	publicised within 14 days after it was adopted by council on 29 June 2016.		for the publication of the IDP	
<b>PMS not applied consistently: (ISS 22)</b>	1. There was no assessment done for the performance of senior management in 2016/17.	Management should design a system for performance management and submit to the council for adoption. This system should be documented	Management will ensure that assessment are conducted per semester	PMS Officer: Mieta Nkonki
	2. Performance management system is not applied to all staff of the municipality.	and communicated to all municipal staff. Furthermore they should ensure it is implemented and assessments are done as per the system.	Management should design a system for performance management and submit to the Council for adoption.	HR manager: Segomotso Qwelane
<b>AOPO: Inadequate system to ensure reliability of reported outcomes: (ISS 23)</b>	No evidence could be found in the current financial year that the previous year's finding was rectified.	Management should ensure that the municipality has and maintains effective, efficient and transparent systems to collect, collate, verify and store	Management will ensure that auditor's recommendations are implemented.	PMS Officer: Mieta Nkonki

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
		<p>performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The system of determining services rendered to the households and determining the total households at the municipality should therefore be revisited and documented to ensure accurate reporting in the annual report.</p>		
<p><b>AOPO: Limitation of scope - no evidence for reported targets: (ISS 24)</b></p>	<p>Information submitted did not have sufficient supporting documents (list of households used to measure the indicators) for auditors to audit.</p>	<p>Management should maintain and provide reliable, accurate and complete information requested for audit of indicators listed above.</p>	<p>Management will ensure that information is safely kept for audit purposes.</p>	<p>PMS Officer: Mieta Nkonki/Technical Officer/IDP Manager</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>AOPO - POE files requested not submitted for audit purpose: (ISS 37)</b>	Requested POE information has not been provided for audit purpose.	Management should ensure that information is submitted timeously for audit purposes.	Management will ensure that information is safely kept for audit purposes.	PMS Officer: Mieta Nkonki
<b>AOPO - Incorrect information reported as achieved targets: (ISS 91)</b>	During the testing of indicators, it was noted that reported numbers are not agreeing to information on billing reports.	Management should maintain a proper record keeping and also ensure that reported targets are supported by valid and accurate information.	Management should ensure that information submitted for reporting purposes is certified by relevant directorate.	PMS Officer: Mieta Nkonki
<b>Key performance indicators and target are not aligned as per IDP and SDBIP: (ISS 1)</b>	It was determine that, Integrated Development Plan does not reflect the key indicators and performance targets of the municipality.	Management should ensure that key performance indicators and performance targets are set during the drafting of IDP and they are aligned to SDBIP.	Alignment of the two documents will be addressed under the new system utilised by the municipality and will be reviewed accordingly.	PMS Officer: Mieta Nkonki and IDP Manager: Andrew Visagie
<b>IDP: Items not reflected by IDP: (ISS 4)</b>	Identified that IDP did not reflect on the following items: 1. Institutional frame work 2. A spatial development	Management should ensure that they have controls in place for municipality to comply with	Management should ensure that they have controls in place for municipality to comply with	IDP Manager: Andrew Visagie

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	framework which includes the provision of basic guidelines for a land use management system for the municipality. 3. Applicable disaster management plans.	Municipal System Act 32 of 2000.	Municipal System Act 32 of 2000.	
<b>AOPO: Monthly budget statement did not provide explanation for material variances: (ISS 12)</b>	It was identified that the monthly budget statements (12 months reports inspected) did not include explanation for material variances from service delivery and budget implementation.	Management should ensure that there are controls in place to ensure that implementation of policies, procedures, laws and regulations are adhered to.	Communication lines to be open between all officials of the municipality.	Budget Manager/PMS Officer
<b>AOPO: Budget not made public within 10 days (ISS 25)</b>	Management could not provide evidence that final approved annual budget and approved adjusted budget were made public within 10 days after they were approved by council.	Management should file evidence when annual budget and adjusted budget is made public.	Management will implement and compliance will be monitored.	PMS officer: Mieta Nkonki

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>AOPO - Inadequate systems and internal control: (ISS 29)</b>	1. A formal documented system description and standard operating procedures that includes definitions and technical standards of all the information collected by the institution were not in place at the municipality in the year under review.	Management should ensure that the municipality has and maintains effective, efficient and transparent systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements	Management will ensure that systems are documented as recommended by auditors after the adjustment SDBIP.	PMS Officer: Mieta Nkonki
	2. No indication signature could be found on the Indigent application form that the credit controller reviewed the application form for validity.	against planned objectives, indicators and targets. The systems should be revisited and documented to adhere to the requirements.	Management will ensure that information submitted for any review is certified.	Finance Budget Manager/PMS Officer/Credit Controller
	3. The report submitted by the finance section indicated the number of accounts on which indigents received free basic services however the		Management will ensure that information submitted for any review is certified.	Finance Budget Manager/PMS Officer/Credit Controller

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	report was not signed to indicate who prepare and reviewed the report for accuracy, validity and completeness.			
	4. No indication could be found that the section 71 report regarding repairs and maintenance was reviewed for accuracy, validity and completeness and that the report was submitted to Treasury. This shortcoming has an impact on the indicator TL 67.		Management will ensure that information submitted for any review is certified.	PMS Officer: Mieta Nkonki/Budget Manager
	5. The report regarding the details of tenders awarded over the period was not signed by a preparer and reviewer to ensure accuracy, validity and completeness thereof.		Management will ensure that information submitted for any review is certified.	PMS Officer: Mieta Nkonki/SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>This shortcoming has an impact on the indicator TL 70.</p>			
	<p>6. The photos submitted to indicate that maintenance work was performed was not supported by a report from the foreman and manager that the planned maintenance work was satisfactorily executed. The photos alone are not sufficient and appropriate evidence of the outcome of the indicator because this photo does not have dates. The following indicators are impacted: TL87 and TL88</p>		<p>Management will ensure that information submitted for any review is certified.</p>	<p>PMS Officer: Mieta Nkonki/Community Services</p>



Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>AOPO: Inconsistencies of indicators and targets: (ISS 31)</b>	Indicators had inconsistencies between the planned targets, as per the SDBIP and the reported targets.	The baseline on APR agrees with actual performance results as per prior year APR and also indicates actions to be taken where target was not achieved.	Recommendation to be implemented for 2017/18 financial year	PMS Officer: Mieta Nkonki
		2. The planned targets as per SDBIP and agrees with targets as APR.	Recommendation to be implemented for 2017/18 financial year	PMS Officer: Mieta Nkonki
		3. The performance indicators refer to the current year performance to be reported.	Recommendation to be implemented for 2017/18 financial year	PMS Officer: Mieta Nkonki
		4. Indicators have clear unambiguous definition so that data will be collected consistently, and be easy to understand and use.	Recommendation to be implemented for 2017/18 financial year	PMS Officer: Mieta Nkonki
<b>TECHNICAL DEPARTMENT</b>				

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Property, plant and equipment - Physical verification not performed and no asset maintenance plan: (ISS 19)</b>	1. The municipality did not conduct the asset verification on items of property, plant and equipment (except for movable assets)	Management should draft the asset maintenance plan and implement it within the municipality.	TECHNICAL TO RESPOND ON ASSET MAINTANANCE AND VERIFICATION OF PPE	Technical Director
	2. The municipality does not have an asset maintenance plan in place			
	3. The assessment for indication of impairment losses, useful life and also residual life was not performed by management for the current year.	Furthermore, the asset verification exercise should be conducted for all municipal assets to confirm the integrity of the asset register.		
<b>Cash and Cash Equivalent - The supply chain management policy is not updated with regards to contracting for</b>	Currently management is not complying with paragraph 30(c) of SCM as the two financial service providers have been providing financial services	It is recommended that the municipality regularly reviews their policies to avoid non-compliance and any possible irregular expenditure.	Municipality to review the SCM Policy and implement it	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>banking service: (ISS 6)</b>	for a period of more than five years:			
<b>Cash shortage - Supporting evidence was not provided for audit purpose: (ISS 62)</b>	<b>Requested supporting evidence has not been provided for audit purpose.</b>	<b>Management should ensure that information is submitted timeously for audit purposes.</b>	<b>resolved</b>	
<b>VAT Reconciliation not performed: (ISS 2)</b>	Identified that log-in credentials on SARS e-filing of the prior year expenditure officer, who is now head of internal audit, were not removed/changed. The current expenditure officer is using those credentials when submitting the municipality's VAT201 return.	Management should ensure that the SARS credentials should be updated with the current person responsible for submitting returns for the municipality.	Requested that Provincial Treasury to assist in this regard and will be implemented accordingly after training that will be conducted mid-February 2018	Zine Mondleki/ CFO

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	Management did not prepare reconciliation between VAT201 and the general ledger on a monthly basis and also an annually VAT reconciliation.	Management should ensure that reconciliations performed and reviewed on a regular basis to ensure that the control is effective.	Requested that Provincial Treasury to assist in this regard and will be implemented accordingly after training that will be conducted mid-February 2018	Zine Mondleki/ CFO
<b>Receivables from exchange and non-exchange: Movement on allowance of bad debts: (ISS 134)</b>	While evaluating the accuracy of the movement in the impairment of debtors posted to the Statement of Financial Performance we noted that management did not exclude VAT in the amount posted.	Management should investigate the matter and ensure that VAT is accounted for correctly in terms of the legislation.	Management will ensure the correct treatment of VAT accounts. Management will exclude VAT on the impairment of debtors posted to Statement of financial Performance.	Budget & Revenue: Lerato Singonzo/ Macdonald Matsunyane
<b>VAT receivable: The VAT appointment is not within the de Minimis rule as the its below 95% and supporting evidence was not provided for</b>	Through the testing performed on general expenses, repairs and maintenance, bulk purchases, also working in progress testing, it was determined that	Chief Financial Officer should ensure that VAT reconciliation is prepared and reviewed on a monthly basis. Furthermore, management should develop a plan that will	Requested that Provincial Treasury to assist in this regard and will be implemented accordingly after training that will be conducted mid-February	Zine Mondleki/ CFO

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>audit purpose:</b> <b>(ISS 121)</b>	management incorrectly claimed the entire VAT amount, instead of 94,15%.	address over-reliance on consultants to perform certain key duties of the municipal staff. The plan must include, among other things: <ul style="list-style-type: none"> <li>• Preparation and review of VAT reconciliation</li> </ul>	2018 and reviews will be done by the CFO	
	VAT reasonability test and compared to the amount disclosed on the financial statements. Significant differences were noted between the disclosed on the financial statements and the amount recalculated by the auditors.		Requested that Provincial Treasury to assist in this regard and will be implemented accordingly after training that will be conducted mid-February 2018 and reviews will be done by the CFO	Zine Mondleki/ CFO
	Requested supporting evidence was not provided for an alternative procedure that had to be performed to substantiate the results of the VAT reasonability test.		Management must ensure that they resolve the issue of the record keeping	Zine Mondleki/ CFO

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Remuneration of Councillors: Remuneration paid in excess of the remuneration determined on Government Gazette volume 618, no. 40 519 of 21 December 2016: (ISS 128)</b>	Remuneration of the mayor and councillors, the remuneration of councillors was compared to the remuneration of councillors according to Government Gazette volume 618, no. 40 519 of 21 December 2016 to ensure the upper limits prescribed were adhered to exceptions were noted.	Management should ensure that reviews and reconciliations of the schedules are performed regularly.	Management should ensure that reviews and reconciliations of the schedules are performed regularly.	Abram / Accounting Service Manager
<b>Employee related costs: Incorrect determination of overtime and standby pay-outs: (ISS 130)</b>	Differences were noted between the auditors recalculated overtime amount based on the overtime sheets and the amount paid out to employees	We recommend that management implement a process to review the overtime calculation before the overtime is paid out.	Management must implement a process to review the overtime calculation before the overtime is paid out.	Abram / Accounting Service Manager / HOD Technical / HR Manager
<b>Employee related costs - Incorrect determination of overtime and standby</b>	Differences were noted between the auditors recalculated overtime amount based on the	We recommend that management implement a process to review the overtime calculation	Management implement process to review the overtime calculation	Abram / Accounting Service Manager / HOD Technical / HR Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>pay-outs while testing completeness: (ISS 131)</b>	overtime sheets and the amount paid out to employees	before the overtime is paid out.	before the overtime is paid out.	
<b>Employee related costs – Employees incorrectly entitled to car allowances: (ISS 142)</b>	Employee records were inspected and confirmed that employee was not allocated a car allowance according to the employment contract and there was no application for a car allowance was approved.	Management should regularly review allowance the payments to ensure only authorised employees receive the allowances.	Management should regularly review allowance the payments to ensure only authorised employees receive the allowances.	Abram / Accounting Service Manager
<b>IT Governance: Weakness in IT environment: (ISS 32)</b>	The audit action plan did not include control deficiency relating to IT governance and how management is planning on addressing them.	Management should consider increasing the IT staff capacity to allow roles and responsibilities to be allocated to different staff members to ensure the provision and maintenance of effective IT systems. Furthermore,	The municipality has never had approved policies in place. The policies would need a person with a thorough IT governance knowledge, management experience to assist the municipality in developing the policies. Through the	Management/IT Technician

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
		management should prepare an IT governance audit action plan which will assist in addressing the prior period control deficiencies identified.	Director corporate Service we managed to get assistance from the Manager IT at the District municipality.	
	2. IT governance framework does not include the following minimum:		IT Section to develop an IT Policy that covers all the detailed finding.	Management/IT Technician
	2.1 IT Policies and procedures,		IT Section to develop an IT Policy that covers all the detailed finding.	Management/IT Technician
	2.2 IT compliance		IT Section to develop an IT Policy that covers all the detailed finding.	Management/IT Technician
	2.3 IT control and risk mitigations,		IT Section to develop an IT Policy that covers all the detailed finding.	Management/IT Technician
	2.4 Information security management practices,		IT Section to develop an IT Policy that covers all the detailed finding.	Management/IT Technician



Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	2.5 Business and disaster recovery,		IT Section to develop an IT Policy that covers all the detailed finding.	Management/IT Technician
	2.6 Project management principles, and		IT Section to develop an IT Policy that covers all the detailed finding.	Management/IT Technician
	2.7 IT benefits realisations processes,		IT Section to develop an IT Policy that covers all the detailed finding.	Management/IT Technician
	IT strategic plan has not been approved my management and council. Furthermore, the unapproved IT strategic document does not cover the key areas: a) The organisation's aims and objectives pertaining to IT b) To what extent business operations and IT would be integrated		A thorough and detailed IT strategic plan is to be developed.	IT Technician

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>c) The structure of the IT environment</p> <p>e) Planning guidelines and constraints (e.g. expected growth and finances)</p> <p>f) Purpose of the IT environment</p>			
	<p>The municipality does not have ICT committee which is supposed to be responsible for monitoring the project plans for IT projects.</p>		<p>The committee is to be established</p>	<p>Management</p>
	<p>Several workstation computers did not have an operating anti-virus installed:</p>		<p>The workstation (Asset PC) was not in use before the Audit period, hence AV was not installed. The AV on Mr Manwele's laptop had technical issues. The AV had to be uninstalled and reinstalled. However Mr Manwele was not</p>	<p>Management/IT Technician</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
			present during the installation process. AV was later installed on both the Assets PC and Mr Manwele's laptop.	
	Several workstations computers did not have the latest windows patch version:		Automatic windows updates were disabled because they would slow down the machines. A patch management system/processes need to be implemented. The patch management would require management to increase IT staff capacity.	Management/IT Technician
	The municipality does not have a formally approved processes that manages the use of granting users access for the system.		Will form part of the IT Policy and User request for access form that is in development.	Management/IT Technician

