THULAMELA
LOCAL MUNICIPALITY

2013 - 2014

DRAFT ANNUAL REPORT 2013/14

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Preface

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury July 2012

delivery. We promote the instigated IDP process plans, through platforms that enhance public participations, such as the Mayoral public participation forums, extensive engagement with the communities, traditional leader's forums, Pastors forum and public participation outreach programs. This helps the municipality to successfully fulfil its promises and to improve the standard of service delivery for all the populaces of Thulamela Community.

Future actions and agreements

- Through our partnership with DBSA and Provincial Treasury for 2014/2015, financial year, 6363 units will be electrified through our front loading approach. Those who qualify will also get free electricity.
- Our roads and storm water department has embarked on developing partnership with our communities with regard to street rehabilitation, and the following areas have been identified as our pilot projected areas for street paving, namely: Tshishushuru village, Riverside village, Zwavhavhili village and Sasekani village.
- The municipality managed to build 11 emergency housing units, and 3 will be completed before the end of 2014/2015 financial year, and those falls amongst 14 emergency houses which were pledged by the Mayor in Mayoral Imbizos. However, housing backlogs increases immensely on a year to year basis, due to the growth in our population.

h. Conclusion:

Your Thulamela Municipality as an Economic hub of the Vhembe District municipality remains steadily devoted in serving its community, and will not cease to initiate initiatives to increase employment opportunities, reduce economic inequities and reduce poverty.

Yours faithfully

(Signed by :) _____

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

1.1.1 INTRODUCTION

This Annual Report reflects on the progress and achievements attained, as well as challenges encountered by the Thulamela Municipality in the 2013/14 Financial Year. All activities reported on were and continue to be what the laws of the country require: The Municipality developed and adopted an Integrated Development Plan (IDP) and Budget of 2013/14 Financial Year.
The executive summary is to present the highlights of the Five Key Performance Areas. The details are contained in the specific sections of different departments of the municipality.

1.1.2. TRANSFORMATION AND INSTITUTIONAL CAPACITY DEVELOPMENT

The organogram of the municipality is reviewed annually with the view to make necessary adjustment, to give effect to the adopted IDP and Budget and their focus.
In the year under review, three Section 54 and 56 Managers contracts of employment were renewed for another five years by Council, i.e. Municipal Manager, Senior Manager: Planning & Development and Senior Manager for Roads and Storm water. In order to strengthen the workforce and to replace retired staff, we employed hundred and one General Assistants, mainly from the youth category of our society. We endeavored to keep a balanced representation of both sexes at all levels of the municipality.
The inclusion of both our Councilors and Administrators in the training courses initiated by different institutions continued to assist the municipality in the building component of this key performance area. It is hoped that with time this training will help increase our capacity which will yield not only better but long lasting fruits.

1.1.3 FINANCIAL VIABILITY

There are statutory sources of revenue from which we drawn our income. These are such things as sale of sites, property rates and intergovernmental transfers.
Our municipality relies heavily in inter-governmental transfers. Several attempts were made to help minimize the collective effect of this challenge. Our reliance on grants from national government will remain a permanent feature of this condition is not altered. The reality is that the demand for more service is rapidly increasing, it is matched by shrinking resource base. The end results is that communities will put more pressure on the municipality to deliver services and this may threaten the stability and sustainability of the municipality. The effect of this is too ghastly to contemplate

1.1.4. BASIC SERVICE AND INFRASTRUCTURE DEVELOPMENT

Our list of priorities as in the preceding years was topped by water. The Vhembe District Municipality is both Water Authority and Service Provider. Thulamela Municipality is not allowed to budget for water nor the provision thereof.
The previous year's Annual Report contained the engagements initiated between Thulamela and the Department of Energy regarding funding of our partnership program. Through this assistance we have been able to electrify many of our villages. The Energy Departments had committed themselves to working with us to get electricity license. This was buttressed by the visit to Thulamela by then national Minister of Energy Mr. Ben Martins.
For the total number of all our connections please refer to the section detailing with this under Housing and Electricity Report.
The Neighborhood projects were implemented in all our three towns. The Thohoyandou Traffic circle became a famous brand, dubbed "VISION 2030" that attracted many visitors. The Sibasa Taxi Rank was delayed due to dispute between service providers in the joint venture arrangements. The Department of Roads and Transport will finalize outstanding work for intermodal facility in Thohoyandou before it is handed over to the municipality.

As indicated earlier, this resume is not intended to sum the entire report but rather, to present a framework within which the detailed report is presented.

I thus present the report to our readers and encourage insight analysis and contributions towards the development of our area and its people. Things do not happen. Things are made to happen. For this you and me play a critical role.

Yours Faithfully

.....

ADV MATHIVHA M.H
MUNICIPAL MANAGER

30.01.2015

.....

DATE

Population Details									Population '000
Age	2011/12			2012/13			2013/14		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 5 - 9	39250	39096	78346	39250	39096	78346	39250	39096	78346
Age: 10 - 19	34960	35095	70055	34960	35095	70055	34960	35095	70055
Age: 20 - 29	76234	73250	149484	76234	73250	149484	76234	73250	149484
Age: 30 - 39	26387	42225	68612	26387	42225	68612	26387	42225	68612
Age: 40 - 49	19721	33681	53402	19721	33681	53402	19721	33681	53402
Age: 50 - 59	13319	23918	37237	13319	23918	37237	13319	23918	37237
Age: 60 - 69	8701	14056	22757	8701	14056	22757	8701	14056	22757
Age: 70+	7279	20298	27576	7279	20298	27576	7279	20298	27576
TOTALS	278650	339812	618462	278650	339812	618462	278650	339812	618462

Source: Statistics South Africa: Web page: www.statssa.gov.za
Support: info@statssa.gov.za
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T 1.2.2

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2011/12	11	75592	260152	75592		
2012/13						
2013/14	1000					

Source: stats SA, census 2011

T 1.2.4

Overview of Neighbourhoods within Thulamela *Municipality*		
Settlement Type	Households	Population
Towns		
Thohoyandou	17345	69453

Natural fountains	Clean water source
Waterfalls(Phiphidi)	Heritage and cultural History
Sacred forest(Thathe)	Tourism, heritage and rich cultural history
Sacred lakes(Dzivha Fundudzi &Tshatshingo) Sacred Curves(makonde)	Tourism and rich cultural history
Timber Plantation	Employment and export of timber products

COMMENT ON BACKGROUND DATA:

Major Natural resources such as sacred lakes, sacred curves, tea estate, National park, wildlife, tropical farm, waterfalls and rich forest made Thulamela municipality a grand tourism destination

Lakes, waterfalls and parks have been a major boost for tourism in the area, this is further complemented by Tropical farms and Citrus farms which has provided export and employment opportunities for local residence.

Natural fountains in rural communities have provided clean drinking water for countless members of communities, the presence of rich forest, water streams are a major source of grazing for community's livestock.

The presence of these rich natural resources have provided the following opportunities to Thulamela municipality and its residence a tourist destination of choice, productive agricultural area, boasting markets prospects, developmental potential, green fertile landscape and lively communities

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

• No of households electrified during this financial year (2013/14)	2684
• No of households provided with water during the financial year	N/A
• No of new houses built in the municipality during the financial year	1510
• No of households provided with sanitation.	N/A
• No of households provided with refuse removal in the financial year.	50 000
• No of villages provided with access roads in the municipality.	
SERVICE BACKLOGS	BACKLOGS
WATER BACKLOGS	N/A

The municipality depends more on grants than own revenue. The total amount of grants received by the municipality for the financial year ended 30 June 2014 is R498,4 million, which is 67% of the total revenue for the financial year.
The low collection rate has a negative impact on own funded projects, since their implementation depend on the availability of own funds.
Thulamela municipality has developed the revenue enhancement strategy which will assist the municipality to close the gaps and also to economically spend the available funds. Despite the debt collection challenge, Thulamela municipality is still able to manager

T 1.4.1

Financial Overview: Year 2013/14			R' 000
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	468,003	498,446	498,407
Taxes, Levies and tariffs	87,250	92,875	98,698
Other	85,473	148,790	42,030
Sub Total	**640,726**	**740,111**	**639,135**
Less: Expenditure	450,200	518,705	435,798
Net Total*	**190,526**	**221,406**	**203,337**
** Note: surplus/(defecit)*			*T 1.4.2*

Operating Ratios	
Detail	**%**
Employee Cost	98%
Repairs & Maintenance	81%
Finance Charges & Impairment	68%
	T 1.4.3

COMMENT ON OPERATING RATIOS:

The Municipality paid less interest than what was budgeted for, and that is the saving by the Municipality.

Total Capital Expenditure: Year -2013/14			R'000
Detail	**2012/13**	**2013/14**	
Original Budget	206,783	190,526	
Adjustment Budget	182,801	221,406	
Actual	106,391	163,348	
		T 1.4.4	

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

1. Sections 40 and 41 of our Constitution provide:-

"40 Government of the Republic

(1) In the Republic, government is constituted as national, provincial and local spheres of government
which are distinctive, interdependent and interrelated.

(2) All spheres of government must observe and adhere to the principles in this Chapter and must
conduct their activities within the parameters that the Chapter provides.

41 Principles of co-operative government and intergovernmental relations

(1) All spheres of government and all organs of state within each sphere must -

(a) preserve the peace, national unity and the indivisibility of the Republic;
(b) secure the well-being of the people of the Republic;
(c) provide effective, transparent, accountable and coherent government for the Republic as a
whole;
(d) be loyal to the Constitution, the Republic and its people;
(e) respect the constitutional status, institutions, powers and functions of government in the other
spheres;
(f) not assume any power or function except those conferred on them in terms of the Constitution;
(g) exercise their powers and perform their functions in a manner that does not encroach on the
geographical, functional or institutional integrity of government in another sphere; and
(h) co-operate with one another in mutual trust and good faith by -

(i) fostering friendly relations;
(ii) assisting and supporting one another;
(ii) informing one another of, and consulting one another on, matters of common interest;

Chapter 2

Mayoral Committee of five(4) members(councilors and 3 Sec 57 Managers. The structure of Council is laid out in greater detail later in this chapter.

The Administration is headed by the Municipal Manager, who is also the organisation's Accounting
Officer. Powers have been delegated to the different functions within the organisation to ensure that
roles, responsibilities and decision-making powers are clear and unambiguous (see the notes below).

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The political governance of Thulamela Municipality comprises of the Mayor, the speaker and the Chief whip. The mayor is chairs the Executive Committee meetings and the speaker is the chairperson of the council. There

Photos	**POLITICAL STRUCTURE**	Function
	Cllr Mahosi N.G.	MAYOR

- Cllr. Mavikane S.X. (Portfolio head: Corporate Services Portfolio).
- Cllr. Mbedzi T.S. (Portfolio head: Roads, Storm water, Water and Sanitation Portfolio).
- Cllr. Madzunya E. (Portfolio head: Education, sports, Arts & Culture Portfolio)
- Cllr. Maluleke S.G. (Portfolio head: IDP & LED Portfolio).
- Cllr. Ligege P.V. (Portfolio head: Environment, Health, Safety & Security
- Cllr. Rammela S.M. (Portfolio head: Special Programmes: Youth, and Disabled Person & Gender Portfolio).

COUNCILLORS

The legislative and Executive Authority of the Municipality resides in council added by the Speaker, in the year under review the council was headed by Cllr Baloyi M.E. as the speaker. The council was composed of 80 councilors. 40 councilors were directly elected and 40 councilors come from respective political parties.

T2.1.2.

POLITICAL DECISION-TAKING

Political decisions are taken in a formal council meeting where all participating political parties in Council have equal opportunity to deliberate the items as per the agenda, after which a resolution is a taken. Where consensus cannot be achieved, items are put to vote after debate

T 2.1.3

Senior Managers:

Muneri M.E

Senior Manager: Roads services

Ngobeni T.C.

Senior Manager: Corporate Services

Dzivhani M.R.

Senior Manager: Housing and Electricity

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The municipality does not participate in National IGR structures

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality participate in EXCO Lekgotla is convened by the Premier every quarter.

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITITIES

During the Mid – year and Annual performance Assessment for section 54 and 56 managers other municipalities in the district form part of the performance assessment panel

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

IGR is convened by the District every quarter.

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The extensive engagement with our communities in various forums flowing from stakeholders meetings such as traditional leaders `s forum, mayoral public participation, public participation outreach program as part of the IDP process assisted in the successful delivery of services for the period under review.

Chapter 2

WARD COMMITTEES

There are 40 wards
Every ward has ward a committee
Each ward committee consist of 10 members and the Ward Councilor
They develop their own working programme and submit to the office of the Speaker
The meet every month and report to the various communities within their wards
They are reimbursed on a monthly basis at a scale regulated by SALGA
T 2.4.2

Public Meetings						
Nature and purpose of meeting	**Date of events**	**Number of Participating Municipal Councilors**	**Number of Participating Municipal Administrators**	**Number of Community members attending**	**Issue addressed (Yes/No)**	**Dates and manner of feedback given to community**
Mayoral Public participation	05/12/13	All councilors including representative from the district	All departmental heads	+/- 3000	Service delivery issue	Feedback session held on the 8th August 2014 to provide feedback on all issues raised from the three public participation held
Mayor & councilors public participation	03/04/2014	All councilors including representative from the district	All departmental heads	+/_ 3000		Feedback session held on the 8th August 2014 to provide feedback on all issues raised from the three public participation held
Mayoral public participation	04/04/14	All councilors including	All departmental	+/-3000		Feedback session held on the 8th August 2014 to provide feedback on all issues raised

Program me		from the district				

T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Public meetings are successfully conducted as per annual scheduled programme. The municipality is benefiting a lot because when prioritising for an annual review of its IDP, the mandate carried out is directly from communities and their stakeholders. The recurring challenge lies upon on how submitted grievances by communities are being handled by relevant departments.
T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

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

* *Section 26 Municipal Systems Act 2000*

T 2.5.1

Risk Officer will be responsible for facilitating all risk management activities including facilitation of operational risk assessment and risk management workshops to all officials and councilors. Officials from all levels in the municipality will be involved in the risk management processes.

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Fraud and corruption represent a significant potential risk to the Thulamela municipality's assets, service delivery efficiency and reputation. The municipality will not tolerate corrupt or fraudulent activities, whether internal or external to the Institution, and will vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so.

