

CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Vision

Phokwane Local Municipality will be a developmental municipality in the creation and maintenance of sustainable human settlement that results in social and economic development for all our citizens.

Mission

To strive within given resources towards efficient, effective and sustainable measures to reduce poverty and stimulates local economic growth.

COMPONENT A: MAYOR'S FOREWORD

The content of this report confirms why Phokwane Municipality it has been through this financial year, endeavored to have sound management in finance, good cooperative governance, provide strategic direction, capacitate and encourage skills competencies, so to earn a rightful place amongst the most progressive municipalities. Although there was change of political and administration which made stability a bid abstract then concrete, yet we persevered. The IDP that was conducted in 2014/15 financial year is a prove of a mandate that our communities gave to the municipality to improve the quality of their lives.

Like all prior years then 2014/15 financial year has been year of rebuilding our Municipality and improve its image, so that its citizens can once again be proud to be residents of the Phokwane Local Municipality. To achieve this process we have to be visionary, hardworking and committed from both political and administration, and work collectively as Council.

This annual report which also outlines the implementation and achievement of these objectives conform to the various pieces of legislation such as section 46 of the Local Government: Municipal Systems Act No.32 of 2000 and sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No.56 of 2003. The Municipality progressed significantly in achieving objectives with regard to the five key performance areas applicable to local government and which is outlined in this Annual Report:

1. Basic Service delivery and infrastructure development
2. Municipal transformation and development
3. Local Economic Development
4. Municipal Financial viability and management
5. Good Governance and Public Participation

This Annual Report outlines in detail the projects that were implemented in the current budget year under review of which the following are amongst a few to mention:

- Bulk Water Supply at Sakhile 1450 stands
- Construction of 2.8 KM road Project Intensive Contract project (PIC) Phase 1 & 2 Thagadipelajang & Bonita Park
- Electrification: Guldenskat 608 stands



- Installation of sewer reticulation for 37 sites: Pampierstad ward 2
- Upgrading of streets and storm water: Valspan Labour Intensive Contract (LIC) project phase 2.
- Construction of 50 houses in Kingston (which is in progress).
- Construction of street storm water phase 3 at 900 Pampierstad.
- Formalisation of informal settlement in Ganspan.

We are obligated to prepare an Annual report which its main objective is to reflect on the performance of the Municipality for each financial year. This report is prepared in terms of the provisions of section 121(1) of the Municipal Finance Management Act as well as section 46(1) of the Municipal Systems Act of 2000.

Challenges

Our challenges as Municipality are the payments of electricity and water services to Eskom and Sedibeng Water in Valspan and Pampierstad respectively. These are the large areas in Phokwane municipality, thus their contribution has a negative effect as far as revenue collection in the municipality is concerned. The meeting with Eskom was not fruitful as Eskom showed no intention of allowing municipality to collect revenue from electricity. It is also difficult for Sedibeng to exactly pinpoint the amount owed by Phokwane municipality since their account shows Greater Taung. We of the mind that it is possible that the exorbitant amount that Sedibeng claims is not the true reflection, however we are continuing talking.

Phokwane Municipality received a disclaimer of opinion in the last number of financial years, and the audit outcome for 2014/2015 is no exception albeit there is some improvement in our financial affairs, but the impact is not significant enough to write home. Despite the negative audit outcomes, we remain committed that things improve for the better. We ensured the active participation of such as Internal Audit, MPAC and other council committees to take active role in assisting Council in its oversight role over the administration and continue to play a critical role in ensuring that Council achieve its objective and successfully improving its audit outcome. We have also developed an Action Plan which its objective is to address all shortfalls identified in the Auditor-General's report.

We will continue to work closely with our communities so that they know exactly what is happening within their elected Council. This will also provide us with an opportunity to understand their daily challenges and be in a position to take remedial action to overcome these challenges on time.

(Signed by:) _____
Mayor of Phokwane Municipality

Component B: Executive Summary

1.1 Municipal Manager's Overview

We take this opportunity to present to you, the annual report for the financial year 2014/15. This report is an account of progress with regards to the third of our five year Integrated Development Plan and we therefore have the fiduciary duty to be responsible and accountable to our communities on the mandate they gave us and conferred on us by the constitution.

The year under review the municipality experienced lot of challenges, whereby the Former Municipal Manager (Mr Dichaba) and Former Mayor (Clr Khen) resigned in January 2015. We want to take this opportunity to thank them for their meaningful contribution they made for this municipality; their legacy will always be treasured.

Their resignation led to the municipality suffered from political and administrative leadership, nevertheless the municipality managed to make a number of improvements to service delivery by initiating mechanisms and initiatives to improve on the overall efficiency and effectiveness of service delivery.

Also noting one of the challenges we encountered of owing Eskom and Water Boards (Sedibeng & Vaalharts), which almost cost the municipality its equitable shares. But the municipality managed to pay all of these creditors and an allocation of the equitable shares was released by National Treasury.

Despite the challenges that antagonized us the Phokwane Local Municipality, we continue ensuring that we strive within given resources towards efficient, effective and sustainable measures to reduce poverty and stimulates local economic growth.

Phokwane Local Municipality received a Disclaimer audit opinion for the 2014/15 Financial Year, with lesser findings than that of the previous financial year. The Council's oversight role and advisory role of the audit committee should be seriously considered in order to path ways to a better audit outcome in future.

I thank you.



1.2 Municipal Functions, Population and Environmental Overview

Phokwane Local Municipality is made up of four built up areas, i.e Hartswater, Jan Kempdorp, Ganspan, Pampierstad and the surrounding farming areas. This municipality is rural in nature with large scale of agriculture commercialized farming.

The population size is about 61 321 people, with the following gender composition 29 827 males and 32 497 females. The unemployment rate in the area is very high, it is estimated to be 43% whiles agriculture and government sector are the main employers in the local economy.

The labour force is relatively unskilled and poorly educated, 21% of them have grade 12 or higher education, while 32% have no schooling at all. In total 67% of the population have some form of schooling and can be regarded as literate.

Phokwane Local Municipality is second biggest local municipality in the Frances Baard District Municipality. It is an executive type of a municipality, where the Executive Committee is chaired by the Mayor who is a Member of that committee. In this arrangement the executive powers are vested in the committee.

The head office of the municipality is in Hartswater, where Council, Committees, and Senior Managers operate from. The Council Chambers and Senior staff offices are situated.

1.3 Service Delivery Overview

Since inception in 2000, Phokwane local Municipality has been able to provide the following services to the communities;

- Water
- Electricity
- Sanitation
- Roads
- Storm water
- Cemeteries
- Sports and recreational facilities
- Environmental management
- Libraries
- Solid waste
- Traffic services
- Land use

Some of these services are provided at a higher level and some at an RDP standard. On the other hand some of these services are provided to communities on a daily basis and some as once off service. However, the details on service delivery will be reported under performance highlights.

1.4 Financial Health Overview

The financial administration of the municipality is under a lot of strain due to debt owed to creditors like Sedibeng, Vaalharts and Eskom. This led to cash flow problem. This enabled monthly and quarterly reporting to management, Council and external stakeholders whilst ensuring that information reported is accurate and valid. The assurance of the completeness of information is an area that presents a challenging which require some level of improvement. The effectiveness and efficiency of the internal audit committee and its unit continue to add value to the above mentioned processes. Independent audit checks were conducted throughout the year within the respective departments to improve in particularly financial controls and procedures within departments and operating sections.

FINANCIAL OVERVIEW - YEAR 2014/15				
				R'000
Details		Original Budget	Adjustment Budget	Actual
Income	-	201 287 411	202 020 044	272 795 738
Property Rates		19 567 871	19 567 871	16 959 323
Services Charges		111 317 697	111 235 270	107 701 089
Government Grant & Subsidies		76 376 000	76 076 000	129 086 954
Interest Earned		11 538 645	13 640 282	14 120 045
Rent of Facilities and Equipment		379 701	363 414	581 597
Fines		133 286	142 100	137 180
Licenses & Permits		1 616 803	1 319 596	3 032 852
Agency Fees – Vehicle registration		1 312 192	489 464	228 610
Sundry Income		-20 954 784	-20 813 953	948 088
Less Expenditure	-	219 153 340	215 939 137	350 898 405
Employee related Cost		48 290 284	55 910 888	58 437 060
Remuneration of Councilors		4 634 013	4 453 756	5 460 961
Debt Impairment		30 440 415	11 983 886	40 720 048
Depreciation & Amortisation		7 293 106	7 293 106	90 303 347
Repairs & Maintenance		6 937 396	8 776 966	7 596 117
Bulk Purchases		66 130 701	71 481 175	60 656 102
Finance Charges				488 011
Government Grant & Subsidies Paid				37 574 764
Contracted Services		13 122 114	15 085 579	27 049 476
General Expenses		42 305 311	40 953 781	22 612 519
Net Total	-	-17 865 929	-13 919 093	-78 102 667

The following table depicts the operating ratios as a percentage of the total operating expenditure for 2013/2014 financial year:

Operating Ratios		
Detail		%
Employee Cost & Councillors Remuneration		18.21
Repairs & Maintenance		2.16
Finance Charges & Impairment		0.14
Depreciation & Amortisation		25.73
Debt impairment		11.60
Actuarial losses		-
Bulk Purchases		17.29
Contracted Services		7.71
Grant & Subsidies Paid		10.71
General Expenses		6.44

Comment on Operating Ratios

Councilors and employee related costs make up the largest component of expenditure costs, constituting 18.21 percent of the total actual operating expenditure. This is followed by Bulk Purchases such as electricity and water costs constituting 17.29 percent of the total operating expenditure. The expenditure related to non-cash items such as debt impairment, depreciation and amortization charges constitutes 11.60% and 25.73% respectively of the total operating expenditure of 2014/2015.

The overall financial administration and MFMA compliance improved systematically during the year, however, the financial statements for the financial year was not completed and handed to the Auditor General on time. The stable financial position of the municipality over the past years continued though with a positive restrictive monthly cash flow with no overdraft facilities being used. The Municipality recorded cash receipts of R 190 008 million from rates, services charges, government grants and interest. Cash and cash equivalents of the municipality decreased by R 29 014 million from R33 077 million in the previous year to R4 063 million this year.

Revenue

The total revenue of the municipality has increased to R272 796 million compared to the R219 574 million from the previous financial year and represents an increase of 24.23%. This can be ascribed to a slight increase in basic service charges collection and the payment of rendering services such as licenses and permits. The revenue from government grants and subsidies amounts to R129 087 million compared to R111 344 million earned in the preceding financial year. The upsurge is mainly due to an increase in the grant allocation and the amount of unspent conditional grants received in 2013/2014 financial year. The municipality performed generally well with regard to generating revenue such as service charges, interest earned and rental facilities. The challenges however, remain that of collecting on what's being owed by consumers to the municipality.

Expenditure

The operating expenditure of the municipality has increased from R297 622 million the previous year to R350 598 million in this financial year and this represents an increase of 17.79%. This significant increase in the operating expenditure can be ascribed to an increase in employee related costs, increased figures on depreciation and amortization which are as a result of correction to prior year's errors on fixed assets. The salaries increased by 17.00% as result of vacancies filled during this year whilst the general expenses decreased by -1.28%. Though tight controls have been implemented to ensure that the budget is not overspend, unauthorized, fruitless, wasteful and irregular expenditure continued to be incurred and has been reported to Council.

Liabilities

The current liabilities of the municipality increased from restated figure of R32 835 million to R53 640 million this represents a 63.36% as a result of an drastic increase in payables from exchange transactions and short-term provisions, whilst the non-current liabilities also increased from R26 774 million to R26 950 million mainly due to a slight increase in the long-term provisions. Payables from exchange transaction consist of staff leave and bonus accruals, retention creditor's payment received in advance and trade payables. Trade payables increased from R13 920 million in the previous year to R30 722 million in 2014/2015. Trade creditors are normally paid within 30 days and this also indicate that the municipality must increase the collection rate. The municipality has not operated an overdraft facility during the year.

Trade and other receivables

Trade receivables from exchange transactions increased from R7 909 million in the previous year to R8 640 million and other receivables from non-exchange transactions decreased from R45 thousands to R30 thousands net of provision for debt impairment.

Total Capital Expenditure

The municipality's original capital budget decreased from R58 188 000 in 2012/13 to R25 594 000 in 2013/14 and significantly increased to R100 953 000 in 2014/15 financial year. The adjusted budgets for all three years shows a progressive increase in the capital budgetary requirements from R51 027 000 in 2012/13 to R89 364 000 and R62 206 000 in 2012/13 and 2014/15, respectively. The municipality has gradually enhanced its administrative capacity to deliver on its infrastructure programs and this has got a positive impact on service delivery over the financial years. It should however be mentioned that the municipality is predominantly depending on conditional grant funding to deliver on its infrastructure programs and objectives.

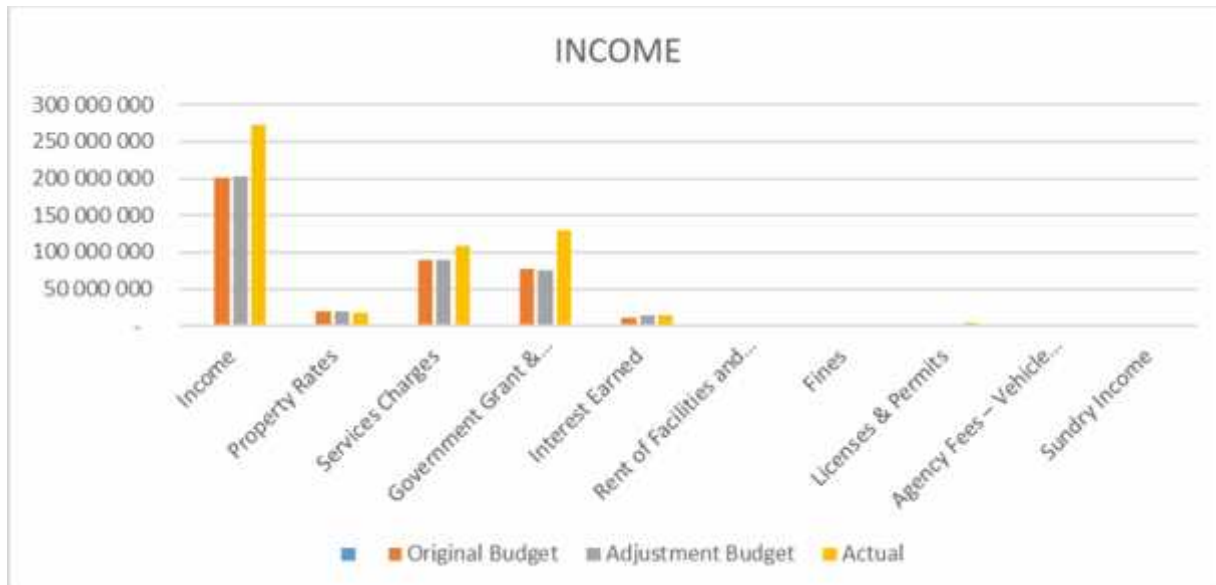
The municipality had an over expenditure on its adjusted capital expenditure appropriated of R 3 979 000 or 7.23% in 2012/13 and had an under expenditure of R45 508 000 or 103.76% in 2013/14. In 2014/15 the municipality also under spend with R5 848 000.

TOTAL CAPITAL EXPENDITURE: YEAR 2012/2013 TO YEAR 2014/2015			
	R'000	R'000	R'000
DETAIL	YEAR -1	YEAR 0	YEAR 1
Original Budget	56 188	45 594	100 953
Adjustment Budget	51 027	89 364	62 206
Actual	55 006	43 856	56 358

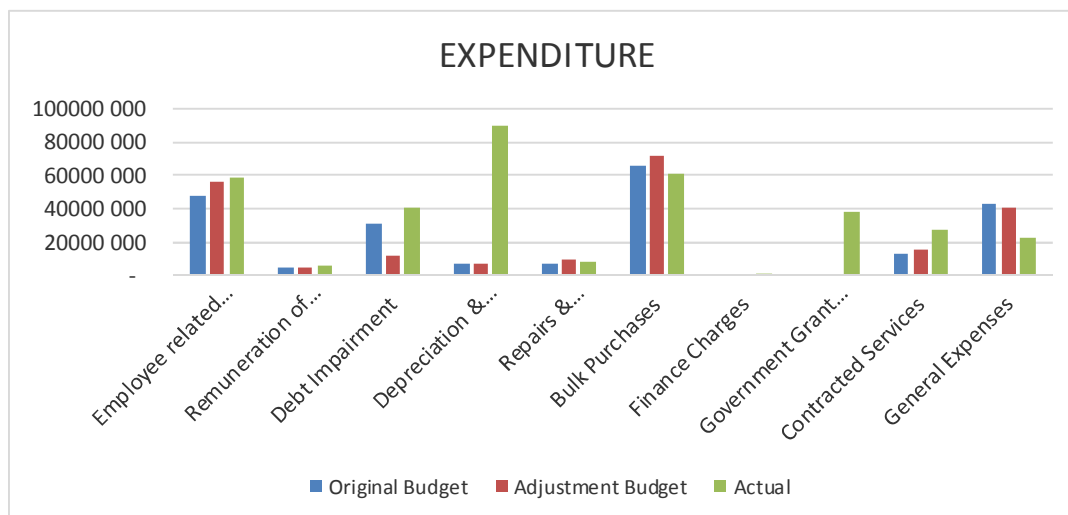
*Year -1 = 2012/2013, Year 0 = 2013/2014 and Year 1 = 2014/2015

FINANCIAL OVERVIEW – YEAR 1

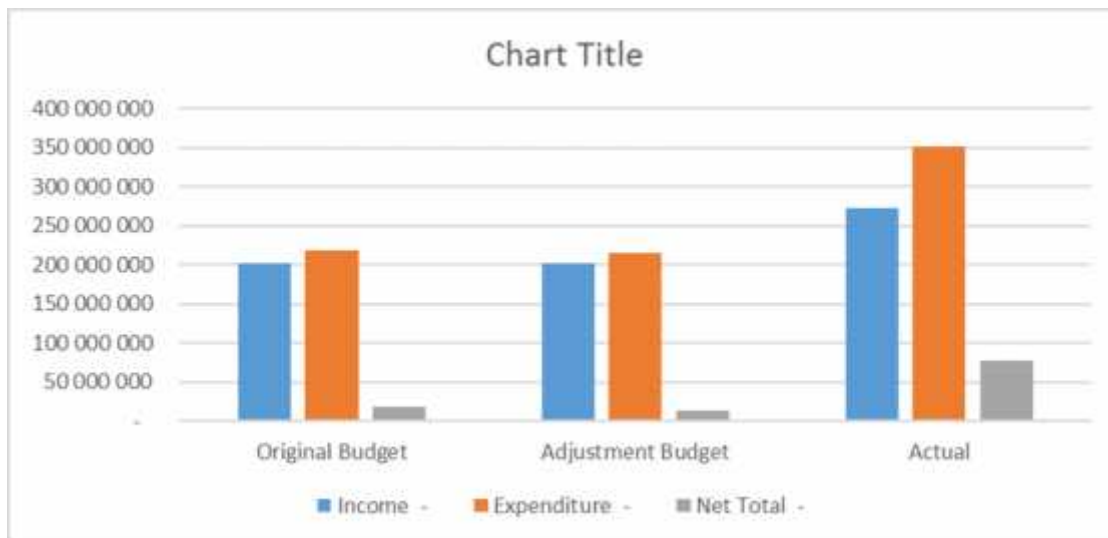
INCOME



EXPENDITURE



NET TOTAL



Credit control

The average percentage payment level for the municipality at the end of the financial year is 52.26 % and the table below provides a summary of the overall payment levels for the main areas of the municipality;

**PHOKWANE LOCAL MUNICIPALITY
PAYMENT LEVELS 2014/2015**

FY 2014/2015	Charges Raised	Reciepts	Balance B/F	Adjustment	Repayments	Deposits	%	NR Debtors
July	9 346 694.88	5 464 974.09	204 697 177.01	1 721 838.26	-	60 248.00	58.47	-
Aug	10 764 862.83	4 762 733.57	206 917 307.54	2 868 612.33	19 736.39	6 722.00	44.24	-
Sep	9 962 743.34	5 104 367.14	210 077 282.86	2 404 347.40	-	28 800.00	51.23	-
Oct	8 585 810.77	4 342 466.46	212 560 111.66	794 986.39	26 171.56	11 913.00	50.58	-
Nov	8 740 337.91	3 981 700.14	216 046 554.14	574 316.03	20 774.61	14 213.00	45.56	-
Dec	1 047 605.14	3 016 239.21	220 265 863.49	184 502.46	25 632.45	14 318.00	287.92	-
Jan	16 792 815.45	4 539 115.96	-	1 052 676.57	13 803.97	17 442.00	27.03	-
Feb	8 260 440.86	6 386 495.63	229 384 946.30	-13 336 545.57	19 634.90	36 597.20	77.31	-
March	8 961 452.53	5 314 898.62	231 315 123.63	-657 974.32	37 260.20	31 974.00	59.31	-
April	12 272 137.42	4 222 982.89	234 372 937.42	-1 196 434.27	14 171.82	15 270.00	34.41	-
May	10 222 769.05	3 849 701.61	241 255 099.11	-807 014.25	11 934.05	36 000.50	37.66	-
June	1 189 022.90	4 486 327.95	246 869 086.85	-240 866.67	13 892.11	26 117.00	377.31	-
TOTAL 2014/2015	106 146 693.08	55 472 003.27		-6 637 555.64	203 012.06	299 614.70	52.26	
MONTHLYAVG	26 536 673.27	13 868 000.82		-1 659 388.91	50 753.02	74 903.68	52.26	

Corrective measures need to be put in place to increase payment levels in township areas, such as Pampierstad and Ganspan to improve the overall payment rate.

Indigents

The registration of indigents are hampered by a number of factors that include a lack of adequate resources such as human resources and vehicles as most of the indigents lives in the outlying areas. The involvement of ward councilors and ward committees must also improve to identify and register indigents. The number of households recorded to be reliant on subsidies for free basic services for the period that ended 2014/15 amounted to 2880

Compliance

The process of MFMA compliance and submitting the required reports has improved dramatically over the past year and as an example the following reports was submitted according to the scheduled requirements:

- Sec71(1) - Monthly report on actual revenue and expenditure
- Sec71(5) - Allocations received
- Sec72 - Mid-year Budget Adjustment and Performance report
- Sec75(1) – Placement on website of key municipal documents
- Sec52(d) - Quarterly report on implementation of budget and financial state of affairs
- Minimum Competency Level – Bi annual report of competency level of senior managers.

1.5 Organisational Development Overview

Organisational Development Performance

The municipality has various measures and strategies in trying to improve and address skill development and institutional transformation, i.e Basic Services, Governance, financial viability and other key areas. Staff members who qualify are provided with assistance to pursue career relevant to organizational development.

Other key aspect which is crucial for organizational development is the formulation of key important policies.

