



ANNUAL REPORT FOR THE PERIOD ENDED 30 JUNE 2011.

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CHAPTER 1: INTRODUCTION AND OVERVIEW

1.1. MAYOR'S FOREWORD



Cllr SD Ntsepe

It's a great pleasure to table the 2010/2011 Annual Report of the Mantsopa Local Municipality, which is both a legislative and accountability requirement. In terms of section 46 of the Local Government: Municipal Systems Act No.32 of 2000 and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No. 56 of 2003, the municipality must prepare an annual report for each financial year and the Mayor must table such in council within seven months after the end each financial year.

This annual report is a culmination of the implementation of the council's adopted Integrated Development Plan (IDP) and Budget and Service Delivery and Budget Implementation Plan (SDBIP) for the 2010/2011 financial year.

This report represents the institution's achievements and challenges towards working smarter and better in improving service delivery and development, in response to the cabinet decision of developing municipal turn-around strategies to make local government work better.

During this period the municipal demarcation re-aligned the municipal boundaries and the outcome of this process provided the municipality with additional ward which brings the total numbers of the municipality wards to nine. It was also during this process that our municipality was demarcated under the Thabo Mofutsanyane District Municipality after the de-establishment of the former Motheo District Municipality. I hereby wish to take this opportunity to formally inform the residents of Mantsopa Local Municipality that, the municipality is now part of the Thabo Mofutsanyana District Municipality.

Let me also congratulate the IEC and its officials for conducting free and fair elections held on the 18 May 2011. And it is my wish that the newly elected councillors will work together in effort to implement the promises as contained in the election manifesto of the ruling party the ANC.

Regarding service delivery, the municipality is on course in achieving its objectives in all five key performance areas as outlined in detail as contained in this annual report namely:

- Basic Service Delivery and Infrastructural Development;
- Municipal Financial Viability and Management;
- Municipal Transformation and Development;
- Local Economic Development; and
- Good Governance and Public Participation.

Key achievements during the financial year under review are the following:

- Receipt qualified audit opinion from the Auditor General and audit action plan was developed to address all matters raised by the Auditor General in order to move towards the attainment of an unqualified audit opinion;
- Completion of the Hobhouse: Waste Water Treatment Plan to increase bulk water supply;
- Completion of Itumeleng Community Hall;
- Construction of streets and stormwater:-
 - Koma Village
 - Manyatseng
 - Ladybrand
- Completion of phase 3 bucket eradication project in Tweespruit and Hobhouse;
- Completion of sewer reticulation in Platberg;

In conclusion, I would like to express my sincere gratitude to all councillors, committees of council senior managers, officials, the community of Mantsopa and stakeholders for their meaningful contribution to the progress made during the year under review.

.....
COUNCILLOR SELLO DENNIES NTSEPE
MAYOR

1.2. MUNICIPAL MANAGER'S FORWARD



Mr. SM Selepe

The Annual Report as presented is the product of the last term of office of the municipal council elected in 2006. The document presents a strong foundation for the next financial year, to inform the new coming council. The Annual Report in itself contains numerous important chapters / documents such as the Auditor – General's report 2010/2011, the report of the Internal Auditor, financial statements, etc.

It is also imperative to note that Mantsopa Local Municipality, during the financial year in question, was part of the Motheo District Municipality and on the new demarcation which came into effect May 2011, Mantsopa is now part of the Thabo Mofutsanyana District Municipality. The key challenges that are brought by this demarcation require that the leadership of the municipality needs to strategise and reflect on the following issues:

- Performance of the municipality with the context of its mandate to identify success, challenges and opportunities for the future.
- External environment and how emerging local, national and global policy imperatives will impact on the municipal planning.
- Define a Programme of Action for the coming five years, the communities have entrusted the newly elected municipal Councillors with their vote and their expectation are very high.

Communication between the municipality and communities is a pivotal factor in achieving all of local government objectives. Effective strategies must be put in place which will allow two-way communication between a municipality and the people it serves, this is one of the important factors of why we compile an annual report.

In conclusion we would like to express our gratitude to the Mayor, Speaker, all councillors and the former Municipal Manager and the rest of the staff of the municipality for their dedication and hard work.

.....
SM SELEPE
(ACTING) MUNICIPAL MANAGER

1.3. OVERVIEW OF THE MUNICIPALITY

1.3.1. Introduction

This annual report was compiled in line with the requirements of the Local Government: Municipal Systems Act no 32 of 2000. The purpose of this report is to provide feedback on:

- a. activities of the municipality during the period under review;
- b. performance of the municipality during the period under review;
- c. promote accountability to the community for the decisions made during the financial year ended 30 June 2011.

1.3.2. Overview of the Municipality

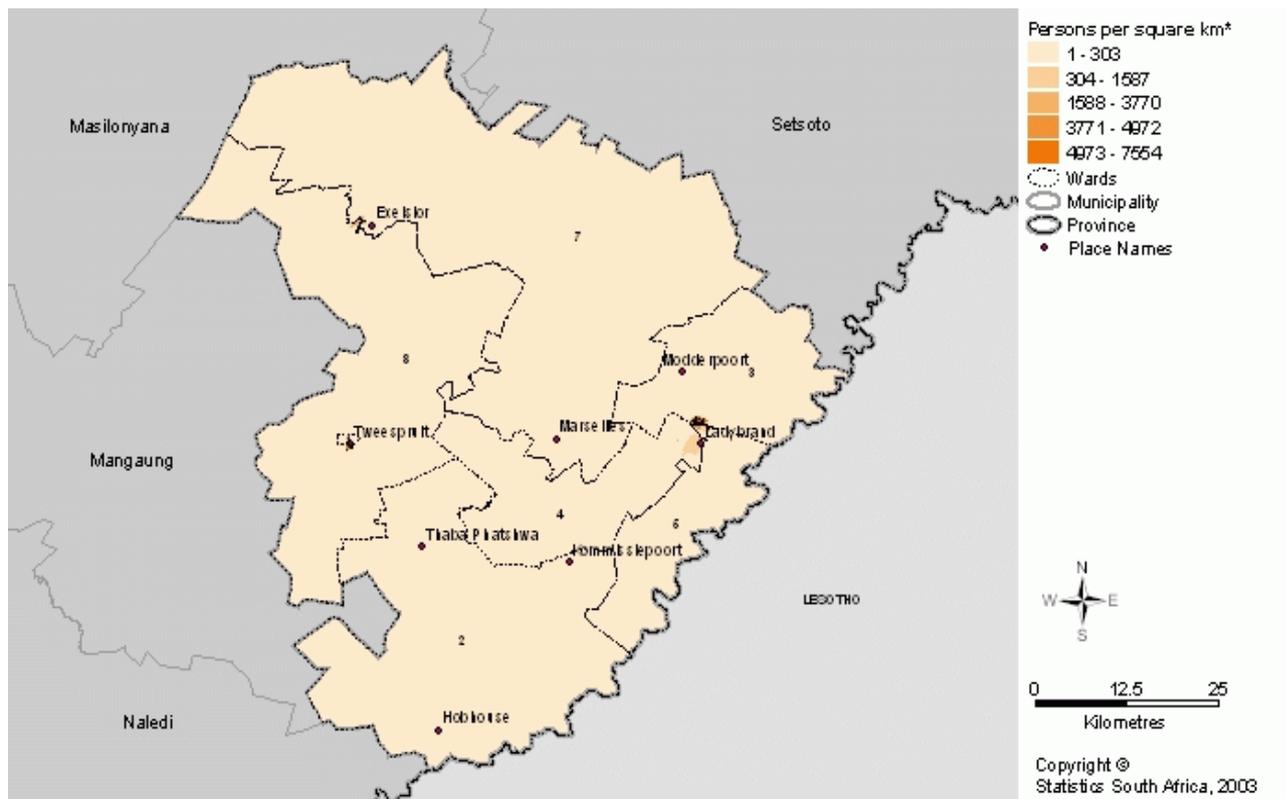
Mantsopa forms part of Eastern Free State. It borders the Kingdom of Lesotho in the east, Mangaung Local Municipality to the west, Naledi Local Municipality to the south, Masilonyana and Setsoto Local Municipalities to the north. It forms part of the Motheo District Municipality area and comprises the previous areas of jurisdiction of Tweespruit Transitional Local Council (TLC), Ladybrand TLC, Hobhouse TLC, Excelsior TLC, Thaba Patchoa TLC and Maluti Rural Council.

The municipal area is divided into 8 wards and they are constituted as follows:

Ward Number	Name of Location
□ Ward 1	Tweespruit, Borwa, Dawiesville, Thaba Patchoa and Rural
□ Ward 2	Hobhouse, Dipelaneng, and Rural
□ Ward 3	Manyatseng, Mekokong, Masakeng and Los Mycherrie
□ Ward 4	Lusaka, Flamingo and Los Mycherrie
□ Ward 5	Mandela Park, Thusanong, New Platberg and Masakeng
□ Ward 6	Lusaka, Thabong, Homes 2000 and New Platberg
□ Ward 7	Ladybrand, Mauersnek, Platberg, Eskom, Flamingo, and Lechabile Trust
□ Ward 8	Mahlatswetsa and Rural Excelsior, Koma Village and Rural

In all these areas Ladybrand is the most densely populated and economically active town. The following map provides a clear reflection on the geographic location of different towns of Mantsopa municipal area.

1.3.3. Spatial Development Profile



1.3.4. Population Profile

The population size within the entire municipal area is estimated at 74,795 people for 2010, as indicated in table below. The large portion of the population is situated in Ladybrand with Excelsior being the second large concentration of people. The base data for determining the population figures was obtained from Statistic South Africa Census 2001. The estimated population growth for Mantsopa, based on the overall growth rate of the Free State Province, is 1.7 % according to the Mantsopa SDF (2010/11). An exponential growth rate was determined using the database to determine the population growth for Mantsopa until 2010.

Population Profile 2006 – 2010

Town	2005	2006	2007	2008	2009	2010
Tweespruit	1,553	1,580	1,607	1,635	1,664	1,693
Dawiesville						
Borwa	4,836	4,918	5,001	5,086	5,172	5,260
Total	6,389	6,498	6,609	6,722	6,836	6,953
Ladybrand	5,435	5,527	5,621	5,716	5,812	5,911
Manyatseng	22,199	22,576	22,959	23,349	23,746	24,149
Mauersnek						
Total	27,634	28,103	28,580	29,065	29,558	30,060
Excelsior	540	549	558	567	577	587
Mahlatswetsa	5,825	5,924	6,025	6,127	6,231	6,337

Total	6,365	6,473	6,583	6,695	6,808	6,924
Hobhouse	615	625	635	645	656	667
Dipelaneng	5,335	5,425	5,517	5,610	5,704	5,800
Total	5,950	6,050	6,152	6,255	6,360	6,467
Thaba Phatchoa	741	753	765	778	790	803
Total Urban	47,079	47,877	48,689	49,514	50,353	51,207
Total Rural	21,782	22,132	22,487	22,848	23,215	23,588
Total	68,861	70,009	71,176	72,362	73,568	74,795

Source: (Statistic South Africa 2001) & Bopa Lesedi 2006

1.3.5. OVERALL TRENDS IN MANTSOPA LOCAL MUNICIPALITY

According to the table below (Mantsopa SDF – 2010/11) the interaction intensity between towns within Mantsopa area is indicated in the table overleaf. The average household size according to Statistics South Africa is estimated at 4.1 persons per household (2001). Table below indicates the distribution of households though out the local municipality.

Table below Household distribution in Mantsopa

Town	Average Growth rate	Households 2006 (Average 4.1)	Population 2006	Households
Tweespruit	1.7%	4.1	1,553	379
Dawiesville	1.7%	4.1		
Borwa	1.7%	4.1	4,836	1,179
Total			6,388	1,558
Ladybrand	1.7%	4.1	5,435	1,326
Manyatseng	1.7%	4.1	22,199	5,414
Mauersnek	1.7%	4.1		
Total			27,635	6,740
Excelsior	1.7%	4.1	540	132
Mahlatswetsa	1.7%	4.1	5,825	1,421
Total			6,364	1,552
Hobhouse	1.7%	4.1	615	150
Dipelaneng	1.7%	4.1	5,335	1,301
Total			5,949	1,451
Thaba Phatchoa	1.7%	4.1	741	181
Total Urban			47,076	11,482
Total Rural	1.7%		21,782	5,313
Total		0	68,858	16,795

(Statistic South Africa 2006)

The current status quo of housing and erven are indicated below. The housing backlog is estimated at 3087 and there is a need for 4500 residential erven to address the backlog and future growth. Table below gives a breakdown of the status quo on housing and residential erven.

1.3.6. Residential Erven

Residential Area	Informal Settlements	Backyard Dwellers	Housing Backlog	Housing Need (Approximately)	Erf & Land Requirements
Ladybrand	991	352	1343	1500	2000
Excelsior	300	140	440	500	700
Tweespruit	482	198	680	700	850
Hobhouse	450	174	624	700	850
Thaba Patchoa	0	0	0	100	100
Total	2223	864	3087	3500	4500

Source: Mantsopa SDF (2006)

From this graph, a hierarchy of towns in the region can now be produced as follows, based on population size:

(Hierarchy of towns by population size (applicable to Mantsopa only).

Hierarchy (population)	Town(s)
30000-15000	Ladybrand
15000-5000	Excelsior
5000-2500	Tweespruit
2500-1250	Hobhouse
< 1250	Thaba Patchoa

Source: Mantsopa SDF (2006)

1.3.7. Regional Interaction

Very simply based on gravity model (employing population size), the following interaction intensity between the towns (expressed as a percentage of the total expected interaction) are produced:

Interaction intensity based on the gravity model.

Town	Ladybrand	Excelsior	Tweespruit	Hobhouse	Thaba Patchoa
Ladybrand	0%	33%	21%	10%	3%
Excelsior		0%	22%	2%	1%
Tweespruit			0%	3%	5%
Hobhouse				0%	1%
Thaba Patchoa					0%

Source: Mantsopa SDF (2006)

This model indicates that Tweespruit offers potential in terms of interaction and therefore focus should be placed on future development in this area.

1.3.8. Demographic Profile

The total population for the Mantsopa area based on the census 2001 data, and is shown on the table below:

This represents only 7% of the total population of Motheo. The census figures made use of the magisterial district boundaries and the rural areas of the smaller towns (non-urban areas) have been incorporated in the Ladybrand and Excelsior magisterial district areas. It is therefore not possible to show the non-urban population figures for each individual town.

1.3.9. Total estimated population based on 2001 census

Year	Excelsior	Tweespruit	Hobhouse	Ladybrand	Excelsior Non-urban	Ladybrand Non-urban	Total
*1996	5135	4885	2184	16351	7291	12134	47980
Estimated 2001 population (annual growth rate 1,7%)	5570	5383	2406	18018	8034	13371	52782
Estimated 2007 population (annual growth rate 1.7%)	6093	5881	2628	19686	8778	14609	57675

Source: * Census 2006 (Central Statistical Services (CSS), 2007)

1.3.10. Age Profile

According to census 1996, 45.29% of the total population was 19 years and younger. It is estimated that 58.17% of the total population were economic active (between 15 – 65 years). These figures could have changed due to migration and the impact of HIV/AIDS but it still gives a good overview of the age composition of the population.

Table below: Age Profile per geographical area

Age Profile per geographical area							
Age	Excelsior	Tweespruit	Hobhouse	Ladybrand	Excelsior Non-Urban	Ladybrand Non-Urban	Total
0-4	421	484	222	1632	826	1367	4952
5-9	588	572	305	1622	858	1534	5479
10-14	723	558	269	1887	1018	1546	6001
15-19	704	526	237	1795	846	1193	5301
20-24	545	538	193	1470	631	951	4328
25-29	299	375	149	1456	517	841	3637
30-34	312	346	130	1344	407	707	3246
35-55	855	869	366	3381	1234	2260	8965
56-65	284	224	138	825	379	587	2437
65+	329	337	162	827	260	483	2398
Unspecified	75	55	14	112	315	666	1237
Total	5135	4884	2185	16351	7291	12135	47981

Source: CS (2007).

1.3.11. Age profile per ward

Age Breakdown	W1	W2	W3	W4	W5	W6	W7	W8	Mantsopa
0 – 19	44.12%	49.19%	46.43%	42.96%	39.36%	44.07%	47.95%	50.89%	45.96%
20 – 64	48.14%	43.42%	43.39%	50.68%	50.54%	50.87%	43.99%	42.82%	46.35%
Over 65	6.63%	6.51%	4.17%	5.13%	5.73%	4.49%	4.16%	4.95%	5.19%
Age Unknown	1.11%	0.88%	6.00%	1.23%	4.36%	0.57%	3.90%	1.34%	2.50%

Source: CS (2007)

1.3.12. Ethnic profile

It is estimated that 86% of the total population of Mantsopa is African, 9% is White, 4% is Coloured while the rest of the ethnic groups represents 1% of the total population. The following is a breakdown of the ethnic composition per ward:

1.3.13. Ethnic composition per ward (2006)

Ethnic Composition	W1	W2	W3	W4	W5	W6	W7	W8	Mantsopa
African	84.51%	80.10%	93.56%	45.73%	96.37%	98.70%	86.83%	97.70%	86.02%
Coloured	10.91%	13.17%	0.96%	12.10%	0.51%	1.02%	0.50%	0.29%	4.46%
Indian	0.10%	0.00%	0.00%	2.82%	0.00%	0.05%	0.00%	0.04%	0.37%
White	4.32%	6.22%	4.13%	38.36%	2.80%	0.00%	12.52%	1.76%	8.68%
Other	0.16%	0.52%	1.35%	0.98%	0.31%	0.24%	0.15%	0.21%	0.48%

Source: CS, 2007.

1.3.14. Unemployment

The unemployment rate for Mantsopa local municipal area was according to census 2001 only 18 % (economic active people is defined as those between the ages of 15 – 65 years). As indicated in figure 10 overleaf, 10 933 (38%) people was not accounted for in the census which could have an effect on the accuracy of the data. The highest unemployment rate was recorded in the urban areas.

The Demarcation Board (2000) estimated the unemployment rate for Mantsopa at 29% for 2000. This is an increase of 11% over a 4-year period and shows the stagnation experienced in the rural economies in the Free State.