Communities are encouraged to report that all incidents relating to fraud and corruption to the district shared hotline. As a municipality we would ensure that all incidents reported are followed up and investigated. The hotline number is 086 66 85 38.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

CORE FUNCTIONS

Bid Specification Committee

The Municipality has a bid specification committee in place which is responsible for compilation of specifications for all Municipal Procurement

Bid Evaluation Committee
The bid evaluation committee is responsible for the evaluation of all bids in accordance with the specifications and PPPFA. They submit their report and recommendation to the Adjudication committee

Bid Adjudication Committee

Chapter 2

DEVIATION FROM PROCUREMENT PROCESS

The Accounting officer may dispense with the official procurement processes established by the policy and procure goods or services through any convenient process i.e direct negotiations

UNSOLICITED BIDS

The Accounting officer may under sec 113 of the Act may decide to consider unsolicited bids received outside a normal bidding process only in the following circumstances

(a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
(b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
(c) the person who made the bid is the sole provider of the product or service; and
(d) the reasons for not going through the normal bidding processes are found to be sound by the accounting

LOGISTIC MANAGEMENT

The accounting officer must establish and implement an effective system of logistics management, which must include -

(a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
(b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
(c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
(d) before payment is approved , certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
(e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**
Current annual and adjustments budgets and all budget-related documents	Yes	13/06/2014
All current budget-related policies	Yes	19/06/2014
The previous annual report	Yes	07/2012
The annual report (Year 2012/13) published/to be published	Yes	07/2013
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2013/14) and resulting scorecards	Yes	30/07/2014
All service delivery agreements 2013/14()	Yes	20/05/2014
All long-term borrowing contracts (2013/14)		
All supply chain management contracts above a prescribed value (give value) for Year (2013/14)	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year (2013/14)	Yes	
Contracts agreed in Year 2012/13 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 2013/14	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2013/14	No	
Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.		T 2.10.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2012/13	N/A	N/A	N/A	N/A	N/A
2013/14	N/A	N/A	N/A	N/A	N/A

T 3.1.2

COMMENT ON WATER USE BY SECTOR:

Quantified used water by the sectors can be provided by Vhembe District Municipality as a water authority and provider.

T 3.1.2.2

Water Service Delivery Levels		
Description	2012/13 Actual	2013/14 Actual
	No.	No.
Water: **(above min level)**		
Piped water inside dwelling	N/A	N/A
Piped water inside yard (but not in dwelling)	N/A	N/A
Using public tap (within 200m from dwelling)	N/A	N/A
Other water supply (within 200m)	N/A	N/A
Minimum Service Level and Above sub-total	N/A	N/A
Minimum Service Level and Above Percentage	N/A	N/A
Water: **(below min level)**	N/A	N/A

Access To Water

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free
2011/12	N/A	N/A	N/A
2012/13	N/A	N/A	N/A
2013/14	N/A	N/A	N/A

T 3.1.5

Water Services								
Strategic Objectives	Key performance indicator	2012/13		2013/14				
		Target	Actual	Target	Actual	Variance	Reasons for variance/challenges	Measures to improve performance
Households without minimum water supply	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Improve reliability of water supply	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Improve water conservation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VDM POWERS AND FUCNTION								

Financial Performance Year 0: Water Services					R'000
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	N/A	N/A	N/A	N/A	N/A
Expenditure:	N/A	N/A	N/A	N/A	N/A
Employees	N/A	N/A	N/A	N/A	N/A
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A
Total Operational Expenditure	N/A	N/A	N/A	N/A	N/A
Net Operational Expenditure	N/A	N/A	N/A	N/A	N/A

T 3.1.8

Capital Expenditure Year 0: Water Services					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
Project A	N/A	N/A	N/A	N/A	N/A

Flush toilet (with septic tank)	N/A	N/A
Chemical toilet	N/A	N/A
Pit toilet (ventilated)	N/A	N/A
Other toilet provisions (above minimum .service level)	N/A	N/A
Minimum Service Level and Above sub-total	N/A	N/A
Minimum Service Level and Above Percentage	N/A	N/A
Sanitation/sewerage: **(below minimum level)**	N/A	N/A
Bucket toilet	N/A	N/A
Other toilet provisions (below minimum .service level)	N/A	N/A
No toilet provisions	N/A	N/A
Below Minimum Service Level sub-total	N/A	N/A
Below Minimum Service Level Percentage	N/A	N/A
Total households	N/A	N/A

Households - Sanitation Service Delivery Levels below the minimum					
	2012/13	2012/13		2013/14	
Description	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.
Formal Settlements					
Total households	N/A	N/A	N/A	N/A	N/A

T 3.2.6

Employees: Sanitation Services					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	N/A	N/A	N/A	N/A	N/A
4 - 6	N/A	N/A	N/A	N/A	N/A
7 - 9	N/A	N/A	N/A	N/A	N/A
10 - 12	N/A	N/A	N/A	N/A	N/A
13 - 15	N/A	N/A	N/A	N/A	N/A
16 - 18	N/A	N/A	N/A	N/A	N/A
19 - 20	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A

Note: employees under sanitation are found at Vhembe District Municipality
T 3.2.7

Project A	N/A	N/A	N/A	N/A	N/A
Project B	N/A	N/A	N/A	N/A	N/A
Project C	N/A	N/A	N/A	N/A	N/A
Project D	N/A	N/A	N/A	N/A	N/A

T 3.2.9

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The function is provided by Vhembe District Municipality
T 3.2.10

(c) HOW THE PROJECT IS SOLVING THE IDENTIFIED SERVICE DELIVERY CHALLENGES

Through Front Loading the Municipality is able to continue to supply electricity to all planned connections as per its annual IDP programme.
The Municipality through this programme is able to rescue Eskom to address the nightmare of dealing with illegal connections (izinyokas) that are mushrooming all over the country.
As government targeted to provide between 500, 00 to 1, 000, 00 jobs, the programme, enables the municipality to reduce huge number of unemployed citizens

T 3.3.1

Description	Year 2012/13	Year 2013/14
	Annual Actual	Annual Actual
	No.	No.
***Energy:* (above minimum level)**		
Electricity (at least min.service level)		
Electricity - prepaid (min.service level)	4,545	2,700
Minimum Service Level and Above sub-total		
Minimum Service Level and Above Percentage		
***Energy:* (below minimum level)**		
Electricity (< min.service level)		
Electricity - prepaid (< min. service level)		
Other energy sources	1,609	1,204
Below Minimum Service Level sub-total		
Below Minimum Service Level Percentage		
Total number of households	6,154	3,904

	Number of households electrified		8241	5880	2684	3196	Delay on appointments of contractors	Forward planning
	Number of electrification projects monitored		45	22	10	12	Delay on appointment of contractors	Forward planning
	Number of street lights erected from Khoroni to Sibasa (Caltex)		-	242	242	0	None	None
	Number of high mast lights erected		3	-	3	-	None	None

Employees: Electricity Services					
	Year 2012/2013	Year 2013/14			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	0	0	0	0	0%
4 - 6	3	3	3	0	0 %
7 - 9	2	2	2	0	0%
10 - 12	0	0	0	0	0 %
13 - 15	3	3	3	0	0 %
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	**8**	**8**	**8**	**0**	**0%**

Chapter 3

Description	2011/12	2012/13	2013/14		
	Annual Actual	Annual Actual	Original Budget	Adjusted Budget	Annual Actual
	No.	No.	No.	No.	No.
Formal Settlements					
Total households	139 000	156 594			156 594
Households below minimum service level	97 000	96 382			107 132
Proportion of households below minimum service level	69.8%	67.9%			76.93%
Informal Settlements					
Total households					
Households below minimum service level					
Proportion of households below minimum service level					

Waste Management Service								
Strategic Objectives	Key Performance Indicator	2012/13		20013/14				
		Annual Actual	Annual Target	Annual Target	Annual Actual	Variance	Reasons for variance/ challenges	Measures to improve performance
To empower community structures on environmental health issues in order to achieve clean and healthy environment	Number of Thohoyandou landfill site cells constructed	1	1	1	1	0	None	None
	Number of transfer stations constructed	1	1	1	1	0	None	None
	Number of	50 000	50 000	50 000	49780 (House	220 (House	Un-serviced	Extension of solid

mental Impact Assessment (EIA) are done to all projects undertaken by the Municipality	mental Impact Assessment (EIA) conducted							

Chapter 3

3.5HOUSING

INTRODUCTION TO HOUSING
Provision of housing is the responsibility of the department of COGHSTA. However the municipality plays a facilitation role in terms of compilation of housing needs analysis, identification of beneficiaries. *T 3.5.1*

Housing Service								
Strategic Objectives	**Key Performance indicator**	**2012/13**		**2013/14**				
		Target	**Actual**	**Target**	**Actual**	**Variance**	**Reasons for variance / challenges**	**Measures to improve performance**
To facilitate provision of RDP houses	Number of housing beneficiary list developed	1	1	1	1	0	None	None
	Number of municipal parking erected	0	0	52	52	0	None	None

Chapter 3

Free Basic Services To Low Income Households									
Financial years	Total number of indigent households	Number of household with Access to Free Basic Water		Number of household with Access to Free Basic Sanitation		Number of household with Access to Free Basic Electricity		Number of household with Access to Free Basic Refuse	
		Access	%	Access	%	Access	%	Access	%
2012/13		N/A		N/A					
2013/14		N/A		N/A		15,951		17,000	

Financial Performance Year : Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2012/13	2013/14			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	N/A	N/A	N/A	N/A	N/A
Waste Water (Sanitation)	N/A	N/A	N/A	N/A	N/A
Electricity	N/A	N/A	N/A	N/A	N/A
Waste Management (Solid Waste)	39,870	29,981	39,420	38,763	8,782
Total	**39,870**	**29,981**	**39,420**	**38,763**	**8,782**
					T 3.6.4

Free Basic Service								
Strategic Objectives	Key performance Indicators	2012/13		2013/14		Variance	Reason for variance / challenges	Measures to improve performance
		Annual Target	Annual Actual	Annual Target	Annual Actual			
To improve	Number of		13,000	17,000	15,951	1,049	None collection	Awareness

								Electricity Project
	Number of street lights erected from Khoroni to Sibasa (Caltex)			242	242	0	None	None
	Number of high mast lights erected		0	3	3	0	None	None

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Indigents are not getting enough support services from the municipality due to limited resources and service infrastructure.The only challenge is the none collection of the free basic token

T 3.6.6

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

3.7 ROADS

INTRODUCTION TO ROADS

Roads Services Department's main focus is rendering municipal and mechanical services to the community of Thulamela. It drives its mandate from both the constitution of the Republic and all related gazettes dealing with roads activities. The Municipality has

Road Services								
Strategic Objectives	Key Performance Indicator	2012/13		2013/14		Variance	Reasons for variance/ challenges	Measures to improve performance
		Annual Actual	Annual Target	Annual Target	Annual Actual			
To ensure that 20% of public transport operator comply with trip fares regulation and roadworthy public transport annually in order to provide safe, affordable, reliable, efficient and fully integrated transport operatio	Number of specification developed	0	**0**	3	**3**	0	None	None
	Number of km of Thohoyandou Unit G street upgraded	0	**0**	6km	6km	0	None	None
	Number of km Upgraded from Gravel to Tar Backside lyani road	0	**0**	2km	1.58 km of road base surfaced	420m of road base and surfacing	Delays due to the natural cause (rain fall)	Intervention plan to speed up progress of work
	Number of km Upgraded gravel to Tar Sokoutenda road	0	**0**	8.7km	8.7km	0	None	None

	Number of km Thulamela Gateway (Malamulele streets)	0	**0**	4.3km	4.3km road base constructed	0	None	None

Employees: Road Services					
Job Level	2012/13	2013/14			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	2	1	1	
4 - 6	5	6	5	1	
7 - 9	43	43	43	0	
10 - 12	10	10	10	0	
13 - 15	24	24	24	0	
16 - 18					
19 - 20					
Total	83	85	83	2	

T3.7.7

Capital Expenditure 2013/14: Road Services					R' 000
	Year 2013/14				
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Thohoyandou G street	32,000	35,000	30,231	1,769	

- Continuous checking for drivers licence and road worthy conditions of vehicles
- ensuring safe crossing of road

Much progress has been made in addressing particular challenges in processing traffic fines and payment by offenders.

T 3.8.1

Traffic and Law enforcement								
Strategic Objectives	Key Performance Indicator	2012/13		2013/14		Variance	Reasons for variance/ challenges	Measures to improve performance
		Annual Actual	Annual Target	Annual Target	Annual Actual			
To improve access to sustainable affordable service	Public transport	0	**1**	1	**0**	1	The contract was terminated with the first contractor. The tender was re-advertised	Continuous monitoring
To provide security to all council facilities, promote road safety	Construction motor cycle testing station	0	0	1	0	1	Budget transferred to housing Department	None
	Two new traffic testing centers developed	0	0	2	0	2	Traditional leader delay in responding	The ward councilor was making follow up with the

2013/14	N/A	N/A	N/A

T 3.9.3

Financial Performance Year 0: Roads and storm water					R'000
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	N/A	N/A	N/A	N/A	N/A
Expenditure:	N/A	N/A	N/A	N/A	N/A
Employees	N/A	N/A	N/A	N/A	N/A
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A
Total Operational Expenditure	N/A	N/A	N/A	N/A	N/A
Net Operational Expenditure	N/A	N/A	N/A	N/A	N/A

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.10.5

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

3.10 PLANNING

INTRODUCTION TO PLANNING

location for business and investment.

- To promote local products and services (Agricultural and Tourism).
- To retain and promote local businesses in the Municipality.
- To support well-established Small Medium and Macro Enterprises (SMMEs) sector that has access to skills, training and finance.

T 3.10.1

	Percentage of Rezoning applications processed within 3 months	100%	100%	100%	100%	0%	None	None
	Percentage of Sub-division applications processed within 3 months	100%	100%	100%	100%	0%	None	None
	Percentage of consolidation applications processed within 3 months	1	100%	100%	100%	0%	None	None
	Percentage of building plans processed within 3 months	100%	100%	100%	100%	0%	None	None
	Percentage of building inspection conducted	100%	100%	100%	100%	0%	None	None

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

In terms of the municipal IDP, Planning and Development intended to develop two new nodal Precinct plans. However due to refusal by some Traditional leaders, the targets could not be achieved.

T 3.10.7

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT

Local Economic Development (LED) is the process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. The aim is to improve the quality of life for all. LED involves building the capacity of SMMEs, assisting SMMEs and cooperative to access funding and promotion of local economic development. Thulamela has a competitive advantage in agriculture, tourism, SMME's, mining and manufacturing more details are reflected in LED strategy of the municipality. The challenges for the above mentioned sectors are in financing community projects. The LED forum conducts its meetings once per quarter in the year under review but we are still awaiting the finalisation of terms of reference by SALGA.

Our priorities during 2013/2014 include the following: marketing of tourism attraction points, forming partnership with other agencies and institutions, facilitates and initiate tourism programmes as well as assisting cooperatives. To enhance our performance the following measures were taken: implementation of Community Work Programme, mentoring of services seta unemployed graduates, facilitate some workshops for SMMEs and cooperatives. The main challenge was lack of coordination by stakeholders when applying for project funding.

Economic Activity by Sector R '000			
Sector	Year 2011/12	Year 2012/13	2013/14
Agric, forestry and fishing	• Distribution of irrigation pipes and drips. • Supply of Konanani piggery with Boar and Sow. • Supply of Twanano agricultural co-operative with	• LED donated irrigation system and agriculture inputs to Merwe irrigation projects. • Supply of agricultural equipment to Twinga	• Construction archaar manufacturing at Tshifudi for Faranani Vhalimi Co-op.

	• Supply of sewing materials to Xikundu community project. • Supply of brick making materials to Tshivhale project.		
Wholesale and retail trade	N/A	Tru-stone (Tombstone)	Steyn steel
Finance, property, etc.	N/A	N/A	N/A
Govt, community and social services	Promotion of youth in business e.g agriculture, SMMEs and tourism in partnership with VDM.	Promotion of youth in business e.g agriculture, SMMEs and tourism in partnership with VDM.	Promotion of youth in business e.g. agriculture, SMMEs and tourism in partnership with VDM.
Infrastructure services	None	• Paving of flea market. • Construction of information center • Construction of lapa at Golwe picnic site • Construction of Lapa at Hlungwane picnic site (Makuleke Dam)	• Completion of information center • Construction of market stalls at the information center. • Construction of Lapa at Ginjhana • Supply of fence materials to Hlongwane picnic site
Total			
			T 3.11.2

Economic Employment by Sector			Jobs
Sector	Year 2011/12 No.	Year 2012/13 No.	Year 2013/14 No.
Agric, forestry and fishing	N/A	597	425
Mining and quarrying	N/A	1,254	1,311
Manufacturing	N/A	350	366
Wholesale and retail trade	N/A	1,484	1,133

2012/13		
2013/14		

Local Economic Development (LED) is the process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. The aim is to improve the quality of life for all.