1.6 Auditor General Report – Year 1 (2014/2015)

(See Appendix G)

1.7 Statutory Annual Report Process

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies. The mayor tabled the schedule of key deadlines regarding the budgetary process and review of the municipality's IDP in a Council meeting held during August 2014.

	PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
1	July 2014	<u>MTREE AND EVALUATION CHECKLIST</u> Planning for next three-year budget in accordance with co-ordinated role of budget process (included is previous year review of budget process and the budget, and completion of budget evaluation checklist)	MFMA 21 (1)	EXECUTIVE MAYOR	1-Jul-14
2		<u>PLANNING</u> Planning for next three-year budget; Establishment of internal and external budget consultation forums; and Establish processes and identify strategies for IDP and Budget Development.	MFMA GUIDANCE	MUNICIPAL MANAGER	1-Jul-14
3		<u>SDBIPS & SECTION 57 CONTRACTS</u> Signing of performance contracts for service delivery.	MFMA 53 (1) c (iii) MSA (S 57)	EXECUTIVE MAYOR	1-Jul-14
4		<u>MFMA REPORTING</u> Place approved annual budget and policies on the municipal website	MFMA 75(1)(a) & (b)	CHIEF FINANCE OFFICER	5-Jul-14
5		<u>MFMA QUARTERLY SCM REPORTING</u> Submit quarterly report on Implementation of Supply Chain Management Policy.	SCM Reg 6 (3)(4)	CHIEF FINANCE OFFICER	10-Jul-14
6		<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Jul-14
7		<u>MFMA REPORTING</u> Submit monthly statement to the provincial or national organ of state or municipality on allocations received within 10 working days of	MFMA 71 (5)	CHIEF FINANCE OFFICER	12-Jul-14
8		<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council 10 working days of start of month	MFMA 66	CHIEF FINANCE OFFICER	12-Jul-14
9		<u>MFMA SCM REPORTING</u> Submit monthly reports for period ending 30 June for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Jul-14
10		<u>MFMA QUARTERLY BUDGET REPORTING</u> Submit quarterly report for service delivery and budget implementation.	MFMA (S 52)	EXECUTIVE MAYOR	30-Jul-14
11		<u>MFMA ANNUAL SCM REPORTING</u> Submit annual report on implementation of the supply chain management policy to the mayor	SCM Reg 6 (2)	CHIEF FINANCE OFFICER	30-Jul-14
12		<u>MFMA IMPLEMENTATION PRIORITIES</u> Complete Quarterly MFMA Implementation Priorities Checklist and submit to National Treasury.	NT Circular 38	CFO	30-Jul-14
13		<u>MFMA REPORTING</u> Print and distribute final approved budget, SDBIP and IDP	MFMA GUIDANCE	CHIEF FINANCE OFFICER	30-Jul-14
14	August 2014	<u>SDBIP</u> Make public the service delivery and budget implementation plan	MFMA 53 (3) (a)	CHIEF FINANCE OFFICER	11-Aug-14
15		<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Aug-14

16		MFMA REPORTING Submit monthly statement tot the provincial or national organ of state or municipality on allocations received - within 10 working days of start of month	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Aug-14
17		MFMA REPORTING Submit monthly report on salaries and wages expenditure to council - within 10 working days of start of month	MFMA 66	MUNICIPAL MANAGER	12-Aug-14
18		MFMA SCM REPORTING Submit monthly reports for the period ending 31 July for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Aug-14
19		PREPARATION SCHEDULE OF KEY DEADLINES Preparation of time schedule outlining key deadlines for preparing, tabling and approval of the budget and the review of the IDP.	MFMA 21 (1) (b) & 53 (1) (b) MSA (S 34)	MUNICIPAL MANAGER	31-Aug-14
20		TABLING KEY DEADLINES Tabling of time schedule outlining key deadlines for preparing, tabling and approval of the budget and the review of the IDP.	MFMA (S 21) MSA (S 34)	EXECUTIVE MAYOR AND COUNCIL	31-Aug-14
21		IDP REVIEW Processes are reviewed to determine strategic objectives for service delivery and development for next three year budgets, including review of Provincial and National government sector and sector strategic plans.	MFMA GUIDANCE MSA (S 34 & 77)	EXECUTIVE MAJOR	31-Aug-14
22		AES Submission of AFS to Auditor-General for the year ended 30 June 2014.	MFMA (S 122 & 126)	MUNICIPAL MANAGER	31-Aug-14
	PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
23	September 2014	MFMA REPORTING Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Sep-14
24		MFMA REPORTING Submit monthly statement to the provincial or national organ of state or municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Sep-14
25		MFMA REPORTING Submit monthly report on salaries and wages expenditure to cpuncil	MFMA (66)	CHIEF FINANCE OFFICER	12-Sep-14
26		MFMA SCM REPORTING Submit monthly reports for the period ending 31 August for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Sep-14
27		IMPLEMENTATION Implement budget and IDP time schedule of key deadlines	MFMA GUIDANCE	CHIEF FINANCE OFFICER	30-Sep-14

28		<u>DETERMINATION OF REVENUE PROJECTIONS</u> Revenue projections of proposed rates, service charges and draft the initial allocations to functions and departments for the next financial year after taking into account strategic objectives.	MFMA GUIDANCE	CFO	30-Sep-14
29		<u>ENGAGEMENT OF NATIONAL AND PROVINCIAL TREASURIES</u> Consultations with sector departments on sector specific programmes for alignment with municipalities plans (i.e. schools, libraries, clinics, water, electricity, roads etc)	MFMA GUIDANCE	CFO	30-Sep-14
30		<u>ENGAGEMENT OF MUNICIPAL DEPARTMENTS</u> Initial review of national policies and budget plans and potential increases of bulk resources with functional and departmental officials.	MFMA (S 35,36 & 42)	MUNICIPAL MANAGER	30-Sep-14
31		<u>ADJUSTMENT BUDGET GUIDELINES</u> Issue guidelines to various departments for the preparation of the 2014/2015 adjusted budget .	MFMA (S 28)	CFO	30-Sep-14
32	October 2014	<u>BUDGET AND IDP STEERING COMMITTEE MEETING</u> Executive Mayor establishes committees and consultation forums for the budget process.	GUIDE TO CLLRS PAGE 62 & 63	EXECUTIVE MAYOR	1-Oct-14
33		<u>MEMA QUARTERLY SCM REPORTING</u> Submit quarterly report on Implementation of Supply Chain Management Policy.	SCM Reg 6 (3)(4)	CHIEF FINANCE OFFICER	10-Oct-14
34		<u>MEMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Oct-14
35		<u>MEMA REPORTING</u> Submit monthly statement to the provincial or national organ of state or municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Oct-14
36		<u>MEMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council	MFMA 66	CHIEF FINANCE OFFICER	12-Oct-14
37		<u>MEMA SCM REPORTING</u> Submit monthly reports for period ending 30 September for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Oct-14
38		<u>MEMA QUARTERLY BUDGET REPORTING</u> Submit quarterly report for service delivery and budget implementation.	MFMA (S 52)	EXECUTIVE MAYOR	30-Oct-14
39		<u>PRIMARY BANK ACCOUNT</u> Table before Council quarterly report of all withdrawals from primary bank account.	MFMA (S11 4(a)(b))	MUNICIPAL MANAGER	30-Oct-14
40		<u>MEMA PRIORITIES</u> Quarterly completion and submission of MFMA implementation priorities.	Circular 38 and MFMA (S 52(d))	MUNICIPAL MANAGER	30-Oct-14

41		<u>POLICIES AND CONSULTATIONS</u> Review of budget related policies and consultation process.	MFMA (S 21,22 & 23)	EXECUTIVE MAYOR AND COUNCIL	30-Oct-14
42		<u>ADJUSTMENT BUDGET INPUTS</u> The budget office receive the inputs from various departments for the 2014/2015 adjustment budget.	MFMA (S 28)	VARIOUS HEADS OF DEPARTMENTS	30-Oct-14
	PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
43	November 2014	<u>GUIDELINES FOR 2015/2016 BUDGET</u> Budget guidelines are issued to various departments for the preparation of 2015/2016 budget.	MFMA (S 21)	MUNICIPAL MANAGER	1-Nov-14
44		<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Nov-14
45		<u>MFMA REPORTING</u> Submit monthly statement to the provincial or national organ of state or municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Nov-14
46		<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council	MFMA (66)	CHIEF FINANCE OFFICER	12-Nov-14
47		<u>MFMA SCM REPORTING</u> Submit monthly reports for the period ending 31 October for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Nov-14
48		<u>IMRIZO MONTH</u> Consultation meetings with communities and sector departments regarding the budget and IDP for the 2015/2016 financial year.	MFMA (S 23) MSA (CHAP 4)	EXECUTIVE MAYOR	15-19 Nov-13
49		<u>FINANCIAL STATEMENTS</u> Receive audit report on previous years financial statements from the Auditor-General	MFMA 126 (3)	MUNICIPAL MANAGER	30-Nov-14
50		<u>FINANCIAL STATEMENTS</u> Ensure the AO addresses any issues raised by the Auditor-General in the audit report - prepare action/audit plans to address and	MFMA 131 (1)	MUNICIPAL MANAGER	30-Nov-14
51		<u>REVIEW DRAFT IDP</u> Review and draft initial changes to the IDP	MSA (S 34)	MUNICIPAL MANAGER	30-Nov-14
52		<u>IDP ASSESSMENT (PHASE 1)</u> Assess the extend of the previous year IDP implementation processes and implement corrective measures.	MSA (CHAP 5)	MUNICIPAL MANAGER	30-Nov-14
53	December 2014	<u>MTREF 2015/2016 INPUTS</u> Finalist inputs from bulk resource providers (and NERSA) and agree on proposed price increase)	MFMA GUIDANCE	MUNICIPAL MANAGE	1-Dec-14
54		<u>MTREF 2015/2016 INPUTS</u> Budget office receive 2015/2016 budget inputs from various directorates. Inputs are considered and to seek clarities.	MFMA (S 21)	VARIOUS HEADS OF DEPARTMENTS	10-Dec-14
55		<u>BUDGET PLANS</u> Preparation of proposed budget and plans for 2015/2016 taking into consideration the previous 2014/2015 performance as per Audited Financial Statements and comments from National and Provincial Treasuries.	MFMA (S 21)	MUNICIPAL MANAGER AND VARIOUS HEADS OF DEPARTMENTS	10-Dec-14

56		<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Dec-14
57		<u>MFMA REPORTING</u> Submit monthly statement to the provincial or national organ of state of municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Dec-14
58		<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council	MFMA (66)	CHIEF FINANCE OFFICER	12-Dec-14
59		<u>MFMA SCM REPORTING</u> Submit monthly reports for period endng 30 November for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Dec-14
60	January 2015	<u>MFMA QUARTERLY SCM REPORTING</u> Submit quarterly report on Implementation of Supply Chain Management Policy.	SCM Reg 6 (3)(4)	CHIEF FINANCE OFFICER	10-Jan-15
61		<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Jan-15
62		<u>MFMA REPORTING</u> Submit monthly statement to the provincial or national organ of state of municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Jan-15
63		<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council	MFMA 66	CHIEF FINANCE OFFICER	12-Jan-15
64		<u>MFMA SCM REPORTING</u> Submit monthly reports for period endng 31 December for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Jan-15
65		<u>MID YEAR BUDGET ASSESSMENT 2014/2015</u> Assessment is made for half year (the first six months) regarding the performance of the municipality.	MFMA (S 72(1)(b))	MUNICIPAL MANAGER AND CFO	21-Jan-15
66		<u>PERFORMANCE ASSESSMENT</u> Tabling of mid-year performance assessment before Council for consideration.	MFMA (S 72)	EXECUTIVE MAYOR	25-Jan-15
67		<u>MFMA QUARTERLY BUDGET REPORTING</u> Submit quarterly report for service delivery and budget implementation.	MFMA (S 52)	EXECUTIVE MAYOR	30-Jan-15
68		<u>TABLING ANNUAL REPORT</u> Tabling of 2013/2014 Annual Report before Council.	MFMA (S 127(2))	EXECUTIVE MAYOR	31-Jan-15
69		<u>PRIMARY BANK ACCOUNT</u> Table before Council quarterly report of all withdrawals from primary bank account.	MFMA (S11 4(a)(b))	MUNICIPAL MANAGER	31-Jan-15

70		MFMA PRIORITIES Quarterly completion and submission of MFMA implementation priorities.	Circular 38 and MFMA (S 52(d))	MUNICIPAL MANAGER	31-Jan-15
71		MTREE ALLOCATIONS Allocations from National and Provincial Governments and District Municipality are reviewed for incorporation into the 2015/2016 draft budget for tabling.	MFMA (S 36)	MUNICIPAL MANAGER AND CFO	31-Jan-15
72		SUBMISSION OF ANNUAL REPORT Submission of Annual Report to Auditor-General (AG), Provincial and National Treasuries (PT & NT) as well as the Department of Housing and Local Government (DHLG)	MFMA (S 127(5))	MUNICIPAL MANAGER	31-Jan-15
73		PUBLICATION OF ANNUAL REPORT Annual Report is published for public comments and representations.	MFMA (S 127(5))	MUNICIPAL MANAGER	31-Jan-15
	PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
74	February 2014	MFMA REPORTING Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Feb-15
75		MFMA REPORTING Submit monthly statement to the provincial or national organ of state or municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Feb-15
76		MFMA REPORTING Submit monthly report on salaries and wages expenditure to council	MFMA (66)	CHIEF FINANCE OFFICER	12-Feb-15
77		MFMA SCM REPORTING Submit monthly reports for the period ending 31 January for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Feb-15
78		ADJUSTMENT BUDGET Tabling of adjustment budget and considering half yearly actual and projections.	MFMA (S 28)	EXECUTIVE MAYOR	28-Feb-15
79		TARIFFS Finalization of tariffs (rates and service charges) policies for the 2015/2016 financial year.	MSA (S 74 & 75)	COUNCIL	28-Feb-15
80		NATIONAL AND PROVINCIAL CONSULTATIONS Consult with National & Provincial Treasuries, District Council, DWAF and Eskom to finalize plans for water, sanitation and electricity etc.(Sector Plans).	MFMA (S 21(2))	EXECUTIVE MAYOR	28-Feb-15
81	March 2014	MFMA REPORTING Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Mar-15
82		MFMA REPORTING Submit monthly statement to the provincial and national organ of the state or municipality on allocations received	MFMA (S 71) ()	CHIEF FINANCE OFFICER	12-Mar-15
83		MFMA REPORTING Submit monthly report on salaries and wages expenditure to council	MFMA 66	CHIEF FINANCE OFFICER	12-Mar-15
84		MFMA SCM REPORTING Submit monthly reports for period ending 28 February for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Mar-15

85		TARIFES Receive bulk resource providers price increase as tabled in Paliament or the provincial legislature	MFMA 42	MUNICIPAL MANAGER	15-Mar-15
86		MTREE TARTLING The Draft Annual Budget for 2015/2016 to 2017/2018 for revenue and expenditure, Budget plans from directors, Table A1 to A10, and all supporting documentation as required by Gazette 32141 are tabled to council for noting. This includes the budget resolution and the proposed revisions to the IDP.	MFMA (S 16,22 & 23) MSA (CHAP 4)	EXECUTIVE MAYOR	31-Mar-15
87		OVERSIGHT REPORT Adoption of oversight report and comments on 2013/2014 Annual Report. Publication of oversight report.	MFMA (129) AND MSA (21)	COUNCIL	31-Mar-15
	PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
88	Ápril 2014	PUBLICATION AND SUBMISSIONS Publications of tabled Budgets, Resolutions, Plans and proposed revisions to IDP and invite local community to comment, and submission to National and Provincial Treasuries and other forums to submit comments (21 days for inputs).	MFMA (S 22 & 27) MSA (CHAP 4)	MUNICIPAL MANAGER	1-Apr-15
89		MEMA REPORTING Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Apr-15
90		MEMA REPORTING Submit monthly statement to the provincial and national organ of state or municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Apr-15
91		MEMA REPORTING Submit monthly report on salaries and wages expenditure to council	MFMA (66)	CHIEF FINANCE OFFICER	12-Apr-15
92		MEMA SCM REPORTING Submit monthly reports for the period ending 31 March for each contractd awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Apr-15
93		IMBIZO MONTH Series of consultations in various wards through IMBIZOS to inform constituents of the 2015/2016 Budget and IDP.	MFMA (S 23) MSA (CHAP 4)	EXECUTIVE MAYOR	12 - 15 Apr-15
94		REVISING BUDGET DOCUMENTS Revision of budget documents in accordance with consultative processes and taking into account the results from National and Provincial Treasuries, public comments as well as the third quarterly review of current year.	MFMA (S 21)	MUNICIPAL MANAGER	30-Apr-15
95		MEMA QUARTERLY SCM REPORTING Submit quarterly report on Implementation of Supply Chain Management Policy.	SCM Reg 6 (3)(4)	CHIEF FINANCE OFFICER	30-Apr-15
96		MEMA QUARTERLY BUDGET REPORTING Submit quarterly report for service delivery and budget implementation.	MFMA (S 52)	EXECUTIVE MAYOR	30-Apr-15
97		PRIMARY BANK ACCOUNT Table before Council quarterly report of all withdrawals from primary bank account.	MFMA (S11 4(a)(b))	MUNICIPAL MANAGER	30-Apr-15
98		MEMA PRIORITIES Quarterly completion and submission of MFMA implementation priorities.	Circular 38 and MFMA (S 52(d))	MUNICIPAL MANAGER	30-Apr-15

	PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
99	May 2014	CONSOLIDATION OF INPUTS FROM STAKEHOLDERS The final views of public, National & Provincial Treasuries and other organs of state are consolidated. The Mayor is provided the opportunity to respond to submissions from consultations and to table amendments to council for consideration.	MFMA (S 23 & 24) MSA (CHAP 4)	EXECUTIVE MAYOR	6-May-15
100		MEMA REPORTING Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-May-15
101		MEMA REPORTING Submit monthly statement to the provincial and national organ of state or municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-May-15
102		MEMA REPORTING Submit monthly report on salaries and wages expenditure to council	MFMA 66	CHIEF FINANCE OFFICER	12-May-15
103		MEMA SCM REPORTING Submit monthly reports for the period ending 30 April for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-May-15
104		FINAL MTREF Preparation of the final budget documentation for consideration for approval at least 30 days before the start of the budget year (1 July 2015 - 30 June 2016) taking into other new information of material nature.	MFMA (S 23)	MUNICIPAL MANAGER	17-May-15
105		APPROVAL OF THE BUDGET AND IDP Council approves annual budget, resolutions, setting of taxes and tariffs. Council approves changes to IDP and measurement of performance objectives for revenues by source and expenditure by vote.	MFMA (S 16,24,26 AND 53)	COUNCIL	31-May-15
	PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
106	June 2014	PUBLICATION OF BUDGET AND IDP The adopted budget, IDP and plans are published.	MFMA (S 75 & 87)	MUNICIPAL MANAGER	1-Jun-15
107		MEMA REPORTING Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Jun-15
108		MEMA REPORTING Submit monthly statement to the provincial and national organ of state or municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Jun-15
109		MEMA REPORTING Submit monthly report on salaries and wages expenditure to council	MFMA 66	CHIEF FINANCE OFFICER	12-Jun-15
110		MEMA SCM REPORTING Submit monthly reports for the period ending 31 May for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Jun-15

111		SDBIP Submission to the mayor no later than 14 days after the approval of the budget a draft of the SDBIP'S and annual performance agreements required by sections 57 (1)(b) of MSA.	MFMA (S 69) MSA (S 57(1))	MUNICIPAL MANAGER	16-Jun-15
112		APPROVAL OF THE SDBIP'S Approval of SDBIP's 28 days after final approval of the budget and to ascertain that annual performance contracts are concluded in accordance of section 57(2) of MSA. It must be ensured that annual performance agreements are linked to measurable performance objectives approved with the budget.	MFMA (S 53) MSA (S 38 - 45 & 57(2))	EXECUTIVE MAYOR	30-Jun-15
113		DELEGATIONS System of delegation is reviewed and any changes are approved by council.	MFMA (S 59,79 & 72) MSA (S 59 - 65)	EXECUTIVE MAYOR	30-Jun-15
114		SUBMISSION OF SDBIP'S The approved SDBIP's and performance agreements are submitted to MEC for Local government and are published within 14 days after approval.	MFMA (S 53) MSA (S 38 - 45 & 57(2))	MUNICIPAL MANAGER	30-Jun-15

LEGEND : MFMA : Municipal Finance Management Act (56 of 2003)
MSA : Municipal Systems Act (32 of 2000)
SCM Reg : Supply Chain Management Regulations (Gazette 27636: May 2005)

CHAPTER 2

GOVERNANCE

INTRODUCTION TO GOVERNANCE

COMPONENT A: Political and Administrative Governance

2.1 Political Governance

Phokwane municipality has eighteen (18) Councillors; 1 for COPE, 1 for AZAPO, 3 for DA and 13 for ANC.

