

MANTSOPA LOCAL MUNICIPALITY FS 173



2009/2010 Annual Report

Contents

Chapter 1: Introduction and Overview	3
Mayor's foreword	3
Overview of the Municipality	9
Executive Summary	13
Overall Goals and Priorities	14
Chapter 2: Performance Highlights	21
Introduction.....	21
General Key Performance Indicators	22
National Key Performance Area: Service Delivery	22
Free Basic Servicers.....	22
Backlogs of Service Delivery	22
National Key Performance Area: LED	23
National Key Performance Area: Municipal Transformation and Institutional Development	23
National Key Performance Area: Financial Viability	24
Debt Coverage.....	24
Borrowings.....	24
Pricing of Services	24
Rates	24
Service Charges.....	24
Indigents:	25
Building and Zoning Plans	25
Chapter 3: Human Resource and other Organisational Management.....	26
Organisational Structure	26
Employment equity and skills development	26
Municipal Budget spend on implementation of Work Skills Plan and Training undertaken	27
Human resource management policies and practices for capacity building	28
Performance, governance, municipal transformation and institutional development Staffing	28
Implementation of Performance Management Systems	28
Structure and Function of Council	29
Auditor General Report	68

Other disclosures required by legislation.....	76
Performance of Service Providers	76
Recommendation by the Audit Committee.....	78
Internal Audit Report.....	82
Corrective Measures.....	85
Chapter 5: Functional Area Service Delivery Reporting.....	87
GENERAL INFORMATION	87
EXCO and Council.....	93
Finance and Administration	95
Finance	95
Human Resources	100
Other Administration (Procurement).....	105
Planning and Development.....	106
Economic Development	106
Community and Social Services	108
All inclusive.....	108
Housing.....	109
Public Safety	110
Police (Traffic).....	110
Waste Management.....	112
Solid Waste	112
Waste Water Management.....	114
Sewerage etc	114
Road Transport.....	116
Roads	116
Water.....	118
Water Distribution.....	118
Electricity	121
Electricity Distribution	121
Street Lighting.....	123

Chapter 1: Introduction and Overview

Mayor's foreword



Cllr Sello Dennis Ntsepe

On behalf of the municipality, it is my honour and privilege to present the Annual report for the 2009/2010 financial year. The report covers the period 01 July 2009 to 30 June 2010.

Let me take this opportunity to congratulate our country for the successful hosting of the FIFA 2010 soccer world cup. As a country we have managed to prove the prophets of doom wrong for their lack of confidence in South Africa as host nation. Nine out ten visiting citizens of the world have confirmed their desire to visit our shores once again and this should be seen as a positive step towards tourism development. Mantsopa municipality must explore this opportune time to attract more citizens of the world to visit Tourism attractions such as Lekhalong La Mantsopa in Modderpoort considering our objective in making this area a national heritage site.

LED and Tourism

Mantsopa Local Municipality has accomplished a significant development in the implementation of street cleaning and greening projects in partnership with the Department of Environmental Affairs and Tourism (Indalo-Yethu). The project will cost R30 million and employed 283 local residents with majority being unemployed youth for the period of two years.

Another significant achievement in this area has been the development of Lekhalong La Mantsopa. This project has been budgeted R15 million and has employed 50 local residents for a period of a year.

Basic Services

In terms of meeting the basic needs of our residents, the municipality is working tirelessly towards achieving objectives as set out in the municipality Integrated Development Plan. The following are milestones which the municipality managed to achieve during the financial year under review:

- Implementation of phase two bucket eradication in Tweespruit
- Implementation of phase two bucket eradication in Hobhouse
- Upgrading of streets in Ladybrand
- Graveling of internal streets in Mantsopa
- Upgrading of sewer line in Shugu street
- Implementation of electrical and mechanical works at Hobhouse Water Treatment Plant
- Upgrading of Settling Tanks Genoa Water Treatment Plant
- Purchasing of Bulldozer
- Purchasing of Honey Sucker

Housing and Land

The municipality has during the financial year under review with partnership with the department of Human Settlement continued to provide low cost houses to deserving residents of Mantsopa. Platberg will after many years of struggle receive a major infrastructural development such as provision of sanitation services, electricity connections and construction of low cost houses and I hope this will bring to an end the long outstanding land claims that has been bothering the rightful owners of Platberg.

Health

I am happy to inform the community of Mantsopa that, a long overdue project to finalise the phase two of Ladybrand Hospital will be commencing in September 2010. More temporary jobs will be created during construction and on completion the residents of Mantsopa will have access to decent health care service as contained in the election manifesto of the ruling party the ANC.

Financial Viability

The municipality is committed to improving customer service and taking local government to the coalface of our communities through Batho-Pele (Putting People First) policy. The municipality continued to enjoy a healthy financial position which has led to implementation of some of the capital projects using internal financial resources. Our collections during the financial year under review recorded 80% percent the highest level ever achieved in the history of this municipality. This clearly shows the level of trust we received from the residents of Mantsopa and we also want to encourage those who are not still paying their municipal services to start doing so.

Indigent Support

The municipality has embarked on an awareness programme/campaign to encourage communities from poor households to come and register as indigent and during the financial year under review 4300 households received free service from the municipality.

Public participation

In terms of public participation, the creation of appropriate and relevant community participation mechanisms, processes and procedures are vital. This programme aims at ensuring that communities are part of decision making processes with the council. The programme encourages communities to utilise their strengths and move away from the dependency syndrome.

Conclusion

However, education, skills development and training, apprenticeship and certification of artisans remain the largest transformational challenge in a depressed job market, where a large percentage of the workforce is unemployed.

Together with our administration, we should harness the political will and capacity to deal with the issues of discipline in following-through and getting things done to improve the quality of life of our people.

Finally, sincere appreciation goes to my fellow councillors, the Municipal Manager, senior management team, all municipal employees and the public for their commitment and dedication to the Mantsopa Local Municipality.

Cllr Sello Dennis Ntsepe
Mayor

Municipal Manager's Report



The 2009/2010 marks the fourth year under the current term of local government which comes to an end in 2011, it is therefore imperative to present the Mantsopa Local Municipality's 2009/2010 Annual Report as required in terms of section 121 of the Local Government: Municipal Finance Management Act 56 of 2003 to give account on how the municipality performed in achieving its strategic priorities and project as contained in its Integrated Development Plan.

The purpose of this Annual Report is therefore:

- To provide record of the activities of the municipality during the 2009/2010 financial year;
- To provide a report on the services delivery and budget implementation plan of the municipality during the 2009/2010 financial year; and
- To promote accountability to the community we serve as the municipality.

During the 2009/2010 financial year the municipality has managed to implement the following capital projects with the intention of improving infrastructure in the municipality and provide access to improved services to all residents of Mantsopa which were part of the Integrated Development Plan developed through rigorous community and stakeholder consultation:

- Bucket eradication in Tweespruit Phase 2
- Bucket eradication in Hobhouse Phase 2
- Water treatment works in Hobhouse
- Upgrading of streets in Ladybrand

During the financial year under review the municipality continued to implement its debt collection strategy with the objective of maintaining and sustaining a municipality that is financially viable. Such can be witnessed with the implementation of some capital projects using our own internal resources e.g. upgrading of streets in Ladybrand.

As part of our responsibility to maintain good and clean governance the municipality has during the financial year under review appointed three members for the internal audit committee as required in terms of the MFMA and appointed an Internal Auditor for this purpose.

I'm privileged to inform the residents of Mantsopa that during the financial year ended 30 June 2010 the municipality has received a qualified audit opinion on the financial statements submitted to the Auditor General for audit.

During the financial year under review the performance management system was only applicable to section 57 managers. All section 57 managers of the municipality concluded their performance agreements linked to the organisation service delivery and budget implementation plan as required by applicable legislation (MFMA).

The municipality has a performance management policy in place and performance management framework adopted by council. As part of monitoring and evaluation managers submit monthly and quarterly performance assessments reports to the Municipal Manager to detect early warnings for poor performance. Midyear performance assessment was also conducted for the financial year under review in order to evaluate institutional performance for half yearly.

The municipality has a dedicated division responsible for Performance Management System established on the 2 January 2009. During the financial year under review the Manager Organisational Performance Management System was reporting directly to the Manager Integrated Development Plan.

Annual report in terms of section 121 of the Municipal Financial Management Act was also developed, publicized on the news paper for public inputs and comments and the oversight report by council was also captured.

Management is in the process of cascading Performance Management System to lower level of management that will include post level 1 to 3. It is expected that, this Managers will conclude a performance agreements determined by specific key performance indicators.

The following of section 57 post were filled during the financial year under review:

Name	Department	Start Date	Contract Expiry Date
MJ Mazinyo	Finance Department (Chief Financial Officer)	1 July 2009	30 June 2012
FA Mhlongo	Corporate Services Department (Manager Corporate Services)	1 July 2009	30 June 2012

Performance Agreements

Name	Position	Signed performance agreements		
CLM Rampai	Municipal Manager	Yes	1 July 2009	-
FA Mhlongo	Corporate Services Manager	Yes	1 July 2009	-
MJ Mazinyo	Chief Financial Officer	Yes	1 July 2009	-
RP Chalale	Acting Technical Manager	Yes	4 January 2010	-

The IDP and Budget consultation with the community were conducted as per council approved IDP review process plan and budget time table. Let me take this opportunity to thank the community of Mantsopa for taking this process seriously by participating in big

numbers to ensure that the process remains community driven. The municipality IDP was rated medium by the Provincial IDP assessment team and major issues raised by the team was that the IDP was not performance based, sectoral plans not reviewed for some time and the SDF was not reviewed annually as required by the law.

Lastly, it is worth mentioning that Mantsopa Local Municipality continued to adhere to the principles of good governance, institutional transformation, Economic development, sustainable infrastructure development and sound financial viability for the development of the community we serve as outlined in our IDP (Vision).

I extend my sincere appreciation to the section 57 managers, senior managers and all council employees for their dedication and contributions for having made the 2009/2010 a year of business unusual.

CLM Rampai
Municipal Manager

Overview of the Municipality

Mantsopa Local Municipality was established on 5 December 2000 and comprises the previous areas of jurisdiction of Tweespruit Transitional Local Council (TLC), Ladybrand TLC, Hobhouse TLC, Excelsior TLC, Thaba Patchoa TLC and Maluti Transitional Rural Council.

It forms part of the Eastern Free State and falls within the Motheo District Municipal area. It borders the Kingdom of Lesotho in the east, Mangaung Local Municipality to the west, Naledi Local Municipality to the south and Masilonyana and Setsoto to the north.

The area is accessible via the N8 and R26 roads which transverse the area. A railway line that runs along these routes services the area.

The municipal area accommodates approximately 72 000 people and covers an area of 4 290 km². It incorporates 5 small towns, which accommodates collectively 66.5% of the total population of Mantsopa. These small towns serve the surrounding rural community.

Ladybrand is the most progressive of all towns and is the most eastern node in the municipal area. Ladybrand municipal area includes Manyatseng, Mauersnek and the surrounding municipal commonages that covered an area of 4 682 ha in size. The town accommodates 34% of the total population of Mantsopa.

Hobhouse is a smaller rural town that is located southwest of Ladybrand and east of the Leeu River along the Lesotho border. Hobhouse is the most southern node in the municipal area. It is about 2 089 ha in extent which includes Dipelaneng and municipal commonages. The town accommodates 4.6% of the total population of Mantsopa.

Tweespruit is the most centrally located node along the N8 route between Bloemfontein and Ladybrand. It is about 1 534 ha in extent and included Borwa, Dawiesville and municipal commonages. The town accommodates 10.2% of the total population of Mantsopa.

Excelsior is located 40 km north of Tweespruit along the R709 and forms the northern boundary of Mantsopa. It is about 1 298 ha in extent of which 243 ha was designed as an urban area, the rest were rented out to commercial farmers while some land was utilised for grazing purposes. It includes Mahlatswetsa and municipal commonages. Excelsior accommodates 10.6% of the total population of Mantsopa.

Thaba Patchoa is located between Tweespruit and Hobhouse and is a small agricultural residence for 1100 families. It is about 3 864 ha in extent and consisted of the farms Thaba Patchoa 105, Segogoana's Valley 665 and Sweet Home 667.

The municipal area has been divided into 8 wards. The wards comprises the following areas: **Ward 1:** Tweespruit, Borwa, Dawiesville, Thaba Patchoa and surrounding rural areas; **Ward 2:** Hobhouse, Dipelaneng, and surrounding rural areas; **Ward 3:** Mandela Park, Riverside, Masakeng, Thusanong, Modderpoort and surrounding rural areas; **Ward 4:** Ladybrand, Mauersnek, Los My Cherrie, and surrounding rural areas; **Ward 5:** Manyatseng, Flamingo, and surrounding rural areas; **Ward 6:** Lusaka, Thabong, New Platberg, and Homes 2000; **Ward 7:** Excelsior, part of Mahlatswetsa and surrounding rural areas; **Ward 8:** Mahlatswetsa and surrounding rural areas. The table below gives a breakdown of the estimated number of households per ward.

Number of Households per ward

Number of Households per ward								
W1	W2	W3	W4	W5	W6	W7	W8	Total Mantsopa
1134	1360	1373	1482	1705	1026	1452	1985	11517

Source: Mantsopa IDP (2007)

According to the database of the municipality 10627 households stay in the urban areas. The following table gives a breakdown of the number of households in the various towns as per record of the municipality:

Table 1: Number of households per town

Number of Households per town											
Excelsior		Hobhouse		Tweespruit			Ladybrand			Thaba Patchoa	Total
Town	Mahlatswetsa	Town	Dipelaneng	Town	Borwa	Dawiesville	Town	Manyatse	Mauersnek		
170	1559	80	1260	207	1628	202	924	4787	210	220	11247

Source: Mantsopa Local Municipality, stats 2006.

Comparing these two sets of statistics, it can be concluded that only 890 households stay in the rural areas. However, if this figure is compared with the population size of the rural areas, it comes to 24 people per household. This is not possible and therefore indicates that either the number of households or rural population is incorrect.

Because limited information is available on the rural areas, the municipality undertook a rural survey in 2001 to get more information regarding the current level of service provision in the rural areas and the number of people residing on the farms. This survey indicated that an average of 2.8 households stay on those farms occupied by farmers and their workers. Where the farmer was not residing on the farm itself, 25% of all respondents indicated that an average of 2 families stayed on the farm. Only 35 farms, representing 11.4% of the respondents, had nobody that resided on the farm. A survey at the Deeds Office indicated that there are a total of 1874 farms registered in Mantsopa. If these figures are used to predict the number of households staying in the rural areas, the following is concluded:

Table 2: Estimated number of Rural Households

Survey Result	Applied to total number of farms	No of Households
73% or 223 farmers resided on the farm	$73\% \times 1874 \text{ farms} = 1368$	$1368 \times 2.8 = 3830$
35 farms had nobody residing on it (11%)	$11\% \times 1874 \text{ farms} = 206$	$206 \times 0 = 0$
48 farmers did not stay on the farm they worked (16%)	$16\% \times 1874 \text{ farms} = 300$	$300 \times 2.0 = 600$
Total	1874	4430

Source: Rural Survey (Mantsopa Local Municipality, 2001)

The rural survey conducted by the municipality also indicated that the average household size of the farm workers is 2.6 family members per household while the farmers has on average 2.1 family members. It is therefore estimated that 12 329 people are residing in the rural areas, using these average household sizes and multiplying it with the above estimated number of households.

This figure is less than the rural population estimates of 21 405 people, if a compounded growth rate of 1.7% per annum is applied to the census figure of 1996. However, it is known fact that many farmers have retrenched workers since 1996 and therefore the rural population should have decreased, thus concluding the findings made by the rural survey.

The following conclusion can therefore be drawn from the above, namely that:

The estimated population of the rural survey is correct and therefore the rural population has decreased while there was an influx of people, through both migration and immigration into the urban areas. It is therefore estimated that the total number of households have increased from 11 715 to 15 057.

Executive Summary

Municipality Vision

The following chapter describes the future intentions of the Mantsopa Local Municipality for the next three years. The objectives are a response to the identification of priority issues within each Key Performance Area (KPA). A second factor that influenced the formulation of the objectives is the **vision** of Mantsopa Local Municipality, namely:

Mantsopa Local Municipality shall be a leading force to achieve an accessible integrated sustainable and equitable social and economic development of her community

Municipality Mission

To make this vision a reality the Mantsopa Local Municipality has set the following mission statement:

To achieve an accessible integrated sustainable and equitable social and economic development of the municipality

Municipality Core Values

The following are the values, which Mantsopa Local Municipality has set for its self in order to achieve her developmental objectives:

**Transparency
Accountability
Responsiveness
Self Reliance
Partnership**

Overall Goals and Priorities

Issues for consideration by Mantsopa Local Municipality	Issues for consideration by sector Department	Issues for consideration by District Municipality
Basic Service Delivery. Health.		
<ul style="list-style-type: none"> ❑ Full time doctor and social worker in Hobhouse, Tweespruit and Excelsior. ❑ HIV/AIDS centre in Tweespruit. ❑ Unavailability of medication at all local clinics and the provincial hospital in Ladybrand. ❑ Inadequate staff in all local clinics and Ladybrand provincial hospital. ❑ Transportation of patient to and from the Provincial Hospital in Bloemfontein – the patient not be responsible for the bill. ❑ Full time ambulance service in all towns of Mantsopa Local Municipality. ❑ Unethical behavior, which against Batho-Pele principles in local clinics worse case reported in Hobhouse clinic. 	<ul style="list-style-type: none"> ❑ Construction of 24-hour clinic in Dipelaneng. ❑ Construction of 24-hour clinic in Boroa. ❑ Construction of 24-hour clinic in Mahlatswetsa. ❑ Construction of 24-hour clinic in Manyatseng. ❑ Completion of phase 2 of new Ladybrand hospital. 	<ul style="list-style-type: none"> ❑ Construction of shelters for patients.
Safety and Security		
<ul style="list-style-type: none"> ❑ Poor response by the police. ❑ Mobile police station in Tweespruit and Excelsior. ❑ Resuscitating Local Policing Forum. 	<ul style="list-style-type: none"> ❑ Construction of police station in Manyatseng. 	<ul style="list-style-type: none"> ❑ Engage with senior management team of the department on planning stage.

Basic Service		
<ul style="list-style-type: none"> ❑ R10 advance payment before accessing free basic electricity. ❑ Re-opening of Juventon farm road. ❑ Purchasing of land for oxidation ponds in Tweespruit. ❑ Awareness campaigns on the use of water and full waterborne sanitation. 	Roads	Roads
	<ul style="list-style-type: none"> ❑ Licensing borrow pits in Mantsopa for Maintenance of access roads. ❑ Construction of Thaba Patchoa Public Road. ❑ Construction of Thaba Nchu to Excelsior public road. 	<ul style="list-style-type: none"> ❑ Paving of access roads in Mantsopa. ❑ Construction of stormwater channels in Mantsopa. ❑ Grading and Gravelling of internal streets. ❑ Upgrading of access road from Boroa to Tweespruit. ❑ Construction of Access Bridge in all areas of Mantsopa. ❑ Upgrading of access roads to graveyards in all areas of Mantsopa. ❑ Upgrading of access road to Mantsopa Mother's Trust. ❑ Re-vamp storm water channels in Manyatseng. ❑ Water channels in Mauersnek.
	Water	Water
	<ul style="list-style-type: none"> ❑ Fund implementation of water quality monitoring. ❑ Fund bulk water supply for Excelsior and Tweespruit. ❑ Fund implementation of Bulk water supply for Hobhouse including commissioning of 	<ul style="list-style-type: none"> ❑ Drilling of bore holes. ❑ Increase raw water supply. ❑ Pump station in Platberg.

			existing bore holes.	
			Sanitation	Sanitation
			<ul style="list-style-type: none"> ❑ Purchasing of Land for development of Oxidation ponds in Tweespruit. ❑ Additional funding for completion of phase 3 bucket eradication projects in Hobhouse and Tweespruit. 	<ul style="list-style-type: none"> ❑ Increase the capacity of all reported sewer lines. ❑ Bucket Eradication in Hobhouse. ❑ Bucket Eradication in Tweespruit.
			Electricity	Electricity
			<ul style="list-style-type: none"> ❑ Electrification of new developments. 	<ul style="list-style-type: none"> ❑ Installation of high mast in all towns of Mantsopa. ❑ Upgrading of streetlights in Mauersnek – Voortrekker Street. ❑ High mast lights in Ladybrand. ❑ Substation for Electricity. ❑ Transformer for electricity in all towns of Mantsopa.
			Public Facilities	Public Facilities
			<ul style="list-style-type: none"> ❑ Construction of Ladybrand boarder post Taxi Rank. 	<ul style="list-style-type: none"> ❑ Cleaning of all public spaces. ❑ Development of Parks for recreation.
Social Development				
<ul style="list-style-type: none"> ❑ Full time SASSA office in Tweespruit. ❑ Full time social worker in all towns of Mantsopa. 	<ul style="list-style-type: none"> ❑ Construction of second generation MPPC. 		<ul style="list-style-type: none"> ❑ Availing land the provincial department for development purposes. 	