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	Municipality does not have a formally approved access request documentation that is to be completed.		A user request for access form for both systems is in development.	IT Technician
	The municipality does not review the user access on a monthly basis to ensure that users' access and privileges on all financial systems are appropriate.		Sage guarantees user rights/privileges on their systems. Rights can only be changed by the Administrator being the IT Technician. Management should ensure to employ a Network Administrator/Systems Administrator, as the current users of the systems are too many to go through on a monthly basis with the capacity in the IT Section.	Management/IT Technician
	The municipality does not have processes in place for an independent reviews of		A Manager or a second person in the IT section should review the work	Management

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	the activities of the person responsible for granting users access.		done by the IT Technician on both systems.	
	Municipality does not have a formally documented and approved process in place to manage upgrades/updates made to all systems.		A thorough and detailed IT strategic plan is to be developed.	Management/IT Technician
	Municipality does not have a formal process for monitoring their access to the systems		Systems upgrade document is in development.	IT Technician
	The municipality does not have an approved backup and retention strategy, the IT Technician is in the process of developing the strategy.		Will form part of the IT Policy to be developed.	Management/IT Technician

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	The municipality does not perform the backup of the systems of the following systems: Sebata FMS, and SYNTELL. The backup register is not signed off as proof of review.		During the audit period the Sebata FMS was no longer in use. It was only used for audit purposes. As per the contract agreement between Sebata and Letsemeng LM, Sebata was performing daily automatic offsite backups of the system. The IT Technician was taking daily manual backups. The Syntel server does not require daily backups from Letsemeng LM's side as the server is hosted off-site.	IT Technician
<b>Control deficiencies while understanding of internal control: (ISS 33)</b>	Control deficiencies are not address on a timely basis: Recommendations from	Financial management, together with leadership of Letsemeng LM, should monitor the	Financial management, together with leadership of Letsemeng LM, should monitor the	Management of Letsemeng LM

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	audit unit not implemented by management	implementation of action plans to address internal control deficiencies. This could be achieved by establishing a sub-committee that will regularly perform follow up on the action plan to ensure that it updated and objectives are met.	implementation of action plans to address internal control deficiencies. This could be achieved by establishing a sub-committee that will regularly perform follow up on the action plan to ensure that it is updated and objectives are met.	
	Audit action plan not implemented, monitored and regularly updated		Financial management, together with leadership of Letsemeng LM, should monitor the implementation of action plans to address internal control deficiencies. This could be achieved by establishing a sub-committee that will regularly perform follow up on the action plan to	Management of Letsemeng LM

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
			ensure that it is updated and objectives are met.	
	Inadequate skill audit conducted	Management should ensure that the skill review is adequately performed in terms of regulation 13 of municipal regulations of minimum competency level.	Management, together with leadership of Letsemeng LM, should ensure that proper skilled audit is conducted.	Municipal Manager
	The municipality does not have an approved risk management implementation plan for 2016/17 financial year.	The appointment of the Risk Management Committee should be accelerated to ensure that risk management implementation plan is properly reviewed and recommended to audit committee for approval.	The Municipal Manager will ensure that the Risk Management implementation plan is approved	Municipal Manager



Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>Internal audit function did not adequately perform their responsibilities in terms of section 165 of MFMA: (ISS 17)</b>	The internal audit unit only has two staff members which is not sufficient for the municipality capacity.	The municipality should provide ensure that the internal audit staffs are members of IIA and also receive adequate training.	HR is busy with WSP, List of required training will be given to Mr Lebohang Leeuw, he still going come and do one on one assessments with regards to required trainings needed by IIA	IA Manager
	2) The internal audit staffs are not members of the Institute of the Internal Auditors (IIA)		Resolved, The IIA Staff are both members of IIA	Evidence was submitted to AGSA Manager as proof
	3) The internal audit unit did not attend any technical training for the year under review.		We are in a process of arranging all the Technical Trainings required by IA Section	IA Manager
	4) The municipality did not have an effective audit committee in place for last six months of the financial year under review.		The Shared Audit Committee was dissolved and our own Audit Committee was appointed on the 24th August 2017	IA Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>5) No external quality assurance review/assessment was performed on the internal audit function of the municipality as required by IIA standard 1312.</p>		<p>IA is in a process of developing their yearly Quality Assurance and will be submitted to the Audit Committee for review during the next Audit Committee meeting; a complete QA will be performed after 5 years.</p>	<p>IA Manager</p>
	<p>6) Therefore the internal audit plan did not include the following:</p> <p>6.1 The functionality of the performance management system.</p> <p>6.2 The performance management system's compliance with the Municipal Systems Act.</p> <p>6.3 The reliability of performance measurement in measuring performance</p>	<p>The internal audit plan compiled should be adequately prepared include the following:</p> <p>1. The functionality of the performance management system.</p> <p>2. The performance management system's compliance with the Municipal Systems Act.</p> <p>The reliability of performance</p>	<p>RBAP is in a process of revising it and it will be tabled to AC and taken to Council for noting</p>	<p>IA Manager</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	against key performance indicators referred to in regulation 9 and 10 of the Municipal Planning and Performance Management Regulations 2001	measurement in measuring performance against key performance indicators referred to in regulation 9 and 10 of the Municipal Planning and Performance Management Regulations 2001		
<b>Audit committee did not adequately perform their responsibilities in terms of section 166 of MFMA: (ISS 27)</b>	The audit committee did not advise the accounting officer on matters relating to financial internal control, accounting policies, performance evaluation and effective governance.	Management should ensure that the internal audit submits sufficient and relevant reports to the audit committee to enable them to give the necessary guidance and advice to the municipality.	Reports will be compiled for each and every audit performed	IA Manager
	The audit committee did not advise the accounting officer on matters relating to the adequacy, reliability and accuracy of financial			

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	reporting and information, compliance with the MFMA			
	The audit committee did not review the internal audit reports for all the quarters.			
	The audit committee did not submit audit reports on the review of performance management system to council.		Audit Committee meeting will be arranged where reports will be forwarded to the Committee for them to comment	Audit Manager
	The committee only had two sittings out of the required four.		Audit Committee meeting will be arranged where reports will be forwarded to the Committee for them to comment	Audit Manager
<b>Related Parties – Inadequate processes to identify related party transactions: (ISS 46)</b>	Management does not have controls in place to identify related party transactions apart from directors, councillors and SCM officials completing	Management should ensure that they go through the general ledger on a monthly basis and identify transactions that might have taken place	SCM Manager will ensure that this is implemented	SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	declaration of interest forms. This is not sufficient to adequately identify the related party transactions.	between the municipality and directors, councillors and SCM officials		
<b>Inventories: Incorrectly measurement of inventory (ISS 102)</b>	It was noted during the testing that the quantities of the selected items on the inventory schedule did not agree to the auditor's inventory sheets completed during the physical count at financial year end.	Management should ensure that adequate and proper reviews are performed to ensure that the inventory schedule agrees to the inventory sheets.	Management must review the accounting policy with the new processes on Sage evolution and appointment of asset clerk and second person to the store with accounting background, to address irregularities during the count.	Asset Practitioner and SCM Manager
<b>Inventory – Internal control weakness identified within inventory management. (ISS 10)</b>	Identified the following deficiencies: <ul style="list-style-type: none"> <li>· Inventory is not accounted on the system when received and issued.</li> <li>· Inventory count is not conducted on the same</li> </ul>	Management should design and implement a proper record management for inventory. Furthermore, the implementation of	Implementation of inventory module .	Asset Practitioner and SCM Manager

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>day.</p> <ul style="list-style-type: none"> <li>· Inventory disposed (or auctioned) is not accounted for in the records of the municipality.</li> <li>· There are no active steps taken to investigate missing and lost inventory.</li> </ul>	<p>Asset Loss Control Policy should be enforced.</p>		
<b>HR DEPARTMENT/CFO</b>				
<p><b>Employee Benefit Obligation – Deceased members incorrectly included on post employee medical aid subsidy (PEMA) valuation: (ISS 127)</b></p>	<p>An exception was noted as the member was found to be deceased upon verification and therefore should not have been included on the list of eligible members:</p>	<p>Management should review the source data submitted to the actuary as well as evaluator’s reports.</p>	<p>The error will be corrected in future</p>	<p>HR/Salaries Department</p>
<p><b>Employee Benefit Obligation – Prior year misstatements impacting the</b></p>	<p>1. The following were not disclosed as required by GRAP 125 paragraph 136 amongst others:</p>	<p>Management should review the annual financial statement to ensure that</p>	<p>The error will be corrected in future</p>	<p>HR/Salaries Department</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
<b>comparative figures: (ISS 123)</b>	(e) Reconciliation of accrued liability and that reflected in the balance sheet	all disclosures are adequately made.	The error will be corrected in future	HR/Salaries Department
	(k) Principal assumptions used as at the balance sheet date		The error will be corrected in future	HR/Salaries Department
	(l) Sensitivity of valuation results to changes in main assumptions		The error will be corrected in future	HR/Salaries Department
	(m) Liabilities and experience adjustments for current and previous four annual periods		The error will be corrected in future	HR/Salaries Department
	(n) Best estimate of benefits payments expected in the next annual period		The error will be corrected in future	HR/Salaries Department
	It was noted that the experts valuation report did not take actual contributions paid during		The error will be corrected in future	HR/Salaries Department

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>the year into account but used the expected contribution amount of R375 888, 00</p> <p>During the audit of employee benefits: long service awards it was noted that the valuation report did not take account the actual awards paid during the year but used the expected benefits vesting amount of R148 315.</p>		<p>The error will be corrected in future</p>	<p>HR/Salaries Department</p>
<b>COMMUNITY SERVICES DEPARTMENT</b>				
<p><b>Provision: Provision for Landfill sites not adequately valued: (ISS 120)</b></p>	<p>Errors were noted during the audit:</p> <ol style="list-style-type: none"> <li>1. Weighting factors used were not appropriate</li> <li>2. Discount rates used were not appropriate</li> <li>3. Discount rates adjustments were not</li> </ol>	<p>The CFO should prepare an audit action plan taking into account the auditors' recommendations and this plan is to be monitored on a regular basis to ensure that prior period misstatements are</p>	<p>Error will be reviewed or adjusted</p>	<p>Director Community Services/ Assets Department</p>



Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	<p>appropriate</p> <p>4. Cash flow growth rate and master rates increase used were not appropriate</p>	<p>accordingly addressed, and that misstatements do not occur in the current year.</p> <p>CFO should ensure that a GRAP 19 checklist is developed and used when the financial statements are being reviewed.</p>		
<p><b>Provisions: No maintenance of the landfill sites and adequate verification process for defined benefit plan members: (ISS 50)</b></p>	<p>Management does not have maintenance plan implemented over all their landfill sites.</p>	<p>Management should prepare and implement an asset maintenance plan that includes landfill sites. The implementation of this plan should be monitored at least on a quarterly basis.</p>	<p>Report from Director Community Services with regards to Maintenance plans of all Landfill sites is awaited</p>	<p>CFO and Director Community Services/ Assets Department</p>
	<p>Management does not have controls in place to confirm the existence of the members of the post-</p>	<p>Management should independently confirm the existence of the members of the post-retirement medical aid benefit by</p>	<p>Director Corporate services will formulate controls to confirm existence of these members</p>	<p>Corporate Director, CFO/Salaries department</p>

Finding	Detailed Finding	AGSA Recommendations	Remedial action	Responsible person
	retirement medical aid benefit.	issuing verification forms to the members and requesting the members to submit a confirmation of their existence every year to Letsemeng LM. The verification form should be certified by commissioner of oath.		

### **3.3 Local Economic Development**

#### **Strategic Objective**

To create an environment that promotes development of the local economy and facilitate job creation.

#### **Intended Outcome**

Improved municipal economic viability and Radical Economic Transformation.

#### **The Constitutional Provisions**

Section 152 (1) c states that one of the objects of local government is to promote social and economic development. Expanding on the developmental duties of municipalities, Section 153 goes on to state:

#### **“A municipality must**

- a) Structure and manage its administration, budgeting and planning processes, to give priority to the basic needs of the community and to promote the social and economic development of the community; and
- b) Participate in national and provincial development programmes.”

These objectives are further articulated in the Municipal Systems Act 32 of 2000.

The stated priority function of this Act is “To provide for the core principles, mechanisms and processes that are necessary to move progressively towards the social and economic upliftment of local communities...” and more so “to progressively build local government into an efficient, frontline development agency capable of integrating the activities of all spheres of government for the overall social and economic upliftment of communities”.

The primary means to give effect to these developmental roles is by undertaking developmentally-oriented municipal planning which should ensure progress towards Section 152 and Section 153 of the Constitution (Chapter 5, sub-section 23, Municipal Systems Act). Thus the Integrated Development Plan (IDP) of each municipality is intended to reflect a “single inclusive and strategic

plan for the development of the municipality which links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality”.

Local Government has been identified as the primary institution for LED, however it is not exclusive; within this context Municipalities (Local Government) have three primary roles to play in LED:-

- To provide leadership and direction in policy making (by-laws and processes to regulate land in manner that reduces the costs of doing business and maximises the involvement of people in the local economy);
- To administer policy, programmes and projects (the core function of anybody or structure responsible for LED is to co-ordinate and maximise the impact of programmes and projects with respect to growth and development);
- To be the main initiator of economic development programmes through public spending, regulatory powers, and (in the case of larger municipalities) their promotion of industrial, small business development, social enterprises and cooperatives.

### **What is LED?**

LED is not one particular strategy or theory, but rather it is a wide range of activities that are implemented at the local level in response to local developmental needs and it can be described as a locally-driven process designed to identify, harness and utilise local resources to stimulate the economy and create new employment opportunities. It is therefore a process by which public, business and non-governmental sector partners collectively (or independently) work together to create better conditions for economic growth and employment creation

LED occurs best when a partnership between the local authorities, business, NGO's and most importantly, individuals is formed, and together they strive to improve the localities Economic development is the process of building strong, adaptive and sustainable local economies.

The development of Strategies which are driven by:-

- Local assets and realities;
- A diverse industry base; and
- A commitment to equality of opportunity and sustainable practices;

have emerged as those that will ensure a strong foundation for long-term stability and constant growth. Even within the parameters of these principles, what constitutes success in economic development and the specific strategies to accomplish it will look different from town to town. It is quite evident that the economy of Jacobsdal differs from the economy of Luckhoff for instance. Despite these differences, leadership is consistently identified as a critical factor in effective economic development.

#### **Dedicated leadership is needed to:-**

- Raise awareness;
- Help develop and communicate a common vision; and
- Motivate stakeholders into action;

Although leadership can come from many institutions within the community, local elected Councillors are particularly well-positioned to take on this role. The political influence of elected leadership is critical to helping communities stay the course toward a vibrant economic future. From the podium to the design and coordination of public development strategies, the Mayor and Council members have opportunities every day to effect change and promote a strategic vision of economic growth for their respective communities.

The local economic trajectory of the Letsemeng Local Municipality is undergoing an improved way of “Shaping the debate” around LED in its municipal jurisdiction. It is essential for the municipality to create conditions under which the local economy can undergo swift growth. In attaining these swift growth patterns in the local economy of the FS161 municipal jurisdiction it is quite critical for the municipality’s local economic development Unit and Council to contextualize and understand the following principles of its local economy.

#### **The local economic strengths and weaknesses**

To have a stronger understanding of its community’s economic profile will help to create a realistic vision and strategies for economic development.

#### **The community’s place in the broader Regional, Provincial and National economy**

To gain a firm grasp of how the Letsemeng community fits into the broader Regional, Provincial and National Economy we need to work very close with other spheres of Government to gain National economic success.

### **The community's economic development vision and goals**

Local Municipal officials in the LED Unit of Letsemeng Local Municipality should play a key role in building consensus for a vision and goals that provide clear direction for local economic development.