THE EXECUTIVE COMMITTEE (EXCO)

Clr Robbie Tsikwe (Chairperson)

Clr Flora Pitso

Clr Horatious Modiakgotla

Clr Sinah Lewis

PORTFOLIO COMMITTEES

PLANNING & OPERATIONS

Clr Flora Pitso (Chairperson)

Clr Sandy Mokoena

Clr Samuel Nkomo

Clr Sinah Lewis

CORPORATE SERVICES

Clr Molifi Chakane (Chairperson)

Clr Anna Moremong

Clr Dawie Meyer

Clr Crocket Adams

INFRASTRUCTURE SERVICES & HUMAN SETTLEMENT

Clr Pasna Mona (Chairperson)

Clr Dibung Meza

Clr Stoffel Mokale

Clr Petro Nel

FINANCE

Clr Horatious Modiakgotla (Chairperson)

Clr Daphney Mashorie

Clr Freddy Mojapele

Clr Gaopalelwe Motebe

POLITICAL STRUCTURE

MAYOR



Robbie Tsikwe

SPEAKER



Dieketseng Moeketsi

EXCO



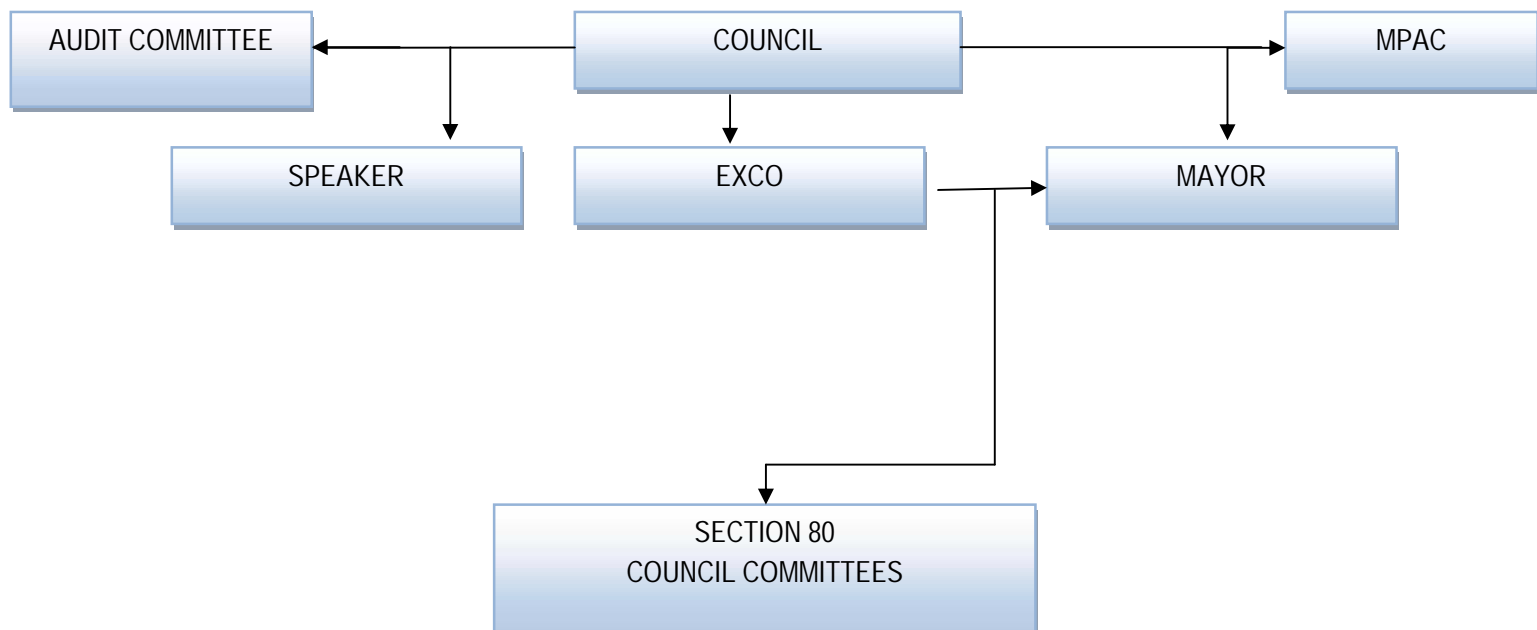
From Left: Clr Horatious Modiakgotla, Clr Flora Pitso, Clr Sinah Lewis,

Not in Picture: Clr Robbie Tsikwe (Mayor – Chairperson) & Zithulele Nikani (Acting Municipal Manager),

COUNCILLORS

	SURNAME	NAME	GENDER	POSITION WARD	/ PARTY
1.	Tsikwe	Robbie	M	PR 1	ANC
2.	Moeketsi	Dieketseng Maria	F	PR 2	ANC
3.	Mona	Pasna	M	PR 3	ANC
4.	Mashorie	Kerileng Daphney	F	PR 4	ANC
5.	Moremong	Omphentse	F	PR 5	ANC
6.	Modiakgotla	Horatius Moatlhodiemang	M	Ward 8	ANC
7.	Pitso	Flora Ontsheketse	F	Ward 3	ANC
8.	Chakane	Molifi	M	Ward 9	ANC
9.	Mokale	Kgomotsego	M	Ward 1	ANC
10.	Meza	Dibueng	F	Ward 5	ANC
11.	Mojapele	Mongale Freddy	M	Ward 2	ANC
12.	Mokoena	Andrew Sandy	M	Ward 4	ANC
13.	Adams	Crockette Johannes Shimane	M	Ward 7	ANC
14.	Nel	Petro Johan	M	Ward 6	DA
15.	Meyer	Dawie	M	PR	DA
16.	Lewis	Sinah	F	PR	DA
17.	Motebe	Gaopalelwe Morwa	M	PR	AZAPO
18.	Nkomo	Samuel	M	PR	COPE

POLITICAL DECISION TAKING



2.2 Administrative Governance

Introduction to Administrative Governance

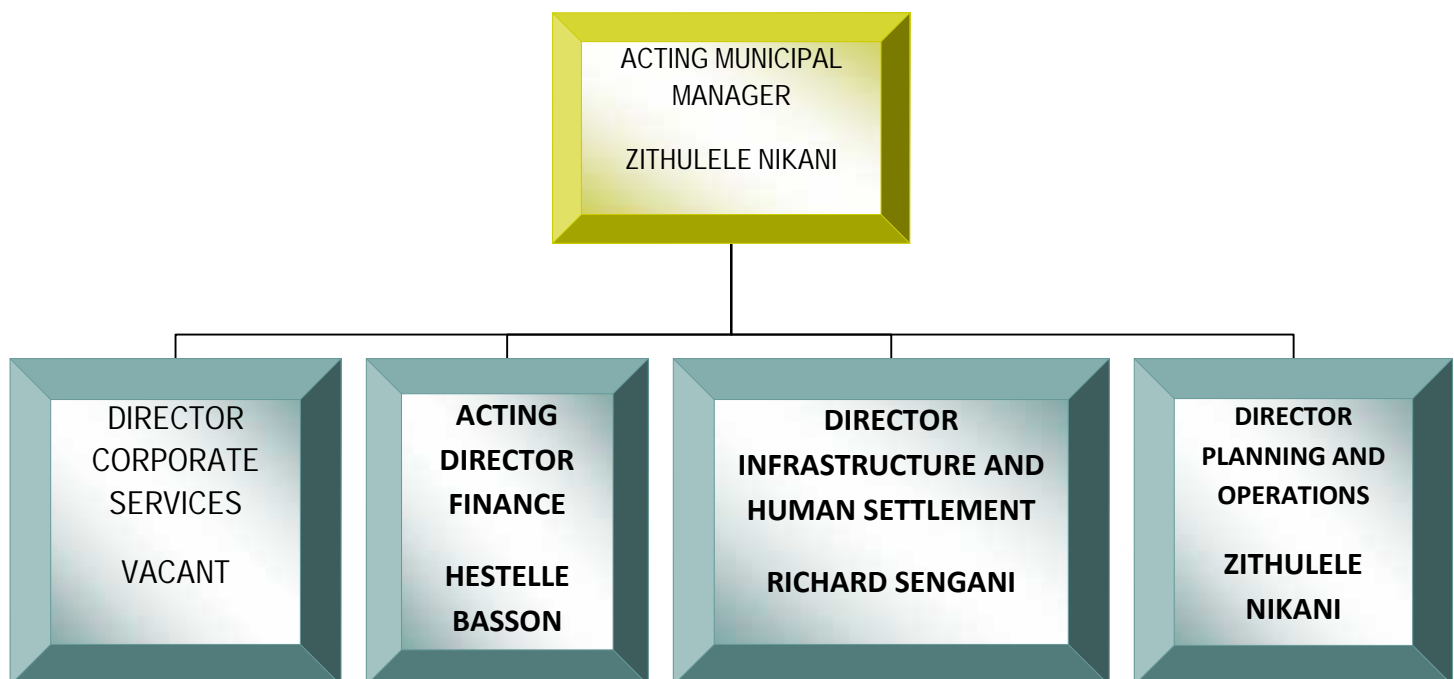
The Acting Municipal Manager of Phokwane Municipality is Mr Zithulele Nikani. There are 4 Directorates, i.e. Corporate Services, Finance, Planning & Operations, & Infrastructure Services & Human Settlement.

Director: Corporate Services – Vacant

Director: Finance – Ms Hestelle Basson (Acting)

Director: Planning & Operations – Mr Zithulele Nikani

Director: Infrastructure Services & Human Settlement – Mr Richard Sengani



TOP ADMINISTRATIVE STRUCTURE

Tier 1

MUNICIPAL MANAGER



Zithulele Nikani (Acting)

Tier 2

DIRECTOR: PLANNING & OPERATIONS



Zithulele Nikani

DIRECTOR: FINANCE



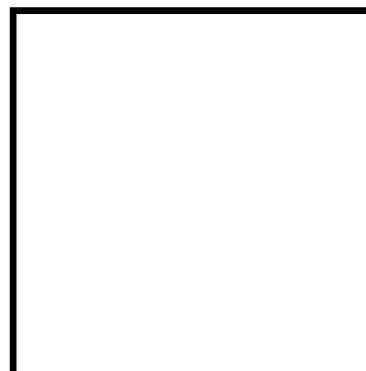
Hestelle Basson (Acting)

DIRECTOR: INFRASTRUCTURE SERVICES & HUMAN SETTLEMENT



Richard Sengani

DIRECTOR: CORPORATE SERVICES



Vacant

Tier 3

Third Tier Structure	
Directorate	Manager
Office of the Municipal Manager	Manager: Internal Audit, Mr L Mofokeng
	Manager: Office of the Municipal Manager, Ms CN Pule
Finance	Manager: Revenue, Ms T Modisa
	Manager: Expenditure, Ms M Motswana
	Manager: Budget, Ms L Jasson
	Manager: Supply Chain, Mr BD Segalo
Planning & Operations	Chief Traffic Officer, Ms E Jonck
	Manager: LED, Mr B Koen
	Senior Environmental Officer, Vacant
	Unit Manager: (Hartswater & Pampierstad), Mr M Mojaki
	Unit Manager: (Jan Kempdorp & Ganspan), Mr A Lubbe
Infrastructure Services & Human Settlement	Manager: Electricity, Mr T Blaauw
	Project Technician, Mr L Jange
	Water Technician, Mr S Cidraas
	Senior Town Planner, Vacant
Corporate Services	Manager: Human Resources, Mr BB Marima
	Senior Admin & Registry Officer, Ms I De Kock
	IT Technician, Mr C Tswaile

COMPONENT B: Intergovernmental Relations

Introduction to Co-operative Governance and Intergovernmental Relations

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Phokwane Local Municipality is a delegated municipality and reports monthly and quarterly to National and Provincial Treasury. During the year, there were various meetings attended with National and Provincial Treasury and in the main, the following engagements are highlighted:

1. Provincial Treasury's mid-term assessment visit to the municipality
2. Budget Benchmark Exercise – review of the budget prior to the approval by Council
3. Quarterly CFO Forums – This forum are aimed at sharing best practises and discusses amongst others the implementation of budget and financial norms and standards in municipalities.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality is a full-time member of the Provincial Intergovernmental Relations Committee which is chaired by the Premier of the Province and it convenes on a quarterly basis. There are various other structures where the municipality is being represented such as SALGA working Committees of Finance, Local Economic Development etc.

DISTRICT INTERGOVERNMENTAL STRUCTURES

PROVINCIAL AND DISTRICT STRUCTURE

The District Intergovernmental Forum is a legislative structure constituted to ensure that the three spheres of government operate smoothly. The District Technical IGR therefore was put together to render technical support to the political IGR. The technical committee's responsibility is to plan for the District IGR. The committee addresses issues that sector departments and municipalities are confronted with. These issues will then form the Agenda of the District IGR. These issues may be submitted further to the Provincial IGR. Service deliveries by individual municipalities as well as the municipalities on district level enjoy the advantages of regular contact between professional peers, a sense of co-ordination and aid in problem solving. Regular communication and planned meetings enhance co-operation on local government level as well as different spheres of government.

Phokwane Local Municipality is forms part of the Frances Baard District Steering Committee, it therefore has to align its IDP with those of the Local Municipalities in the District and to monitor its performance.

COMPONENT C: Public Accountability and Participation

Overview of Public Accountability and Participation

The Phokwane Local municipality embarks on public participation on various service delivery, budget and policy related matters as well as for the Annual Report.

The principle formal structures for public participation are the formal and the legally elected Ward Committees. The Ward Committee and Ward Councillor is the formal link between the municipal government and the public in terms of IDP and budgeting processes. The public is represented by councillors, representatives of legally elected ward committees as well as key community and stakeholder groupings and the business community.

In order to enhance the public participation process, opportunity will also be given during the IDP and Budgeting processes for "open ward" meetings in order to ensure that public involvement in these processes is maximized. Various mediums of communication are used including radio announcements/adverts, local newspaper (free and sold), distribution of notices door to door (previously disadvantaged areas), through ward meetings and ward committees and street loud hailing. All these methodologies were used at the same time with Councillors best combination based on the location and economic situation of each Ward.

2.4 PUBLIC MEETINGS

Communication, Participation and Forums

Ward Committees

	Public Meetings					
Nature and Purpose of meeting	Date of events	Number of participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members.	Dates and manner of feedback given to the community	
					Dates	Feedback
IDP Meeting (Ward 1)	27 April 2014	2 Councillors	4 Officials	56	27 April 2015	<ul style="list-style-type: none"> - Indigent registration - Housing project - Highmast lights in Sakhile - Need for a clinic - Title deed registrations - Paving Roads Sanitation Project needed in Unit 2.
IDP Meeting (Ward 2)	27 April 2014	2 Councillors	4 Officials	56	27 April 2015	<ul style="list-style-type: none"> - Indigent registration - Housing project - Highmast lights in Sakhile - Need for a clinic - Title deed registrations - Paving Roads Sanitation Project needed in Unit 2.

IDP Meeting (Ward 3)	28 April 2014	2 Councillors	4 officials	84	28 April 2015	<ul style="list-style-type: none"> - Indigent registration - Job Creation - Renovation of Pampierstad Community Hall - School in Pampierstad 900 - Street dumping waste containers.
IDP Meeting (Ward 4)	28 April 2014	2 Councillors	4 Officials	84	28 April 2015	<ul style="list-style-type: none"> - Indigent registration. - Job Creation. - Renovation of Pampierstad Community Hall. - School in Pampierstad 900. - Street dumping waste containers. - Repair and Maintenance of roads in both wards. - Crime. - Road signs and names not Visible. - Proper fencing for Cemetery. Revamping of Pampierstad Park.
IDP Meeting (Ward 5)	24 April 2014	2 Councillors	3 Officials	65	24 April 2015	<ul style="list-style-type: none"> - Job creation. - Formalisation of Utlwanang and Riemvasmak informal Settlement. - Indigent Registration. - Paving Roads

						<p>Thagadiepelajan g.</p> <ul style="list-style-type: none"> - Lights be fixed at stadium and Netball poles at Bonita Park stadium. - Housing Project for 127 sites.
IDP Meeting (Ward 6)	24 April 2014	1 Councillors	4 Officials	65	20 April 2015	<ul style="list-style-type: none"> - Need for electricity in Nkandla. - Roads and Stormwater. - Emergency Services. - Water and Sanitation in Nkandla 2. - Need Sport facilities. - Formalisation of informal Settlement in Nkandla.
IDP Meeting (Ward 8) Ganspan.	13 May 2014	1 Councillors	4 Officials	111	10 May 2015	<ul style="list-style-type: none"> - Houses are a need in Ganspan. - Job Creation. - Renovation of the swimming pool needed. - Need for street lights .
IDP Meeting (Ward 8) Proofplas	15 May 2014	1 Councillors	4 Officials	40	10 May 2015	<ul style="list-style-type: none"> - Land for housing development. - Mobile clinic on a regular basis. - Ward Demarcation (6 or 8 ?) - Job creation.

IDP Meeting (Ward 7, 8 and 9)	9 May 2014	1 Councillors	4 Officials	41	10 May 2015	<ul style="list-style-type: none"> - Street Lights for road heading to Andalusia Park. - Housing is still needed for areas that are outstanding. - Fair tender processes - Job Creation - Local municipal Offices that are not operating (affect level of payment for services) - Speed humps. - Refurbishment of old water and sewer networks. - Electricity connection fee (R50) Molelwane – Community can't afford to pay. - Bad conditions in old Valspan - Sewer network in Andalusia Park extension is leaking.
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Comment on the Effectiveness of the Public Meetings held.

Public meetings are very effective as they involve face to face encounters with the community at large, and sometimes they are used as platforms to raise social and service delivery issues. These meeting were effective in term of issues managed to e addressed, but not with number of people attended. Many IDP and Budget inputs are picked up from meetings. Policy debates enjoy preference at these public meetings whilst budgeting is sometimes complex though presented simplistically and in languages spoken in communities (Xhosa, Tswana, Afrikaans and English). These must be complemented by appearance of councillors and administrators at Ward meetings for continuous and healthy debates.

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, KPI's, developmental strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPI's in the strategic plan?	Yes
Do the IDP KPI's align to the Section 57 Managers?	Yes
Do the IDP KPI's lead to functional area KPI's as per the SDBIP?	Yes
Do the IDP KPI's align the provincial KPI's on the 12 outcomes?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	
* Section 26 Municipal Systems Act 2000 T2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Phokwane Municipality on-going commitment to compliance with prescript such as Municipal Finance Management Act of 56 of 2003 demonstrates willingness to promote sound governance. The Municipal Public Account Committee (MPAC) is not effective due to non-commitment of members, meetings don't materialize due to absenteeism of members. The Audit, Risk and Performance Committee is effective, meeting are conducted regularly to deal with governance issues.

2.6 Risk Management

a) Nature of risk management

Phokwane Municipality has adopted risk management as a governance requirement in order to address all factors that may hinder or prevent municipality from achieving all its goals and objectives.

Council has delegated responsibility for development, implementation and coordination of risk management processes matters to the Accounting Officer. The oversight over the risk management processes remains the responsibility of the Audit and Risk Committee.

b) Risk management strategies to identify risks and manage the risks

Policy framework for the management of risks within all divisions of the Phokwane Municipality considers:

- Responsibility for promoting awareness of risk management
- Mechanisms for assessing the state of risk management;
- Responsibility for improving risk exposures; and
- Mechanisms for monitoring and reporting the state of risk management.

The Municipality has an approved Risk Management Strategy; and the Accounting officer endorses the commitment of management and staff in applying internal control measures to mitigate operational risk exposures.

c) Risk analysis

In-year monitoring of all risks is continuous, and quarterly progress reports were submitted to Council in terms of the Strategic & Operational Risk Registers. The Strategic Risk Register is aligned with the IDP and gets annually reviewed.

However a more robust approach towards mitigating the current strategic risk areas (listed below) is required:

- Creating awareness and providing training on risk management within each department
- Alignment of risk management identification with predetermined objectives
- Creating an equilibrium over the cost of compliance and core business commitments
- High reticulation losses such as water and electricity
- Loss or malicious damage to municipal assets
- Inability to provide an basic services to communities
- Unavailability of land that threatens the investment opportunities
- Ageing infrastructure

2.7 Anti-corruption and Fraud

Phokwane Municipality subscribes to the principles of good corporate governance, which requires conducting business in an honest and transparent fashion. Consequently PM is committed to fighting fraudulent behavior at all levels within the organization. The Municipal Manager bears the ultimate responsibility for fraud and corruption risk management within the Municipality. This includes the coordination of fraud risk assessment, overseeing the investigation of suspected fraud corruption, and facilitation of the reported employees or other parties

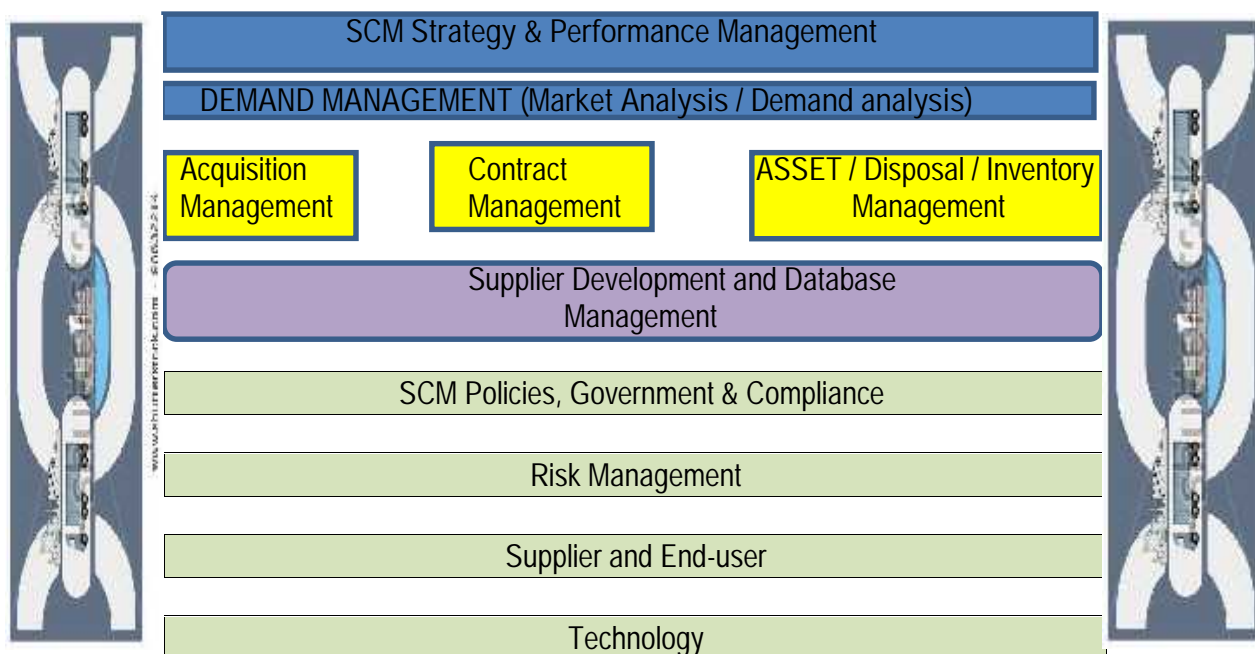
The Municipality currently reviewed their Fraud Prevention Plan, together with the Fraud Policy. The plan is premised on the organisations core ethical values driving the business of, the development of its systems, policies and procedures, interactions with its constituencies the public and other stakeholders, and even decision-making by individual managers representing the organisation. The Plan is also intended to assist in preventing, detecting, investigating and resolution of fraud and corruption.

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW OF SUPPLY CHAIN MANAGEMENT

In May 2015, Council reviewed the Supply Chain Management Policy (SCM). The policy aims at improving the cost of delivering services to the residents of Phokwane Municipality. It provides for alignment of SCM activities to the relevant regulations and legislations.

The policy entails all elements of SCM as reflected below:



Since the implementation of the policy has begun it is clear that the municipality need to capacitate the PM employees to assist with the fully execution of the policy. The current structure of SCM is mainly on procured to buy with very little attention being placed on other elements of SCM. The current SCM strategy and operating model has been developed and has been put in place for implementation towards the end of 2014/2015 financial year. During the period under review PM spent 47.22% of the total value of the open bids with companies 100% owned by Historically Disadvantaged Individuals (HDI's). Of the total open bids advertised during the year, 18% was costs incurred while doing business with PM (Phokwane Municipality) based companies. Expenditure incurred with medium and small entities during the period under review is 27% and 18% respectively.

The Policy framework provides that the municipal manager and chief financial officer can institute and maintain a transparent SCM system that is equitable, competitive, efficient and fair. The policy encompasses high ethical standards and also promotes the development of LED. The Policy further pledges itself and the municipal administration to the observance of all applicable national legislation, mainly:

1. MFMA Act No.56 of 2003; including the regulations relating to the prescribed framework for SCM.
2. PPPFA Act No.5 of 2000 and its regulations
3. BBBEE Act.53 of 2003
4. Municipal SCM Regulations NO 27636 of 30 May 2005
5. CIDB Act, 2000 (Act No.38 of 2000)
6. Local content

Procurement plan:

- 2014/2015 the municipality developed the procurement plan and this assisted a lot in planning our procurement mainly on areas such as infrastructure projects and other internal funded projects as well as the operational needs of the municipality.