Environmental Health		
<ul style="list-style-type: none"> ❑ Relocation of Piggery farm in Tweespruit. ❑ Expired food at the local shops. 	<ul style="list-style-type: none"> ❑ Support the Municipal EHP office on health issues. 	<ul style="list-style-type: none"> ❑ Review the service level agreement for implementation of Environmental Health Services. ❑ Cleanest Town Completion.
Housing		
<ul style="list-style-type: none"> ❑ Incomplete RDP houses in Mantsopa. ❑ Waiting list for pensioners in Manyatseng old age centre. ❑ Conversion of old age centre to municipal flats. 	<ul style="list-style-type: none"> ❑ Funding for surveying and pegging of new township establishment. ❑ Increase housing allocation to Mantsopa. 	<ul style="list-style-type: none"> ❑ Review the Housing Sector Plan. ❑ Update the living waiting list for subsidies and ervens.
Sports Arts and Culture		

<ul style="list-style-type: none"> ❑ Support for local soccer teams. ❑ Establishment of new sports committee in Ladybrand. ❑ Promotion of arts and craft. ❑ Promotion of new sporting codes. 	<ul style="list-style-type: none"> ❑ Fund upgrading of sports facilities in areas of Mantsopa. ❑ Construction of Library in Dipelaneng. ❑ Construction of Library in Boroa. 	<ul style="list-style-type: none"> ❑ Upgrading of sports facilities in Ladybrand and Manyatseng. ❑ Upgrading of access road to Ladybrand sports ground. ❑ Establishment of arts and craft centre. ❑ Fencing of existing sports facilities in Boroa. ❑ Construction of Multi Purpose Community Centre in Boroa. ❑ Construction of Sports and rehabilitation centre in Boroa. ❑ Establishment of arts and craft centre. ❑ Rehabilitation of recreational facilities in Dipelaneng. ❑ Upgrading of Sports Facilities in Mahlatswetsa. ❑ Establishment of arts and craft centre in Mahlatswetsa.
Disaster Management		
<ul style="list-style-type: none"> ❑ Use of volunteers on disaster occurrences. 	<ul style="list-style-type: none"> ❑ Coordinate establishment of Disaster Management Centre in Mantsopa. ❑ Fund purchasing of disaster equipment. 	<ul style="list-style-type: none"> ❑ Review of Disaster Management Plan. ❑ Establish Disaster Management Centre in Mantsopa. ❑ Fund purchase of Disaster Equipment.
LED and Tourism		
<ul style="list-style-type: none"> ❑ Recover equipment from Me. Mphafi donated by SANGALA. 	<ul style="list-style-type: none"> ❑ Fund LED initiatives projects for Mantsopa. 	<ul style="list-style-type: none"> ❑ Budget for LED projects and programmes.

Financial Viability		
<ul style="list-style-type: none"> ❑ Lead the budget and IDP review process in terms of section 53 of the Local Government: Municipal Financial Management Act no 56 of 2003. ❑ Engage the communities on the importance of paying their services. 	<ul style="list-style-type: none"> ❑ Support the municipality with the new budget format. ❑ Support the municipality with GRAP compliance. ❑ Support the municipality with compilation of annual financial statements. ❑ Support the municipality with section 71 and 72 reports. ❑ Support the municipality to comply with the requirements of clean audit. ❑ Support the municipality with debt recovery strategy. 	<ul style="list-style-type: none"> ❑ Preparation of annual financial statements. ❑ Preparation of annual budget. ❑ Preparation of section 71 and 72 reports. ❑ Responding to audit queries. ❑ Develop debt recovery strategy.
Institutional Transformation		
<ul style="list-style-type: none"> ❑ Support management on IDP implementation initiatives. 	<ul style="list-style-type: none"> ❑ Support the municipality of policy development. ❑ Support the municipality on by-law formulation and proclamation process. ❑ Support the municipality on organisational design. ❑ Support the municipality on conduction of work-study. ❑ Support the municipality to improve the IDP rating from medium to high. ❑ Support the municipality to improve its section 46 report in terms of the MSA. ❑ Support the municipality to improve its section 121 of the MFMA. ❑ Implementation of PMS. 	<ul style="list-style-type: none"> ❑ Review of municipal policies. ❑ Development of by-laws. ❑ Conduct organisational design. ❑ Conduct work-study. ❑ Improve the quality of the IDP. ❑ Prepare section 46 report. ❑ Prepare section 121 report. ❑ Implement PMS.
Good Governance and Transformation		
<ul style="list-style-type: none"> ❑ Ensure public participation structures 	<ul style="list-style-type: none"> ❑ Train Mantsopa ward committee. 	<ul style="list-style-type: none"> ❑ Train Mantsopa ward committees.

<p>are functional e.g. ward committees.</p> <ul style="list-style-type: none"> ❑ Ensure that CDW's are effective. ❑ Ensure that ward public meetings are convened. ❑ Ensure that Local Imbizos are convened. ❑ Ensure participation of all councillors in IDP and Budget process. 	<ul style="list-style-type: none"> ❑ Enter into a service level agreement with Mantsopa on the use of CDW's. ❑ Support the municipality during local Imbizos. 	<ul style="list-style-type: none"> ❑ Cooperate with CDW's. ❑ Help with coordination of public meeting and Imbizos.
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Chapter 2: Performance Highlights

Introduction

The Local Government: Municipal Systems Act of 2000 (Act no 32) requires that a Municipality must develop and implement a performance management system that is commensurate with its resources. The PMS is a framework that describes and represents how a municipality performance management processes such as planning, monitoring, measurement, review and reporting.

The purpose of the PMS is also to set key performance indicators (KPIs) and targets for measuring the performance of the municipality with regard to the development priorities and objectives as set out in the Integrated Development Plan during a specific financial year and to measure its performance during that year against those KPIs and targets.

The MSA further requires that the municipality must at least once a year measure and review its performance against the KPIs and performance targets and to prepare an annual performance report. These measurements will indicate in what areas it performed satisfactorily and where improvements are required. The annual performance report must reflect at least the following:

The municipality performance and that of each external service providers that provides municipal service on its behalf during the that financial year;

A comparison of the performance of one year with the performance of the in the previous year financial year, and

Measures taken to improve performance

The Local Government: Municipal Finance Management Act of 2003 (Act no 55) requires that the municipality must for each financial year prepare an annual report. The annual performance report must form part of the annual report. The Mayor must table the annual report regarding a specific financial year to council on or before the 31 January each year. The council must deal with the annual report on or before the 31 March each year.

The following are the purposes of the annual report:

To provide a record of the activities of the municipality during the financial year to which the report relates;

To provide a report on the municipality's performance against its budget; and

To promote accountability to the local community for the decision the municipality made throughout the year.

General Key Performance Indicators

CoGTA has published the Local Government: Municipal Planning and Performance Management Regulations (2001) in terms of the MSA setting out detail the requirements for performance management. The regulations also contain general KPI's prescribed by the Minister. The measurement of the general KPIs is discussed in this chapter.

National Key Performance Area: Service Delivery

Key Performance Indicator	No of households
No of households with access to basic level of water	11 505
No of households with access to basic level of sanitation	8 303
No of households with access to basic level of electricity	11 505
No of households with access to basic level of solid waste removal	11 505

Free Basic Servicers

Key Performance Indicator	No of households
No of households earning less than 1800 per month with access to free:	
Water	4 300
Sanitation	4 300
Electricity	4 300
Refuse Removal	4 300

Backlogs of Service Delivery

Number of household with no access to basic level of services:

SERVICES	BACKLOG (HOUSEHOLDS) 2008/2009	BACKLOG (HOUSEHOLDS) 2009/2010	ESTIMATED COST TO ERADICATE
Water	None	None	R'000
Sanitation	1353 Households in Tweespruit 1282 Households in Hobhouse	1353 Households in Tweespruit 1282 Households in Hobhouse	R12,3 million R23,5 million
Electricity	Households in Ladybrand - 0	Ladybrand – 447	R800,000
Refusal Removal	None	None	R'000
Total	Sanitation - 2635 Electricity - 0	Sanitation - 2635 Electricity - 447	R44,8 million R6 million

National Key Performance Area: LED

Project description	Number of jobs created through municipality LED initiatives including Capital Projects
Development and Upgrading of the road to Lekhalong la Mantsopa	35
The municipality employed people on a temporary contract of three months from January 2010 to December 2010 in each town of Mantsopa.	520
The National Department of Environmental Affairs and Tourism availed funding for street cleaning and greening in Mantsopa.	283
Upgrading and rehabilitation of roads.	17
Tweespruit bucket eradication (Phase three)	130
Hobhouse Bucket eradication (Phase three)	97
Hobhouse Sewer and Water Treatment Works.	16

National Key Performance Area: Municipal Transformation and Institutional Development

The top management of the Municipality consists of the Municipal Manager, Director Technical Services, Chief Financial Officer and Director Corporate Services. The second layer of management consists of post level 1 to 3 managers. The management of the municipality has a fair representation of both women and men.

The municipality has in place a Work Skills Plan for improving the capacity level of all municipal employees.

Employment Category	Total
Legislators	100%
Directors and Corporate Manager	86%
Professionals	31%
Technicians and Trade Workers	0%
Community and Personal Service Workers	69%
Clerical and Administrative Workers	65%
Machine Operators and Drivers	38%
Labourers	30%
Apprentices	0%
Total Employees	42%

National Key Performance Area: Financial Viability

Debt Coverage

The debt coverage and outstanding service debtors to revenue indicators have remained fairly constant in relation to the prior year's performance. Outstanding Service Debtors to Revenue is R86 000 000.

Borrowings

The Municipality entered into a loan agreement with the Development Bank of Southern Africa and ABSA to the value of % (DBSA) unsecured over 20 years. These funds was utilised solely for the financing of infrastructure equipment (Grader).

Pricing of Services

In order to remain financially viable and sustainable, the municipality must generate sufficient resources. As limited scope exists to generate alternative revenue, it is necessary to increase rates and tariffs annually.

The determining of tariffs is the responsibility of Council, as per the provision of the Local Government Municipal Systems Act. Affordability was an important factor when considering the rates and tariff increases. Consideration was also given to the alignment between the resources of the municipality, level of service and customer expectations.

Rates

The levying of rates in terms of the Municipal Property Rates Act has had an impact on the rates individual property owners were charged with effect from 1 July 2008.

Properties were assessed based on the market value (which had substantial gains in value); however, the gains in terms of rates revenue were limited owing to the increase in various rebates to the different classes of ratepayers.

The cent in the rand (randage) was adjusted downward to compensate for the higher values. In addition, the impact on the indigent ratepayers was considered to ensure a limited impact.

Service Charges

The electricity tariffs increased by 25 %, which was much higher than that of previous years mainly due to the above average increase by Eskom as approved by the National Electricity Regulator.

These above average increases are expected to continue in the medium term.

The 10% increase in water tariffs are as a result of (amongst other factors), bulk purchase tariff increase from Bloewater, the water loss intervention programme, the increase in maintenance of ageing infrastructure and the roll out of infrastructure to new areas / developments.

Indigents:

Furthermore, the cost of the indigent's package of R 18 033 184 in order to provide free services to residents who cannot afford to pay also contributed to the need to increase tariffs.

The cost of the indigents was funded from the equitable share allocated to Council by National Treasury in terms of the Division of Revenue Act.

Building and Zoning Plans

Applications outstanding 1 July 2009		Category	Number of new applications received 2009/2010	Total value of applications received rand	Applications outstanding 30 June 2009
	Residents new		16	R 19 933 640	
	Residential additions		34		
	Commercial		1		
	Industries		0		
	Other (specify)		0		

Chapter 3: Human Resource and other Organisational Management

Organisational Structure

The approved organisational structure is reviewed on an ongoing basis to address identified problems area, to align with the strategic objective of council that is the IDP, and to comply with relevant legislations and powers and functions as designated by the MEC responsible for Local Government. Organisational structures are developed around the key functions of every directorates and unit, which in turn are linked to the IDP objectives of council.

Employment equity and skills development

Appointments are continuously monitored against the Employment Equity Plan of council. In the 2009/2010 financial year a total of 32 new appointments were made, whereof 80 % are 35 years and younger and 20% are from designated groups.

The annual report on employment equity was submitted to Dept of Labour on the 30 September 2009 but was unfortunately not accepted as a result of errors identified.

The municipality was requested to re-submit its report on the prescribed format within seven days of notification or alternatively online before 15 January 2010 on the date of which the final corrected version of the Mantsopa Local Municipality Employment Equity Report was finally submitted in terms of section 41 of the Employment Equity Act of 1998.

Report on the total number of employees (including employees with disability) of the following occupational levels

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	5	0	0	0	2	0	0	0	0	0	7
Senior management	2	0	0	1	2	1	0	0	0	0	6
Professionally qualified and experienced specialists and mid management	2	0	0	1	3	0	0	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	21	1	0	1	20	0	0	2	0	0	45
Semi skilled and discretionary decision making	1	1	0	0	4	0	0	0	0	0	6
Unskilled and defined decision making	134	12	0	3	34	4	0	0	0	0	187
Total Permanent	165	13	0	5	65	5	0	2	0	0	255
Temporary employees	6	0	0	0	7	0	0	0	0	0	13
Grand Total	171	13	0	5	72	5	0	2	0	0	268

Municipal Budget spend on implementation of Work Skills Plan and Training undertaken

The municipality has for the financial year under review has budgeted and spent **R1, 299, 619** on works skills plan.

3.5.1. Skills Levels of education attained by staff

Total number of people from designated groups, including people with disabilities, who received training solely for the purpose of achieving the numerical goals, and not the number of training courses attended by individuals.

Employment Category	African		Coloured		Indians		Whites		Total		Total
	M	F	M	F	M	F	M	F	M	F	
Legislators	10	3	0	1	0	0	2	0	12	4	16
Directors and Corporate Manager	4	2	0	0	0	0	0	0	4	2	6
Professionals	3	1	0	0	0	0	1	0	4	1	5
Technicians and Trade Workers	0	0	0	0	0	0	0	0	0	0	0
Community and Personal Service Workers	1	6		0	1	0	0	0	1	8	9
Clerical and Administrative Workers	3	17	3	0	0	0	0	1	6	18	24
Machine Operators and Drivers	11	0	3	0	0	0	1	6	15	0	15
Labourers	43	0	1	0	0	0	0	0	44	0	44
Apprentices	0	0	0	0	0	0	0	0	0	0	0
Total	75	29	7	2	0	0	4	2	86	33	119

Human resource management policies and practices for capacity building

A human resource development policy was reviewed and still awaiting approval by council and implementation during the 2010/2011 financial year. The municipality has a mandate to administer and manage staff recruitments, skills development, employment equity, staff development, occupational health and safety, and labour relations and staff discipline.

In order to enhance the transformation process, the HR division developed and is maintaining specific frameworks, systems, structures and policies. These policies are essential for the smooth running of the municipality and for championing the institutional transformation process by enhancing employment equity and skills development.

A local Labour Forum has been established in terms of the organisational rights agreement. All the stakeholders, i.e. SAMWU, IMATU and the employer are represented in the LLF. The LFF meets regular according to the approved schedule to address issues of mutual interests between the employer and labour.

During the financial year under review a total amount of R1 299 619 was provided for skills development.

A total number of 119 employees received training in terms of the Workplace Skills Plan (WSP).

The WSP address short as well as long term needs of the Mantsopa Local Municipality.

The work skills plan 2009/2010 and the annual training report were submitted on the 30 June 2010 to LGSETA.

Performance, governance, municipal transformation and institutional development Staffing

Performance Management is defined by Department of Cooperative Governance and Traditional Affairs (CoGTA) as a strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organization in terms of indicators and targets for efficiency, effectiveness and impact. This system will therefore in turn ensure that all the leaders, managers and individuals in the municipality are held accountable for their actions which should bring about improved service delivery and value for money.

Performance management is aimed at ensuring that municipalities monitor their IDP's and continuously improve their operations and in terms of Section 19 of the Local Government Municipal Structures Act (MSA), that they annually review their overall performance in achieving their constitutional objectives.

Implementation of Performance Management Systems

During the financial year under review the performance management system was only applicable to section 57 managers. All section 57 managers of the municipality concluded

their performance agreements linked to the organisation service delivery and budget implementation plan as required by applicable legislation (MFMA).

The municipality has a performance management policy in place and performance management framework adopted by council. As part of monitoring and evaluation managers submit monthly and quarterly performance assessments reports to the Municipal Manager to detect early warnings for poor performance. Midyear performance assessment was also conducted for the financial year under review in order to evaluate institutional performance for half yearly.

The municipality has a dedicated division responsible for Performance Management System established on the 02/01/2009. During the financial year under review the Manager Organisational Performance Management System was reporting directly to the Manager Integrated Development Plan.

Annual report in terms of section 121 of the Municipal Financial Management Act was also developed, publicized on the news paper for public inputs and comments and the oversight report by council was also captured.

Management is in the process of cascading Performance Management System to lower level of management that will include post level 1 to 3. It is expected that, this Managers will conclude a performance agreements determined by specific key performance indicators.

Structure and Function of Council

The municipality operates within a collective executive system; it has eight wards and sixteen councillors with an EXCO. Cllr Sello Dennis Ntsepe is the Mayor; Cllr Mapuleng Anna Majara is the Speaker of Council and Cllr Kaloli Jacob Tsoene is the council whip.

The council meets in line with the approved schedule of council meetings to consider recommendations from portfolio committee through reports from EXCO.

Council Meetings held during the financial year under review

Council Meetings	Date of the meeting	Meetings Scheduled	Date of the meeting	Actual Meetings Held
19 th council meeting	28 July 2009	1	28 July 2009	1
20 th Council meeting	29 September 2009	1	7 October 2009	1
21 st Council meeting	24 November 2009	1	24 October 2009	1
22 nd Council meeting	26 January 2010	1	None	0
22 nd Council meeting	30 March 2010	1	30 March 2010	1
23 rd Council Meeting	25 May 2010	1	03 June 2010	1

EXCO Meetings held during the financial year under review

Committee Meetings	Chairpersons	Date of meeting	Meetings Scheduled	Date of meeting	Actual Meetings Held
EXECUTIVE COMMITTEE 1. Executive Services 2. Policy & Strategy	Cllr SD Ntsepe	25 May 2009 27 November 2009 23 February 2010 27 April 2010 29 April 2010	1 1 1 1 1	22 September 2009 5 November 2009 23 February 2010 4 May 2010 7 July 2010	1 1 1 1 1

Committee Meetings held during the financial year under review

SOCIAL DEVELOPMENT COMMITTEE 1. Human Settlement (Infrastructure Services, Housing, Sites, Land & Community Services) 2. Planning 3. Rural Development	Cllr K Tsoene	5 August 2010	1	26 August 2010	1
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GOVERNANCE & ADMINISTRATION COMMITTEE 1. IDP 2. Finance 3. Human Resource	Cllr P Moletsane	6 August 2010	1	16 August 2010	1
ECONOMIC, EMPLOYMENT & INVESTMENT COMMITTEE 1. Local Economic Development 2. Tourism 3. Agriculture 4. Transport 5. Environment	Cllr ME Ncwada	6 August 2010	1	26 August 2010	1

JUSTICE, CRIME PREVENTION & SECURITY COMMITTEE 1. Safety & Security incorporating Community Policing Forum, 2. Disaster management and Cross-Border crimes	Cllr MA Malakane	5 August 2010	1	26 August 2010	1
WELFARE COMMITTEE 1. Health & Social Services	Cllr P Van Vollenhove n	5 May 2010	1	26 August 2010	Date was not confirmed
HUMAN DEVELOPMENT COMMITTEE 1. Youth, Gender & Education	Cllr PP Raboko	5 August 2010	1	10 August 2010	1
SPORTSCOMMITTEE 1. Sports, Arts & Culture	Cllr PN Nakalebe	5 August 2010	1	10 August 2010	1
AUDIT COMMITTEE	Mr. T Scholtz		4		3

Chapter 4: Audited Statements and Related Financial Information

MANTSOPA LOCAL MUNICIPALITY			
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010			
GENERAL INFORMATION			
STREET ADDRESS	:	38 Joubert Sreet LADYBRAND	
POSTAL ADDRESS	:	Private Bag X11 LADYBRAND 9745	
TELEPHONE NUMBER	:	[051] 9240654	
FAX NUMBER	:	[051] 9240020	
E-MAIL	:	mhlongo@mantsopa.co.za	
WEBSITE	:	www.mantsopa.co.za	
GRADING	:	3	
DISTRICT MUNICIPALITY	:	Motho District Municipality	
MEMBERS OF COUNCIL -		Cnr S D Ntsepe (Mayor) Cnr M A Majara (Speaker) Cnr H P Olivier (Member of Exco) Cnr K Tsoene (Member of Exco) Cnr M C Chomane Cnr P N Nakalebe Cnr P van Vollenhoven Cnr P P Raboko Cnr M E Ncwada Cnr L P Moletsane Cnr T W Litabe Cnr T H Molukanele Cnr S E Tlali Cnr M P Motaung Cnr M A Malakane Cnr J E van der Westhuizen	
MUNICIPAL MANAGER	:	C L M Rampai	
CHIEF FINANCIAL OFFICER	:	J Mazinyo	
AUDITORS	:	The Auditor-General	
BANKERS	:	Current Accounts:	ABSA - 2020000050 FNB - 62054009751

MANTSOPA LOCAL MUNICIPALITY

APPROVAL OF ANNUAL FINANCIAL STATEMENTS ENDED 30 JUNE 2010

The annual financial statements set out on pages 3 to 38 were approved by the Municipal Manager in terms of Section 126(1) of the Municipal Finance Management Act 2003 and will be presented to Council for approval on 31 August 2010.