The employment profile of each ward is reflected in the table below:

Employment Profile per Ward (2007)

Employment Profile	W1	W2	W3	W4	W5	W6	W7	W8	Mantsopa
Employed	39%	66%	63%	86%	72%	59%	89%	63%	64%
Unemployed	61%	44%	37%	14%	28%	41%	11%	37%	36%

Source: CS, 2007.

1.3.15. Level of Income

According to Census 2001, 61 % of the total population had no formal income. Although this figure is alarming, it does include people who make a living from informal business activity, children, scholars, disabled people, etc. and are therefore not a true reflection in terms of dependency.

It was estimated that 63 % of people that had no income, stayed in urban areas, which correlates with the higher unemployment rate experienced in the urban areas. It was furthermore estimated that 83 % of the total population earned less than R 1 500 per month.

If one compares these figures with the estimated annual household income per ward, it is alarming to see that 9% of all households in Mantsopa have no income. 66% of all households earned less than R1000 per month, which again proves the high levels of poverty experienced in the municipal area.

1.3.16. Annual Household income per ward (2007)

Annual Household Income	W1	W2	W3	W4	W5	W6	W7	W8	Mantsopa
None	2%	1%	1%	1%	1%	1%	0%	1%	9%
R1 - 2400	1%	2%	1%	1%	1%	1%	2%	4%	14%
R2401 - 6000	3%	4%	3%	2%	4%	2%	5%	6%	29%
R6001 - 12000	1%	2%	2%	1%	2%	1%	2%	3%	14%
R12001 - 18000	1%	1%	1%	1%	2%	1%	0%	1%	7%
R18001 - 30000	1%	1%	1%	1%	2%	1%	1%	1%	6%
R30001 - 42000	0%	0%	0%	1%	1%	0%	0%	0%	3%
R42001 - 54000	0%	0%	0%	1%	0%	0%	0%	0%	2%
R54001 - 72000	0%	0%	0%	1%	0%	0%	0%	0%	2%
R72001 -	0%	0%	0%	1%	0%	0%	0%	0%	2%

96000									
R96001 - 132000	0%	0%	0%	1%	0%	0%	0%	0%	2%
R132001 - 192000	0%	0%	0%	1%	0%	0%	0%	0%	1%
R192001 - 360000	0%	0%	0%	0%	0%	0%	0%	0%	1%
Over R360000	0%	0%	0%	0%	0%	0%	0%	0%	0%
Unspecified	0%	1%	1%	2%	1%	1%	0%	1%	8%
N/A	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total	10%	12%	12%	13%	15%	9%	13%	17%	100%

Source: CS, 2007.

1.4. EXECUTIVE SUMMARY

1.4.1. Municipal Strategy

The following is the Mantsopa Strategy towards the attainment of our developmental objectives:

- To provide sustainable infrastructure and basic services
- To stimulate sustainable economic development and tourism
- To sustain financial management excellence
- To improve human resource management excellence (Institutional transformation)
- To improve good governance through effective leadership

1.4.2. To provide sustainable infrastructure and basic services

Provision of sustainable services to the communities of Mantsopa remains the top priority of the municipality. This is guided by the principle that, the more we continuously provide sustainable and quality services to our clients that is the community of Mantsopa there is huge potential for economic growth, attraction of more investors particularly in the area of Ladybrand due to its proximity to the city of Maseru and of course dealing with poverty in other parts of the municipality.

In order to achieve these objective more resources were once again channeled towards provision of sustainable services with the intention of expanding and improving the current levels of services.

1.4.3. To stimulate sustainable economic development and tourism

Through partnerships with FDC, MTN foundation there is huge possibility to improve the economy of the municipality. This venture will enable the parties to jointly facilitate the implementation of socio-economic development approach, which aims at bringing meaningful, measurable and sustainable change within our municipality.

This will hopefully lay the foundation for disadvantaged and rural communities to become self-reliant, with strong emphasis on capacity building and empowerment. This in our view will fit in well as one of the programmes for **“Operational Hlasela”** as launched by the office of the premier.

Lekhalong la Mantsopa tourism development in partnership with the Department of Economic Affairs and Tourism will also play a major role towards tourism growth within our municipality that will have huge economic spin off for this area.

1.4.4. To sustain financial management excellence

In order to continuously provide sustainable services to our communities there is need to ensure that the municipality remains financially viable. To achieve this objective the municipality has continued with the implementation of its credit control policy.

Mantsopa local municipality has during the 2008/2009 financial year has been awarded an award for constantly remaining financially viable during the Premier excellence award. In order to sustain this efforts has to be put into place ensure continuity.

The municipality has been performing well on financial viability, the outstanding debt as at the financial year end owed to the municipality is R100 million by business, households and both provincial and national department.

The debt collection policy of council has been implemented and currently in the process of developing debt collection strategy to enforce collection of outstanding debts.

The financial position of the municipality has during the last financial been very health and all creditors and suppliers were paid on time.

1.4.5. To improve human resource management excellence (Institutional transformation)

In line with our mission and vision objectives one of the critical components towards the achievement of desired objectives is recruitment and appointment of competent personnel to complement this strategic objective.

The organisational structure was reviewed and streamlined towards the implementation of the IDP. The current HR strategy was also reviewed to meet the current challenges of the municipality.

A proper work-study that will provide feedback in terms current staff competences will also be conducted and individual staff be placed according to their levels of competence.

In order to achieve the above an institutional plan will be develop and implemented.

1.4.6. To improve good governance trough effective leadership

There have been noticeable challenges on the side of political leadership in order to achieve the objective of good governance to effective leadership and councillors playing their oversight role. In order to address this situation training on leadership management will be conducted for councillors so that they can be able to play the oversight role as required by the law.

1.4.7. Municipal Vision and Mission

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

CHAPTER 2: PERFORMANCE HIGHLIGHTS

1. 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.

Therefore, for the purpose of this chapter a brief narrative of all services provided by the municipality and the performance highlights for the year, including the following:

2. National Key Performance Area: Basic Service Delivery

2.1. Backlogs in Service Delivery

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

SERVICES	BACKLOG (HOUSEHOLDS) 2009/2010	BACKLOG (HOUSEHOLDS) 2010/2011	ESTIMATED COST TO ERADICATE
Sanitation	1353 Households in Tweespruit 1282 Households in Hobhouse	1353 1283 + 123 (Informal settlement in Hobhouse)	R44 231 804.74 R51 984 498.74
Electricity	<ul style="list-style-type: none"> ▪ Households in Tweespruit - 0 ▪ Households in Hobhouse - 0 ▪ Households in Excelsior - 0 ▪ Households in Ladybrand - 447 ▪ Thaba Patchoa - 0 	<ul style="list-style-type: none"> ▪ Households in Tweespruit - 0 ▪ Households in Hobhouse - 218 ▪ Households in Ladybrand - 383 ▪ Households in Platberg - 417 ▪ Households in Excelsior - 423 ▪ Thaba Patchoa - 0 	<ul style="list-style-type: none"> ▪ R0.00 ▪ R4.4 million ▪ R8.4 million ▪ R8 million ▪ R9.4 million ▪ R0.00
Refusal Removal	None	None	R'000
Total	<ul style="list-style-type: none"> ▪ Water - 0 ▪ Sanitation - 2635 ▪ Electricity - 447 ▪ Refuse Removal - 0. 	<ul style="list-style-type: none"> ▪ Water - 1018 ▪ Sanitation - 1465 ▪ Electricity - 447 ▪ Refuse Removal - 0. 	<ul style="list-style-type: none"> ▪ R 21 408 492.00 ▪ R (include in the above amount + R8 million received from Motheo District for sewer reticulation in Platberg) ▪ R800 000.00 ▪ R0.00

Source: Mantsopa IDP (2010/2011)

2.2. Number of households electrified during the financial year:

Location	Ward	Project Description	Amount	Source of Funding	Status
Ladybrand	3,4,5,6, and 7	Platberg 422 sites	R800 000.00	DME	Planning stage
Excelsior	8 and 9	Mahlatswetsa Ext 3	R'0.00	DME	Application submitted to DME
Tweespruit	1	Electrification of households	R'0.00	None	None
Hobhouse	2	Hobhouse 218 sites	R'0.00	DME	Application submitted
Thaba Patchoa	1	Electrification of households	R'0.00	None	None
Total	9		R800 000.00		

Source: Mantsopa IDP (2010/2011)

2.3. Number of new households provided with water and sanitation during the financial year:

Location	Ward	Project Description	Amount	Source of Funding	Status
Ladybrand	3,4,5,6, and 7	422 sites in Platberg	R8 million	Motheo District Municipality	Project completed.
		Manyatseng Ext 8: 306 sites	None	None	Submitted business plan to CoGTA/HS.
		Manyatseng Ext 9: 390 sites	R8.4 million	PIG	Engineers appointed.
Excelsior	8 and 9	Mahlatswetsa Ext 3: 423 sites	R9.2 million	PIG	Engineers appointed.
		Mahlatswetsa Ext 4: 455 sites	None	None	Submitted business plan to CoGTA/HS.
Tweespruit	1	Bucket eradication to 1353 sites	R5 million	MIG	Phase 2 completed
			R2 million	MDM	
Hobhouse	2	Bucket eradication to 1282 sites	R 3.4 million	MIG	Phase 2 complete
			R2 million	MDM	
Thaba Patchoa	1	None	None	None	None
Total	9		R38 million		

Source: Mantsopa IDP (2010/2011)

Number of new houses built in the municipality during the financial year:

Location	Ward	Project Description	Financial Year	Source of Funding	Status
Ladybrand	3,4,5,6 and 7	Bunker hills - 100	2007/2008	HS	Complete
		Makana - 200	2008/2009	HS	Under construction
Excelsior	8 and 9	Bunker Hills - 100	2007/2008	HS	Under construction
Hobhouse	2	Makana - 100	2009/2010	HS	Under construction
Total		600			

Source: Mantsopa IDP (2010/2011)

Kilometers of roads built in the municipality during the financial year:

Location	Ward	Project Description	Amount	Source of Funding	Status
Excelsior	8 and 9	Upgrading of 4.8 km streets and storm water in Koma Village	R3.5 million	MIG	Under construction
Ladybrand	3,4,5,6 and 7	Upgrading of Tlali street in Manyatseng	R3 million	MLM	Under Construction
		Upgrading of Fifth Street in Ladybrand	R3 million	MLM	Under Construction
Total			R9.5 million		

Source: Mantsopa IDP (2010/2011)

Number of Community Facilities:

Location	Ward	Project Description	Amount	Source of Funding	Status
Manyatseng	3,4,5,6 and 7	Upgrading of Itumeleng Hall	R 1.1 million	MIG	Project Completed
Total			R1.1 million		

Source: Mantsopa IDP (2010/2011)

Level and Standard of Services:

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	3 303
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

Source: Mantsopa IDP (2010/2011)

National Key Performance Area: Financial Viability and Management

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 as at 30 June 2011 was **R137 707 829.00**.

Borrowings

The balance of external loans entered into between ABSA and the Development Bank of Southern Africa was **R10 569 850.00** as at 30 June 2011. The loan was initially secured in order to finance the procurement of new infrastructure equipment e.g. Grader and TLB.

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 20%, 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 6% 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 **R15 894 146.00** 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.

General

The following service delivery challenges also influenced the levels of tariffs and service charges for the municipality i.e. the developmental challenge to address the service delivery backlogs in all towns of the municipality.

The declining local economy will be insufficient to absorb the unemployed and this will have a service delivery impact and harm the ability of the municipality to sustain its revenue base to finance extended services.

The other general contributory factors for the increase in levels of rates and service charges were:

Salary increase of 8.2% with effect from 1 July 2010;
Provision for the filling of Critical Vacancies;
Rollout of infrastructure and the provision of basic services; and
Increased maintenance of network and structures.

Use and details of conditional grants

Grant	2009/2010	2010/2011	Grants used for
Equitable Shares	41 065 377.00	53 916 103.00	Municipal services
MIG	10 842 000.00	18 934 000.00	Capital Projects
MSIG	735 000.00	750 000.00	System
FMG	2 750 000.00	3 000 000.00	Financial Interns
Other Grants	4 228 819.00	5 609 877.00	Motheo DM

Source: Directorate Finance

Equitable Share

Description	Previous Financial Year	Current year 2010		% Variance
		Year of Annual Report		
R Thousands	Audited Outcome	2010	2011	Adjusted Budget V/S Outcome
Financial Performance				
Property Rates		10 091 863.00	12 646 505.00	11 329 263.00
Service Charges		51 854 486	56 899 794.00	67 504 655.00
Rental of building		848 707.00	869 315.00	987 500.00
Interest earned – external investments		731 756.00	496 853.00	400 000
Interest earned – outstanding debtors		8 658 935.00	9 458 009.00	820 600
Fines		148 956.00	164 883.00	140 000.00
Dividend received		433	19 389.00	2000
Government Grants and subsidies		63 866 424.00	82 209 980.00	88 074 901.00
Other own revenue		3 570 789.00	1 264 971.00	9 137 051.00
TOTAL REVENUE (EXCLUDING CAPITAL TRANSFERS AND RVENUE)		139 772 349.00	164 027 002.00	178 395 970.00
Employee Cost		39 701 111.00	44 159 450.00	52 276 836.00
Remuneration of councillors		3 638 457.00	3 666 655.00	905 201.00
Bad debt		6 516 855	37 326 515.00	4 286 562.00
Depreciation and asset impairment		11 845 705.00	13 345 487.00	2 756 854.00
Repairs and maintenance		7 987 632.00	12 223 692.00	11 465 168.00
Interest paid		718 643.00	817 243.00	2 798 317.00
Bulk purchases		14 228 130.00	20 523 256.00	20 757 509.00
Indigent support		16 959 453.00	15 894 146.00	19 328 802.00
General expenses		19 150 732.00	23 536 138.00	62 566 429.00
Leave provision		1 136 644.00	965 102.00	100 000.00
Loss on disposal of PPE		‘0.00	‘0.00	‘0.00
TOTAL EXPENDITURE		122 779 142.00	173 433 327.00	178 395 675.00
SURPLUS/DEFICIET AFTER CAPITAL TRANSFERE AND CONTRIBUTIONS		16 993 208.00	(9 403 623)	16 308 549.00

Source: Directorate Finance

Expenditure by type

Description	FY Year 2010			Current Year 2011		
	Actual	Original Budget	Budget Deviation	Actual	Original Budget	Budget Deviation
Employee related costs	39 701 111	39 012 652	688 459	44 159 450	52 276 836	(10 006 647)
Remuneration of councillors	3 638 457	3 597 017	41 440	3 666 655	905 201	2 761 454
Bad debt	6 516 855	5 341 855	1 175 000	29 333 431	4 286 562	25 046 869
Depreciation & asset impairment	11 845 705	'000	'000	13 345 487	2 756 854	10 588 633
Repairs and Maintenance	7 987 632	9 903 265	(1 249 564)	12 223 692	11 465 168	585 823
Interest paid	718 643	40 000	746 639	817 243	2 798 317	(266 321)
Operating lease	1 314 689	'000	'000	1 153 997	1 153 997	'0.00
Bulk purchases	14 228 130	15 182 000	(953 870)	19 680 689	20 757 509	(1 076 820)
Indigent support	16 959 435	18 033 184	98 381	15 891 017	19 328 802	(3 437 785)
General Expenses	19 150 732	51 900 821	(11 897 960)	22 997 483	62 566 429	(39 568 946)
Leave accrual	1 136 644	'000	1 136 644	965 102	100 000	865 102
TOTAL EXPENDITURE	122 779 142	143 010 794	(9 241 152)	173 433 327	178 395 675	16 308 549

Source: Directorate Finance

Outstanding Consumer Debtors per Class

	Rates	Electricity	Water	Refuse	Sanitation	Other
2010 Debtor	11 442 451	7 575 954	27 084 661	15 302 332	32 235 211	12 302 482
Provision for bad debt	6 315 617	5 727 771	5 225 635	8 096 252	7 704 006	'000
2011 debtor	13 490 501	7 181 495	39 452 660	22 117 283	43 218 290	12 247 600
Provision for bad debt	12 592 296	6 703 347	3 682 882	20 644 703	40 340 795	11 432 149

Source: Directorate Finance

Repairs and Maintenance Operating Expenditure

Item	2009/2010	2010/2011
Operating expenditure	122 779 142.00	173 433 322.00
Repairs and Maintenance	7 987 632.00	12 223 692.00
% of Opex	6.47%	7,43%

Source: Directorate Finance

Free Basic Services

Key Performance Area	Number of Households
Number of households earning less than R1 800.00 per month with access to free:	
Water	4 300
Sanitation	4 300
Electricity	4 300
Refuse Removal	4 300

Source: Mantsopa Income Division

MIG allocations and Expenditure

Project Description	Project Value	Expenditure as at 30 June 2011.
PMU Budget	R946 700.00	R946 700.00
Hobhouse bucket eradication (Phase3)	R18 589 000.00	R3 409 163.75
Tweespruit bucket eradication (Phase 3)	R23 605 558.00	R5 094 507.20
Hobhouse: Upgrading of water treatment works	R6 469 500.00	R506 207.29
Manyatseng: Rehabilitation of Itumeleng Community Hall	R1 710 000.00	R1 133 541.73
Mantsopa (Koma Village): Upgrading of 4.8km streets and stormwater	R15 600 000.00	R3 575 039.97
Excelsior: Bucket eradication for 2050 sites	R30 907 762.00	R2 162 131.51
Ladybrand: Upgrading of Waste Water Treatment Plant	R17 000 000.00	R710 903.00
Lusaka: Reservoir and Pipeline	R12 648 200.00	R1 311 173.19
Total	R127 476 720.00	R18 934 000.00

Source: Division PMU (2010/2011)

Building and Zoning Plans 2010/2011

Applications outstanding 01 July 2011	Category	Number of new applications received 2010/2011	Total value of applications received Rands	Applications outstanding 30 June 2011
0	Residential new	18	R12 700 000	0
0	Town Houses/Flats	29	R11 515 000	0
0	Business	14	R4 248 000	0
0	Residential additions	11	R7 225 000	0
0	Industrial	0	R'0.00	0
0	Total	73	R38 988 000	0

Source: Mantsopa IDP (2010/2011)

National Key Performance Area: Local Economic Development

Number of jobs created through Infrastructure Projects

Number of Jobs created through Infrastructure Projects	Number of Jobs	Name of Projects	Location
	99	Development and Upgrading of the road to Lekhalong la Mantsopa	Modderpoort
	40	The municipality employed people on a temporary contract of three months from January 2010 to December 2010 in each town of Mantsopa.	Mantsopa Municipality
	338	The National Department of Environmental Affairs and Tourism availed funding for street cleaning and greening in Mantsopa.	Ladybrand
	225	Greening	Ladybrand
	75	Upgrading and rehabilitation of Tlali Street.	Manyatseng
	75	Upgrading of Fifth Street	Ladybrand
	42	Upgrading of streets in Koma Village	Mahlatswetsa
	19	Tweespruit bucket eradication (Phase three)	Tweespruit
	16	Hobhouse Bucket eradication (Phase three)	Hobhouse
	20	Upgrading of Itumeleng Hall	Ladybrand
	33	Eradication of invasive plants, weed and trees	Mantsopa

Source: Division LED and Rural Development (2010/2011)

CHAPTER 3: HUMAN RESOURCES 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. An organisational structure was developed around the key functions of every directorates and unit, which in turn are linked to the IDP objectives of council.