Local Economic Development								
Strategic Objectives	Key performance Indicators	2012/13		2013/14				
		Target	Actual	Target	Actual	Variance	Reasons for variance/ challenges	Measures to improve performance
To maximize the number of jobs created through council LED initiatives and capital projects	Number of LED strategy reviewed		1	1	0	1	Insufficient budget to support municipalities by sector department	To be done in the next financial budget
	Number of jobs created through LED initiatives and capital projects		400	404	404	0	None	None
To ensure that 10 agricultural and 5 manufacturing worker cooperativ	Number of full time work created through LED		314	**400**	355	45	Delay on the procurement procedures	Forward planning on the appointment pf service provider for

Employees: Local Economic Development Services					
Job Level	2012/13	2013/14			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	1	1	0	0%
4 - 6	1	2	1	1	50%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	**2**	**3**	**2**	**1**	**33%**

Financial Performance 2013/14: Local Economic Development Services					R'000
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	N/A	N/A	N/A	N/A	N/A
Expenditure:	N/A	N/A	N/A	N/A	N/A
Employees	N/A	N/A	N/A	N/A	N/A
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A
Total Operational Expenditure	N/A	N/A	N/A	N/A	N/A
Net Operational Expenditure	N/A	N/A	N/A	N/A	N/A

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. *T 3.11.9*

Chapter 3

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.12 LIBRARIES; COMMUNITY FACILITIES

INTRODUCTION TO LIBRARIES; COMMUNITY FACILITIES LIBRARIES

THULAMELA MUNICIPALITY HAS GOT TWO LIBRARIES WHICH IS THOHOYANDOU AND SASELAMANI LIBRARY

FACILITIES
THULAMELA HAS GOT TWO CIVIC CENTRES, MALAMULELE AND THULAMELA. TWELVE STADIUMS, THREE GRAVEYARDS, TWO CAMPS, TWO HALLS, ONE INDOOR SPORT CENTRE, ONE ARTS AND CULTURE, ONE INFORMATION CENTRE , MALAMULELE BOXING GYM AND ONE CLUB HOUSE.

COMMENT ON THE PERFORMANCE OF LIBRARIES; COMMUNITY FACILITIES; OVERALL:

LIBRARIES

THOHOYANDOU LIBRARY OPERATE DURING THE DAY FROM MONDAY TO FRIDAY. IT DOES NOT OPERATE AFTER HOURSDURING THE COURSE OF THE WEEK AND SATERDAY BECAUSE OF SHORTAGE OF STAFF.

FACILITIES

THE MUNICIPAL FACILITIES ARE PROPERLY OPERATING, THE ONLY CHALLENGE IS THAT THERE IS A SHORTAGE OF SECURITY PERSONNEL.
T 3.12.7

Disaster Management, Occupational health and safety, parks and cemetery								
Strategic Objectives	Key Performance Indicator	2012/13		2013/14		Variance	Reasons for variance/challenges	Measures to improve performance
		Annual Actual	Annual Target	Annual Target	Annual Actual			
To ensure 100% response to all reported incidents within 72 hours	Percentage of incidents provided with relief within 72 hours	100%	100%	100%	100%	0%	None	None
To promote conductive working environment	Number of Inspections Conducted	80	80	120	95	-25	No dedicated officer during fourth quarter	All inspections are to be done timeously

Employees: Disaster Management					
Job Level	2012/13	2013/14			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	1	1	0	0%
4 - 6	0	1	0	1	100%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	**2**	**3**	**2**	**1**	**33%**

T 3.13.4

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

There was no capital project implemented by disaster management unit during the year under review. The role of the municipality in relation to disaster management is facilitation in response

	Saselamani stadium Upgrade	1	0	1	0	1	The consultant was not appointed	The consultant to be appointed in 1st quarter of 2014/15
	Merwe Stadium Upgrade	1	0	1	0	1	Delay in supply chain management process	Forward planning on project
	Makwarela stadium upgrade	1	0	1	0	1	Consultant not appointed during fourth quarter	Tender advert during 1st quarter of 2014/15 financial year
	Makhuvha sport facility upgrade	1	0	1	0	1	Constructor was unable to finish the project	Close monitoring of the project
	Mudabula stadium upgrade	1	0	1	0	1	Delay in supply chain management process	Forward planning on project

Repairs and Maintenance	2,674	6,710	3,510	2,674	4,036
Other	393	2,280	2,480	393	1,887
Total Operational Expenditure	**21,864**	**29,252**	**26,206**	**21,789**	**7,463**
Net Operational Expenditure	**-21,438**	**-28,918**	**-25,556**	**-21,363**	**7,555**

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. *T 3.14.4*

Capital Expenditure 2013/14: Sport and Recreation **R' 000**

Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Makonde stadium	16,356	6,006	1,970	10,350	
Makwarela stadium	-	1,500	-	-	
Mudabula stadium	-	1,500	861	-861	
Saselemane stadium	2,400	2,400	-	2,400	
Makhuvha sport field	-	350	145	-145	
Merwe	-	3,500	1,900	-1,900	

No capital project in sport was implemented

T 3.14.5

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

The Municipality has an organizational structure that is aligned to IDP Priorities. The Structure is reviewed annually.

There are five Departments, each headed by a Senior Manager appointed on Fixed Term contract.

Human Resources Policies, Procedures and IT Systems has been developed and approved by council.

There are 80 Councilors (Ward and PR Representatives) and gazetted Traditional Leaders serve as ex-officio in all Council Meetings.

Chapter 3

The Executive and Council								
Service Objectives	Key performance indicator	2012/13		2013/14		Variance	Reasons for variance / challenges	Measures to improve performance
		Actual	Target	Target	Actual			
To ensure development and implementation of credible IDP	Number of IDP Representative forums Meeting held per quarter	3	3	4	4	0	None	None
	Number of Nodal Points visits conducted twice per year for IDP and Budget	11	11	11	11	0	None	None
	Number of Submission of IDP 1st Draft to Council by the 31st March 2014	1	1	1	1	0	None	None

19 - 20		0	0	0	0%
TOTAL		24	24	0	0%

T 3.15.4

Financial Performance 2013/14: The Executive and Council					R'000
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	**341,742**	**344,472**	**411,722**	**402,635**	**-58,163**
Expenditure:					
Employees	14,554	16,213	15,961	14,372	1,841
Repairs and Maintenance	-	-	-	-	-
Other	101,601	47,904	55,140	43,381	4,523
Total Operational Expenditure	**116,155**	**64,117**	**71,101**	**57,753**	**6,364**
Net Operational Expenditure	**225,587**	**280,355**	**340,621**	**344,882**	**64,527**

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. *T 3.15.5*

Capital Expenditure 2013/14: The Executive and Council					R' 000
Capital Projects	Year 2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	N/A	N/A	N/A	N/A	N/A
Project A	N/A	N/A	N/A	N/A	N/A
Project B	N/A	N/A	N/A	N/A	N/A
Project C	N/A	N/A	N/A	N/A	N/A
Project D	N/A	N/A	N/A	N/A	N/A

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. *T 3.15.6*

4 - 6	13	13	13	0	0%
7 - 9	15	15	15	0	0%
10 - 12	2	2	2	0	0%
13 - 15					
16 - 18					
19 - 20					
Total	**34**	**35**	**35**	**0**	**0%**

Financial Performance 2013/14: Financial Services					R'000
	2012/13	2013/14			
Details	**Actual**	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	**35,443**	**98,903**	**40,321**	**34,796**	**5,525**
Expenditure:					
Employees	19,505	19,662	19,587	18,889	698
Repairs and Maintenance	-	-	-	-	-
Other	10,462	13,974	15,970	10,626	5,344
Total Operational Expenditure	**29,968**	**33,636**	**35,557**	**29,515**	**6,042**
Net Operational Expenditure	**5,475**	**65,267**	**4,764**	**5,281**	**-517**
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.16.5*

Capital Expenditure 2013/14: Financial Services					R' 000
	2013/14				
Capital Projects	**Budget**	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All					
Project A	N/A	N/A	N/A	N/A	N/A
Project B	N/A	N/A	N/A	N/A	N/A
Project C	N/A	N/A	N/A	N/A	N/A
Project D	N/A	N/A	N/A	N/A	N/A
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					*T 3.16.6*

T3.17.4

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

No capital project was implemented by human resource division during the year under review.

T 3.17.7

3.18 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICE

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The role of the ICT section is to provide appropriate Information and Communication technologies that enable our clients/users to access the information and services necessary to do their jobs within the municipality. It provides the municipality's business units with the Information Communication Technology tools to enable them to achieve their business goals. The goal of the section is to become an enabler of change within the municipality, by assisting different departments within the municipality to enhance productivity through the innovative use of technology. The section supports the municipality's business objectives through the use of technology based solutions where appropriate. The section provides and maintains the network infrastructure, general office applications and equipment (Computers and Printers) and provides support for all application systems. Other significant roles include user support and training, electronic information security, business continuity and emergency planning.

T 3.18.1

Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	1	1	0	0%
4 - 6	1	2	1	1	50%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	**2**	**3**	**2**	**1**	**33%**

T3.18.4

Financial Performance 2013/14: ICT Services					R'000
Details	2012/13	2013/14			
	Annual Actual	Original Budget	Adjustment Budget	Annual Actual	Variance to Budget
Total Operational Revenue	N/A	N/A	N/A	N/A	N/A
Expenditure:	N/A	N/A	N/A	N/A	N/A
Employees	N/A	N/A	N/A	N/A	N/A
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A
Total Operational Expenditure	N/A	N/A	N/A	N/A	N/A
Net Operational Expenditure	N/A	N/A	N/A	N/A	N/A

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. *T 3.18.5*

Capital Expenditure 2013/14: ICT Services					R' 000
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from	Total Project Value

T3.19.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Analysis of function	Statistical information , on available property	Number of facilities	Number of users

T 3.19.2

Risk Management								
Strategic Objectives	Key performance indicator	2012/13			2013/14	Variance	Reasons for variance/ challenges	Measures to improve performance
		Annual Target	Annual Actual	Annual Target	Annual Actual			
To provide an effective risk management in the municipality	Number of risk register developed	1	1	1	1	0	None	None
	Number of risk committee	0	0	4	3	1	Awaiting the scheduling of the Audit	The municipality has appointed a Risk

	and approved							

Employees: ICT Services					
Job Level	2012/13 Employees No.	2013/14 Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	0	1	1	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	2	1	1	50%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	**1**	**2**	**1**	**1**	**50%**

T3.18.4

Water	N/A	N/A	N/A	N/A	N/A
Waste Water (Sanitation)	N/A	N/A	N/A	N/A	N/A
Electricity	08		12		
Waste Management	78		176		
Housing	20		23		
Roads services	69		82		
Planning	36		36		
Local Economic Development					
Planning (Strategic & Regulatory)					
Local Economic Development					
Community & Social Services					
Environmental Protection					
Health					

Highly skilled supervision: levels 4 - 6 (Finance posts)	11	0	0%
Total	**85**	**0**	

Turn-over Rate			
Details	**Total Appointments as of beginning of Financial Year No.**	**Terminations during the Financial Year No.**	**Turn-over Rate***
2012/13	147	30	20%
2013/14	151	23	15%

11.	Tele-communication Policy	100%	100%	31 July 2014
12.	Service Provider engagement policy	100%	100%	31 July 2014
13.	Patch Management Policy	100%	100%	31 July 2014
14.	Information Technology risk and control Framework	100%	100%	31 July 2014
15.	ITC Governance Framework	100%	100%	31 July 2014
16.	Information and Communication Technology security Policy	100%	100%	31 July 2014
17.	Transport Policy	100%	100%	9 July 2013
18.	Cell phone Policy	100%	100%	9 July 2013
19.	3G data Policy	100%	100%	9 July 2013
20.	Tablet Policy	100%	100%	9 July 2013
21.	Information and Communication Technology Framework	100%	100%	9 July 2013
22.	Information and Technology Policy	100%	100%	9 July 2013
23.	Workplace Sports and recreation Policy	100%	100%	9 July 2013
24.	Workplace HIV and Aids Policy	100%	100%	9 July 2013
25.	Retention strategy	100%	100%	9 July 2013
26.	Employment Equity Plan	100%	100%	9 July 2013
27.	Human Resource Plan	100%	100%	9 July 2013

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

All the above mentioned policy were adopted by council and are being implemented

T 4.2.1.1

Senior management (Levels)						
MM and S56	27	0	06	07	36	
Total	2,009					
						T 4.3.2

COMMENT ON INJURY AND SICK LEAVE:

T 4.3.4

Number and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Lower skilled (Levels 14-15)	None			
Skilled (Levels 9-12)	Theft	20 /03/2012	Finalized and the employee was suspended without pay as a sanction.	March 2012
Highly skilled production (levels 6-8)	Intimidation Gross dishonesty	06/09/2012	Finalized and the employees was suspended without pay as a sanction.	06 September 2012
Highly skilled supervision (levels 3-5)	None			
Senior management (Levels 1) MM and S57	None			
Lower skilled (Levels 14-15)	None			
				T 4.3.5

Senior management (Levels 13-15)	Male	0	0	0	0%
MM and S57	Female	0	0	0	0%
	Male	0	0	0	0%
Total					
Has the statutory municipal calculator been used as part of the evaluation process ?					

T 4.4.1

COMMENT ON PERFORMANCE REWARDS:

The municipality has been implementing Performance Management System only for section 54 and section 56 managers. PMS framework was reviewed and adopted by council and include cascading PMS to all levels but due to shortage of staff in the unit, other were not included. No manager has received performance reward or bonus after performance assessment even though the performance was excellent and above average.

T 4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Capacity building for municipal employees and councillors was dealt with in terms of the Workplace Skills Plan plan which is compiled annually and submitted to LGSETA for approval. The capacity building programmes were conducted using the municipal budget and mandatory grant received from the LGSETA. The training policy also guide the municipality when the WSP is implemented.

T 4.5.0

Technicians and associate professionals*	Female						20	20						
	Male						35	35						
Professionals	Female						8	8						
	Male						6	6						
Sub total	Female						45	60						
	Male													
Total							**105**	**105**						

**Registered with professional Associate Body e.g CA (SA)* — *T 4.5.1*

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated Total of A and B	Consolidated Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	0	1	1

MM and S57	Female									
	Male									
Legislators, senior officials and managers	Female									
	Male									
Professionals	Female									
	Male									
Technicians and associate professionals	Female									
	Male									
Clerks	Female									
	Male									
Service and sales workers	Female									
	Male									
Plant and machine operators and assemblers	Female									
	Male									
Elementary occupations	Female									
	Male									
Sub total	Female									
	Male									
Total										
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	

Total training budget for all employees: R2 000 000
Adjustment budget : R2 000 000
Actual : R868 605,16

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

Chapter 4

The municipality has spent a budget of R1 300 000, 00 for the year under review when implementing the Workplace Skills Plan. The amount of R851 601, 16 was spent and there was a variance of R449 394, 84 due to delay in supply chain processes to appoint the training provider for Municipal Management Programme Training.