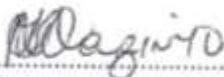
I certify that the salaries, allowances and benefits of Councillors as disclosed in note 15 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



.....
MUNICIPAL MANAGER

31/08/2010

.....
DATE



.....
CHIEF FINANCIAL OFFICER

31/08/2010

.....
DATE

MANTSOPA LOCAL MUNICIPALITY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 R	2009 R
NET ASSETS AND LIABILITIES			
Reserves		353 628 661	321 116 718
Accumulated Surplus/(Deficit)		353 628 661	321 116 718
Non-current liabilities		3 360 925	4 371 433
Long - term liabilities	2	3 360 925	4 371 433
Current liabilities		25 191 363	25 854 596
Consumer deposits	3	1 138 314	1 037 245
Accrual leave	15	3 420 424	2 542 833
Trade Payables	4	10 035 808	5 953 969
Unspent conditional grants and receipts	5	5 796 969	10 042 197
Current portion of long-term liabilities	2	1 010 508	890 827
Bank overdraft	14	3 789 340	5 387 524
Total net assets and liabilities		382 180 948	351 342 747
Assets			
Non-current assets		295 621 026	268 437 220
Property, plant and equipment	7.1	276 460 937	266 753 871
Investment property	7.2	1 446 000	1 446 000
Work in progress	7.3	17 476 799	-
Long term receivables	12	237 290	237 350
Current assets		86 559 922	82 905 527
Inventory	9	436 424	332 228
Consumer receivables	10	79 614 800	63 660 912
Other receivables	11	4 248 332	12 614 101
Current portion of longterm receivables	12	5 722	5 662
Investments	8	2 009 783	5 586 777
Bank and cash	13,14	244 861	705 847
Total assets		382 180 948	351 342 747

	Notes	2010 R	2009 R
Revenue			
Property rates	16	10 091 863	8 900 767
Services charges	17	51 854 486	43 326 405
Investment Income		848 707	936 064
Interest earned - external investments		731 756	1 854 344
Interest earned - outstanding debtors		8 658 935	7 694 025
Fines		148 956	135 058
Dividends received		433	14 625
Licenses and permits		2 716	1 736
Government grants and subsidies	18	63 866 424	62 699 361
Other income	37.2	3 568 073	2 259 403
Total Revenue		139 772 349	127 821 788
EXPENDITURE			
Employee related costs	20	38 564 467	34 584 735
Remuneration of Councillors	21	3 638 457	3 401 902
Bad debts Provision	10	6 516 855	10 146 541
Repairs and maintenance		7 987 632	5 630 467
Interest paid	22	718 643	850 737
Operating Lease		1 314 689	-
Bulk purchases		14 228 130	12 231 069
Indigent support		16 959 453	2 588 755
General expenses	37.1	19 150 732	17 143 477
Leave Accrual		1 136 644	100 034
Total Expenditure		110 215 701	86 677 717
SURPLUS/(DEFICIT) FOR THE YEAR		29 556 648	41 144 071

MANTSOPA LOCAL MUNICIPALITY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Revaluation reserve	Capital Replacement Reserves	Total reserves	Accumulated surplus	Total net assets
Balance at 01 July 2008		239,652,517	239,652,517	51,995,924	291,648,441
Reserve realised			0		0
Correction prior year period				-11,675,794	-11,675,794
Surplus for the year			0	41,144,071	41,144,071
Balance at 01 July 2009	0	239,652,517	239,652,517	81,464,201	321,116,718
Correction prior year period			0	5,149,427	5,149,427
Surplus for the year		-2,194,132	-2,194,132	29,556,648	27,362,516
Balance at 30 June 2010	0	237,458,385	237,458,385	116,170,276	353,628,661

MANTSOPA LOCAL MUNICIPALITY CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others	33	130 433 893	112 300 182
Cash paid to suppliers and employees	34	(103 737 628)	(82 286 885)
Cash generated from / (required by) operating activities	35	26 696 264	30 013 297
Interest received		731 756	1 854 344
Interest paid		(7 118 643)	(850 737)
Dividends received		433	14 625
NET CASH FROM OPERATING ACTIVITIES		<u>26 709 811</u>	<u>31 031 529</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(29 377 997)	(24 572 869)
Proceeds or loss with sale of assets	37.2	1 119 217	
NET CASH FROM INVESTING ACTIVITIES		<u>(28 258 780)</u>	<u>(24 572 869)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
(Increase) / Decrease in Investments		3 576 994	(6 683 869)
Increase / (Decrease) in Loans	2	(890 827)	(789 710)
NET CASH FROM FINANCING ACTIVITIES		<u>2 686 167</u>	<u>(7 473 579)</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>1 137 197</u>	<u>(1 014 919)</u>
Cash and cash equivalents at the beginning of the year		(4 681 677)	(3 686 758)
Cash and cash equivalents at the end of the year	33	<u>(3 544 480)</u>	<u>(4 681 677)</u>

1 PRINCIPAL ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Board, except where indications are given.

In accordance with directive 4, as applied: The entity has taken advantages of the transitional provisions; the classes of assets and/or liabilities that have not been measured in accordance with the applicable Standards of GRAP; the nature and amount of any measurement period adjustments recognised during the period, and; no revaluations of assets were done and historical cost were used. No depreciation was done in this financial year.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements are amended, prior period comparative amounts are restated where possible to give a fair comparative. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustments is made retrospectively as far back as is practicable possible, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006

GRAP 18 Segment Reporting - issued March 2005

GRAP 23 Revenue from Non-Exchange Transactions - issued February 2008

GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007

GRAP 103 Heritage Assets - issued July 2008

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 19 Employee Benefits - effective 1 January 2009

IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

In terms of Directive 4: "Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities" issued by the Accounting Standards Board, the Municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12 - Inventories;

GRAP 13 - Leases;

GRAP 16 - Investment Property;

GRAP 17 - Property, plant and equipment;

GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets;

GRAP 100 - Non-current Assets Held for sale and Discontinued Operations; and

GRAP 102 - Intangible assets

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date, except if it is a project that is not finished yet. In such cases it will be shown as work in progress. Assets are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

According to directive 4 no revaluations is done on land and buildings, and assets are carried at the value of original costs.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost.

2.4 DEPRECIATION AND IMPAIRMENT

No depreciation was done during the financial year under review, as permitted by directive 4. Revaluations and depreciations will only be applicable after 2011, when the unbundling of assets are finalised.

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed. The revenue arising on the disposal of an item of property, plant and equipment is recognised in the Statement of Financial Performance. In the statement of Financial position, Property, plant and Equipment is reduced with the original cost, while the Capital Replacement Reserve is equally reduced.

2.6 INVESTMENT PROPERTY

Investment property consist of Municipal flats, houses and farms held to earn rentals for the municipality. Investment property is stated at cost in the statement of financial position.

3 INVENTORIES

3 INITIAL RECOGNITION

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

4 FINANCIAL INSTRUMENTS

4.1 INITIAL RECOGNITION

Financial instruments are initially recognised at cost value.

4.1.1 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at cost value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at cost value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

4.1.2 INVESTMENTS

Investments, which include listed bonds, unlisted bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at cost.

4.1.3 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at cost value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments.

4.1.4 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at cost value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

4.1.5 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets.

4.2. SUBSEQUENT MEASUREMENT

4.2.1 CASH AND CASH EQUIVALENTS (continued)

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

4.2.2 AVAILABLE FOR SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivatives that are either designated in this category or do not meet the classification criteria of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months after financial year end.

Available-for-sale financial assets are subsequently carried at costvalue.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

4.2.3 UNSPENT CONDITIONAL GRANTS

Unspent conditional are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the general public.

5 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial

6 IRREGULAR EXPENDITURE

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

7 FRUITLESS AND WASTEFUL EXPENDITURE

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

8 PROVISIONS

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

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

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

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

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

9 LEASES

10.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

10 REVENUE

10.1. REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on an actual levied basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

10.2. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

REVENUE

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from public contributions and donations is recognised when the amount is received.

Contributed property, plant and equipment is recognised as such items of property, plant and equipment qualifies for recognition and become available for use by the municipality, otherwise it will be shown as work in progress.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

10.3. GRANTS, TRANSFERS AND DONATIONS

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

11 BORROWING COSTS

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

12 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
1 RESERVES		
Capital Replacement Reserve	237 458 388	239 652 517
Total Reserves	<u>237 458 388</u>	<u>239 652 517</u>
2 LONG TERM LIABILITIES		
External loans	4 371 433	5 262 261
Less: Current portion transferred to current liabilities	(1 010 508)	(890 827)
Total External Loans	<u>3 360 925</u>	<u>4 371 433</u>
Refer to Appendix F for more detail on long-term liabilities.		
3 CONSUMER DEPOSITS		
Electricity	1 138 314	1 037 245
	<u>1,138,314</u>	<u>1,037,245</u>
No guarantees are kept in lieu of electricity deposits.		
4 PAYABLES		
Trade Payables	85 318	554 660
Capital Payables	4 118 379	-
Sundry Payables	579 717	148 057
Payments received in advance	2 416 743	1 935 499
Provision creditors not yet received	970 750	-
VAT Payable	1 864 901	3 315 753
Total Creditors	<u>10 035 808</u>	<u>5 953 969</u>
5 UNSPENT CONDITIONAL GRANTS AND SUBSIDIES		
Total Conditional Grants and Receipts	<u>5 796 969</u>	<u>10 042 197</u>
All the conditional grants, except MIG funds, were fully spent at the end of the financial year. See note 18.2.		
6 VAT		
VAT payable/(receivable)	<u>1 864 901</u>	<u>3 315 753</u>
VAT is payable on the payment basis. Once payment is received from debtors, VAT is paid over to SARS.		

		R	R
7.1 PROPERTY, PLANT AND EQUIPMENT			
	Land and Buildings	Other Assets	Total
	R	R	R
30 June 2008			
Cost	15 234 729	227 793 499	243 028 228
Accumulated depreciation	-	-	-
Carrying value	15 234 729	227 793 499	243 028 228
Additions	-	24 572 830	24 572 830
Depreciation	-	-	-
Disposals	-	(847 187)	(847 187)
Carrying value 30 June 2009	15 234 729	251 519 142	266 753 871
30 June 2009			
Cost	15 234 729	251 519 142	266 753 871
Accumulated depreciation	-	-	-
Carrying value	15 234 729	251 519 142	266 753 871
Additions	110 000	11 791 198	11 901 198
Depreciation	-	-	-
Disposals	-	(2 194 132)	(2 194 132)
Carrying value 30 June 2010	15 344 729	261 116 208	276 460 937
		2,010	2 009
7.2 INVESTMENT PROPERTY.			
The closing balance at cost:	1,446,000	1 446 000	
The surplus for the year has been calculated after taking into account the following.			
a) Rental income received from investment property:	777,329	797 750	
b) Repairs and maintenance investment property:	244,605	157 843	
7.3 WORK IN PROGRESS			
Bucket eradication projects in Tweespruit and Hobhouse is still in progress.	17 476 799	-	
All projects until 30 June 2009 was capitalised under PPE and therefore the comparative figure is 0.			
8 INVESTMENTS			
Listed			
Old Mutual Shares	50 625	50 625	
Total Listed	50 625	50 625	
Unlisted			
Cost	731 530	544 424	
Total Unlisted	731 530	544 424	
Financial Instruments			
Short-term Investments	1 227 627	4 991 728	
Total Cash Investments	1 227 627	4 991 728	
Total Investments	2 009 783	5 586 777	
Fixed deposits are for periods which are less than 12 months but greater than three months.			
Council's Valuation of Unlisted Investments			
Cost	731 530	544 424	
9 INVENTORY			
Consumable stores – at cost	379 838	271 955	
Livestock	-	3 687	
Water	56 586	56 586	
Total Inventory	436 424	332 228	

10 CONSUMER RECEIVABLES

	Gross balances	Provision for bad debts	Balance
As at 30 June 2009			
Service receivables			
Electricity	9 834 166	3 852 024	5 982 142
Water	5 671 288	3 514 329	2 156 959
Sewerage	26 217 826	5 181 076	21 036 750
Refuse	29 469 680	5 444 869	24 024 811
Rates	14 707 611	4 247 361	10 460 250
Total	85 900 571	22 239 659	63 660 912
As at 30 June 2010			
Service receivables			
Electricity	7 575 954	4 460 711	3 115 242
Water	27 084 661	5 994 542	21 090 119
Sewerage	32 235 211	7 371 351	24 863 860
Refuse	15 302 332	6 671 067	8 631 265
Rates	11 442 451	4 247 361	7 195 090
Other income	12 302 482	-	12 302 482
Total	105 943 090	28 745 032	77 198 057
Plus: accounts with credit balances			2 416 743
Total consumer receivables			79 614 800
Provisions for bad debts			6 505 373
Debtors Age Analysis		2 010	2 009
Property Rates			
Current (0 – 30 days)		632 402	731 716
31 - 60 Days		394 041	669 244
61 - 90 Days		343 333	370 448
91 - 120 Days		305 153	8 062 759
121 - 365 Days		4 529 273	-
+ 365 Days		5 238 249	-
Total		11 442 451	9 834 166
2008/09 System structure not allow breakdown over 121 days.			
Electricity			
Current (0 – 30 days)		1 149 708	1 073 660
31 - 60 Days		440 081	1 266 982
61 - 90 Days		333 323	319 002
91 - 120 Days		296 256	3 011 644
121 - 365 Days		1 551 129	-
+ 365 Days		3 805 457	-
Total		7 575 954	5 671 288
2008/09 System structure not allow breakdown over 121 days.			
Water			
Current (0 – 30 days)		1 466 228	1 254 440
31 - 60 Days		960 522	1 838 368
61 - 90 Days		1 005 532	2 699 880
91 - 120 Days		893 712	20 425 138
121 - 365 Days		5 347 369	-
+ 365 Days		17 411 298	-
Total		27 084 661	26 217 826
2008/09 System structure not allow breakdown over 121 days.			

Debtors Age Analysis	continued	R	R
Sewerage			
Current (0 – 30 days)		1 101 288	29 459 680
31 - 60 Days		967 696	-
61 - 90 Days		953 645	-
91 - 120 Days		847 596	-
121 - 365 Days		6 401 736	-
+ 365 Days		21 963 249	-
Total		32 235 210	29 459 680
2008/09 System structure not allow breakdown for Sewerage			
Refuse			
Current (0 – 30 days)		613 859	14 707 611
31 - 60 Days		490 321	-
61 - 90 Days		520 798	-
91 - 120 Days		462 798	-
121 - 365 Days		1 170 583	-
+ 365 Days		12 044 068	-
Total		15 302 427	14 707 611
2008/09 System structure not allow breakdown for Sewerage			
Other			
Current (0 – 30 days)		100 104	-
31 - 60 Days		133 816	-
61 - 90 Days		117 825	-
91 - 120 Days		104 723	-
121 - 365 Days		857 372	-
+ 365 Days		10 988 642	-
Total		12 302 482	-
2008/09 System structure not allow breakdown for Sewerage			

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
11 OTHER RECEIVABLES		
Sundry debtors	4 248 332	12 814 101
Total Other Debtors	4 248 332	12 814 101
12 LONG TERM RECEIVABLES		
Long Term Receivables	243 012	248 674
Less: Short term portion of long term receivables	5 722	5 682
Total Long Term Receivables	237 290	243 012
13 PETTY CASH		
Pettycash	1,500	1,500
Cash floats for cashiers	755	725
	2,255	2,225
14 Current Account (Primary Bank Account)		
ABSA Bank - Ladybrand branch		
Account number 2020000050		
Cash book balance at beginning of year - (overdrawn)	(5 387 524)	(27 361)
Cash book balance at end of year - (overdrawn)	(3,789,340)	(5 387 524)
Bank statement balance at beginning of year - (overdrawn)	7 481 572	2 059 307
Bank statement balance at end of year - (overdrawn)	862 572	7 481 572
FNB Bank Day cash - Ladybrand branch		
Account number 62054009751		
Cash book balance at beginning of year	703 622	-
Cash book balance at end of year	242,506	703 622
Bank statement balance at beginning of year - (overdrawn)	703 622	-
Bank statement balance at end of year - (overdrawn)	195 126	703 622
Total Bank	(3 546 735)	(4 683 902)
15 LEAVE ACCRUAL		
Leave Accrual	3 420 424	2 542 833
Total of Leave Accrual	3 420 424	2 542 833
16 PROPERTY RATES		
Actual		
Levies	10 091 863	8 900 767
Total Assessment Rates	10 091 863	8 900 767
Property Valuations		
Total Property Valuations	2764 203 516	2807 302 100
Total Property Valuations	2764 203 516	2807 302 100

	2010 R	2009 R
17 SERVICE CHARGES		
Sale of electricity	21 848 608	14 788 134
Sale of water	14 283 320	14 933 797
Other charges	15 722 558	13 604 474
Total Service Charges	51 854 486	43 326 405
18 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	41 065 377	32 944 712
Central government grants	18 572 228	29 754 649
Motheo District Municipality	4 228 819	-
Total Government Grant and Subsidies	63 866 424	62 699 361
18.1 Equitable Share		
Balance unspent at beginning of year	-	-
Current year receipts	41 065 377	32 944 712
Conditions met - transferred to revenue	(41 065 377)	(32 944 712)
	-	-
The Equitable Share is an unconditional grant and is utilised to assist the local municipalities undertake service delivery		
18.2 MIG		
Balance unspent at beginning of year	10 042 197	13 226 680
Current year receipts	10 842 000	17 584 000
Conditions met - transferred to revenue	(15 087 228)	(20 768 483)
Conditions still to be met - transferred to current liabilities (see note 5)	5 796 969	10 042 197
This grant was used for Bucket Eradication. No funds have been withheld.		
18.3 FMG		
Balance unspent at beginning of year	-	-
Current year receipts	2 750 000	1 250 000
Conditions met - transferred to revenue	(2 750 000)	(1 250 000)
Conditions still to be met - transferred to liabilities (see note 4)	-	-
The grant was used to promote and support reforms to financial management practices, including the modernisation of budgeting, financial management, accounting, monitoring systems and implementation of the Municipal Finance Management Act.		

	2010 R	2009 R
18.4 MSIG		
Balance unspent at beginning of year	2 000	-
Current year receipts	735 000	735 000
Conditions met - transferred to revenue	(737 000)	(733 000)
Conditions still to be met - transferred to liabilities (see note 4)	-	2 000
The fund is used to assist the local municipalities to perform the function and stabilise institutional and governance systems as required by the Municipal Systems Act of 2000.		
18.5 Motheo Subsidy		
Balance unspent at beginning of year	-	-
Current year receipts	4 228 819	-
Conditions met - transferred to revenue	(4 228 819)	-
Conditions still to be met - transferred to liabilities (see note 4)	0	-
The Municipality renders Environmental Health services on behalf of Motheo District Council.		
18.6 Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act, (Act of 2006), no significant changes in the level of government grant funding are expected over the forthcoming two financial years.		
UNSPENT CONDITIONAL GRANTS AND SUBSIDIES	1 388 991	5 636 219
Total Conditional Grants and Receipts unspent	1 388 991	5 636 219
19 Bad Debt recovery		
Bad Debt recovery	-	36 049
Total	-	36 049

	2010 R	2009 R
20 EMPLOYEE RELATED COSTS		
Salaries	27 418 897	24 253 550
Contributions - UIF, Pension and Medical Aid Fund,	4 464 707	-
Housing Subsidies	88 807	130 758
Industrial Council Levies	8 171	-
Other Allowances	860 761	-
Overtime	3 338 385	3 492 739
Travel, Subsistence and Car Allowances	972 370	4 836 637
Long Service / Bonus awards	1 412 369	1 871 051
Total Employee Related Costs	38 564 467	34 584 735
The above includes the following:		
Remuneration of the Municipal Manager		
Annual Remuneration	520 248	356 380
Performance and other Bonuses	35 437	252 667
Car Allowance	120 000	120 000
Contributions to UIF, Medical and Provident Funds	110 333	94 549
Total	786 018	823 596
Remuneration of the Manager Technical services		
Annual Remuneration	327 443	367 443
Performance and other Bonuses	27 287	20 403
Car Allowance	129 613	121 611
Contributions to UIF, Medical and Provident Funds	82 411	63 221
Total	566 754	572 678
Remuneration of the Chief Financial Officer		
Annual Remuneration	411 078	217 609
Performance and other Bonuses	34 256	135 428
Car Allowance	155 040	185 301
Contributions to UIF, Medical and Provident Funds	100 980	65 498
Total	701 354	603 836
Remuneration of the Head: Corporate Services		
Annual Remuneration	392 109	209 896
Performance and other Bonuses	32 676	165 373
Car Allowance	155 040	108 040
Contributions to UIF, Medical and Provident Funds	100 734	63 579
Total	680 559	546 888

	2010 R	2009 R
21 REMUNERATION OF COUNCILLORS		
Mayor's allowance	572 108	533 140
Speaker's allowance	461 105	441 261
Councillors' allowances	2 126 028	1 645 644
Executive Committee Members' allowances	479 216	781 857
Total Councillors' Remuneration	3 638 457	3 401 902
In kind benefits		
The Mayor and the Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has the use of a Council owned vehicle for official duties. The Mayor has one (1) full-time bodyguard, and one (1) driver.		
22 FINANCE COSTS		
Redemption Longterm liabilities	890 828	789 710
Interest Long term liabilities	718 643	850 737
Total Interest on External Borrowings	1 609 471	1 640 447
23 CHANGE IN ACCOUNTING POLICY		
Implementation of GAMAP/GRAP		
Transferred to Provision for bad debts	-	13 644 777
	-	13 644 777
24 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT:		
<u>Contributions to Local Government Organisation</u>		
Opening balance	-	-
Current year's contribution	190 000	169 717
Amount paid - current year	-	146 603
Amount paid - previous years	(190 000)	310 195
Balance unpaid (included in creditors)	-	626 515
<u>Audit fees</u>		
Opening balance	-	-
Current year's contribution	2 703 922	2 075 453
Amount paid - current year	(2 703 922)	(2 075 453)
Balance unpaid (included in creditors)	0	-

	2010 R	2009 R
25 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT: (continued)		
<u>VAT</u>		
Opening balance	(3 299 622)	(1 906 633)
Current year input VAT	(7 885 294)	(7 473 661)
Current year output VAT	4 472 491	3 963 324
Amount paid (received)	5 265 992	2 117 347
	<u>(1 446 431)</u>	<u>(3 299 622)</u>
<u>UIF</u>		
Opening balance	-	-
Current year payroll deductions	286 002	490 664
Amount paid - current year	(286 002)	(490 664)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>PAYE</u>		
Opening balance	-	-
Current year payroll deductions	3 344 777	2 952 851
Amount paid - current year	(3 344 777)	(2 952 851)
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
Skills Development Levy		
Opening balance	-	-
Current year payroll deductions	303 939	286 198
Amount paid - current year	(303 939)	(286 198)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>0</u>	<u>-</u>
<u>Pension and Medical Aid Deductions</u>		
Opening balance	-	-
Current year payroll deductions and council contributions	4 190 113	9 829 638
Amount paid - current year	(4 190 113)	(9 829 638)
Balance unpaid (included in creditors)	<u>0</u>	<u>-</u>
26 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure		
Approved and contracted for:		
Infrastructure	7 285 251	12 174 670
Community	5 283 751	12 174 670
Other	-	-
	<u>2 001 500</u>	<u>-</u>
Approved but not yet contracted for:		
Infrastructure	-	1 877 000
Community	-	-
	<u>-</u>	<u>1 877 000</u>
Operating leases contracted (see note 39)	2 481 094	-
Total	<u>9 766 346</u>	<u>14 051 670</u>
This expenditure will be financed from:		
- Government Grants	4 691 569	12 174 670
- External resources	2 281 710	1 877 000
- Internal resources	2 793 067	-
	<u>9 766 346</u>	<u>14 051 670</u>

27 RETIREMENT BENEFIT INFORMATION

Employees of council belongs to different pension fund schemes. They are the Freestate Pension Fund, Freestate Provident Fund, Samwu Provident Fund, Councillors Pension Fund, Municipal employee's Pension Fund, Old Mutual Pension Fund, Sanlam group scheme, Orion and Federal Life.