### **The community's strategy to attain its goals**

A strategic approach which must link economic development goals to specific activities, allocating a budget and appointing or placing staff to these activities and evaluating performance based on measurable outcomes.

### **Connections between economic development and other Council policies**

When drafting economic development policies, it is essential to consider how other Council policies (e.g. SCM policies) affect your economic development goals.

### **The local economic stakeholders and development partners**

Municipal officials should think strategically on a project-by-project basis about who needs to be involved, the resources they bring to the table, and what it will take to get them engaged.

### **The needs of our local business community**

Municipal officials should help create an environment that supports the growth and expansion of local businesses, primarily by opening lines of communication and encouraging partnerships amongst local business.

### **The community's economic development message**

Municipal officials must develop a clear, accurate and compelling message that reflects its local vision and that helps ensure broad support for economic development projects undertaken by the Municipality and its partners.

### **The economic development staff**

Councillors will be more effective in leading economic development activities to the extent that they forge strong relationships with staff members who work on these issues on a daily basis.

The goal of the abovementioned principles is basically to identify fundamental ways on how Council can become informed and strategic decision-makers who can connect the policy “dots,” be effective communicators and take a leadership role in economic development. It is based on the premise that Councillors can and should actively participate in and lead long term development strategies that make sense for their communities.

### **Assessing the Local Economy of Letsemeng Local Municipality**

The community’s strengths and weaknesses, such as quality-of-life amenities, infrastructure and workforce skills, determine the potential of the local economy to support economic growth. This economic profile lays the foundation for creating a realistic vision and strategic direction for economic success that is unique to each community.

Information about the local economy can also help engage and educate constituencies and build community support for economic development decisions, on this note Letsemeng Local Municipality commits to undertake an in-depth diagnosis of its local economy.

This exercise will assist the local economic development Unit to identify factors within and outside of the control of local government that impact and shape its local economy. It will further assist in identifying strengths and opportunities which are quite crucial, but local officials also should pay attention to weaknesses and potential threats.

#### **For example:-**

What industries in our community and region are growing or struggling?

What barriers and support services exist for local entrepreneurs and small businesses?

All of these factors should be understood in comparison to the respective communities and in the context of the broader economic trends. As a result of this process, we will have a stronger sense of our unique local assets, as well as what we can and should be doing to build on strengths and mitigate weaknesses.

Though the budget for Local Economic Development in the local space is still limited the municipality and its role-players has made significant strides in trying to change the communities mind-set from a state reliance syndrome; to that of a making things possible to work with

community members to take inventory of their local capacity (Human, Physical, Social, Environmental and Economic Assets) and to acknowledge their own potential and strengths.

**The municipality has in essence aligned itself to the four key strategies which are:-**

- Improving good governance, service delivery and public and market confidence in municipalities;
- Spatial development planning and exploiting the comparative advantage and competitiveness of Districts;
- Enterprise support and business infrastructure development; and
- Introducing sustainable community investment programmes focusing on organising communities for development and maximising circulation of public spend in local economies;

The municipality will over the next multi – year period of three years focus its energies and redirect its available financial resources aimed at local economic development on implementing the following strategic objectives.

Objective	Programme/Plans	Actions/Plans
To shift towards a more strategic approach to the development of our local economy and to overcome challenges and failures	Skills programmes to respond to business and government for greater productivity and efficiency;	Ensure that social and economic development are prioritised within the municipal Integrated Development Plans (IDPs);
To support the local economy in realising its optimal potentials and making local communities' active participants in the	Business support programmes to retain existing businesses and encourage start-up or relocating businesses to enter the area;	Conduct local economic regeneration studies that form a core component of the IDPs;  Identify and market new economic opportunities;



Objective	Programme/Plans	Actions/Plans
economy of the country.		
To wage the local fight against poverty more effectively through local level debates, strategies and actions.	Develop an effective poverty eradication strategy with clear targets and outcomes.(medium – long term)	Implement poverty eradication programmes and projects (establish two co-operatives)
To improve community access to economic initiatives, support programmes and information.	Social development programmes to increase participation in the local economy and build better lifestyles for the community;	Motivate and support individuals, community groups and local authorities to initiate and sustain economic initiatives;  Mobilise civil society to participate in LED and encourage public participation;
To improve the coordination of economic development planning and implementation	Promoting of multi-stakeholder participation in the local economy;	Network with key sectors and role players to create partnerships and projects; Promote interdepartmental collaboration across line departments; and
		Establish sector linkages and clustering of economic activity;  Establish LED groups within the community to mobilise the efforts and resources of local stakeholders around a common

Objective	Programme/Plans	Actions/Plans
		vision; ( <i>Investment summits / business breakfast</i> )

**The Letsemeng Local Municipality envisages achieving the following local economic strategies by implementing the following interventions to achieve its goals:-**

Strategy	Aims	Interventions
Development and maintenance of infrastructure and services	Create an enabling Environment, Save time, cost and Technology	<p>The provision of:</p> <ul style="list-style-type: none"> <li>Reliable, cost effective municipal service delivery – choose a service delivery mechanism that targets the under-serviced</li> <li>Efficient infrastructure maintenance</li> <li>Municipal provision of social amenities and facilities (health, recreation and pre-school)</li> <li>Effective housing and settlements policy</li> <li>Appropriate zoning</li> </ul>
Retention and expansion of existing services	<p>Assist local businesses to improve their productivity and increase market share</p> <p>Graduate to higher value added levels of the production chain</p>	<ul style="list-style-type: none"> <li>Development of local business skills (training)</li> <li>Providing advice and technological support</li> <li>Developing under-exploited sectors that have comparative advantages</li> <li>Outreach programmes (identifying specific problems in local economy)</li> <li>Financial schemes and assistance packages (approach banks)</li> <li>Bulk buying</li> <li>Place and product purchasing</li> <li>Networking</li> </ul>
Increase spending on products of the local economy	To stem the outflow of money from poor areas	<ul style="list-style-type: none"> <li>Encourage communities to buy local (understanding the reasons for external purchasing)</li> <li>Funding special events and festivals</li> </ul>

Strategy	Aims	Interventions
		<p>Providing infrastructure using local labour and locally manufactured materials</p> <p>Promoting employee training within local businesses and communities</p> <p>Networking enterprises of all sizes in the local area</p>
Human capital development and productivity	Ensuring that economic development brings social benefits often requires explicit linkages between 'living wages', human capital development and productivity	<p>General and customised training within lead Sectors</p> <p>Basic and advanced skills development</p> <p>Targeted procurement policies</p>
Community economic development	Support poverty reduction in low income communities and organisations	<p>Promote safe savings collectives and financial services, community based environmental management and maintenance schemes, urban farming projects</p> <p>Support SMME development by providing business infrastructure, technical support through business advice centres, opportunities for involvement of SMMEs in government procurement, network key sectors in which SMMEs dominate</p>
Linkage of profitable growth to redistributive development/ financing	To ensure that businesses investment benefits disadvantaged communities and areas	<p>Example: Banks or other financial institutions opening a branch in any municipal area in Letsemeng Municipality should invest some of their turnover in local small businesses</p> <p>(Corporate Social Responsibility of private Companies, e.g. FNB, Petra Diamonds, OVK)</p>

## **MAIN ECONOMIC SECTORS**

### **Agriculture**

Agriculture is the largest contributor to the local economy, but does not dominate as much as in the other two local municipalities. The very sought after products of the Petra Diamond Mines contribute the major part to the local economy. The farming industry varies throughout the region. The irrigation scheme of Jacobsdal produce crops such as grapes, potatoes, maize, wheat, lucern and groundnut. Cattle and sheep farming dominate farming practice in Luckhoff and Koffiefontein. Luckhoff is well known for its Merino sheep. In Petrusburg mixed farming pays the rent, with sheep farming as the main activity and potatoes and maize as the main crops. Other crops such as sunflowers and corn are also produced. In Oppermansgronde vineyards produce a major income for the town.

Letsemeng Municipality as a whole does not have industries that would ensure employment of our people. It is an agricultural area wherein the Government has really showed support in emerging farms for livestock farming, irrigation and other projects related to agriculture. The challenge existing is that this emerging farmers remains emerging forever and this blocks the cycle as it should be completed in terms of growing and giving way and contributing largely on the economy of the country. The department of Agriculture has started a mentorship programme that would assist the farmers in the long run. There is abundance of water in Jacobsdal area and on the irony; Petrusburg does not have a reliable water source.

### **Mining**

Mining has a significant impact on the rural areas with diamonds being mined extensively in the area. You will find mainly mining, poultry farming and piggery in the Koffiefontein area. It is established as a service town for the mining industry. There is one diamond mine that is situated in the southeastern part of Koffiefontein namely, Petra Diamond Mines Limited.

### **Tourism**

The Municipal area has a significant weekend related tourism potential that could, in future, contribute to the GDP of the district and should be further explored.

## **Light Industries**

Letsemeng Municipality as a whole does not have industries that would ensure employment of our people. Projects have been identified to complement and develop the industries that are currently operating. This includes a Tile making factory that will support the recycling of the slimes dams of the Koffiefontein mines. Few industries are situated in Petrusburg. Existing industries include furniture manufacturers and “scrap yards”. Projects have been identified to compliment and develop the industries that are currently operating.

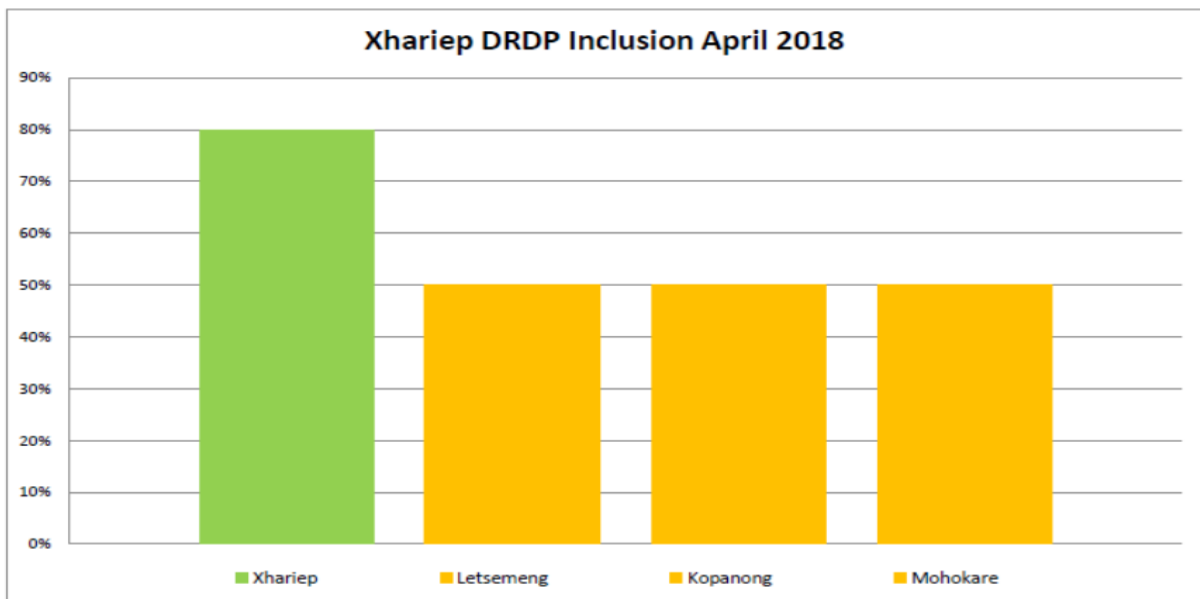
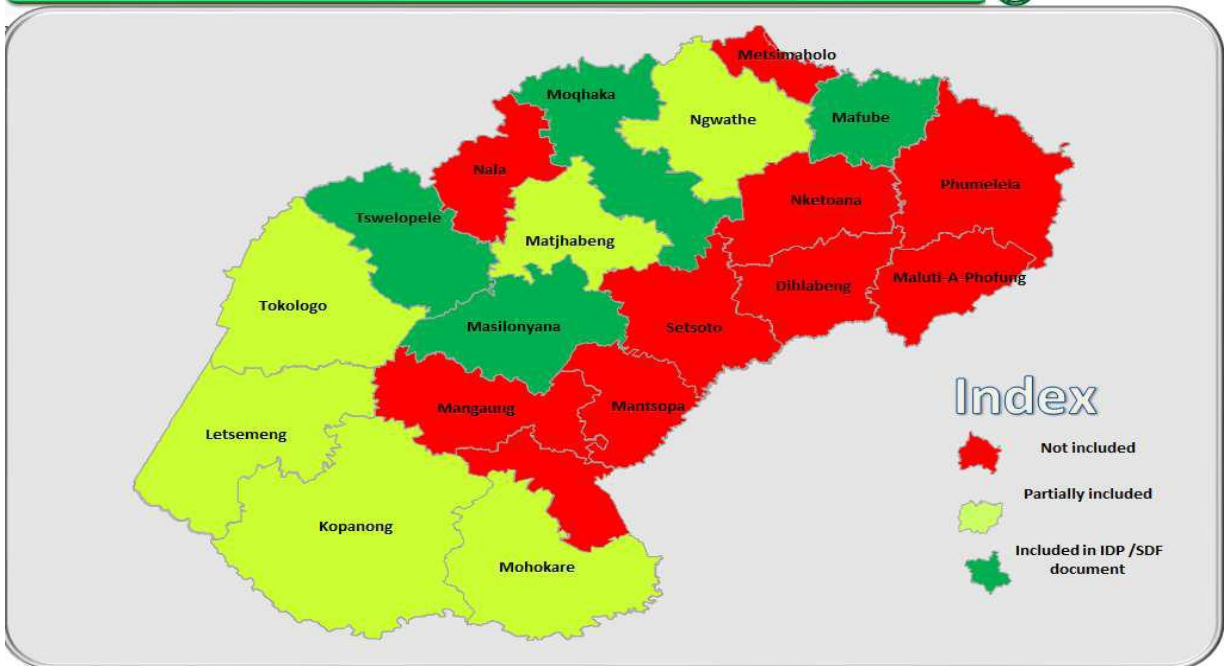
## **JOB CREATION INITIATIVES BY THE MUNICIPALITY**

### **Expanded Public Works Programme**

The Expanded Public Works Programme has been implemented in Letsemeng municipality since 2011 and is growing stronger by the year through the EPWP Incentive Grant from the National Department of Public Works. The municipality has made additional budget provision for the expansion of the EPWP in the municipality from its internal budget in order to create more jobs and give real effect to the EPWP.

### **Comprehensive Rural Development Programme**

Jacobsdal has been declared a CRDP site and some high impact projects have been presented to the National Department of Public Works for implementation in the CRDP site, the municipality is still awaiting approval of these proposals. The upgrading of the stadium has however been completed and the appointment of a Service Provider for the completion of the Recreational Facility is in the process of being finalized by the Department of Rural Development.



These initiatives have brought about enormous changes in our endeavors to relieve the plight of the poor and to accelerate job creation opportunities. Putting the limited resources and rich diversity of minds and commitments into one basket has brought light at the end of the dark tunnel. Indeed it has brought hope to those in despair and has provided to those in need. The municipality is however challenged with the continuous monitoring of the implementation of some of these programmes as some have never been evaluated nor monitored after their launch.

### **3.4 Public Participation and Good Governance**

#### **Strategic Objective**

Promote a culture of participatory and good governance.

#### **Intended outcome**

Entrenched culture of accountability and clean governance

#### **Governance structures:**

##### **Internal Audit**

The Internal Audit function is operational and is currently being supported by an external service provider through a Service Level Agreement.

##### **Audit Committee**

The municipality is making use of a Shared District Audit Committee with all other municipalities in the Xhariep District but is in the process of exiting the Shared Audit Committee to establish its own municipal Audit Steering Committee for more effectiveness of this function.