Database of Accredited Prospective Suppliers-

- The database of Accredited Suppliers used to procure goods/services through quotations was established since 2006/07 financial year as required by Regulations. This database is also used to effectively promote the objectives of Preferential Procurement Practices as set out in the Preferential Procurement Policy Framework Act.
 - Adverts were placed on the newspaper, municipal notice board and website.
 - List of accredited prospective providers of goods and services is updated continually.

Reporting

- Monthly and quarterly reports of performance management system PMS are developed and submitted on regular basis.
- Management reports and all other issues that need to be reported at the council is a standard practice for SCM practitioners and senior management as regulated.

Tenders awarded in the financial year 2014/2015

DATE	BID NO	DESCRIPTION	SUPPLIER	AMOUNT
27/06/2014	48/2013	Contractor for the replacement of sewer gravity pipeline from Valspan outfall works.	G-Force engineering Enterprises	R1 171,373.94
04/08/2014	01/2014	Supply & delivery of 2 x Motor vehicles	Williams Hunt	R 347,767.28
04/08/2014	03/2014	Supply & delivery of 3 x Tractors	Kimec Agri	R 718,200.00
04/08/2014	04/2014	Supply & delivery of 3 x Bakkies	Imperial Nissan	R 437,918.00
04/08/2014	05/2014	Supply & delivery of 1 x Grader	Komatsu South Africa	R 2610,600.00
04/08/2014	06/2014	Supply & delivery of 1 x TLB	Komatsu South Africa	R 943,920.00
04/08/2014	07/2014	Supply & delivery of 1 x Tipper	Gariep Motors	R 845,376.00

25/09/2014	46/2013	Consultant for Hartswater and Pampierstad storm water channel LIC project phase (1, 2 & 3)	Seraky (Pty) Ltd	R13,789,440.00
25/09/2015	47/2013	Consultant for Hartswater - Construction of road in Thagadiepelajang and Bonita Park access roads LIC phase 1 & 2	Phokulela Consulting Engineers (Pty) Ltd	R12,546,364.55
25/09/2015	50/2013	Contractor for Pampierstad storm water channel phase 3 (1.2km)	M F Contractors	R4,870,060.73
04/08/2014	08/2014	Cash in Transit and security personnel	Geskriek Trading Enterprise (Pty) Ltd	R2,709,120.00
18/08/2014	10/2014	Water connections for 64 sites	M F Contractors	R 959,161.91
18/08/2014	11/2014	Supply & delivery of Tar - CAT 65	Bosaletse Civil Construction (Pty) Ltd	R 358,912.20
29/12/2014	02/2014	Supply & delivery of 3 x Bakkies	Williams Hunt	R 853,488.51
29/12/2014	09/2014	Road master plan and maintenance plan	Phokulela Consulting Engineers (Pty) Ltd	R1,060,000.00
29/12/2014	PH45/2014	Supply & delivery of protective clothing	Agriculture Mining Distributors	R 460,040.50
22/10/2014	PH34/2014	Supply & delivery of Cable altek flat	T. S. Creations (Pty) Ltd	R 395,000.00
02/10/2014	PH27/2014	Supply & delivery of Sud - Floc 3456	Blendtech (Pty) Ltd	R10.96/kg
02/10/2014	PH28/2014	Supply & delivery of HTH and Chlorine gas	Blendtech (Pty) Ltd	R642.50/25kg
				R2242.10/70KG
02/10/2014	PH21/2014	Upgrading of the Chlorination systems at Jan Kempdorp and Hartswater waste-water treatment plants	Tecroveer Projects (Pty) Ltd	R495,824.76

02/10/2014	PH25/20 14	Supply & delivery of petrol and diesel on a fixed term contract	AL 2 Stadler	R 12.58
				R 12.43
03/03/2015	PH46/20 14	Sealing of concrete reservoir at Korhaan Single	M F Contractors	R 740,862.00
03/03/2015	PH44/20 14	Resealing of concrete joints for water retaining structures	Izigi Zeafrica Construction	R 612,594.21
30/03/2015	PH39/20 14	Supply and delivery of concrete palisades for Pampierstad community hall	Bathaping Baga Maidi Enterprises (Pty) Ltd	R 340,234.80
11/05/2015	PH24/20 14	Phokwane Local Municipality - water and waste water master plan	Moedi Consulting Engineers (Pty) Ltd	R 1,390,800.00
30/04/2015	PH53/20 14	Upgrading of filter media in Hartswater water treatment plant	AAS Operations	R 485,558.15

National Treasury Report

Procurement above the threshold of R100 000.00 are captured on monthly and quarterly basis on the National Treasury website as required.

2.9 BY- LAWS

By-laws introduced during year 1					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
None	Property Rates By-law – approved 23 September 2014.			Yes	03 Nov 2014
	Promulgation of Health By-laws for the operation and			Yes	03 Nov 2014

	management of Initiation schools – published in Provincial Gazette on 3 November 2014.				
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COMMENTS ON BY-LAWS:

By-laws were not published prior to council adoption but they were gazette thereafter.

2.10 WEBSITES

Municipal Websites: 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	30/06/2015
All current budget-related policies	Yes	30/06/2015
The previous annual report (Year 0)	Yes	05/03/2015
The annual report (Year 1) published / to be published	Yes	05/03/2015
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 1) and resulting scorecards.	No	
All service delivery agreements (Year 1)	No	
All long-term borrowing contracts (Year 1)	No	
All supply chain management contracts above a prescribed value (give value) for Year 1	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1.	No	
Contracts agreed in Year 1 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 1	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 1.	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 this community and stakeholders abreast of service delivery arrangements and municipal developments.		

- COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS Lack of submission of documents.
- The municipal website is accessible by logging into www.phokwane.gov.za
- All section 75 (a) documents can be found under the MFMA tap
- The public is encouraged to source any Municipal related information from the website.

- Unemployed Youth is encourage to visit the vacancy tab regularly for vacancies and/ or learner ships and internships on regular basis.
- Suggestion on the improvement of the website may be sent by using the IT HELP DESK TAB and SELECTING IT HELP DESK ON THE CONTACTS DROP DROWN

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES
The public is moderately satisfied on the website views.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

3.1 WATER PROVISION

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year 2013-2014	-	-	386	3141	-
T3.1.2					

Water Service Delivery Levels Households				
Description	Year -2	Year -1	Year 0	Year 1
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water:</u> (above min level)				
Piped water inside dwelling	5205	-5206	-6656	-6772
Piped water inside yard (but not in dwelling)	4026	4026	7033	7080
Using Public tap (within 200m for dwelling)	2284	2284	2171	2380
Other water supply (within 200m)	1274	-	-	-
Minimum Service Level and Above Percentage	90%	90%	90%	90%
<u>Water:</u> (below min level)	1122	1122	1122	1055
Using public tap (more than 200m from dwelling)	562	562	562	951
No water supply	1684	1684	1684	1780
Below Minimum Service Level sub-total	10.9%	9.6%	9.6%	9.8%
Below Minimum Service Level Percentage	15 453	17 544	17 544	17 580
Total number of households*				
* To include informal settlements				T3.1.3

Households – Water Service Delivery Level						
s below the minimum Households						
Description	Year -2	Year -1	Year 0	Year 1		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements	15 453	17 544	17 544	17 544	17 544	17 600
Total households	1 684	1 684	1 684	1 684	1 684	1 700
Households below minimum service level	10.9%	9.6%	9.6%	9.6%		
Proportion of households below minimum service level					9.6%	9.6%
Informal Settlements						
Total households						
Households is below minimum service level						
Proportion of households is below minimum service level						

Water Service Policy Objectives Taken from IDP			
Water and sanitation	<p>-To establish, procure, operate, manage or regulate a potable water system, including the services and infrastructure required for the regulation of water conservation, purification, reticulation and distribution.</p> <p>-To establish, procure where appropriate, provide, operate, manage, maintain or regulate of a system - including infrastructure for the collection, removal, disposal or purification of human excreta and domestic waste water.</p>	To provide water & sanitation to all households within built areas by 2016	<ul style="list-style-type: none"> • To promote economic use of water • Provide internal water and sanitation reticulation to all communities • Upgrade bulk water and sanitation infrastructure (refer to infrastructure projects Chapter 9) • Develop a Storm-water and Water Demand Management Plan and, a Water and Conservation Demand Management Plan to assist with the Green Drop and Blue Drop ratings of the municipality

TASK GRADES	No of employees	No of Posts	No of Vacancies
T3 (General Workers)	N/A		
T6 (Plant Operators)	55	69	14
T9 (Team Leaders)'	1	3	2

FINANCIAL PERFORMANCE YEAR 1: WATER SERVICES					
Details	2013/2014	2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	23 705 826	42 114 930	42 498 436	75 265 782	-33 150 852
Expenditure:					-
Employees	3 139 432	3 312 598	3 462 949	2 315 974	996 624
Repairs and Maintenance	1 068 509	1 013 633	1 780 674	1 761 893	-748 260
Other	25 223 301	23 608 677	23 763 960	30 379 924	-6 771 247
Total Operational Expenditure	29 431 242	27 934 908	29 007 583	34 457 792	-6 522 884
Net Operational Expenditure	-5 725 416	14 180 022	13 490 853	40 807 991	-26 627 969

Capital Expenditure - Year 1: Water Services			R'000			
			Year 1			
Details		Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All		32 351 546	32 351 546	32 357 192		32 351 546
						-
BULK WATE SUPPLY SAKHILE PHASE 1		403 765	403 765	403 745	20	403 765
BULK WATER SUPPLY INCLUDE 1450 STANDS 2		10 527 781	10 527 781	10 527 781	-	10 527 781
PPE:O&M REFURBISHMENT GRANT WATER MANAGE		20 000 000	20 000 000	20 484 687	-484 687	20 000 000
HIGH PRESSURE PUMPS X2		60 000	60 000	29 776	30 224	60 000
JKD 28 SITES WATER CONNECTION		420 000	420 000	371 999	48 001	420 000
JKD ERF 609 15 SITES WATER CONNECTIONS		225 000	225 000	224 330	670	225 000
P/STAD INDUSTRIAL 21 SITES WATER CONNECT		315 000	315 000	314 874	126	315 000
TELEMETRY SYSTEM		400 000	400 000	-	400 000	400 000

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The municipality succeeded in achieving most of its performance targets set for water services for the 2014/2015 financial year by implementing and completing the following projects:

- The bulk water supply for 1450 stands at a total cost of R 10 527 781 initially estimated at about R 10 527 781 remained unchanged during the adjustment budget.
- The bulk water supply in Sakhile Phase 1 at a total cost of R 403 745 also remained unchanged during the adjustment budget.
- Refurbishment Water Management Grant from DWA at a total cost of R 20 000 000 was fully utilized to satisfy the initial plan, no adjustment was made during the process.
- Two High Pressure Pumps at a total cost of R 420 000 also remained unchanged during the adjustment budget.
- Water Connection for 15 Sited in Jan Kempdorp at a total cost of R 225 000 also remained unchanged during the adjustment budget.
- Water Connection for 21 Sites in Pampierstad at a total cost of R 315 000 also remained unchanged during the adjustment budget and the amount was adequately utilized.
- Telemetry System at a total cost R 400 000 was never utilized for the financial year due underestimated budget.

Comment on water services and Blue Drop Quality

The Blue Drop Certification is an incentive based regulation of drinking water quality management that was initiated by DWA to introduce key requirements for effective and efficient management of drinking water by water service providers.

Phokwane Municipality has been taking part in the Blue Drop Certification programme since 2009. Averages of 16 compliance water samples are taken every month in municipal area where PLM is a water service provider in Hartswater, Jan Kempdorp, Ganspan and Magogong. These samples are taken to accredited laboratory for analysis at Test it Lab in Bloemfontein and the results are compared with SANS 241. All samples undergo Microbiological, Chemical, and Physical & Organoleptic analysis. The samples are taken at different points in the distribution system, storage area, water treatment works and point of use.

- Drinking water quality performance is established on an annual basis indicating compliance (as a percentage) to each requirement listed in the Drinking Water Standard SANS 241. E.coli is an indicator of faecal pollution. The presence of E.coli indicates unacceptable bacteriological quality. As the deterioration of water quality can occur in any water distribution network, compliance at the plant does not necessarily result in compliance within the network.

In terms of Blue Drop requirements, it is required that on an annual basis:

- 95 % compliance to the specification of SANS 241: 2014 is achieved for each for each determinant listed in the standard.
- No E.coli is detected in 99.9 % of the final water samples.

The quality of the final water is indicated below on the table attached. During the period January to December 2015 the quality of final water from both Works (Jan Kempdorp & Hartswater) was good even though the turbidity failures were experienced because of aging infrastructure at both plants. The filtration systems at both plants were under duress of handling high water demand during the months of November and December 2015 and the filter media was replaced in this current financial year to address turbidity failures. Bacteriological failures also occurred in the distribution network and hence monitoring and sampling frequency was increased. Investigations were done and corrective and preventative measures were implemented like post chlorination was applied at the reservoirs.

The overall compliance of Phokwane Municipality for both Hartswater and Jan Kempdorp was as follows:

HARTSWATER WATER PLANT

- Microbiological : 90.1%
- Chemical : 99.9%
- Physical : 95.2 %

JAN KEMPDORP WATER PLANT

- Microbiological : 92.9 %
- Chemical : 99.9 %
- Physical & Organoleptic : 99.1 %

Consumers are urged to visit DWA website on "My Water "to acquaint themselves with status of our water on regular basis, www.dwa.gov.za and click on "My Water".

3.2 WASTE WATER (SANITATION) PROVISION

Sanitation Service Delivery Levels Households				
Description	2011/2012	2012/2013	2013/2014	2014/2015
	Outcome No.	Outcome No.	Outcome No.	Actual No.

Sanitation / Sewerage (above minimum level)				
Flush toilet (connected to sewerage)	9 018	9 018	11 964	12 400
Flush toilet (with septic tank)	1 018	1 018	308	404
Chemical toilet	-	-	33	40
Pit toilet (ventilated)	891	891	853	890
Other toilet provisions (above min service level)				
Minimum Service Level and above	10 927	10 927	13 158	14 178
Sub-total				
Minimum Service Level and above				
Percentage				
Sanitation / Sewerage: (below minimum level)				
Bucket toilet	184	184	323	824
Other toilet provisions (below min.service level)	1 331	1 331	2 428	2 728
No toilet provisions	1 329	1 329	1 637	1 797
Below Minimum Service Level sub-total	2 844	2 844	4 388	5 789
Below Minimum Service Level				
Percentage	9 018	9 018	11 964	11 457
Total households				

Waste Management and recycling policy taken from IDP



Graph 7: Refuse disposal per household distribution. Source Census 2001 and 2011

Graph 7 above indicates that the local authority removes refuse for the majority of the households in the municipal area. The communal and own dumping refuse dumps amounts have decreased over the past 10 years. There are three landfill sites located within this municipality at the following locations Hartswater, Pampierstad and Jan Kempdorp. Of all three landfill sites the new Hartswater Landfill site has been licensed while the Pampierstad and Jan Kempdorp site are still yet to be licensed. The old Hartswater

landfill site in Thagadiepelajang is not ideally situated as it is in very close proximity to residents based on that it is currently in the process of being closed so as to rehabilitate the site. No management is being practiced on these sites and burning of waste is a frequent occurrence due to waste not being covered. Residential areas are serviced by municipal collectors. Hazardous waste is collected only from Hospitals by the Health Collector. Illegal dumping in the municipality is also currently a challenge. Waste disposal that is not dealt with in a controlled environment offers many threats to sustainable living. The municipality will look into formalising the unlicensed dumping sites in the area and better measures in waste disposal. (FBDM EMF, 2010)

SOLID & WASTE MANAGEMENT SERVICES

TASK GRADES	No of employees	No of Posts	No of Vacancies
T6 (Plant Operators	40	50	10
T9 (Team Leaders)	2	04	2

FINANCIAL PERFORMANCE YEAR 1: WASTE MANAGEMENT					
	2013/2014	2014/2015			
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	11 260 645	11 906 373	12 242 909	9 817 486	2 088 887
Expenditure:					
Employees	3 634 209	3 673 116	4 274 657	4 272 860	-599 744
Repairs and Maintenance	233 332	418 329	575 252	1 274 568	-856 239
Other	1 590 659	5 369 363	6 047 427	1 564 038	3 805 325
Total Operational Expenditure	5 458 200	9 460 808	10 897 336	7 111 466	2 349 342
Net Operational Expenditure	5 802 445	2 445 565	1 345 573	2 706 020	5 298 428

Capital Expenditure Year 1: Waste Management Services					R'000
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:

The employee related costs show an over expenditure variance of R 599 thousand from the R 3 673 million initially budgeted for, however there was over expenditure of R 856 thousand for repairs and maintenance.

No capital projects were identified and approved by Council during the 2014/2015 financial year under review.

1.3 ELECTRICITY

Policy objective taken from IDP.

• Electricity	To ensure and facilitate access to electricity by needy households to achieve universal access by 2016.
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ELECTRICITY

TASK GRADES	No of Employees	No of Posts	No of Vacancies
T4(General Workers)	12	14	2
T6 (Plant Operators)	2	4	2
T9 (Team Leaders)	2	2	2

FINANCIAL PERFORMANCE YEAR 1: ELECTRICITY SERVICES

Details	2013/2014	2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	46 800 912	64 389 375	64 435 995	63 515 545	873 830
Expenditure:					
Employees	2 239 652	2 173 019	2 819 342	2 869 004	-695 985
Repairs and Maintenance	1 323 337	1 226 445	1 546 039	1 349 931	-123 486
Other	57 832 232	55 945 274	60 786 887	83 525 629	-27 580 355
Total Operational Expenditure	61 395 221	59 344 738	65 152 268	87 744 565	-28 399 827
Net Operational Expenditure	-14 594 309	5 044 637	-716 273	-24 229 020	29 273 657

COMMENT ON ELECTRICITY SERVICES

The municipality is experiencing high turnover of staff in so far this service is concerned, despite our efforts of building capacity by recruiting unemployed qualifying individuals and training them to acquire the necessary skills. The high turnover is caused by competition with private sector, which at times pay more.

Despite the challenge of high turnover in staff, we continue to render services for our communities with very less skilled personnel. It is the municipality commitment to continue to recruit young qualifying graduates as part of learnership and internship program. Also partnership has been formed with certain accredited training institute to skill these learners and interns.

Total operating revenue earned was under collected compared to the anticipated revenue budgeted for 2014/2015 by R 874 thousand. Actual expenditure incurred exceeds the appropriated expenditure by R28 400 million. The adverse performance of electricity services can be ascribed to unrealistic estimation during the adjustment of the budget and huge variation in demand and consumption by community and provision for debt impairment.

1.4 HOUSING

Policy Objective taken from IDP.

• Housing	To facilitate the provision of quality housing by 2016
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Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year 2014/2015	Formal – 3068 Informal – 835 Total - 3903	Formal- 3068	23.5%

Employee: Housing Services

Task Grades	No of Employees	No of Posts	No of Vacancies
T15 – T17	4	4	0

COMMENT ON HOUSING SERVICES PERFORMANCE OVERALL

Housing services consist mainly out of municipal buildings, estate, semi detached houses and staff accommodation. Revenue is derived from rental of halls and public facilities and staff housing. The cost of maintaining these properties surpass the proceeds derived here from. The municipality will have to consider applying market related price adjustment in future to recoup costs.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
Year -1	1167	1167	523	44.82%	1167	100	673	57.67 %	1167	100%
Year 0	1808	1808	1605	88.77%	1808	100%	1111	61.45 %	1808	100%
Year 1										

FINANCIAL PERFORMANCE YEAR 1: ELECTRICITY SERVICES					
COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED					
Details	2013/2014	2013/2014			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Water	1 736 129	1 788 015	1 788 015	576 763	1 211 252
Waste Water (Sanitation)	2 940 061	4 614 588	4 614 588	2 823 676	1 790 912
Electricity	7 206 229	4 193 216	4 193 216	33 002 060	-28 808 844
Waste Management (Solid Waste)	1 305 096	2 540 032	2 540 032	1 172 265	1 367 767
Total	13 187 515	13 135 851	13 135 851	37 574 764	-24 438 913

BASIC SERVICES						
Service Delivery and Infrastructure Development	To ensure sustainable delivery in respect of water, Sanitation, Electricity, Waste	Ensure that 278 households are connected to water network by June 2017 access to water	278	64	212	908

	management, Roads and Stormwater Services to all Households within Phokwane Municipal areas	network				
		Number of household with access to Sewer network	1357	1160	197	-
		Kilometre of Roads surfaced/paved by June 2017	22km	7km	12km	3km

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

3.7 ROADS

INTRODUCTION TO ROADS

Gravel Road Infrastructure Kilometers				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -1	0	0	0	0
Year 0	0	0	0	0
Year 1	0	0	0	0

Tarred Road Infrastructure Kilometers				
	Total tarred roads	New tarred roads	Existing tar roads re-tarred	Tar roads maintained
Year -1	5 065 km	4 064 km	19 090 km	0
Year 0	0	3 667 km	13 304	0
Year 1	0	0	0	0

Cost of Construction / Maintenance R'000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -1	17 000	0	0	17 000	0	0
Year 0	0	0	0	0	0	0
Year 1	0	0	0	0	0	0

Road Service Policy Objectives Taken from IDP			
Roads and Stormwater	<p>-To construct, maintain and control roads used by the public, including streets in built-up areas.</p> <p>-To manage systems that deal with storm water in built-up areas.</p>	To ensure proper maintenance and development of roads and stormwater infrastructure by 2016.	<ul style="list-style-type: none"> • Develop an implementable operations and maintenance plan • To ensure proper maintenance plans are in place and development of road infrastructure • Upgrade and repair of existing infrastructure (refer to infrastructure projects Chapter 9) • Prioritize access roads particularly in townships • Apply for funds for the construction of access roads

Employees: Roads Services			
Task Grades	No Employees	No of posts	No of vacancies
T3 (General Worker)	4	8	4
T6 (Grade Operator)	3	3	0
T10 (Team Leader)	2	2	0

CAPITAL EXPENDITURE - Year 1: ROADS SERVICES				R'000	
		2014/2015			
Details	Original	Adjustment	Actual	Variance from original budget	Total Project Value
Total All	18 380 454	16 898 454	18 104 648	275 806	16 898 454
				-	-
Masakeng Construction of roads and stormwater Phase 1	8 904 454	8 904 454	8 904 494	-40	8 904 454
Construction 2.8 km Road to Thagadiapelajang and Bonita Park	3 264 000	2 964 000	4 179 000	-915 000	2 964 000
Master plan: Roads and infrastructure and road maintenance	1 200 000	-	-	1 200 000	-
Tar Pump	12 000	30 000	21 174	-9 174	30 000
PAMPIERSTAD: STREET & STORMWATER PHASE 3	5 000 000	5 000 000	4 999 980	20	5 000 000

FINANCIAL PERFORMANCE YEAR 1: ROADS SERVICES					
Details	2013/2014	2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	14 894 687	6 905 911	6 905 911	6 866 703	39 208
Expenditure:					-
Employees	2 942 842	3 009 792	3 381 972	3 394 198	-384 406
Repairs and Maintenance	1 121 741	1 413 983	1 562 606	1 200 175	213 808
Other	1 132 685	3 537 692	3 542 184	87 810 903	-84 273 211
Total Operational Expenditure	5 197 268	7 961 467	8 486 762	92 405 277	-84 443 810
Net Operational Expenditure	9 697 419	-1 055 556	-1 580 851	-85 538 573	84 483 017

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

Phokwane municipality's vote structure provides for the clustering of Roads Street and storm water into single programme or cost center. It is therefore important to note that storm water projects will not be separately discussed below but are already included under roads. There is an over expenditure of R 915 thousand for the Construction of 2.8km road to Thagadiapelajang and Bonita Park and 100% expenditure on the Masakeng Construction of roads and stormwater and Pampierstad street and stormwater phase 3, This is a significant project to be implemented and will be budgeted for in 2015/16 financial year.