28 CONTINGENT LIABILITY

COURT CASES (EMPLOYEE CLAIMS)

D E NANA-UNFAIR DISMISSAL
DATE LOGGED (6 OCTOBER 2009)
DISMISSAL CASE AT CCMA-IN PROGRESS

In terms of the definition, Possible obligation arise from past event (suspension/dismissal) and the existence of the obligation will only be confirmed at the occurrence of uncertain future events (judgment against or in favour of Mantsopa Municipality.

TLADI MF-CONTRACT EXPIRED(09 DECEMBER 2009)
DATE LODGED (
CONTRACT DISPUTE- CASE AT HIGH COURT- IN PROGRESS

In terms of the definition, Possible obligation arise from past event (contract expired) and the existence of the obligation will only be confirmed at the occurrence of uncertain future events (judgment against or in favour of Mantsopa Municipality.
Disclose in the notes of financial statements

KPJ CHOMANE- SUSPENSION (28 APRIL 2010)
DATE LODGED (AWAITING DATE)
DISMISSED- APPEAL TO CCMA

In terms of the definition, Possible obligation arise from past event (Suspension) and the existence of the obligation will only be confirmed at the occurrence of uncertain future events (judgment against or in favour of Mantsopa Municipality.

COURT CASES (CIVIL CLAIMS)

IJ LUDICK
DAMAGE TO CAR-DRAIN HOLE
DATE LODGED(04 JUNE 2010)
MATTER HANDED OVER TO COUNCIL ATTORNEYS-IN PROGRESS

In terms of the definition, Possible obligation arise from past event (Damage to car-Drain hole) and the existence of the obligation will only be confirmed at the occurrence of uncertain future events (judgment against or in favour of Mantsopa Municipality.

F CANEI
DAMAGE TO CAR
DATE LOGGED(10 JULY 2009)
MATTER HANDED OVER TO COUNCIL ATTORNEYS-IN PROGRESS

In terms of the definition, Possible obligation arise from past event (Damage Car-Bumbed roaming cow) the existence of the obligation will only be confirmed at the occurrence of uncertain future events and judgment against or in favour of Mantsopa Municipality.

SHAWU LOGDE
ACCOMODATION
DATE LOGDED(02 OCTOBER 2009)
SHAWU NO LONGER WANTS TO PURSUE THE MATTER(09 JUNE 2010)

In terms of the definition, Possible obligation arise from past event (Accommodation) and the existence of the obligation will only be confirmed at the occurrence of uncertain future events (judgment against or in favour of Mantsopa Municipality.

	2 010	2 009
29 CONTINGENT ASSET		
No contingent assets are expected.		
30 IN - KIND DONATION AND ASSISTANCE		
The following In kind donations was received by Mantsopa Local Municipality during the year under review.		
Soccer World Cup - GWM R3440.00		
Soccer World Cup - MTN Foundation R2451.20		
Soccer World Cup - MTN Foundation R2451.20		
Soccer World Cup - QZK Lenzim R700.00		
Soccer World Cup - MTN Mobile R2451.20		
Soccer World Cup - MTN Mobile R33704.00		
31 COMPARISON WITH THE BUDGET		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures D (1) and D (2).		
32 EVENTS AFTER BALANCE SHEET DATE		
There were no events after balance sheet date.		
33 CASH RECEIVED FROM CUSTOMERS AND GOVERNMENT		
Total revenue	139 772 349	127 821 788
Adjusted for items presented separately:	-	-
Interest received on investments	(731 756)	(1 854 344)
Dividends received	(433)	(14 625)
Gains on disposal of assets	(1 119 217)	-
(Increase)/decrease in Sundry Debtors	8 365 768	-
Increase/(Decrease) in Consumer deposits	101 069	-
(Increase)/decrease in other debtors	(15 963 888)	(13 652 637)
	<u>130 433 893</u>	<u>112 300 182</u>
Sundry debtors and deposit changes included in Increase of other debtors for 2009		

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2 010 R	2 009 R
34 CASH PAID TO SUPPLIERS AND EMPLOYEES		
Total expenditure	(110 215 701)	(86 677 717)
Adjustment for Non cash items		
Bad Debts	6 516 855	10 146 541
Indigent support	(1 628 483)	2 588 755
Leave Accrual	1 136 644	100 034
Financing activities		
Interest paid	718 643	850 737
Increase/(decrease) in creditors	4 081 839	(1 836 183)
Increase/(decrease) in unspent conditional grants	(4 243 228)	(7 592 541)
Increase / (Decrease) in Inventory	(104 197)	133 489
	<u>(103 737 628)</u>	<u>(82 286 885)</u>

Sundry debtors and deposit changes included in Increase of other debtors for 2009

Indigent support is the amount for 50 Units electricity per household per month paid to Eskom and Centlec for FBE

35 CASH GENERATED BY OPERATIONS

Reconciliation of net operating profit to cash generated in operations:

Net operating profit/(loss)

Adjusted for:

Depreciation	29 556 648	41 144 071
Investment income	-	-
Dividends received	(731 756)	(1 854 344)
Bad Debts	(433)	(14 625)
Leave Accrual	6 516 855	10 146 541
Interest paid	1 136 644	100 034
Gain on the disposal of assets	718 643	850 737
Indigent support	(1 119 217)	-
	(1 628 483)	2 588 755
Changes in working capital:		
(Increase)/ Decrease in Inventory	(104 197)	133 489
(Increase)/decrease in other debtors	(15 953 888)	(13 652 637)
(Decrease)/Increase in conditional grants	(4 243 228)	(7 592 541)
(Increase)/decrease in creditors	4 081 839	(1 836 183)
(Increase)/decrease in Sundry Debtors	8 365 768	-
Increase/(Decrease) in Consumer deposits	101 069	-
	<u>26 696 264</u>	<u>30 013 297</u>

Sundry debtors and deposit changes included in Increase of other debtors for 2009

36 CASH AND CASH EQUIVALENTS

Bank and cash	(3 544 480)	(4 681 677)
Investments	2 009 783	5 586 777
	<u>(1 534 697)</u>	<u>905 100</u>

37.1 GENERAL EXPENSES

General expenses include the following significant figures:

Advertising	197 540	182 772
Audit costs	2 703 922	2 075 453
Bank charges	214 463	194 151
Chemicals, Chloorgas	1 093 539	1 258 276
Electricity, Water and other services	724 877	1 215 429
Entertainment	345 469	363 865
Finance management Grant	1 172 112	660 776
Fuel	1 916 955	2 162 204
Insurance	604 701	846 803
Legal expenses	394 445	715 729
Postage	274 850	262 356
Printing & Stationery	425 045	509 693
Programs	99 581	970 910
Public consultation	310 124	393 044
Training	947 397	540 972
Travelling and Susistance	981 133	891 460
Transport and Tourism	-	244 106
Strategig planning	640 380	386 002
Skills development	302 893	287 149
Auction Costs	184 851	-
Telephone	1 314 734	1 056 622
Other	4 301 721	1 925 705
	<u>19 150 732</u>	<u>17 143 477</u>

37.2 OTHER RECEIVABLES

Grave sales	90 322	84 068
Environmental health	1 670 321	1 458 598
Proceeds on sale of assets	1 119 217	--
Training Cost recover	26 851	252 211
Admin	138 263	91 827
Commission Received	29 781	36 481
Discount Received	1 225	1 858
Private Telephone	105 844	33 529
Legal Costs	2 017	--
Sundry	22	--
Suplus Cash	1 700	1 448
Tender Doc	39 649	5 526
Valuation Lists	88	--
Valuation Roll	60 349	39 856
Business Lisence	595	1 736
Subdivisioning	4 550	6 750
Mantsopa Monitoring	88	--
Rental Equipment	2 095	4 670
Advertisements	2 001	1 645
Building Plans	52 262	69 379
Lost Books	8	165
Photo Copies	9 623	3 209
Subscriptions	1 200	765
Housing Trempsonts	--	450
Connections	186 008	138 587
Testmeters	1 650	500
Private Work	--	2 415
Cleaning of Erven	166	1 250
Garden Refuse	22 177	22 481
Total	<u>3 568 073</u>	<u>2 259 403</u>

38 CORRECTIONS

With previous audits, difference were found between the ledger and the registers. This items were also part of the the classification of previous audit reports, and reported as legacy issues. The following corrections were done.

Cashbook corrected against accumulated surplus	1 893 332
Consumer receivables corrected against accumulated surplus	549 550
Other receivables and provisions corrected against accumulated surplus	1 598 642
Assets bought 2008/09 wrongly allocated to operating expenditure instead of reserves	24 572 830
Assets written off during 2008/09 wrongly allocated against operating expenditure instead of reserves	847 187
Grants received during 2008/09 allocated to income instead of unspent grants	4 407 978
Reserves cancelled in 2008/09 wrongly taken to provision of bad debts instead of accumulated surplus	10 829 621

The following funds are transferred to create the Capital Replacement Reserve

Revaluation fund	1 375 540
Capitilisation fund	214 619 040
Distributable funds	31 065 338
Housing Development Fund	14 124 113
Capital Replacement Reserve	<u>261 184 030</u>

The following comparative figures of 2009 was corrected

Capital expenditure previous year	24 572 869
Disposals previous year	(847 187)
Redemption wrongly through the income statement (Disclosure)	789 710
Short term portion of long term liabilities wrongly showed as R701 103 instead of R822 731	121 728
Longterm liabilities wrongly showed as R4 561 158 instead of R4 439 430	(121 728)

Investment property	1 446 000
Property, Plant and Equipment	(1 446 000)
(Investment property is taken out of Property, Plant and Equipment and shown seperately)	

Cashbook balance Absa 191 007
The bank overdraft was shown correctly in the Statement of Financial Position the amount of R5 387 524, but in the note it shows wrongly the amount of R5 196 517.

Prior year corrections	
Correction between general ledger and Register	80 857
Previous year creditors not provided for	120 486

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDE

39 OPERATING LEASES

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	1 153 997	-
In the second to fifth year inclusive	1 327 097	-
After five years	-	-
Total	2 481 094	-

Total future minimum sublease payment expected to be received under non cancellable sublease

Operating Leases consist of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for three years. No contingent rent is payable based on a % of the municipality's sales.

No operating leases for 2009 financial year exist.

40 WASTEFULL EXPENDITURE

2 010 2 009

Opening Balance 01 July 2009

Interest on creditors

Closing Balance 30 June 2010

29 986	-
29 986	-

41 IRREGULAR

Opening Balance

Non compliance to SCM Policies

Closing Balance

140 000	-
2 478 868	140 000
2 618 868	140 000

MANTSOPA LOCAL MUNICIPALITY APPENDIX A ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2010

DETAILS	OPENING BALANCE	ADDITIONS	UNDER CONSTRUCTION	REVALUATIONS	CLOSING BALANCE	OPENING ACCUMULATED DEPRECIATION	DEPRECIATION	DISPOSAL	CLOSING BALANCE	CARRYING VALUE
LAND & BUILDINGS										
LAND	15,234,729	361,189	-	-	15,595,917	15,595,917	-	-	15,595,917	15,595,917
BUILDING	1,446,000	-	-	-	1,446,000	1,446,000	-	-	1,446,000	1,446,000
SUB-TOTAL	16,680,729	361,189			17,041,917	17,041,917			17,041,917	17,041,917
INFRASTRUCTURE										
DRAINS	-	-	-	-	-	-	-	-	-	-
ROADS	18,062,113	9,705,580	-	-	27,767,693	27,767,693	-	-	27,767,693	27,767,693
SEWERAGE MAINS & PURIFICATION	117,437,939	-	-	-	117,437,939	117,437,939	-	14,500	117,423,439	117,423,439
ELECTRICITY MAINS	7,008,816	-	-	-	7,008,816	7,008,816	-	-	7,008,816	7,008,816
RESERVOIRS/WATER	-	-	-	-	-	-	-	-	-	-
WATER METER	-	-	-	-	-	-	-	-	-	-
WATER MAINS	65,116,887	228,815	-	-	65,345,702	65,345,702	-	-	65,345,702	65,345,702
SUB-TOTAL	207,625,755	9,934,395			217,560,150	217,560,150		14,500	217,545,650	217,545,650
COMMUNITY ASSETS										
PARKS & GARDENS	1,808,806	-	-	-	1,808,806	1,808,806	-	-	1,808,806	1,808,806
LIBRARIES	-	-	-	-	-	-	-	-	-	-
RECREATION GROUNDS	-	-	-	-	-	-	-	-	-	-
CIVIC BUILDINGS	-	-	-	-	-	-	-	-	-	-
SUB-TOTAL	1,808,806				1,808,806	1,808,806			1,808,806	1,808,806
OTHER ASSETS										
LANDFILL SITES	-	-	-	-	-	-	-	-	-	-
OFFICE EQUIPMENT	-	-	-	-	-	-	-	-	-	-
FURNITURE & FITTINGS	19,984,310	365,097	-	-	20,349,407	19,984,310	-	-	19,984,310	19,984,310
MOTOR VEHICLES	11,595,832	819,109	-	-	12,414,941	12,404,938	-	2,011,858	10,392,980	10,392,980
COMPUTER EQUIPMENT	-	-	-	-	-	-	-	-	-	-
OTHER EQUIPMENT	10,879,536	421,612	-	-	11,301,147	11,301,147	-	467,874	11,133,473	11,133,473
SUB-TOTAL	42,084,581	1,605,818			43,690,399	43,690,399		2,179,932	41,510,763	41,510,763
GRAND TOTAL	268,199,870	11,901,199			280,101,069	280,101,069		2,194,132	277,906,937	277,906,937

MANTSOPA LOCAL MUNICIPALITY APPENDIX B SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2010

DETAILS	OPENING BALANCE	ADDITIONS	UNDER CONSTRUCTION	REVALUATION S	CLOSING BALANCE	OPENING BALANCE	Depreciation	DISPOSAL	CLOSING BALANCE	CARRYING VALUE
Executive & Council	17,207,525	29,800	0	0	17,237,325	17,237,525	0	0	17,237,525	17,237,525
Finance and Admin	1,825,476	660,207	0	0	2,485,683	2,486,683	0	0	2,486,683	2,486,683
Planning & Development	7,788,411	100,901	0	0	7,889,312	7,895,312	0	240,840	7,654,472	7,654,472
Health	0	0	0	0	0	0	0	0	0	0
Community & Social Services	873,732	25,877	0	0	899,609	899,609	0	0	899,609	899,609
Housing	0	0	0	0	0	0	0	0	0	0
Fire Brigade	249,691	0	0	0	249,691	249,691	0	0	249,691	249,691
Traffic	267,361	106,503	0	0	373,863	373,863	0	60,060	313,803	313,803
Properties	13,960,169	390,924	0	0	14,351,092	14,351,092	0	-40,000	14,291,092	14,291,092
Technical	7,242,033	0	0	0	7,242,033	7,242,033	0	889,099	6,352,934	6,352,934
Sports & Recreation	1,808,806	0	0	0	1,808,806	1,808,806	0	0	1,808,806	1,808,806
Environmental Protection	0	190,000	0	0	190,000	190,000	0	0	190,000	190,000
Waste Management	118,094,325	0	14,026,362	0	132,120,687	118,094,325	0	74,064	118,020,262	118,020,262
Water Management	2,110,059	0	6,103	0	2,116,162	2,110,059	0	167,674	1,942,385	1,942,385
Road Transport	23,599,271	9,805,650	3,444,334	0	36,849,255	33,404,921	0	563,442	32,841,479	32,841,479
Water	65,872,244	348,537	0	0	66,220,781	66,221,781	0	180,309	66,041,472	66,041,472
Electricity	7,299,370	235,998	0	0	7,535,368	7,535,368	0	49,544	7,485,824	7,485,824
	288,199,871	11,901,197	17,476,799	0	297,577,868	288,101,067	0	2,194,132	277,906,935	277,906,935

MANTSOPA LOCAL MUNICIPALITY APPENDIX C SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
6 192 326	9 600 943	(3 408 617)	Executive and Council	6 962 735	11 028 474	(4 065 739)
33 344 471	22 557 089	10 787 382	Finance and Admin	41 645 838	(2 936 422)	44 582 260
2 002 593	2 399 259	(396 666)	Planning and Development	1 200 760	2 231 310	(1 030 550)
2 324 767	2 605 711	(280 944)	Community and Social Services	2 440 742	3 858 400	(1 417 657)
450	586 693	(586 243)	Housing	270	937 037	(936 767)
1 430 471	1 755 610	(325 139)	Public Safety	1 658 002	2 184 303	(526 301)
	2 014 669	(2 014 669)	Sport and Recreation	18	2 232 600	(2 232 582)
1 625 448	800 461	824 987	Environmental Protection	1 670 321	1 745 770	(75 449)
34 935 701	28 560 595	6 375 106	Waste Management	41 636 446	33 714 297	7 922 148
7 537 138	8 621 740	(1 084 602)	Road Transport	4 726 577	15 295 516	(10 568 939)
14 881 532	16 062 193	(1 180 661)	Electricity	22 531 933	24 234 994	(1 703 061)
23 546 893	18 852 959	4 693 934	Water	15 298 707	15 689 423	(390 715)
			Other			
			Sub-total			
127 821 790	114 417 922	13 403 868		139 772 349	110 215 701	29 556 648

MANTSOPA LOCAL MUNICIPALITY APPENDIX D(1) ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)
REVENUE				
Property rates	10 091 863	9 776 957	314 906	3.22%
Services charges	51 854 486	55 687 067	(3 832 581)	-6.88%
Investment Income	848 707	729 980	118 727	16.26%
Interest earned - external investments	731 756	1 000 000	(268 244)	-26.82%
Interest earned - outstanding debtors	8 658 935	4 599 447	4 059 488	88.26%
Dividends	433	-	433	0.00%
Fines	148 956	130 000	18 956	14.58%
Licenses and permits	2 716	1 000	1 716	171.60%
Government Grants and subsidies	63 866 424	69 442 520	(5 576 096)	-8.03%
Other income	3 568 073	1 677 250	1 890 823	112.73%
Gains on disposal of Property ,plant & equipment	#REF!	-	#REF!	0.00%
Total Revenue	#REF!	143 044 221	#REF!	0.00%
EXPENDITURE				
Employee related costs	38 564 467	39 012 652	(448 185)	-1.15%
Remuneration of Councillors	3 638 457	3 597 017	41 440	1.15%
Bad debts	6 516 855	5 341 855	1 175 000	22.00%
Depreciation	-	-	-	0.00%
Repairs and maintenance	7 987 632	9 903 265	(1 915 633)	-19.34%
Interest paid	718 643	772 632	(53 989)	-6.99%
Operating Lease	1 314 689	1 314 689	-	0.00%
Bulk purchases	14 228 130	15 182 000	(953 870)	-6.28%
Indigent Support	16 959 453	18 033 184	(1 073 731)	-5.95%
General expenses	19 150 732	19 038 884	111 848	0.59%
Leave Accrual	1 136 644	1 136 644	-	0.00%
Total Expenditure	110 215 701	113 332 822	(3 117 121)	-2.8%
NET SURPLUS/(DEFICIT) FOR THE YEAR	#REF!	29 711 399	#REF!	