##### **Oversight committee**

The Oversight Committee of Council's function has been established by Council and is functional.

##### **Ward committees**

All six Ward Committees have been established and are currently functional. A new monthly directive of compulsory Ward meetings has been adopted by Council and it is being supported by monthly Ward Committee reports which are sent to Council through the reports of the office of the Speaker.

The elections of the newly established Ward Committees was done in accordance with the latest Ward Committee guidelines and was coordinated in conjunction with the Public Participation Directorate of the Department of Cooperative Governance and Traditional Affairs.

We are currently in the process of developing Ward-based Plans in close relation with the respective Ward Committees.



### **Council Committees**

All Section 79 Committees of Council have been established and are functional and playing an active role in the total functioning and oversight.

### **Supply Chain Committees (SCM)**

All SCM committees have been established and are operational in accordance with the regulations and prescripts of the MFMA.

### **Schedule of Council Meetings**

A schedule of Council meetings has been adopted by Council and all Ordinary Council sittings are convened in accordance with the adopted schedule. Special Council meetings are being convened as per the prerogative of the Speaker of Council, Honourable Councillor Thandiwe Reachable.

### **3.5 Municipal Transformation and Institutional Development**

#### **Strategic Objective**

An effective productive administration capable of sustainable service delivery.

#### **Intended outcome**

To create an efficient, effective and accountable administration.

#### **Institutional Arrangements**

The municipality has its Human Resource Management Policy Manual that encompasses all aspects that pertain to Human Resources Management as well as Human Resources Development. The Municipality is in the process of finalising the review of Human Resources Management Policy Manual and it was tabled before the Council in 2017. The Human Resources Policy Manual is used in conjunction with Local Government: Regulations on appointment and conditions of employment of Senior Managers.

The current Municipal Organizational Structure was tabled before Council for approval for 2015/16 financial year in May 2015. The draft Organizational Design served before the Local Labour Forum and was tabled before the Municipal Council in 2017. The vacancy rate at the Municipality stands at almost 39 % and this situation impedes the Municipality to deliver effective and quality services to the communities.

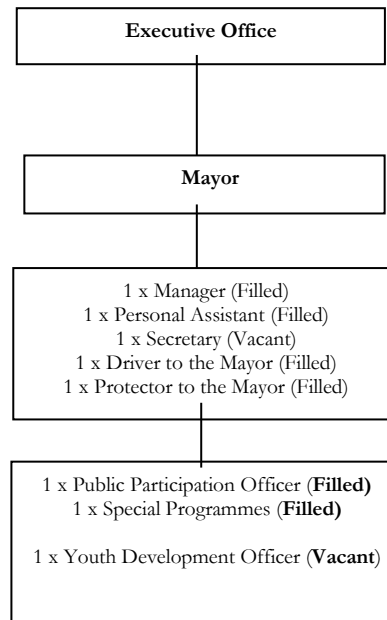
The Municipality has a Workplace Skills Plan which was conducted in consultation with relevant Stakeholders. The programmes in the Training Plan which are part of the WSP are being planned in anticipation to address the skills gaps that were revealed during the Skill Audit that was conducted. The municipality conducted a skills audit to identify the skills gaps amongst the employees of the municipality. Thereafter the Skill Development Facilitator consulted with all relevant stakeholders and collectively identify training programmes that will address those identified skills gaps.

## **Performance Management System**

The Performance Management System of the municipality is currently confined to Senior Managers reporting directly to the Accounting Officer as well as that of the Accounting Officer. This has caused a high level of complacency and underperformance in the municipality and the municipality is currently in the process of cascading the Organisational Performance Management System to each and every individual employee of the Municipality.

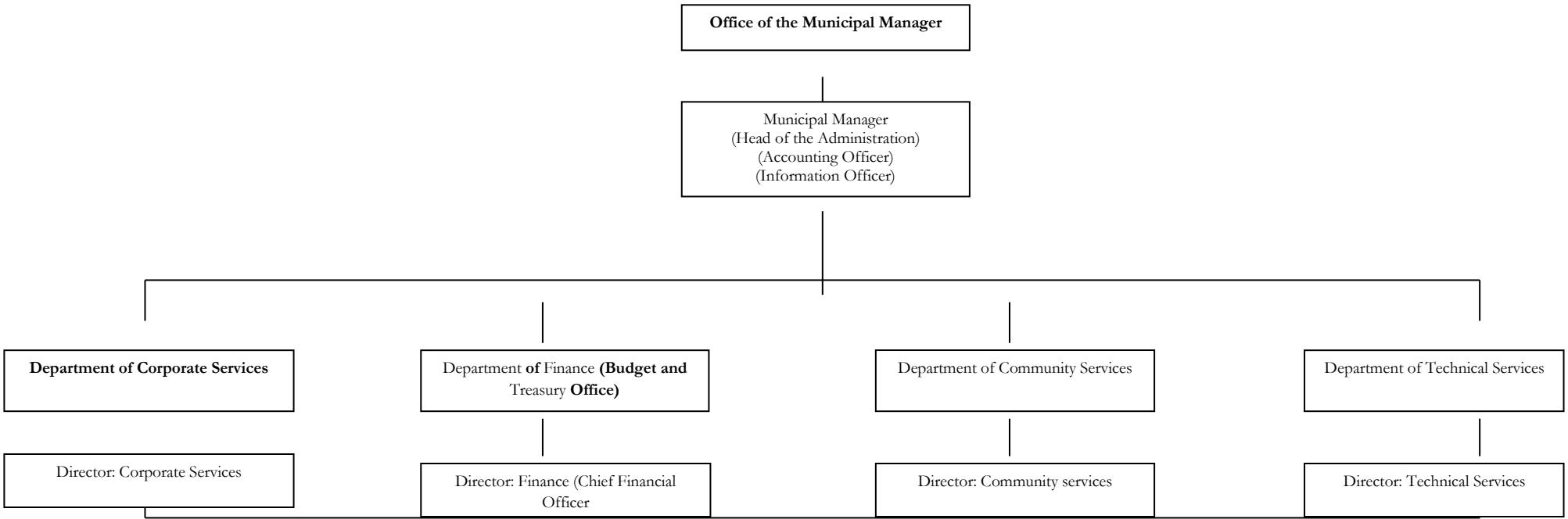
Below herewith the Municipal Organogram which was discussed at the recent Strategic Planning Session held on 10-13 May 2018 and will whereafter be submitted to Council for approval.

**LETSEMENG LOCAL MUNICIPALITY  
EXECUTIVE OFFICE**



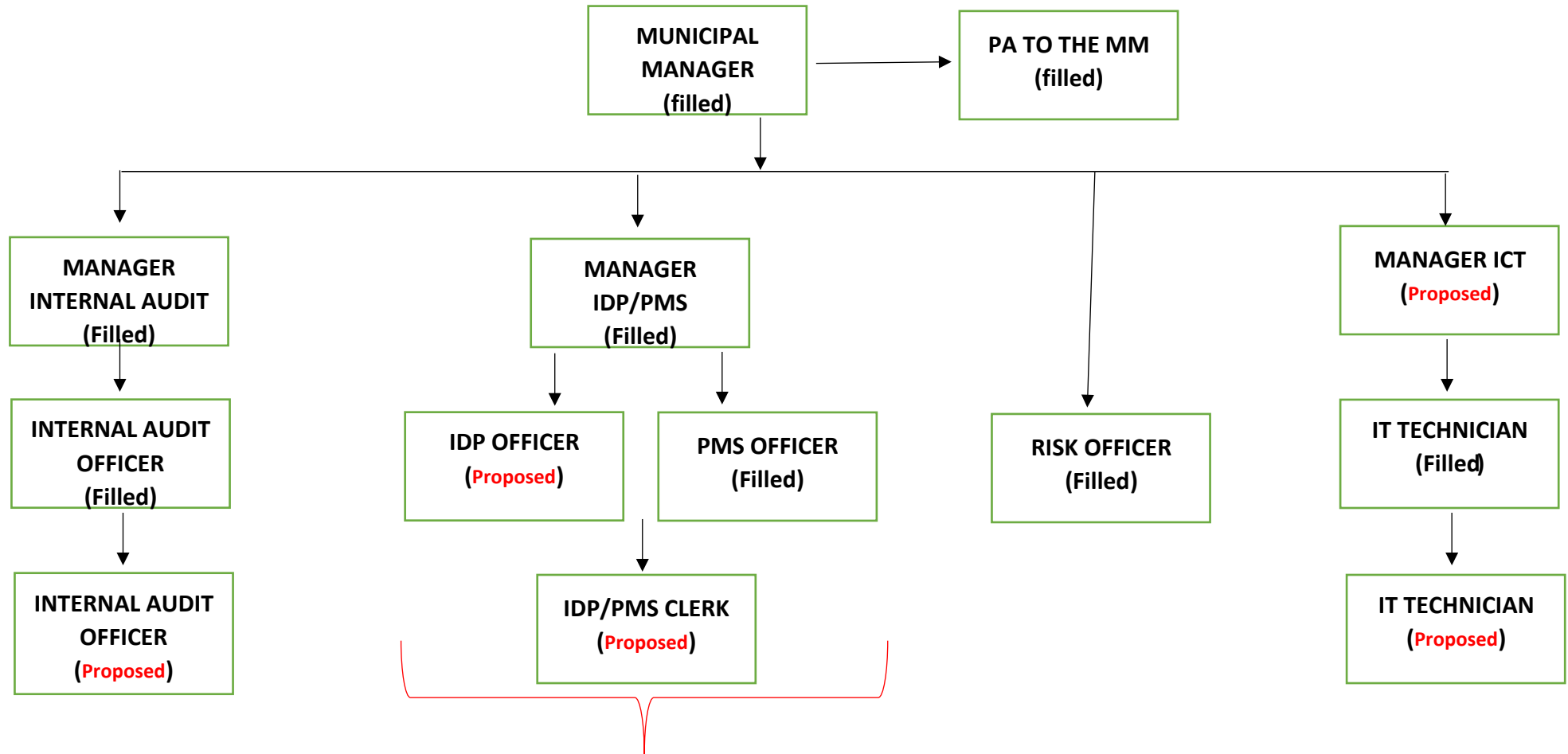
**LETSEMENG LOCAL MUNICIPALITY  
MACRO-STRUCTURE**

**ANNEXURE B**



Letsemeng Local Municipality: Proposed Organizational Structure: Department Financial Services

OFFICE OF THE MUNICIPAL MANAGER



MONITORING and EVALUATION

**Purpose:** To manage the rendering of budget, treasury and financial accounting services to ensure and promote sound financial management practices, processes and legislative compliance

**Functions:**

1. Manage and control the rendering of budget, reporting and revenue services:
2. Manage and control the rendering of supply chain management and expenditure services

1 X Chief Financial Officer

5 X Interns

1 X Secretary

**Division Budget and Revenue Services**

**Purpose:** To manage and control the rendering of budget, reporting and revenue services

**Functions:**

1. Manage the implementation of budget policies, systems, procedures, financial statement and financial reporting processes
2. Manage the implementation and maintaining of revenue and credit control policies, guidelines and procedures to ensure sound revenue management practices and overall compliance

1 X Manager Budget and Revenue

See Page 2

**Division Expenditure and Payroll (Accounting Services)**

**Purpose:** To manage and control the rendering of expenditure and payroll services

**Functions:**

1. Manage the recording, authorization and proper execution of expenditure systems, procedures and transactions and expenditure in accordance with financial policies and procedures
2. Manage the payroll preparation; completing reports; maintaining records and pays employees and compiles payroll information in accordance with applicable prescripts.

1 X Manager Expenditure and Payroll

See Page 4

**Division Assets and SCM**

**Purpose:** Manage and control the rendering of supply chain management and expenditure services

**Functions:**

1. Manage supply chain management services ensuring proper systems, procedures and control for demand, acquisition, logistics, assets and disposal thereof
2. Provide optimal control over the municipality's assets to ensure that assets are properly managed and secured

1 X Manager Assets and 1 Manager SCM

See Page 6

**Letsemeng Local Municipality: Proposed Organizational Structure: Department Financial Services, Division  
Budget and Revenue Services**

See Page 1

<b>Division Budget and Revenue Services</b>
<b>Purpose:</b> To manage and control the rendering of budget, reporting and revenue services <b>Functions:</b> <ol style="list-style-type: none"> <li>1. Manage the implementation of budget policies, systems, procedures, financial statement and financial reporting processes</li> <li>2. Manage the implementation and maintaining of revenue and credit control policies, guidelines and procedures to ensure sound revenue management practices and overall compliance</li> </ol>
1 X Manager Budget and Revenue

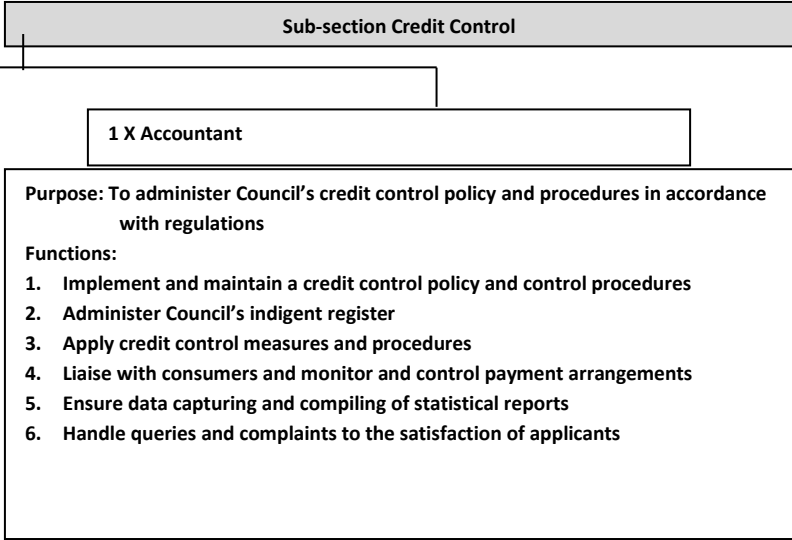
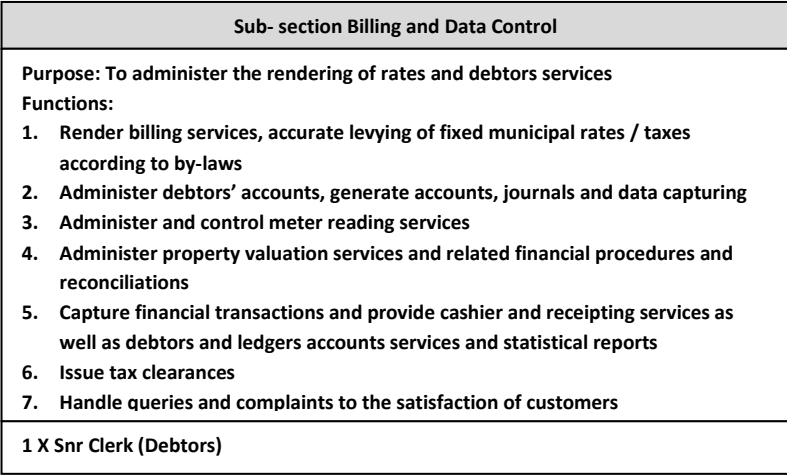
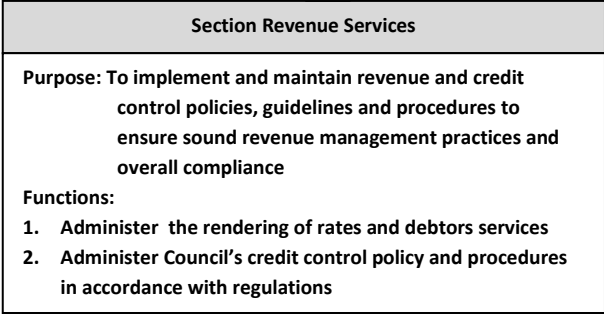
<b>Section Budget and Financial Reporting</b>
<b>Purpose:</b> To manage the implementation of budget policies, systems, procedures, financial statement and financial reporting processes <b>Functions:</b> <ol style="list-style-type: none"> <li>1. Administer processes in relation to planning, compilation and reporting, overall budget control, reconciliations and control over accounting procedures</li> <li>2. Gather/capture information to assist the operating / capital budget processes and reporting requirements</li> <li>3. Prepare, compile and submit financial reports / statements</li> <li>4. Provide financial management support services to ensure the implementation of policies, systems and procedures in accordance with requirements and practices</li> <li>5. Manage the municipality's cash flow and investments</li> <li>6. Coordinate in-service training and internship programmes in accordance with prescribed requirements</li> <li>7. Apply liability management, administer &amp; update lease and loan registers</li> </ol>
1 X Accountant