Employee related costs had an over spending of R 384 thousand. Repairs and maintenance had an under spending of R214 thousand with other expenditure showing R84 273 million due to a non cash item such as depreciation .

TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

The District Integrated Transport Plan addressed the mode, status and challenges of rail, road and freight and non-motorized transport in the District. Amongst other transport related matter addressed where the implementation of Local Integrated Transport Plans (LITP) for the 3 local municipalities namely Dikgatlong, Magareng and Phokwane local municipalities and the rationalization of bus and taxi services.

Road Transport

The road infrastructure of Frances Baard District Municipality is anchored by three national roads that are; N12 running south to north, N18 that running east to west in the north and N8 running east to west in the south. Also there are other provincial roads that act as major corridors. The whole road network for Frances Baard District Municipality is 1 851.92 km. This road infrastructure supports a high percentage of freight in the District as well as private and public transport. The rail infrastructure for the district consists of three corridors that primarily serve freight. In these corridors, there are 32 stations. Two are utilized for passengers and freight and eight (8) are utilized only for freight.

Rail Transport

Even though the rail infrastructure is well spread out in the District, there is one rail passenger services called transit inter-city service between Cape Town and Pretoria and it is available thrice a week. This service uses Kimberley Station and Warrenton station in the District. Another mode that is extensively used in the district is walking and cycling. The municipalities have reasonably provided for this service around the district though that provision is biased towards walking than cycling.

Freight Transport

Kimberley has an airport that has two terminals that provide air passenger travel. Passengers using the airport are limited to private vehicles usage and metered taxis when coming into or leaving the airport. There's also a small operation of metered taxis and tram services that cater for mainly tourist in the city of Kimberley.

The DITP expresses vision for a better transportation system for the District in the future, and provides a transitional plan to achieve the desired objectives by that dates as provided for in the programme. With the help of a partnership between the three spheres of government, the private sector and civil society, this vision and programme for a safe, well-regulated, accessible and affordable integrated transport system that serves the needs of both users and operators can become a reality in Frances Baard District Municipality.

The plans, projects and programmes outlined in the DITP document for 2011 to 2016 planning period are comprehensive and far-reaching, requiring commitment and vision. The upgrading of all forms of transport and particularly the transformation of the public transport system in Frances Baard District Municipality is

the key to delivery in a series of other important areas of the District's development and economy according to the vision of the District's Integrated Development Plan.

Employees: Transport Services			
Task Grades	No of Empolyees	No of posts	No of vacancies
T10 Administration	1	1	0

CAPITAL EXPENDITURE - Year 1: TRANSPORT SERVICES					R'000
	Year 1				
Details	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	496 650	597 269		597 269	597 269
				-	-
Bakkie	150 000	150 000		150 000	150 000
Nissan NP200 Bakkie	162 150	302 150		302 150	302 150
Nissan NP200 Bakkie canopy	14 500	14 500		14 500	14 500
Vehicle	170 000	130 619		130 619	130 619
Acquisition of vehicles	5 690 000	5 484 617	1 639 174	3 845 443	5 484 617

FINANCIAL PERFORMANCE YEAR 1: TRANSPORT SERVICES					
Details	2013/2014	2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					-
Employees	556 010	516 234	741 655	791 108	-274 874
Repairs and Maintenance	107 209	101 748	102 288	53 744	48 004
Other	163 790	159 795	186 054	116 533	43 262
Total Operational Expenditure	827 009	777 777	1 029 997	961 386	-183 609
Net Operational Expenditure	-827 009	-777 777	-1 029 997	-961 386	183 609

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

Phokwane Local Municipality does not have transport services regardless of the public transport operators. The municipality has internal fleet management services and has managed to acquire additional fleet during the 2014/2015 financial year. This will assist in ensuring that employees are able to perform their duties to acceptable level.

3.9 WASTE WATER (STORM WATER DRAINAGE)

Stormwater Infrastructure Kilometers				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgrades	Stormwater measures maintained
Year -1	-	-	-	-
Year 0	-	-	-	-
Year 1	-	-	-	-
				-

Cost of Construction / Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
Year -1	-	-	-
Year 0	-	-	-
Year 1	-	-	-

Storm water , other Policy Objectives Taken from IDP

Priority Issue: Storm Water

Project Name	Broad Objectives	Measurable Objectives	Estimated Costs	Funding Agency	2014/ 2015	2015/ 2016
Pampierstad						
Construction of stormwater channel ±1.2 km Phase 3{New Project}		The construction of a trapezium stormwater channel to cut off surface runoff water from flooding houses in Pampierstad (2015/16)	R7,5m	MIG-waiting for registration(Prov.No.1242)		R7,5m

WASTE WATER (STORM WATER DRAINAGE)

TASK GRADES	No of Employees	No of Posts	No of Vacancies
T4 (General Workers)	12	12	0
T6 (Plant Operators)	21	33	11
T9 (Team Leaders)	0	03	03

Financial Performance Year 1: Stormwater Services R'000					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other					
Total Operational Expenditure					
Net Operational Expenditure					
Capital Expenditure Year 1: Stormwater Services R'000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

3.10 PLANNING

INTRODUCTION TO PLANNING

FINANCIAL YEAR	2014/2015
Number of Applications Received	8
Number of Applications for Township Establishment	0
Number of Applications for Rezoning	4
Number of Applications for Subdivision	4
Number of Applications Approved	8
Number of Applications not yet approved	0
Number of applications withdrawn	0

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

LED SERVICES

Task Grades	Number of Employees	Number of posts	Number of Vacancies
T11-15	3	3	0

Economic Activity by Sector R'000			
Sector	Year -1	Year 0	Year 1
Agric, forestry and fishing	0	0	0
Mining and quarrying	0	0	0
Manufacturing	0	0	0
Wholesale and retail trade	0	0	0
Finance, property, etc.	0	0	0
Govt, community and social services	0	0	0
Infrastructure services	0	0	0
Total	0	0	0

Economic Employment by Sector Jobs			
Sector	Year -1 No.	Year 0 No.	Year 1 No.
Agric, forestry and fishing	0	0	0
Mining and quarrying	0	0	0
Manufacturing	0	0	0
Wholesale and retail trade	0	0	0
Finance, property, etc.	0	0	0
Govt, community and social services	0	0	0
Infrastructure services	0	0	0
Total	0	0	0

Jobs Created during Year 1 by LED Initiatives (Excluding EPWP projects)				
Total jobs created / Top 3 initiatives	Jobs created	Jobs lost / displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created / lost
Total (all initiatives)	233	0	233	
Job creation through EPWP* projects				
Details	EPWP Projects		Jobs created through EPWP projects	
	No.		No.	
Year -1	1		100	
Year 0	1		100	
Year 1	1		233	

COMMENT ON LOCAL JOB OPPORTUNITIES

The LED unit hosted an LED summit was scheduled to take place in two days (25th and 26th June 2015) in order to resuscitating the community's confidence and strengthen the partnership between public, private and government sectors and also to establish platforms from where continuous engagement will take place, and it was a success. Frances Baard District municipality assisted the LED unit to draft the Investment incentives policy. Mme Reka thusa trust fund has funded two cooperatives from our local municipality in a form of grants there two cooperatives are Survival care centre in Pampierstad and Bokamosho glass recycling in Ganspan..

COMPONENT D: COMMUNICATION & SOCIAL SERVICES INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

3.12 LIBRARIES, ARCHIEVES, MUSEUM, GALLERIES, COMMUNITY FACILITIES, OTHER (THEATRES, ZOOS, ETC).

INTRODUCTION TO LIBRARIES, ARCHIEVES, MUSEUM, GALLERIES, COMMUNITY FACILITIES, SERVICES STATISTICS FOR

LIBRARY SERVICES

TASK GRADES	No of Employees	No of Posts	No of Vacancies
T3 – T11 (Administration)	16	17	1

FINANCIAL PERFORMANCE YEAR 1: LIBRARY SERVICES					
Details	2013/2014	2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4 469 300	4 933 197	4 936 324	2 163 428	2 769 769
Expenditure:					
Employees	1 628 554	1 784 761	1 726 534	1 683 298	101 463
Repairs and Maintenance	450	6 000	-	-	6 000
Other	655 220	1 174 381	976 996	406 739	767 642
Total Operational Expenditure	2 284 224	2 965 142	2 703 530	2 090 036	875 106
Net Operational Expenditure	2 185 076	1 968 055	2 232 794	73 391	1 894 664

CAPITAL EXPENDITURE - Year 1: LIBRARY SERVICES					R'000
		Year 1			
Details	Original Budget	Adjustment Budget	Actual Expenditure	Variance from	Total Project Value
Total All	-	-	-	-	-
PPE	-	112 000	42 800	69 200	

PPE was identified and approved by Council during the 2014/2015 financial year under review.

COMMENT ON LIBRARY SERVICES

New members are registered every month to have access to all services including internet and emails. The Ganspan library is not operational because the building was burnt down during the community protest.

3.13 CEMETRIES AND CREMATORIUMS

INTRODUCTION TO CEMETRIES AND CREMATORIUMS SERVICE STATISTICS FOR CEMETORIES & CREMATORIUMS

PARKS & CEMETERIES

TASK GRADE	No of Employees	No of Posts	No of Vacancies
T4 (General Workers)	24	24	0
T6(Plant Operators)	12	38	26
T9 (Team Leaders)	01	03	02

FINANCIAL PERFORMANCE YEAR 1: CEMETRIES AND CREMATORIUMS SERVICES R'000					
Details	2013/2014	2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 231 099	3 418 180	3 418 180	4 770	3 413 410
Expenditure:					-
Employees	2 552 515	2 608 003	2 955 614	2 932 405	-324 402
Repairs and Maintenance	90 490	211 561	365 369	114 433	97 128
Other	98 956	60 940	112 767	62 629	-1 689
Total Operational Expenditure	2 741 961	2 880 504	3 433 750	3 109 467	-228 963
Net Operational Expenditure	489 138	537 676	-15 570	-3 104 697	3 642 373

Capital Expenditure Year 1: Cemeteries and Crematoriums Services R'000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
Project A: PPE	0	0	0	0	0

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

Phokwane municipality's vote structure provides for the clustering of Parks and Cemeteries into single programme or cost center. It is therefore important to note Parks and Cemetery projects will not be separately discussed below. Employee related costs show a variance of R 324 thousand from the budgeted amount and a slight under expenditure on repairs and maintenance of R 97 thousand and over expenditure on other expenses of R 2 thousand.

COMPONENT E: ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION

3.16 BIO-DIVERSITY, LANDSCAPE (INCL, OPEN SPACE), AND OTHER (E,G, COASTAL PROTECTION)

INTRODUCTION TO BIO-DIVERSITY AND LANDSCAPE

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

3.16.1 FIRE

INTRODUCTION TO FIRE SERVICES

Financial Performance Year 1: Fire Services R'000					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Fire fighters	-	-	-	-	-
Other employees	-	-	-	-	-
Repairs and Maintenance		-	-	-	-
Other		-	-	-	-
-	-	-	-	-	-
Net Operational Expenditure		-	-	-	-

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

Fire services and disaster management does not form part of the core programmes of the municipality at this stage this function is coordinated at Frances Baard District Municipality, where the district is rendering this service as shared service to the local municipalities. Phokwane Local Municipality has only policy on disaster management services on its IDP.

3.19 OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL OF PUBLIC NUISANCES, ETC

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL OF PUBLIC NUISANCES, ETC

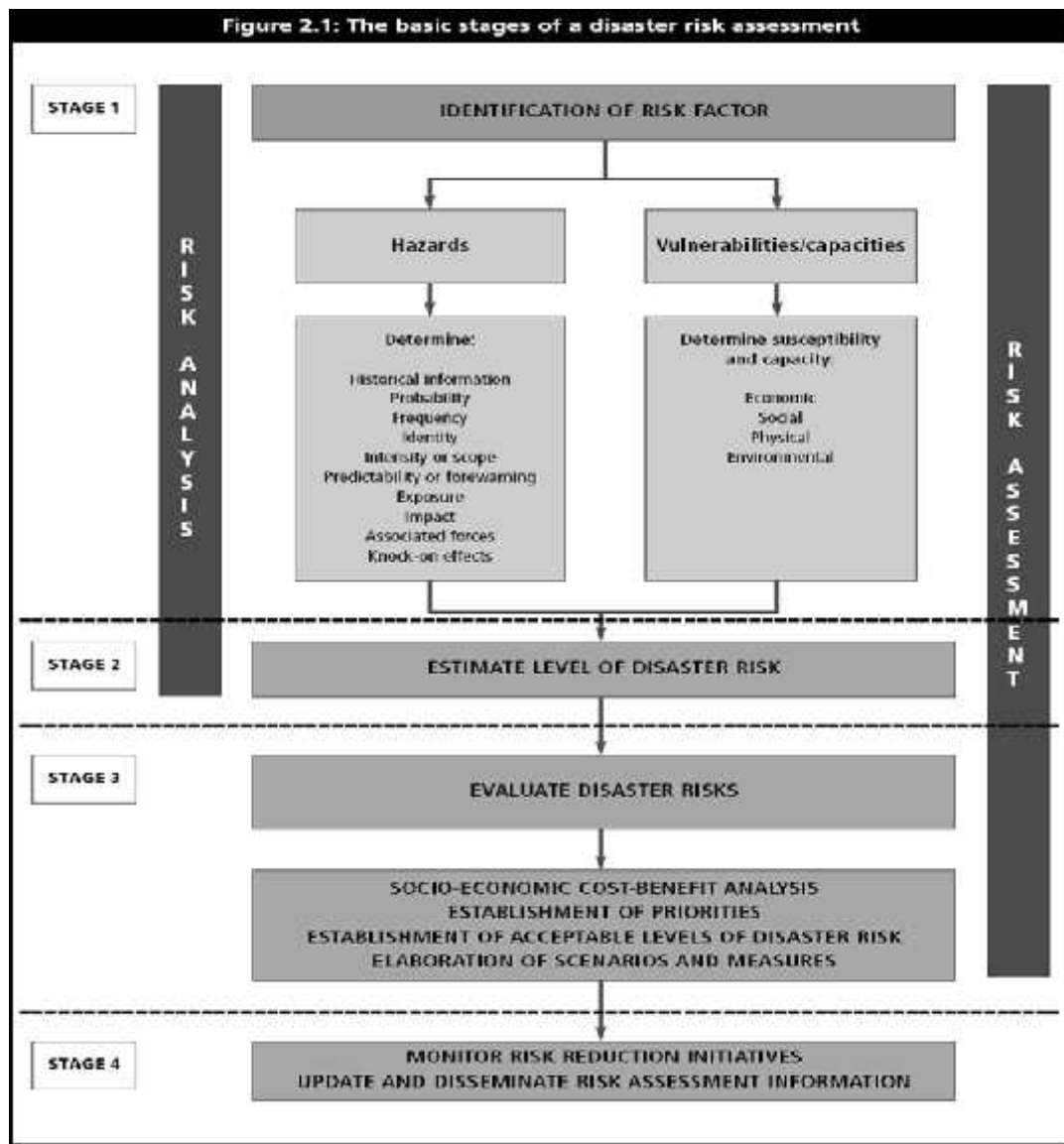
TAKEN FROM IDP DISASTER MANAGEMENT PLAN

According to the Disaster Management Act (Act 57 of 2002), Section 42(1-2); "each district municipality must establish and implement a framework for disaster management in the municipality aimed at ensuring an integrated and uniform approach to disaster management in its area with the inclusion of the amongst others the local municipalities, non-governmental institutions involved in disaster management and the private sector". The main purpose of the Disaster Management Plan (DMP) is to implement appropriate disaster risk reduction measures to reduce the vulnerability of communities and infrastructure at risk. The DMP was prepared in 2006 and the review of the document was prepared in 2012.

In order to align with the National Disaster Management Framework and to achieve an integrated, holistic and cost effective approach in disaster management; the DMP developed 4 Key Performance Areas which form the bases of the review, as follows:

- a) Institutional Capacity for the Disaster Risk Management: Establishes the requirements which will ensure the establishment of effective institutional arrangements in the provincial sphere for the integrated and coordinated implementation of disaster (risk) management policy and legislation. It addresses the principles of cooperative governance and places emphasis on the involvement of all stakeholders in disaster (risk) management in order to strengthening the capabilities of provincial and municipal organs of state.
- b) Disaster Risk Reduction: Addresses the need for disaster risk assessment and monitoring to set priorities, guide risk reduction action and monitor the effectiveness of our efforts. In addition the key performance area outlines the requirements for implementing disaster risk assessment and monitoring by organs of state within all spheres of government. A critical facilities risk analysis was conducted to determine the vulnerability of key individual facilities or resources within the

community such as schools, clinics, shelters. Figure 2.1 illustrates the disaster risk assessment process.



- c) **Disaster Management Planning and Implementation:** This key performance area addresses requirements for disaster management planning within provincial and municipal spheres of government. It gives particular attention to the planning for and integration of the core risk reduction principles of prevention and mitigation into on-going programmes and initiatives.
- d) **Disaster Response and Recovery:** The Key Performance Area focuses on preparedness of an area for disasters, rapid and effective response to disasters and post-disaster recovery and rehabilitation. When a significant event or disaster occurs or is threatening to occur, it is imperative that there should be no confusion as to roles, responsibilities, funding arrangements and the procedures to be followed.

To facilitate the implementation of the objectives of the four KPAs mentioned above, three enablers were identified as per the National Disaster Management Framework. The enablers are as follows:

a) **Information and Communication**

Disaster risk management is a collaborative process that involves all spheres of government, as well as NGOs, the private sector, a wide range of capacity-building partners and communities. It also requires effective preparation for, and response to a diverse range of natural and other threats. It requires systems and processes that enable timely and appropriate decision making in not only in times of emergency but also to inform development planning on the part of government officials, other role players as well as at-risk communities and households.

b) **Education, Training, Public Awareness and Research**

Sections 20(2) and 15 of the Disaster Management Act specify the encouragement of a broad-based culture of risk avoidance, the promotion of education and training throughout the Republic, and the promotion of research into all aspects of disaster risk management. This key performance area addresses the development of education and training for disaster risk management and associated professions and the incorporation of disaster risk management in school curricula.

c) **Funding**

The provision of funding for disaster risk management is likely to constitute the single most important factor contributing to the successful implementation of the Act by provincial and municipal spheres of government. The Act, with the exception of Chapter 6 on funding of post-disaster recovery and rehabilitation, does not provide clear guidelines for the provision of funding for disaster risk management. Nevertheless funding from a range of sources will be required to deal with disaster management.

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

Phokwane local Municipality does not have its own Disaster Management Services it's a shared service from Frances Baard District Municipality. Phokwane Municipality normally receives requests for assistance from community members regarding provision of sharks, whereby their sharks will be burned down, in most cases with unknown cause. Then Phokwane Municipality will immediately refer that request to the District (FBDM) and it will be attended to.

COMPONENT H: SPORT AND RECREATION

INTRODUCTION OT SPORT AND RECREATION

3.20 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

PARKS & CEMETERIES

TASK GRADE	No of Employees	No of Posts	No of Vacancies
T4 (General Workers)	24	24	0
T6(Plant Operators)	12	38	26
T9 (Team Leaders)	01	03	02

Sports and Recreation Policy Objectives Taken from IDP
Service Objective xxx

Sports and Recreational Facilities	-To maintain sports and recreational facilities	To facilitate the provision of recreational and sports facilities in the municipal areas by 2016.	<ul style="list-style-type: none">• To apply for funding from relevant institutions e.g. sports trust, lottery, Department of Sports Arts and Culture etc.• Ensure community participation in establishment and maintains of sports and recreational facilities• Promote cultural activities through sports & recreational facilities• Formation of Phokwane Sports forum to ensure ownership of facilities by community
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Financial Performance Year 1: Sports and Recreation R'000					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
-	-	-	-	-	-
Total Operational Expenditure	-	-	-	-	-
Net Operational Expenditure	-	-	-	-	-

Capital Expenditure Year 1: Sports and Recreation R'000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION TO CORPORATE POLICY OFFICES, ETC

3.21 EXECUTIVE AND COUNCIL

INTRODUCTION TO EXECUTIVE AND COUNCIL

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

Employees: The Executive and Council			
Task Grades	No of Employees	No of Posts	No of Vacancies
T7 – T15	7	7	0

FINANCIAL PERFORMANCE YEAR 1: THE EXECUTIVE AND COUNCIL R'000					
Details	2013/2014	2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	13 261 278	7 086 258	7 384 451	71 609 086	-64 522 828
Expenditure:					
Employees	6 169 917	9 996 394	10 333 361	11 350 066	-1 353 672
Repairs and Maintenance	11 747	58 713	29 259	11 719	46 994
Other	4 493 874	7 402 506	7 704 421	6 507 134	895 372
Total Operational Expenditure	10 675 538	17 457 613	18 067 041	17 868 920	-411 307
Net Operational Expenditure	2 585 740	-10 371 355	-10 682 590	53 740 167	-64 111 522

CAPITAL EXPENDITURE - Year 1: THE EXECUTIVE AND COUNCIL				R'000	
	Year 1				
Details	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1 500	3 500	3 500	-2 000	3 500
				-	-
Digital Camera	1 500	3 500	3 500	-2 000	3 500
				-	

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

Total Operating Revenue under Council and Executive amounted to R71 609 million which is mainly derived from the Equitable Share allocation. The capital projects planned for Council and Executive was a Digital Camera. The overall operational expenditure for the year amounted to R17 869 million for the 2014/2015 financial year.