MANTSOPA LOCAL MUNICIPALITY APPENDIX D(2) ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010

DEPARTMENT	2009/10 Actual	2009/10 Under Construction	2009/10 Total Additions	2009/10 Budget	2009/10 Variance Amount	2009/10 Variance %
Executive & Council	29 600	-	29 600	15 000	14 600	97.33%
Finance & Admin	660 207	-	660 207	174 631	485 576	278.06%
Planning & Development	106 901	-	106 901	100 000	6 901	6.90%
Health	-	-	-	-	-	0.00%
Property	390 924	-	390 924	100 000	290 924	290.92%
Community & Social Services	25 877	-	25 877	-	25 877	0.00%
Housing	-	-	-	12 000	(12 000)	-100.00%
Public Safety	106 503	-	106 503	90 000	16 503	18.34%
Sport & Recreation	-	-	-	-	-	0.00%
Environmental Protection	190 000	-	190 000	190 000	-	0.00%
Waste Water Management	-	14 026 362	14 026 362	16 221 519	(2 195 157)	-13.53%
Waste Management	-	6 103	6 103	2 800 000	(2 793 897)	-99.78%
Road Transport	9 805 650	-	9 805 650	5 120 000	4 685 650	91.52%
Water	349 537	3 444 334	3 793 871	4 594 822	(800 951)	-17.43%
Electricity	235 998	-	235 998	260 000	(24 002)	-9.23%
TOTAL	11 901 198	17 476 799	29 377 997	29 677 972	(299 975)	-1.01%

MANTSOPA LOCAL MUNICIPALITY APPENDIX E DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, ACT 96 OF 2003 FOR THE YEAR ENDED 30 JUNE 2010

Name of Grants	Name Organ of State or Municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld				Reasons for delay / withholding of funds	Compliance with conditions (Y/N)	Reasons for non-compliance
		September	December	March	June	September	December	March	June	September	December	March	June			
Equitable Share	Equitable Share	17 620 574	14 096 469	9 348 344	-	5 153 455	8 306 690	16 807 321	11 797 511	-	-	-	-	N/A	Y	-
FMG	FMG	2 750 000	-	-	-	1 337 413	1 038 803	373 784	-	-	-	-	-	N/A	Y	-
MSIG	MSIG	735 000	-	-	-	692 792	44 208	-	-	-	-	-	-	N/A	Y	-
MIG	MIG	-	-	9 618 000	1 224 000	-	-	-	15 085 228	-	-	-	-	N/A	Y	-
Capacity building	Capacity building	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MANTSOPA LOCAL MUNICIPALITY APPENDIX F SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2010

EXTERNAL LOANS		Loan Number	Redeemable	Balance at 01/07/09	Received during the period	Redeemed written off during the period	Adjustments	Balance at 30/06/10
				R	R	R	R	R
Development Bank of South Africa								
Water		LALF15125	2013	1 560 646	-	(167 243)	(49 082)	1 344 321
Water		LALF15125	2013	22 975	-	(4 588)	-	18 387
Water		LALF15125	2017	286 480	-	(19 432)	-	267 048
Water		1/00216-15241	2010	96 684	-	(27 099)	-	69 585
Electricity			2016	1 941 730	-	(326 767)	-	1 614 963
Roads			2016	832 914	-	(140 169)	-	692 745
Roads			2017	339 931	-	(57 206)	-	282 725
Properties			2010	9 877	-	(9 877)	-	-
ABSA (Inka, Sanlam)								
Properties		100048/52	2,014	171 026	-	(21 371)	-	149 655
Total long-term loans				5 262 263	-	(773 751)	(49 082)	4 439 430

Auditor General Report

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE AND THE COUNCIL ON THE MANTSOPA LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of Mantsopa Local Municipality, which comprise the statement of financial position as at 30 June 2010, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, as set out on pages to

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for qualified opinion

Trade and other receivables

- 6 The South African Statement of Generally Accepted Accounting Practice (SA Statements of GAAP), IAS 39 (AC 133) *Financial Instruments: Recognition and Measurement* require that accounts receivables be fair valued and impaired if there is any objective evidence that a financial asset is impaired. The municipality made a general provision for bad debts of R28 745 032 (2009: R22 239 639) in the financial statements. In computing the provision for doubtful debts, the municipality did not apply the requirements of SA GAAP Statements. Due to the lack of sufficient and appropriate information on the debtors system, I was unable to calculate what the impairment charge against consumer receivables and bad debts expense would have been had SA Statements of GAAP, IAS 39 been applied correctly.

Unspent government grant and subsidies

7. Paragraph 43(c) of Generally Accepted Municipal Accounting Practice, GAMAP 9, *Revenue* requires that revenue from government grants be recognised to the extent that there has been compliance with any restrictions associated with the grant. As a result any unspent conditional grants at the end of the year are recognised as a liability. The municipality disclosed unspent government grants of R5 796 969 (2009: R10 042 197). A reconciliation of unspent grants was performed and a difference of R1 729 548 was identified. This variance is due to discrepancies in current year municipal infrastructure grant (MIG) receipts and payments used therefore unspent MIG at 30 June 2010 to the amount of R5 796 969, as disclosed in 18.5 was understated by R1 729 969 and government grants and subsidies account overstated by the same amount.

Cash flow statement

8. Included in the cash flow statement is the amount of prior year errors that have been included in the indigent debtors of R16 959 453. However, computation of cash paid to suppliers is only R1 628 483, resulting in a different of R15 330 970 that has been misallocated. This is due to the fact that the effects of prior year errors corrected in the current financial year have been included in the cash flow statement and incorrectly allocated or disclosed.

Property, plant and equipment

9. Certain items of property, plant and equipment were physically verified at year-end, but during the physical verification it was noted that assets were not appropriately identified or described as they did not have sufficient identification such as asset numbers, bar codes or sufficient descriptions. As a result, I was not able to obtain sufficient appropriate audit evidence regarding completeness and existence of the municipality's assets to the value of R276 460 937 (2009: R266 753 871) as disclosed in the statement of financial position and in note 7.1 to the financial statements. No alternative audit procedures could be performed to obtain sufficient appropriate evidence.

Investment property

10. Certain items of investment properties were physically verified at year-end, but during the physical verification it was noted that assets were not appropriately identified or described as they did not have sufficient identification such as asset numbers, bar codes or sufficient descriptions. As a result I was not able to obtain sufficient appropriate audit evidence regarding completeness of the municipality's investment properties to the value of value of R1 446 000 (2009: R 1446 000), as disclosed in the statement of financial position and in note 7.1 to the financial statements. No alternative audit procedures could be performed to obtain sufficient appropriate evidence.

Correction of prior period errors

11. Generally Recognised Accounting Practice: Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) recognises that errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. The statement therefore prescribes the treatment, correction, presentation and disclosure of prior period errors. However, evaluation of the financial statements revealed that the municipality did not disclose the amount of the correction of the prior year errors in accordance with the requirements of GRAP 3. No alternative audit procedures could be performed to obtain sufficient appropriate evidence with regard to presentation and disclosure.

Qualified opinion

12. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Mantsopa Local Municipality as at 30 June 2010 and its financial performance and its cash flows for the year then ended, in accordance with the SA Standards of GRAP and in the manner required by the MFMA.

Emphasis of matter

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

Irregular expenditure

13. As disclosed in note 41 to the financial statements, irregular expenditure to the amount of R2 478 868 was incurred, as proper supply chain management policies were not adhered to.

Fruitless and wasteful expenditure

14. As disclosed in note 40 to the financial statements, the municipality incurred wasteful expenditure to the amount of R29 986 as a result of interest paid on creditors balances.

Unauthorised expenditure

15. As disclosed in note 42 to the financial statements, the municipality incurred unauthorised expenditure of R3 302 696 as a result of expenditure exceeding the total amount of the vote.

Restatement of corresponding figures

16. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2009 have been restated as a result of errors discovered during the year ended 30 June 2010 in the financial statements of the Mantsopa Local Municipality at, and for the year ended, 30 June 2009.

Additional matters

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

Unaudited supplementary schedules

17. The supplementary information set out on pages to 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.

Material inconsistencies in other information included in the annual report

18. The comparison between the draft annual report and financial statements was done and material inconsistencies were noted due to the fact that the annual report was not updated to align it with the final financial statement issued after the audit adjustments.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the PAA and in terms of *General Notice 1570 of 2009*, issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations: MFMA, Local Government: Municipal System Act of South Africa, 2000 (Act No. 32 of 2000) (MSA); Division of Revenue Act, 2009 (Act No. 12 of 2009) and financial management (internal control).

Predetermined objectives

19. Material findings on the report on predetermined objectives, as set out on pages ... to..., are reported below:

Non-compliance with regulatory and reporting requirements

No performance measurement system in place

20. Section 38 of the MSA requires a municipality to establish a performance management system for performance to be measured, however, in the current year being audited the municipality did not have a complete system for evaluation performance.

Communication of the key performance indicators and performance targets

21. There is no evidence that the requirements of section 44 of the MSA were complied with. The section requires that the municipality, in a manner determined by its council, make known, internally and to the general public, the key performance indicators and performance targets set by it for purposes of its performance management system.

Lack of system to detect underperformance

22. Contrary to section 41 of the MSA, there was no system that detects underperformance early in place at the municipality.

Explanations of the method used to determine certain targets not satisfactory

23. Adequate information on performance was presented; however, explanations on the way and method used to determine certain targets were found not satisfactory or inadequate. As a result, planning and reporting targets appeared aligned.

Usefulness of reported performance information

24. The following criteria were used to assess the usefulness of the planned and reported performance:

- **Consistency:** Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated development plan (IDP), i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
- **Relevance:** Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
- **Measurability:** Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

Reasons for major variances between planned and actual reported targets not reliable

25. For the selected solid waste programmes the planned and reported measures were not verifiable as it was almost impossible to validate the processes that produced and systems that produce the indicator.

Inadequate content of integrated development plan

26. Key performance indicators which include input indicators, output indicators and outcome indicators which are set for each of the development priorities and objectives established by the municipality could not be identified. An assessment of the existing level of development in the municipality and the identification of communities which do not have access to basic municipal services could not be clearly identified. The alignment of the development strategies of the municipality, as stated in chapter 4 of the IDP, with national or provincial sectoral plans and planning requirements binding in terms of legislation could not be identified.

Reliability of information

27. For the selected objectives the validity, accuracy and completeness of 100% of the reported indicators could not be established as the relevant source documentation could not be provided for audit purposes.

Compliance with laws and regulations

Approved budget exceeded

28. Contrary to the requirements of section 32(4)(a) to (c)(i-iii) of the MFMA, the municipality exceeded its approved budget.

Expenditure incurred was made in vain resulting in fruitless and wasteful expenditure

29. Section 62(1)(d) of the MFMA requires the accounting officer of a municipality to take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure

and other losses are prevented. However, fruitless and wasteful expenditure of R29 986 was incurred as a result of interest paid on creditors' balances.

Contravention of the MFMA and SCM policies resulting in irregular expenditure

30. Section 62(1)(d) of the MFMA requires the accounting officer of a municipality to take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented. However, irregular expenditure of R2 478 868 was incurred as proper supply chain management policies were not adhered to.

Contravention of the MFMA, resulting in unauthorised expenditure

31. Section 62(1)(d) of the MFMA requires the accounting officer of a municipality to take all reasonable steps to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented. However, unauthorized expenditure of R3 302 696 was incurred as a result of expenditure exceeding the total amount of the vote

Expenditure was not paid within the parameters set by the applicable legislation

32. Contrary to the requirements of section 65(2)(e) of the MFMA, payments were identified that were not paid within 30 days as prescribed.

Monthly reports were not submitted on time to the mayor and the provincial treasury

33. Contrary to the requirements of section 71(1) of the MFMA, it was noted that the monthly reports on the state of the municipality's budget were not submitted to the mayor and the provincial treasury on time.

Information to be placed on websites of municipalities

34. Contrary to the requirements of section 75(1) of the MFMA on information to be placed on websites of municipalities, it was noted that information on Mantsopa Local Municipality was not complete.

Permission to retain unspent conditional grant

35. Contrary to the requirements of the MFMA evidence could be submitted that Mantsopa Local Municipality was permitted by the National Treasury to retain unspent conditional grants, nor that they applied to retain unspent conditional grants

Councillors' leave of absence

36. Contrary to the requirements of the MSA, schedule 1, section 3, which requires councillors to attend meetings of the municipal council and of a committee of which that councillor is a member, councillors were absent in certain meetings and no leave of absence was granted.

Explanations on actual versus budgeted income and expenditure

37. GRAP requires an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements. A comparison between the actual and the budgeted revenue and expenditure was included in the financial statements, but no explanation of material differences were disclosed.

The audit committee was not functioning properly

38. Contrary to the requirements of section 116(4)(b) of the MFMA, minutes of only two meetings of the audit committee were submitted and therefore the audit committee did not meet at least four times as required.

The accounting officer did not adhere to her statutory responsibilities

39. Contrary to the requirements of section 63 of the MFMA which requires that the accounting officer maintain a management, accounting and information system that accounts for the assets of the municipality, certain assets were not included in the fixed asset register.

INTERNAL CONTROL

40. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the MFMA and DoRA, but not for the purposes of expressing an opinion on the effectiveness of internal control.
41. The matters reported below are limited to the significant deficiencies regarding the findings on the report on predetermined objectives and the findings on non-compliance with laws and regulations.

Leadership

42. The accounting officer does not at all times exercise oversight responsibility over reporting and compliance with laws and regulations and internal controls.
43. Contrary to the audit charter no evidence could be provided that the council did assess the effectiveness of the audit committee, neither was a self-evaluation performed by the committee.

Financial and performance management

44. The financial statements and other performance information to be included in the annual report were not thoroughly reviewed for completeness and accuracy prior to submission for audit purposes. As a result the financial statements were subject to material amendments resulting from the audit.
45. The entity does not have enough individuals with adequate technical expertise relevant to understanding the financial reporting framework and performance management requirements.
46. General information technology controls are not designed to maintain the integrity of the information systems, i.e. design of manual or automated controls does not always ensure that transactions are accurately processed. There is no proper inventory system in place, resulting in significant deficiencies in stock verification.

Governance

47. The municipality does not adequately identify risks relating to the achievement of financial and performance information objectives. As a result internal controls are not selected and developed to prevent or detect material misstatement in financial reporting and reporting on predetermined objectives.

48. The audit committee did not fulfil its responsibilities as it did not advise the accounting officer and the management staff of the municipality on matters relating to accounting policies, effective governance, and adequacy reliability and accuracy of financial reporting information
49. Contrary to the audit charter, evidence that the audit committee assessed the effectiveness of the internal audit section during the year under review could not be obtained.

AUDITOR-GENERAL
Bloemfontein

02 December 2010



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Other disclosures required by legislation

Performance of Service Providers

The table below summarizes the performances of external services providers as required by section 46 (1) (a) of the Local Government: Municipal Systems Act 32 of 2000.

Name of Service Provider	Name of Project	SLA signed		Project Starting Actual Date	Completion Date	Specs met		Status	Percentage
		Yes	No			Yes	No		
GWM Ladybrand	Supply and Delivery of 2 Motor Vehicles	Yes		26/02/2010	26/02/2010	Yes		Complete	100%
GWM Ladybrand	Supply and Delivery of 2 New Bakkies	Yes		26/02/2010	26/02/2010	Yes		Complete	100%
SA Airbrake	Supply and Delivery of Honey Sucker	Yes		23/03/2010	23/03/2010	Yes		Complete	100%
QCK Lenzim	Bucket Eradication in Hobhouse : Phase 1	Yes		06/10/2009	6 Months	Yes		Complete	100%
QCK Lenzim	Bucket Eradication in Tweespruit : Phase 1	Yes		06/10/2009	6 Months	Yes		Complete	100%
Name of Service Provider	Name of Project	SLA signed		Project Starting Actual Date	Completion Date	Specs met		Status	Percentage
		Yes	No			Yes	No		
Rasheeq	Bucket Eradication in Hobhouse (Addendum)	Yes			15/02/2010	Yes		In progress	
QCK Lenzim	Bucket Eradication in Tweespruit in Phase 2 : Addendum	Yes			15/02/2010	Yes		In progress	
LPZ Computers	Maintenance of IT	Yes			01/09/2010	Yes		In progress	90%
GG Civils	Repair of Sedimentation	Yes			26/03/2010	Yes		Complete	100%

	Tank at Genoa Water Works in Ladybrand								
Barloworld Equipment	Multipurpose Landfill Handler	Yes			19/03/2010	Yes			
Copper Leaf Trading 510 cc	Computers and Laptops	Yes			03/07/2009	Yes		Ongoing	100%
MTN South Africa	Cellphone - Contracts	Yes			14/08/2009	Yes		Ongoing	100%
Gestetner Ladybrand	Photocopier and Printing	Yes			03/07/2009		Yes	Ongoing	100%
Finitech	Telephone	Yes			03/07/2009		Yes	Ongoing	100%
Sedikadikwe (Pty) Ltd	Branding of Cars		No		07/04/2010		Yes	Complete	100%
OVK	General variety of Goods (Fuel and tools, etc.)		No				Yes	Ongoing	100%
Sebata	Financial System	Yes					Yes	On going	100%
Bloemwater	Water supply in Excelsior	Yes					Yes	On going	100%
Eskom	Electricity in all Towns of Mantsopa (Former Black Township)	Yes					Yes	On going	100%
Centlec	Electricity supply to historically white areas of the Municipality	Yes					Yes	On going	100%

Recommendation by the Audit Committee

The audit committee is pleased to present its annual report for the financial year ended 30 June 2010

The audit committee report presents the implementation and compliance to section 166 of Municipal Finance Management Act no. 56 of 2003, the report provides the municipal council, political office bearers, accounting officer and the management staff of the municipality with reasonable assurance on the effectiveness and effectiveness of internal controls, risk management and adequacy and reliability of financial statements and the annual performance report.

We will like to appreciate the commitment and corporation we received from the council, the accounting officer and the management staff during the 2009/10 financial year.

Audit committee members:

Mr. T L Scholtz (Chairman)
Mr. R Thibinyane (Member)
Mr. MP Mphi (Member)

Yours faithfully

.....
TL Scholtz (CA) SA
Chairman

Legal background

In terms of section 166(2) of MFMA, an audit committee is an independent advisory body which must advise the municipal council, the political office bearers, the accounting officer and management staff of the municipality on matters relating to:

- Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective management;
- Compliance with this Act, the annual Division of Revenue Act any other applicable legislation;
- Performance evaluation;
- Any other issues referred to it by the municipality;

Review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;

Respond to the council on any issues raised by the Auditor General in the audit reports.

Background overview

The audit committee was established on 07 June 2007 consisted of three members as required by the law, the term of the committee ended on the 31st of October 2009. Municipality appointed the new audit committee through normal recruitment processes on the 01st of February 2010 which consists of the following members:

<u>Name</u>	<u>Status</u>	<u>Meeting during the year under review</u>	<u>Apologies</u>
TL Scholtz	Chairman	4	0
RM Thibinyane	Member	4	0
MP Mphi	Member	2	1

Audit committee objectives

The main objective of the audit committee is to advise the council, accounting officer and management staff on the effectiveness of internal controls, risk management, adequacy and reliability of financial statements and annual performance reports. Audit committee is committed to assist the council in performing its oversight responsibility.

Scope of work

To ensure that effective, efficient and transparent systems of financial and risk management and internal control are maintained by the Council, which contribute to the efficient and effective utilization of resources, safeguarding of assets and the accomplishments of established goals for operations or programs.

To promote the efficiency and effectiveness of accounting and management information systems.

To ensure that, in accordance with the Council's public accountability, that justifiable decisions pertaining to Municipal service rendering are taken as indicated in policy statements, practices and the uncovering of malpractice.

To create a distinct and clear communications channel between the Council, management, external auditors and internal auditors.

To inform the Council regarding important problems which must be addressed concerning the preparation and discussion of the financial statements?

To monitor the effectiveness of the internal audit function.

To monitor management, internal audit and external audit with reference to the drafting of the financial statements.

To enhance the objectivity and credibility of reporting to stakeholders

Work performed

The audit committee has in the 2009/ 10 financial year convened 4 times as required by the law to do the following:

- Evaluate effectiveness of internal audit function;
- The independence and objectivity of the internal audit;
- Evaluate compliance to the rules and regulation;
- Advise the council, accounting officer and management staff on the efficiency and effectiveness of internal controls and risk management;
- Review the annual financial statements and annual performance report;
- Cross-examine the quarterly internal audit reports and the annual Auditor General's report;
- Advise the municipality on matters raised in Auditor General's report and
- Review the strategic documents of internal audit.

Achievements

The audit committee has in the financial year under review managed to convene 4 times as required by the law with full capacity and successfully gained the buy-in of management and council to ensure that the resolution of the committee are implemented and feedback thereof is provided to the committee.

Acknowledgements

The audit committee once again acknowledges the commitment and corporation of Mayor, Speaker, Accounting officer and management team, and the significant progress in addressing the control weaknesses identified and the improvement of the control environment will provide sound basis for the municipality.

We also acknowledge the fact that the 2009/10 financial statements and the annual section 46 performance reports were done internally and submitted to the audit committee and the Auditor general's office on time as required by the Municipal Finance Management Act no. 56 of 2003.