A human resource development policy was reviewed and was approved by council for implementation during the 2010/2011 financial year. During the financial year under review a total amount of **R784 768.00** was provided for skills development. A total number of 95 employees received training in terms of the Workplace Skills Plan (WSP). The WSP address short as well as long term capacity needs of the Mantsopa Local Municipality. The work skills plan 2010/2011 and the annual training report were submitted on the 30 June 2011 to LGSETA.

Filling of section 57 managerial posts

During the financial year under review all section 57 managerial positions were filled except for the position of director Technical Services. On the 27 May 2011 the Municipal Manager resigned after she was elected as a Speaker of the Mangaung Metropolitan Council.

Suspensions, Date of Suspensions, Reason thereof and Outcomes

The following suspensions occurred during the 2009/2010 financial year and carried over to the 2010/2011 financial year:

NAME OF EMPLOYEE	DATE OF SUSPENSION	REASON THEREOF	OUTCOMES
Employee no: 0415	26/04/2010	Gross negligence, misrepresentation and failure to execute verbal instructions.	Dismissal – The case is currently at CMMA on arbitration stage
Employee no: 0045	26/04/2010	Gross negligence, misrepresentation and failure to execute verbal instructions.	Dismissal – A settlement has been reached with the employee

Source: Corporate Directorate (2011/2011)

Performance Agreements

Name	Position	Signed performance agreements		
		YES within legislative requirement	Date signed	NOT within legislative requirement
CLM Rampai	Municipal Manager	Yes	21 July 2010	-
FA Mhlongo	Corporate Services Manager	Yes	21 July 2010	-
MJ Mazinyo	Chief Financial Officer	Yes	21 July 2010	-
RP Chalale	(Acting) Technical Manager	Yes	21 July 2010	-

Source: PMS (2010/2011)

Employment Equity Targets – EE Plan Adopted by Council, Targets

Appointments are continuously monitored against the Employment Equity Plan of council. In the 2010/2011 financial year a total of 25 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 Department of Labour on the 30/09/2010 as required 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	2	0	0	0	2	0	0	0	0	0	4
Senior management	2	0	0	1	2	0	0	0	0	0	5
Professionally qualified and experienced specialists and mid management	3	0	0	1	2	0	0	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	21	1	0	1	14	0	0	1	0	0	38
Semi-skilled and discretionary decision making	47	4	0	0	18	2	0	2	0	0	73
Unskilled and defined decision making	114	12	0	2	33	5	0	0	0	0	166
Total Permanent	219	17	0	5	71	7	0	3	0	0	322
Temporary employees	28	0	0	0	14	0	0	0	0	0	42
Grand Total	247	17	0	5	85	7	0	3	0	0	364

Source: Division Skills Development (2010/2011)

Report on the total number of employees with disabilities only in each of the following occupational levels:

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	0	0	0	0	0	0	0	0	2
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision	0	0	0	0	0	0	0	0	0	0	0

making											
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Total Permanent	3	0	3								
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand Total	3	0	3								

Source: Division Skills Development (2010/2011)

Municipal Budget spent on implementation of works skills plan and train undertaken:

The municipality has for the financial year under review budgeted an amount of **R784 768.00** and as at 30 June 2011 an amount of **R737 956.85** was spends which represent **94.04%** expenditure of the total budget on works skills plan.

Skills levels of education attained by staff:

The following table represents skills levels of education attained by staff during the period under review.

Employment Category	African		Coloured		Indians		Whites		Total		Total
	M	F	M	F	M	F	M	F	M	F	
Legislators	11	3	0	0	0	0	2	0	13	3	16
Directors and Corporate Manager	2	2	0	0	0	0	0	0	2	2	4
Professionals	9	4	0	1	0	0	2	0	11	6	16
Technicians and Trade Workers	1	0	0	0	0	0	0	0	1	0	1
Community and Personal Service Workers	2	1	0	5	0	0	0	0	2	6	8
Clerical and Administrative Workers	6	25	0	0	0	0	0	0	6	25	31
Machine Operators and Drivers	20	0	0	0	0	0	0	0	20	0	20
Labourers	0	0	0	0	0	0	0	0	0	0	0
Apprentices	0	0	0	0	0	0	0	0	0	0	0
Total	51	34	0	5	0	0	4	0	54	31	95

Source: Division Skills Development (2010/2011)

Employment Category	Total
Legislators	16
Directors and Corporate Manager	4
Professionals	33
Technicians and Trade Workers	7
Community and Personal Service Workers	13
Clerical and Administrative Workers	30
Machine Operators and Drivers	61
Labourers	136
Apprentices	9
Total Employees	309

Source: Division Skills Development (2010/2011)

Total number of people with disability only who received training solely for the purpose of achieving the numerical goals, and not the number of training courses attended by individual.

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	2	0	0	0	0	0	0	0	2
Senior management	0	0	0	0	0	0	0	0	0
0Professionally qualified and experienced specialists and mid management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total Permanent	3	0	3						
Temporary employees	0	0	0	0	0	0	0	0	0
Grand Total	3	0	3						

Source: Division Skills Development (2010/2011)

Performance Management System

Definition of Performance Management

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.

The Performance Management System must:

Have appropriate performance indicators, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in the IDP and the National KPA's:

- Have measurable targets (quarterly, if possible annually)
- Reflect baseline information
- Comment on how to improve performance
- Monitor performance
- Measure and review performance monthly, quarterly and annually
- Aim to improve performance
- Establish a process of regular reporting
- Provide an early warning system to identify areas of poor performance

Performance management is potentially the area of management that can make a significant contribution to organizational and individual performance. The system must be designed so it improves strategic focus and organizational effectiveness through continually seeking to improve the performance of the municipality as a whole and the individuals in it.

Implementation of Performance Management System

During the financial year under review the performance management system was only applicable to section 57 managers. All section 57 managers and managers at post level 1 and 3 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 and relevant directorate heads 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 Municipal Manager in line with the reviewed organisational structure.

Challenges

The following are the challenges which the municipality is faced with in relation to effective and efficient implementation of Performance Management Systems:

- Regular performance reviews as in line with the performance regulations
- Lack of an effective system to detect poor performance
- Lack of a municipal score card
- Alignment of the IDP with other strategic documents e.g. work plans for managers

Corrective Measures

- A municipal score card was developed and implemented during the 2010/2011 financial year;
- Perform quarterly performance audit as require by the MPPR of 2001;
- Compile section 46 report off the MSA with the following disclosures for the period 2009/2010 as per the Auditor General findings of 2008/2009 financial year:
 - Performance reporting for the previous year;
 - Performance of service providers;
 - Misrepresentation of objectives contained in the council approved IDP;
 - Measure to improve performance; and
 - Oversight report by council.
- Restructure the position of the Manager Performance Management Systems to report directly to the Municipal Manager to enhance monitoring and evaluation of performance management in the organisation.

Corporate Support Services

The purpose of the department corporate services is to provide an effective and efficient legal and valuation, administrative support and human resources services to the Mantsopa Local Municipality, to ensure co-ordinate and integrated provision of services to the community.

Description of the Human Resources Function

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 **LLF** meets regular according to the approved schedule to address issues of mutual interests between the employer and labour.

Trends of total personnel expenditure

Mantsopa Local Municipality personnel expenditure trends for the past three years:

Budget Year	R – Value Personnel Expenditure	R – Value Total Operating Budget (excluding councillor’s allowance)	% Personnel Expenditure
2010/2011	44 159 450	102 013 639	33,6%
2009/2010	39 701 111	39 012 652.00	37%
2008/2009	38 921 797	99 752 437	39.02%

Source: Division Budget and Treasury (2010/2011)

Number of staff per function plus vacancies as at 30 June 2011.

The structure of the municipality was reviewed and approved by council on the 29th April 2011 and the following table is a reflection of number positions as appear on the structure and number of vacancies per directorates:

Department	Function/ Section	No. of post as at 01 July 2010		No. of post as at 30 June 2011		Vacancies (Long term plan – not all budgeted to be filled at this stage)
		Post	Employees	Post	Employees	
Municipal Management	Municipal Manager	1	1	1	0	MM (vacant from 27/05/2011, resigned on 27 May 2011)
	LED	3	2	3	3	New appointment tourism 1 June 2011
	Internal Audit	3	2	2	2	
	IDP	3	3	2	2	
	PMS	0	0	1	1	
Finance	Chief Financial Officer	1	1	1	1	
	Budget and Treasury	1	0	1	1	Budget and Treasury appointed
	SCM	4	4	5	3	Two vacant

	Income	21	21	23	21	Two vacant
	Expenditure	4	4	2	2	One new post, one vacant
Core Finance		6	6	6	6	
Corporate Services	Human Resources	4	4	4	4	
	Committees	1	1	1	1	
	Auxiliary	4	4	4	4	
	Legal	0	0	0	0	
	Administration	15	15	15	15	
Community Services	Traffic	3	3	3	3	Three new traffic wardens appointed on 3 June 2011
	Disaster	3	3	2	2	
	Housing	2	2	2	2	1 new advertised, closed on 10 July 2011
	Libraries	12	12	12	12	
Technical Services	Water	27	27	32	33	10 new vacant post
	Sanitation	47	45	36	36	Three new post
	Roads and Stormwater	15	15	52	52	2 vacant post
	Refuse	33	31	34	34	one vacant post
	Electricity	9	0	9	9	
	Parks and Cemeteries	24	24	28	28	1 vacant post
	Stores	14	14	14	14	
	Town planning	2	2	2	2	
	Properties	5	5	5	5	
PMU	3	2	3	3		

Source: Directorate Corporate Services (2010/2011)

Number and names of pension and medical funds:

PENSION FUNDS	MEDICAL FUND
Municipal Employee Pension Fund	SAMWUMED
SAMWU Provident Fund	LA HEALTH
Free state Pension Fund	KEY HEALTH
Free state Provident Fund and SALA	BONITAS and HOSMED

Source: Directorate Corporate Services (2010/2011)

Information and Communication Technology

Situation as at 30 June 2010 and Challenges on IT	Situation as at 30 June 2011	Remedial and Action Taken
Improved internet system	Appointment of service provider to attend to the following IT related function: System maintenance Cable Networking 3G cards for managers	Source of a service provider to be on site daily to ensure that problems are addressed immediately.
Reliable and new system		
Cable network internet connection		To change service provider to VODACOM for more reliable 3G communication.
MTN 3G communication		
New upgraded computers, printers and laptops	All PC's printers and laptop were upgraded to ensure proper and effective operation of IT	The new computers, laptop lease was for three years which will expire in 2012
New upgraded photocopiers	The upgraded photocopiers from ITEC to Gestetner which provided a huge photocopier to handle large number of photocopying at a time.	The lease with Gestetner will expire in 2012.

Source: Directorate Corporate Services (2010/2011)

Challenges

Human Resource

Salary scales not attractive on specialised skills due to grading of the municipality.
Turn over problems for greener pastures
Filling on paper work than electronic system e.g. filling
Lack of control on municipal vehicles more especially on petrol due to manual requisition order system
Lack of safety and security in the municipal buildings

Information Technology

Internet connection all outlaying towns,
Old server which had to be changed as it could not handle the work load
Internet access limits

Interventions by National and Provincial Government, SALGA and Other Government Agencies

Municipal turnaround strategy identified interventions to turn around the approach of doing things in the municipality which was supported by both National and Provincial. Allocated funds to introduce electronic filing system and fleet management in 2011/2012 financial year.
Allocated funds in the new budget to improve the safety and security of employees
Changed the wireless internet to network connection to avoid virus and illegal connections to the municipal internet
Motheo District Municipality assisted in managing the virus problem and IT related issues
Motheo DM also played a role in assisting to facilitate the Disaster Management Forum.
Proper council sitting and councillor's engagement provided stable political atmosphere within Mantsopa.
Province and Motheo District Municipality provided full support on public participation

Structure and function of Council

About the council

The municipality operates within a collective executive system; it has eight wards and eight PR councillors. The municipality has EXCO which chaired by the Mayor and two additional councillors. Cllr Sello Dennis Ntsepe is the Mayor; Cllr Mapuleng Anna Majara was the Speaker of Council until the 17th of May 2011. And Cllr S Vissagie was elected the Speaker of council and sworn in on the 30 May 2011. Cllr Kaloli Jacob Tsoene was the Chief Whip of council until the 17th May 2011 and Cllr M Malakane was elected as Chief Whip on the 30 May 2011.

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

Council Meetings and Committee Meetings held during the financial year under review

Council Meetings	Date of the meeting	Meetings Scheduled	Date of the meeting	Actual Meetings Held
Special council meeting	20/07/2010	1	20/07/2010	1
24 th Council meeting	27/07/2010	1	27/07/2010	1
Special Council Meeting	31/08/2010	1	31/08/2010	1
25 Council Meeting	28/09/2010	1	28/09/2010	1
Special Council Meeting	16/11/2010	1	16/11/2010	1
26 th Council Meeting	30/11/2010	1	30/11/2010	1
Special Council Meeting	20/12/2010	1	20/12/2010	1
27 th Council Meeting	24/01/2011	1	24/01/2011	1
Special Council Meeting	16/02/2011	1	16/02/2011	1
Special Council Meeting	24/02/2011	1	24/02/2011	1
Special Council Meeting	30/03/2011	1	30/03/2011	1
28 th Council Meeting	29/04/2011	1	29/04/2011	1

Source: Directorate Corporate Services (2010/2011)

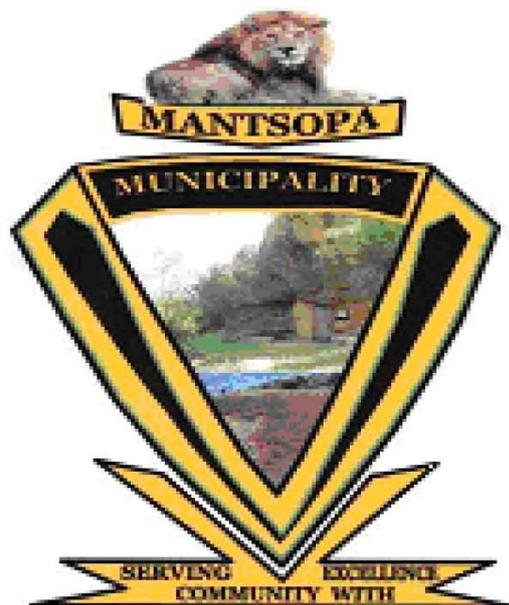
Committee Meetings held during the financial year under review

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				
SOCIAL DEVELOPMENT COMMITTEE					
Human Settlement (Infrastructure Services, Housing, Sites, Land & Community Services) Planning Rural Development	Cllr K Tsoene	July 2010 Sept 2010 Jan 2011 March 2011	4	18 October 2010 18 Nov 2010 13 Jan 2011	3
GOVERNANCE & ADMINISTRATION COMMITTEE					
1. IDP 2. Finance 3. Human Resource	Cllr P Moletsane	July 2010 Sept 2010 Jan 2011 March 2011	4	18 Oct 2010 27 Oct 2010	2

ECONOMIC, EMPLOYMENT & INVESTMENT COMMITTEE					
1. Local Economic Development	Cllr ME Ncwada	July 2010	4	18 Oct 2010	2
2. Tourism		Sep 2010		27 Oct 2010	
3. Agriculture		Jan 2011			
4. Transport		March 2011			
5. Environment					
JUSTICE, CRIME PREVENTION & SECURITY COMMITTEE					
Safety & Security incorporating Community Policing Forum, Disaster management and Cross-Border crimes	Cllr MA Malakane	July 2010 Sep 2010 Jan 2011 March 2011	4	None	0
WELFARE COMMITTEE					
Health & Social Services	Cllr P Van Vollenhoven	July 2010 Sept 2010 Jan 2011 March 2011	4	None	0
HUMAN DEVELOPMENT COMMITTEE					
Youth, Gender & Education	Cllr PP Raboko	July 2010 Sept 2010 Jan 2011 March 2011	4	1 August 2011	1
SPORTSCOMMITTEE					
Sports, Arts & Culture	Cllr PN Nakalebe	July 2010 Sep 2010 Jan 2011 March 2011	4	1 August 2011	1
AUDIT COMMITTEE					
(the reason why the last Audit Committee meeting was held in the new financial year was due to Internal Auditor during a six months backlog caused by the consultation in the preparation of the 2009/10 AFS)The situation shall be corrected in the new financial year)	Mr. T Scholtz		4	30 Aug 2010 01 Oct 2010 1 March 2011 07 July 2011.	4

Source: Directorate Corporate Services (2010/2011)

MANTSOPA LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2011

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GENERAL INFORMATION

STREET ADDRESS	:	38 Joubert Street 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	:	Motheo District Municipality
MEMBERS OF COUNCIL -		Clr S D Ntsepe (Mayor) Clr S M Visagie (Speaker) Clr J Machakela (Exco Member) Clr M A Malakane (Exco Member) Clr M C Chomane Clr D Dewey Clr D Holmes Clr Y J Jacobs Clr P B Matsunyane Clr D T Molefe Clr M P Nakalebe Clr M E Ncwada Clr P P Raboko Clr M B Sani Clr G M Seoe Clr M C Sebotsa Clr K I Tigeli
ACTING MUNICIPAL MANAGER	:	M S Selepe
CHIEF FINANCIAL OFFICER	:	J Mazinyo
AUDITORS	:	The Auditor-General of South Africa
BANKERS	:	Current Accounts: ABSA - 2020000050 FNB - 62054009751

MANTSOPA LOCAL MUNICIPALITY

APPROVAL OF ANNUAL FINANCIAL STATEMENTS ENDED 30 JUNE 2011

The annual financial statements set out on pages 41 to 88 were approved by the Municipal Manager in terms of Section 126(1) of the Municipal Finance Management Act 2003 and was presented to Council for approval on 25 August 2011.