T 4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Workforce expenditure is managed through the payroll system administered by munsoft system. Each department is allocated budget for employee related cost which mainly covers salaries, , accommodation, S&T and overtime. Expenditure management is done by Finance section while salaries of employees are processed by payroll section within the corporate services department. Training for all the departments is budgeted for in department of Corporate services

T 4.6.0

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	**Gender**	**Total**
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

T 4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	**Number of employees**	**Job evaluation level**	**Remuneration level**	**Reason for deviation**

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

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

T 5.0.1

Surplus/(Deficit)	90,265	-73,819	16,446			16,446	-68,071		-51,625	-414%	-75				-68,071
Transfers recognised - capital	116,518	49,837	166,355			166,355	96,691		69,664	58%	83%				96,691
Contributions recognised - capital & contributed assets															
Surplus/(Deficit) after capital transfers & contributions	206,783	-23,982	182,801	-		182,801	28,620		18,039	16%	14%				28,620
Share of surplus/ (deficit) of associate															
Surplus/(Deficit) for the year	**206,783**	**-23,982**	**182,801**	**-**		**182,801**	**28,620**		**18,039**	**16%**	**14%**				28,620
Capital expenditure & funds sources															
Capital expenditure	206,783	-23,983	182,801	-		182,801	106,391		76,410	58%	51%				106,391
Transfers recognised - capital	206,783	-23,983	182,801	-		182,801	106,391		76,410	58%	51%				106,391
Public contributions & donations															
Borrowing															
Internally generated funds															
Total sources of capital funds	206,783	-23,983	182,801	-		182,801	106,391		76,410	58%	51%				106,391
Cash flows															
Net cash from (used) operating	281,249	-150,399	130,850	-		130,850	165,734		-34,884						165,734
Net cash from (used) investing	-206,783	16,853	-189,930	-		189,930	-106,391		80,539						-106,391
Net cash from (used) financing	54,050	-1,310	52,740	-		52,740	42,213		10,527						42,213
Cash/cash equivalents at the year end	**319,253**	**-134,856**	**184,397**	**-**		**184,397**	**101,556**		**56,182**						**101,556**

Notes

3 = sum of colum 1 and 2
2 represents movements in original budget to get to final adjustmenst budget (including shifting of funds)
Virements must offset each other so that virements in Total Expenditure equals zero

6 = sum of column 3, 4 and 5
8 does not necessarily equal the difference between 9 and 8 because overspending is not the only reason for unauthroised expenditure

9 = 7 - 6

10 = (7/6)*100

11 = (9/1)*100

Planning (Strategic & Regulatary)						
Local Economic Development						
Component C: sub-total						
Community & Social Services						
Environmental Protection						
Health						
Security and Safety	24,924	28,772	34,563	26,916	94%	78%
Sport and Recreation	21,118	31,647	28,206	25,186	80%	89%
Corporate Policy Offices and Other	271,333	182,091	147,122	124,895	69%	85%
	317,375	**242,510**	**209,891**	**176,997**	**73%**	**84%**

T 5.1.2

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Thulamela Municipality once they bought or acquired new assets they made it sure that before the functionality of the said assets they mark or bar code them and immediately update the asset register. The asset management unit is organised as follows: Manager Assets, Accountant: Assets and Senior Accounting Clerk: Assets. All staff will be trained on asset management and GRAAP application with regard to assets. The implementation of the stipulations of the Municipal Management Act will also improve assets management

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2013/14				
Asset 1				
Name	Thulamela Gateway			
Description	Thulamela Gateway			
Asset Type	Infrastructure Assets			
Key Staff Involved	Mphagi AC			
Staff Responsibilities	Manager: Projects			
	Year 2010/11	Year 2011/2012	Year 2012/13	Year 2013/14
Asset Value				24,728,617
Future Purpose of Asset	Bus,Tax Rank and Roads Access			
Describe Key Issues	Contractor default			
Policies in Place to Manage Asset	Asset Management Policy in place			
Asset 2				
Name	Backside Iyani			
Description	Backside Iyani Road			
Asset Type	Infrastructure Assets			

Repair and Maintenance Expenditure: Year 2013/2014				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	24,483	26,486	21,516	81%
				T 5.3.4

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The municipality did not spend its adjusted Repair and Maintenance Budget during 2013/14 Financial Year. *T 5.3.4.1*

	Grants and subsidies	88%	63%	67%	78%		
	Other	12%	37%	33%	21%		
Capital expenditure							
	Water and sanitation	-	-	-	-	-	-
	Electricity	-	-	-	-	-	-
	Housing	-	15,810	15,810	11,885	0%	75%
	Roads and storm water	93,891	133,100	160,900	126,006	21%	95%
	Other	12,396	41,190	44,696	25,629	9%	62%
Total		**106,287**	**190,526**	**221,406**	**163,520**	**16%**	**86%**
Percentage of expenditure							
	Water and sanitation	-	-	-	-	-	-
	Electricity	-	-	-	-	-	-
	Housing	-	8%	7%	7%		
	Roads and storm water	88%	70%	73%	77%		
	Other	12%	22%	20%	15%		

T 5.6.1

COMMENT ON SOURCES OF FUNDING:

Capital Project was funded by MIG and the municipality utilised 99% of the Allocation received in the 2013/2014 financial year.

T 5.6.1.1

Objective of Project	Tarring of road
Delays	Is on the Bridge construction and paving on the up the hill
Future Challenges	none
Anticipated citizen benefits	Easy access of roads
Name of Project - E	**Mbaleni Makwarela Ext 3**
Objective of Project	Road Access
Delays	Own funding, the project did not start at the beginning of the financial year
Future Challenges	None
Anticipated citizen benefits	Roads Access

T 5.7.1

COMMENT ON CAPITAL PROJECTS:

Capital projects were funded from MIG grant and Own funds. Projects were progressing smoothly as there were no hiccups encountered during the year

MPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cashflow Management is of the utmost importance. We need to ensure that the income is coming in as
importance of managing cash flow will make sure that income is detected early and will ensure that expenditure is managed accordingly.
Cashflow of Council is monitored and reported to the Municipal Manager on a daily basis.

T 5.9

CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	48,000	40,000	70,000	11,705
Finance lease payments	879	-	-	-1,247
Movement in long term debtors	1,547	-	-	530
Payments				
Repayment of borrowing	-8,213	-50,000	-50,000	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	**42,213**	**-10,000**	**20,000**	**10,987**
NET INCREASE/ (DECREASE) IN CASH HELD	**101,556**	**-10,288**	**-124,245**	**-38,629**
Cash/cash equivalents at the year begin:	190,737	54,322	292,293	292,293
Cash/cash equivalents at the year-end:	**292,293**	**44,034**	**168,048**	**253,664**

Source: MBRR A7

COMMENT ON CASH FLOW OUTCOMES:

The municipal cash flow management was good enough to such extend it resulted in surplus, where the decision was taken to invest funds amounting to R120 Million to financial institutions.

T 5.9.1

Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total			

T 5.10.2

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The Municipality does not have any Public Private Partnerships

5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SCM Policy

The Municipality has Supply Chain Management Policy in place to serve as a guideline in procurement of goods and services of the municipality.

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

The municipality fully comply with GRAP during 2013/14 financial year and the Annual Financial Statements were prepared in accordance with those standards (GRAP). However the AG(SA) report outlined that the Municipality did not recognise each significant part of its community assets in accordance with the Statement of Generally Recognised Accounting Practice, GRAP 17 Property, plant and equipment. Provision for Bad Debts -the municipality did not assess at the end of each period, whether there is any objective evidence of impairment, in terms of first assessing whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant in accordance with Standard of Generally Recognised Accounting Practice, GRAP 104, *Financial Instruments*

T 5.13

PERFORMANCE OF SERVICE PROVIDERS: 2013/2014 FINANCIAL YEAR

No.	Service Provider	Project name	Type of project	Performance target (2012/2013)	Actual performance achieved by the end of the financial year	Action taken to address poor performance
1	Tauris Gardens	Thohoyandou Unit G Streets	Road		100% Completed	Site meetings were held monthly

8	Malamulele Streets Phase 1	Tshedza Consulting Engineers	Road		100% Completed	Site meetings were held monthly
9	Malamulele B1 Streets	Ram 77 AT-R's Construction	Road		55% Completed	Site meetings were held monthly and intervention meetings
10	Malamulele B1 Streets	KWCRS	Road		55% Completed	Site meetings were held monthly and intervention meetings
11	Tswinga Electrification	Lesaka Consulting	Electricity		100% Completed ENS submitted to Eskom	Site meetings were held
12	Tswinga Electrification	Humphrey Electrical & AVN Construction	Electricity		100% Completed ENS submitted to Eskom	Site meetings were held

ANNEXURE "A"

CORPORATE SERVICES

Key Performance Area	Strategic Objective	Programme/ focus area	Performance indicators	2012/13 Baseline	Annual Target	Quarterly Targets				Actuals	Variance	Challenges	Measures to improve performance	Comments	Evidence
						Q1 Target	Q2 Target	Q3 Target	Q4 Target						
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	To improve organizational performance by fostering accountability by 2013/14 (PMS)	Human Resources	Number of municipal quarterly progress report compiled	4	4	1	2	3	4	4	0	None	None	None	Quarterly reports
		Human Resources	Number of Mid-year report compiled (section 72)	1	1	-	-	1	-	1	0	None	None	None	Midyear report
		Human Resources	Number of Annual Report draft (Sec 46) compiled	1	1		-	1	-	1	0	None	None	None	Draft annual performance report

															certificates
	To promote employer and employee good relation	Labour Relations	Number of scheduled Local Labour Forum (LLF) held	12	12	3	6	9	12	11	1	None	Members not forming forum	All members should avail themselves.	Minutes and attendance register
		Labour Relations	Percentage of formal grievances attended to within 30 working days	0%	100%	100%	100%	100%	100%	100%	0%	None	None	None	Grievance form and attachments from aggrieved employee
	To ensure that municipal complies with conditions of contracts.	Legal and Administrative services	Percentage of service level agreement signed	100%	100%	100%	100%	100%	100%	100%	0%	None	None	None	Signed Contracts

	To promote healthier and productive Labour Force by 2013/14 FY	Employee Assistance Programme (EAP)	Number of employee awareness campaign conducted	1	4	1	2	3	4	4	0	None	None	None	Pamphlets / Program
			Number of Message room established	0	1	-	-	1	-	1	0	None	None	None	report
	To ensure availability of Technology and System for smooth running and uninterrupted IT Services for effective communication and administration through the use of IT	ITC	Number of Annual Review of ICT Strategy and Policy	2	2	-	-	-	2	2	0	None	None	None	Adopted strategy and policy
		ITC	Number of daily back up conducted and consolidated on monthly basis	12	12	3	6	9	12	12	0	None	None	None	Backup report
		ITC	Number of Municipal Website	100%	100%	100% submission to be	100% submission	100% submission to	100% submission	100%	0%	None	None	None	Screenshot of informati

		Communication and Public Participation	Number of quarterly News - letters produced	4	4	1	2	3	4	2	2	Delay with supply chain on the appointment of services provider	Service provider will be appointed for next financial year	None	Copy of newsletter
		Communication and Public Participation	Number of communication forum held	4	4	1	2	3	4	2	2	Budget constrains	Proper budgeting will be done for next financial year	None	Minutes and attendance register
		Communication and Public Participation	Number of Reviewed communication strategy	1	1	-	-	-	1	1	0	None	None	None	Adopted strategy
		Communication and Public Participation	Number of (Mayor/Mahosi/Tihosi) forum held	4	4	1	2	3	4	4	0	None	None	None	Minutes attendance register
		Communication and Public Participation	Number of Information brochures	4	4	1	2	3	4	4	0	None	None	None	**Brochures**

			and adopted												
	To provide an effective risk management in the municipality	Risk management	Number of risk identified address as per risk register 2012/13	34	**30**	30	30	30	30	30	0	None	None	None	Completed Risk Register
MUNICIPAL FINANCIAL VIABILITY MANAGEMENT	To ensure 100% compliance with the MFMA and Municipal Budget and Regulations	Expenditure	Percentage of departmental total capital budget spent on capital projects in terms of the IDP and SDBIP	100%	**100%**	25%	50%	75%	100%	77%	13%		None	None	Munsoft report
		Expenditure	Percentage of departmental total operational budget spent on operational projects in terms of the IDP and	100%	**100%**	25%	50%	75%	100%	83%	17%		None	None	Munsoft Report

MUNICIPAL FINANCIAL VIABILITY MANAGEMENT	To ensure 100% compliance with the MFMA and Municipal Budget and Regulations	Expenditure Management	Percentage of payment made within 30 days	100%	100%	100%	100%	100%	100%	100%	0%	None	None	None	Creditors Ageing Analysis
			Number of VAT reconciliation report compiled	12	12	3	6	9	12	12	0	None	None	None	Vat Reconciliations
			Number of VAT return compiled	12	12	3	6	9	12	12	0	None	None	None	Vat Returns
		Expenditure Management	Number of Creditors reconciliation Prepared and reviewed	12	12	6	6	9	12	12	0	None	None	None	Creditors Reconciliations
MUNICIPAL FINANCIAL VIABILITY MANAGEMENT	To collect 30% of own revenue to ensure municipal financial viability and sound financial management by 2014	Revenue Management	Number of Revenue enhancement strategy reviewed	1	1	-	-	-	1	1	0	None	None	None	Reviewed Revenue Enhancement Strategy
		Revenue Management	Number of Tariff	1	1	-	-	-	1	1	0	None	None	None	Reviewed Tariffs

MUNICIPAL FINANCIAL VIABILITY MANAGEMENT	To ensure 100% compliance with GRAP standards treasury regulations in order to safe guard the assets of the municipality	Assets Management	Number of GRAP compliance assets register updated	100%	100%	100%	100%	100%	100%	100%	0%	None	None	None	Updated Assets Register
		Assets Management	Number of assets management officials capacitated	3	3	-	-	-	3	3	0	None	None	None	Proof of payment of trainees
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	To improve organizational performance by fostering accountability by 2013/14 (PMS)	Human resources	Departmental PMS quarterly reports compiled	4	1	1	2	3	4	4	0	None	None	None	Quarterly PMS
			Number of indigent households earning less than R2500 per month	**18000**	17000	17000	17000	17000	17000	17000	0	None	None	None	Updated Indigent Register/ Beneficiary Lists

		Human resource	Departmental staff monthly meeting conducted	12	12	3	6	9	12	12	0	None	None	None	Minutes of the Meetings

HOUSING AND ELECTRICITY

Key Performance Area	Strategic Objective	Programme/ focus area	Performance indicators	2012/13 Baseline	Annual Target	Quarterly Targets				Actuals	Variance	Challenges	Measures to improve performance	Comments	Evidence
						Q1 Target	Q2 Target	Q3 Target	Q4 Target						
BASIC SERVICES DELIVERY AND INFRASTRUCTURE	To improve access to sustainable and affordable services	Electricity	Number of households earning less than R2500 per month that receives to FREE basic electricity services (indigents)	13000	17000	4250	8500	12750	17000	15951	1049	Collection of token	awareness	None	Beneficiary list
		Electricity	Number of households electrified	8241	5880	-	-	-	5880	2684	3196	Delay on appointments of contractors	Forward planning	None	Final payment certificate