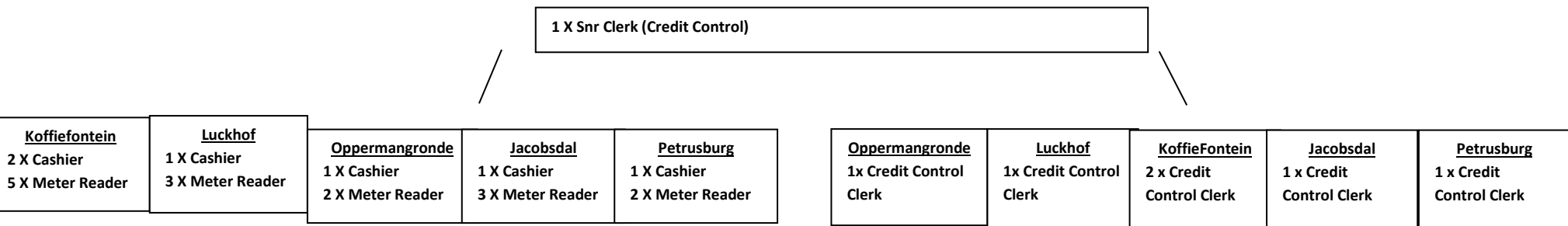
<b>Section Revenue Services</b>
<b>Purpose:</b> To implement and maintain revenue and credit control policies, guidelines and procedures to ensure sound revenue management practices and overall compliance <b>Functions:</b> <ol style="list-style-type: none"> <li>1. Administer the rendering of rates and debtors services</li> <li>2. Administer Council's credit control policy and procedures in accordance with regulations</li> </ol>
1 X Accountant and 1 x Clerk Reporting

See Page 3



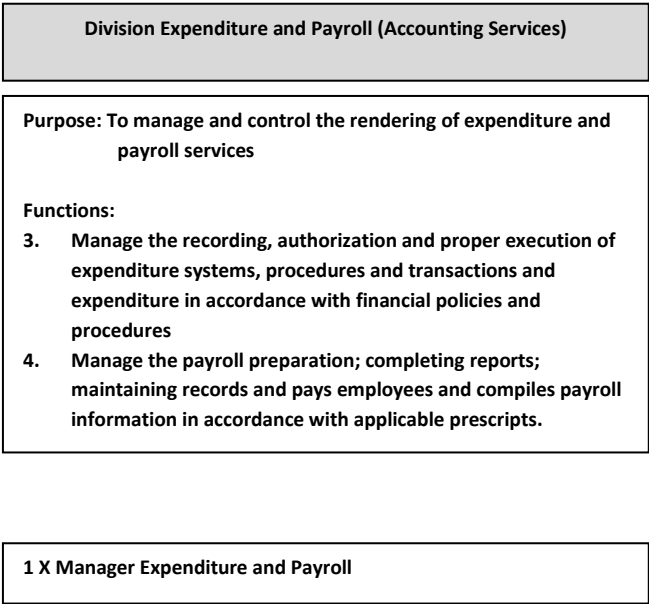
See Page 2





**Letsemeng Local Municipality: Proposed Organizational Structure: Department Financial Services, Division Expenditure and Payroll**

See Page 2



**Section Expenditure and Payroll Services**

**Purpose:** To ensure the recording, authorization and proper execution of expenditure systems, procedures and transactions

**Functions:**

1. Manage the recording, authorization, executing and reporting of payroll transactions
2. Manage the recording, authorization, executing and reporting of expenditure transactions / creditors

**2 X Accountants (Expenditure Accountant and Payroll Accountant)**

See Page 5

See Page 4

**Section - Expenditure Services**

**Purpose:** To ensure the recording, authorization and proper execution of expenditure systems, procedures and transactions

**Functions:**

4. Manage the recording, authorization, executing and reporting of expenditure transactions / creditors

**Section - Payroll Services**

**Purpose:** To ensure the recording, authorization and proper execution of expenditure systems, procedures and transactions

**Functions:**

3. Manage the recording, authorization, executing and reporting of payroll transactions

**Letsemeng Local Municipality: Organizational Structure Department Financial Services,  
Division Expenditure and Payroll Services**

1 X Accountant

1 X Accountant

Sub-section Creditors

Sub-section Payroll

**Purpose:** To manage the recording, authorization, executing and reporting of expenditure transactions / creditors

1. Ensure the accurate and timeous payment of council's creditors according to the approved budget and in compliance with policies, MFMA and relevant prescripts
2. Administer creditors accounts including balancing of creditors votes, monthly closures, bank reconciliation, capturing and paying creditors
3. Administer creditors data and bank statements
4. Handle month and year end procedures including control and integration of creditors with ledger, capturing budgets, reconciliations and balancing of records
5. Deal with financial control procedures, audit queries, financial / statistical reports, system requirements and maintenance.

**Purpose:** To manage the recording, authorization, executing and reporting of payroll transactions

1. Compile and administer the salary budget
2. Ensure the authorization, executing and reporting of payroll transactions
3. Handle staff queries regarding housing subsidies, deductions, pay group insurance, insurance policies, medical aid and pension funds
4. Prepare and effect payment of salaries, wages and allowances
5. Capture and update detail of employees on the payroll system
6. Balance control accounts for salaries and do reconciliations
7. Create statistical reports and generate IRP 5's in accordance with payroll

1 X Snr Clerk [Creditors]  
1 X Clerk [Creditors]


1 X Snr Clerk Payroll  
1 X Clerk [Payroll]

**Purpose:** To manage the recording, authorisation, executing and reporting of expenditure transactions / creditors

1. Ensure the accurate and timeous payment of council's creditors according to the approved budget and in compliance with policies, MFMA and relevant prescripts
2. Administer creditors accounts including balancing of creditors votes, monthly closures, bank reconciliation, capturing and paying creditors
3. Administer creditors data and bank statements
4. Handle month and year end procedures including control and integration of creditors with ledger, capturing budgets, reconciliations and balancing of records
5. Do costing and costing control
6. Deal with financial control procedures, audit queries, financial / statistical reports, system requirements and maintenance

**Letsemeng Local Municipality: Organizational Structure Department Financial Services,  
Division Asset and Supply Chain Management**

Page 1



**Division Assets and Supply Chain Management**

**Purpose:** Manage and control the rendering of supply chain and asset management.

**Functions:**

1. Manage supply chain management services ensuring proper systems, procedures and control for demand, acquisition, logistics, assets and disposal thereof.
2. Provide optimal control over the municipality's assets to ensure that assets are properly managed and secured

1 X Manager SCM and 1 x Manager Assets

**Section Supply Chain Management**

**Purpose:** To manage supply chain management services ensuring proper systems, procedures and control for demand, acquisition, logistics, assets and disposals

**Functions:**

1. Manage demand procedures and acquisitions including policies, procedures, database, compliance and adherence to prescribed procurement practices
2. Ensure that tender evaluation and contract prescript are adhered to
3. Manage compliance, risks, performance and reporting in the supply chain management system
4. Coordinate, control and apply logistics management practices and procedures in order to administer and manage the receipt , safeguarding and issuing of store items

**Section Asset and Inventory Management**

**Purpose:** To provide optimal control over the municipality's assets to ensure that assets are properly managed and secured

**Functions:**

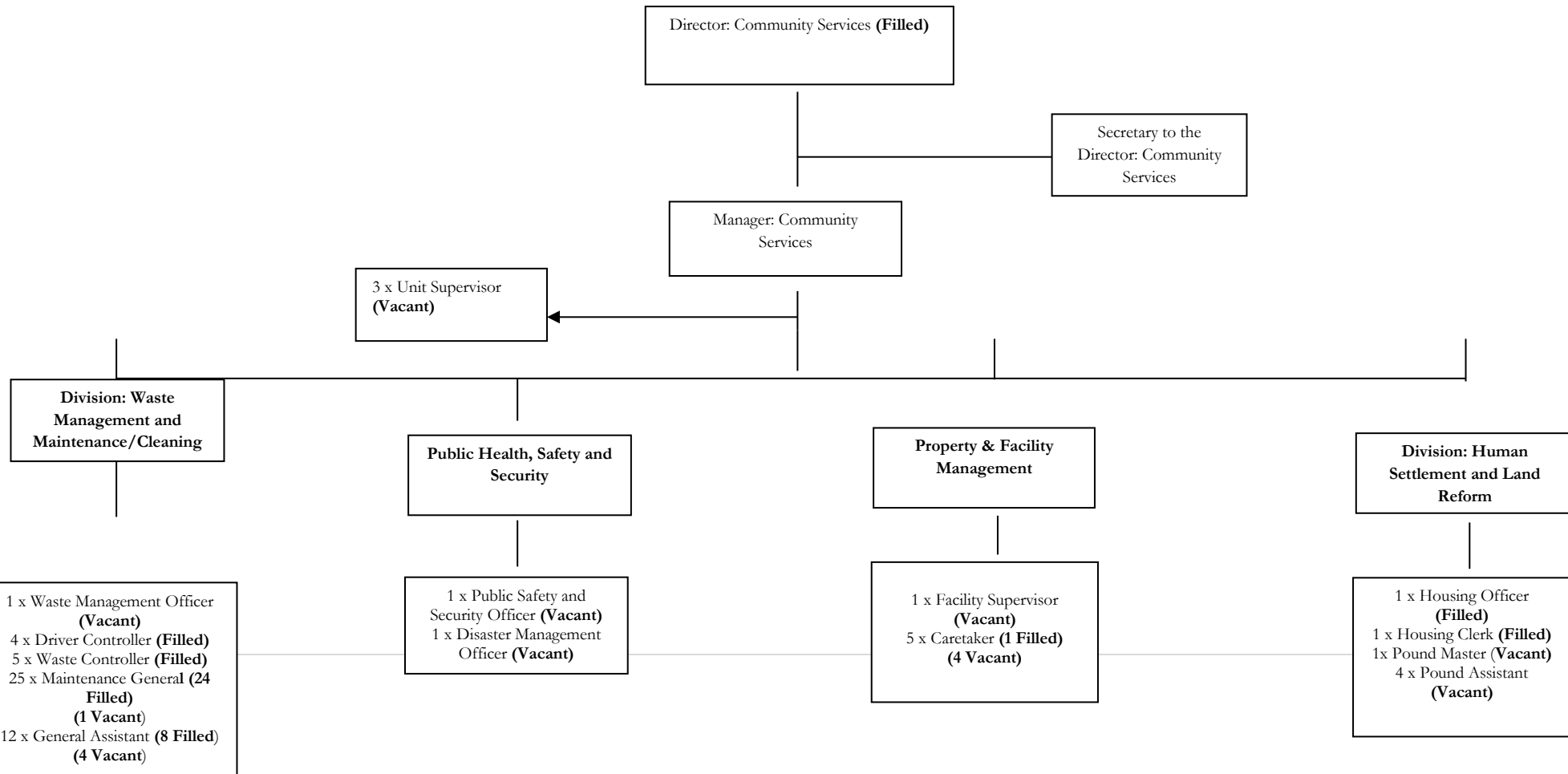
1. Compiles and maintains a fixed asset register of all the municipal assets
2. Manage and administer procedures associated with the control of council's assets and disposal thereof
3. Administer and monitor Council's inventory
4. Administer the insurance of municipal assets and liabilities

1 X Supply Chain Management Accountant  
 1 X Snr Clerk Procurement  
 1 X Clerk

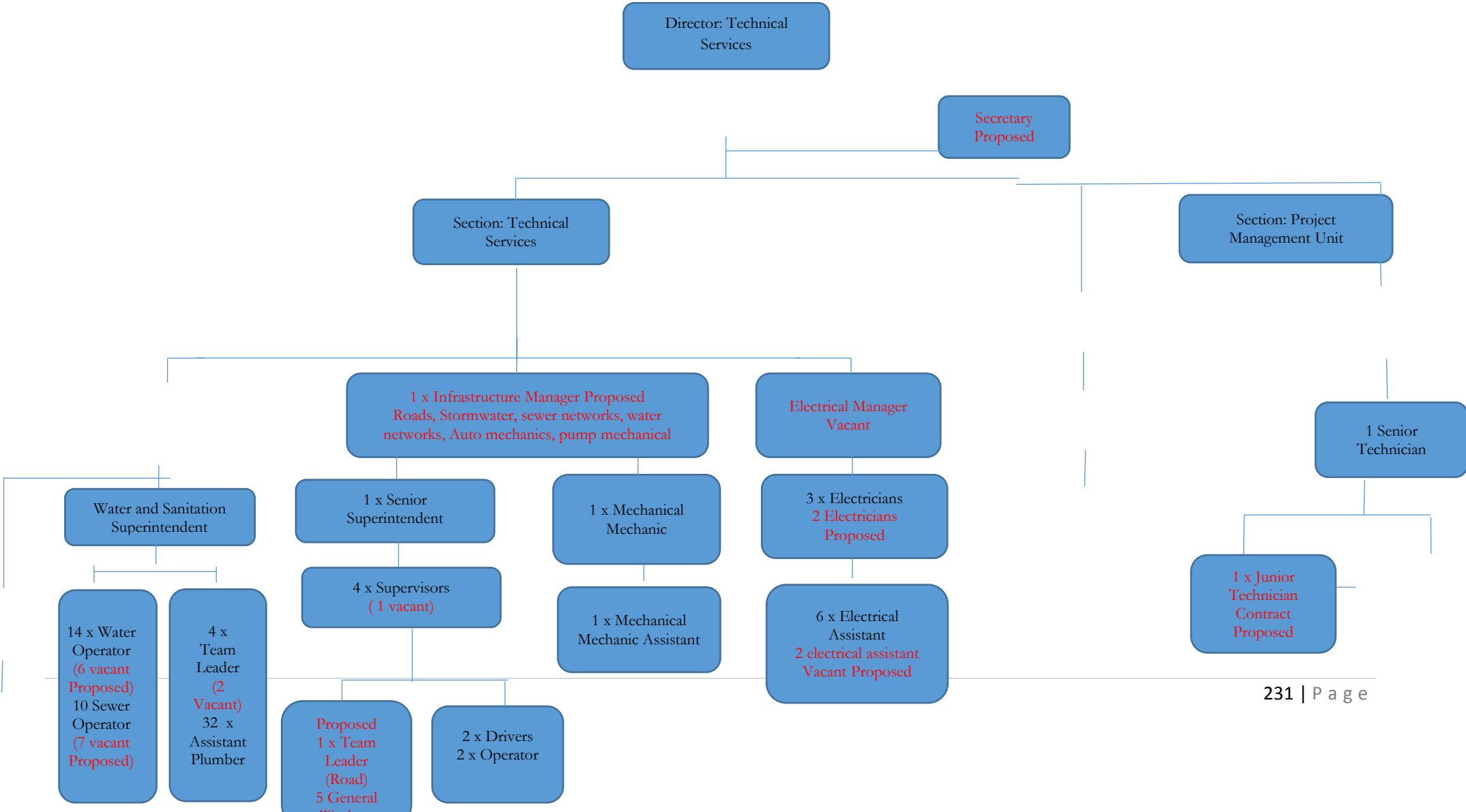
1 X Asset and Inventory Accountant  
 1 X Asset and Inventory Clerk  
 2 X Store Clerk  
 1 x Fleet Management Officer