Recommendation

The audit committee would like to encourage the Accounting officer to provide effective oversight on the implementation of the recommendations made by both the Auditor general's office and the audit committee to ensure the efficiency and effectiveness of the internal control, integrity and reliability of financial and performance management, safeguarding of assets and compliance to rules and regulations.

Conclusion

In our view, the audit committee has complied with Municipal Finance Management Act section 166, although there's room for improvements, the audit committee is in the process of self-evaluation, it is also to be evaluated by municipal council, accounting officer, management staff and internal audit unit to enable the committee to comply with the majority of its mandate.

We have pleasure in submitting the Internal Audit Report for 2009/10 financial year.

The report provides independent feedback on the adequacy and effectiveness of internal controls on audited areas of municipality and provides independent and objective recommendations on the identified control weaknesses to improve effectiveness of risk management. Controls and governance processes.

We would like to express our appreciation to the various staff members of the Department who have assisted us in carrying out our work.

We would be pleased to provide you with further assistance and request that you do not hesitate to contact us with any queries you may have regarding this report.

Internal Audit Report

In terms of section 165 (2) of MFMA, the internal audit unit of a municipality must;

Prepare a risk based audit plan and an internal audit program for each financial year;
Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to—

- Internal audit
- Internal controls
- Accounting procedures and practices
- Risk and risk management
- Performance management
- Loss control and
- Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and Perform such other duties as may be assigned to it by the accounting officer.

The Internal Audit Division has completed audits as set out in the division's coverage plan and reviewed operational plan. This report serves as a sum up of all the identified weaknesses during the financial year under review. The purpose of the Internal Audit Division, as set out in the Internal Audit Charter, is to provide an independent, objective assurance and consulting service and to also evaluate the effectiveness of risk management, internal control and governance processes in terms of an integrated audit approach and to provide advice and information to management and the Audit Committee in a cost effective manner.

This report represents the results of the in depth review of controls made on the identified high risk activities. The audits conducted covered the following:

- Management control strategy for identified risks.
- Adequacy of internal controls benchmarked against best practice and other Government policies.
- Effective application of those controls.

Scope of Work

The following activities were audited and completed during the financial year under review:

- Bank reconciliations (every quarter)
- Budget process (Chapter 4 MFMA)
- Compliance human resource strategy
- Skills Development
- Inventory
- Debt collection
- Investments
- Compliance to section 121 of MFMA performance audit
- Follow-up audits (every quarter)
- Budgetary performance
- Fixed assets
- Performance information
- Employee performance appraisal system
- Performance audit (Section 46 report)
- Yearend audit

Sources of Information

The office of internal audit submitted engagement letters to the relevant senior manager on the audits performed during the 2009/10 financial year. The office put more emphasis on the compliance to the rules and regulations, effectiveness and efficiency of operations, reliability of financial and performance reporting, and safeguarding of assets.

Interviews with relevant senior managers and staff members were conducted and comprehensive inspections, observations, re-performances, enquiries and analysis were made to evaluate and help to improve the effectiveness of adequate controls, risk management and governance process

Fraud and risk management.

In terms of section 165 (2) (b) of MFMA, internal audit unit of a municipality must advise the accounting officer and report to the audit committee on the implementation and matters relating to risk and risk management.

Internal audit unit has in the 2009/10 financial year managed to facilitate development and tabling of following council approved documentations;

- Risk management policy,
- Risk management strategy,
- Risk response plan and
- Risk committee charter.

Municipality has on its organizational structure provided for risk management division reporting to the accounting officer which will be effective from 1st October 2010.

This provision will help the Accounting officer to prevent and detect fraud, corruption and eliminate risk exposure in the municipality.

Municipal risk assessment

Municipality has an approved risk management strategy that reflects the risk rating criteria used by municipality to assess the risks using the likelihood and impact basis of an event. In order to assist management to adequately allocate resources to address the weakness and improve controls, the categories and key to these ratings are as follows:

Categories

Impact: the possible effect of the weakness in management strategy of the organization
Likelihood: the probability of a risk occurring without any controls

Rating

High: will have significant long term effect on the department
Medium: can be managed with additional input and resources
Low: only likely to happen once every two years or more.

Therefore the following method was used to calculate risk ratings:

(a) Likelihood x impact = Risk rating

Likelihood

5 = Almost certain
4 = Likely
3 = Moderate
2 = Unlikely and
1 = Rare

Impact

5 = Critical
4 = Major
3 = Moderate
2 = Minor
1 = Insignificant

Management Responses

Informal audit queries were presented to all managers to provide with management responses and/or agreed action on those queries. On provision of the management responses, verifications were also made where it was required to confirm implementations.

Conclusion

Except the findings specified in all the quarterly Internal audit reports for the year under review around the audited activities, all other controls are adequate and functioning properly and provide reasonable assurance regarding achievement of municipal objectives set in the Integrated development plan.

There are improvements compared to the previous financial years on the adequacy and effectiveness of governance processes, internal controls and risk management, although there are areas of improvements.

The office of internal audit once again would like to appreciate the corporation and commitment of the Council, Accounting Officer and Management team on the improvement of internal controls, governance processes and risk management as to achieve municipal objectives set in the Integrated Development Plan.

Corrective Measures

No	Concerns from the AG in 2009/10 Management Letter	Remedial action	Responsible person	Due date
1	No supporting documentation for new additions of asset	Inspect all the payments files to obtain accurate supporting documentation for all the asset additions	Asset officer	11 February 2011
2	Incomplete asset register	Barcoding of all new and old unbar coded assets and verification thereof.	Asset officer	30 April 2011
		Verification of barcodes on all municipal assets in all Mantsopa towns.		Monthly
		Update and ensure accuracy and completeness of the asset register.		30 June 2011
		The municipality will appoint consultant recommended by the National Treasury to unbundle our infrastructure assets and accuracy and completeness of the asset register.	Chief Financial Officer	30 March 2011
		Conduct monthly spot checks to verify the existence of the assets and the completeness of the asset register and report for monitoring.	Asset officer	Monthly
3	No appropriate identification such as asset numbers, bar codes or sufficient descriptions for investment property	Municipal will conduct interim valuations of all investment property and ensure proper alignment with the asset register.	Asset officer	30 June 2011
		The municipality will appoint consultant recommended by the National Treasury to unbundle our investment property assets, barcoding and alignment with the asset register.	Chief Financial Officer	30 March 2011
4	Unspent government grant and subsidies	The municipality will conduct monthly reconciliation of all grants and subsidies and to ensure correct disclosure in the financial statements and report for monitoring and evaluation.	Budget and treasury officer	Monthly

5	Cash flow statement	The municipality will prepare financial statement on time as to have time for adequate and effective review of financial statement by management, Audit committee and oversight committee for quality assurance and accuracy thereof.	Chief Financial officer	Financial year end
6	Correction of prior period errors	The municipality will prepare financial statement on time as to have time for adequate and effective review of financial statement by management, Audit committee and oversight committee for compliance with all GRAP standards applicable.	Chief financial officer	30 June 2011
7	Trade and other receivables	To conduct audit on the SEBATA system as to ensure proper reliability and integrity of financial information and conduct reconciliation of debtors control account.	Chief financial officer	30 June 2011
		Review the provision for bad debt policy to comply with the requirements of the SA GAAP standards.		

Chapter 5: Functional Area Service Delivery Reporting

	<Mantsopa Local Municipality>		
	GENERAL INFORMATION		
Reporting Level	Detail	Total	
Overview:	The area of Mantsopa was recalculated and it was found that the municipal area is 4290 km ² in extend [source: SSI, 2003]. Mantsopa is the second largest local municipal area within Motheo but only accommodates 7% of the total population of Motheo. The municipal area comprises five urban that are dispersed throughout the region with a surrounding commercial farming area utilised for mixed farming practices. (See locally map.)		
Information:			
	Geography:		
1	Geographical area in square kilometers	4 290	
	Source: SSI, 2003		
	Demography:		
2	Total population	57 675	
	Source: CSS, 2001		
3	Indigent Population	4 300	
	Note: Indicate source of information and define basis of indigent policy including definition of indigent		
4	Total number of voters Source, IEC	26 261	
5	Aged breakdown:		
	- 65 years and over	2 398	
	- between 30 and 65 years	14 648	
	- between 15 and 29 years	13 266	
	- 14 years and under	16 432	
	Source: CS 2007		
6	Household income:		
	- over R3,200 per month	12%	
	- between R1 601 and R3,200 per month	8%	
	- between R801 and R1 600 per month	16%	
	- under R1 and R400 per month	18%	
	Source: CS 2007		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Performance During the year	Target
1. Municipal Transformation and Organisational Development	Implement and monitor the IDP 2006-2011 through quarterly performance assessment reports submitted council.	Quarterly performance assessment submitted to the Municipal Manager	Quarterly
	IDP and Performance Management System (PMS) aligned to the IDP implemented	IDP and PMS were aligned	Quarterly
	An organisational structure aligned to the IDP established and implemented	Structure aligned to the IDP	Jun-09
	Submit the IDP process plan to council, detailing the annual review of the IDP 2011-2012 as prescribed by section 34 of the Local Government: Municipal Systems Act no 32 of 2000.	IDP review process plan was tabled and adopted by council	24-Aug-09
	Ward development plans developed for each ward and inform the annual review of IDP 2011-2012 as per the principles of the community based planning.	Ward plans for each ward were developed	Mar-10
	Submit the reviewed IDP 2009/2010 including the following IDP statutory sector plan to council for approval: Integrated Environmental Management Plan; Disaster Management Plan; Integrated Spatial Development Plan; Water Service Development Plan; and Performance Management System.	The reviewed IDP was tabled and approved by council	13-Jun-10
	Submission of the Annual Report including the Annual Performance Report for 2008/2009 to council for approval, and to the CoGTA, National Treasury and Provincial Treasury for notification	Annual report was tabled and approved by council	Dec-09
	Regular sitting of the council and council committees as per the programme of council.	The council and standing committee were convened as per approved schedule	Per schedule
	Implementation of the Workplace Skills Development Plan through the submission of mid-year reports to council for monitoring	Work skills plan was developed and implemented	Dec 2009 and June 2010
	All vacant and funded posts to be advertised and filled	All vacant post were filled	As soon as possible
	Customer service systems introduced and implemented	The system has been developed and situated in the Technical Department	Aug-09
	By laws compiled for each department and submitted to council	The target not met	Nov-09
	Effective administrative and institutional system, structure and procedures including: Human resources, financial policies, by-law and communication systems established and implemented	The target met	on going

	Integrated human resource management systems introduced and operationalised.	The draft human resource strategy was developed, not yet approved by council	Dec-09
Infrastructure Development and Service Delivery	Infrastructure Development and Investment model with the below mentioned elements development, implemented and reviewed annually: Annual population projections per ward Service delivery backlog (in all of its diversity like number, 10km on road per town per quarter, 6kl for all registered indigents, 50 units of electricity to all registered indigents)	The target was not met	Sep-09
	Complaints register to be kept and updated on a monthly basis	Complaints register was developed and monitored by the Technical department	Monthly
	Asset register for all infrastructure and municipal property reviewed quarterly and maintained	Asset register complaint with GRAP was developed	Quarterly
	The provision of basic municipal service to the satisfaction residents to progressively achieve national service delivery targets (Millennium Development Goals: Vision 2014) of:		
	Water service development plan 2011-2012 monitoring through quarterly performance assessment reports	WSDP was developed and quarterly performance assessment reports submitted	Quarterly
	Monitor the implementation of council's bucket eradication programme in order to meet the national target for Dec 2010 through the monthly PMU reports and other progressive means	PMU submitted quarterly progress report on implementation of bucket eradication project	Quarterly
	Monitor the implementation of the municipal service delivery agreements with CENTLEC and ESKOM in the rendering of electricity services through quarterly performance assessment reports	Quarterly meetings to monitor the implementation of the Service Level Agreement were held with CENTLEC	Quarterly
	Monitor the implementation of the Municipal Service Delivery Agreement with Bloem Water in the rendering of water services in Excelsior through quarterly performance assessment reports	quarterly meetings to monitor the implementation of the Service Level Agreement were held with Bloem Water	Quarterly

	Refuse removal (weekly) households removal programme implemented- progress to be included in the departmental quarterly performance assessment reports.	Weekly refuse removal was conducted and progress report done on a quarterly basis	Quarterly
	The integrated housing sector plan developed, implemented and monitored through the quarterly performance assessment reports.	Target not met	Quarterly
	Land audit concluded and implemented in order to meet its intended objectives	Target not met	Quarterly
	Implementation of the following projects in 2009/2010 and progress (project milestones) provided to Mayor through PMU reports: Water treatment works in Hobhouse Bucket eradication in Hobhouse (Phase 2) Bucket eradication in Tweespruit (Phase 2) Bucket eradication Mahlatswetsa (retention)	The PMU successfully implemented the projects and managed to spend 100% of allocated MIG funds and progress was submitted through quarterly performance reports	Quarterly
Local Economic Development	An analysis of the local economy undertaken by LED learnership and ward committees and CDW's through Mantsopa LED investment strategy which included the following elements: (a) National Spatial Development Perspective principles; (b) Provincial, Motheo District and Local Spatial Dev Framework; (c) Linked to governance and administration e.g. preferential procurement to LED and SMME development; (d) Rigorous SWOT analysis of the economic potential of the municipality; and (e) Incorporate areas and aspect of ASGISA and JIPSA	Target not met	Oct-09
	Implementation of the following projects in 2009/2010 and progress (projects milestones) provided to the Mayor through the PMU reports: (a) Revival of all collapsed projects by training projects members and through other progressive means.	The target was met	Quarterly
	Submission of LED business plans for funding of which the following are the priority: (a) 2010 developments (b) Modderpoort Development (c) Mahlatswetsa Bakery (d) Lesedi woodwork (e) Manyatseng buy back centre (f) Tshepanang Milling (g) Thusanong welding	Target was met	Sep-09
	Beef feedlot to be leased to out to Kgatelopele Thoung Farmers Association and progress report to be submitted to the Mayor	Target was met	Dec-09
	Tourism forum is functional and progress report is submitted to the Mayor in this regard.	Target was met	Quarterly
Municipal Financial Viability	Adjustment budget 2009/2010 drafted and approved by council	The adjustment budget was tabled and approved by council	25-Jan-10

	Submission of the Midyear budget and performance assessment report to the Mayor, National Treasury and Provincial Treasury.	The midyear report was tabled and approved by council	25-Jan-10
	Draft budget 2010/2011 tabled in council before 90 days of the new financial year	The draft budget for 2010/2011 was tabled and approved by council	30-Mar-10
	Make draft budget for 2010/2011 available for inspection by the general public, Provincial Treasury and National Treasury	The 2010/2011 budget was advertised on the local newspaper and subjected to community participation as required by the MSA	10-Jun-10
	Financial reporting (section 71) is performed as per legislative requirements.	Section 71 reports were submitted as required by the MFMA	Monthly
	Financial management policies and by-laws developed, implemented, and monitored through quarterly performance assessment reports including but not limited to: (a) Supply chain management (b) Credit control (c) Tariff and investment policies	Only financial policies that were developed	Sep-09
	Municipal financial viability targets set and achieved must ensure that: (a) Growth in service debtors is reduced (10% increased) (b) Consumer debt exceeding 90 days is recovered (c) % personnel annual cost over the total operational budget is in line with regulatory framework (37%) (d) Provision for bad debt made (strategy to be presented before council)	The target was achieved	Quarterly
	Reduce the municipality's reliance on bank overdraft to one million rand only	Target was met	Dec-09
	Financial legislation implemented, including property rates act and the division of revenue act (DORA) and quarterly performance assessment report submitted to council	Target was met	Quarterly
	Submit the institutional SDBIP with the Municipal Manager and Section 57 Managers Performance Agreements as prescribed by the MFMA to the Mayor.	The target was met	Jul-09
	Submission of monthly reports by the expenditure committee to EXCO and quarterly to council	The target was met	Monthly
	Submission of the supply chain management reports to the Mayor and Council	Target was met	Monthly
Good Governance and Public Participation	Public participation policy of council is implemented and monitored through submission of quarterly performance assessment reports to council	Target not met	Quarterly
	An annual programme of action for ward committees and CDW's is submitted to council for approval	Target was met	Sep-09

	Reduce legal charges against the municipality with 100%	Target was met	Quarterly
	Service level Agreement for Environmental Health Practitioners signed with Motheo District Municipality and its implementation is monitored through quarterly performance assessment reports	Target was met	Quarterly
	Training of all municipal secretaries and personal assistant conducted	Target was met	Dec-09
	Employment Equity is implemented and midyear reports in this regard are submitted to the Mayor.	Target was met	Mid year

Function:	EXCO and Council		
Sub Function:	N/A		
Reporting Level	Detail	Total	
Overview:	<p>EXCO of the municipality is responsible to provide strategic leadership and management and to guide council. This is done by ensuring proper alignment and integration between key programmes of the municipality and its development objectives and priorities.</p> <p>The council on the other hand is responsible to provide overall political leadership and accountability to communities and stakeholder through implementation of sound policies and programmes. This must ensure that the decision making processes provide a balance between speedy, transparent and efficient decision making process as well as meaningful participation of the citizens and other stakeholders. It must ensure provision of quality service delivery at a reasonable cost while preserving the environment and natural resources.</p>		
Description of the Activity:	The function of executive and council within the municipality is administered as follows and includes:		
	<i>EXCO, through the leadership of the Mayor is responsible for ensuring the compilation and total ownership of the IDP and Budget, including the review process. The Mayor must ensure maximum participation and ownership of the process by the citizens and other stakeholders and finally ensure that there is sufficient resource allocation in the budget for all IDP projects.</i>		
	The approved budget and reviewed IDP for 2009/2010 financial year was a product of broad citizen and stakeholder consultation based on ward development priorities as determined in the ward based planning process. This was done in line with a detailed programme of public participation which is approved by council and published to the broader community.		
	<i>EXCO is also responsible to ensure that the municipality put into place and implement a performance management system in line with the applicable legislation and policy guidelines from National Government. PMS was developed for the Section 57 Managers to serve as a tool to introduce and measure the effective performance by the municipality. The system ensured that there is quarterly and mid-term reporting to council and the community in general.</i>		
	EXCO has put in place measures and processes to establish and facilitate harmonious intergovernmental relations, including strategic partnership with other local municipalities, the district and other spheres of government at provincial and national level as well as other organs of state and organisations. Council and administration has embarked on an extensive drive to ensure that there is common vision and shared purpose with regard to development with the broader community. To this end proper systems and mechanisms were developed, implemented and maintained to promote effective and cost efficient public participation including support to councillors and ward committees. The broader community was constantly consulted engaged on budget and identification of development priorities through a community based planning process.		
Analysis of the Function:			
1	Councillor detail:		
	Total number of Councillors	16	
	Number of Councillors on Executive Committee	3	

2	Ward detail:		
	Total number of Wards	8	
	Number of Ward Meetings	48	
3	Number and type of Council and Committee meetings:		
	<i>Ordinary Council Meetings</i>	4	
	<i>Special Council Meetings</i>	6	
	<i>EXCO</i>	5	
	<i>Section 79 Committee Meetings</i>	9	
	List here Council meetings, followed by individual committee and the number of times that each met		
Council	19th Council Meeting – 28 July 2009 20th Council Meeting – 29 September 2009 21st Council Meeting – 24 November 2009 22nd Council Meeting – 26 January 2010 23rd Council Meeting – 30 March 2010 24th Council Meeting – 25 May 2010		
EXCO	EXCO – 22 September 2009 EXCO – 5 November 2009 EXCO – 23 February 2010 EXCO – 4 May 2010 EXCO- 7 July 2010		
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<i>Good Governance and Public Participation</i>	Public participation policy of council is implemented and monitored through submission of quarterly performance assessment reports to council	Target not met	Quarterly
	An annual programme of action for ward committees and CDW's is submitted to council for approval	Target was met	Sep-09
	Reduce legal charges against the municipality with 100%	Target was met	Quarterly
	Service level Agreement for Environmental Health Practitioners signed with Motheo District Municipality and its implementation is monitored through quarterly performance assessment reports	Target was met	Quarterly
	Training of all municipal secretaries and personal assistant conducted	Target was met	Dec-09
	Employment Equity is implemented and midyear reports in this regard are submitted to the Mayor.	Target was met	Mid year