3.22 FINANCIAL SERVICES

INTRODUCTION TO FINANCIAL SERVICES

Debt Recovery R'000								
Details of the types of account raised and recovered	Year 0		Year 1			Year 2		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed year in	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in year	Estimated outturn for accounts billed in year	Estimated proportion of accounts billed that were collected %
Property Rates	6132459		16913485				10402600	
Electricity – B			4819103.98				2607236	
Electricity – C	29957870		32631591.70				35280379	

Water – B			2328870.16				2704219	
Water – C	30674917.82		16958859.10				20935977	
Sanitation	7771900.40		8528517.68				9074293	
Refuse	8428802.26		9475316.18				5852647	
Other	216601.59		217107.12				462482.60	
		53.69%			57.7%			

FINANCIAL SERVICES

TASK GRADE	No of Employees	No of Posts	No of Vacancies
T5-T15	61	64	3

FINANCIAL PERFORMANCE YEAR 1: FINANCIAL SERVICES R'000					
Details	2013/2014	2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	18 805 130	18 970 445	17 266 743	18 805 130	165 315
Expenditure:					
Employees	11 709 441	14 496 908	10 277 328	11 709 441	2 787 467
Repairs and Maintenance	209 469	222 753	276 793	209 469	13 284
Other	11 966 799	9 171 360	21 743 296	11 966 799	-2 795 439
Total Operational Expenditure	23 885 709	23 891 021	32 297 417	23 885 709	5 312
Net Operational Expenditure	-5 080 579	-4 920 576	-15 030 674	-5 080 579	160 003

CAPITAL EXPENDITURE - Year 1: FINANCIAL SERVICES					R'000
	Year 1				
Details	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	-
Project A:	-	-	-	-	-
Project B:	-	-	-	-	-
Project C:	-	-	-	-	-
Project D:	-	-	-	-	-

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

The finance department had under expenditure on its employee related budget of R2 787 million. Repairs and maintenance was fairly spent with only R 13 thousand not spent as planned. The main increase in the other expenditure is as result of an increase in actual expenses such as debt impairment and depreciation expenses.

Financial Services had no Capital Projects.

3.22 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Human Resources Services Policy Objectives Taken from IDP

Priority issue: Institutional Transformation

Project Name	Broad Objectives	Measurable Objectives	Estimated Costs	Funding Agency	2012/2013	2013/2014	2014/2015
Performance Management System		To purchase a PMS system (software)		MSIG		R300 000	
Revamp of Service Point in Ganspan	To revamp the Service Point in Ganspan by 2014	To ensure the revamping of Ganspan Service Point by 2014		Phokwane L.M			
Filling of Critical Posts	To fill all critical posts in order to ensure an effective institution that respond to the needs of the community.	To ensure that all critical posts are filled by 2015		Phokwane L.M			

Employees: Human Resources			
Task Grades	No of Employees	No of posts	No of vacancies
T8 – T15 Administration	4	5	1

FINANCIAL PERFORMANCE YEAR 1: HUMAN RESOURCE SERVICES R'000					
Details	2013/2014	2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					-
Employees	799 994	736 384	891 123	957 511	-221 127
Repairs and Maintenance	-	-	-	-	-
Other	239 337	150 529	160 333	130 824	19 705
Total Operational Expenditure	1 039 331	886 913	1 051 456	1 088 335	-201 422
Net Operational Expenditure	-1 039 331	-886 913	-1 051 456	-1 088 335	201 422

CAPITAL EXPENDITURE - Year 1: HUMAN RESOURCE SERVICES					R'000
		1			
Details	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	-
		-	-	-	
Project A: Office Furniture	-	245 000	282 937	-37 937	245 000
Project B: Tools and Equipment	41 000	41 000	42 990	-1 990	41 000
Project B: Performance Management System	586 000	-	125 400	460 600	125 400

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The total operating expenditure amount to R1, 088 million of the R887 thousand that was budgeted, with an over expenditure of R 201 thousand,

Human Resources Services had three capital projects of Office Furniture, Tools and Equipment and Performance Management System

3.23 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO COMMUNICATION TECHNOLOGY (ICT) SERVICES SERVICE STATISTICS FOR ICT SERVICES

Employees: ICT Services			
Task Grades	No of Employees	No of posts	No of vacancies
T11 Administration	2	2	0

FINANCIAL PERFORMANCE YEAR 1: INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES R'000					
Details	2013/2014	2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	28 122	-	-	252	-252
Expenditure:					
Employees	356 953	324 114	381 805	408 596	-84 482
Repairs and Maintenance	31 616	107 116	56 750	12 004	95 112
Other	252 507	351 613	242 684	194 175	157 438
Total Operational Expenditure	641 076	782 843	681 239	614 775	168 068
Net Operational Expenditure	-612 954	-782 843	-681 239	-614 523	-168 320

CAPITAL EXPENDITURE - Year 1: INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES					
		Year 1			
Details	Original	Adjustment	Actual	Variance from original budget	Total Project Value
Total All	-	-	-	-	-
Microsoft Office License	300 000	300 000	-	300 000	300 000

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

Municipality managed to install various ICT systems in the workplace and provided support to a number of users and contributed to the efficiency in the communication systems. There are still various systems that have to be put in place in the next financial year of 2015/16

COMPONENT J: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year. (2014/15)

(Refer to Appendix G)

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION OT THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Approved Posts	Employees No.	Vacancies No.
Housing	6	4	2
Traffic	18	12	6
Environmental Health	3	1	2
Library	17	13	4
Transport	6	3	3
Electricity	16	9	7
Roads & Stormwater	31	28	3
Solid Waste	35	30	5
Parks & Cemeteries	44	39	5
Cleansing	32	25	7
Refuse Removal	34	26	8
Water Supply	38	32	6
Sewerage Plant & Water plant	25	21	4
Totals	305	287	18

VACANCY RATE 2014/15

Designation	Total Approved Posts	• Vacancies (Total time that vacancies exist using full time equivalent No.)	• Vacancies (as a portion of total posts in each category) No.
Municipal Manager	1	1	1
CFO (excluding finance posts)	1	1	1
Other S57 Managers	3	02	01
Police Officers	N/A	N/A	N/A
Fire Fighters			
Senior Management: Level 13-15(excluding Finance posts)	15	1	14
Senior Management: Level 13-15 (Finance Posts)	8	01	7
Highly skilled supervision: levels 9-17 (excluding finance posts)	19	04	15
Highly skilled supervision: Levels 9-17 (Finance posts)	8	02	10
Total	55	10	48

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No	Termination during the Financial Year No.	Turn-over Rate*
2014/2015	15	N/A	

COMMENT ON VACANCIES AND TURNOVER

82% of budgeted posts in the Municipal Organogram are filled, and 10% are advertised to be filled during the 2015/16 financial year.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

4.2 POLICIES

The following Policies were approved by Council during the 2014/2015 financial year:

- | | | | |
|-----|---|---|------------------------|
| 1. | Pauper Burial Policy | - | approved on 08/07/2014 |
| 2. | IT Firewall Policy | - | approved on 08/07/2014 |
| 3. | IT Patch Management Policy | - | approved on 08/07/2014 |
| 4. | User Account Management Policy | - | approved on 08/07/2014 |
| 5. | Car and Travel Allowance Policy | - | approved on 23/09/2014 |
| 6. | Risk Management Framework | - | approved on 23/09/2014 |
| 7. | Risk Management Strategy | - | approved on 23/09/2014 |
| 8. | Risk Management Policy | - | approved on 23/09/2014 |
| 9. | Supply Chain Management Policy | - | approved on 28/05/2015 |
| 10. | Asset Management Policy | - | approved on 28/05/2015 |
| 11. | Inventory Management Policy | - | approved on 28/05/2015 |
| 12. | Irregular Expenditure Policy | - | approved on 28/05/2015 |
| 13. | Indigent Policy | - | approved on 28/05/2015 |
| 14. | Investment and Cash Mangement Policy | - | approved on 28/05/2015 |
| 15. | Tariff Policy | - | approved on 28/05/2015 |
| 16. | Credit Control & Debt Collection Policy | - | approved on 28/05/2015 |
| 17. | Rates Policy | - | approved on 28/05/2015 |
| 18. | S & T Policy | - | approved on 28/05/2015 |
| 19. | Virement Policy | - | approved on 28/05/2015 |
| 20. | Telecommunication Policy | - | approved on 28/05/2015 |
| 21. | Cellular Policy | - | approved on 28/05/2015 |
| 22. | ICT Device Allocation Policy | - | approved on 28/05/2015 |

- | | | | |
|-----|--|---|------------------------|
| 23. | Leave Encashment Policy | - | approved on 28/05/2015 |
| 24. | Communication Strategy | - | approved on 28/05/2015 |
| 25. | Municipal Corporative of Governance ICT Policy | - | approved on 28/05/2015 |

COMMENT ON WORKFORCE POLICY DEVELOPMENT

There are some of the policies that still have to go to council for review and approval for 2014/2015 FY.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average injury leave per employee	Total Estimate Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	1 1 1 1	None 2 weeks 3 days 6 days		± 80 circle	
Temporary disablement total	None				
Permanent disablement	None				
Fatal					
Total					

COMMENTS:

Total estimate for injuries costs are incurred by the Compensation Fund through the Department of Labour, there was no major injuries during 2014/2015 FY and also leaves regarding injuries were not high.

Number and Period of Suspension				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not finalised	Date Finalised
None	N/A	N/A	N/A	N/A

COMMENT ON SUSPENSIONS AND CASES OF MISCONDUCT

Although the Accounting Officer is ultimately responsible for discipline within the municipality, all personnel have to lead by example by adhering to the Disciplinary Code at all times, more specifically managers and supervisors who have to ensure that there is discipline within their departments.

EMPLOYEE TERMINATIONS, RETIREMENTS & DEATHS

Name	Reason	Position	Date
M Botumile	Death	General Worker - Sanitation	02/06/2014
PG Moopelwa	Death	General Worker-JKD	05/07/2014
PJ Mooketsi	Death	Indigent Clerk-Hartwater	06/08/2014
AJ Matshidiso	Retirement	General Worker-JKD	30/07/2014

Disputes referred by employees to Bargaining Council

Employee	Nature of Dispute	Date	Outcome
None			

4.4 PERFORMANCE REWARDS

Performance Rewards by Gender					
Designations	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R'000	Proportion of beneficiaries within group %
Lower skilled (Level1-2)		None	None	None	None
Skilled (Level 3-5)		None	None	None	None
Highly skilled supervision (Levels 9-12)		None	None	None	None
Senior management (Levels 13-15)		None	None	None	None
MM and S57		None	None	None	None
Total		None	None	None	None

COMMENT ON PERFORMANCE REWARDS:

No performance reward was awarded during the 2014/2015 financial year.

COMPONENT E: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

2.7 SKILLS DEVELOPMENT AND TRAINING

Management Level	Gender	Employees	Number of skilled employees required and actual as at 30 June Year 1						
		In the post as at 20 June Year 1 No.	Learnership	Skills programmes & Other short coursers				Other forms of training	TOTAL
			Actual:	Actual:	TARGET	Act ual:	Act ual:	TARGET	
			End of Year 0	End of Year 1		End of Year 0	End of Year 1		

MM & s57	female			2	3		3	5	
	male			3	4		4	4	
Councilors, Senior officials and managers	female			18	20		12	15	
	male			15	17		18	20	
Technicians and associate professionals	female			8	10		18	20	
	male			15	22		18	22	
Clerks & Admin	Female			28	33		33		
	Male			31	8		40		

Labourers	Female			61	76		73	86		
	Male		Electrical artisans	17	25					
TOTAL										

Skills Development Expenditure														
Management level	Gender	Employees in post as at 20 June Year 1	Original Budget and Actual Expenditure on skills development Year 1											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target
MM and s57	Female													
	Male													
Councilors, senior officials and managers	Female													
	Male													

Technicians and associate professionals	Female													
	Male													
Sub Total	Female													
	Male													
Total	R 1222 691. 81													

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

Section 57, Middle Managers and a majority of senior officials in the finance department have completed the minimum competency requirement training during 2014/2015.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

Number of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Level 1-2)	Female	None
	Male	None
Skilled (Level 3-5)	Female	None
	Male	None
Highly skilled production (Level 6-8)	Female	None
	Male	None
Highly skilled supervision (Level 9-12)	Female	None
	Male	None
Senior management (Levels 13-16)	Female	None
	Male	None
MM and S57	Female	None
	Male	None
Total		None

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

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointment	Reason for appointment when no established post exist
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None

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

2014/2015 financial year there was no posts or salaries that were upgraded due to any circumstances

4.7 TRANSVERSAL ISSUES

IDP Implementation

- The IDP is being reviewed

Number of stakeholders who participated in the review

- Stakeholders; 30

Comments and Challenges

Stakeholders that attend in most cases they send junior staff that can't take decisions so we have raised that concern, at least if senior managers can begin to attend the IDP reviews commit and take decisions.

SDF Implementation

- Is being approved by October 2008 and is still under the review process.

Submission of the SDF?

- It will be submitted by March 2015.

Implementation of the SDF?

- It will be implemented after the final approval by Council.

State of readiness on Disaster Management

Functional Disaster Management Centre.

Has the disaster management centre head been appointed.

Has disaster management forum been established.

Does the municipality have a disaster management plan.

All the services above are shared services from the District Municipality.

Comments and Challenges

The Disaster Management services in Phokwane Local Municipality is a shared service from the Frances Baard District Municipality.

Functionality of National Disaster.

Disaster management center established and fully functional at the District Municipality.

Comments and challenges

Disaster management in Phokwane Municipality is a shared service, but still considering having a disaster management service establishment.

Realignment of municipalities

- Phokwane Municipality did not experience any challenges on the municipal alignment.

Comments and challenges

No challenges that were experienced by the municipality on alignment.

Performance Highlights per the 5 KPA

1. Basic service delivery and infrastructure development – Output 75%
2. Municipal transformation and development – Output 65%
3. Local economic development – Output 55%
4. Municipal financial viability and management – Output 70%
5. Good governance and public participation – Output 75%

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

NB: Financial Statements (See Appendix I)

FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES R'000						
Description	Year 0	Year 1			Year 1 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Operating Cost	-					
Water	33 544 985	31 580 796	17 006 326	24 031 482	23,90	-41,31
Waste Water Management	12 583 991	13 632 875	27 035 965	25 093 602	-84,07	7,18
Electricity	44 183 251	55 170 907	51 535 578	61 395 221	-11,28	-19,13
Waste Management	17 048 158	6 115 417	13 575 248	45 989 176	-652,02	-238,77
Planning and Human Settlement(Hous	3 365 195	3 871 597	2 765 057	3 374 207	12,85	-22,03
Component A: Sub-Total	110 725 580	110 371 592	111 918 174	159 883 688	-45	-43
Waste Water (Stormwater Drainage)						
Roads and Stormwater	7 047 170	9 996 143	7 713 227	5 229 359	47,69	32
Transport	270 765	1 213 527	779 907	827 011	31,85	-6
Component B: Sub-Total	9 750 935	11 209 670	8 493 134	6 056 370	45,97	29
Planning	-					
Local Economic Development	175 588	178 329	1 019 213	612 917	-243,70	40
Component B: Sub-Total Planning(Str	175 588	178 329	1 019 213	621 126	-248,30	39
Local Economic Development	-					-
Component C: Sub-Total	9 215 872	11 076 122	11 542 866	12 882 967	-16	-12
Community & Social Services	2 983 814	6 873 884	6 279 258	7 738 279	-12,58	-23
Environmental Protection	-	85 000	829 132	750 045	-782,41	10
Health	-					-
Security and Safety	2 815 719	4 117 238	4 434 476	4 394 643	-6,74	1
Sport and Recreation	-	-	-	-		
Corporate Policy Offices and Other						
Total Expenditure	129 867 975	132 835 713	132 973 387	179 444 151	-35,09	-35

COMMENT ON FINANCIAL PERFORMANCE

The above table depicts the financial performance of the municipal in accordance various operational services and per general financial statistic classification. Total expenditure when compared against the original budget and adjusted budget can be describe as 21.25% and 17.71% below the approved budget.

5.2 GRANTS

GRANTS PERFORMANCE R'000						
Description	2012/2013	2013/2014	2013/2014	2013/2014	Year 1 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget %	Adjustment Budget %
Operating Transfers and Grants						
National Government:						
Equitable Share	63 719 000	67 054 000	67 054 000	67 054 000	-	-
Municipal Systems Improvement	558 852	890 000	890 000	1 233 183	-38,56	-38,56
Department of Water Affairs	16 165 738	10 000 000	12 400 000	12 400 000	-24,00	-
Levy Replacement	-				-	-
Other Transfers?Grants	34 109 951	27 769 000	28 182 000	27 809 591	-0,15	1,32
Provincial Government:						
Health Subsidy						
Housing						
Ambulance Subsidy						
Sports and Recreation	666 289	987 000	987 000	725 134	26,53	26,53
Other Transfers?Grants	1 007 537	300 000	34 840 338	2 844 637	-848,21	91,84
District Municipality:					-	-
Frances Baard		4 200 000	2 310 000	161 000	96,17	93,03
Other Grant Providers:					-	-
[Insert description]					-	-
Total Operating Transfers and Grants	116 227 367	111 200 000	146 663 338	112 227 545	31.23%	1,00

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The municipal equitable share allocation for 2014/2015 constitute R67 054 million of this year's operating grant transfers from both national and provincial government.

The municipality anticipated an amount of R 890 000 to be utilized within the scope of the Municipal System Improvement Grant for the 2014/2015 financial period. An amount of R10 million was anticipated from the Department of Water Affairs to finance the refurbishment of water project in Pampierstad. The actual amount received at the end of the financial period was R12 million.

Municipal Infrastructure Grant anticipated for 2014/2015 financial year was R25 032 million to address the infrastructure backlogs. The total MIG expenditure amount of R25 032 million was incurred in respect of the budgeted project.

Other transfer represent the Financial Management Grant for which an amount of R1 550 000 for 2014/2015.

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Asset Management

The Asset management office was established on May 2014 under the SCM unit. According to the Audit findings and our municipal records our Asset Register need to be updated in accordance with the relevant Generally Recognized Accounting Practice to enable compliance as required by Section 63 (2) (a) of the MFMA.

Repair and Maintenance Expenditure: Year 1 R'000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	4 841 850	3 890 602	14 881 998	-10 040 148

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The municipality spent R 14 million or 1.3% of its actual operating expenditure on repairs and maintenance during the 2012/2013 financial year, which is below the 10% norm set by National Treasury. Actual expenditure incurred represents 68.17% of the adjusted budgeted amount of R3,8 million. The expenditure incurred are with regard to repairs and maintenance on municipal buildings, roads, computer network, electrical networks, motor vehicles, plant.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Chart 1: Liquidity Ratio

FINANCIAL YEAR 2014/2015

Current Assets/Current Liabilities= R 100 108 694 / R 53 639 778 = 1.86 :1
Current Liabilities

FINANCIAL YEAR 2013/2014

Current Assets/Current Liabilities= R 15 597 061 / R 57 565 118 = 0.27:1

FINANCIAL YEAR 2012/2013

Current Assets/Current Liabilities= R 100 389 024 / R 38 211 276 = 2.62:1



Chart 2: Cost Coverage

FINANCIAL YEAR 2014/2015

(Available cash + Investments)/monthly fixed operational expenditure= R 4 063 853 / R 219 487 545 = 1.85:1

FINANCIAL YEAR 2013/2014

(Available cash + Investments)/monthly fixed operational expenditure= R 109 276 224 / R 149 775 435 = 0.73:1

FINANCIAL YEAR 2012/2013

(Available cash + Investments)/monthly fixed operational expenditure= R 46 587 538 / R 125 502 407 = 0.3:1



Chart 3: Capital Charges to Operating Expenditure

FINANCIAL YEAR 2014/2015

Interest & Principal Paid / Operating Expenditure = (R488 011 + R63 281) / R 350 598 104 = 0.15%

FINANCIAL YEAR 2013/2014

Interest & Principal Paid / Operating Expenditure = (R1 270 834 + R71 401) / R 253 333 239 = 0.53%

FINANCIAL YEAR 2012/2013

Interest & Principal Paid / Operating Expenditure = 4 632 725 / 403 584 290 = 1.14%

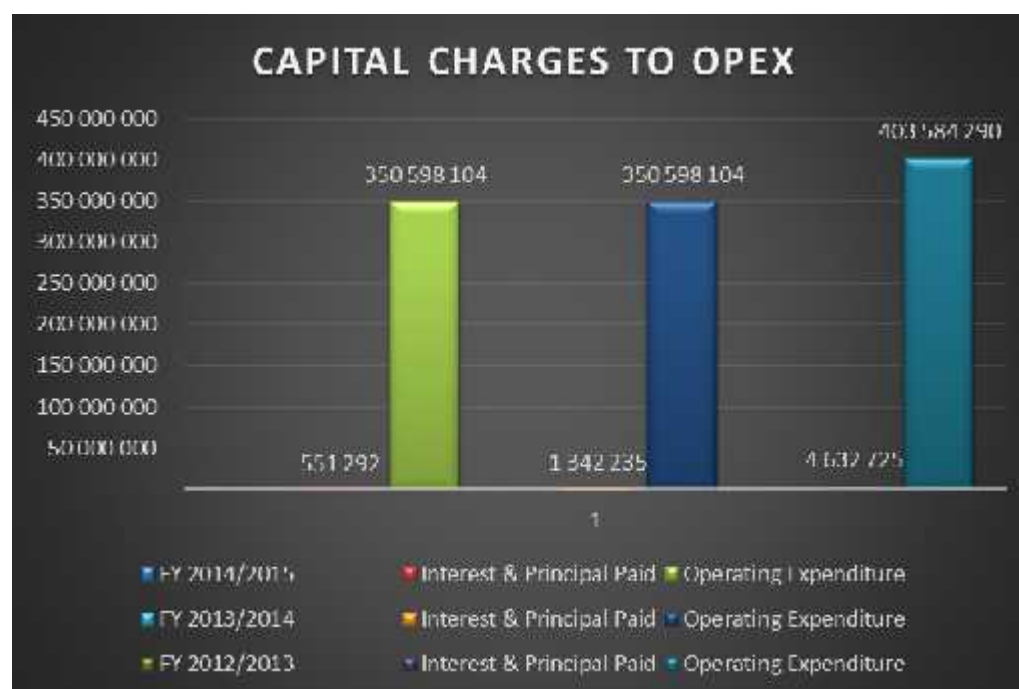


Chart 4: Employee Costs

FINANCIAL YEAR 2014/2015

Employee costs / Total Operating Expenditure = R 63 898 021/ R350 598 104 = 18.22%

FINANCIAL YEAR 2013/2014

Employee costs / Total Operating Expenditure = R 54 612 244/ R 253 333 239 = 21.56%

FINANCIAL YEAR 2012/2013

Employee costs / Total Operating Expenditure = R 47 761 207 / 403 584 290 = 11.83%



Chart 5: Repairs & Maintenance

FINANCIAL YEAR 2014/2015

Repairs & Maintenance /Property Plant Equipment & Investment property (carrying value) x 100 = R7596117/ (633 206 330+ R2 266 012)= 1.19%%

FINANCIAL YEAR 2013/2014

Repairs & Maintenance /Property Plant Equipment & Investment property (carrying value) x 100 = R6 110 841/ (R907 169 046 + R5 474 184)= 0.67%