		Housing	Number of municipal parking erected	0	52	-	-	52	-	52	0	None	None	None	Handing over certificate
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	To improve organizational performance by fostering accountability by 2013/14 (PMS)	Human Resources	Number of municipal quarterly progress report compiled	4	4	1	2	3	4	4	0	None	None	None	Progress report
LOCAL ECONOMIC DEVELOPMENT	To maximise the number of jobs created through Council's LED initiatives and capital projects	LED	Number of jobs created through electricity projects	404	400	180	240	340	400	400	0	None	None	None	List of names
MUNICIPAL FINANCIAL	To ensure 100% complian	Expenditure	Percentage of departmental total	100%	100%	25%	50%	75%	100%	100%	0%	None	None	None	Print out from finance

		Risk management	Number of risk identified address as per risk register 2012/13	09	15	15	15	15	15	15	0	None	None	None	Risk list
		Human resource	Departmental staff monthly meeting conducted	12	12	3	6	9	12	12	0	None	None	None	minutes

MUNICIPAL OFFICE

Key Performance Area	Strategic Objective	Programme/ focus area	Performance indicators	2012/13 Baseline	Annual Target	Quarterly Targets				Actuals	Variance	Challenges	Measures to improve performance	Comments	Evidence
						Q1 Target	Q2 Target	Q3 Target	Q4 Target						
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL	To improve organizational performance by fostering accountability by	Human resources	Departmental PMS quarterly review conducted	4	4	1	2	3	4	4	0	None	None	None	Quarterly reports

		Organizational PMS	SDBIP compiled and approved	1	1	-	-	-	1	1	0	None	None	None	SDBIP
		Organizational PMS	Revised SDBIP compiled	1	1			1	-	1	0	None	None	None	Revised SDBIP
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	To provide an effective risk management in the municipality	Risk Management	Number of risk register developed	1	1	-	-	-	1	1	0	Delayed completion of the operational risk registers	Review to be done in the start of the quarter.	Operational risk register is still to be finalised.	2014/15 Strategic Risk register
		Risk Management	Number of risk committee meetings held	0	4	1	2	3	4	3	1	Awaiting the scheduling of the Audit Committee meeting	To be discussed in the next Audit Committee. Risk Management Committee chairperson appointed and meetings to be scheduled.	The municipality has appointed a Risk Management Committee chairperson.	Agenda, minutes and attendance register
		Risk Management	Number of Risk management report facilitated and submitted to the MM	2	4	1	2	3	4	3	1	Departments still in the process of preparing reports	Departments to be encouraged to prepare reports immediately after year end.	Reports are part of the POE's submitted by departments.	reports

		Integrated planning	Number of IDP Draft Document placed and advertised for comments by April 2014	1 notice	1	-	-	1	-	1	0	None	None	None	Advert
		Integrated planning	Number of IDP steering committee meetings held	0	4	1	2	3	4	3	1	Minutes not taken during the meeting	Minutes to be taken in the coming financial year.	Leave of absence for the secretariat of the committee.	Minutes
		Integrated Development planning	Number of IDP process plan developed	1	1	1	-	-	-	1	0	None	None	None	IDP process Plan
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	To provide objective assurance and consulting activities and add value to the municipality	Internal Audit	Number of internal Audit meetings held	4	4	1	2	3	4	4	0	None	None	None	Minutes
		Internal Audit	Number of internal audit reports submitted to Audit Committee	4	4	1	2	3	4	4	0	None	None	None	Submitted reports and Minutes of Audit Committee meeting

	To play oversight role with regard to governance , risk manageme nt and internal controls	Internal Audit	Number of Annual Internal Audit Plan developed	1	1	-	-	-	1	0	1	Operational risk register not finalized	To be developed as soon as the operational risk register is completed.	Internal Audit plans should be risk based hence the delay	N/A
		Audit Committee	Number of audit committee meetings held	4	4	1	2	3	4	4	0	None	N/A	None	Minutes of the Audit Committee
GOOD GOVERN ANCE AND PUBLIC PARTICI PATION	To play oversight role with regard to governance , risk manageme nt and internal controls	Audit Committee	Number of Audit Committee reports submitted to council	2	2	-	1	-	1	1	0	None	None	None	Audit Committee reports
		Audit Committee	Number of Review Audit Committee Charter by 30th June 2014	1	1	-	-	-	1	1	0	None	None	None	Audit Committee Charter
BASIC SERVICE S DELIVER Y AND INFRAST RACTUR E	To monitor and evaluate implementa tion of the 2013/14 IDP and SDBIP	Project monitoring	Number of project monitoring visit conducted	-	4	1	2	3	4	4	0	None	None	Projects are visited every months	Site meetings minutes

	Municipal Budget and Regulations		projects in terms of the IDP and SDBIP									could not be done in time			
		Expenditure	Percentage of departmental total capital budget spent on capital projects in terms of the IDP and SDBIP	100%	100%	25%	50%	75%	100%	71%	29%	Digital Camera that was bought cost less than amount	None	None	Print out form budget
SPATIAL RATIONALE	To ensure 100% integration in rural development and Land Use control in order to promote integration	Planning	Percentage of sites demarcated	100%	100%	100%	100%	100%	100%	25%	75%	The consultants were appointed late	Finalization of Layout plans and community resolutions	None	Draft Layout plans

PLANNING AND DEVELOPMENT

Key Performance Area	Strategic Objective	Programme/ focus area	Performance indicators	2012/13 Baseline	Annual Target	Quarterly Targets				Actuals	Variance	Challenges	Measures to improve performance	Comments	Evidence
						Q1 Target	Q2 Target	Q3 Target	Q4 Targets						
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL	To improve organizational performance by fostering accountabili	Human Resources	Number of municipal quarterly progress	4	4	1	2	3	4	4	0	None	None	None	report

			Percentage of residential Permission To Occupy (PTO) certificates processed within 5 working days	100%	100%	100%	100%	100%	100%	100%	0%	None	None	16 Residential PTO processed	register
			Percentage of Rezoning applications processed within 3 months	100%	100%	100%	100%	100%	100%	100%	0%	None	None	4 rezoning applications processed	register
			Percentage of Sub-division applications processed within 3 months	100%	100%	100%	100%	100%	100%	100%	0%	None	None	2 Sub-division applications processed	register
			Percentage of consolidation applications processed within 3 months	100%	100%	100%	100%	100%	100%	100%	0%	None	None	One consolidation applications processed	Register
			Percentage of building plans processed	100%	100%	100%	100%	100%	100%	100%	0%	None	None	70 Building plans processed	register

	cooperatives to maximize famers and contractors profit and jobs by 2012											than a year			
			Number of work opportunity created through LED	1260	1693	-	456	989	1403	1403	290	Delay in procurement procedure	None	Delay in procurement procedure	EPWP report
			Number of irrigation scheme revitalized	1	1	-	-	-	1	0	1	Project no longer exist	Project no longer exist	Project no longer exist	Pictures
			Number of tourism awareness campaign conducted	0	3	-	1	2	3	1	2	Postponement of meeting	To be done in 2014/15 financial year	2 Campaigns could not be conducted because of postponement of meeting and Malamulele stirke	Attendance register
	To ensure 50% of unknown tourism		Number of tourism shows	2	2	-	-	2	-	1	1	District could not purcha	To be done in 2014/15	To be done in 2014/15	Attendance register

AND PUBLIC PARTICIPATION	and add value to the municipality		days of receipt	queries to responded to within ten days											
		Audit queries	Percentage of Internal Audit queries responded to within ten days of receipt	100% of Audit General queries to responded within ten days	100%	100%	100%	100%	100%	100%	0%	None	None	No internal audit queries received	Internal audit report
	To provide an effective risk management in the municipality	Risk management	Number of risk identified address as per risk register 2012/13	14	6	25%	50%	75%	100%	100%	0%	None	None	None	Risk report
		Human resource	Departmental staff monthly meeting conducted	12	12	3	6	9	12	12	0	None	None	None	minutes
SPATIAL RATIONALE	To ensure 100% integration in rural, urban development and Land-	Planning	Percentage of sited demarcated	100%	100%	100%	100%	100%	100%	25%	75%	The consultants were	finalization of Layout plans and community resolutions	None	Draft Layout plans

	public transport annually in order to provide safe, affordable, reliable, efficient and fully integrated transport operations and infrastructure by 2020		Number of km Upgraded from Gravel to Tar Backside Iyani road	0	2km	-	2km Road bed and sub base constructed	2km Road sub base and base constructed	Road base surfacing	**1.58km of road base surfaced**	**420m of road base and surfacing**	**Delays due to natural cause (rain fall)**	**Speed up progress of work**	**Construction in progress**	**Progress report**
BASIC SERVICES DELIVERY AND INFRASTRUCTURE			Number of km Upgraded gravel to Tar Sokoutenda road	0	8.7km	8.7km Road bed preparation conducted	8.7km Road bed preparation conducted	8.7km Road sub base constructed	8.7km Road sub base and base constructed	8.7km	0	None	Construction in progress	Construction in progress	Progress report
			Number of Upgraded Malamulele B1 street	0	1.9km	-	1.9km Road bed constructed	1.9km Road bed and sub-base constructed	Road base constructed	0 km of road base constructed.	-0 km of base constructed	Slow progress	Speed up progress	Road leave challenges. Contractor catching up with programme.	Progress report

LOCAL ECONOMIC DEVELOPMENT	To ensure 100% compliance with the MFMA and Municipal Budget and Regulations	Expenditure	Percentage of departmental total capital budget spent on capital projects in terms of the IDP and SDBIP	100%	100%	25%	50%	75%	100%	78%	22%	Delay caused by rain. Delay by contractors not performing well	Procurement of experienced contractors	Increase monitoring	Copy of capital budget
MUNICIPAL FINANCIAL VIABILITY	To provide objective assurance and consulting activities and add value to the municipality		Percentage of departmental total operational budget spent on operational projects in terms of the IDP and	**100%**	100%	25%	50%	75%	100%	77%	23%	Service providers surrending orders	Procure service providers who will deliver	Delays in the procurement of materials	Copy of expenditure
		Audit queries	Percentage of Audit General queries responded to within ten days of receipt	100% of Audit General queries to responded to within ten days	100%	100%	100%	100%	100%	100%	100%	None	None	None	Audit document
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	To provide objective assurance and consulting activities and add value to	Audit queries	Percentage of Internal Audit queries responded to within ten days of receipt	100% of Audit General queries to respon	100%	100%	100%	100%	100%	100%	100%	None	None	None	Audit document

NAL DEVELOPMENT	fostering accountability by 2013/14 (PMS)		progress report compiled												
	To promote conductive working environment	Occupational Health and Safety (OHS)	Number of Inspections Conducted	80	120	30	60	90	120	95	25	No dedicated officer during fourth quarter	All inspections are to be done timeously	To make sure that there is always a dedicated officer	Inspection reports/ Attendance register /Pictures
		Occupational Health and Safety (OHS)	Number of trained health and safety representative	20	30	15	-	45	-	45	+15	None	None	45 employees trained including first aid level	Attendance register /List of trained employees/ Pictures
		Occupational Health and Safety (OHS)	Number of OHS policy developed	1	1	1	-	-	-	1	0	None	None	None	OHS policy and council resolution

												Shortage of refuse trucks		campaigns are being conducted monthly in order to extend waste collection service to the community There is budget provision to purchase one refuse truck	
		WASTE MANAGEMENT	Number of households earning less than R2500 per month that receives free basic solid waste removal services	17000	18000 (household per week)	18000	18000	18000	18000	17000 Households per week	1000	None	None	None	Waste collection report
		WASTE MANAGEMENT -	Number of environmental awareness Campaigns conducted	40	50	10	30	40	50	64	+14	None	None	Environmental awareness team in place	Attendance register and/or pictures

		SPORTS AND RECREATION	Merwe Stadium Upgrade	1	1	-	-	Tender advert for construction	construction	Construction not done	construction	Delay in supply chain management process	Forward planning on project	Project to be completed in the first quarter of 2014/15 financial year	Pictures
		SPORTS AND RECREATION	Makwarela stadium upgrade	1	1	-	-	Tender advert for consulting	Erecting the grand stand	The grand stand was not erected	Erecting grand stand	Consultant not appointed during fourth quarter	None	The consultant to be appointed in the first quarter of 2014/15 financial year	Tender advert
		SPORTS AND RECREATION	Makhuvha sport facility upgrade	1	1	-	-	Notice for V drain and fencing	Painting and rubberizing the pavilion	Painting and rubberizing the pavilion not done	Painting and rubberizing the pavilion	Constructor was unable to finish the project	Close monitoring of the project	V-drain is 80% complete	None
		SPORTS AND RECREATION	Mudabula stadium upgrade	1	1	-	-	Tender advert for construction	Constructing	Constructing not done	Constructing	Delay in supply chain management process	Forward planning on project	Project to be completed in the first quarter of 2014/15 financial year	Pictures

														ward councilor	
	To provide security to all council facilities. Promote road safety	**LAW ENFORCEMENT AND PUBLIC SAFETY**	Percentage of traffic summons issued	100%	100%	100%	100%	100%	100%	100%	0%	There are a lot of defective summons	Restructuring of the division To allocate other responsibilities to other officials	1583 summons issued	Copy of traffic summons
		MAKONDE STADIUM UPGRADED	1	1	-	Design and tendering	Tender advertisement	construction	Construction not done	construction	The contractor was not appointed during the fourth quarter of the financial year	The contractor will be appointed during the first quarter of 2014/15 financial year.	Makonde stadium upgrade is a multi year project for 2013/14 and 2014/15 financial year.	None	pictures
		SASELAMANI STADIUM UPGRADE	1	1	-	-	Tender advert for consulting	Design	Design not done	Design	The consultant was not appointed		The consultant to be appointed in the first quarter of 2014/15 financial year		Tender advert for consulting engineers

	LED	Number of Market stalls constructed	-	20	5	10	15	20	0	The market stalls plans not approved in time	Forward planning on project	None	The project will be implemented in the third quarter of 2014/15 financial year	None
	LED	Number of youth jobs in waste created	-	17	-	17	-	-	17	0	None	None	None	List of beneficiaries
		Number of jobs created through EPWP	0	300	140	200	250	300	540	240	None	None	None	List of beneficiaries
	Expenditure	Percentage of departmental total capital budget spent on capital projects in terms of the IDP and SDBIP	100%	100%	25%	50%	75%	100%	71%	29%	Delay procurement management processes	Forward planning on projects and programmes	The contractor for Makonde sport facility will be appointed during the first quarter of 2014/15 financial year.	Copy of capital budget

To provide an effective risk management in the municipality	Risk management	Number of risk identified address as per risk register 2012/13	11	21	21	21	21	21	21	0	None	None	There are 21 Departmental risks identified	Risk register
	Human resource	Departmental staff monthly meeting conducted	12	12	3	6	9	12	11	1	There were other strategic meetings schedule	The Department to ensure that meetings are held regularly	None	Copy of minutes and Attendance register
To ensure disadvantaged Focus Groups are Economically empowered in order to improve their quality of life	HIV/AIDS	Number of HIV/Aids campaigns/meeting conducted	12	12	3	6	9	12	12	0	None	None	None	Attendance register
	Youth	Number of Youth campaigns/meeting conducted	12	12	3	6	9	12	12	0	None	None	None	Attendance register
	Youth	Number of Children's rights campaigns/meeting conducted	12	12	3	6	9	12	12	0	None	None	None	Attendance register

	within 72 hours												report in time		

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Thulamela Local Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and the DoRA.