Function:	Finance and Administration		
Sub Function:	Finance		
Reporting Level	Detail	Total	
Overview:	Includes all activities relating to the finance function of the municipality. Note: grants information should appear in Chapter 4 on <i>Financial Statements and Related Financial Information</i> .		
Description of the Activity:	The function of finance within the municipality is administered as follows and includes:		
	<i>Meter readings, Debtor Billing, Debt collection and other income, Payment of suppliers, Salaries and wages, Budget control, Supply chain management and reporting</i>		
	The strategic objectives of this function are to:		
	<i>Ensure the correctness of all levies and payments and assuring that council do not lose any income.</i>		
	The key issues for 2010/11 are:		
	<i>Correct meter readings, correct billing, increase collection rate, timeously payment of suppliers, good budget control and correct reporting.</i>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Debtor billings: number and value of monthly billings:	<i>Per month</i>	<i>R (000s)p/y</i>
	Water	5450	15299
	Electricity	1230	22532
	Refuse and sewerage	11000	14023
	Rates	13470	10092
	Total		61946
2	Debtor collections: value of amount received and interest:	<i>R (000s)</i>	<i>R (000s)</i>
	- Value received from monthly billings each month and interest from the previous month across debtors by function (e.g.: water, electricity etc)	61946	8659
	Note: create a suitable table to reflect amount received from that month's billings plus interest from the previous month across debtors by function		
3	Debtor analysis: amount outstanding over 30, 60, 90 and 120 plus days:		<i>R (000s)</i>
	Function :water, electricity etc>		
	- Total debts outstanding over 30, 60, 90 and 120 plus days across debtors by function (e.g.: water, electricity etc)		
	Property Rates		
	Current (0 – 30 days)		632 402
	31 - 60 Days		394 041
	61 - 90 Days		343 333
	91 - 120 Days		305 153
	121 - 365 Days		4 529 273
	+ 365 Days		5 238 249
	Total		11 442 451
	Electricity		
	Current (0 – 30 days)		1 149 708
	31 - 60 Days		440 081
	61 - 90 Days		333 323
	91 - 120 Days		296 256
	121 - 365 Days		1 551 129
	+ 365 Days		3 805 457
	Total		7 575 954
	Water		
	Current (0 – 30 days)		1 466 228
	31 - 60 Days		960 522

	61 - 90 Days		1 005 532
	91 - 120 Days		893 712
	121 - 365 Days		5 347 369
	+ 365 Days		17 411 298
	Total		27 084 661
	Debtors Age Analysis		
	Sewerage		
	Current (0 – 30 days)		1 101 288
	31 - 60 Days		967 696
	61 - 90 Days		953 645
	91 - 120 Days		847 596
	121 - 365 Days		6 401 736
	+ 365 Days		21 963 249
	Total		32 235 210
	Refuse		
	Current (0 – 30 days)		613 859
	31 - 60 Days		490 321

	61 - 90 Days		520 798
	91 - 120 Days		462 798
	121 - 365 Days		1 170 583
	+ 365 Days		12 044 068
	Total		15 302 427
	Other		
	Current (0 – 30 days)		100 104
	31 - 60 Days		133 816
	61 - 90 Days		117 825
	91 - 120 Days		104 723
	121 - 365 Days		857 372
	+ 365 Days		10 988 642
	Total		12 302 482
4	Write off of debts: number and value of debts written off:		<i>R (000s)</i>
	- Total debts written off each month across debtors by function (e.g. water, electricity etc)		11
	Note: create a suitable table to reflect write offs each month across debtors by function		
5	Property rates (Residential):		<i>R (000s)</i>
	- Number and value of properties rated	13470	2804301
	- Number and value of properties not rated	0	0
	- Number and value of rate exemptions	0	0
	- Rates collectible for the current year		10091863

Reporting Level	Detail	Total	
6	Property rates (Commercial):		R (000s)
	Included in no 5		
7	Regional Service Council (RSC) levies:		R (000s)
	- Number and value of returns	0	0
	- Total Establishment levy		0
	- Total Services levy		0
	- Levies collected for the current year		0
8	Property valuation:		
	- Year of last valuation	2008	
	- Regularity of valuation	4	
9	Indigent Policy:		
	- Quantity (number of households affected)	4359	
	- Quantum (total value across municipality)	16898	
10	Creditor Payments:	R (000s)	
	Note: create a suitable table to reflect the five largest creditors individually, with the amount outstanding over 30, 60, 90 and 120 plus days		
12	External Loans:	R (000s)	R (000s)
	- Total loans received and paid during the year	<received>	<paid>
	Note: Create a suitable table to reflect the balance of each external loan at the beginning of the year, new loans raised during the year and loans repaid during the year as well as the balance at the end of the year. Interest rates payable on each loan, together with the date of repayment should be also disclosed in the table.	0	891
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<i>Indigent, Meter readings, AFS, Better audit, Financial viable</i>	<i>About 390 more indigents was register. Meter readings are still a challenge, and to many averages is levied. This year the AFS was done in house, which was a big achievement, as it is done according to GRAP. Mantsopa work without an overdraft, and all commitments is still met</i>		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<i>Financial Viability and Management</i>	Adjustment budget 2009/2010 drafted and approved by council	The adjustment budget was tabled and approved by council	25-Jan-10
	Submission of the Midyear budget and performance assessment report to the Mayor, National Treasury and Provincial Treasury.	The midyear report was tabled and approved by council	25-Jan-10
	Draft budget 2010/2011 tabled in council before 90 days of the new financial year	The draft budget for 2010/2011 was tabled and approved by council	30-Mar-10
	Make draft budget for 2010/2011 available for inspection by the general public, Provincial Treasury and National Treasury	The 2010/2011 budget was advertised on the local newspaper and subjected to community participation as required by the MSA	10-Jun-10
	Financial reporting (section 71) is performed as per legislative requirements.	Section 71 reports were submitted as required by the MFMA	Monthly
	Financial management policies and by-laws developed, implemented, and monitored through quarterly performance assessment reports including but not limited to: (a) Supply chain management (b) Credit control (c) Tariff and investment policies	Only financial policies that were developed	Sep-09
	Municipal financial viability targets set and achieved must ensure that: (a) Growth in service debtors is reduced (10% increased) (b) Consumer debt exceeding 90 days is recovered (c) % personnel annual cost over the total operational budget is in line with regulatory framework (37%) (d) Provision for bad debt made (strategy to be presented before council)	The target was achieved	Quarterly
	Reduce the municipality's reliance on bank overdraft to one million rand only	Target was met	Dec-09
	Financial legislation implemented, including property rates act and the division of revenue act (DORA) and quarterly performance assessment report submitted to council	Target was met	Quarterly
	Submit the institutional SDBIP with the Municipal Manager and Section 57 Managers Performance Agreements as prescribed by the MFMA to the Mayor.	The target was met	Jul-09
	Submission of monthly reports by the expenditure committee to EXCO and quarterly to council	The target was met	Monthly
	Submission of the supply chain management reports to the Mayor and Council	Target was met	Monthly

Function:	Finance and Administration		
Sub Function:	Human Resources		
Reporting Level	Detail	Total	
Overview:	<p>Management and administration of all divisions of the human resource sub-divisions.</p> <p>Manage and develop human resource management staff so that sound human resource practices are maintained and staff are equipped to achieve the objectives of the of the sub division human resource.</p> <p>Manage the human resource management budget so that income and expenditure is in line with council requirements.</p>		
	<p><i>Employment Equity</i></p> <p><i>Appointments are continuously monitored against the Employment Equity Plan of council.</i></p> <p><i>During the 2009/2010 financial year a total of 32 new appointments were made, whereof 80% are 35 years and younger and 20% are from designated groups.</i></p> <p><i>The annual report on employment equity was submitted to dept of labour on the 30 September 2010 but was unfortunately not accepted as a result of errors indentified.</i></p> <p><i>The municipality was requested to re-submit its report on the prescribed format within seven days of notification or alternatively online before 15 January 2010 on the date of which the final corrected version of the Mantsopa Local Municipality Employment Equity Report was finally submitted in terms of section 41 of the employment equity act of 1998.</i></p>		

	<p>Adoption of the Organisational Structure:</p> <p>The organisational structure is reviewed on an ongoing basis to address identified problems, to align with the strategic objective of council that is the IDP, and to comply with relevant legislations and powers and functions as designated by the MEC for Cooperative Governance and Traditional Affairs.</p> <p>Organisational structure is also aligned to the IDP development objectives of every department.</p> <p>Human Resource Management Strategy:</p> <p>During the financial year under review the human resource strategy was reviewed and still awaiting approval by council and implementation during the 2010/2011 financial year.</p> <p>Work Skill Plan:</p> <p>During the financial year under review a total of R1 299 619.00 was provided for skills development. A total of number of 119 employees' received training in terms of the Works Skills Plan (WSP).</p> <p>The WSP address shorts as well as long term needs of the Mantsopa Local Municipality. The work skill plan 2009/2010 and annual training report were submitted on the 30 June 2010 to LGSETA.</p> <p>Policies and By Laws:</p> <p>The municipality has for the financial year under review prioritised the following policies and by laws for review and implementation:</p> <p>Human Resource Policy; travel Allowance and travel costs policy; Acting policy; bursary policy; cell phone allowance policy; employee assistance programme; employment equity policy; entertainment policy; health and safety policy; HIV&AIDS policy and Performance Management Policy.</p>		
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	<p>By Laws:</p> <p>Advertising by-laws; street trading by -laws; water service by-laws; control of street vendors, peddlers and Hawkers By-laws and credit control and debt collection by-laws.</p> <p>EPAS:</p> <p>Management is in the process of cascading performance management system to the lower level of management that will include post level 1-3 managers. It is expected that, these managers will conclude performance agreements determined by specific key performance indicators.</p> <p>Reporting:</p> <p>The annual report in terms of section 121 of the Local Government: Municipal Finance Management Act no 56 of 2003 for the financial year 2008/2009 was completed and tabled to council for approval. The municipality did also managed to complete the 2008/2009 annual performance report as required in terms of section 46 of the Local Government: Municipal Systems Act no 32 of 2000.</p> <p>Learnership:</p> <p>The municipality conducted the following Learnerships programme for the year under review:</p> <ol style="list-style-type: none"> 1) CPMD - two financial officials were trained 2) IDP - two officials were trained (one from IDP and one from the Mayor) 3) Accounting - Eleven officials from finance were trained 		
	<p>Employment Equity:</p> <p>To ensure that the municipality adhere to representativity in line with its employment equity plan.</p> <p>Human resource strategy</p> <p>Implementation of human resource strategy and employment reward programme.</p> <p>Information Technology:</p> <p>To ensure that Mantsopa Local Municipality staff is able to access relevant data through the IT system and that is linked to a GIS system.</p>		
	<ol style="list-style-type: none"> 1. Review of Policies 2. Review of by-laws 3. Review of Organisational Structure 4. Filling of vacant post 5. Construction and updating of municipal website 6. Scheduling of council and committee meetings 7. Legal matters 8. Development of service level agreement with Motheo for Health Function 9. Implementation of Work Skill Plan 10. Implementation of Employment Equity Plan 11. Compilation of annual report 		
1	Number and cost to employer of all municipal staff employed:		R (000s)
	- Professional (Managerial/Specialist) MCS = 1; CH&PS =1; CCO =1; EHP's = 2; CL=1	6	R2 573 894
	- Field (Supervisory/Foremen) PO = 1; CCC = 1; Sec =1	3	571 411

	- Office (Clerical/Administrative) RC=1; AC=1; PC=1; REC=1	4	437 677
	- Non-professional (blue collar, outside workforce) Cleaners = 3	3	252 742
	- Temporary Staff - Personnel	1	0
	- Contract Staff - none	0	0
	Note: total number to be calculated on full-time equivalent (FTE) basis, providing detail of race and gender according to the breakdown described above. Total cost to include total salary package		
Municipal transformation and Organisational Development	Implement and monitor the IDP 2006-2011 through quarterly performance assessment reports submitted council.	Quarterly performance assessment submitted to the Municipal Manager	Quarterly
	IDP and Performance Management System (PMS) aligned to the IDP implemented	IDP and PMS were aligned	Quarterly
	An organisational structure aligned to the to the IDP established and implemented	Structure aligned to the IDP	Jun-09
	Submit the IDP process plan to council, detailing the annual review of the IDP 2011-2012 as prescribed by section 34 of the Local Government: Municipal Systems Act no 32 of 2000.	IDP review process plan was tabled and adopted by council	24-Aug-09
	Ward development plans developed for each ward and inform the annual review of IDP 2011-2012 as per the principles of the community based planning.	Ward plans for each ward were developed	Mar-10
	Submit the reviewed IDP 2009/2010 including the following IDP statutory sector plan to council for approval: Integrated Environmental Management Plan; Disaster Management Plan; Integrated Spatial Development Plan; Water Service Development Plan; and Performance Management System.	The reviewed IDP was tabled and approved by council	13-Jun-10
	Submission of the Annual Report including the Annual Performance Report for 2008/2009 to council for approval, and to the CoGTA, National Treasury and Provincial Treasury for notification	Annual report was tabled and approved by council	Dec-09
	Regular sitting of the council and council committees as per the programme of council.	The council and standing committee were convened as per approved schedule	Per schedule
	Implementation of the Workplace Skills Development Plan through the submission of mid-year reports to council for monitoring	Work skills plan was developed and implemented	Dec 2009 and June 2010
	All vacant and funded posts to be advertised and filled	All vacant post were filled	As soon as possible

	Customer service systems introduced and implemented	The system has been developed and situated in the Technical Department	Aug-09
	By laws compiled for each department and submitted to council	The target not met	Nov-09
	Effective administrative and institutional system, structure and procedures including: Human resources, financial policies, by-law and communication systems established and implemented	The target met	on going
	Integrated human resource management systems introduced and operationalised.	The draft human resource strategy was developed, not yet approved by council	Dec-09

Function:	Finance and Administration		
Sub Function:	Other Administration (Procurement)		
Reporting Level	Detail	Total	
Overview:	Includes all activities relating to overall procurement functions of the municipality including costs associated with orders, tenders, contract management etc		
	<i>Demand, Acquisition, Disposal, Logistic and performance of service provider.</i>		
	The municipality has a mandate to:		
	<i>The objectives of Supply Chain Management (SCM) are to:</i> a) Give effect to the provisions of the constitution, 1996; b) Give effect to the provisions of the MFMA, 2003; c) Transform outdated procurement and provisioning practices into an integrated SCM function; d) Ensure that SCM forms an integral part of the financial management system of the municipality; e) Make significant improvement to financial management in the broader public sector; f) Introduce a system for the appointment of consultants; g) Create a common understanding and interpretation of government's preferential procurement policy objectives; h) Promote consistency in respect of supply chain management policy and other related policy initiatives in government; and i) align with global trends and ensure that South Africa adheres to international best practices		
	<i>Ensure submission of supply chain management reports to the Mayor</i>		
	<i>To update database of service providers, To manage and control demand and acquisition (To source quotations for municipality). Bucket Eradication in Hobhouse and Tweespruit (Phase 1), Upgrading and Rehabilitation of Roads and Storm-Water in Ladybrand, Supply and Delivery of two (2) Motor Vehicles, Supply and Delivery of two (2) new bakkies, Supply and Delivery Multipurpose Landfill Handler. Supply and Delivery of one (1) 2 tons Truck.</i>		
1	Details of tender / procurement activities:		
	- Total number of times that tender committee met during year	12	
	- Total number of tenders considered	12	
	- Total number of tenders approved	12	
	- Average time taken from tender advertisement to award of tender	1 Week	
	Note: Figures should be aggregated over year across all municipal functions		
2	Details of tender committee:		
	<i>The following are members of the tender committee of Mantsopa Local Municipality:</i> 1. MJ Mazinyo - CFO 2. RP Chalale - Acting Manager Technical Services 3. FA Mhlongo - Manager Corporate Services 4. E Makateng - Chief Housing and Protection Officer		
	Note: List details of each member of the tender committee		
<i>Financial Viability and Management</i>	Submission of the supply chain management reports to the Mayor and Council	Target was met	Monthly

Function:	Planning and Development		
Sub Function:	Economic Development		
Overview:	To facilitate the formulation and implementation of Local Economic Strategies and sustainable urban and rural areas to create condition within Mantsopa Local Municipality that will enable self reliant, proud and strong communities.		
	<i>Facilitate, stimulating and promoting economic development in the area; Promotion of tourism and agricultural development</i>		
	<i>The mandate of the municipality is to create conditions with Mantsopa Local Municipality that will enable self reliant, proud and strong communities to thrive within an integrated and sustainable urban and rural environment.</i>		
	<i>Mantsopa Local Municipality contributes to the creation of sustainable income generating opportunities in terms of government strategies and guidelines for economic growth; Promote tourism and agriculture.</i>		
	<i>Implement eight catalyst projects for economic development:</i> 1) Charcoal Projects 2) Lesedi woodwork 3) Thusanang Welding 4) Molemo Beading 5) Mothers Trust 6) Mantsopa Birds 7) Clean and Greening 8) Lekhalong la Mantsopa		
1	Number and cost to employer of all economic development personnel:		<i>R (000s)</i>
	- Professional (Directors / Managers) CDO = 1	1	472 792
	- Non-professional (Clerical / Administrative) LED COR = 1; Tourism Off = 1	2	354 419
	- Temporary - none	0	0
	- Contract	0	0
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
2	Detail and cost of incentives for business investment:		<i>R (000s)</i>
	<i>Provision building for Ladybrand Hawkers</i>		R 10
	<i>Leased municipal land to charcoal project</i>		R 10
	<i>Leased Mahlatswetsa Community Hall to Lesedi Woodwork</i>		R 12
	<i>Leased Old Hobhouse Municipal Stores to Thusanang welding</i>		R 0
	<i>Donated Land for free to Mothers Trust and Mantsopa Birds</i>		R 0
	<i>Leased Feedlot to Kgatelopele Thuong Framers</i>		R 50 000 per annum
	Note: list incentives by project, with total actual cost to municipality for year		
3	Detail and cost of other urban renewal strategies:		<i>R (000s)</i>
	<i>The municipality has for the financial year under review did not undertake to conduct an urban renewal strategy.</i>		R 0
	Note: list strategies by project, with total actual cost to municipality for year		
4	Detail and cost of other rural development strategies:		<i>R (000s)</i>
	<i>Fencing of municipal properties</i>		R250 000
	<i>Painting of municipal offices</i>		120 000
	<i>Provision of sanitation services to rural areas</i>		300 000
	<i>Street cleaning and greening</i>		34 million
	<i>Upgrading of Lekhalong la Mantsopa</i>		15 million

	Note: list strategies by project, with total actual cost to municipality for year		
5	Number of people employed through job creation schemes:		
	- Short-term employment	815	
	- Long-term employment	283	
	Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives		
6	Number and cost to employer of all Building Inspectors employed:		R (000s)
	- Number of Building Inspectors	1	339 671
	- Temporary		
	- Contract		
	Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary package		
6	Details of building plans:		
	- Number of building plans approved	51	
	- Value of building plans approved	R19 million	
	Note: Figures should be aggregated over year to include building plan approvals only		
7	Type and number of grants and subsidies received:		R (000s)
	Upgrading of Lekhalong la Mantsopa	1	R15 million
	Street Cleaning and Greening	1	R34 million
	Note: total value of specific planning and development grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
Local Economic Development	An analysis of the local economy undertaken by LED learnership and ward committees and CDW's through Mantsopa LED investment strategy which included the following elements: (a) National Spatial Development Perspective principles; (b) Provincial, Motheo District and Local Spatial Dev Framework; (c) Linked to governance and administration e.g. preferential procurement to LED and SMME development; (d) Rigorous SWOT analysis of the economic potential of the municipality; and (e) Incorporate areas and aspect of ASGISA and JIPSA	Target not met	Oct-09
	Implementation of the following projects in 2009/2010 and progress (projects milestones) provided to the Mayor through the PMU reports: (a) Revival of all collapsed projects by training projects members and through other progressive means.	The target was met	Quarterly
	Submission of LED business plans for funding of which the following are the priority: (a) 2010 developments (b) Modderpoort Development (c) Mahlatswetsa Bakery (d) Lesedi woodwork (e) Manyatseng buy back centre (f) Tshepanang Milling (g) Thusanong welding	Target was met	Sep-09
	Beef feedlot to be leased to out to Kgatelopele Thoung Farmers Association and progress report to be submitted to the Mayor	Target was met	Dec-09
	Tourism forum is functional and progress report is submitted to the Mayor in this regard.	Target was met	Quarterly

Function:	Community and Social Services		
Sub Function:	All inclusive		
Overview:	Includes all activities associated with the provision of community and social services		
	<i>Delivery of emergency services (fire, rescue and disaster) Provision of clean, green and healthy environment Provide environmental Health Services (Consumer Protection) Development of sports and recreation</i>		
	<i>Ensure disaster preparedness and management Conserve the environment Monitor and ensure environmental health Manage, maintain and development of sports facilities</i>		
	<i>Ensure public awareness of disaster preparedness and fire safety Implementation of various horticultural and conservation projects Integration of services and development of standard by laws across the municipality Development of sports and recreation facilities and supporting major sporting events</i>		
1	Nature and extent of facilities provided:	<i>no of facilities:</i>	<i>no of users:</i>
	- Library services	5	
	- Museums and art galleries	0	0
	- Other community halls/facilities	6	57 4300
	- Cemeteries and crematoriums	9	57 4300
	- Child care (including crèches etc)	68	
	- Aged care (including aged homes, home help)	2	
	- Schools	19	
	- Sporting facilities (specify)	11	
	- Parks	10	
	Note: the facilities figure should agree with the assets register		
2	Number and cost to employer of all personnel associated with each community services function:		<i>R(000s)</i>
	- Library services	5	
	- Museums and art galleries	0	
	- Other community halls/facilities	6	
	- Cemeteries and crematoriums	9	
	- Child care	5	0
	- Aged care	4	0
	- Schools	28	0
	- Sporting facilities	9	0
	- Parks	<i>total</i>	<i>cost</i>
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
6	Total operating cost of community and social services function		<i>R10 million</i>
<i>Basic Service Delivery</i>	Submit the reviewed IDP 2009/2010 including the following IDP statutory sector plan to council for approval: Integrated Environmental Management Plan; Disaster Management Plan; Integrated Spatial Development Plan; Water Service Development Plan; and Performance Management System.	The reviewed IDP was tabled and approved by council	13-Jun-10