FINANCIAL YEAR 2012/2013

Repairs & Maintenance /Property Plant Equipment & Investment property (carrying value) x 100 = R19 837 227/ (R301 396 589)= 6.58%



COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

CAPITAL EXPENDITURE R'000						
Details	Year 0	Year 1			Year 1 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Source of finance						
External Loans						
Public contributions and donations						
Grants and subsidies	116 227 366	39 582 000	82 039 017	39 854 361	-0,69	51,42
Other	2 174 238	6 011 500	7 324 595	925 064	84,61	87,37
Total	118 401 604	45 593 500	89 363 611	40 779 425	10,56	54,37
<i>Percentage of finance</i>						
External Loans						
Public contributions and donations						
Grants and subsidies	116 227 366					
Other						
Capital Expenditure						
Water and Sanitation	33 985 078	37 815 571	39 451 444	32 351 698	14,45	18,00
Electricity	1 158 382	1 902 000	2 193 322	1 230 812	35,29	43,88
Housing				-	-	-
Roads and Stormwater	6 403 765	8 012 639	8 012 639	6 271 851	21,73	21,73
Other	-	2 073 000	39 706 207	925 064	55,38	97,67
Total	41 547 225	49 803 210	89 363 612	40 779 425	18,12	54,37
<i>Percentage of expenditure</i>						
Water and Sanitation						
Electricity						
Housing						
Roads and Stormwater						
Other						

5.7 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION OT BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Service Backlogs at Year 1 Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	%HHs	No. HHs	% HHs
Water	1200	50	200	150
Sanitation	1500	300	200	65
Electricity	700	30	45	50
Waste management				
Housing	1600	500	120	100

MUNICIPAL INFRASTRUCTURE GRANT (MIG) EXPENDITURE YEAR 1 ON SERVICE BACKLOGS					
Details	Budget	Adjustment Budget	Actual	Variance	Major conditions applied by donor (continue below if necessary)
			Budget	Adjustment Budget	
Infrastructure - Road Transport					
Roads, Pavements & Bridges	3 803 429	3 803 429	3 859 184	-1,47	
Stormwater				-	
Infrastructure - Electricity				-	
Generation				-	
Transmission & Reticulation				-	
Street Lighting				-	
Infrastructure - Water				-	
Dams & Reservoirs	17 369 386	17 369 386	17 369 296	0,00	
Water Purification				-	
Reticulation	3 859 185	3 859 185	3 803 428	1,44	
Infrastructure - Sanitation				-	
Reticulation				-	
Sewerage Purification				-	
Infrastructure - Other				-	
Waste Management				-	
Transportation				-	
Gas				-	
Other Specify:				-	
				-	
				-	
				-	
Total	25 032 000	25 032 000	25 031 908	0,00	

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

CASH FLOW OUTCOMES R'000				
Description	Year 0	Current Year 1		
	Audited Outcome	Original Budget	Adjustment Budget	Actual
CASH FLOW OPERATING ACTIVITIES				
Receipts	212 763 285	237 538 845	261 635 575	184 881 387
Ratepayers and other	84 023 088	109 550 941	89 621 937	74 170 595
Government - operating	81 944 085	71 781 000	71 781 000	68 414 300
Government - capital	44 461 210	45 593 500	89 363 611	39 854 361
Interest	2 334 902	10 613 404	10 869 027	2 442 131
Dividends	-	-	-	-
Payments	-151 621 262	-162 203 816	-164 675 377	-183 703 948
Suppliers and employees	-147 199 847	-162 203 816	-164 675 377	-175 148 643
Finance charges	-1 232 718	-	-	-1 270 835
Transfers and Grants	-3 188 697	-	-	-7 284 470
NET CASH FROM/(USED) OPERATING ACTIVITIES	61 142 023	75 335 029	96 960 198	1 177 439
CASH FLOW FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	-55 006 170	-	-	-
Decrease (Increase) in non- current debtors		-	-	-
Decrease (Increase) other non- current receivables		-	82 182 932	-
Decrease (Increase) in non- current investments		-	-	-
Payments				
Capital assets		-45 593 500	-89 363 611	-37 490 770
NET CASH FROM/(USED) INVESTING ACTIVITIES	-55 006 170	-45 593 500	-7 180 679	-37 490 770
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts	-			
Short-term loans		-	-	
Borrowing long term / refinancing	3 426 916	-	-	
Increase (Decrease) in consumer deposits		195 706	195 706	-
Payments				
Repayment of Borrowing		-	-	-71 401
NET CASH FROM/(USED) FINANCING ACTIVITIES	3 426 916	195 706	195 706	-71 401
NET INCREASE/(DECREASE) IN CASH HELD	9 562 769	29 937 235	89 975 224	-36 384 732
Cash/cash equivalent at the year begin:	37 024 769	19 301 318	19 301 000	46 587 527
Cash/cash equivalent at the year end:	46 587 538	49 238 552	109 276 224	10 202 795

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

(Refer to Appendix G)

PHOKWANE LOCAL MUNICIPALITY
AUDIT ACTION PLAN
2014/2015

Excep. No.	AUDIT FINDINGS	ACTIONS	PROGRESS	DEPARTMENT	RESPONSIBLE PERSON	COMPLETION DATE
PERFORMANCE MANAGEMENT						
20	Performance Management Processes and Compliance	MFMA Calendar will be implemented with the submission dates of compliance	Achieved	PMS Section	Mr Thapelo Boikanyo	March 2016
22	Information lacking in the annual performance report 2014-15	PMS Unit will monitor and guides the departments on correct information that needs to be submitted	Workshop will be organised on January to February	PMS Section	Mr Thapelo Boikanyo	March 2016
21	No standard operating procedures in place	PMS Unit will develop a standard operating procedures	In progress of researching which operating procedures will be	PMS Section	Mr Thapelo Boikanyo	January to March 2016

			relevant			
50	Annual performance report for 2014-15 financial year inadequate	PMS will improve the report and get the OPMS System for consistent reporting	In progress with SCM	PMS Section	Mr Thapelo Boikanyo	January to March 2016
51	Quarterly performance reports (1 and 2) not prepared by the Municipality	PMS will review and report all the quarters.	In progress of the quarterly reviews	PMS Section	Mr Thapelo Boikanyo	Every end of the quarter
52	"SMART" objectives not set by the municipality	SDBIP will be reviewed and set "SMART" objectives.	SDBIP will be reviewed February and workshop will start on January	PMS Section	Mr Thapelo Boikanyo	January to March 2016
53	Indicator not SMART	SDBIP will be reviewed and set "SMART" indicators	From January will workshop the Department/Section	PMS Section	Mr Thapelo Boikanyo	January to March 2016
54	Lack of consistency between planned and reported priorities/objective	OPMS System for consistency between planned and reported priorities/objective	In progress	PMS Section	Mr Thapelo Boikanyo	April 2016
55	Inconsistencies between planned	OPMS System for consistency between	In progress	PMS Section	Mr Thapelo	May 2016

	targets and reported targets	planned and reported priorities/objective			Boikanyo	
56	Usefulness of the report on predetermined objectives	OPMS System is recommended for useful report on predetermined objectives	In progress	PMS Section	Mr Thapelo Boikanyo	May 2016
113	Lack of reasons and remedial actions for targets not achieved in the APR.	The department/sections that are affected for non-remedial action will be guided and monitored to add the remedial actions for reporting	Will arrange the workshop on January 2016	PMS Section	Mr Thapelo Boikanyo	January to March 2016
130	Target set not specific and measurable	SMART Targets will be set on the review of SDBIP	January will start with the workshops	PMS Section	Mr Thapelo Boikanyo	January to March 2016
154	Supporting documents submitted not sufficient	Departments and sections that are affected on non-sufficient information documents submitted will be guided and monitored	The monitoring process will begin on January going forward	PMS Section	Mr Thapelo Boikanyo	January to June 2016

157	There is difference between the reported performance in APR and POE	PMS Unit will do a workshop on how to compile the POE	Will start the process on January	PMS Section	Mr Thapelo Boikanyo	April 2016
158	Limitation of scope Limitation scope resulting in an inability to obtain sufficient and appropriate evidence to support the matter discussed	PMS unit to ensure that sufficient and appropriate evidence are provided	Will start the process as soon as January 2016	PMS Section	Mr Thapelo Boikanyo	Submission date will be the end of January 2016
171	Limitation of scope Limitation of scope resulting in an inability to verify the validity, accuracy and completeness of the reported performance in the annual performance report	PMS unit to ensure that proper record keeping system (register/listing in excel or word document) is established to enable the verification of validity, accuracy and completeness of the reported performance in the annual performance report submitted for audit purpose.	Will start the process as soon as January 2016	PMS Section	Mr Thapelo Boikanyo	Submission date will be the end of January 2016

FINANCE						
26	Non-compliance in respect of approved adjustments budget and amended SDBIP	- Ensure that the approved revised SDBIP is made public within		Finance: Budget	Ms Lesego Jasson	
86	Budgets: Non-compliance	<ul style="list-style-type: none"> - Ensure that strict measures are enforced. All expenditure in contravention of Section 15 of the MFMA will be confirmed before any transaction could take place. - Virement policy will be fully implemented to address such issues. 	<ul style="list-style-type: none"> - Not yet implemented 	Finance: Budget	Ms Lesego Jasson	
24	Payroll Certification	- Prepare a spreadsheet with names of employees for all different departments	<ul style="list-style-type: none"> - Implemented - Not yet implemented. Upon implementation we will go back as far as July 	Finance: Expenditure	Ms Malebogo Motswana	

		monthly - The spreadsheet will be given to HoD's to approve them before the salary is paid. - For field workers, the responsibility will be assigned to the team leaders. - The information must be submitted back to payroll office on the 20th of every month.	2015.			
16	Fruitless and wasteful expenditure	- Record fruitless and wasteful in the register. - Keep the register with all the supporting documents. - Reconcile the register with the invoices on a monthly basis and report to the CFO.	- In place	Finance: Expenditure	Ms Malebogo Motswana	
142	Creditors not paid within 30 days	- Upon receipt of invoices, a stamp with the date of receipt shall be placed in the invoice, and payment shall be	- In place	Finance: Expenditure	Ms Malebogo Motswana	

		effected within 30 days of receipt of the invoice if funds are available in the bank.				
34	Bank reconciliations not reviewed by the senior personnel	- After completion of the bank recon the manager expenditure will ensure that the Deputy CFO or CFO reviews it monthly before filling it	- In place	Finance: Expenditure	Ms Malebogo Motswana	
07	Revenue and Receivables control deficiencies	3. Consumers submitting telephone readings will be requested to take a picture of the meter with the reading displayed. 4. A report on Sebata Financial System will be drawn to identify prepaid meters with no sales for more than 3 months, as this could be a sign of an illegal connection. The report will be given to electricians to	3. In Progress 4. In Progress 9. Completed	Finance: Revenue	Ms Tsholofelo Modisa	

		investigate and feedback will be submitted to the billing section. 9. Correct tariff codes will be levied				
36	Receivables: Non-compliance indigent debtors	2. Certified copies of Identity documents to be submitted for application of Indigent Relief	In Progress	Finance: Revenue	Ms Tsholofelo Modisa	
73	Revenue - Valuation Roll not updated	A request will be sent to the appointed municipal property valuer to value this property and provide the municipality with the market value and therefore Assessment Rates will be levied from the correct period.	In Progress	Finance: Revenue	Ms Tsholofelo Modisa	
115	Long term arrangement debtors - Limitation	Long term debtors to be presented before Council to be written	In Progress	Finance: Revenue	Ms Tsholofelo Modisa	

	of Scope	off.				
42	Revenue - Cancelled Traffic Fines not reviewed	Cancelled traffic fines will be reviewed and signed by senior personnel and the reason for cancelling the fine must be stated.	In Progress	Finance: Revenue	Ms Tsholofelo Modisa	
124	Revenue - Refuse and Sewerage not charged	Refuse and sewerage will be correctly levied on all accounts	In Progress	Finance: Revenue	Ms Tsholofelo Modisa	
136	No investigations conducted on distribution losses	Distribution losses to be budgeted for in the Adjustment budget.	In Progress	Finance: Revenue	Ms Tsholofelo Modisa	
141	Receivables could not be confirmed	3-7 and 9-12 to be presented before Council to be written off	In Progress	Finance: Revenue	Ms Tsholofelo Modisa	
150	Revenue: Differences of Electricity Services	Accounts affected eill be adjusted with the correct charges from July 2015 and Correct Tariffs will be levied onwards	In Progress	Finance: Revenue	Ms Tsholofelo Modisa	
173	Revenue: Differences on	Accounts affected eill be adjusted with the	In Progress	Finance: Revenue	Ms Tsholofelo	

	Water	correct charges from July 2015 and Correct Tariffs will be levied onwards			Modisa	
177	Revenue: Refuse and sewerage not charged	Refuse and sewerage will be correctly levied on all accounts	In Progress	Finance: Revenue	Ms Tsholofelo Modisa	
179	Revenue: Incorrect calculation of Electricity	Correct tariffs will be used for the calculation of Electricity	In Progress	Finance: Revenue	Ms Tsholofelo Modisa	
SUPPLY CHAIN MANAGEMENT						
27	Bulk Purchases – Payments not made within 30 days	Payment	Pay within 30 days	Supply Chain	Ms M Motswan	Ongoing
38	Procurement and Contract management: Deficiencies in	Compliance	Strengthen internal controls	Supply Chain	Mr BD Segalo	April 2016

	internal control.					
40	Expenditure insufficient record keeping and not registered VAT Vendor.	VAT Vendor	Verification of Tax Clearance	Supply Chain	Ms M Motswana	April 2016
63	Procurement and Contract management – Deficiency in internal control (Declaration of interest)	MBD 4	Register with the relevant company for thorough searching	Supply Chain	Mr BD Segalo	April 2016
93	Procurement and contract management – Construction contracts not advertised on CIBD website.	CIBD website	Advertise all future contracts in the CIBD website	Supply Chain	Mr BD Segalo	April 2016
94	Procurement and contract management – 3 quotations not obtained.	Compliance	Check list	Supply Chain	Mr BD Segalo	April 2016

97	Procurement and contract management – Original tax clearance certificates not attached.	Tax clearance for procurement of the threshold above R10 000.00	Mid-year self-assessment on compliance and addressing the 2014/14 findings.	Supply Chain	Mr BD Segalo	April 2016
99	Procurement and contract management – Awards made to suppliers with service in state and family interest.	Declaration of interest	MBD 4 and ITC	Supply Chain	Mr BD Segalo	April 2016
100	Expenditure - Quotations	Sundry payments	Compliance	Supply Chain	Ms M Motswana	Ongoing
101	Procurement and contract management: Not advertised on the website of the municipality.	Proof of advert	Proof of advert	Supply Chain	Mr BD Segalo	April 2016
103	Procurement and contract	Evaluation and	Methods of	Supply Chain	Mr BD Segalo	April 2016

	management – Bid not awarded to the highest scoring bidder.	Adjudication of bids.	evaluation			
105	Procurement and contract management – Unsolicited bids.	Report on unsolicited bids.	Report on the report.	Supply Chain	Mr BD Segalo	April 2016
106	Procurement and contract management: SLA not signed by both parties.	Signing of the SLA and contracts.	Prior year findings including the 2014/15 findings.	Supply Chain	Mr BD Segalo	April 2016
107	Procurement and contract management: BEE points scored not considered.	Apply BEE points	Application of points on procurements under the qualifying threshold.	Supply Chain	Mr BD Segalo	April 2016
108	Procurement and contract management: Irregular expenditure: Sec	Report on irregular expenditure.	Report	Supply Chain	Mr BD Segalo	April 2016

	32 appointments.					
155	Procurement and contract management: Payments exceeding contract amount.	Contract management.	Verify the amount of the contract and keep record of payments to avoid extra payment.	Supply Chain	Mr BD Segalo	April 2016
156	Procurement and contract management: Contract not registered with CIBD.	CIBD website	Register all future construction bids with CIBD.	Supply Chain	Mr BD Segalo	April 2016
160	Procurement and contract management: Limitation of scope.	Record keeping	Pre-auditing process.	Supply Chain	Mr BD Segalo	April 2016
184	Understatement of irregular expenditure	AFS	Verification of information before submission of AFS	Supply Chain	Mr BD Segalo	April 2016
INFORMATION TECHNOLOGY						
91	Inadequate ICT policies	These policies will be reviewed appropriately to address the findings.	Requested support from SALGA regarding the revision of the stated policies.	Corporate Services	Mr. TC Tswaile	19 February 2015

92	IT Service continuity (weaknesses)	The current backup plan and restoration processes will be revised.	Revising the approved IT service continuity plan with the recommendations provided.	Corporate Services	Mr. TC Tswaile	04 March 2015
	-Inadequate management of ICT Service level agreements.	Contract management officer will draft a Performance plan that will be used to monitor the level of services provided.	Awaiting approval of the revised organizational structure by Council with includes the Contract management officer position	Corporate Services	Mr. TC Tswaile	28 January 2014

CHAPTER 8 – ANNUAL PERFORMANCE REPORT: 2014 / 2015

(See appendix H)

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committee Allocated and Council Attendance				
Council Members	Committees Allocated	Ward and or Party Representatives	No. of Council Meetings Held	Council Meeting Attendance
	FT/PT			
R Tsikwe	FT	PR	8	8
DM Moeketsi	FT	PR	8	7
P. Mona	PT	PR	8	7
KD Mashori	PT	PR	8	7
AO Moremong	PT	PR	8	8
HM Modiakgotla	PT	Ward 7	8	8
FO Pitso	PT	Ward 3	8	8
M. Chakane	PT	Ward 8	8	6
K. Mokale	PT	Ward 1	8	8
D. Meza	PT	Ward 5	8	8
MF Mojapele	PT	Ward 2	8	6
AS Mokoena	PT	Ward 4	8	7
CJS Adams	PT	Ward 9	8	7
PJ Nel	PT	Ward 6	8	5
D.Meyer	PT	PR	8	7
S. Lewis	PT	PR	8	6
GM Motebe	PT	PR	8	2
S Nkomo	PT	PR	8	4

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

COMMITTEE	COMMITTEE PURPOSE
<p>Corporate Services Sub-Committee</p> <p>Clr Molifi Chakane (Chairperson)</p> <p>Clr Anna Moremong</p> <p>Clr Dawie Meyer</p> <p>Clr Crocket Adams</p>	To deal with corporate matters such as HR and ICT.
<p>Infrastructure and Human Settlement Sub-Committee</p> <p>Clr Pasna Mona (Chairperson)</p> <p>Clr Dibueng Meza</p> <p>Clr Stoffel Mokale</p> <p>Clr Petro Nel</p>	To deal with infrastructure matters, both new and maintenance of existing infrastructure.
<p>Planning and Operations Sub-Committee</p> <p>Clr Flora Pitso (Chairperson)</p> <p>Clr Sandy Mokoena</p> <p>Clr Samuel Nkomo</p> <p>Clr Sinah Lewis</p>	To deal with social matters and consider reports on environmental health and housing.
<p>Finance Sub-Committee</p> <p>Clr Horatious Modiakgotla (Chairperson)</p> <p>Clr Dephney Mashorie</p> <p>Clr Freddy Mojapele</p> <p>Clr Motebe</p>	To deal with all financial matters.

APPENDIX C – WARD REPORTING

Ward No.	Ward Councilor	Reported (Yes/No)	Date
1	Stoffel Mokale	Yes	16/03/2015
2	Freddy Mojapele	Yes	16/03/2015
3	Florah Pitso	Yes	16/03/2015
4	Sandile Mokoena	Yes	16/03/2015
5	Dibueng Meza	Yes	16/03/2015
6	Petro Nel	Yes	16/03/2015
7	Crocket Adams	Yes	16/03/2015
8	Horatious Modiakgotla	Yes	16/03/2015
9	Molifi Chakane	Yes	16/03/2015

APPENDIX D – WARD INFORMATION

Ward	Households	Population	Councillor
Ward 1	2435	8253	Clr Stoffel Mokale
Ward 2	1417	5285	Clr Freddy Mojapele
Ward 3	1389	4595	Clr Flora Pitso
Ward 4	1956	5898	Clr Sandy Mokoena
Ward 5	2453	9421	Clr Dibuang Meza
Ward 6	1130	3314	Clr Petro Nel
Ward 7	2400	9392	Clr Crocket Adams
Ward 8	2310	9293	Clr Horatious Modiakgotla
Ward 9	2054	7886	Clr Molifi Chakane

APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 1

We are pleased to present our report for the financial year ended 30 June 2015.

1. Audit , Performance and Risk Management Committee Members and Attendance

The audit and risk management committee attended to their work during the 2014-15 financial year by sitting for seven (7) meetings. The committee consists of the following members:

Name of Member	Number of meetings
1. Mr WMS Calitz	7 of 7
2. Mr A Bhayt	7 of 7
3. Mr T Khumisi	7 of 7

Meetings include normal and investigation meetings.

New Member

Council has appointed a Mr J van Tonder as new member with effective from 01 July 2015.

2. Audit Committee Responsibility

Committee report that it has performed its functions in all material respects in terms of section 166 of the MFMA and the adopted Committee Charter as detailed below

The committee has performed the following key responsibilities:

- Adopted the committee charter was approved by council;
- Reconfirm the appropriateness of the internal audit charter and methodology;
- Recommended the risk management strategy and policy to council, due to the slow implementation thereof alternative mechanisms were followed by the internal audit manager and a risk register was considered and recommended for approval to council;
- Approved the internal audit plan for the financial year and monitored to the implementation of the plan;
- Evaluated the findings raised by internal and external audit and made recommendations on addressing those matters;
- Performed a review of financial information submitted to the committee and commented specifically on concerns raised based on year-to-date information and accuracy of projections;
- Requested management to report on pending litigation, possible contingent liabilities and significant risks;
- Requested management to address the perceived lack of discipline and called specific officials to account for the progress on the audit action plan;
- Liaised with the Auditor-General on matters relating to communication with those charged with governance;
- Review the Municipality's performance management system and quarterly reports

3. The Effectiveness of Internal Control

The committee accepted a combined assurance model where the internal and external auditors provide the committee with an indication of the level of assurance that can be derived from a system of internal controls that are appropriate and effective.

Recommendations that the a combined assurance is achieved by means of a risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes were made by the committee.

From the various reports of the internal and external auditors it was noted that material matters were reported indicating material deficiencies in the system of internal control and non-compliance with laws and regulations. Accordingly, we can report that the system of internal control for the period under review was not efficient and effective. The committee is however of the view that progress have been made since the previous report, but much needs to be done to improve the system design, implementation and monitoring thereof.

4. Effectives of risk management

The committee is responsible for providing risk management oversight, including monitoring the effectiveness of risk management framework, policy and strategy.

Number of reports were issued during the year, covering among the quarterly reporting on risk management and updated risk registers.

On various occasions, committee has expressed its concern on the following:

- Need for on-going monitoring and management of risks in more robust and structure manner
- Commitment to institutionalise and improve risk management processes

5. Performance Management

The committee monitors the performance management system and evaluation of organizational performance. Internal Audit reports to committee on the outcomes of the audits of performance information. The Internal Audit has reported shortcomings on the system of performance management and organizational performance. The report of the Auditor General was also noted, and recommendations made to improve this environment.