I certify that the salaries, allowances and benefits of Councillors as disclosed in notes 20 and 21 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**

.....
DATE

.....
CHIEF FINANCIAL OFFICER

.....
DATE

MANTSOPA LOCAL MUNICIPALITY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2 011 R	2 010 R
Assets			
Current assets		5 985 395	14 533 588
Inventory	9	1 011 499	436 424
Consumer receivables	10	3 783 918	9 154 091
Other receivables	11	1 083 012	4 248 332
Current portion of longterm receivables	12	5 774	5 722
Investments	8	20 829	444 157
Bank and cash	13,14	80 363	244 861
Non-current assets		449 285 045	284 623 212
Property, plant and equipment	7.1	428 735 029	263 897 497
Investment property	7.2	1 446 000	1 446 000
Work in progress	7.3	18 371 221	17 476 799
Intangible assets	7.4	36 960	-
Investments	8.0	475 565	1 565 626
Long term receivables	12	220 270	237 290
Total assets		455 270 440	299 156 799
Liabilities			
Current liabilities		31 247 642	20 516 268
Consumer deposits	3	1 062 312	1 138 314
Trade Payables	4	16 511 966	11 591 331
VAT Payable	19	8 856 753	2 986 775
Unspent conditional grants and receipts	5	-	-
Current portion of long-term liabilities	2	2 005 665	1 010 508
Bank overdraft	14	2 810 946	3 789 340
Non-current liabilities		25 913 215	3 360 925
Long - term liabilities	2	8 564 185	3 360 925
Provision for rehabilitation of landfill sites	15	17 349 030	-
Total liabilities		57 160 857	23 877 193
Nett Assets		398 109 583	275 279 606
Accumulated Surplus/(Deficit)	6	398 109 583	275 279 606

MANTSOPA LOCAL MUNICIPALITY STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

					2 011	2 010
				Notes	R	R
Revenue						
Property rates				16	12 646 505	10 091 863
Services charges				17	56 899 794	51 854 486
Investment Income					869 315	848 707
Interest earned - external investments					496 853	731 756
Interest earned - outstanding debtors					9 458 009	8 658 935
Fines					164 883	148 956
Dividends received					19 389	433
Licenses and permits					2 216	2 716
Government grants and subsidies				18	82 209 980	63 866 424
Other income				37.2	1 023 356	2 448 856
Total Revenue					163 790 299	138 653 132
EXPENDITURE						
Employee related costs				20	44 159 450	39 701 111
Remuneration of Councillors				21	3 666 655	3 638 457
Bad debts Provision				10	37 326 515	6 516 855
Repairs and maintenance					12 223 692	7 987 632
Interest paid				22	817 243	718 643
Operating Lease					1 153 997	1 314 689
Bulk purchases					20 523 256	14 228 130
Indigent support					15 894 146	16 959 453
General expenses				37.1	23 536 138	19 150 732
Depreciation/Amortisation				7.1&7.4	14 132 230	12 563 440
Total Expenditure					173 433 322	122 779 142
Gains on sale of property, plant and equipment					239 399	1 119 217
SURPLUS/(DEFICIT) FOR THE YEAR					(9 403 623)	16 993 208

MANTSOPA LOCAL MUNICIPALITY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

		Revaluation reserve	Capital Replacement Reserves	Total reserves	Accumulated surplus	Total net assets
Balance at 01 July 2009			239,652,517	239,652,517	81,464,201	321,116,718
Reserve realised				0		0
Correction prior year period					5,149,427	5,149,427
Surplus for the year			-2,194,132	-2,194,132	16,993,208	14,799,076
Balance at 01 July 2010		0	237,458,385	237,458,385	103,606,836	341,065,221
Correction prior year period	38			0	(65 785 615)	-65,785,615
Restated Balance July 2010		0	237,458,385	237,458,385	37,821,221	275,279,606
Correction prior year period	38			0	(6 846 716)	-6,846,716
Transfer			-237,458,385	-237,458,385	237,458,385	0
Change in policy	23				139,080,316	139,080,316
Surplus for the year			0	0	-9,403,623	-9,403,623
Balance at 30 June 2011		0	0	0	398,109,583	398,109,583

MANTSOPA LOCAL MUNICIPALITY CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011			
	Notes	2 011 R	2 010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others	33	208 089 795	59 973 184
Cash paid to suppliers and employees	34	(191 256 936)	(33 276 918)
Cash generated from / (required by) operating activities	35	16 832 859	26 696 264
Interest received		496 853	731 756
Interest paid		(817 243)	(718 642)
Dividends received		19 389	433
NET CASH FROM OPERATING ACTIVITIES		16 531 858	26 709 811
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(23 686 136)	(29 377 997)
Proceeds or loss with sale of assets		239 399	1 119 217
NET CASH FROM INVESTING ACTIVITIES		(23 446 737)	(28 258 781)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Increase) / Decrease in Investments		1 513 388	3 576 994
Increase / (Decrease) in Loans external	2	6 198 417	(890 827)
(Increase) / Decrease in Loans to longterm debtors		16 969	-
NET CASH FROM FINANCING ACTIVITIES		7 728 774	2 686 167
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		813 896	1 137 198
Cash and cash equivalents at the beginning of the year		(3 544 479)	(4 681 677)
Cash and cash equivalents at the end of the year	36	(2 730 583)	(3 544 479)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		813 896	1 137 198

MANTSOPA LOCAL MUNICIPALITY ACCOUNTING POLICY FOR THE YEAR ENDED 30 JUNE 2011

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 Standards Board and the Municipal Finance Management Act, 2003 (Act no 56 of 2003).

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

Application of all the under mentioned GRAP standards will be effected from a date to be announced by the Minister of Finance. The date is currently not available. Management has considered all of the under mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

The ASB Directive 5 paragraph 29 allows a municipality to may select to apply the principles establish in a Standard of GRAP that has been issued, but is not yet in effect, in developing an appropriate accounting policy dealing with a particular transaction or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and errors.

Management has considered all of the under mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of 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

GRAP21 Impairment of Non-Cash generating assets - issued March 2009

GRAP26 Impairment of Cash generating assets - issued March 2009

GRAP 104 Financial Instruments - October 2009

1.5 Continue

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

1.6 **CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS**

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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)

Buildings and land are used at values according to the last valuation roll of 2008.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent all property, plant and equipment, including for Infrastructure Assets, are measured at cost, (or redeemed cost), less accumulated depreciation and accumulated impairment losses.

2.4 DEPRECIATION AND IMPAIRMENT

Accumulated depreciation was calculated before 01 July 2010 and debited against accumulated surplus. Depreciation for the 2010/2011 financial year was calculated and debited against the statement of financial performance. This was done for the first time during this financial year.

The useful lifetime of assets are determine as follow:

Infrastructure

Roads and Paving	45 - 50 years
Electricity	45 - 50 years
Water	15 - 100 years
Sewerage	15 - 100 years
Landfill Sites	10 - 65 years
Recreational Facilities	15 - 60 Years

Buildings

100 Years

Specialist Vehicles	5 - 20 years
Other Vehicles	5 - 10 years
Office Equipment	3 - 7 years
Furniture and Fittings	7 - 10 years
Specialised Plant and Equipment	10 - 15 years
Other items of Plant and Equipment	2 - 5 Years

Depreciation only commences when the asset is available for use, unless stated otherwise.

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.

3 INVESTMENT PROPERTY

Investment property consist of Municipal flats (land and buildings) held to earn rentals and/or for capital appreciation, rather for the municipality. Investment property is stated at 2008 valuation role values in the statement of financial position and at fair value. Valuator Johan Bosman from Praxos.

4 INVENTORIES

INITIAL RECOGNITION

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

Subsequent measurement

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

5 FINANCIAL INSTRUMENTS

5.1. INITIAL RECOGNITION

Financial instruments are initially recognised at cost value.

5.1.1 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.

5.1.2 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.

5.1.3 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.

5.1.4 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.

5.1.5 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.

5.2. SUBSEQUENT MEASUREMENT

5.2.1 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.

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 cost value. 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'.

5.2.2 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.

6 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 Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

7 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the 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.

8 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.

9 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.

10 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 de recognition 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.

10.2 MUNICIPALITY AS LESSOR

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

11 REVENUE

11.1. 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 are 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.

11.2. 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.

11.3 PROPERTY RATES 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 are 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.

11.4. 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.

12 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.

13 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.

14 IMPAIRMENT

Significant judgements and sources of estimate uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Consumer receivables and loan and other receivables

The municipality assesses its consumer receivables, loans and other receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the Statement of Financial Performance, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for consumer receivable, loan and other receivables is calculated on a portfolio basis after removing individually impaired items, based on historical deficit ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

15 Financial Instrument

Consumer receivable and other receivables

Consumer receivables and other receivable are classified as loans and receivables and are measured at initial recognition at fair value plus direct transaction costs. And are subsequently measured at amortised cost, using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and defaults or delinquency in payments (more than 90 days overdue) are considered indicators that the consumer receivable is impaired. The allowance recognised is measured as the difference between the asset's carry amount and the present value of estimated future cash flows discounted at the effective interest rates computed at initial recognition.

16 INTANGIBLE ASSETS

16.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost,

The cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

16.2 Derecognition

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

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2 011	2 010
	R	R
1 RESERVES		
Capital Replacement Reserve	237 458 388	237 458 388
Transfer to accumulated surplus	(237 458 388)	
Total Reserves	-	237 458 388
2 LONG TERM LIABILITIES		
External loans	10 569 850	4 371 433
Less: Current portion transferred to current liabilities	(2 005 665)	(1 010 508)
Total External Loans	8 564 185	3 360 925
Refer to Appendix F for more detail on long-term liabilities.		
3 CONSUMER DEPOSITS		
Consumer accounts	1 062 312	1 138 314
	1,062,312	1,138,314
No guarantees are kept in lieu of electricity deposits.		
4 PAYABLES		
Trade Payables	223 993	85 318
Capital Payables	-	4 118 379
Sundry Payables	256 812	579 717
Hall Deposits	5 506	-
Payments received in advance	2 608 345	2 416 743
Accruals for creditors	8 207 593	970 750
Provision 13th cheque	932 142	-
Interest accrual	85 157	-
Leave Accrual	4 192 417	3 420 424
Total Creditors	16 511 966	11 591 331
5 UNSPENT CONDITIONAL GRANTS AND SUBSIDIES	-	-
Total Conditional Grants and Receipts	-	-
All the conditional grants, were fully spent at the end of the financial year. See note 18.2.		
6 Accumulated surplus		
Opening balance	103 606 836	81 464 201
Prior year corrections	(65 785 615)	5 149 427
Transfer from Capital Replacement reserve	237 458 385	
Prior year corrections for assets	139 080 316	
Current year surplus/(loss)	(9 403 623)	16 993 208
Total accumulated surplus/(loss)	404 956 299	103 606 836

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

				R	R	
7.1 PROPERTY, PLANT AND EQUIPMENT						
				Land and Buildings	Other Assets	Total
				R	R	R
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				-	(12 563 440)	(12 563 440)
Disposals				-	(2 194 132)	(2 194 132)
Carrying value 30 June 2010				15 344 729	248 552 768	263 897 497
30 June 2010						
Cost				15 344 729	261 116 208	276 460 937
Accumulated depreciation				-	(12 563 440)	(12 563 440)
Carrying value				15 344 729	248 552 768	263 897 497
Additions				-	7 615 312	7 615 312
Capital adjustment on landfill site					1 460 191	1 460 191
Asset adjustment for grap compliance				103 434 620	66 678 646	170 113 266
Depreciation				(490 973)	(13 620 865)	(14 111 838)
Disposals				-	(239 399)	(239 399)
Carrying value 30 June 2011				118 288 376	310 446 653	428 735 029
					2011	2 010
7.2 INVESTMENT PROPERTY.						
Opening balance 01 July 2010					1,446,000	1 446 000
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:					869,064	777 329
b) Repairs and maintenance investment property:					1,481,891	244 605
7.3 WORK IN PROGRESS						
Opening balance 01 July 2010					17 476 799	-
Asset adjustment for grap compliance					(17 476 799)	-
Capital adjustment on Work in progress					2 300 397	
Additions					16 070 824	17 476 799
Bucket eradication projects in Tweespruit and Hobhouse is still in progress.					18 371 221	17 476 799
7.4 Intangible assets						
Opening balance 01 July 2010					-	-
Correction of asset register according to GRAP					57 352	-
Amortisation					(20 392)	-
Carrying amount					36 960	-

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

8 INVESTMENTS			
Listed			
Old Mutual Shares		50 625	50 625
Total Listed		50 625	50 625
Unlisted			
OVK LOAN B		134 438	
OVK LOAN D		137 396	
OVK Preference shares		1 067	
OVK Ordinary shares		67 775	731 530
Total Unlisted		340 677	731 530
Financial Instruments			
Colateral investment FNB		84 263	
Short- term Investments ABSA Advantage		20 829	1 227 627
Total Cash Investments		105 093	1 227 627
Total Investments		496 394	2 009 783
Current assets		20 829	444 157
Non current Assets		475 565	1 565 626
		496 394	2 009 783
Fixed deposits are for periods which are less than 12 months but greater than three months.			
Managemnet's Valuation of Unlisted Investments			
Cost		340 677	731 530
9 INVENTORY			
Consumable stores – at cost		861 762	379 838
Water		149 737	56 586
Total Inventory		1 011 499	436 424

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

10 CONSUMER RECEIVABLES			
	Gross balances	Provision for bad debts	Balance
As at 30 June 2010			
Service receivables			
Electricity	7 575 954	7 094 168	481 786
Water	27 084 661	25 362 238	1 722 423
Sewerage	32 235 211	30 185 244	2 049 967
Refuse	15 302 332	14 329 195	973 137
Rates	11 442 451	10 714 779	727 672
Other Income	12 302 482	11 520 117	782 365
Total	105 943 090	99 205 741	6 737 349
Plus credit balances			2 416 743
Total consumer receivables			9 154 091
As at 30 June 2011			
Service receivables			
Electricity	7 181 495	7 120 188	61 307
Water	39 452 660	39 115 864	336 796
Sewerage	43 218 290	42 849 348	368 942
Refuse	22 117 283	21 928 474	188 809
Rates	13 490 501	13 375 336	115 165
Other Income	12 247 600	12 143 046	104 554
Total	137 707 829	136 532 256	1 175 573
Plus: accounts with credit balances			2 608 345
Total consumer receivables			3 783 918
Provisions for bad debts			37 326 515

Debtors Age Analysis						2011	2010
Property Rates							
Current (0 – 30 days)						682 767	632 402
31 - 60 Days						474 503	394 041
61 - 90 Days						419 338	343 333
91 - 120 Days						387 662	305 153
121 - 365 Days						2 601 905	4 529 273
+ 365 Days						8 924 326	5 238 249
Total						13 490 501	11 442 451
Electricity							
Current (0 – 30 days)						363 462	1 149 708
31 - 60 Days						252 596	440 081
61 - 90 Days						223 229	333 323
91 - 120 Days						206 367	296 256
121 - 365 Days						1 385 091	1 551 129
+ 365 Days						4 750 750	3 805 457
Total						7 181 495	7 575 954
Water							
Current (0 – 30 days)						1 996 737	1 466 228
31 - 60 Days						1 387 674	960 522
61 - 90 Days						1 226 344	1 005 532
91 - 120 Days						1 133 708	893 712
121 - 365 Days						7 609 214	5 347 369
+ 365 Days						26 098 983	17 411 298
Total						39 452 660	27 084 661

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2 011	2 010
		R	R
Debtors Age Analysis	continued		
Sewerage			
Current (0 – 30 days)		2 187 318	1 101 288
31 - 60 Days		1 520 123	967 696
61 - 90 Days		1 343 395	953 645
91 - 120 Days		1 241 917	847 596
121 - 365 Days		8 335 489	6 401 736
+ 365 Days		28 590 048	21 963 249
Total		43 218 290	32 235 210
Refuse			
Current (0 – 30 days)		119 376	613 859
31 - 60 Days		777 934	490 321
61 - 90 Days		687 492	520 798
91 - 120 Days		635 560	462 798
121 - 365 Days		4 265 749	1 170 583
+ 365 Days		15 631 171	12 044 068
Total		22 117 282	15 302 427
Other			
Current (0 – 30 days)		619 863	100 104
31 - 60 Days		430 787	133 816
61 - 90 Days		380 704	117 825
91 - 120 Days		351 946	104 723
121 - 365 Days		2 362 188	857 372
+ 365 Days		8 102 113	10 988 642
Total		12 247 601	12 302 482

Debtors outstanding per category			
Government			
Current (0 – 30 days)		248 618	277 489
31 - 60 Days		178 326	199 623
61 - 90 Days		96 029	168 525
91 - 120 Days		78 976	144 657
121 - 365 Days		567 101	216 137
+ 365 Days		3 566 969	4 114 053
Total		4 736 019	5 120 484
Business			
Current (0 – 30 days)		194 369	706 222
31 - 60 Days		169 705	264 056
61 - 90 Days		141 371	196 564
91 - 120 Days		106 377	182 560
121 - 365 Days		717 725	1 653 093
+ 365 Days		2 087 649	1 837 217
Total		3 417 196	4 839 712
Residential			
Current (0 – 30 days)		4 489 616	4 079 305
31 - 60 Days		4 076 057	2 922 557
61 - 90 Days		3 730 121	2 909 032
91 - 120 Days		7 011 632	2 582 847
121 - 365 Days		21 258 364	17 988 060
+ 365 Days		88 877 415	65 772 864
Total		129 443 205	96 254 665
Other			
Current (0 – 30 days)		3 645	573
31 - 60 Days		3 632	241
61 - 90 Days		2 683	239
91 - 120 Days		2 468	174
121 - 365 Days		17 357	172
+ 365 Days		81 614	7 602
Total		111 399	9 001