**LETSEMENG LOCAL MUNICIPALITY  
 COMMUNITY SERVICES**

ANNEXURE G



# PROPOSED TECHNICAL SERVICES ORGANOGRAM



Fleet Unit  
Proposed

Fleet Officer  
Vacant  
Proposed

Fleet Clerk  
Vacant  
Proposed

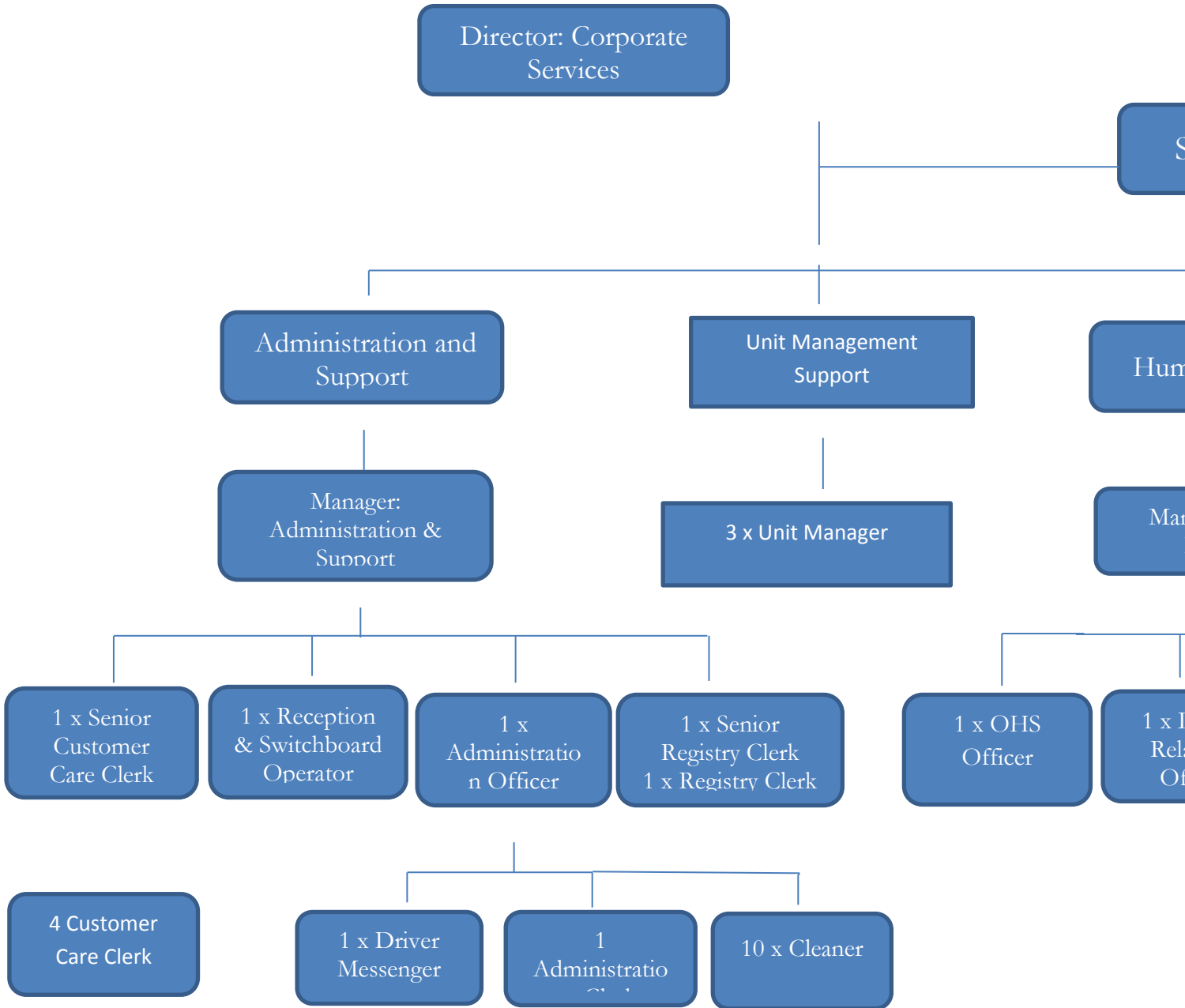
1 x Water and Sanitation Manager  
Proposed  
Water and Waste water treatment  
works (Plants and pump stations)



1 x Pump  
Mechanic

1 Pump  
Mechanic  
Assistant





**N/B** The Department of Corporate Services propose that OHS Officer be removed and its responsibilities allotted to HR Officer.

## Chapter 4 – LETSEMENG LOCAL MUNICIPALITY SECTOR PLANS

Local Government: Municipal System Act, on core components of the Integrated Development Plan provides for the development of a suite of sector plans to enhance the IDP. Municipalities are required to develop a minimum of the following sector plans as core components of the IDP:

Sector Plan	Status Quo
Spatial Development Framework	Final Draft Phase
LED Strategy	Draft
Electricity Master Plan	Draft
Integrated Waste Management Plan (IWMP)	Draft
Disaster Risk Management Plan	Draft
Integrated Human Settlement Plan	Draft
Tourism Sector Plan	Non – existent
Environmental Management Plan	Draft
Fire Management Plan	Non - existent
Workplace Skills Plan	Review Phase
Organisational Performance Management System Policy	Non – existent
Human Resources Strategy	Review Phase
Energy Master Plan	Non – existent
Infrastructure Master Plan	Non - existent

### 4.1. SPATIAL DEVELOPMENT FRAMEWORK

The Letsemeng Spatial Development Review 2017-2018 has been reviewed with technical support and assistance provided by Municipal Infrastructure Support Agency (MISA).

The reviewed Letsemeng Spatial Development Framework highlight some of its unlocked opportunities to be harnessed from its space economy. Furthermore it emphasised how its ageing and /or underutilised infrastructure would be used maximally and how inter and intra linkages would be effected as a central tenet of Letsemeng Local Municipality spatial strategy.

The strategy recognises the importance of establishing linkages to government planning frameworks such as MTSF, NDP, and FSGDS.

The review was anchored and informed by the approaches and principles outlined in SPLUMA.

***The comprehensive report is appended to the IDP as Annexure A***

## **4.2. LOCAL ECONOMIC DEVELOPMENT STRATEGY**

### **What is an LED Strategy?**

The Revised National Local Economic Development Framework (2014-2019) defines Local Economic Development (LED) as “the process by which public, business and non-government sector partners work collectively to create better conditions for economic growth and employment generation with the objective of building up an economic capacity of a local area to improve its economic future and the quality of life for all”.

In terms of the draft revised framework, LED is framed on five core pillars, namely:

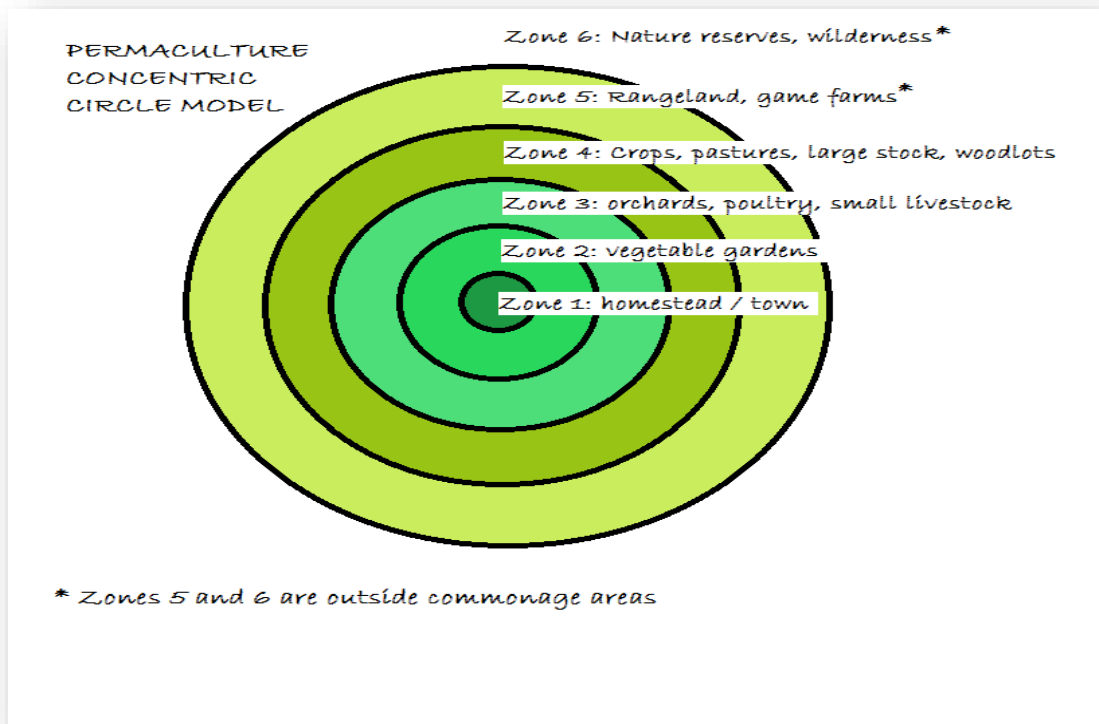
- 1) Building a diverse economic base;
- 2) Developing inclusive economies;
- 3) Developing learning and skilful local economies;
- 4) Enterprise development and support;
- 5) Local economic governance and infrastructure.

### **DEVELOPMENTAL STRATEGY**

This is discussed in depth in the SDF, under *Spatial Development Paradigm* and *Spatial Strategy*. Suffice it here to state that the approach is developmental, green-oriented and leans heavily on private sector buy-in and co-operation. The municipality’s role must be that of facilitator and enabler.

## SECTORS AND POTENTIAL PROJECTS

Economic activity is partitioned into various sectors for ease of reference. Besides the conventional sectors, 'new' economic sectors which hold promise have been identified.



## PRIMARY SECTOR

### Agriculture

- Game / wildlife ranching (in zone 5 – see figure 1 above);
- Stock ranching (including horses in zones 4 & 5);
- Crop farming ('akkerbou' [in Afrikaans] in zone 4);
- Horticulture ('tuinbou', in zones 1, 2 & 3);
- Fisheries, apiaries and woodlots (in zones 3 & 4);
- Indigenous flora (medicinal, horticulture, food, in zones 1 to 5).

## **Mining**

- Gemstones (precious and semi-precious, in zones 3, 4 & 5);
- Minerals (including salt, in zones 3, 4 & 5);
- Quarries and sandpits (in zones 3, 4 & 5)

## **Ecological regeneration**

- Water system
- Flora system
- Fauna system

## **Renewable energy**

- Biogas from landfill
- Rooftop solar
- Concentrated Solar plants
- PV solar plants

## **SECONDARY SECTOR**

### **Manufacturing**

Local 'green economy' component manufacturing.

Processing of agricultural products (meat, hides, bones, fruit, and vegetables).

### **Construction**

- Green building material manufacturing.
- Local construction of housing & social facilities.
- Rail line construction & maintenance.
- Roads maintenance.

### **Textiles – wool weaving.**

### **Tertiary sector (services)**

## **Transport**

Rail transport

Taxis

## **Recreation & Retail (SMME)**

Accommodation

Restaurants

Retail

## **QUATERNARY SECTOR**

### **Education & research**

Community / adult education colleges

Crèches

### **Media**

Film industry

### **Culture**

- Museums & tour guides: Rock Art;
- Griqua culture & history;
- SA War history...

***The comprehensive report is appended to the IDP as Annexure B***

## 4.3 LETSEMENG ELECTRICITY MASTER PLAN

### 1. INTRODUCTION

As part of Letsemeng Local Municipality's (LLM) planning drive to provide affordable and sustainable infrastructure services e.g. electricity to all customers, a realistic and workable Energy Master Plan (EMP) is a key requirement. The focus of the EMP is to assess the current deployed electrical infrastructure within LLM, and then to develop the necessary short, medium and longer-term interventions for improving and expanding the network.

This improvement and expansion will also include alternative energy considerations and the supportive capacity and capabilities to execute the deployment of the EMP.

The development of the EMP will be centered on the current and future load analysis, based on projected population growth and various expansion initiatives across the local municipality boundaries. The load analysis in turn will inform the technical electrical network analysis, reflecting on the current network capacity and strength, with proposed improvements, refurbishments and expansions to ensure adequate performance of the network.

The key deliverables and focus areas in the effort to develop this EMP consist of:

- Verification of information pertaining to the energy infrastructure, processes, policies, service levels, network performance, etc.
- Assessment of the current energy infrastructure within the municipality.
- Spatial development framework of the municipality linked to the EMP.
- Reflect on Eskom supply to the Municipality and future plans for network strengthening and expansion.
- Determine current and future load on the electrical infrastructure.
- Technical and electrical load and network modelling.
- Provide proposed network, energy and other capacity/capability improvements considerations.

Through implementing the proposed recommendations including capital investment plan, together with refurbishment plan, the Letsemeng Local Municipality should be in a better state to provide the required services to the community.

## **2. OBJECTIVES OF THE LLM ENERGY MASTER PLAN**

The key focus of the EMP is to establish a representative baseline for the expansion, and refurbishment of the current electrical network, taking into account confirmed load growth projections and opportunities within the LLM boundaries. Supportive to this, the necessary recommendations are made on alternate energy options for consideration on the demand as well as supply side.

The necessary and realistic capacity positioning will also be reflected within the EMP in order to realize the deployment of commended network enhancements and energy alternatives. Other potential solutions as enablers for LLM related to energy management, to promote economic and social development, improving network performance, customer satisfaction, energy efficiency and conservation are also to be incorporated within this EMP.

With the main focus of this documents i.e. EMP, the current reality within LLM electricity distribution must be taken into account, to ensure realistic planning parameters and options are tabled. The local government's fiscal intent is to finance electricity distribution and considerations for alternative energy considerations.

Two of the most critical balancing reflections for LLM for any energy/electricity aspects within the distributed boundaries of the municipality are:

- a) The need to have a balance between maintaining existing infrastructure/plant and the investing in any new infrastructure/plan expansion or refurbishment.
- b) The need of a balance between own resources, subsidies, conditional grants and borrowing.

National government will also continue to provide substantial funding and support to LLM, mainly in the form of:

- Annual increases in national transfers which serve as the main source of finance for capital projects.
- Repositioning current as well as the development of new policy to reform the service delivery, by addressing allocated budgets and regulations with improved financial monitoring.
- Addressing capacity, capabilities and systems enablement.

Other business and private funding options could also be considered and pursued, but diminishing contributions can be noted nationally for municipalities, over the last few years.

## **3. ANTICIPATED BENEFITS AND OUTCOMES**

Through detailed analysis to identify technical issues in relation to Letsemeng's ability to continue providing related energy/electricity requirements for the local community, as well as performing detailed analysis of potential future developments in and around Letsemeng Local Municipality, it is anticipated



the following will be realised through the development of an Energy Master Plan for Letsemeng Local Municipality:

- 1) Reliability of supply will improve, through upgrading of the current electrical network infrastructure.
- 2) Improvement in service delivery will be realised through improved network availability.
- 3) Identification of refurbishment needs as well as appropriate network planning requirements will provide accurate basis for budgeting and subsequent performance improvement.
- 4) Network expansion will support local economic growth and developmental needs of the local community as well as business alike.
- 5) Diversification of energy sources will be attained, and thus progressively reduce reliance on Eskom for bulk supply.