6. The Quality of In-Year Management and Monthly/Quarterly Reports Submitted in terms of the MFMA

The committee is not satisfied with the content and quality of the monthly and quarterly reports prepared and submitted to those charged with governance for the year under review.

7. Internal Audit

The Internal Audit unit carried out its activities in accordance with the risk based internal audit plan for the year ending 30 June 2015; and submitted its quarterly reports to the committee for the purposes of oversight. Internal audit has reported some internal control weaknesses identified during the performance of audits; conducted follow-up audits and highlighted management's progress in the resolution of both internal and external audits.

Committee noted that the audit coverage of significant risk areas in municipality is limited by the constraint of internal audit, and the approved plan was not completed within financial year. The level of assurance provided on adequacy and effectiveness of internal control, governance and risk management is significantly limited by lack of capacity and non-completion of approved audit areas.

8. Evaluation of Financial Statements

The committee was afforded an opportunity to review the financial statements before 31 August 2015 and could make a contribution on the appropriateness of these financial statements submitted to the Auditor-General.

The role and relationship between the committee and the Auditor-General still needs attention and when the engagement letters and audit strategy documents were tabled and discussed, the members of audit committee of Phokwane municipality were not in attendance.

The committee concurs and accepts the Auditor-General's conclusion on annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.

.....
Chairperson of Audit and Risk Committee

.....
Date

APPENDIX F– DISCLOSURE OF FINANCIAL INTERESTS

Disclosure of Financial Interests

Position	Name	Description OF Financial Interests (Nil/or details)
Mayor	R Tsikwe	None
Members of EXCO	H.Modiakgotla	None
	F. Pitso	None
	S. Lewis	None
Councillors	D. Moeketsi	None
	F. Mojapele	None
	S. Mokoena	Lenoma Marketing (Shareholder)
	D. Meza	None
	D. Mashorie	None
	P. Mona	Molatlhegi Property (Owner)
	M. Chakane	None
	G. Motebe	General Practitioner
	C. Adams	None
	K. Mokale	None
	P. Nel	Business Manager
	A.Moremong	None
	S. Nkomo	None
	D. Meyer	Business Man
Municipal Manager	Z Nikani	Tlo Re Tshele Trading (Shareholder)
Chief Financial Officer	H Basson	None
Director Infrastructure and Human Settlement	R.Sengani	Reechards Business Trading (music)

APPENDIX G – AUDITOR GENERAL REPORT

REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE PHOKWANE LOCAL MUNICIPALITY

Report of the auditor-general to the Northern Cape provincial legislature and the council on Phokwane Local Municipality

Report on the financial statements

Introduction

1. I was engaged to audit the financial statements of the Phokwane Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of those financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Property, Plant and Equipment

4. The municipality did not value property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment* and Directive 7, *The application of deemed cost*. I was not able to determine the impact on the net carrying amount of property, plant and equipment, as it was impractical to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment recorded, as the municipality did not have adequate systems in place and I could not confirm this by alternative means. Consequently I was unable to determine whether any further

adjustments to property, plant and equipment stated at R633 206 330 (2014: R666 226 615) in note 10 in the financial statements where necessary.

Investment properties

5. The municipality did not value investment properties in accordance with GRAP 16, *Investment Property* and Directive 7, *The application of deemed cost*. I was not able to determine the impact on the net carrying amount of investment properties, as it was impractical to do so. In addition I was unable to obtain sufficient appropriate audit evidence for investment properties recorded, as the municipality did not have adequate systems in place and I could not confirm this by alternative means. Consequently I was unable to determine whether any further adjustments to investment properties stated at R2 266 012 (2014: R2 266 013) in note 9 to the financial statements were necessary.
8. The municipality did not recognise investment properties in accordance with GRAP 16, *Investment Property*, as properties leased to municipal officials and public are not classified as part of investment property. I was not able to determine the impact on the net carrying amount of investment properties for the current and prior year, as it was impracticable to do so.

Consumer receivables

7. I was unable to obtain sufficient appropriate audit evidence for consumer receivables, as the municipality did not have adequate systems in place and I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments to consumer receivables stated as R252 251 191 and the allowance for impairment stated at R231 459 786 in note 6 in the financial statements were necessary.
8. The municipality did not account for revenue from exchange transactions in accordance with GRAP 9, *Revenue from exchange transactions* and GRAP 23, *Revenue from non-exchange transactions*. Consequently, consumer receivables and revenue for exchange and non-exchange transactions was understated by R3 605 122, due to incorrect meter readings and tariffs used, consumers not billed for services and rates and employees not charged rent. Additionally, there was a resultant impact on the surplus for the period and on the accumulated surplus in the financial statements.

Long-term receivables

9. I was unable to obtain sufficient appropriate audit evidence for long-term receivables, as the municipality did not have adequate systems in place and I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments to long-term receivables stated as R2 220 712 and the impairment stated at R2 219 337 in note 13 in the financial statements were necessary.

Inventories

10. I was unable to obtain sufficient appropriate evidence that the municipality has properly accounted for all reconstruction and development programme (RDP) land, as the municipality did not provide information to confirm the RDP land. I was unable to confirm the inventories by alternative means. Consequently, I was unable to determine whether any further adjustments to inventories of RDP land, stated at R59 483 000 (2014: R59 483 000) in note 7 to the financial statements were necessary.

Irregular expenditure

11. The MFMA requires the municipality to include particulars of irregular expenditure in the notes to the annual financial statements. The municipality incurred expenditure in contravention of the supply chain management requirements that were not included in irregular expenditure, which resulted in irregular expenditure being understated by R6 243 403. In addition, the municipality did not have adequate systems to maintain complete records of irregular expenditure. Due to this lack of systems, I was not able to confirm the amount of irregular expenditure to be disclosed by alternative means. Consequently, I was unable to determine whether any further adjustment to irregular expenditure was necessary.

Commitments

12. During 2014, I was unable to obtain sufficient appropriate audit evidence for commitments and to confirm the commitments by alternative means. Consequently, I was unable to determine whether any adjustment to commitments stated at R49 430 476 was necessary. My audit opinion on the financial statements for the period ended 30 June 2014 was modified accordingly.

Contingent liabilities and assets

13. I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all contingent liabilities as the municipality did not submit all legal representation letters. I was unable to confirm contingent liabilities and contingent assets by alternative means. Consequently, I was unable to determine whether any further adjustments to contingent liabilities and contingent assets disclosed in note 41 were necessary.

Disclaimer of opinion

14. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

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

Restatement of corresponding figures

16. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 2015 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Material losses

17. As disclosed in note 50.2 of the financial statements, material losses amounting to R7 061 733 (28%) for KWh electricity, R19 660 085 (84%) for kVA electricity and R7 299 644 (53%) for mega litres water were incurred.

Additional matters

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

Unaudited supplementary schedules

19. 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 these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

20. 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.

Report on other legal and regulatory requirements

21. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

22. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2015:
- Development priority: Service delivery and infrastructure developments on pages x to x
23. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
24. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development

priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

25. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

26. The material findings in respect of the selected development priorities are as follows:

Services delivery and infrastructure development

Usefulness of reported performance information

27. Section 41(c) of the Municipal Systems Act and Section 121(4)(d) of the MFMA requires the integrated development plan (IDP) to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 39% of the reported targets were not consistent with those in the approved SDBIP. This was due to planned targets per the service delivery budget implementation plan (SDBIP) differing from those in the annual performance report.
28. Performance targets should be specific in clearly identifying the nature and required level of performance as required by the FMPPI. A total of 33% of the targets were not specific.
29. Performance targets should be measurable as required by the FMPPI. I could not measure the required performance for 28% of the targets.
30. Performance indicators should be well-defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 33% of the indicators were not well defined.
31. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 100% of the indicators were not verifiable. This was because management did not adhere to the requirements of the FMPPI due to a lack of proper systems and processes.
32. The FMPPI requires indicators to relate logically and directly to an aspect of the auditee's mandate and the realisation of strategic goals and objectives. A total of 39% of the targets were not relevant to the indicators and therefore the indicators did not relate logically and directly to the realisation of strategic goals and objectives as per the service delivery and budget implementation plan. This was because proper performance planning and management practices had not been developed and implemented to provide for the development of performance indicators and targets included in the service delivery and budget implementation plan.

Reliability of reported performance information

33. 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. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to limitations placed on the scope of my work due to the absence of information systems and the fact that the

auditee could not provide sufficient appropriate evidence in support of the reported performance information. The auditee's records not permitting the application of alternative audit procedures.

Additional matter

34. I draw attention to the following matter:

Achievement of planned targets

35. Refer to the annual performance report on page xx to xx for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development priority reported in of this report.

Compliance with legislation

36. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Procurement and contract management

37. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by supply chain management (SCM) regulation 17(a) & (c).
38. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by means of inviting competitive bids and that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM regulation 19(a) and 36(1).
39. Contract was awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act (PPPFA) and its regulations.
40. Contract were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of PPPFA.
41. Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
42. Awards were made to providers who are in the service of other state institutions or whose directors or principal shareholders are in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulations 44.
43. Sufficient appropriate audit evidence could not be obtained that contract and quotations were only awarded to providers whose tax matters have been declared by the South African Revenue Service to be in order as required by SCM regulation 43.

Financial statements, performance and annual reports

- 44. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, expenditure, disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.
- 45. Financial statements were not submitted for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.
- 46. The 2013/14 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.
- 47. The oversight report, containing comments on the annual report, was not adopted by council within two months from the date on which the 2013/14 annual report was tabled, as required by section 129(1) of the MFMA.

Strategic planning and performance management

- 48. The municipality did not establish a performance management system, as required by section 38(a) of the Municipal Systems Act.
- 49. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the MSA.
- 50. The annual performance report for the year under review did not include a comparison of the performance with set targets and/or comparison with the previous financial year and measures taken to improve performance, as required by section 48 (1)(b) and (c) of the MSA.
- 51. The performance management system and related controls were inadequate as it did not describe and represent the processes of performance monitoring, measurement, review and reporting and how it is conducted, organised and managed, as required by sections 38 of the MSA and regulation 7 of the Municipal planning and performance management regulations.

Expenditure management

- 52. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
- 53. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Revenue management

- 54. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Asset and liability management

- 55. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
- 56. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

- 57. Unauthorised, Irregular, Fruitless and wasteful expenditure incurred by the municipality was not investigated timeously to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the Municipal Finance Management Act.

Internal control

- 58. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

- 59. During the previous financial year and the current financial year the municipality had vacancies in key management positions. These vacancies, together with the instability within the mayoral position, resulted in a leadership vacuum. Monitoring of the internal control environment was therefore not done and resulted in the municipality not prioritising compliance to laws and regulations, financial reporting and performance reporting.
- 60. The municipality did not employ sufficient resources to ensure municipal functions related to financial and performance reporting and compliance to laws and regulations can be executed in good quality and adhering to proper segregation of duties.
- 61. The leadership did not regularly monitor management's compliance with laws, regulations and internally designed policies and procedures. As a result, significant non-compliance issues were noted.

Financial and performance management

- 62. Management did not review the financial statements to ensure the achievement of fair presentation, which resulted in material amendments to the financial statements.
- 63. Records management and maintenance disciplines should be refined, included in the daily key controls, and reviewed and monitored at the appropriate level of management.
- 64. As the municipality did not have individuals who sufficiently understood the financial reporting framework and the performance and financial management requirements, the municipality engaged a consultant to assist in the compilation of the fixed asset register and financial statements. The underlying accounting records of the municipality did not

facilitate the preparation of financial statements to comply with the accounting framework.

65. Manual or automated controls were not designed to ensure that the transactions had occurred, were authorised, and were completely and accurately processed. Documentation supporting amounts disclosed in the financial statements was not always available.
66. Management did not document and approve internal policies and procedures to address the process of collecting, recording, processing, monitoring and reporting on predetermined objectives. Consequently, performance systems, processes and procedures had not been designed and implemented.

Auditor-General

Kimberley

7 December 2015



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence.

APPENDIX H – ANNUAL PERFORMANCE REPORT (2014/2015)

COUNCIL AND POLITICAL OFFICE

Department Objective	Directorate	KPI	Annual Target	Target Achievement	Reason for under-performance	Remedial action
Ensure functioning of Council	Political Office	Council meetings held	4	11	11 is including all special Council meeting	
	Political Office	EXCO meetings held	4	3		
	Political Office	Council Portfolio committee meetings held	4	8		
Ensuring the involvement of the community in the affairs of the Municipality	Political Office	Ward Meetings held per year	4	3		
	Political Office	Ward committee meetings held	12	10		
	Political Office	Imbizos held	1 Mayoral Imbizos	Not achieved reports are not provided		
Ensure regular reporting by Municipal Manager and HODs	Political Office	Formal Meetings between the Mayor, Speaker, Municipal Manager and Senior Managers	4	3		
The involvement of Young People and disadvantaged groups in the affairs of the Municipality	Political Office	Meetings with structured youth	3	1	Due to political issues beyond officials	
	Political Office	Meetings with disability organisation	3	0	There was no meeting held	
	Political Office	Meetings with gender based organisation	3	0	There was no meeting held	
	Political Office	Meetings with Health/ HIV and Aids org	3	0	There was no meeting held	

OFFICE OF THE MUNICIPAL MANAGER

Department Objective	Directorate	KPI	Annual Target	Target Achievement	Reason for under-performance
To develop a communication strategy	Communication	Communication strategy	1	1	
To inform public about the affairs of the municipality	Communication	Number of radio talk show	2	1	
	Communication	Number of newsletter	2	Not achieved	
Ensuring that municipality maintaining strong and effective oversight structures	Political Office	Reports from the MPAC	4	1	
	Internal Audit	Audit Committee fully operational and meeting at least 4 times annually	4	2	
To prepare and execute annual internal audit plan	Internal Audit	Approved Annual Internal Audit Plan	1	1	
	Internal Audit	% of completed audit projects	90% approved audit plan	57%	Shortage of audit staff
To develop a good working relationship and being responsive	Internal Audit	% of Customer satisfaction rating for completed projects	75 % of overall rating by municipal managements		
To develop a good working relationship and being responsive	Internal Audit	% of Audit Committee rating for overall service delivery	85% Audit Committee rating for overall service delivery		

To improve a technical competence of internal audit staff	Internal Audit	Number of training attend by internal audit staff	8	6	Internal Audit staff are currently attending the MFMP course on monthly basis
To ensure that risk assessment are conducted	Internal Audit	Annual Strategic and operational risk register	1 Annual Strategic Risk Assessment	1	
To ensure a functional risk management process	Internal Audit	Number of risk management reports issued on implementation of risk management process and plan	4	2	
To ensure effective institutional performance management system	PMS	Quarterly performance reports	4	2	2 Deviated due to SDBIP not aligned to reporting
Ensure that performance contracts and plans are signed by all senior managers	PMS	5 Signed performance agreement and plans	5	5	
To review performance management system framework	PMS	1 Approved PMS policy framework	1	0	

FINANCE

Department Objective	Directorate	KPI	Annual Target	Target Achievement	Reason for under-performance	Remedial action
To ensure that asset register is updated.	Asset	Updated asset register	1	1		
To review asset management policies	Asset	An approved asset management policy	1	1		
To ensure safe record keeping of all supporting documentation of assets	Asset	Register developed and maintained	1 updated register	1		
Ensuring that all assets are adequately insured	Asset	Number of reports on asset insured	1	1		
Ensure annual review and approval of the SCM policy by Council	SCM	An amended and approved SCM policy	1	4		
Ensure effective oversight of procurement and tendering processes	SCM	Report on policy compliance including Irregular, fruitless, wasteful and unauthorized expenditure	4 reports per annum	1		
To facilitate the compilation of the procurement plan by various departments	SCM	Number of procurement plans compiled and submitted to Treasury.	1 consolidated plan for 2014/2015	1		
Ensure that the Supplier data base is updated on a regular basis	SCM	Number of adverts placed	1	1		

Ensure the effective administration of all contracts/SLA's	SCM	Report on number of meeting held with the contractors	4 Reports per annum	1		
Ensure the development and updating of the registers	SCM	Completeness and accuracy of commitment, contract and tender register maintained and updated	4	1		
To ensure that payments are made within 30 days	Expenditure	Number of creditors received and paid within 30 days	3	n/a	The target is not achieved by the date set due to the delays of payments	
Ensure that bank reconciliations are done	Expenditure	Bank reconciliation	12 reports	12		
To ensure accuracy and completeness of Rates and valuations	Revenue	Reconciliation between valuation roll and system	1	1		
To improve the collection rates	Revenue	Percentage increase in payment levels	70%	68%		
Ensure implementation of the budget through the process of planning, strategizing, preparing, tabling and approving as per prescribed budget reforms format, NT guidelines and MFMA Calendar.	Budget Office	Submission of Annual budget	1	1		
	Budget Office	Adjustment budget	1	1		
Ensure timeous reporting in the prescribed format to Council, National and Provincial Treasury, Auditor General, DPLG, Department Housing and Local Government, and other stakeholders on prescribed dates.	Budget Office	Submission Section 71	12	12		
		Submission Section 72	1	1		

		Submission Section 52	4	4		
Ensure timeous compilation of the Annual Report and Annual Financial Statement in the prescribed format.	Budget Office	Submission of Annual Report	1	1		
		Submission of Annual Financial Statement	1	1		

INFRASTRUCTURE SERVICES AND HUMAN SETTLEMENT

Department Objective	Directorate	KPI	Annual Target	Planned target for Qrt. 3	Target Achievement	Reason for under-performance	Remedial action
To provide water and sanitation to household	Water and Sanitation	No. of household to be connected to water network by 2015	64 houses	-	64		
		No. of household with access to sewer network	1160 household	-	n/a	n/a	n/a
To ensure a construction of new roads	Road	No. of km of roads surfaced /paved	7km	3km	7km surfaced and/paved	yes	No
To ensure provision of electricity to needy community	Electricity	No. of household connected to Electricity network	12 houses	-	12		
To ensure a provision of housing	Human Settlement	Number of houses to be built	100	25	100		
To ensure that all informal settlement are formalise.	Human Settlement	No. of informal settlement formalised	5 settlements	1	5		yes
		No. of housing subsidy beneficiaries	100 beneficiaries	25	134		yes

		aries with access to title deeds					
To improve water quality	Water and Sanitation	Blue drop status	% of blue drop status	90%	90%		n/a
	Water and Sanitation	Green drop status	% of green drop status	70%	85%		no
To ensure proper maintenance and development of roads and storm water infrastructure	Roads	km of tar roads maintai ned	2km	500m			
	Roads	Km of paved road maintai ned	According to roads master plan				
	Roads	Km of resurfa ced road	According to roads master plan				

PLANNING
AND
OPERATIONS

Department Objective	Directorate	KPI	Annual Target	Target Achievement	Reason for under-performance	Remedial action
To create a conducive environment for community participation in the affairs of the municipality and ensuring structured participation.	IDP	Process plan Approved by council	1	1		
		No. of IDP/Budget steering committee meeting	4	1		
		No. of IDP/Budget rep forum	2	1		
		Final Draft IDP approved	1	1		
To ensure that all our efforts geared towards creating an environment for employment that is conducive for employment opportunities.	LED	Number of job opportunities created through initiatives such LED projects, EPWP, Capital projects and maintenance projects	50	50	The target was achieved during 1st quarter	
	LED	Number of workshop and capacity building programmes conducted to capacitate SMME's	5	5	The target was achieved during 3rd quarter	
	LED	Number of LED EXPO conducted to provide platform for	1	1		

		SMME's, Business to exhibit their products				
	LED	Number of Tourism Awareness Campaign to be held to promote local tourism	1	1		
	LED	Number of Tourism attraction revamp	1	1	There was no Capital Budget	Will budget for the Tourism Attraction
To ensure proper maintenance and development of water, roads and storm water infrastructure.	Water	Nr of scouring of network	Monthly	3		
To ensure a sustainable and conducive environment by	Solid Waste	Weekly Services delivered according to schedule	Business – 7 days a Week Household	100%		
ensuring effective waste management and proper management of landfill site and consistent refuse collection			– 7 days a week			
	Solid Waste	Nr of management inspection at landfill site	3 per annum	1		
	Solid Waste	Nr of cleaning / awareness campaigns conducted	3 per annum	1		
To ensure sustainable delivery of community services cemeteries, parks and recreation to all residents of	Cemeteries	Number of graves prepared according to schedule	Number of graves prepared according to	174		

Phokwane			schedul e			
To keep healthy and sustainable environment for Phokwane communities	Enviro nment Health	No. of environmental health campaign conducted	3 per annum.	1		

CORPORATE SERVICES

Department Objective	Directorate	KPI	Annual Target	Annual Target Achievement	Reason for under-performance	Remedial action
To facilitate the transfer of archival records to Archives Repositories	Admin	Report on number of • Files circulated and returned to Registry within 3 days during 2014/2015. • Lost files	1	1		
		A list of terminated file series compiled.	1	1		
To educate the community with regard to By-law enforcement by conducting awareness campaigns	Admin	Number of awareness campaigns conducted during 2014/2015	1	1		
To ensure that HR policies are developed.	HR	Leave encashment policy	1	1		
	HR	Review of HR policies by 30 June 2015	5	1		
To ensure that all staff receive training on Disciplinary and Grievance Code and Policy	HR	Number of training conducted by 30 June 2015	1	Not achieved	Awaiting confirmation of available dates for training from SALGA	
Ensuring compliance with Occupational Health and Safety Act	HR	Report on number of employees that underwent medical check-ups by 30 June 2015	1	1	1 Achieved. 45 Employees went for medical check ups for occupational health and safety	
Ensuring sound Labour Relations in compliance with the Basic Conditions of Employment Act, the EEA, LRA etc.	HR	Report on number of LLF meetings held during 2014/2015	1	1	6 Over-achieved	

Ensure that the organisational structure is reviewed	HR	Reviewed and approved Organization al Structure	1	Not achieved	Reviewed but not yet approved by Council	
To develop a work skills plan	HR	An approved Work Skills Plan for 2015/2016	1	1		
To update the municipal website with relevant information as required i.t.o MFMA	IT	Number of reports published on municipal website	12	12		
To ensure effective and efficient ICT security infrastructure	IT	The appointment of an (ISO) independent security officer	1	Not achieved	Budget constraints	
Provide reliable network access to end-users	IT	Number of network points upgraded	64 network points	34		
Monitoring and enforcement of performance of Service Providers	IT	Reports on performance of service provider	6	6		
Formulation of ICT policies and procedures	IT	Cellphone and ICT devices policies submitted and approved	2	1		
Provide ICT training to staff and Councillors	IT	Number of training attended	1	4 over-performed		
Ensure availability of regular back-up recordings of all critical electronic systems	IT	Number of monthly backups conducted.	12	12		
To develop an ICT governance framework.	IT	ICT framework approved	1	1		

APPENDIX I – ANNUAL FINANCIAL STATEMENTS (2014/2015)