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
11 OTHER RECEIVABLES		
Sundry debtors	1 083 012	4 248 332
Total Other Debtors	1 083 012	4 248 332
12 LONG TERM RECEIVABLES		
Long Term Receivables	226 043	243 012
Less: Short term portion of long term receivables	5 774	5 722
Total Long Term Receivables	220 270	237 290
13 PETTY CASH		
Pettycash	1,500	1,500
Cash floats for cashiers	1,255	755
	2,755	2,255
14 Current Account (Primary Bank Account)		
ABSA Bank - Ladybrand branch		
Account number 2020000050		
Cash book balance at beginning of year - (overdrawn)	(3 789 340)	(5 387 524)
Cash book balance at end of year - (overdrawn)	(2,810,946)	(3 789 340)
Bank statement balance at beginning of year - (overdrawn)	862 572	7 481 572
Bank statement balance at end of year - (overdrawn)	2 538 529	862 572
FNB Bank Day cash - Ladybrand branch		
Account number 62054009751		
Cash book balance at beginning of year	242 606	703 622
Cash book balance at end of year	77,608	242 606
Bank statement balance at beginning of year - (overdrawn)	195 126	703 622
Bank statement balance at end of year - (overdrawn)	77 608	195 126
Total Bank	(2 733 338)	(3 546 734)
15 Provision for landfill site		
Provision landfill site	17 349 030	-
Total of Leave Accrual	17 349 030	-
16 PROPERTY RATES		
Actual		
Levies	12 646 505	10 091 863
Total Assessment Rates	12 646 505	10 091 863
Property Valuations		
Total Property Valuations	2769 795 256	2764 203 516
Total Property Valuations	2769 795 256	2764 203 516

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2 011	2010
	R	R
17 SERVICE CHARGES		
Sale of electricity	19 908 092	21 848 608
Sale of water	18 007 335	14 283 320
Other charges	18 984 367	15 722 558
Total Service Charges	56 899 794	51 854 486
18 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	53 916 103	41 065 377
Central government grants	22 684 000	18 572 228
Motheo District Municipality	5 609 877	4 228 819
Total Government Grant and Subsidies	82 209 980	63 866 424
18.1 Equitable Share		
Balance unspent at beginning of year	-	-
Current year receipts	53 916 103	41 065 377
Conditions met - transferred to revenue	(53 916 103)	(41 065 377)
	-	-
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
Correction prior year		(5 796 969)
Current year receipts	18 934 000	10 842 000
Conditions met - transferred to revenue	(18 942 655)	(15 087 228)
Financed by own income	8 655	-
Conditions still to be met - transferred to current liabilities	-	-
This grant was used for Bucket Eradication. No funds have been withheld.		
18.3 FMG		
Balance unspent at beginning of year	-	-
Current year receipts	3 000 000	2 750 000
Conditions met - transferred to revenue	(3 000 000)	(2 750 000)
Conditions still to be met - transferred to liabilities	-	-
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. Interns were also paid with this fund.		

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
18.4 MSIG		
Balance unspent at beginning of year	-	2 000
Current year receipts	750 000	735 000
Conditions met - transferred to revenue	(750 000)	(737 000)
Conditions still to be met - transferred to liabilities	-	-
<p>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.</p>		
18.5 Motheo Subsidy		
Balance unspent at beginning of year	0	-
Current year receipts	5 609 877	4 228 819
Conditions met - transferred to revenue	(5 609 877)	(4 228 819)
Conditions still to be met - transferred to liabilities	0	0
<p>The Municipality renders Environmental Health services on behalf of Motheo District Council.</p>		
18.6 Changes in levels of government grants		
<p>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.</p>		
UNSPENT CONDITIONAL GRANTS AND SUBSIDIES	0	0
Total Conditional Grants and Receipts unspent	0	0
19 VAT		
VAT Output debtors	(10 041 875)	(3 573 125)
VAT Input Creditors	986 841	510 273
Output VAT paid	(480 468)	(157 243)
Input Vat Paid	246 523	209 235
Paid to SARS	432 225	1 145 959
	(8 856 753)	(1 864 901)

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2 011	2 010
	R	R
20 EMPLOYEE RELATED COSTS		
Salaries	24 182 141	27 418 897
Contributions - UIF, Pension and Medical Aid Fund	7 130 804	4 464 707
Housing Subsidies	139 230	88 807
Industrial Council Levies	13 769	8 171
Other Allowances	1 205 707	860 761
Overtime	3 734 817	3 338 385
Travel, Subsistence and Car Allowances	597 415	972 370
Leave accrual	771 993	1 136 644
Leave paid during 2010/11	185 125	-
Long Service / Bonus awards	3 259 698	1 412 369
Total Employee Related Costs	41 220 699	39 701 111
Remuneration of the Municipal Manager		
Annual Remuneration	456 704	520 248
Performance and other Bonuses	42 240	35 437
Car Allowance	110 000	120 000
Contributions to UIF, Medical and Provident Funds	218 635	110 333
Total	827 579	786 018
Remuneration of the Manager Technical services		
Annual Remuneration	357 243	327 443
Performance and other Bonuses	-	27 287
Car Allowance	-	129 613
Contributions to UIF, Medical and Provident Funds	-	82 411
Total	357 243	566 754
Remuneration of the Chief Financial Officer		
Annual Remuneration	450 321	411 078
Performance and other Bonuses	71 812	34 256
Car Allowance	155 041	155 040
Contributions to UIF, Medical and Provident Funds	210 377	100 980
Total	887 552	701 354
Remuneration of the Head: Corporate Services		
Annual Remuneration	430 073	392 109
Performance and other Bonuses	32 931	32 676
Car Allowance	155 040	155 040
Contributions to UIF, Medical and Provident Funds	248 333	100 734
Total	866 377	680 559

	2 011	2 010
	R	R
21 REMUNERATION OF COUNCILLORS		
Mayor		
Salaries	256 317	346 936
Contributions - UIF, Pension and Medical Aid Fund,	71 539	69 320
Cellphone allowance	22 880	17 100
Travel, Subsistence and Car Allowances	152 944	138 752
	503 680	572 108
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.		
Speaker		
Salaries	304 659	280 590
Contributions - UIF, Pension and Medical Aid Fund,	49 375	52 414
Cellphone allowance	13 038	17 100
Travel, Subsistence and Car Allowances	117 909	111 001
	484 981	461 105
Exco members		
Salaries	350 384	268 565
Contributions - UIF, Pension and Medical Aid Fund,	94 730	74 845
Cellphone allowance	28 463	21 336
Travel, Subsistence and Car Allowances	135 934	114 470
	609 511	479 216
Ordinary council members		
Salaries	1 204 214	1 220 072
Contributions - UIF, Pension and Medical Aid Fund,	249 158	278 440
Cellphone allowance	114 487	128 016
Travel, Subsistence and Car Allowances	500 624	499 500
	2 068 483	2 126 028
22 FINANCE COSTS		
Interest Long term liabilities	817 243	718 643
Total Interest and Redemption on External Borrowings	817 243	718 643

23 CHANGE IN ACCOUNTING POLICY				
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:				
Statutory Funds		Corrections	2 010	Restated 2010
Balance previously reported: -				
Capital Replacement fund Fund		(237 458 388)		
Implementation of GRAP				
Transferred to Accumulated surplus		(237 458 388)		
Total (Credit to Accumulated Surplus/(Deficit))		(237 458 388)	237 458 388	-
Write off of Capital replacement fund				
Property, plant and equipment				
Balance previously reported		277 906 937	277 906 937	265 343 497
Implementation of GRAP 17				
Write off of assets not accounted according to GRAP standards		(297 978 718)		
Accumulated Depreciation		12 563 438		
Amount restated according to GRAP standards for assets		494 310 115		
Amount for previous years accumulated depreciation		(52 337 722)		
Total (Credit to Accumulated Surplus/(Deficit))		156 557 113		

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Work in progress			
Balance previously reported -	17 476 799	(17 476 799)	-
Implementation of GRAP			
Write off of assets not accounted according to GRAP standards	(17 476 799)		
Total (debited to Accumulated Surplus/(Deficit))	(17 476 799)		
Total correction for assets	139 080 314		
24 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT:			
<u>Contributions to Local Government Organisation</u>			
Opening balance		-	-
Current year's contribution		264 960	190 000
Amount paid - current year		(264 960)	-
Amount paid - previous years		-	(190 000)
Balance unpaid (included in creditors)		-	-
<u>Audit fees</u>			
Opening balance		-	-
Current year's contribution		3 121 145	2 703 922
Amount paid - current year		(3 121 145)	(2 703 922)
Balance unpaid (included in creditors)		-	0

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2 011	2 010
	R	R
25 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT: (continued)		
<u>VAT</u>		
Opening balance	(1 543 966)	(3 299 622)
Current year input VAT	(9 164 532)	(7 885 294)
Current year output VAT	5 298 976	4 472 491
Amount paid (received)	4 977 297	5 265 992
	(432 225)	(1 446 431)
<u>UIF</u>		
Opening balance	-	-
Current year payroll deductions	631 672	286 002
Amount paid - current year	(631 672)	(286 002)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
<u>PAYE</u>		
Opening balance	-	-
Current year payroll deductions	3 739 244	3 344 777
Amount paid - current year	(3 739 244)	(3 344 777)
Balance unpaid (included in creditors)	-	-
<u>Skills Development Levy</u>		
Opening balance	-	-
Current year payroll deductions	347 431	303 939
Amount paid - current year	(347 431)	(303 939)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	0
<u>Pension and Medical Aid Deductions</u>		
Opening balance	-	-
Current year payroll deductions and council contributions	4 238 127	4 190 113
Amount paid - current year	(4 238 127)	(4 190 113)
Balance unpaid (included in creditors)	(0)	0
26 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure		
Approved and contracted for:	30 395 860	7 285 251
<i>Infrastructure</i>	26 853 653	5 283 751
<i>Community</i>	607 762	-
<i>Other</i>	2 934 445	2 001 500
Approved but not yet contracted for:	-	-
<i>Infrastructure</i>	-	-
<i>Community</i>	-	-
Operating leases contracted (see note 39)	1 327 097	2 481 094
Total	31 722 957	9 766 345
This expenditure will be financed from:		
- Government Grants	22 772 000	4 691 569
- External resources	-	2 281 710
- Internal resources	8 950 957	2 793 066
	31 722 957	9 766 345

27 RETIREMENT BENEFIT INFORMATION			
Employees of council belongs to different pension fund schemes. They are the Freestate Pension Fund, Freestate Providend Fund, Samwu Provident Fund, Councillors Pension Fund, Municipal employee's Pension Fund, Old Mutual Pension Fund, Sanlam group scheme, Orion and Federal Life.			
Payments made in terms of define contribution plans.		4 238 127	4 190 113
28 CONTINGENT LIABILITY			
COURT CASES (EMPLOYEE CLAIMS)			
0081-CONTRACT EXPIRED(09 DECEMBER 2009) DATE LODGED (09 SEPTEMBER 2009) HIGH COURT RULING AGAINST THE EMPLOYEE			
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			
0415- SUSPENSION (26 APRIL 2010) DATE LODGED (26 APRIL 2010) CASE AT 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 (CIVL CLAIMS)			
F CANE DAMAGE TO CAR DATE LOGDED(10 JULY 2009) COURT DATE 20 AUGUST 2011			
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) NO RESONSE RECEIVED FROM LAWERS - DEEMED FINALISED			
In terms of the definition, Possible obligation arise from past event (Accomodation) 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.)			
Total amount R1 147 635.30			
Landfill sites.			
Currently the disposal site at Hobhouse, Excelsior and Tweespruit is operated without the necessary permits, which may lead to penalties. It is not possible to determine the amount of possible penalties at this stage. Provision for rehabilitation costs is made.			

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

EXPENDITURE AGAINST BUDGET	2,011 Actual (R)	2,011 Budget (R)	2,011 Variance (R)
Municipal Manager	2,503,412	2,327,583	(175 829)
Internal audit	621,119	695 440	74 321
IDP	2,024,410	2 307 512	283 102
Council	2,452,580	2 956 703	504 123
Speaker	4,573,563	5 274 549	700 986
Financial services	35,341,122	39 165 659	3 824 537
Corporate services	6,787,664	8 049 132	1 261 468
Properties	3,425,961	5 236 296	1 810 335
Libraries	1,625,939	1 659 434	33 495
Fire brigade	1,303,237	1 212 008	(91 229)
Traffic	911,926	1 005 743	93 817
Housing	1,138,300	1 168 223	29 923
Health	1,759,682	1 232 008	(527 674)
Cemetary	32,829	70 800	37 971
Project Management Unit	1,204,681	1 337 773	133 092
Parks and Recreation	3,667,504	3 039 554	(627 950)
Roads and streets	7,847,012	20 930 960	13 083 948
Electricity	28,093,998	26 078 079	(2 015 919)
Water	32,632,008	13 974 026	(18 657 982)
Sewerage	20,289,286	32 573 443	12 284 157
Refuse removal	15,834,405	6 439 558	(9 394 847)
Development Department	1,489,452	1 661 191	171 739
	175,560,089	178,395,674	2,835,585

32 EVENTS AFTER BALANCE SHEET DATE

A strike by workers were experienced after year-end. This leads to a vehicle that was put on fire and bum out. This action leads to the absorption of temporary workers as well as the payment of overtime previously not paid. A negative impact on service delivery was experiences as no refuse removal took place.

33 CASH RECEIVED FROM CUSTOMERS AND GOVERNMENT

Total revenue	164 029 698	139 772 349
Adjusted for items presented separately:		
Interest received on investments	(496 853)	(731 756)
Dividends received	(19 389)	(433)
Proceeds on selling of assets	(239 399)	(1 119 217)
Previous year adjustments	3 222 052	-
(Increase)/decrease in Sundry Debtors	3 165 320	8 365 768
Increase/(Decrease) in Consumer deposits	(76 002)	101 069
(Increase)/decrease in consumer debtors	38 504 368	(86 414 598)
	208 089 795	59 973 183
Sundry debtors and deposit changes included in Increase of other debtors for 2011		

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	R	R
34 CASH PAID TO SUPPLIERS AND EMPLOYEES		
Total expenditure	(173 433 322)	(122 779 142)
Adjustment for Non cash items		
Depreciation	14 132 230	12 563 440
Bad Debts	37 326 515	76 977 565
Indigent support	-	(1 628 483)
Leave Accrual	771 993	1 136 644
Interst provision rehabilitation of landfill sites	214 338	-
Financing activities		
Interest paid	817 243	718 643
Previous year adjustments	(75 854 383)	-
Increase/(decrease) in creditors	11 140 494	4 081 839
Increase/(decrease) in unspent conditional grants	(5 796 969)	(4 243 228)
Increase / (Decrease) in Inventory	(575 075)	(104 197)
	(191 256 936)	(33 276 918)
35 CASH GENERATED BY OPERATIONS		
Reconciliation of net operating profit to cash generated in operations		
Net operating profit/(loss)	(9 403 623)	16 993 208
Adjusted for:		
Depreciation	14 132 230	12 563 440
Interest income	(496 853)	(731 756)
Dividends received	(19 389)	(433)
Bad Debts	37 326 515	76 977 565
Interst provision rehabilitation of landfill sites	214 338	-
Leave Accrual	771 993	1 136 644
Interest paid	817 243	718 643
Gain on the disposal of assets	(239 399)	(1 119 217)
Indigent support	-	(1 628 483)
Previous year corrections	(72 632 331)	-
Changes in working capital:		
(Increase)/ Decrease in Inventory	(575 075)	(104 197)
(Increase)/decrease in consumer debtors	38 504 368	(86 414 598)
(Decrease)/Increase in conditional grants	(5 796 969)	(4 243 228)
Increase/(decrease) in creditors	11 140 494	4 081 839
(Increase)/decrease in Sundry Debtors	3 165 320	8 365 768
Increase/(Decrease) in Consumer deposits	(76 002)	101 069
	16 832 859	26 696 264
Deposit changes included in Increase of other debtors for 2011		
36 CASH AND CASH EQUIVALENTS		
Bank and cash	(2 730 583)	(3 544 479)
Investments	20 829	444 157
	(2 709 754)	(3 100 323)

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

37.1 GENERAL EXPENSES		
General expenses include the following significant figures:		
Advertising	233 390	197 540
Audit costs External	3 121 145	2 703 922
Audit costs Internal	62 379	-
Annual Report	162 600	-
Awareness Campaigns	13 158	-
Bad Debts	216 929	-
Bank charges	226 152	214 463
Bank and Creditors Interest	30 987	-
Books and Reference books	12 555	-
Centlec Expenses	2 170 342	-
Civil Protection	950	-
Cleaning Materials	10 985	-
Chemicals, Chloorgas	1 635 085	1 093 539
Communication Strategy	185 500	-
Connections	414 882	-
Donations	2 211	-
Electricity, Water and other services	-	724 877
Entertainment	348 845	345 469
Employee Wellness	4 039	-
Grap & Other Financial costs	513 594	-
Finance management Grant	623 753	1 172 112
Filing System	98 246	-
Fuel	2 150 448	1 916 955
Inventory shortage	126 736	-
IDP & Budget Conference	201 057	-
Interest rehabilitation for landfill sites	214 338	-
LED Strategy	133 106	-
Insurance	743 987	604 701
Lisences	338 967	-
Legal expenses	956 254	394 445
Medical assistance	34 766	-
Plants and Trees	2 676	-
Postage	286 118	274 850
Printing & Stationery	273 821	425 045
Policy revival	48 100	-
Programs	329 674	99 581
Protective clothing	126 998	-
Public consultation	589 788	310 124
Rental equipment	158 804	-
Training	737 956	947 397
Travelling and Subsistance	1 193 822	981 133
Town Planning	24 000	-
Sanitation, water and electricity	880 986	-
Surveys	10 000	-
Strategig planning	453 852	640 380
Spatial Dev elopment	180 000	-
Special Days	749 550	-
Skills development	347 434	302 893
Security Services	2 800	-
Subscriptions	23 957	-
Sympathy	1 288	-
Auction Costs	-	184 851
Telephone	1 412 955	1 314 734
Tourism / Year end	169 369	-
Valuation and other costs	39 600	-
Youth Commission	29 435	-
Ward Plan review	80 162	-
Water Samples and Research	389 102	-
Weed control	6 500	-
Previous year expences corrected	-	-
Other	-	4 301 721
	23 536 138	19 150 732