The above highlight the importance of developing an energy master plan that is based on practical considerations. Ultimately, this will provide means to maintain and develop the existing network infrastructure.

#### **4. OVERALL CHALLENGES AND EXTENUATIONS**

Based on the analysis of the information obtained, the Letsemeng Local Municipality does experience various challenges which have a direct or indirect impact on the current as well as planned energy / electricity provisioning and goals to all customers as well as potential customers. However, the very purpose of this master plan document is to define and ring-fence extenuations to ensure proactive measures are identified and prioritized as to ensure reliable service provision for all of the areas supplied by the local municipality.

##### **4.1 Challenges**

The current challenges that have been identified for LLM, and in particular, in the provision of electricity, are challenges such as:

- a) Lack of Energy monitoring and measurement system within the Municipality's area of supply.
- b) There are no records of previous energy audits or Energy Masterplans having been completed.
- c) Networks equipment is in poor state of repair, impacting on the ability to provide reliable levels of services.
- d) Lack of sufficient data to perform accurate network modelling and accurate load forecasting, including accurate metering data.

- e) Challenges regarding current revenue management are experienced, impacting billing integrity, accuracy and ability to collect revenue. These can be addressed through improved practices to ensure a fully integrated revenue value-chain.
- f) There is a high risk of under-pricing of services, where the Local Government: Municipal Systems Act principles for Tariff Setting are not followed i.e. the current applied tariffs do not reflect the cost of rendering the service.
- g) Inadequate provisioning and capacity for essential maintenance on the electricity infrastructure/plant. Continuous reduction in maintenance spending will have a ruinous impact on the reliability of services, network performances and customer satisfaction levels.
- h) There is no system in place for the management of the maintenance process. There is over-reliance on individual artisans/technicians.
- i) Inadequate capacity, capability and succession planning within the Electrical Services Department are also placing a burden on the Municipality to ensure optimum network performance.
- j) Investment in the refurbishment and maintenance processes is insufficient.

If these identified challenges are not addressed, the set goals (in relation to SDBIP and service delivery objectives) will not be achieved by LLM and will therefore keep impeding on the municipality performance and targeted outputs.

#### 4.2 Extenuations

The identified challenges can be extenuated based on three categories i.e. financing of improvements/extensions, maintenance management and network/plant enhancements:

- Financing of improvements/extensions: Realistic provisioning of capital and operation budgets from own resources and national governmental conditional grants
  - Over committed cash reserves with deployment at narrow margins leaving no room for the required planned maintenance on the electrical plant.
  - The under-pricing of electricity related services, leading to non-delivery of committed and essential amenities
  - Projections based on expected incomes, not taking into account non-technical losses and non-payment escalations as well as non-compliance to the MFMA
  - Aspiring capital budgets are not aligned to resource constraints and other political impeded drivers with no cognition of restricted performance levels in the previous delivery periods
  - Operating expenditures value recognition reduced due to inept prioritised maintenance and non-essential outlays
- Maintenance management: Urgent responsiveness to the whole approach to planned and un-planned maintenance within LLM:
  - Capacity and capability enhancement of current and future Electrical Services department's managers, engineers and technicians to be addressed

- Attention to be given to asset management systems and better evaluation of asset RUL, with risk management of a severely aged plant equipment
  - Current spending of money and effort on maintenance are insufficient to maintain asset integrity and reliability, impacting on network performance measures and client satisfaction
  - Reactive maintenance management mainly due to unplanned interventions, are more costly than planned maintenance
  - Assessment and modelling of current network sustainable value in relation to the cost deployment for this sustainability of this value provisioning to all clients, with the appropriate funding through the correct tariff structure application.
- Network/plant enhancements: Capex funding model and approach to be revised, for adequate financing of required and sound planned network upgrades and extensions
    - Continuous evaluation and re-evaluation of a rolling five-year network load and appropriateness assessment, based on confirmed and well-positioned forecasted loads and asset ratings
    - Motivate for an increased national grant reliance, and the sourcing of alternative funding for any network enhancements and expansions due to current constrained tariff structure funding mechanisms and operating budgets, except for potential interest payments on borrowed money
    - Consideration for leveraging private funding with supportive economic infrastructure initiatives

These measures will be dealt with in detail as part of future planning consideration to ensure the LLM can better position itself to plan effectively for infrastructure, including acquisition, upgrades and refurbishment as well as effective operation and maintenance of electrical infrastructure/assets. The required details in this regard will be elaborated on further in this document.

## 5. CONCLUSIONS

The main aim of the planning and analytic effort deployed to source information, do assessments and evaluate the Municipality environment related to electricity and energy provisioning, was to develop a realistic and workable Energy Master Plan (EMP).

The basis was to assess the current deployed electrical infrastructure within LLM, and then to develop the necessary short- and longer-term interventions for improving and expanding the network. This improvement and expansion also includes alternative energy considerations and the supportive capacity and capabilities to execute the deployment of this EMP.

The analysis completed focused on network assets, load distribution and growth, electrical network configuration and consideration for interventions to address the load growth profile. Modelling was done on various scenarios based on the projected load growth, with the main consideration linked the most likely growth scenario.

The recommendations made in order to realise the outcomes of the masterplan are made in Section 10 above, together with its expected capital cost and hierarchy on priority.

Added benefits regarding efficiencies and productivity with increased revenue collection can also be realised through addressing the “non-technical” interventions. These interventions range from revenue management, better tariff alignment, improved customer and stakeholder interfaces, call center/help desk positioning for network and customer performance measurements, as well as more formalised maintenance planning approach.

The EMP therefore highlighted the critical issues and opportunities to address Letsemeng Local Municipality’s (LLM) mandate to ensure the provision of affordable and sustainable infrastructure services to the community and customers.

***The comprehensive report is appended to the IDP as Annexure C***

## **4.4 DRAFT INTEGRATED WASTE MANAGEMENT PLAN**

### **INTRODUCTION**

The Letsemeng Local Municipality developed its Integrated Waste Management Plan (IWMP) through the use of the Municipal Infrastructure Services Agency (MISA), to meet the obligation on municipalities to develop their IWMPs’ by the National Waste Management Strategy of 2011 as well as the Integrated Development Plan processes.

The plan covers all six (6) wards of the municipality and reviews current services rendered, and also sets goals to be achieved in order to meet the requirements of National Environmental Waste Management Act (NEWMA) of 2008 and the NWMS of 2011.

The development of the plan entailed the following actions:

- Conducting of background study;
- Analysis of the status quo;
- Setting of strategic objectives and priorities;
- Gap analysis; and
- Development of goals, objectives and strategies.

The desired end state identified priorities and goals that the municipality should attain with regards to waste management.

The Draft Integrated Waste Management Plan highlight the following ***goals to be pursued, outlines their attendant objectives, set short, medium to long term measurable performance targets, outlines focus area, current status, what are mitigating measures / intervention and what is desired state/ outcomes***

- *Goals 1: Promote Recycling and Recovery of Waste*
- *Goal 2: Ensure effective and efficient delivery of waste services*
- *Goal 3: Ensure that legislative tools are developed to deliver on the NEWMA and any other applicable legislation*
- *Goal 4: Sound budgeting and financing of waste management services*
- *Goal 5: Ensure the safe and proper disposal of waste*
- *Goal 6: Education and awareness;*
- *Goal 7: Compliance and enforcement*

In order to successfully implement this plan, Letsemeng Local Municipality will have to enter into various partnerships that will facilitate the achievement of the goals identified and these are:

- a) Public – public partnership which involves partnership between two public sector institutions to pool resources for joint development of facilities and provision of equipment and machinery;
- b) Public – Private partnership, where the private company will take the financial risk with a view of making profit. This arrangement should result with the municipality taking full ownership of the facilities at the end of the contract and once all the obligations have been met.
- c) Public – community partnership will see ordinary community members participating in the waste management value chain such as when community based contractors participate recycling and collecting separated recyclables at source,

***The comprehensive report is appended to the IDP as Annexure D***

## **4.5 DISASTER RISK MANAGEMENT PLAN**

### **Vision**

Safer communities where risk avoidance behaviour and risk reduction practices are calculated.

### **Mission**

Managing disaster risks in the LLM through prevention, emergency preparedness, mitigation, effective response, recovery and rehabilitation so as to ensure a safer environment and promote community resilience.

### **Strategic Goal**

To minimize the impact of disasters on the lives of the people and environment in the Letsemeng Local Municipal area

### **PURPOSE OF THE DRMP**

The purpose of the LLM Disaster Risk Management Plan (DRMP) is to document the institutional arrangements for disaster risk management planning, including the assignment of primary and secondary responsibilities for priority disaster risk posing a threat in the Letsemeng Local Municipality.

This plan aims to facilitate an integrated and co-ordinated approach to disaster risk management in the municipality which will ensure that the Letsemeng Local Municipality achieves its vision for disaster risk management which is to build resilient communities in the LLM who are alert, informed and self-reliant by establishing risk reduction and resilience building as core principles and developing adequate capabilities for readiness; and effective and rapid response and recovery.

The disaster risk management plan is in line with the National Disaster Management Framework and addresses disaster risks through the four Key Performance Areas (KPA) and three Enablers:

- KPA 1: Integrated Institutional capacity for Disaster Risk Management
- KPA 2: Disaster Risk Assessment
- KPA 3: Disaster Risk reduction

- KPA 4: Response and recovery
- Enabler 1: Information Management and Communication
- Enabler 2: Education, Training, Public Awareness and Research
- Enabler 3: Funding arrangements for Disaster Risk Management

***The comprehensive report is appended to the IDP as Annexure EF***

## **4.6. INTEGRATED HUMAN SETTLEMENT PLAN**

### **Introduction**

An Integrated Human Settlements Plan (IHSP) for Letsemeng LM was commenced with by consulting firm Bopa Lesedi but was never finalised. Consequently, the MISA town planner's approach was to start afresh with the assumption that an IHSP will be drafted anew, using the information from the current plan where relevant.

The purpose of this Integrated Human Settlements Plan is to serve as an *addendum* to the SDF; as sector plan, illuminating issues pertaining to housing and community which are addressed by the SDF, but not in depth. The IHSP must serve to advice and guide Letsemeng in the provision of sustainable human settlements to its citizens. This will follow from the principles of Breaking New Ground and the sustainability principles of SPLUMA.

Letsemeng's population is declining. It is it suspected that the household structure has changed; has become smaller. This must be determined and the drivers of this trend must be identified, so that a strategy to influence the drivers (if required) can be formulated.

South Africa is faced with a challenge of housing millions of its people. The Department of Human Settlements in conjunction with local municipalities are mandated to attend to the facilitation of housing opportunities. Challenges range from:

- unserviced informal settlements,
- lack of availability of well-located land and municipal services,
- ever-increasing land costs, particularly in urban areas;
- ever-increasing costs for the installation of necessary infrastructure,
- changing the way we build to add to climate change mitigation measures, and

- reduction of built form carbon footprint and investing in green infrastructure and building techniques;

Developing an IHSP is a municipality's response to the stated need. It ensures that housing is prioritised by the municipality and that the budget is shared equitably. The IHSP has to consider the following:

- the legal framework which underpins the development of human settlements;
- the municipality's role and responsibility;
- the planning and preparation of human settlement projects; and
- the needs and realities regarding services and amenities.

To interpret the national and provincial human settlements policies; analyse the municipal human settlement needs; and propose an integrated strategy towards addressing the said needs within a Five-year period. To this end the following will be required:

- The quantification of the human settlements need;
- The alignment of the IHSP with the National Human Settlement Master Plan, district municipality's infrastructure programme and Municipal IDP, SDF, SDBIP.
- Indicate budgetary requirements for the proposed programme; and
- Provide for accreditation and assignment processes revealing capacity constraints and requirements within the municipality.

The plan should have clear stated objectives on:

- Spatial restructuring
- Increasing typologies; and
- Facilitating alternative and innovative construction.

***The comprehensive report is appended to the IDP as Annexure GH***





Chapter 5 – Strategies, Programmes and Projects

CAPEX PROGRAMMES FOR 2018/19

Programme Description	Strategic objectives					Unit of measurement	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performance Target	Budget Year +1 2019/20	Performance Target	Budget Year +2 2020/21	Performance Target
<b>Public Works - Road Transport</b>												
<b>Roads Backlogs</b>												
Reduce road backlogs by Constructing Access roads in Dithake	An efficient and responsive infrastructure network	Spatial integration	Basic Service delivery	Improved quality of life	Km of roads upgraded	progress report / close out report	537 698 Retention	2.2 km Road Completed	-	-	-	-
Reduce road backlogs							R8.5 m	0.9 Km Access	425 000	-	-	-

Program me Descripti on	Strategic objectives					Unit of measur ment	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performa nce Target	Budget Year +1 2019/2 0	Performa nce Target	Budget Year +2 2020/2 1	Performa nce Target
by Constructi ng Access roads in Luckhof								road Completed	Retenti on			
<b>Solid Waste</b>												
<b>LandFill Sites</b>												
Upgrading of Landfill site in Koffiefont ein	An efficient competitiv e and responsiv e infrastruct	Inclusio n and access	Basic Service delivery	Improved quality of life	Number of landfill site upgraded	progress report / close out report	R1.3 million	New site acquired  Scoping and EIA approved	R5.2 million	100% constructi on of a new landfill site at Koffiefont ein	R1.2 million	100% closure and rehabilitati on of old landfill at Koffiefont ein

Program me Descripti on	Strategic objectives					Unit of measur ment	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performa nce Target	Budget Year +1 2019/2 0	Performa nce Target	Budget Year +2 2020/2 1	Performa nce Target
Constructi on of a new solid waste disposal Site in Luckhof	ure net work						R6.05 million	100% constructio n of a new landfill site at Luckhoff	R1.2 million	100% closure and rehabilitati on of old landfill at Luckoff	-	-
<b>Waste Water</b>												
<b>Waste Water Treatment Works</b>												
Construct Waste Water Treatment to speed up service delivery	An efficient competitiv e and responsiv e infrastruct	Inclusio n and access	Basic Service delivery	Improved quality of life	Length of outfall line constructe d	progress report / close out report	R1.6 million	100% constructio n of 400 ml HDPE outfall line and 1km fence Jacobsdal	-	-	-	-

Program me Descripti on	Strategic objectives					Unit of measur ment	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performa nce Target	Budget Year +1 2019/2 0	Performa nce Target	Budget Year +2 2020/2 1	Performa nce Target
ure net work								Waste Water Treatment Works Constructe d				
An efficient competitiv e and responsiv e infrastruct ure net work	Inclusio n and access	Basic Service delivery	Improved quality of life	Number of household s provided with basic sanitation	Completion certificates, progress report / close out report	R3.8 million	202 household s provided with basic sanitation at Ratanang (Jacobsdal )	R416 (Retenti on)	-	-	-	
<b>Water</b>												

Program me Descripti on	Strategic objectives					Unit of measur ment	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performa nce Target	Budget Year +1 2019/2 0	Performa nce Target	Budget Year +2 2020/2 1	Performa nce Target
Bulk Water Infrastruct ure	An efficient competitiv e and responsiv e infrastruct ure net work	Inclusio n and access	Basic Service delivery	Improved quality of life	Percentag e completion of the Water Treatment Works	Completion, progress / close out reports	R14 million	4.2 ml capacity per day Water Works Completed at Jacobsdal	-	-	-	-
	An efficient competitiv e and responsiv e infrastruct	Inclusio n and access	Basic Service delivery	Improved quality of life	Percentag e refurbishm ent of Water Treatment Works	Completion, progress / close out reports	R6 million	100% refurbishm ent of existing Oppermas grond 2 ml capacity	-	-	-	-