Function:	Housing		
Sub Function:	N/A		
Overview:	Includes all activities associated with provision of housing		
	<i>Allocation of sites</i> <i>Development of waiting list</i> <i>Administration of RDP houses project management</i> <i>Surveying of ervens</i> <i>Management of Municipal Flats</i>		
	<i>To provide sustainable human settlement to the communities of Mantsopa Local Municipality</i> <i>To provide ervens to identified residents of Mantsopa Local Municipality as per the developed waiting list</i>		
	<i>To provide sustainable human settlement to the communities of Mantsopa Local Municipality</i> <i>To provide ervens to identified residents of Mantsopa Local Municipality as per the developed waiting list</i>		
	<i>Township development of 401 sites in Mahlatswetsa</i> <i>Township development of 218 site in Dipelaneng</i> <i>Township development of 422 sites in Platberg</i> <i>Township development for 135 sites in Thaba Patchoa</i> <i>Construction of 100 houses in Dipelaneng</i> <i>Construction of 100 houses in Mahlatswetsa</i> <i>Construction of 300 in Manyatseng</i>		
1	Number and cost of all personnel associated with provision of municipal housing:		<i>R (000s)</i>
	- Professional (Architects/Consultants) CH&PS = 1	1	415 288
	- Field (Supervisors/Foremen) HO = 1	1	161 468
	- Office (Clerical/Administration) HC = 1	1	148 218
	- Non-professional (blue collar, outside workforce) - NONE	0	0
	- Temporary	0	0
	- Contract	0	0
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Professional includes project design, Field includes all tradespersons.		
2	Number and total value of housing projects planned and current:		<i>R (000s)</i>
	- Current (financial year after year reported on)	500	21million
	- Planned (future years)	800	33, 6 million
	Note: provide total project and project value as per initial or revised budget		
3	Total type, number and value of housing provided:		<i>R (000s)</i>
	<i>Construction of 300 houses in Manyatseng</i>	300	R12,6 million
	<i>Construction of 100 houses in Mahlatswetsa</i>	100	R4,2 million
	<i>Construction of 100 houses in Dipelaneng</i>	100	R4,2 million
	Note: total number and total value of housing provided during financial year		
4	Total number and value of rent received from municipal owned rental units		<i>R (000s)</i>
	<i>Casamia Flats</i>	8	R
	<i>Beeton Flats</i>	41	
	<i>Kolby</i>	12	
5	Total operating cost of housing function		<i>R884 021</i>
<i>Basic Service Delivery</i>	The integrated housing sector plan developed, implemented and monitored through the quarterly performance assessment reports.	Target not met	Quarterly
	Land audit concluded and implemented in order to meet its intended objectives	Target not met	Quarterly

Function:	Public Safety		
Sub Function:	Police (Traffic)		
Overview:	Includes police force and traffic (and parking) control		
	<i>To deliver traffic law enforcement and crime prevention service for the entire area of Mantsopa Local Municipality.</i>		
	<i>Community of Mantsopa have access to effective protective service to support effective service to support a safe environment and effective response to unforeseen events that include:</i> <i>Traffic Services</i> <i>Disaster Management</i> <i>Crime areas</i> <i>To reduce the ever increasing levels of crime</i> <i>To minimise the disaster management related incidents</i>		
	<i>Reduction in the number of accidents</i> <i>Reduction in number of traffic offences</i> <i>Readiness of stakeholders to respond in time of incidents/disaster</i> <i>Improved responses time to disaster management reaction</i> <i>Increased in environmental crime prevention initiatives (bush clearing/street light)</i> <i>Percentage of crime reduction statistics</i> <i>Percentage of disaster related incidents</i>		
1	Number and cost to employer of all personnel associated with policing and traffic control:		<i>R (000s)</i>
	- Professional (Senior Management) CH&PS =1	1	415 218
	- Field (Detectives/Supervisors) Traffic Officer = 1	1	182 763
	- Office (Clerical/Administration) wardens = 1	1	81 451
	- Non-professional (visible police officers on the street) wardens 2	2	120 232
	- Volunteer	0	0
	- Temporary	0	0
	- Contract	0	0
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Office includes desk bound police and traffic officers, non-professional includes aides		
2	Total number of call-outs attended:		
	- Emergency call-outs	420	
	- Standard call-outs	320	
	Note: provide total number registered, based on call classification at municipality		
3	Average response time to call-outs:		
	- Emergency call-outs	420	
	- Standard call-outs	320	
	Note: provide average by dividing total response time by number of call-outs		
4	Total number of targeted violations e.g.: traffic offences:		
	<i>Speeding</i> <i>Drivers License</i> <i>Cars without permits</i> <i>Traffic fines</i>	124	
	Note: total value of specific public safety grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
5	Total operating cost of police and traffic function		1027 401

<i>Institutional Transformation and development</i>	By laws compiled for each department and submitted to council	The target not met	Nov-09
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Function:	Waste Management		
Sub Function:	Solid Waste		
Overview:	Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling		
	Domestic waste collection: weekly door to door collection Trade waste collection weekly Garden waste collection weekly Solid waste management		
	Management of solid waste disposal Collection of illegal dumping sites		
	To ensure safe and healthy environment		
	Development of schedule for solid waste sites Development of integrated solid waste management plan Purchasing of Bulldozer Appointment of solid waste managers Record of refuse removal services beneficiaries % Households refuse removal service provided per programme for: • Households • Business • Illegal dumping sites		
1	Number and cost to employer of all personnel associated with refuse removal:		R (000s)
	- Professional (Engineers/Consultants) Acting Tech Manager =1	0	0
	- Field (Supervisors/Foremen) Sup =1	8	1 555 090
	- Office (Clerical/Administration) none	1	233 473
	- Non-professional (blue collar, outside workforce)	61	4 557 067
	- Temporary	24	411 840
	- Contract	0	0
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
2	Number of households receiving regular refuse removal services, and frequency and cost of service:		R (000s)
	- Removed by municipality at least once a week	11 500	7 317 180
	- Removed by municipality less often	0	0
	- Communal refuse dump used	0	0
	- Own refuse dump	0	
	- No rubbish disposal	4	
	Note: if other intervals of services are available, please provide details		
3	Total and projected tonnage of all refuse disposed:		
	- Domestic/Commercial	The municipality currently does not have a weigh bridge	The municipality is the process of developing a weigh bridge in all municipal land fill sites

	- Garden	<i>The municipality currently does not have a weigh bridge</i>	<i>The municipality is the process of developing a weigh bridge in all municipal land fill sites</i>
	Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period		
4	Anticipated expansion of refuse removal service:		<i>R (000s)</i>
	- Domestic/Commercial	2	<i>R8 000 000</i>
	- Garden	2	
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
5	Free Basic Service Provision:		
	- Quantity (number of households affected)	4300	
	- Quantum (value to each household)	2 734 800	
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
6	Total operating cost of solid waste management function		<i>R2 997 171</i>
<i>Basic Service Delivery</i>	Refuse removal (weekly) households removal programme implemented- progress to be included in the departmental quarterly performance assessment reports.	Weekly refuse removal was conducted and progress report done on a quarterly basis	Quarterly

Function:	Waste Water Management		
Sub Function:	Sewerage etc		
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities		
	<i>Sewer maintenance, sewerage purification, removal of septic tank, unblocking of sewer lines and management of sewer treatment works.</i>		
	<i>Act as water service authority Ensure provision of sanitation services to all residents of Mantsopa</i>		
	<i>To eradicate sewer backlogs in the municipality with the purpose of eradicating the remaining buckets toilet To ensure that, by 2011 all households on formal ervens have access to clean potable water connections To ensure that all households earnings less than R1 100 per month receive free basic water services</i>		
	Number of households provided with basic sanitation service Council Approved WSDP for 2009/10 Reports on 2009/2010 WSDP Sanitation services needs for the year 2009/10 confirmed (for projects that are implementation ready) Km of sewer lines constructed Effluent sampling programme implemented Number of WWTW fenced off Information for awareness programme prepared per ward % Leaks repaired timely Number of public engagement sessions attended or provided information		
1	Number and cost to employer of all personnel associated with sewerage functions:		<i>R (000s)</i>
	- Professional (Engineers/Consultants)	<i>1</i>	<i>416 567</i>
	- Field (Supervisors/Foremen)	<i>10</i>	<i>1 325 802</i>
	- Office (Clerical/Administration)	<i>1</i>	<i>233 473</i>
	- Non-professional (blue collar, outside workforce)	<i>73</i>	<i>5 966 746</i>
	- Temporary	<i>8</i>	<i>223 080</i>
	- Contract	<i>0</i>	<i>0</i>
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
2	Number of households with sewerage services, and type and cost of service:		<i>R (000s)</i>
	- Flush toilet (connected to sewerage system)	<i>8870</i>	
	- Flush toilet (with septic tank)	<i>486</i>	
	- Chemical toilet	<i>0</i>	<i>0</i>
	- Pit latrine with ventilation	<i>0</i>	<i>0</i>
	- Pit latrine without ventilation	<i>0</i>	<i>0</i>
	- Bucket latrine	<i>2635</i>	
	- No toilet provision	<i>0</i>	<i>0</i>
	Note: if other types of services are available, please provide details		
3	Anticipated expansion of sewerage:		<i>R (000s)</i>
	- Flush/chemical toilet	<i>900</i>	<i>20 000 000</i>

	- Pit latrine	0	0
	- Bucket latrine	0	0
	- No toilet provision	0	0
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
4	Free Basic Service Provision:		
	- Quantity (number of households affected)	4300	
	- Quantum (value to each household)	5 211 600	
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
5	Total operating cost of sewerage function		R (000s)
Basic Service Delivery	Monitor the implementation of council's bucket eradication programme in order to meet the national target for Dec 2010 through the monthly PMU reports and other progressive means	PMU submitted quarterly progress report on implementation of bucket eradication project	Quarterly
	Implementation of the following projects in 2009/2010 and progress (project milestones) provided to Mayor through PMU reports: Water treatment works in Hobhouse Bucket eradication in Hobhouse (Phase 2) Bucket eradication in Tweespruit (Phase 2) Bucket eradication Mahlatswetsa (retention)	The PMU successfully implemented the projects and managed to spend 100% of allocated MIG funds and progress was submitted through quarterly performance reports	Quarterly

Function:	Road Transport		
Sub Function:	Roads		
Overview:	Construction and maintenance of roads within the municipality's jurisdiction		
	<i>To provide access to all ervens by building properly drained streets</i> <i>To ensure continuous maintenance of existing streets</i> <i>To ensure continuous maintenance of storm water channels</i>		
	<i>To provide access to all ervens by building properly drained streets</i> <i>To ensure continuous maintenance of existing streets</i> <i>To ensure continuous maintenance of storm water channels</i>		
	<i>To improve the standard of roads and stormwater drainage in the municipality</i> <i>To maintain the existing roads infrastructure</i>		
	Number of kilometers of roads/main streets constructed/provided: Tarred Gravelled Number of kilometers repaired 1) Tarred 2) Gravelled 3) Paved 4) Constructed and upgraded Maintenance of equipment per programme Number of kilometers of stormwater drainage built along existing and new roads.		
1	Number and cost to employer of all personnel associated with road maintenance and construction:		R (000s)
	- Professional (Engineers/Consultants)	0	0
	- Field (Supervisors/Foremen)	8	1 282 197
	- Office (Clerical/Administration)	1	233 473
	- Non-professional (blue collar, outside workforce)	19	1 779 955
	- Temporary	6	102 960
	- Contract	0	0
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
2	Total number, kilometers and total value of road projects planned and current:		R (000s)
	- New bituminized (number)	0	0
	- Existing re-tarred (number)	3.5 km	R
			8,910,778.88
	- New gravel (number)	0	0
	- Existing re-sheeted (number)	0	0
	Note: if other types of road projects, please provide details		
3	Total kilometers and maintenance cost associated with existing roads provided		R (000s)
	- Tar		
	- Gravel	2.2 km	R
			143,000.00
	Note: if other types of road provided, please provide details		
4	Average frequency and cost of re-tarring, re-sheeting roads		R (000s)

	- Tar		
	- Gravel	3,2km	
	Note: based on maintenance records		
5	Estimated backlog in number of roads, showing kilometers and capital cost		R (000s)
	- Tar	15km	R30 million
	- Gravel	3,2km	R7 million
	Note: total number should appear in IDP, and cost in future budgeted road construction programme		
6	Type and number of grants and subsidies received:		R (000s)
	<list each grant or subsidy separately>	DBSA (Loan)	R5 million
	Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
7	Total operating cost of road construction and maintenance function		R6 316 366
Basic Service Delivery	Asset register for all infrastructure and municipal property reviewed quarterly and maintained	Asset register complaint with GRAP was developed	Quarterly

Function:	Water		
Sub Function:	Water Distribution		
Overview:	Includes the bulk purchase and distribution of water		
	<i>Water maintenance, Water purification, Water conservation and demand management. These services extend to include bulk water supply and water distribution, But does not take into account for 70% of bulk water supply which sits within the jurisdiction of Bloem Water in Excelsior.</i>		
	<i>To act as water service authority in the entire Mantsopa Local Municipality area of jurisdiction</i>		
	<i>To ensure that, by 2011 all households on formal ervens have access to clean potable water service, To ensure that all households earning less than R1 800 per month receive free basic services</i>		
	<i>Number of households supplied with water Council approved WSDP for 2009/10 Reports on 2009/2010 WSDP Completed 2009/2010 water related projects Water meters installed Number of water treatment works upgraded Water sampling programme implemented Number of reservoirs cleaned Number of reservoirs/WTW fenced off By-laws for water and sanitation % Leaks repaired timely Number of public engagement sessions attended or provided information Achievement of blue and green drop requirements Training provided on water and waste water management</i>		
1	Number and cost to employer of all personnel associated with the water distribution function:		<i>R (000s)</i>
	- Professional (Engineers/Consultants)	1	416 567
	- Field (Supervisors/Foremen)	10	1 325 802
	- Office (Clerical/Administration)	1	233 473
	- Non-professional (blue collar, outside workforce)	26	2 704 607
	- Temporary	12	205 920
	- Contract	0	0
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.		
2	Percentage of total water usage per month		
	<i>July August September October November December January February March April May June</i>	<i>The municipality does not have efficient metering for monthly water consumption</i>	0
	Note: this will therefore highlight percentage of total water stock used per month		

3	Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer		R (000s)
	- Category 1 <insert here>	<i>The municipality is the process of installing zonal metering</i>	Quotations to be sourced
	- Category 2 <insert here>		
	- Category 3 <insert here>		
	- Category 4 <insert here>		
4	Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:		R (000s)
	- Category 1 <insert here> (total number of households)	<i>The municipality is the process of installing zonal metering</i>	Quotations to be sourced
	- Category 2 <insert here> (total number of households)		
	- Category 3 <insert here> (total number of households)		
	- Category 4 <insert here> (total number of households)		
5	Total year-to-date water losses in kilolitres and rand		R (000s)
6	Number of households with water service, and type and cost of service:		R (000s)
	- Piped water inside dwelling	11 500	
	- Piped water inside yard	11 500	
	- Piped water on community stand: distance < 200m from dwelling	0	0
	- Piped water on community stand: distance > 200m from dwelling	0	0
	- Borehole	0	0
	- Spring	0	0
	- Rain-water tank	0	0
	Note: if other types of services are available, please provide details		
7	Number and cost of new connections:		R (000s)
	<detail total>	0	0
8	Number and cost of disconnections and reconnections:		R (000s)
	<detail total>	0	0
9	Number and total value of water projects planned and current:		R (000s)
	- Current (financial year after year reported on)	1 In Hobhouse	R10 million
	- Planned (future years)	Household connection to 218 sites in Hobhouse Household connections to 401 sites in Excelsior Household Connections to 23 sites in Manyatseng Households connections to 158 sites in Thaba Patchoa	To be part of the MTEF
	Note: provide total project and project value as per initial or revised budget		
10	Anticipated expansion of water service:		R (000s)
	- Piped water inside dwelling	0	0
	- Piped water inside yard	800	3 000 000
	- Piped water on community stand: distance < 200m from dwelling	0	0
	- Piped water on community stand: distance > 200m from dwelling	0	0

	- Borehole	7	200 000
	- Spring	0	0
	- Rain-water tank	0	0
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
11	Estimated backlog in number (and cost to provide) water connection:		R (000s)
	- Piped water inside dwelling	0	0
	- Piped water inside yard	0	0
	- Piped water on community stand: distance < 200m from dwelling	0	0
	- Piped water on community stand: distance > 200m from dwelling	0	0
	- Borehole	0	0
	- Spring	0	0
	- Rain-water tank	0	0
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
12	Free Basic Service Provision:		
	- Quantity (number of households affected)	11 505	
	- Quantum (value to each household)	R8 973 900	
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
13	Type and number of grants and subsidies received:		R (000s)
	<i>Equitable share</i>	1	R53 million
	Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
14	Total operating cost of water distribution function		20 million
<i>Basic Service Delivery</i>	Water service development plan 2011-2012 monitoring through quarterly performance assessment reports	WSDP was developed and quarterly performance assessment reports submitted	Quarterly
	Monitor the implementation of the Municipal Service Delivery Agreement with Bloem Water in the rendering of water services in Excelsior through quarterly performance assessment reports	quarterly meetings to monitor the implementation of the Service Level Agreement were held with Bloem Water	Quarterly

Function:	Electricity		
Sub Function:	Electricity Distribution		
Overview:	Includes the bulk purchase and distribution of electricity		
	<i>The function has been outsourced to CENTLEC by means of service level agreements.</i>		
	<i>To provide electricity service to all households of Mantsopa</i> <i>Maintenance of electricity substations</i> <i>Installation of households and business connections</i>		
	<i>To eradicate electricity supply backlog</i> <i>To provide reliable, and sufficient electricity supply</i>		
	<i>Shorter turnaround time for repairs</i> <i>Provide alternative sources of supply where applicable</i> <i>Strengthen electricity infrastructure</i> <i>Electricity infrastructure to support free basic electricity in place</i> <i>Developed maintenance programme</i> <i>Number of sub-stations maintained/serviced</i> <i>% of applications for new electricity connections responded to by providing such connections</i> <i>% of street lighting challenges attended to per town (existing)</i>		
1	Number and cost to employer of all personnel associated with the electricity distribution function:		R (000s)
	- Professional (Engineers/Consultants)	0	0
	- Field (Supervisors/Foremen)	2	461 500
	- Office (Clerical/Administration)	0	0
	- Non-professional (blue collar, outside workforce)	7	586 295
	- Temporary	2	17 160
	- Contract	0	0
2	Number of households with electricity access, and type and cost of service:		R (000s)
	- Electrified areas	11 500	
	- Municipal Ladybrand Town, Mauersnek, Tweespruit Town, Davieswiell, Excelsior Town	5	
	- Eskom Manyatseng, Boroa, Mahlatswetsa, Hobhouse Town, Dipelaneng and Thaba Patchoa	6	
	- Alternate energy source		
	- Gas	0	0
	- Paraffin	0	0
	- Solar	0	0
	- Wood	0	0
	- Non electrified	0	0
	Note: if other types of services are available, please provide details		
3	Number and cost of new connections:		R (000s)
4	Number and cost of disconnections and reconnections		R (000s)
5	Number and total value of electrification projects planned and current:		R (000s)
	- Current (financial year after year reported on)	0	0
	- Planned (future years)		
	Electricity connection to 422 sites in Platberg	422	DME,
	Households connection to 23 sites in Manyatseng	23	CENTLEC
	Electricity connections to 218 sites	218	and
			ESKOM
	Note: provide total project and project value as per initial or revised budget		

6	Anticipated expansion of electricity service:		<i>R (000s)</i>
	Same as above		
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
7	Estimated backlog in number (and cost to provide) water connection:		<i>R (000s)</i>
	<detail total>	0	0
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
8	Free Basic Service Provision:		
	- Quantity (number of households affected)	4300	
	- Quantum (value to each household)	R1 984 020	
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
9	Type and number of grants and subsidies received:		<i>R (000s)</i>
	<list each grant or subsidy separately>	Equitable Share	<value>
	Note: total value of specific electricity grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
10	Total operating cost of electricity distribution function		<i>R21 million</i>
Basic Service Delivery	Monitor the implementation of the municipal service delivery agreements with CENTLEC and ESKOM in the rendering of electricity services through quarterly performance assessment reports	Quarterly meetings to monitor the implementation of the Service Level Agreement were held with CENTLEC	Quarterly

Function:	Electricity		
Sub Function:	Street Lighting		
Reporting Level	Detail	Total	Cost
Overview:	Includes all activities associated with the provision of street lighting to the community		
	<i>Provision of sufficient area lighting</i>		
	<i>Ensure maintenance of existing streets lights and high mast lights</i> <i>Installation of additional lighting on indented areas</i>		
	<i>Ensure maintenance of existing streets lights and high mast lights</i> <i>Installation of additional lighting on indented areas</i>		
	<i>Installation of high mast lights in Manyatseng</i>		
1	Number and total operating cost of streetlights servicing population:		<i>R (000s)</i>
		<i>57 4000</i>	<i>606 000</i>
	Note: total streetlights should be available from municipal inventory		
2	Total bulk kilowatt hours consumed for street lighting:		
	Note: total number of kilowatt hours consumed by all street lighting for year		
<i>Basic Service Delivery</i>	Monitor the implementation of the municipal service delivery agreements with CENTLEC and ESKOM in the rendering of electricity services through quarterly performance assessment reports	Quarterly meetings to monitor the implementation of the Service Level Agreement were held with CENTLEC	Quarterly