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

37.2 OTHER INCOME			
Donation year end function	4 386	-	
Dog tax	2 750	-	
Grave sales	54 782	90 322	
Environmental health	-	1 670 321	
Proceeds on sale of assets	-	--	
Training Cost recover	-	26 851	
Administration fees	145 303	138 263	
Commission Received	36 306	29 781	
Discount Received	1 098	1 225	
Insurance recover	13 168	-	
Private Telephone recovery	103 707	105 844	
Legal Costs	-	2 017	
Sundry	1 950	22	
Suplus Cash	159	1 700	
Tender Doc	15 088	39 649	
Valuation Lists	120	88	
Valuation Roll	22 556	60 349	
Bad debts recover	23	-	
Business Lisence	-	595	
Subdivisoning	5 000	4 550	
Mantsopa Monitoring	-	88	
Rental Equipment	12 345	2 095	
Advertisements	618	2 001	
Building Plans	89 462	52 262	
Lost Books	4	8	
Photo Copies	9 698	9 623	
Subscriptions	300	1 200	
Housing subsidies	150 000	-	
Housing Transports	984	-	
Connections	329 250	186 008	
Testmeters	600	1 650	
Private Work	333	-	
Cleaning of Erven	-	166	
Income corrections previous year	-	--	
Garden Refuse	23 366	22 177	
Total	1 023 356	2 448 856	

38	Correction of previous year errors	Corrections	2 010	Restated 2010
38.1	Debt impairment			
	Provision for debt impairment before 30 June 2010	70 460 710		
	Total debited against accumulated surplus	70 460 710	28 745 032	99 205 742
	Debt impairment calculated according to IAS 39.			
38.2	Transfer unspent conditional grant balance 30 June 2010	(5 796 969)		
	Total debited against accumulated surplus	(5 796 969)	5 796 969	-
	Prior period balance incorrect according to reconciliation done together with COG TA			
38.3	Correction on VAT accounts	1 121 874		
	Total debited against accumulated surplus	1 121 874	1 864 901	2 986 775
	VAT liability was overstated during 2009/10 financial year.			
	Total debited against accumulated surplus - Statement of Financial Position	65 785 615		
38.4	Previous year income and expenditure			
	Correction previous year income overstated	1 453 043	(164 029 698)	(162 576 655)
	Income levied in 2009/10 incorrectly levied and corrected in 2010/11 financial year.			
	Eskom Account	2 126 769	13 339 520	15 466 289
	June 2010 Eskom purchases captured during 2010/11 financial year.			
	Previous year expenditure understated	3 266 904	173 433 321	176 700 225
	Expenditure for the 2009/10 year captured and paid during the 2010/11 financial year.			
	Total debited against accumulated surplus - income	6 846 717		
	Total amount of corrections against accumulated surplus	72 632 331	59 150 045	131 782 377

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

39 OPERATING LEASES		
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:	2 011	2 010
Operating leases - lessee		
Within one year	1 327 097	1 153 997
In the second to fifth year inclusive	-	1 327 097
After five years	-	-
Total	1 327 097	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.		
40 WASTEFULL EXPENDITURE	2 011	2 010
Opening Balance 01 July 2010	29 986	-
Interest on creditors	25 898	29 986
Interest to SARS	1 799	-
Penalty SARS	60 071	-
Closing Balance 30 June 2011	117 754	29 986
41 IRREGULAR		
Opening Balance	2 618 868	140 000
Irregular expenditure current year - Non compliance to SCM policy	3 656 535	2 478 868
Irregular expenditure current year - Deviation from Procurement	1 262 570	-
Condoned or written off by Council	(1 262 570)	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	6 275 403	2 618 868
42 UNAUTHORISED EXPENDITURE		
Total spending more than budget		
Environmental Health	(527 674)	(250 823)
Electricity		(2 080 099)
Sanitation	(12 123 176)	-
Refuse	(9 394 847)	-
Water	(18 657 982)	-
Fire brigade	(91 229)	-
Properties	(193 015)	-
PMU	-	(30 506)
Council	-	(891 388)
Parks	(627 950)	-
Municipal Manager	(175 829)	-
IDP	-	(49 880)
Total	(41 791 702)	(3 302 696)
During the raining season floods were experience at the water purification works, and urgent repairs had to be done. Deviation from the normal procurement procedures were unavoidable and an amount of R1 262 570.34 had to be spent by deviating from the normal procedure. Condonation was given by council.		

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

43	ELECTRICITY LOSSES				
	During the financial year under review, 43 076 045 electricity units were bought from Eskom, although only 28 341 497 units were sold. This is a 34.84% of units loss, while the value at average selling price amounts to R10 314 183.6				
	Water losses cant be determined, as no bulk meters exist from waterworks and bore holes to the towns.				
				2 011	2 010
44	CONSULTANT FEES				
	Ducharme Consultants	Asset Register		416 755	-
	Makomota	Financial statements review		90 838	-
	Gobodo	Debt impairment		-	-
45	RELATED PARTIES				
	The following organisations is seen as related parties to Mantsopa Local Municipality, as they are in a position to influence transactions or other decisions				
	Related parties transactions: Received / (paid)				
	Centlec Bloemfontein			3 103 227	4 594 052
	Provincial Treasury			-	-
	National Treasury			76 600 103	59 637 605
	Motheo District Municipality			5 609 877	4 228 819
	COGTA			-	-
	Department of Water affairs			-	-
	Key personal and Councillors salaries		20 & 21	(5 739 028)	(5 692 583)
46	IFRS 7				
	RISK MANAGEMENT				
	Maximum credit risk exposure				
	Credit risk consist mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.				
	Financial assets exposed to credit risk at year end were as follow:				
	First National Bank current account			77 608	195 126
	Absa Bank current account			-	-
	Absa Money Market			20 829	-
	FNB colateral			84 263	73 392
	Old Mutual shares			50 625	50 625
	Old mutual policy			-	337 998
	Standard Bank			-	1 160 739
	OVK			340 677	320 139
	ABSA Investment			-	15 419
	ABSA Investment			-	51 469
	Trade and other receivables (including long term receivables)			5 092 973	13 645 436
				5 666 976	15 850 344
	These balances represent the maximum exposure to credit risk.				

MANTSOPALOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Liquidity risk				
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.				
Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.				
The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.				
	Within one year	Later than one year and not later than two years	Later than two years and not later than five years	Later than five years
2010				
Gross finance lease obligations	1 327 097	-	-	-
Borrowings	2 005 665	1 888 448	2 182 412	4 493 530
Trade and other payables	25 368 719	-	-	-
		Later than two years and not later than five years	Later than five years	
2009				
Gross finance lease obligations		2 654 194	-	
Borrowings		4 371 433	-	
Trade and other payables		14 578 106	-	
Interest rate risk				
The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.				
At year end, financial instruments exposed to interest rate risk were as follows:				
- ABSA Bank: Current Account			2 538 529	
- ABSA Bank: Money Market Account			20 829	
DBSA Loans			10 445 122	
ABSA Loan			124 728	
Other price risk				
The municipality's price risk arises from the shares held at OVK. The municipality holds a specific number of shares, of which their value depend on the share price at year end. These shares are not listed on any stock exchange.				
Management's valuation of unlisted investments			68 842	
Dividends received OVK			18 299	
Average gross rate of return on investments			27	%

APPENDIX A
MANTSOPA LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value	
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings												
<i>Land:</i>												
Land	83,244,700	-	-	-	-	83,244,700	-	-	-	-	-	83,244,700
Flats	289,200	-	-	-	-	289,200	-	-	-	-	-	289,200
Farms	21,596,500	-	-	-	-	21,596,500	-	-	-	-	-	21,596,500
Business	738,760	-	-	-	-	738,760	-	-	-	-	-	738,760
Office Buildings	1,020,640	-	-	-	-	1,020,640	-	-	-	-	-	1,020,640
<i>Buildings-Dwellings:</i>												
Flats	1,156,800	-	-	-	-	1,156,800	300,768	46,272	-	-	347,040	809,760
Mobile Offices	54,500	-	-	-	-	54,500	5,450	5,450	-	-	10,900	43,600
<i>Buildings-Non Residentiele Structures:</i>												
Business	2,955,040	-	-	-	-	2,955,040	1,507,070	118,202	-	-	1,625,272	1,329,768
Office Buildings	4,082,560	-	-	-	-	4,082,560	1,111,186	163,302	-	-	1,274,488	2,808,072
	115,138,700	-	-	-	-	115,138,700	2,924,474	333,226	-	-	3,257,700	111,881,000
Infrastructure												
<i>Electricity:</i>												
MV-NETWORK:												
CABLES	#REF!	-	-	-	-	#REF!	785,759	196,440	-	-	982,199	#REF!
INDOOR TRANSFORMERS	#REF!	-	-	-	-	#REF!	554,893	45,484	-	-	600,377	#REF!
LINES	#REF!	-	-	-	-	#REF!	241,540	60,385	-	-	301,925	#REF!
LINK	#REF!	-	-	-	-	#REF!	52,073	14,878	-	-	66,951	#REF!
MINI SUBSTATION	#REF!	-	-	-	-	#REF!	746,943	131,266	-	-	878,209	#REF!
PROTECTION	#REF!	-	-	-	-	#REF!	177,433	50,695	-	-	228,128	#REF!
SUB STATION EQUIPMENT	#REF!	-	-	-	-	#REF!	1,993,770	340,035	-	-	2,333,805	#REF!
TRANSFORMER	#REF!	-	-	-	-	#REF!	671,427	48,512	-	-	719,938	#REF!
LV-NETWORK:												
BOXES	#REF!	-	-	-	-	#REF!	67,833	16,958	-	-	84,791	#REF!
CABLES	#REF!	-	-	-	-	#REF!	182,836	52,107	-	-	234,943	#REF!
LINES	#REF!	-	-	-	-	#REF!	275,036	75,183	-	-	350,220	#REF!
METERS	#REF!	-	-	-	-	#REF!	75,602	74,469	-	-	150,070	#REF!
SERVICE CONNECTORS	#REF!	-	-	-	-	#REF!	3,794	949	-	-	4,743	#REF!

<i>Road Network:</i>												
KERBING	#REF!	-	-	-	-	#REF!	120,962	9,098	-	-	130,060	#REF!
ROADS	#REF!	-	-	-	-	#REF!	20,580,193	1,032,146	-	-	21,612,339	#REF!
<i>Sewerage:</i>												
BULK DISTRIBUTION:												
PIPE LINE	#REF!	-	-	-	-	#REF!	148,010	37,003	-	-	185,013	#REF!
RETICULATION NETWORK:												
PIPE LINE	#REF!	-	-	-	-	#REF!	1,752,601	438,150	-	-	2,190,751	#REF!
CONNECTIONS	#REF!	-	-	-	-	#REF!	496,488	124,122	-	-	620,610	#REF!
MANHOLES	#REF!	-	-	-	-	#REF!	806,984	403,492	-	-	1,210,476	#REF!
PUMP STATION:												
Civils	#REF!	-	#REF!	-	-	#REF!	2,594,978	648,745	-	-	3,243,723	#REF!
Electrical	#REF!	-	#REF!	-	-	#REF!	324,311	324,311	-	-	648,622	#REF!
Mechanical	#REF!	-	#REF!	-	-	#REF!	486,467	486,467	-	-	972,934	#REF!
Pipework	#REF!	-	#REF!	-	-	#REF!	270,259	270,259	-	-	540,519	#REF!
<i>Water:</i>												
BULK DISTRIBUTION:												
WATER PIPES	#REF!	-	-	-	-	#REF!	2,833,398	1,328,906	-	-	4,162,304	#REF!
WATER SUPPLY / RETICULATION:												
CONNECTIONS	#REF!	-	-	-	-	#REF!	30,976	15,488	-	-	46,464	#REF!
WATER PIPES	#REF!	-	-	-	-	#REF!	2,345,777	1,172,888	-	-	3,518,665	#REF!
WATER METERS:												
WATER METERS	#REF!	2,420	-	-	-	#REF!	426,599	370,908	-	-	797,507	#REF!
PUMP STATION:												
CIVIL	#REF!	#REF!	-	-	-	#REF!	1,358,118	236,073	-	-	1,594,191	#REF!
ELECTRICAL	#REF!	#REF!	-	-	-	#REF!	1,830,467	777,739	-	-	2,608,207	#REF!
EQUIPMENT	#REF!	#REF!	-	-	-	#REF!	12,647	3,852	-	-	16,499	#REF!
MECHANICAL	#REF!	#REF!	-	-	-	#REF!	1,671,061	493,582	-	-	2,164,643	#REF!
RESERVOIR:												
STRUCTURE	29,597,476	-	-	-	-	29,597,476	4,307,149	819,987	-	-	5,127,136	24,470,340
	#REF!	#REF!	#REF!	-	-	#REF!	48,226,381	10,100,578	-	-	58,326,959	#REF!

Community Assets												
Land	4,974,120	-	-	-	-	4,974,120	-	-	-	-	-	4,974,120
Buildings	3,388,480	-	-	-	-	3,388,480	1,519,421	135,539	-	-	1,654,960	1,733,520
	8,362,600	-	-	-	-	8,362,600	1,519,421	135,539	-	-	1,654,960	6,707,640
			0.00									
Other Assets												
<i>FURNITURE AND OFFICE EQUIPMENT</i>												
OFFICE FURNITURE	3,800,823	502,737	-	-	-	4,303,559	628,609	735,043	-	-	1,363,652	2,939,908
OFFICE EQUIPMENT INCLUDING FAX MACHINES	455,319	4,650	-	-	-	459,969	86,624	82,040	-	-	168,664	291,305
AIR CONDITIONERS INDIVIDUAL FIXED AND MOVABLE	168,581	-	-	-	-	168,581	6,595	43,923	-	-	50,518	118,063
<i>TRANSPORT ASSETS</i>												
TRUCKS	5,855,842	-	-	-	-	5,855,842	546,441	562,161	-	-	1,108,602	4,747,241
BAKKIES	1,851,950	-	-	-	-	1,851,950	203,526	177,787	-	-	381,314	1,470,637
TRAILERS AND ACCESSORIES	1,600,030	24,049	-	-	-	1,624,079	133,632	155,912	-	-	289,543	1,334,535
BICYCLES	5,920	-	-	-	-	5,920	497	710	-	-	1,208	4,712
MOTOR VEHICLES	1,304,298	-	-	-	-	1,304,298	50,801	135,736	-	-	186,537	1,117,761
<i>COMPUTER EQUIPMENT</i>												
COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	222,143	20,447	-	-	-	242,590	37,186	69,355	-	-	106,542	136,048
COMPUTER NETWORKS	51,014	486,507	-	-	-	537,521	5,249	98,904	-	-	104,152	433,369
<i>MACHINERY AND EQUIPMENT</i>												
KITCHEN APPLIANCES	114,828	5,193	-	-	-	120,021	24,826	20,882	-	-	45,708	74,313
DOMESTIC EQUIPMENT (NON KITCHEN APPLIANCES)	40,147	-	-	-	-	40,147	5,886	11,347	-	-	17,233	22,914
MUSIC INSTRUMENTS	179,040	-	-	-	-	179,040	62,440	16,114	-	-	78,554	100,486
MEDICAL AND ALLIED EQUIPMENT	2,607	-	-	-	-	2,607	437	469	-	-	907	1,700
AUDIOVISUAL EQUIPMENT	51,473	121,140	-	-	-	172,613	5,346	31,070	-	-	36,416	136,197
WORKSHOP EQUIPMENT AND LOOSE TOOLS MOVABLE	553,610	1,800	-	-	-	555,410	94,897	154,848	-	-	249,745	305,665
ELECTRIC WIRE AND POWER DISTRIBUTION EQUIPMENT (COMPRE)	148,618	-	-	-	-	148,618	40,931	26,751	-	-	67,682	80,936
TRACTORS	1,048,173	-	-	-	-	1,048,173	366,522	188,671	-	-	555,193	492,980
FIRE FIGHTING EQUIPMENT	293,249	-	-	-	-	293,249	15,345	80,870	-	-	96,216	197,033
ROAD CONSTRUCTION AND MAINTENANCE EQUIPMENT	1,812,880	-	-	-	-	1,812,880	437,372	163,159	-	-	600,531	1,212,349
	19,560,544	1,166,523	-	-	-	20,727,067	2,753,163	2,755,752	-	-	5,508,914	15,218,152
Total	#REF!	#REF!	#REF!	-	-	#REF!	55,423,439	13,325,095	-	-	68,748,534	#REF!

MANTSOPA LOCAL MUNICIPALITY												
ANALYSIS OF INTAGIBLES REGISTER AS AT 30 JUNE 2010												
Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value	
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets												
Computer Software	-	57,352	-	-	-	57,352	-	20,392	-	-	20,392	36,960
	-	57,352	-	-	-	57,352	-	20,392	-	-	20,392	36,960
Total Fixed Asset Register	#REF!	#REF!	#REF!	-	-	#REF!	55,423,439	13,345,487	-	-	68,768,926	#REF!