Program me Descripti on	Strategic objectives					Unit of measur ment	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performa nce Target	Budget Year +1 2019/2 0	Performa nce Target	Budget Year +2 2020/2 1	Performa nce Target
	ure net work							per day Water Works Completed				
<b>Water Losses</b>												
Water Losses reduced	An efficient competitiv e and responsiv e infrastruct ure net work	Inclusio n and access	Basic Service delivery	Improved quality of life	Percentag e reduction of water loss	Completion certificates progress report / close out report	Portion R10 million received from Petra Diamond s for various projects	Water Losses reduced by 50% from Prior Financial year	Portion R10 million receive d from Petra Diamon ds for various projects	Water Losses reduced by 75% from Prior Financial year	Portion R10 million receive d from Petra Diamon ds for various projects	Water Losses reduced by 85% from Prior Financial year

Program me Descripti on	Strategic objectives					Unit of measur ment	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performa nce Target	Budget Year +1 2019/2 0	Performa nce Target	Budget Year +2 2020/2 1	Performa nce Target
	An efficient competitiv e and responsiv e infrastruct ure net work	Inclusio n and access	Basic Service delivery	Improved quality of life	Percentag e reduction of water loss	Completion certificates progress report / close out report	-	-	R18 million		R18 million	-
Provision of water services to household s	An efficient competitiv e and responsiv e infrastruct ure net work	Inclusio n and access	Basic Service delivery	Improved quality of life	Number of ervens with access to water services	Completion certificates, Close out reports	-	-	R14 million	540 ervens with access to water services	-	-



Program me Descripti on	Strategic objectives					Unit of measur em ent	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performa nce Target	Budget Year +1 2019/2 0	Performa nce Target	Budget Year +2 2020/2 1	Performa nce Target
<b>Sports and Recreation</b>												
<b>Sports (Stadium)</b>												
<b>Sports Field</b>												
Upgrade of Sports Facility in Ditlhake		Inclusio n and access	Basic Service delivery	Improved quality of life	Number of sport field within 100 000 population upgraded	Completion certificate progress report / close out report	R13.065 million	100% upgrading of Ditlhake Stadium	R653.2 50(rete ntion)	-	-	-
Upgrade of Sports Facility in Sonwabile									R1.7 million	100% constructio n of Sonwabile Sports Facility	R80 00 0 retentio n	-

Program me Descripti on	Strategic objectives					Unit of measur ment	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performa nce Target	Budget Year +1 2019/2 0	Performa nce Target	Budget Year +2 2020/2 1	Performa nce Target
Formalisat ion of 540 ervens at Ratanang Jaobsdal	An efficient competitiv e and responsiv e infrastruct ure net work	Inclusio n and access	Basic Service delivery	Improved quality of life	Number of ervens formalised	Layout plan and approved township established	Funded by COGTA	540 Stands in Ratanang formalised	-	-	-	-
<b>Budget and Treasury office</b>												
<b>Revenue</b>												
<b>Revenue Collection</b>												
Increase the current	Responsiv e accountab	Growth	Municipal financial viability	Good Governan ce	Collection rate	Section 71 reports		Collection rate for 2018/2019		Collection rate for 2019/2020		Collection rate for 2020/2021

Program me Descripti on	Strategic objectives					Unit of measur em ent	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performa nce Target	Budget Year +1 2019/2 0	Performa nce Target	Budget Year +2 2020/2 1	Performa nce Target
collection rate	le effective and efficient local governme nt		and manageme nt		increased to 75%		is at least 70%		is at least 73%		is at least 76%	

OPEX PROGRAMME FOR 2018/19

Programme Description	STRATEGIC OBJECTIVES					Unit of measurement	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performance Target	Budget Year +1 2019/20	Performance Target	Budget Year +2 2020/21	Performance Target
Internal Audit Unit is functional	A responsive, accountable, effective and efficient local government system	Governance	Municipal institutional development and transformation	Efficient administration and good governance	Number of audit assignment conducted	Internal Audit reports/	1 270	10 audits reports	1 341	10 audits reports	1 415	12 audits reports
Audit Committee has been appointed					Number of audit committee meetings held	Minutes / attendance registers	4 audit committee meetings	4 audit committee meetings	4 audit committee meetings			
Water Services are delivered in a sustainable manner	An efficient competitive and responsive	Inclusion and access	Basic Service delivery	Improved quality of life	Percentage of households receiving	Close out report/progress reports	15 701	100% of households receiving water	16 580	100% of households receiving water	17 492	100% of households receiving water

Programme Description	STRATEGIC OBJECTIVES					Unit of measurement	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performance Target	Budget Year +1 2019/20	Performance Target	Budget Year +2 2020/21	Performance Target
	infrastructure network				water services in a sustainable manner		services in a sustainable manner		services in a sustainable manner		services in a sustainable manner	
Sewerage Services are delivered in a sustainable manner	An efficient competitive and responsive infrastructure network	Inclusion and access	Basic Service delivery	Improved quality of life	Percentage of households receiving Sewerage services in a sustainable manner	Close out report/progress reports	5 928	100% of households receiving Sewerage services in a sustainable manner	6 260	100% of households receiving Sewerage services in a sustainable manner	6 604	100% of households receiving Sewerage services in a sustainable manner

Programme Description	STRATEGIC OBJECTIVES					Unit of measurement	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performance Target	Budget Year +1 2019/20	Performance Target	Budget Year +2 2020/21	Performance Target
Refuse Services are delivered in a sustainable manner	An efficient competitive and responsive infrastructure network	Inclusion and access	Basic Service delivery	Improved quality of life	Percentage of households receiving Refuse services in a sustainable manner	Close out report/progress reports	7 186	100% of households receiving Refuse services in a sustainable manner	7 578	100% of households receiving Refuse services in a sustainable manner	7 995	100% of households receiving Refuse services in a sustainable manner
Sites are allocated to individuals that are on Municipal Waiting list	Sustainable Human Settlement and Improved quality of life	Inclusion and access	Basic Service delivery	Improved quality of life	Percentage of site allocated as per Municipal waiting list	Close out report/progress reports	3 022	100% of site allocated as per Municipal waiting list	3 191	100% of site allocated as per Municipal waiting list	3 367	100% of site allocated as per Municipal waiting list

Programme Description	STRATEGIC OBJECTIVES					Unit of measurement	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performance Target	Budget Year +1 2019/20	Performance Target	Budget Year +2 2020/21	Performance Target
Parks and Cemeteries to be Refurbished and Maintained	Protect and enhance our environmental assets and natural resources	Inclusion and access	Basic Service delivery	Improved quality of life	Percentage of Parks and Cemeteries to be Refurbished and Maintained	Close out report/progress reports	74	100% refurbished and maintained parks and cemeteries	78	100% refurbished and maintained parks and cemeteries	82	100% refurbished and maintained parks and cemeteries
Planning and Development within Municipality to be in line with Applicable Legislation to	An efficient competitive and responsive infrastructure network	Spatial Integration	Local economic Development	Inclusive Economic growth and sustainable job creation	Efficient development planning approval services	Applications approved within set turnaround times	4 312	All Applications approved within set turnaround times	4 200	All Applications approved within set turnaround times	4 431	All Applications approved within set turnaround times

Programme Description	STRATEGIC OBJECTIVES					Unit of measurement	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performance Target	Budget Year +1 2019/20	Performance Target	Budget Year +2 2020/21	Performance Target
attack investors												
Ensure that Municipality is Financially Viable to deliver sustainable Services	A responsive, accountable, effective and efficient local government system	Governance	Municipal financial viability and management	Efficient administration and good governance	Develop and Implement Revenue Enhancement Strategy	Council Resolutions / Section 71 reports	91 075	Develop and Implement Revenue Enhancement Strategy	94 973	Develop and Implement Revenue Enhancement Strategy	100 196	Develop and Implement Revenue Enhancement Strategy
All roads are properly maintained	An efficient competitive and responsive infrastructure network	Inclusion and access	Basic Service delivery	Improved quality of life	Maintain all access roads:	Close out report /progress report	6 431	2 Access Roads per Ward per Financial year.	6 791	2 Access Roads per Ward per Financial year.	7 165	2 Access Roads per Ward per Financial year.



Programme Description	STRATEGIC OBJECTIVES					Unit of measurement	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performance Target	Budget Year +1 2019/20	Performance Target	Budget Year +2 2020/21	Performance Target
All government Structures are in place	A responsive, accountable, effective and efficient local government system	Governance	Municipal instructional development and transformation	Efficient administration and good governance	Percentage of compliance of all governance structures	Minuted meetings of all council committees	14 508	100% of compliance of governance structures	15 089	100% of compliance of governance structures	15 919	100% of compliance of governance structures
All Community and Social services are accessible by all community member	A diverse socially cohesive society with a common national identity	Inclusion and access	Good governance and Public participation	Improved quality of life	Percentage of Community and Social services are accessible by all communi	Progress report/close out report	1 665	100% of Community and Social services are accessible by all communi	1 758	100% of Community and Social services are accessible by all communi	1 855	100% of Community and Social services are accessible by all commu

Programme Description	STRATEGIC OBJECTIVES					Unit of measurement	2018/19 Medium Term Revenue & Expenditure Framework and Performance Indicators					
	(MTSF)	IUDF	NKPA	FSGDS	KPI		Budget Year 2018/19	Performance Target	Budget Year +1 2019/20	Performance Target	Budget Year +2 2020/21	Performance Target
					ty members		ty members		members		nity members	

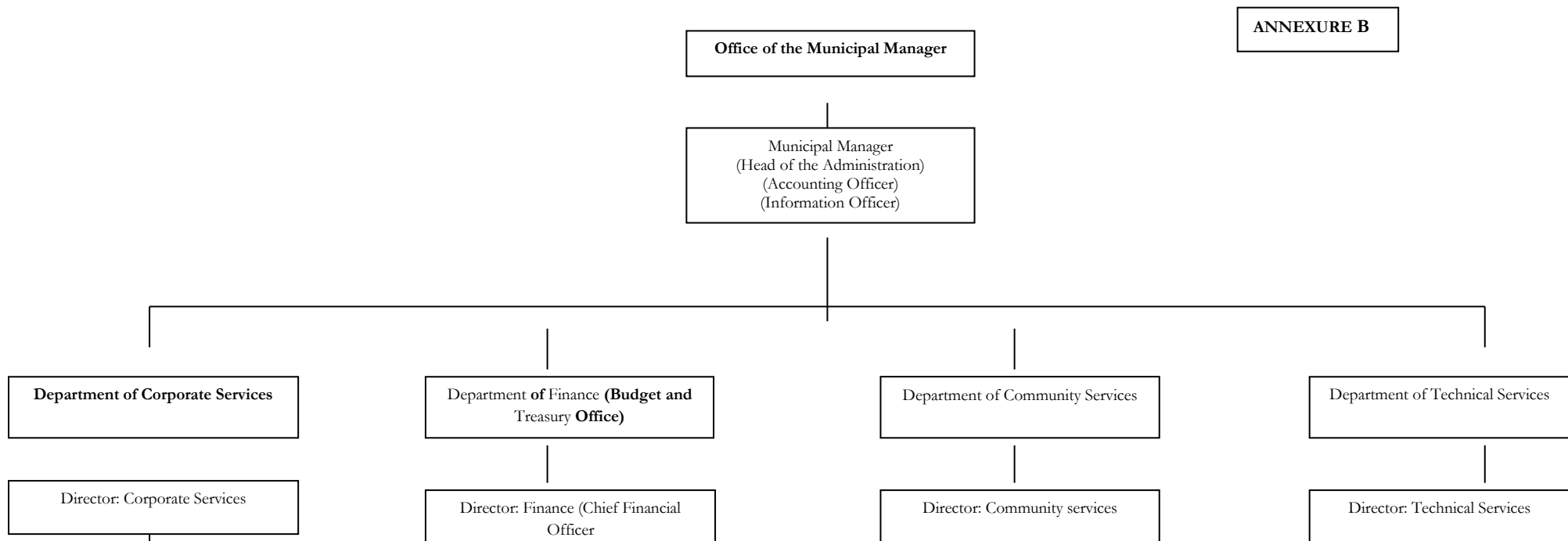
## CHAPTER 6: GOVERNANCE AND MANAGEMENT

### 6. INSTITUTIONAL OVERVIEW

#### 6.1 MANAGEMENT STRUCTURE

The municipal administration is divided into many different directorates and sub-directorates, all of which deliver specific services. Some sub-directorates focus on service delivery, whilst others are more concerned with internal affairs, such as the Corporate Services.

The administration of the Municipality is based on 4 directorates.



The administration is headed by the Municipal Manager as the Chief Accounting Officer. The day to day management of the municipality it's carried out by staff under the stewardship of the municipal manager and heads of directorates.

## **6.2 TOP ADMINISTRATIVE STRUCTURE**

The administration is made up of the following Directorates headed by members of the Senior Management Team:

- Municipal Manager
- Director: Finance
- Director: Technical Service
- Director: Community Services
- Director: Corporate Services

## **6.3 POLITICAL GOVERNANCE**

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 (SALGA) 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 and i.e. Planning and Development, Corporate Services, Budget and Treasury, Technical Services, Community Services and Health Committee. These Committees process items before they could be forwarded to the Council.

## **CHAPTER 7: PERFORMANCE MANAGEMENT SYSTEM**

### **7.1 INTRODUCTION**

The Letsemeng Local Municipality has developed a Performance Management Policy (PMP) that is the primary mechanism to monitor, review and improve the implementation of the planning, monitoring and budgeting processes in the municipality.

However, the PMP is rather dated and need extensive review, that should be informed by the following policy and legislative frameworks governing the mentioned municipal core processes viz IDP, PMS and Budgeting.

#### **7.1.1 The Municipal Systems Act, (Act 32 of 2000)**

The Municipal Systems Act requires all municipalities to promote a culture of performance review through the establishment of a Performance Management System (PMS). The PMS must set out key performance indicators (KPI) and targets, as well as monitor, review and report on municipal performance, based on indicators linked to the IDP, including the national indicators prescribed by the Minister responsible for Local Government. The core components of PMS anchors and embed the development of the Service Delivery and Budget Implementation Plan (SDBIP) that is essentially a business plan for monitoring the implementation of the IDP.

#### **7.1.2 The Municipal Finance Management Act, (Act 53 of 2003)**

The MFMA requires the Mayor to ensure that the performance agreements of section 55 and 56 managers comply with the requirements of the Local Government Municipal System Act to promote sound financial management and linked to measurable performance objectives approved with the budget and included in the SDBIP, which outlines the strategic scorecard of the municipality. Additionally, the Act sets out reporting obligations of the municipality on the budget and IDP implementation.

#### **7.1.3 The Municipal Planning and Performance Management Regulations, 2001.**

The Municipal Planning and Performance Management Regulations require that a municipality ensures that the PMS complies with the requirements of the Local Government Municipal System Act, demonstrates the operation and management of the PMS, clarifies roles and responsibilities,

as well as ensures alignment of employee performance management to the planning, monitoring and budgeting processes.

#### **7.1.4 The Municipal Performance Regulations for municipal managers and managers directly accountable to municipal managers, 2006.**

In August 2006, the Department of Corporative Governance and Traditional Affairs (COGTA) promulgated regulations or Section 56 employees, setting out how the performance of municipal managers and managers directly accountable to municipal managers must be planned, reviewed, improved and reward regulations make provision for the conclusion of written employment contracts, performance agreements and personal development plans.

The Municipality's process of establishing and developing the PMS ensures integration between strategic planning and performance management, by linking the planned IDP priorities and objectives to the indicators and targets used to measure performance. In addition, the process promotes alignment between planned organizational performance, as reflected in the IDP and organisational scorecard and individual performance as contained in the individual performance agreements.

## **7.2 Conclusion**

The Municipality will review its PMP and implement the said policy in engender a culture performance management system in the municipality