Emphasis of matters

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

Significant uncertainties

8. With reference to note 32 to the financial statements, the municipality is the defendant in various lawsuits and pending legal cases from individuals and companies. The municipality is opposing the claims amounting to R18 931 263. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of an error discovered during 2014 in the financial statements of the municipality at, and for the year ended, 30 June 2013.

Material Losses

10. As disclosed in notes 2 and 5 to the financial statements, material losses to the amount of R4 667 908 were incurred as a result of assets and inventory write-offs.

Additional matter

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

Unaudited supplementary schedules

12. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

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

Reliability

21. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not valid, accurate and complete when compared to the source information or evidence provided. This was due to a lack of standard operating procedures for the accurate recording of actual achievements and frequent review of the validity of reported achievements against source documentation.

Planning and development

Usefulness of reported performance information

Consistency

22. Section 41(c) of the MSA requires actual achievements against all planned indicators and targets to be reported annually. The annual performance report submitted for audit purposes did not include the actual performance of 50% of all planned objectives specified in the service delivery agreement for the year under review. This was due to limited, information systems for recording and documenting actual achievements against targets and limited review of the completeness of reporting documents by management.

Reliability

23. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided.

Technical/Roads Services

Usefulness of reported performance information

Reliability

24. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided.

Housing

Reliability

25. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or

Financial and performance management

33. The municipality did not properly monitor the work done by the consultant appointed to compile the asset register including reviewing the calculations done and the reasonableness of the assumptions used.

34. The municipality did not develop an effective system which verified the accuracy, completeness and reliability of the reported performance contained in the annual performance report.

35. The financial statements were not adequately reviewed for accuracy and completeness by the accounting officer.

Governance

36. Those changed with governance (council and audit committee) did not provide adequate oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.

Polokwane

28 November 2014

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Thulamela Municipality Annual Financial Statement for the year ended 30 June 2014

Thulamela Municipality
Financial Statements for the year ended June 30, 2014

General Information

Legal form of entity	Thulamela Municipality
Members of the Council	Mahosi Ndivhuwo Grace(Mayor) Baloyi Mafemani Erick (Speaker) Malindi Thilivhali Obrien(Chief Wip)
Exco Members	Ligege phophi vhengani Mbedzi thinawanga selinah Netshifhefhe matodzi Ramela mulalo sylvia Madzunya edzisani Maholwana kutala emeline Maluleke shadrack gezani Mavikane xihlamariso simon
Councillors	Baloyi ndzunisani lazarus Chauke mkhacani aarone Chavani phahlela joe Davhana azwifaneli joyce Gundula thivhulawi jeffry Khosa tinyiko daphne Mabasa joseph Mabasa rirhandzu Madondo litsani martha Maduse livhuwani salthiel Mahlaule mafemani james Malada tshiomangadzo Maluleke langhani rosina Mamushiana thivhonali Mandiwana ntakadzeni Matchebela mafemani eric Mathambo rudzani Mathebula tinyiko simon Mavhunga naledzani joseph Moyo mkhacani thomas Muedi esther tshifhumulo Mulaudzi khathushelo Mulaudzi matodzi mavis Munyai mashudu evans Musisinyane nditsheni Mutheiwana fulufhelo asnath Nemaranzhe khumeleni Nethonzhe rudzani thomas Ramanala vhengani maria Ramatamba khombo Thabela thomani paul Tharaga maanda donald

Thulamela Municipality Annual
Financial Statement for the year ended 30 June 2014

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IMFO	Institute of Municipal Finance Officers
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Thulamela Municipality Annual
Financial Statement for the year ended 30 June 2014

Cash Flow Statement

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Receipts			
Cash receipts from taxes, levies and fines		25 810 222	45 851 327
services charges		(6 903 887)	36 315 894
Grants		422 579 286	435 648 795
Interest income		27 321 796	10 443 610
Other receipts		47 970 468	52 377 713
		516 777 884	**580 637 338**
Payments			
Employee costs		(193 132 513)	(162 354 141)
Suppliers		(104 935 190)	(249 259 028)
Finance costs	27	(1 652 345)	(1 742 851)
		(299 720 048)	**(413 356 020)**
Net cash flows from operating activities	30	**217 057 836**	**167 281 318**
Cash flows from investing activities			
Acquisition of fixed assets	2	(166 402 097)	(106 286 870)
Acquisition of intangible assets	3	(36 864)	(104 037)
Investment in fixed deposit		(100 000 000)	-
Net cash flows from investing activities		**(266 438 961)**	**(106 390 907)**
Cash flows from financing activities			
Proceeds from short term loan		60 000 000	48 000 000
Loan Repayments		(48 000 000)	(8 213 046)
Finance lease payments		(1 247 470)	878 702
Net cash flows from financing activities		**10 752 530**	**40 665 656**
Net increase/(decrease) in cash and cash equivalents		**(38 628 596)**	**101 556 067**
Cash and cash equivalents at the beginning of the year		292 292 699	190 736 630
Cash and cash equivalents at the end of the year	9	**253 664 103**	**292 292 699**

Accounting Policies

1.1 BASIS OF ACCOUNTING

1.1.1 BASIS OF PREPARATION

These annual financial statements have been prepared in accordance with Standards of General Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance MAnagement Act,Act No 56.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The principle accounting policies adopted in the preparation of these annual Finacial Statement are set out below.

Asset, Liabilities, Revenue and Expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statement, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the note.

1.1.2 PRESENTATION CURRENCY

These Annual Finacial Statement are presented in South Africa Rand, which is the functional currency of the Municipality

GOING CONCERN ASSUMPTION

1.1.3

These Annual Finacial Statements have been prepared on the assumption that the municipality will continue to operate as a going concern for the foreseeable future.

1.1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, comparative amounts are reclassified, unless the reclassification is impracticable. When comparative amounts are reclassified, the following is disclosed:

(a) the nature of the reclassification;
(b) the amount of each item or class of items that is reclassified; and
(c) the reason for the reclassification.
When it is impracticable to reclassify comparative amounts, the following is disclosed:
(a) the reason for not reclassifying the amounts; and
(b) the nature of the adjustments that would have been made if the amounts had been reclassified.

Where material accounting errors have been identified in the current year,the correction is made retrospectivelely as far as is practicable, and the prior year comparatives are restated accordingly, where there has been a change in accounting policy in the current yearr, the adjustment is made restrospectively as far as is practicable, and the prior year comparatives are restated accordingly

1.1.5 GRAP STANDARDS EFFECTIVE AND ADOPTED DURING THE YEAR

The following GRAP standards has been effective and adopted during the year:
GRAP 21 Impairment of Non-cash- generating Assets
GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24 Presentation of Budget information in the financial statements
GRAP 26 Impairment of Cash - Generating Assets
GRAP 104 Financial Instruments

1.1.6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETENTIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not effective
GRAP 18 Segment Reporting (2011)

1.1.6 EFFECTIVE STANDARDS NOT YET ADOPTED

GRAP 25 Employee benefits has not been early adopted by the municipality

1.2 PROPERTY, PLANT AND EQUIPMENT

1.2.1 INITIAL RECOGNITION AND MEASUREMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and

(b) the cost or fair value of the item can be measured reliably.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

1.2.2 SUBSEQUENT MEASUREMENT -REVALUATION MODEL (LAND)

Subsequent to intial recognition, land is carried at a revalued amount in terms of valuation roll which is done every five years unless the validity of the valuation roll is extended by the MEC of COGSTA, the extended valuation roll will be used.

If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be credited directly to a revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

1.2.3 SUBSEQUENT MEASUREMENT- COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it meets the recognition criteria of Property, Plant and equipment.

1.2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets . Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Land is not depreciated as it is deemed to have an indefinite useful life. The depreciation rates are based on the following estimated average asset useful lives:

Item	Average useful life

1.3 Intangible assets

1.3.1 INITIAL RECOGNITION AND MEASUREMENT

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

"Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost is deemed to be equal to its fair value as at the date of acquisition.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

The estimated useful life of intangible assets is 3 - 5 Years

The amortisation period, residual values and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.4 Financial Instruments

1.4.1 Initial recognition and Measurement

1.4.3 Derecognition

An entity shall derecognise a financial asset only when:

(a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;

(b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

(c) the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity shall:

(i) derecognise the asset; and

(ii) recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

An entity shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived

1.4.4 Gains/Losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value shall be recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

1.4.5 Impairment of Financial Instruments

Financial assets are assessed at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

1.4.6 Offsetting

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

(a) currently has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.5.2 Municipality as lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Lease revenue from operating leases shall be recognised as revenue on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished.

1.6 Inventories

.6.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.6.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.6.3 Derecognition

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.7 Impairment of assets

A non-cash-generating asset is impaired when the carrying amount of the asset exceeds its recoverable service amount.

1.7.1 Recognition and measurement

If, and only if, the recoverable service amount of an asset is less than itscarrying amount, the carrying amount of the asset shall be reduced to itsrecoverable service amount. That reduction is an impairment loss.

An impairment loss shall be recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP (for example, in accordance with the revaluation model in the Standard of GRAP on Property, Plant and Equipment). Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

1.8 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of the expenditureexpected to bee required to settle the present obligation at the reporting period. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met: (a) The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned; - the principal locations affected; - the location, function, and approximate number of employees who will be compensated for terminating their services; - the expenditures that will be undertaken; and - when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.9 REVENUE

1.9.1 Revenue from exchange transactions

Revenue shall be measured at the fair value of the consideration received

Rendering of services

When the outcome of a transaction involving the rendering of services canbe estimated reliably, revenue associated with the transaction shall berecognised by reference to the stage of completion of the transaction atthe reporting date. The outcome of a transaction can be estimated reliablywhen all the following conditions are satisfied:(a) The amount of revenue can be measured reliably. (a) It is probable that the economic benefits or service potentialassociated with the transaction will flow to the entity.(c) The stage of completion of the transaction at the reporting date can bemeasured reliably.(d) The costs incurred for the transaction and the costs to complete thetransaction can be measured reliably.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable. Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Revenue from the rental/hiring of facilities and equipment is recognised as revenue once the booking and payment has been made.

Sale of goods

1.9.3 Grants, transfer and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

11 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has been budgeted, expenditure that is not in terms of the conitions of an allocation received fromanother sphere of gorvenmnet, municipality or organ of state and expenditure in the form of a grant that is not permitted in term of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

1.12 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance .

1.13 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municpality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 Employee Benefits

1.14.1 Short-term employee benefits

Short-term employee benefits include items such as:

(a) wages, salaries and social security contributions;

(b) short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service

Recognition and measurement

When an employee has rendered service to an entity during a reporting period, the entity shall recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

1.14.3 Other long-term employee benefits

Other long-term employee benefits may include, for example:

(a) long-term compensated absences such as long service or sabbatical leave;

(b) other long service benefits;

(c) long-term disability benefits;

(d) bonus, incentive and performance related payments payable twelve months or more after the end of the reporting period in which the employees render the related service;

(e) deferred compensation paid twelve months or more after the end of the reporting period in which it is earned; and

(f) compensation payable by the entity until an individual enters new employment.

The measurement of other long-term employee benefits is not usually subject to the same degree of uncertainty as the measurement of post-employment benefits. This Standard includes a rebuttable presumption that long-term disability payments are not usually subject to the same degree of uncertainty as the measurement of post-employment benefits. Where this presumption is rebutted the municipality considers whether some or all long-term disability payments should be accounted for.

Recognition and measurement

The amount recognised as a liability for other long-term employee benefits shall be the net total of the following amounts:

(a) the present value of the defined benefit obligation at the reporting date

(b) minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly

1.15 Related parties

An entity shall disclose:

(a) The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration within this category, showing separately major classes of key management personnel and including a description of each class;

(b) The total amount of all other remuneration and compensationprovided to key management personnel, and close members ofthe family of key management personnel, by the reporting entity

1.16 Presentation of Budget information

presentation of a comparison of the budget amounts for which it is held publicly accountable and actual amounts is presented as a separate additional financial statement. The comparison of budget and actual amounts is present separately for each level of legislative oversight:

(a) the approved and final budget amounts;
(b) the actual amounts on a comparable basis; and

(c) by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

1.17 Contingent Liabilities

1.22 Construction contract

The gross amount received for constructions on behalf of third party are recognised as a liability when received and any costs related to the projects are set off against such receipts. Where the municipality's own funds are utilised on such projects before the grant is received, the amount spent on the project is recognised as a receivable, and on receipt of the grants, the amount spent on the projects is set off against the receivable.

Note 3 Intangible assets

Reconciliation of carrying value	Computer Software R	Total R
Carrying amount as at 01 July 2013	**2 363 133**	**2 363 133**
Cost	4 362 265	4 362 265
Accumulated amortisation and impairment losses	(1 999 133)	(1 999 133)
Acquisitions	36 864	36 864
Amortisation	(293 026)	(293 026)
Carrying amount as at 01 June 2014	**2 106 971**	**2 106 971**
Cost	4 399 129	4 399 129
Accumulated amortisation and impairment losses	(2 292 159)	(2 292 159)

Reconciliation of carrying value	Computer Software R	Total R
as at 01 July 2012	**2 547 615**	**2 547 615**
Cost	4 258 229	4 258 229
Correction of prior year error(Note 36)	1 832 971	1 832 971
Accumulated amortisation and impairment losses	(3 543 585)	(3 543 585)
Acquisitions	104 036	104 036
Amortisation	(288 518)	(288 518)
as at 30 June 2013	**2 363 133**	**2 363 133**
Cost	4 362 265	4 362 265
Accumulated amortisation and impairment losses	(1 999 133)	(1 999 133)

No intangible asset was pledged as security

Note 4 Long term debtors from exchange transactions

	2014	2013
Debtors Agreements	676 775	1 206 519
LESS:Provision for bad debts	(28 234)	-
	648 541	1 206 519
Less: short term portion	(463 493)	(729 034)
Non current portion	**185 048**	**477 485**
Reconciliation of provision for bad debts on agreements		
Opening	-	-919 576
Contribution	(28 234)	-
reversal	-	919 576
Closing	**(28 234)**	**-**

The long term debtors are as a result of arrangement made between the consumer debtors and the municipality to settle their account.
An assessment was performed on the individual debtors and no debt appeared to be impaired.