MUNICIPALITY												
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENTS AS AT 30 June 2011												
Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value	
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	405,281	375,615	-	-	-	780,896	37,746	112,791	-	-	150,537	630,359
Finance and Administration	2,733,018	761,480	-	-	-	3,494,498	410,894	645,993	-	-	1,056,887	2,437,611
Planning and Development	252,103	4,258	-	-	-	256,360	46,115	47,654	-	-	93,769	162,592
Technical	530,000	-	-	-	-	530,000	-	-	-	-	-	530,000
Community and Social Services	197,450	-	-	-	-	197,450	33,149	32,320	-	-	65,470	131,980
Housing	83,532,409	1,130	-	-	-	83,533,539	34,657	40,742	-	-	75,400	83,458,139
Public Safety	1,060,497	-	-	-	-	1,060,497	242,723	107,515	-	-	350,238	710,259
Sport and Recreation	10,142,702	10,156	-	-	-	10,152,858	1,111,997	1,130,377	-	-	2,242,374	7,910,484
Environmental Health	104,584	-	-	-	-	104,584	17,732	19,979	-	-	37,711	66,873
Waste Management	112,088,873	1,460,191	2,300,397	-	-	115,849,461	7,649,014	3,594,427	-	-	11,243,440	104,606,021
Roads and Transport	65,117,002	4,628	-	-	-	65,121,630	21,097,008	1,244,261	-	-	22,341,269	42,780,361
Water	139,996,087	4,940,502	-	-	-	144,936,589	15,251,866	5,476,080	-	-	20,727,947	124,208,642
Electricity	52,249,068	-	-	-	-	52,249,068	5,848,606	1,142,337	-	-	6,990,943	45,258,125
Properties	39,098,279	-	-	-	-	39,098,279	4,366,114	517,363	-	-	4,883,477	34,214,802
Total	507,507,353	7,557,960	2,300,397	-	-	517,365,710	56,147,623	14,111,838	-	-	70,259,460	447,106,249

MANTSOPA LOCAL MUNICIPALITY APPENDIX C SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

2010	2010	2010		2011	2011	2011
Actual	Actual	Surplus/		Actual	Actual	Surplus/
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)
R	R	R		R	R	R
6 962 735	10 998 874	(4 036 139)	Executive and Council	8 254 049	12 175 084	(3 921 035)
40 263 130	25 111 719	15 151 411	Finance and Admin	59 725 774	42 128 786	17 596 988
1 200 760	2 124 409	(923 649)	Planning and Development	1 577 343	2 694 133	(1 116 790)
2 471 050	3 490 395	(1 019 345)	Community and Social Services	2 902 749	5 084 729	(2 181 980)
270	937 037	(936 767)	Housing	150 984	1 138 300	(987 316)
1 658 002	2 077 801	(419 799)	Public Safety	1 713 580	2 215 163	(501 583)
18	2 206 723	(2 206 705)	Sport and Recreation	-	3 667 504	(3 667 504)
1 670 321	1 555 770	114 551	Environmental Protection	1 682 562	1 759 682	(77 120)
43 498 013	32 259 609	11 238 404	Waste Management	44 781 717	36 123 691	8 658 026
4 726 577	5 489 865	(763 288)	Road Transport	5 000 000	7 847 012	(2 847 012)
22 022 765	23 841 752	(1 818 987)	Electricity	20 215 473	28 093 998	(7 878 525)
15 298 707	11 967 452	3 331 255	Water	18 025 468	32 632 008	(14 606 540)
			Other			
139 772 348	122 061 406	17 710 942	Sub-total	164 029 700	175 560 090	(11 530 391)

MANTSOPA LOCAL MUNICIPALITY APPENDIX D(2) ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011

DEPARTMENT	2010/11 Actual	2010/11 Under Construction	2010/11 Total Additions	2010/11 Budget	2010/11 Variance Amount	2010/11 Variance %
Executive & Council	375 615	-	375 615	-	375 615	0.00%
Finance & Admin	761 480	-	761 480	-	761 480	0.00%
Planning & Development	4 258	-	4 258	300 000	(295 742)	-98.58%
Health	-	-	-	-	-	0.00%
Property	-	-	-	1 700 000	(1 700 000)	-100.00%
Community & Social Services	-	-	-	-	-	0.00%
Housing	1 130	-	1 130	-	1 130	0.00%
Public Safety	-	-	-	-	-	0.00%
Sport & Recreation	10 156	-	10 156	-	10 156	0.00%
Environmental Protection	-	-	-	-	-	0.00%
Waste Water Management	1 460 191	2 300 397	3 760 588	26 884 614	(23 124 026)	-86.01%
Road Transport	4 628	-	4 628	9 723 186	(9 718 558)	-99.95%
Water	4 940 502	-	4 940 502	924 450	4 016 052	434.43%
Electricity	-	-	-	-	-	0.00%
TOTAL	7 557 960	2 300 397	9 858 357	39 532 250	(29 673 893)	-75.06%

MANTSOPA LOCAL MUNICIPALITY APPENDIX E DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, ACT 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2011

Name of Grants	Name Organ of State or Municipal entity	Quaterly Receipts				Quaterly 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	22,465,057	17,972,046	-	13,479,000	13,703,188	18,761,024	11,258,835	10,193,055	-	-	-	-	N/A	Y	-
FMG	FMG	3,000,000	-	-	-	882,165	1,189,662	928,174	(0)	-	-	-	-	N/A	Y	-
MSIG	MSIG	750,000	-	-	-	352,136	397,864	-	(0)	-	-	-	-	N/A	Y	-
MIG	MIG	-	16,745,000	1,608,000	-	8,319,464	4,369,068	5,226,758	437,710	-	-	-	-	N/A	Y	-
Motheo District Municipality	Bucket eradication	-	978,815	91,704	2,856,796	23,439	955,376	495,302	2,453,018	-	-	-	-	-	-	-
Motheo District Municipality	Health services	-	224,611	-	1,457,951	224,611	-	831,871	626,080	-	-	-	-	-	-	-
					-											

MANTSOPA LOCAL MUNICIPALITY APPENDIX F SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2011

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 01/07/10	Received during the period	Redeemed written off during the period	Adjustments	Balance at 30/06/11
			R	R	R	R	R
Development Bank of South Africa							
Water	13 776/101	2013	1 335 968	-	(319 798)	-	1 016 171
Water	LALF15125	2013	18 387	-	(5 287)	-	13 100
Water	LALF15125	2017	267 048	-	(22 733)	-	244 315
Water	1/00216-15241	2012	69 585	-	(31 945)	-	37 640
Electricity	13 776/101	2013	1 598 975	-	(382 755)	-	1 216 220
Roads	13 776/101	2013	931 816	-	(223 054)	-	708 762
Roads	103384/1	2021	-	4 789 084	-	-	4 789 084
Roads	103384/2	2015	-	2 419 830	-	-	2 419 830
ABSA (Inka, Sanlam)							
Properties	100048/52	2,014	149 655	-	(24 927)	-	124 728
Total long-term loans			4 371 434	7 208 914	(1 010 498)	-	10 569 850

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Mantsopa Local Municipality, which comprise the statement of financial position as at 30 June 2011, and 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 41 to 80.

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 Standard of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in *Government Gazette 33872 of 15 December 2010*. 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 financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Property plant and equipment

6. Included in work in progress were additions amounting to R 16 070 824 that were disclosed in note 7.3 to the financial statements. I could not verify the accuracy and completeness of this amount, as the additions were not included in the asset register as per the requirement of GRAP 17 for work in progress. Consequently, I could not verify the accuracy and completeness of the amount that should have been disclosed in the financial statements. The municipality's records did not permit the application of alternative audit procedure regarding the accuracy and completeness of work in progress.
7. The depreciation rates used to calculate the depreciation amount as disclosed in the statement of financial performance and note 7.1 to the financial statements were considered to be excessive and could not be justified when compared to similar municipalities. Consequently depreciation is understated and property plant and equipment is overstated by an unknown amount. The municipality's records did not permit the application of alternative audit procedures regarding the accuracy of depreciation.
8. The change in accounting policy relating to property, plant and equipment to the value of R 139 080 316 as disclosed in the statement of changes in net assets and note 23 of the financial statement in terms of the requirement of GRAP 3 is not accurate. Had the change in accounting policy been accurately disclosed the change in accounting policy should have been R 115 906 056 therefore the accumulated surplus is overstated by R 23 174 258 and the property plant and equipment overstated by R 23 174 258.

Accounts payable

9. I was unable to verify the completeness and valuation of accounts payable, stated at R16 511 966 in the financial statements. The municipality imposed a limitation on the scope of my work, as I could not be provided with sufficient appropriate evidence to verify the valuation and completeness of accounts payable. The municipality's records did not permit the application of alternative audit procedures regarding the valuation and completeness of accounts payable.

Accounts receivable

10. I was unable to verify the existence and valuation of accounts receivable stated at R 3 783 918 in the financial statements. The existence of debtor's could not be verified, as debtors did not pay their accounts subsequent to year- end. Evidence could not be provided to indicate the existence of these debtors. The municipality imposed a limitation on the scope of my work, as I could not verify whether debtors would be recovered. The municipality's records did not permit the application of alternative audit procedures regarding the existence of accounts receivable.
11. Included in accounts receivable were debtors with a credit balance of R 2 608 345 in the financial statements. The municipality imposed a limitation on the scope of my work, as I could not be provided with sufficient appropriate evidence to verify the valuation, existence and completeness of the debtors with credit balances. The municipality's records did not permit the application of alternative audit procedures regarding valuation, existence and completeness.

Investment property

12. I was unable to verify the completeness and valuation of investment property, stated at R1 446 000 in the statement of financial position and note 7.2 of the financial statements, as well as the completeness of investment income as disclosed in the statement of financial performance stated at R869 315. The municipality imposed a limitation on the scope of my work, as the investment properties register and the financial statements did not include all the investment property owned by the municipality. The municipality's records did not permit the application of alternative audit procedures regarding the valuation and completeness of investment property.

Consumer deposit

13. I was unable to verify the completeness and valuation of the consumer deposit stated at R 1 062 312 in the financial statements. The municipality imposed a limitation on the scope of my work, as I could not be provided with sufficient appropriate evidence to verify the valuation and completeness of the consumer deposit. The municipality's records did not permit the application of alternative audit procedures regarding valuation and completeness.

Qualified opinion

14. In my opinion, except for the 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 2011, and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of MFMA.

Emphasis of matters

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

Restatement of corresponding figures

15. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of an error discovered during the year ended 30 June 2011 in the financial statements of the municipality.

Material Losses

16. As disclosed in note 43 to the financial statements, material losses of R 10 314 183 were incurred as a result of a write-off of electricity losses that were purchased but were not sold. Water losses could not be determined, as bulk meters did not exist for waterworks and bore holes in towns.

Unauthorised Expenditure

17. As disclosed in note 42 to the financial statements, unauthorised expenditure of R 41 791 702 was incurred due to the overspending of the budget under the environmental health vote to the amount of R 527 674, the sanitation vote to the amount of R 12 123 176, the refuse vote to the amount of R 9 394 847, the water vote to the amount of R 18 657 982, the fire brigade vote to the amount of R 91 229, the properties vote to the amount of R 193 015, the parks vote to the amount of R 627 950 and the municipal manager votes to the amount of R 175 829.

Irregular expenditure

18. As disclosed in note 41 to the financial statements, irregular expenditure of R 6 275 403 was incurred due to non-compliance with the supply chain management (SCM) policy and procedures as well as deviations from procurement processes.

Fruitless and wasteful

19. As disclosed in note 40 to the financial statements, fruitless and wasteful expenditure of R 117 754 was incurred due to creditors not being paid within 30 days and VAT 201 forms being submitted after the closing date.

Additional matters

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

Unaudited supplementary schedules

20. The supplementary information set out on pages 81 to 88 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

21. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 104 to 134 and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

Presentation of information

22. The reported performance against predetermined objectives was deficient in respect of the following criterion:

- Performance against predetermined objectives was not reported using the National Treasury guidelines.

The following audit findings relate to the above criteria:

- No measures taken to improve performance were provided in the performance report, as required in terms of section 46(1) (c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA). In total, 100% of the reported targets where improvement was required were not explained.

Usefulness of information

23. The reported performance information was deficient in respect of the following criteria:

- Consistency: The reported objectives, indicators and targets were not consistent with the approved integrated development plan.
- Measurability: The targets were not time bound.

The following audit findings relate to the above criteria:

24. Planned indicators included in the integrated development plan not consistent with the service delivery and budget implementation plan.

In total, at least 51% of the planned indicators and targets specified in the service delivery and budget implementation plan for the year under review were not included in the integrated development plan submitted for audit purposes.

25. Planned and reported targets not time bound

For the selected objectives, 51% or more of the planned and reported targets were not time-bound in specifying the time period or deadline for delivery

Reliability of information

26. The reported performance information was deficient in respect of the following criteria:

- Accuracy: The amounts, numbers and other data relating to reported actual performance had not been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded had not been included in the reported performance information.

The following audit findings relate to the above criteria:

27. Reported performance against indicators and targets not valid and accurate when compared to source information

For the selected objectives, 21% of the reported indicators were not valid and accurate based on the source information or evidence provided.

28. The completeness of reported performance against indicators could not be confirmed as inadequate supporting source information was provided

For the selected objectives the completeness of 21% of the reported indicators could not be established, as sufficient appropriate audit evidence and relevant source documentation could not be provided.

Compliance with laws and regulations

Budgets

29. The municipality incurred expenditure that had not been budgeted for and expenditure in excess of the limits of the amounts provided for in the votes in the approved budget, in contravention of section 15 of the MFMA.

30. Unforeseeable and unavoidable expenditure not provided for in the annual budget was incurred but was then not appropriated in an adjustment budget, as required by section 29(2)(d) of the MFMA.

Annual financial statements, performance report and annual report

31. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements in (capital assets/ current assets/ liabilities/ revenue/ expenditure/ and disclosure items) identified by the auditors were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

32. Awards were made to providers who were persons in the service of the municipality or whose directors were persons in the service of the municipality, in contravention of SCM Regulations 44. Furthermore, the providers failed to declare that they were in the service of the municipality, as required by SCM Regulation 13(c).
33. Awards were made to providers who were persons in the service of other state institutions in contravention of the requirements of SCM Regulations 44. Furthermore, the providers failed to declare that they were in the service of the state, as required by SCM Regulation 13(c).
34. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM Regulation 46(2) (e) and the codes of conduct for councillors and staff members issued in terms of the MSA.

Expenditure management

35. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.
36. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system that recognised expenditure when it was incurred as well as accounted for creditors of the municipality and payments made by the municipality, as required by section 65(2)(b) of the MFMA.
37. The accounting officer did not take reasonable steps to prevent unauthorised, irregular as well as fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA.

INTERNAL CONTROL

38. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

39. The accounting officer did not take decisive action in response to the risk of non-compliance with the SCM policy and SCM Regulations, by implementing controls to prevent the occurrence of irregular as well as, fruitless and wasteful expenditure.
40. The accounting authority failed to exercise oversight responsibility regarding financial and performance reporting, compliance as well as related internal controls.

Financial and performance management

41. Non-compliance with laws and regulations could have been prevented had compliance been properly reviewed and monitored.

42. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting. This resulted in a qualification on property, plant and equipment, investment property, accounts receivable, as well as accounts payable.

Bloemfontein

30 November 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

CHAPTER 5: INTERNAL AUDIT REPORT

1. Audit Committee Report

The audit committee is pleased to present its annual report for the financial year ended 30 June 2011

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 efficiency of internal controls, risk management and adequacy and reliability of financial statements and the annual performance report.

We wish to appreciate the commitment and corporation we received from the council, the accounting officer and the management staff during the 2010/11 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

1.1. 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:

- i. Internal financial control and internal audits;
- ii. Risk management;
- iii. Accounting policies;
- iv. The adequacy, reliability and accuracy of financial reporting and information;
- v. Performance management;
- vi. Effective management;
- vii. Compliance with this Act, the annual Division of Revenue Act any other applicable legislation;
- viii. Performance evaluation;
- ix. 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.

1.2. 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:

Name	Status	Meeting during the year under review	Apologies
TL Scholtz	Chairman	5	0
RM Thibinyane	Member	5	0
MP Mphi	Member	5	0

1.3. 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.

1.4. 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

1.5. Work performed

The audit committee has in the 2010/11 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-review the quarterly internal audit reports and the annual Auditor General's report;
- Advice the municipality on matters raised in Auditor General's report and
- Review the strategic documents of internal audit.

1.6. 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 and corporation of management and council to ensure that the resolutions of the committee are continuously implemented and feedback thereof is provided to the committee.

1.7. 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 2010/11 financial statements and the annual section 46 (MSA) 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.

1.8. Recommendation

The audit committee would like to encourage the Accounting officer to provide effective close monitoring and evaluation of 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 controls, integrity and reliability of financial and performance management, safeguarding of assets and compliance to rules and regulations.

1.9. Conclusion

In our view, the audit committee has complied with Municipal Finance Management Act section 166 and the provisions of Municipal Standing Rules and Orders. The audit committee will endeavor to improve the efficiency and effectiveness of the internal audit function to ensure that reports are submitted on time.

2. Internal Audit Report

We have pleasure in submitting the Internal Audit Report for 2010/11 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 and efficiency of risk management. Controls and governance processes.

We would like to express our appreciation to the various staff members of the municipality 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.

Yours Faithfully

.....
TJ Matyesini
INTERNAL AUDITOR

2.1. Executive Summary

2.1.1. Background

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

- a) Prepare a risk based audit plan and an internal audit program for each financial year;
- b) Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to—
 - i. Internal audit
 - ii. Internal controls
 - iii. Accounting procedures and practices
 - iv. Risk and risk management
 - v. Performance management
 - vi. Loss control and
 - vii. Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and
- c) 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.

2.1.2. Scope of Work

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

1. Performance audit
2. Bank reconciliation
3. Creditors
4. Salaries
5. Overtime
6. Waste management
7. Usage of government grants
8. Follow-up audits

9. Bank reconciliation
10. Performance audit
11. Fleet management
12. Insurance of assets
13. Water services
14. Budgetary performance
15. Housing
16. Follow-up audit
17. Bank reconciliation
18. Performance audit
19. Fixed assets
20. Demand and acquisition
21. Tenders
22. Follow-up audit
23. Bank reconciliation
24. Performance audit
25. Debt collection
26. Inventory
27. Follow-up audit
28. Year-end audit

2.1.3. Sources of Information

Engagement letters were submitted to the relevant senior managers on all the audits performed during the 2010/11 financial year. The office puts 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.

2.1.4. 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.