Note 5 Inventories

Consumable stores	926 974	700 531
Unsold Sites	76 180 651	77 755 400
	77 107 624	**78 455 931**

INVENTORY		
Opening balance of consumables stores	700 531	853 375
Opening balance of Unsold sites	77 755 400	10 598 059
Total opening balance of inventories	**78 455 931**	**11 451 434**

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Refuse		
Current (0 -30 days)	2 247 088	513 126
31 - 60 days	955 326	480 070
61 - 90 days	904 768	432 257
91 - 120 days	871 600	414 075
121 days +	18 068 936	9 065 392
	23 047 717	10 904 919
Other		
Current (0 -30 days)	5 048 418	4 403 913
31 - 60 days	5 132 345	4 187 666
61 - 90 days	4 685 778	4 572 098
91 - 120 days	4 432 864	4 689 900
121 - 365 days	180 829 307	143 482 108
	200 128 713	161 335 686

Summary of debtors by customer classification	**2014**	**2013**
All Debtors		
Current (0 -30 days)	10 057 326	7 994 554
31 - 60 days	8 546 289	6 532 516
61 - 90 days	7 303 287	6 353 533
91 - 120 days	6 922 461	6 395 787
121 - 365 days	245 160 107	185 893 358
	277 989 471	**213 169 748**

As at 30 June 2014		**Consumers**	**Industrial/Commercial**	**National and provincial Gorvenment**
Current (0 -30 days)		5 198 094	1 768 126	1 580 070
31 - 60 days		5 199 616	1 620 509	483 163
61 - 90 days		5 035 158	1 416 232	471 070
91 - 120 days		4 992 988	1 457 141	463 298
121 - 365 days		196 301 995	41 514 716	10 487 295
Sub-Total		**216 727 852**	**47 776 724**	**13 484 895**
Less: Provision for doubful debts	264 504 576	**(209 850 845)**	**(46 260 717)**	**-**
Total debtors by customers classification		**6 877 007**	**1 516 007**	**13 484 895**

As at 30 June 2013		**Consumers**	**Industrial/Commercial**	**National and provincial Gorvenment**
Current (0 -30 days)		4 735 527	2 842 760	416 267
31 - 60 days		4 418 393	1 709 309	404 814
61 - 90 days		4 729 939	1 569 886	53 711
91 - 120 days		4 342 143	2 005 434	48 211
121 - 365 days		152 168 692	33 092 470	632 197
Sub-Total		**170 394 694**	**41 219 858**	**1 555 199**
Less: Provision for doubful debts		**(159 601 172)**	**(38 608 818)**	**-**
Total debtors by customers classification	211 614 553	**10 793 523**	**2 611 041**	**1 555 199**

No Trade receivables at the end of the reporting date were not impaired

Note 8 Other receivables from non exchange transactions

VDM Debtor	893 351	3 522 218
R/D Cheques	62 082	56 625
Other debtors	10 968 024	30 346 359
	11 923 457	**33 925 203**

Note 9 Cash and cash equivalents

Cash and cash equivalents consist of:		
Bank balances	(14 842 078)	19 247 533
Money Market	1 164 640	1 123 475
Call deposits	267 341 540	271 921 691
	253 664 103	**292 292 699**

Current assets	253 664 103	292 292 699
	253 664 103	**292 292 699**
Bank Garantee	**850 000**	**850 000**

Included in the main primary bank account is gurantee/security of R850 000 to post office. Should Municipality fail to meet payments obligation with post office the amount will be paid over to post office by the bank.

Cash and cash equivalents pledged as collateral

The money market account has been pledged as collateral for the loan from DBSA	-	**1 085 645**

The municipality had the following bank accounts

	Bank statement balances		
Account number / description	**30-Jun-14**	**30-Jun-13**	**30-Jun-12**
FNB BANK - Account Type - CHEQUE-54660078973	7 512 172	30 787 477	46 725 900
FNB BANK - Account Type - CALL-62090588016	124 129 252	154 387 764	129 696 195
FNB BANK - Account Type - CALL-62090588793	143 212 289	117 533 926	36 011 588
FND BANK - Account Type - MONEY MARKET-62336900320	1 164 640	1 123 475	1 085 645
Total	**276 018 353**	**303 832 642**	**213 519 328**

	Cash book balances		
Account number / description	**30-Jun-14**	**30-Jun-13**	**30-Jun-12**
FNB BANK - Account Type - CHEQUE-54660078973	(14 842 078)	19 247 533	23 943 201
FNB BANK - Account Type - CALL-62090588016	124 129 252	154 387 764	129 696 195
FNB BANK - Account Type - CALL-62090588793	143 212 289	117 533 927	36 011 588
FND BANK - Account Type - MONEY MARKET-62336900320	1 164 640	1 123 475	1 085 645
Total	**253 664 103**	**292 292 699**	**190 736 629**

Note 13 Unspent conditional grants and receipts

	2014	2013
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts	52 684 330	-
MIG	-	50 802 647
NDPG	-	5 442 756
Electricity Demand side management grant	-	20 000 000
Disaster Management grant	52 684 330	76 245 403

See note 21 for reconciliation of grants and receipts from National/Provincial Government.

14 Provisions

	2014	2013
Current provisions		
Provision for Perfomance bonus	329 754	442 207
Total Provisions	329 754	442 207

Performance bonuses are paid one year in arrear. The assessment of eligible employees had not taken place at the reporting date. The mid year performance results were used as a base to calculate performance bonus. Performance bonus may be paid after the peromance assessment within the next 12 months after reporting date.

The movement in current provisions are reconciled as follows: -

	Provision for Perfomance bonus	
Balance at the beginning of year	442 207	442 207
Contributions to provision	(112 453)	0
Total Provision	329 754	442 207

Long term provision		
Provision for long service award	8 556 693	7 246 646
Provision for long term leave	8 308 765	7 754 421
	16 865 458	15 001 067

The movement in long term provisions are reconciled as follows: -

	Provision for long service award	Provision for long term leave
Balance at the beginning of year	7 246 646	7 754 421
Contributions/reversal to provision	1 310 047	554 343
Total provisions	8 556 693	8 308 765

Note 15 Trade and other payables from exchange transactions

	2014	2 013
Trade payables	4 163 760	10 949 972
Accrued Expense	13 125 565	7 827 709
Sundry Creditors	507 506	171 699
Retention creditors	28 352 050	21 849 264
Income received in advance	3 844 025	4 765 825
Staff leave accrual	701 678	738 776
Stale Cheques	-	8 796
Unidentified Deposits	730 742	1 845 145
Provision for Bonus	3 684 479	3 079 225
	55 109 805	51 236 409

Note 18 Property rates

Actual	2014	2013
Residentioal	9 249 355	8 564 508
Business	11 684 441	12 133 884
State	14 214 473	14 326 568
	35 148 268	35 024 960
Valuations		
Residential	21 448 743 060	21 427 782 660
Commercial	11 552 023 200	11 401 399 200
State	1 127 378 500	1 173 709 500
Municipal	4 250 944 800	4 246 780 800
	38 379 089 560	38 249 672 160

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2009. Supplementory valuations are processed on an annual basis to take into account changes in individual property values due to alterations.

Municipal rates on the tarriff listing is applied to property valuations to determine assessment rates. Rates are levied on a annual bassis on property owners.

Note 19 Service charges

	2014	2013
General Services	1 276 964	1 128 482
Refuse removal & development fund	42 225 230	34 366 260
	43 502 195	35 494 742

Note 20 Government grants and subsidies

	2014	2013
Equitable share	290 472 000	260 695 000
Finance Management Grant	1 550 000	1 500 000
MSIG	890 000	800 000
Neighbourhood Development Grant	22 751 933	36 758 207
Municipal Infrastructure Grant	103 298 670	55 328 740
Electricity Grant	-	557 244
EPWP INTEGRATED GRANT	1 735 000	4 011 000
Energy Efficeincy Grant	5 442 756	-
Disaster Relief Grant	20 000 000	-
	446 140 359	359 650 191

20.1 Equitable Share

The grant is an unconditional grant and is partially utilized for the provision of indigent support through free basic services. Registered indigents receive a rebate of R840 which is funded from the grant.

20.2 Municipal Infrastracture Grant

	2014	2013
Balance unspent at beginning of year	-	(19 026 260)
Current-year receipts	155 983 000	74 355 000
Conditions met - transferred to revenue	(103 298 670)	(55 328 740)
	52 684 330	-

This grant was used to construct basic municipal infrastractrure to provide basic services for the benefit of household. All conditions of the grant were met.

	2014	2013
20.7 Finance Management Grant	-	-
Balance unspent at beginning of year	1 550 000	1 500 000
Current-year receipts	(1 550 000)	(1 500 000)
Conditions met - transferred to revenue	-	-

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003 . All conditions of the grant were met

	2014	2013
20.8 Enegy Efficiency Demand side Management Grant	5 442 756	-
Balance unspent at beginning of year	-	6 000 000
Current-year receipts	(5 442 756)	(557 244)
Conditions met - transferred to revenue	-	5 442 756
Unspent amount at year end		

The grant is used for provision of electricty under energy saving activities. All the conditions were met

	2014	2013
20.9 Disaster Relief Grant	20 000 000	-
Balance unspent at beginning of year	-	20 000 000
Current-year receipts	(20 000 000)	-
Conditions met - transferred to revenue	-	20 000 000
Unspent amount at year end		

The grant is used to relief disaster as per the conditions made by the grantor. All conditions of the grant were met.

	2014	2013
Note 21 Other revenue	12 513 130	6 451 275
Sundry Revenue	257 178	339 035
Building plan fees	385 134	774 664
Refund skills development levy	4 941 158	8 597 681
Sale of sites	225 992	3 173 587
Sale of assets	18 322 592	19 336 243

	2014	2013
Note 22 General expenses	-	-
Advertising	1 195 751	665 155
ARTS AND CULTURE	24 923	-
ASSET WRITTEN OFF	-	-
Audit Committee	172 952	-
Audit Fees External	1 543 932	1 987 677
Audit Fees Internal	-	627
Bank Charges	378 613	416 467
Books and Publications	-	55 573
Cellular Phone Expenses	1 598 128	885 721
Cleaning Material	1 561 182	1 227 765
Conference Expenditure	2 461 839	2 697 433
COST OF SITE SOLD	575 792	527 998
dermacation of sites	-	151 525
disability development plan pr	70 150	17 450
Disaster Relief	688 084	695 221

	2014	2013
Note 23 Employee related costs		
Salaries	112 461 822	92 959 050
Bonus	8 678 098	7 012 295
Medical aid - company contributions	3 805 509	2 824 251
Unemployment Insurance Fund	936 132	757 830
WCA	982 677	1 818 276
Skills Development Levy	1 314 412	1 080 173
Pension Fund Contribution	23 260 645	19 630 252
Travelling Allowance	10 037 747	8 679 380
Overtime	1 956 104	1 603 409
Long-service	1 731 858	956 919
Acting allowances	132 530	210 388
Industrial Council Levies	47 941	37 884
Housing Subsidy	273 637	286 991
Leave Bonus	635 689	1 026 838
Casual Labour	6 465 927	4 343 296
	172 720 726	**143 227 232**
Remuneration of municipal manager		
Annual Remuneration	732 787	819 341
Car Allowance	264 385	248 059
Contributions to UIF, Medical and Pension Funds	172 505	163 301
Bonus	61 376	57 161
	1 231 052	**1 287 862**
Chief Financial Officer		
Annual Remuneration	659 508	650 470
Car Allowance	216 454	199 092
Bonuses	54 959	51 445
Contributions to UIF, Medical and Pension Funds	176 778	170 308
	1 107 699	**1 071 314**
Corporate and human resources (corporate services)		
Annual Remuneration	659 508	618 878
Car Allowance	237 761	223 075
Bonuses	55 238	51 445
Contributions to UIF, Medical and Pension Funds	156 436	145 963
	1 108 943	**1 039 361**
Senior Manager: Technical Manager		
Annual Remuneration	737 508	780 836
Car Allowance	159 761	145 075
Bonuses	55 238	51 445
Contributions to UIF, Medical and Pension Funds	155 587	146 959
	1 108 094	**1 124 314**
Senior Manager: Planning and Development		
Annual Remuneration	659 508	695 083
Car Allowance	237 761	223 075
Bonuses	54 959	51 445
Contributions to UIF, Medical and Pension Funds	155 429	146 725

Note 26.1 Depreciation and amortisation		
Property, plant and equipment	46 821 092	42 946 440
Intangible assets	293 026	288 518
	47 114 118	**43 234 958**
Note 26.2 Impairment loss		
Impairment loss on PPE	13 631 540	5 994 628
	13 631 540	**5 994 628**
Note 27 Finance costs		
Current borrowings	1 068 921	1 318 405
Finance leases	278 199	398 845
Bank Overdraft	-	402
Other	10 136	25 199
	1 357 257	**1 742 851**
Note 28 Rental of facilities and equipment		
Facilities and equipment	**548 263**	**504 306**
Rental of facilities		
Note 29 Contracted services		
Professional Fees Total	3 110 945	3 327 612
Security Services	875 586	325 468
	3 986 531	**3 653 080**
Note 30 Cash generated from operations	161 285 063	50 448 804
Surplus		
Adjustments for:	47 114 118	43 234 958
Depreciation and amortisation	(5 994 628)	5 994 628
Impairment reversal	1 751 938	1 284 790
Provisions	3 668 951	
Assets writeoff		
Changes in working capital:	1 348 307	680 843
Inventories	557 977	1 547 478
Long term debtors	(6 918 150)	(6 771 603)
Consumer Debtors	20 064 776	41 711 331
Other receivables	479 988	(1 733 737)
Traffic fine debtors	3 578 309	3 064 920
Trade and other payables	(23 561 073)	21 394 357
Unspent conditional grants and receipts	50 721	14 109
Consumer deposits	**203 426 297**	**160 870 878**

Note 31 Commitments

	2014	2013
Authorised capital expenditure		
31.1 - Approved and contracted for		
Community Assets	37 544 453	35 340 294
Infrustracture	65 287 683	132 992 175
Other	9 178 598	16 474 833
	112 010 733	**184 807 302**
The expenditure will be financed from:		
MIG	17 213 904	74 334 604

Mpho Netshifhefhe is suing the municipality for damages in the amount of R 250 000.00. The matter is at a pleading stage.	250 000	250 000
Maphugwi Edward Ravhanyaho is suing the Municipality for damages in the amount of R 75 000.00 . The matter is at pleading stage	75 000	75 000
Moses Malada is suing the Municipality for R 100 000.00 for defamation. The pleadings have been closed	100 000	100 000
Mudau V.M sued the Municipality for unlawful detention in the amount of R175 000.00. The Municipality filed notice of intention to defend , prepared a plea and filed it. Awaiting for trial date	175 000	175 000
Telkom issued combined summons for damages cables during construction in the amount of R164 812.37. We defended the matter by filing a notice to defend and later filed a plea. The plantiff applied for trial date but later served a notice of removal from the roll.	164 812	164 812
Manzere N.D issued combined summons for damages in an amount of R600 000.00 for unlawful arrest. All the pleadings have been filed and we are waiting for the plaintiff to apply for trial date.	600 000	600 000
Telkom issued a combined summons in the amount of R13 553.48 for damages of cables. We filed notice of intention to defend . Waiting for for Plaintiff to reply to our plea.	13 553	13 553
Makhanani violet Mathye sued the municipality for damages for injuries sustained by falling into a ditch.	600 000	300 000
Khamax Trading Enterprice (PTY) LTD sued the Municipality for the cancellation of the agreement to host a festival at Tshifulanani stadium on the 15th day of December 2012. The matter is at pleading stage.	2 075 000	2 075 000
	18 931 263	22 438 687

Note 33 Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

2014	Not later than one month	Later than one month and not later than three month	Later than three month and not later than one year	Later than one yeat and not later than 5 years	Total
Gross Finance lease obligation	112 674	229 777	679 249	129 606	1 151 306
Trade and other payables	26 757 756				26 757 756
Retention Creditors	-	4 473 240	19 440 473	4 924 526	28 838 239
Loan	45 000 000			15 893 358	60 893 358
	71 870 430	**4 703 016**	**20 119 722**	**20 947 490**	**117 640 658**

Trade and other payables exclude retention creditors.

2013	Not later than one month	Later than one month and not later than three month	Later than three month and not later than one year	Later than one yeat and not later than 5 years	Total
Gross Finance lease obligation	127 009	254 017	1 143 078	1 246 906	2 771 010
Trade and other payables	28 900 956				28 900 956
Retention Creditors		1 464 245	17 254 623	3 616 585	22 335 453
Loan	49 188 446				49 188 446
	78 216 410	**1 718 262**	**18 397 701**	**4 863 491**	**103 195 864**

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Irregular expenditure awaiting condonement	60 028 984	60 001 624

The current year irregular expenditure is as a result of procurement for Actuary valuers to the value of R27 360 for 3 years which was done through quotations intead of competitive bid.

Note 36 Employee benefit obligations

Defined contribution plan
It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution funds were used in the current financial year.

The municipality is under no obligation to cover any unfunded benefits. The total municipal contribution to such schemes are as listed below

Municipal Graduity Fund	4 850 381	3 980 340
Momentum provident Funds	9 639 334	8 125 272
National Fund for Municipal workers	3 100 858	2 225 790
Municipal Employees pension fund	5 673 411	5 672 313
Municipal Councillors pension fund	2 004 180	2 069 711
Total Contribution	25 268 163	22 073 426

Note 37 Prior period errors

	2014	2013
37.1 During the year ended 30 June 2014 it was discovered that creditors for 30 June 2013 were understated by an amount of R 178 698,83. The comparative figures have been restated and the effect of the change is as follows:		
General Expenses		178 699
Net effect on surplus or (deficit) for the year		178 699
Creditors		(178 699)
Net effect on statement of financial position		(178 699)

37.2 During the year ended 30 June 2014 it was discovered that creditors for 30 June 2013 were overstated by an amount of R 39 635. The comparative figures have been restated and the effect of the change is as follows:		
Licencing		(17 690)
Contracted Services		(21 945)
Net effect on surplus or (deficit) for the year		(39 635)
Creditors		17 690
VAT		21 945

Land	(22 060 000)
Inventory	22 060 000
Net effect on statement of financial position	-

37.8 During asset verification process for the financial year ended 30 June 2014 it was discovered that there were assets that were not included on the asset register .Comparative figures have been restated and the effect of the change is as follows:

PPE Cost	740 510.21
PPE Accumulated depreciation	(48 581.92)
Net effect on statement of financial position	691 928
Depreciation	50 481.92
Net effect on statement of financial performance	50 482
Net effect on statement of Net Assets	(742 410)

37.12 During the year ended 30 June 2014, the municipality implemented GRAP 23 and IGRAP 1 onTraffic fines for the first time. .Comparative figures have been restated and the effect of the change is as follows:

Traffic income revenue	(4 472 850)
Provision for bad debts(i/s)	4 637 916
Net effect on statement of financial performace	**165 066**
Traffic fine debtors	6 371 653
Provision for bad debts	(4 637 916)
Net effect on statement of financial position	**1 733 737**
Net effect on statement of Nets Assets	**(1 898 803)**

37.13 During the financial year ended 30 June 2014 it was discoverd that VAT recevables for 30 June 2013 were oversated .Comparative figures have been restated and the effect of the change is as follows:

General expenses	(21 923)
Other revenue	(4 410)
Net effect on surplus or (deficit) for the year	**(26 333)**
VAT	1 606 749
Net effect on statement of financial position	**1 606 749**
Net effect on statement of Nets Assets	**(1 580 416)**

37.14 During the financial year ended 30 June 2014 it was discoverd that Land amount to 213 000 and Inventory amounting to 569 000 were duplicated .Comparative figures have been restated and the effect of the change is as follows:

Land	(213 000)
Inventory	(569 000)
Net effect on statement of financial position	**(782 000)**
Net effect on statement of Nets Assets	**782 000**

During the financial year ended 30 June 2014 it was discoverd that retention ofR519 120 was overstated comperative figures have been restated and the effect of the change is as follows:

37.15

Trade & other payables	519 120.78
Vat	(63 751.67)
Net effect on statement of financial position	**455 369.11**
Net effect on statement of Nets Assets	**(455 369.11)**

Opening balance	(1 471 934)	(1 477 960)
Current year subscription / fee	1 471 934	1 477 960
Amount paid - current year	(1 645 357)	(1 471 934)
	(1 645 357)	**(1 471 934)**

An amount of R 1 645 357 has been included on pre-paid expenses

38.2 Auditor's remuneration

Opening balance	-	
Current year fees	1 543 932	1 976 258
Amount paid - current year	(1 543 932)	(1 976 258)
Closing balance	-	-

38.3 PAYE and UIF

Opening balance	-	
Current year subscription / fee	24 704 730	21 240 342
Amount paid - current year	(24 704 730)	(21 240 342)
Closing balance	-	-

The amounts represent PAYE and UIF deducted from employees and company contribution on UIF.

38.4 Pension and Medical Aid Deductions

Opening balance	-	
Current year subscription / fee	10 709 616	7 875 719
Amount paid - current year	(10 709 616)	(7 875 719)
Closing balance	-	-

The amount represent pension and medical aid contributions deducted from employees.

38.5 VAT

VAT receivable	33 379 464	33 997 327

Vat is paid over to SARS only once the payment is received from Debtors and is receivable from SARS once the payment has been made to Creditors . .

All VAT returns for the year have been submitted

38.6 Councillors' arrear consumer accounts

outstanding for more than 90 days at June 30, 2013:

2014	Outstanding less than 90 days	Outstanding more than 90 days	Total
	R	R	R
MUKHANINGA MUDZUNGA RICHARD	89	4	93
RAMULIFHO H B	90	44	134
MALADA PHINEUS	90	44	134
RAMMELA MULALO SLYVIA	90	44	134
RAMAGOMA RAMAAMBELE	90	44	134
NS MUSISINYANE NDITSHENI SAMUEL	90	44	134
SIGIDANE N.M.D	90	44	134
MABASA RIRHANDZU CONSTANCE	90	44	134
SAMBO T.M	90	44	134
MUNERI TSHILILO	90	44	134
MATHEBULA TINYIKO SIMON	90	44	134

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FINANCIAL YEAR	2013/14
Municipality Name	THULAMELA
Audit Opinion	Unqualified
Reporting Period	

No.	COF	Audit Findings	Category of Finding	Description of Finding	Finding Status	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Position	Progress/Status	Narrative to Progress
				FINANCE SERVICES									
1	MR 28/COF 24	Other Disclosure	Other important matters	Delays in preparing monthly bank reconciliations	New	Official was still identifying the reconciling items	The matter was a once off occurrence and is considered resolved.	N/A	N/A	Mrs Madzhie MA	CFO	Resolved	
2	MR15/COF 19	Other Disclosure	Other important matters	Awards made without supplier providing a declaration of interest	Recurring	False declaration by suppliers	Investigations will be conducted and further processes will bedone in line with MFMA circular no. 62 of National treasury which specifically highlights steps to be followed when false declarations has been detected.	Immediately	31-Mar-15	Mrs Madzhie MA	CFO	Not yet Resolved	Request for confirmation letters to bidders had been drafted
3	MR18/COF 29	Other Disclosure	Other important matters	Awards made to deregistered companies	Recurring	The Municipality does not have access to documentation of companies that enter into cession agreements with appointed suppliers	All cession agreement to be signed after proper checks have been made with CIPRO.	N/A	N/A	Mrs Madzhie MA	CFO	Not yet Resolved	
4	MR 20	Other Disclosure	Other important matters	Composition of Bid Adjudication Committee	New	The municipality's Bid Adjudication Committee does not have at least one SCM official as part of the committee members	Senior management of the Management to decide on the way forward.	Immediately	31-Mar-15	Mrs Madzhie MA	CFO	Resolved	Adjudication committee has been restructured and it include senior scm official from 02 Jan
5	MR 24	Other Disclosure	Other important matters	Awards made to Shell Companies	New	The municipality standards on the disclosure and pre-qualified documents from the bidders	The municipality to devise procedures to verify the validity of documents submitted by bidders.	Immediately	31-Mar-15	Mrs Madzhie MA	CFO	Not yet Resolved	Continous check of bidders shelving status with CIPRO
6	MR65/COF 33.1	Revenue	Other important matters	Other receivable - Long term outstanding debtors	New	Municipality not able to find the details of the payees as these were once off cheque payments	*Recommend to Coucil to write off the debt as this debt has been outstanding for a very long time.*	*Immediately*	*31-Mar-15*	*Mrs Madzhie MA*	*CFO / Snr Manager: Planning & Development*	Not yet Resolved	
7	MR66&67/COF 33.2	Revenue	Other important matters	Accounts receivable - Recoverability and long outstanding debtor	New	The municipality does not have sufficient means (red-tape nination of services (water/electricity services) to enforce the credit control	Continue to follow up outstanding debtors using the municipality's credit control policy.	*Immediately*		*Mrs Madzhie MA*	*CFO*	Not yet Resolved	
8	MR/41COF 25	Other Disclosure	Other important matters	Assets not verified during asset count	New	Most of the assets were buried during the strike in Malamulele	Performed verification at least quarterly	Next Quarter	Continous	Mrs Madzhie MA	CFO	Not yet Resolved	Verification to be done during the 3rd Quarter
				CORPORATE SERVICE									
9	MR29/COF 37	Other Disclosure	Other important matters	Performance assessment of middle managers not done	new	No Performance plan for middle managers	Performance plan for middle managers will be developed, which will form the basis for their performance assessment.	Immediately	31-Mar-15	Ms Ngobeni TC	Senior manager :Corporate	Not yet Resolved	

23	MR60/COF 34.7		Other important matters	Performance indicator incorrectly mapped	New	Reporting oversight	*Ensure that all indicators are correctly mapped in the following year.*	*Next Report*	*Next Report*	*Mr Maluleke HE*	*Senior Manager*	*Resolved*	
24	MR61/COF 35		Other important matters	Completeness of AOPO reported - the municipality did not ensure actual performance against the planned performance is reported	Recurring	Reporting oversight	*Ensure that all performance is reported in the following year*	*Next Report*	*Next Report*	Mrs Ndou T.S	Senior Manager	Resolved	
25	MR62		Other important matters	SDBIP and Annual Report reporting format	Recurring	The Annual reporting template is designed by national treasury and does not reflect the exact departments that are in the municipality SDBIP which resulted in non-alignment	Modify the template to suit the requirements of the municipality	*Next Report*	*Next Report*	Ms Ngobeni T.C	Senior Manager	Resolved	
26	MR70	Other Disclosure	Other important matters	USER ACCOUNT MANAGEMENT	Recurring	Inadequate design of the user account management procedures within the municipality's information technology policy	The policy will be updated accordingly as discussed with the auditors	*Immediately*	*Jan-14*	*Kennedy Davhula*	*IT Manager*	*Resolved*	
27	MR70	Other Disclosure	Other important matters	USER ACCOUNT MANAGEMENT	Recurring	Inadequate design of the password parameters on the Munsoft and Payday systems	Auditors recommendations will be implemented immediately	*Immediately*	*Sep-14*	*Kennedy Davhula*	*IT Manager*	*Resolved*	
28	MR71	Other Disclosure	Other important matters	PROGRAM CHANGE MANAGEMENT	Recurring	Inadequate design of the change management policy and procedures	Modification of the policy will be implemented by September 2014 and Change Management weaknesses will be addressed by December 2014.	*Immediately*	*Dec-14*	*Kennedy Davhula*	*IT Manager*	*Partial Resolved*	*A change control form has been designed and will be put in use before 2015/16 Financial Year*
29	MR72	Other Disclosure	Other important matters	SECURITY MANAGEMENT	Recurring	Inadequate design of the information security policies	Matters within the normal security matters like reporting to the Steering Committee and implementation of the committee thereof will be done by January 2015 and others will be implemented throughout until June 2015.	*Jan-14*	*Jun-14*	*Adv. M.H Mathivha*	*Municipal Manager*	*Not yet Resolved*	
30	MR72	Other Disclosure	Other important matters	SECURITY MANAGEMENT	Recurring	Lack of a firewall management system to protect the municipality's network	New San System will be deployed by Mid-September and the intention is to deploy a software level of Firewall so as to implement with it and the SITA SLA will be updated to incorporate firewall management procedures			*Kennedy Davhula*	*IT Manager*	*Partial Resolved*	*A San System is being implemented which will be include a Firewall*
31	MR73	Other Disclosure	Other important matters	INFORMATION TECHNOLOGY SERVICE CONTINUITY	Recurring	Lack of designed business continuity plans and disaster recovery plan	The municipal's intention was to draw-up a BCP and disaster recovery plan after the deployment of the SAN systems by 30 December 2014.			*Kennedy Davhula*	*IT Manager*	*Partial Resolved*	*A DRP is being implemented, only left with a Host Site*
32	MR73	Other Disclosure	Other important matters	INFORMATION TECHNOLOGY SERVICE CONTINUITY	Recurring	Inadequate design of the backup procedures	Municipality is in process of drafting a detailed SLA between the Municipality and Munsoft to govern backup procedures performed by the service provider. Backup status reports will be requested from Munsoft to facilitate review of backups on periodic basis.Thulamela municipality plans to make major restructuring changes to the current server and backup environment within the next few months.			*Kennedy Davhula*	*IT Manager*	*Resolved*	

5.15.4

Audit and Performance Committee Report to the Council for the financial year ended 30 June 2014

We are pleased to present our report for the financial year ended 30 June 2014.

Audit committee members

The Audit and Performance Committee has met four times during the financial year under review, in compliance with the approved terms of reference. The Internal Auditor is the permanent invitees to the Audit and Performance Committee, and has unrestricted access to bring any matter within their scope and responsibility to the attention of the committee.

The members of the audit committee are all independent members of the Municipality and include:

Name of the Member	Status
Mr. K.P Ravhudzulo CA(SA)	Chairperson
Mr. N.A Dzuguda - Bcom	Member
Adv. MO Nemugumoni	Member
Ms. F Tshikhudo - Bcom – Appointed: 01 June 2014	Member

Audit committee responsibility

The audit and performance committee reports that it has complied with its responsibilities arising from section 166 of Municipal Finance Management Act, 2003, (Act 56 of 2003), section 79 of Municipal Structures Act 117, 1998 (Act 117 of 1998) and paragraph 14 (2)(a) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 and the King III Report on the Best Practices on Corporate Governance for South Africa. The audit and performance committee also reports that it has adopted appropriate formal terms of reference as its audit and performance committee charter, and regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The systems of internal controls applied by the Municipality over financial and risk management are effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provided the audit committee and management with assurance that the internal controls of the Municipality have been fairly designed, are efficient and effective. This is as a result of adequate risk management process, as well as implementation of identified corrective actions and suggested enhancements to the controls and processes.

Reporting

The Audit and performance Committee submitted quarterly reports to the Municipality Council, reporting on matters attended to during the relevant quarter.

Appreciation

The Audit and performance Committee wishes to thank Municipality Council, Management and the staff for their continued commitment to improve effective control environment and good governance of Municipality. Our appreciation is also extended to the team from the AGSA for the value that they continue to add to the Municipality.

Mr K.P Ravhudzulo CA(SA)
Chairperson