The municipality has in the 2010/11 financial conducted a risk assessment for the entire municipality and necessary consultation was done with all the relevant staff members and divisional managers in the process of development. The risk assessment was tabled to the senior management team and the audit committee.

The Internal audit division will as from the start of the 2011/12 financial start to effectively monitor and evaluate the efficiency and effectiveness of risk management and make recommendation for improvements were required.

2.1.5. 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:

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

2.1.6. 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.

2.1.7. External audit

The Internal audit division has during the audit of 2010/11 financial statements established a corporate relationship with the office of the Auditor general (SA). We also assisted the process of audit to ensure that set timeframes for external audit

are met and improved report is achieved. The municipality has managed to maintain the previous financial year Audit Opinion of qualified.

2.1.8. 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 governance processes, internal controls and risk management as to achieve municipal objectives set in the Integrated Development Plan.

CHAPTER 6: FUNCTIONAL AREA SERVICE DELIVERY REPORTING

<i>Mantsopa Local Municipality</i>			
GENERAL INFORMATION			
Reporting Level	Detail	Total	
Overview:	<p>Mantsopa Local Municipality comprises of 5 towns: namely Ladybrand, Tweespruit, Excelsior, Hobhouse and Thaba Patchoa, with Ladybrand being the Head Office.</p> <p>Ladybrand is the economic hub of Mantsopa Local Municipality.</p> <p>The other four towns of the municipality structurally depend on the economy of Ladybrand due to the limited economic opportunities.</p> <p>Ladybrand is 11 km from the Maseru border post.</p> <p>After the Local Government elections of 2011, Mantsopa Local Municipality now falls under the jurisdiction of Thabo Mofutsanyana District Municipality.</p> <p>The municipal area accommodates approximately 59 028 people (according to the community survey of 2007).</p>		
Information:			
	Geography:		
1	Geographical area in square kilometers	4 290	
	Source: SSI, 2003		
	Demography:		
2	Total population	59 028	
	Source: CSS, 2007		
3	Indigent Population	4 300	
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
Municipal Transformation and Organisational Development	<i>Implement and monitor the IDP 2006-2011 through quarterly performance assessment reports submitted council.</i>	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-11
	Submit the IDP process plan to council, detailing the annual review of the IDP 2012-2013 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	28 August 2011
	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-11
	Submit the reviewed IDP 2010/2011 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	Jun-11
	Submission of the Annual Report including the Annual Performance Report for 2009/2010 to council for approval, and to the CoGTA, National Treasury and Provincial Treasury for notification	Annual report was tabled and approved by council	Dec-10
	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	June 2011
	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-10
	By laws compiled for each department and submitted to council	The target not met	Nov-10
	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-11
	Complains register to be kept and updated on a monthly basis	Complains 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 trough 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 2010/2011 and progress (project milestones) provided to Mayor through PMU reports: <ul style="list-style-type: none"> ▪ Water treatment works in Hobhouse; ▪ Bucket eradication in Hobhouse (Phase 3); ▪ Bucket eradication in Tweespruit (Phase 3); ▪ Bucket eradication Mahlatswetsa (retention) ▪ Upgrading of Itumeleng Hall ▪ Construction of streets and stormwater in Koma Village for 4.8km ▪ Construction of Tlali street in Manyatseng for 2.8km ▪ Construction of Fifth street in Ladybrand for 1.4km 	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: <ul style="list-style-type: none"> ▪ National Spatial Development Perspective principles; ▪ Provincial, Motheo District and Local Spatial Development Framework; ▪ Linked to governance and administration e.g. preferential procurement to LED and SMME development; ▪ Rigorous SWOT analysis of the economic potential of the municipality; and ▪ Incorporate areas and aspect of ASGISA and JIPSA 	Target not met	June 2011
	Implementation of the following projects in 2009/2010 and progress (projects milestones) provided to the Mayor through the PMU reports: <ul style="list-style-type: none"> ▪ 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: <ul style="list-style-type: none"> ▪ Modderpoort Development; ▪ Mahlatswetsa Bakery; ▪ Lesedi woodwork; ▪ Manyatseng buy back center; ▪ Tshepanang Milling; and ▪ Thusanong welding 	Target was met	Sep-11
	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-11
	Tourism forum is functional and progress report is submitted to the Mayor in this regard.	Target was met	Quarterly
Municipal Financial Viability	Adjustment budget 2010/2011 drafted and approved by council	The adjustment budget was tabled and approved by council	25-Jan-11
	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-11
	Draft budget 2011/2012 tabled in council before 90 days of the new financial year	The draft budget for 2011/2012 was tabled and approved by council	30-Mar-11
	Make draft budget for 2011/2012 available for inspection by the general public, Provincial Treasury and National Treasury	The 2011/2012 budget was advertised on the local newspaper and subjected to community participation as required by the MSA	10-Jun-11
	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: <ul style="list-style-type: none"> ▪ Supply chain management; ▪ Credit control; and ▪ Tariff and investment policies 	Only financial policies that were developed	Sep-11
	Municipal financial viability targets set and achieved must ensure that: <ul style="list-style-type: none"> ▪ Growth in service debtors is reduced (10% increased); ▪ Consumer debt exceeding 90 days is recovered; ▪ % personnel annual cost over the total operational budget is in line with regulatory framework (37%); and 	The target was achieved	Quarterly

	<ul style="list-style-type: none"> ▪ Provision for bad debt made (strategy to be presented before council) 		
	Reduce the municipality's reliance on bank overdraft to one million rand only	Target was met	Dec-11
	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-11
	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-11
	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
	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 2010/2011 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:		
	Ordinary Council Meetings	4	
	Special Council Meetings	6	
	EXCO	5	
	Section 79 Committee Meetings	9	
	List here Council meetings, followed by individual committee and the number of times that each met		
Council	Special council meeting -20/07/2010 24 th Council meeting - 27/07/2010 Special Council Meeting - 31/08/2010 25 Council Meeting - 28/09/2010 Special Council Meeting - 16/11/2010 26 th Council Meeting - 30/11/2010 Special Council Meeting - 20/12/2010 27 th Council Meeting - 24/01/2011 Special Council Meeting -16/02/2011 Special Council Meeting - 24/02/2011 Special Council Meeting - 30/03/2011 28 th Council Meeting - 29/04/2011		
EXCO	July 2010 Sept 2010 Jan 2011 March 2011	4	
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
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-11
	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
	Employment Equity is implemented and midyear reports in this regard are submitted to the Mayor.	Target was met	Mid-year

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Financial Viability and Management	Adjustment budget 2010/2011 drafted and approved by council	The adjustment budget was tabled and approved by council	25-Jan-11
	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-11
	Draft budget 2011/2012 tabled in council before 90 days of the new financial year	The draft budget for 2011/2012 was tabled and approved by council	30-Mar-11
	Make draft budget for 2011/2012 available for inspection by the general public, Provincial Treasury and National Treasury	The 2011/2012 budget was advertised on the local newspaper and subjected to community participation as required by the MSA	10-Jun-11
	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: <ul style="list-style-type: none"> ▪ Supply chain management ; ▪ Credit control; and ▪ Tariff and investment policies 	Only financial policies that were developed	Sep-11
	Municipal financial viability targets set and achieved must ensure that: <ul style="list-style-type: none"> ▪ Growth in service debtors is reduced (10% increased); ▪ Consumer debt exceeding 90 days is recovered; ▪ % personnel annual cost over the total operational budget is in line with regulatory framework (37%); and ▪ Provision for bad debt made (strategy to be presented before council) 	The target was achieved	Quarterly
	Reduce the municipality's reliance on bank over-draft to one million rand only	Target was met	Dec-11
	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-11
	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>Employment Equity</p> <p><i>Appointments are continuously monitored against the Employment Equity Plan of council.</i></p> <p><i>During the 2010/2011 financial year a total of 54 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 department of labour on the 30 September 2011 but was unfortunately not accepted as a result of errors identified.</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 approved by council for implementation during the 2010/2011 financial year.</p> <p>Work Skill Plan:</p> <p>The municipality has for the financial year under review budgeted an amount of R784 768.00 and as at 30 June 2011 an amount of R737 956.85 was spends which represent 94.04% expenditure of the total budget on works skills plan.</p> <p>The WSP address shorts as well as long term needs of the Mantsopa Local Municipality. The work skill plan 2010/2011 and annual training report were submitted on the 30 June 2011 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>		
	<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 2009/2010 was completed and tabled to council for approval. The municipality did also managed to complete the 2009/2010 annual performance report as required in terms of section 46 of the Local Government: Municipal Systems Act no 32 of 2000. And compilation of mid-year report for 2010/2011 as required in terms of section 72 of the local government: Municipal Finance Management Act no 56 of 2003.</p> <p>Learnership:</p> <p>The municipality conducted the following Learnerships programme for the year under review:</p> <ul style="list-style-type: none"> ▪ CPMD - two financial officials were trained ▪ IDP - two officials were trained (one from IDP and one from the Mayor) ▪ 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>		

	<ul style="list-style-type: none"> ▪ Review of Policies ▪ Review of by-laws ▪ Review of Organisational Structure ▪ Filling of vacant post ▪ Construction and updating of municipal website ▪ Scheduling of council and committee meetings ▪ Legal matters ▪ Development of service level agreement with Thaba Mofutsanyana for Health Function ▪ Implementation of Work Skill Plan ▪ Implementation of Employment Equity Plan ▪ Compilation of annual report 		
1	Number and cost to employer of all municipal staff employed:		R (000s)
	- Professional (Managerial/Specialist) Director Corporate Services = 1 Chief Housing & Protection Services =1 HR Manager =1 Environmental Health Practitioner's = 2	5	R2 573 894
	- Field (Supervisory/Foremen) Personnel Officer = 1 Committee Clerk = 1 Secretary =1 Skills Development Officer = 1 Employee Wellness Officer =1 Administration Officer = 1	6	571 411
	- Office (Clerical/Administrative) Records Clerk =1 Administration Clerk =1 Personnel Clerk =1 Registry Clerk =1	4	437 677
	- Non-professional (blue collar, outside workforce) General Workers (Cleaners) = 3 Messenger = 1	3	252 742
	- Temporary Staff - Personnel	0	0
	- Contract Staff - none	0	0
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-11
	Submit the IDP process plan to council, detailing the annual review of the IDP 2012-2013 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	28-Aug-11

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-11
Submit the reviewed IDP 2010/2011 including the following IDP statutory sector plan to council for approval: <ul style="list-style-type: none"> ▪ 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-11
Submission of the Annual Report including the Annual Performance Report for 2009/2010 to council for approval, and to the CoGTA, National Treasury and Provincial Treasury for notification	Annual report was tabled and approved by council	Dec-10
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	June 2011
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-11
By laws compiled for each department and submitted to council	The target not met	Nov-11
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-11

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>		
	<p><i>The objectives of Supply Chain Management (SCM) are to:</i></p> <ul style="list-style-type: none"> ▪ <i>Give effect to the provisions of the constitution, 1996;</i> ▪ <i>Give effect to the provisions of the MFMA, 2003;</i> ▪ <i>Transform outdated procurement and provisioning practices into an integrated SCM function;</i> ▪ <i>Ensure that SCM forms an integral part of the financial management system of the municipality;</i> ▪ <i>Make significant improvement to financial management in the broader public sector;</i> ▪ <i>Introduce a system for the appointment of consultants;</i> ▪ <i>Create a common understanding and interpretation of government's preferential procurement policy objectives;</i> ▪ <i>Promote consistency in respect of supply chain management policy and other related policy initiatives in government; and</i> ▪ <i>Align with global trends and ensure that South Africa adheres to international best practices.</i> 		
	<i>Ensure submission of supply chain management reports to the Mayor</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	
2	Details of tender committee:		
	<p><i>The following are members of the tender committee of Mantsopa Local Municipality:</i></p> <ol style="list-style-type: none"> 1. <i>MJ Mazinyo - CFO</i> 2. <i>RP Chalale - Acting Manager Technical Services</i> 3. <i>FA Mhlongo - Manager Corporate Services</i> 4. <i>E Makateng - Chief Housing and Protection Officer</i> 		
Financial Viability and Management	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> <ul style="list-style-type: none"> ▪ Charcoal Projects; ▪ Lesedi woodwork; ▪ Thusanang Welding; ▪ Molemo Beading; ▪ Mothers Trust; ▪ Mantsopa Birds; ▪ Clean and Greening; and ▪ Lekhalong la Mantsopa. 		
1	Number and cost to employer of all economic development personnel:		R (000s)
	- Professional (Directors / Managers)	1	469 709.17
	Chief Development Officer = 1		
	- Non-professional (Clerical / Administrative)	2	337 484.47
	LED and Rural Development Officer = 1 Tourism Officer = 1		
	- Temporary - none	0	0
	- Contract	0	0
2	Detail and cost of incentives for business investment:		R (000s)
	▪ Provision building for Ladybrand Hawkers;		R 10
	▪ Leased municipal land to charcoal project;		R 10
	▪ Leased Mahlatswetsa Community Hall to Lesedi Woodwork;		R 12
	▪ Leased Old Hobhouse Municipal Stores to Thusanang welding;		R 0
	▪ Donated Land for free to Mothers Trust and Mantsopa Birds ; and		R 0
	▪ Leased Feedlot to Kgatelopele Thuong Framers		R 50 000 per annum
3	Detail and cost of other urban renewal strategies:		R (000s)
	<i>The municipality has for the financial year under review did not undertake to conduct an urban renewal strategy.</i>		R 0
4	Detail and cost of other rural development strategies:		R (000s)
	▪ Fencing of municipal properties;		R250 000
	▪ Painting of municipal offices;		120 000
	▪ Provision of sanitation services to rural areas		300 000
	Street cleaning and greening; and		34 million
	▪ Upgrading of Lekhalong la Mantsopa		15 million
5	Number of people employed through job creation schemes:		
	- Short-term employment	815	

	- Long-term employment	283	
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.		
7	Details of building plans:		
	- Number of building plans approved	51	
	- Value of building plans approved	R19 million	
8	Type and number of grants and subsidies received:		R (000s)
	<ul style="list-style-type: none"> ▪ <i>Upgrading of Lekhalong la Mantsopa; and</i> ▪ <i>Street Cleaning and Greening</i> 	1 1	R15 million R34 million
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: <ul style="list-style-type: none"> ▪ National Spatial Development Perspective principles; Provincial, Motheo District and Local Spatial Development Framework; ▪ Linked to governance and administration e.g. preferential procurement to LED and SMME development; ▪ Rigorous SWOT analysis of the economic potential of the municipality; and ▪ 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: <ul style="list-style-type: none"> ▪ 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: <ul style="list-style-type: none"> ▪ 2010 developments; ▪ Modderpoort Development; ▪ Mahlatswetsa Bakery; ▪ Lesedi woodwork; ▪ Manyatseng buy back center; ▪ Tshepanang Milling; and ▪ Thusanong welding 	Target was met	Sep-11
	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-11
	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:	no of facilities:	no of users:
	- 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:		R(000s)
	- 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	total	cost
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
3	Total operating cost of community and social services function		R10 million
Basic Service Delivery	Submit the reviewed IDP 2010/2011 including the following IDP statutory sector plan to council for approval: <ul style="list-style-type: none"> ▪ 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-11

Function:	Housing		
Sub Function:	N/A		
Overview:	Includes all activities associated with provision of housing		
	Allocation of sites Development of waiting list Administration of RDP houses project management Surveying of ervens Management of Municipal Flats		
	To provide sustainable human settlement to the communities of Mantsopa Local Municipality To provide ervens to identified residents of Mantsopa Local Municipality as per the developed waiting list		
	To provide sustainable human settlement to the communities of Mantsopa Local Municipality To provide ervens to identified residents of Mantsopa Local Municipality as per the developed waiting list		
	Township development of 401 sites in Mahlatswetsa Township development of 218 site in Dipelaneng Township development of 383 site in Manyatseng Township development of 422 sites in Platberg Township development for 135 sites in Thaba Patchoa Construction of 100 houses in Dipelaneng Construction of 100 houses in Mahlatswetsa Construction of 300 in Manyatseng		
1	Number and cost of all personnel associated with provision of municipal housing:		R (000s)
	- Professional (Architects/Consultants)	1	454 440.93
	Chief Housing & Protection Services = 1		
	- Field (Supervisors/Foremen)	1	161 468
	Secretary = 1	1	124 264.79
	Housing Clerk Ladybrand = 1	1	143 470.29
	- Office (Clerical/Administration)	1	102 273.61
	Assistant Housing Clerk Excelsior = 1		
	- Non-professional (blue collar, outside workforce)	0	0
	None		
	- Temporary	0	0
	- Contract	0	0
2	Number and total value of housing projects planned and current:		R (000s)
	- Current (financial year after year reported on)	500	21million
	- Planned (future years)	800	33, 6 million
3	Total type, number and value of housing provided:		R (000s)
	Construction of 300 houses in Manyatseng	300	R12,6 million
	Construction of 100 houses in Mahlatswetsa	100	R4,2 million
	Construction of 100 houses in Dipelaneng	100	R4,2 million
4	Total number and value of rent received from municipal owned rental units		R (000s)
	Casamia Flats	8	R
	Beeton Flats	41	
	Kolby	12	
5	Total operating cost of housing function		R884 021
Basic Service Delivery	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>		
	<ul style="list-style-type: none"> ▪ Traffic Services; ▪ Disaster Management; ▪ To reduce the ever increasing levels of crime; and ▪ To minimise the disaster management related incidents 		
	<i>Reduction in the number of accidents Reduction in number of traffic offences Readiness of stakeholders to respond in time of incidents/ disaster Improved responses time to disaster management reaction Increased in environmental crime prevention initiatives (bush clearing/ street light) Percentage of crime reduction statistics Percentage of disaster related incidents</i>		
1	Number and cost to employer of all personnel associated with policing and traffic control:		R (000s)
	- Professional (Senior Management) Chief Housing & Protection Services =1	1	454 440.93
	- Field (Detectives/Supervisors) Traffic Officer = 2	1 1	179 751.62 144 740.20
	- Office (Clerical/Administration) Wardens = 3	3	72 000.00
	- Non-professional (visible police officers on the street) None	0	120 232
	- Volunteer	0	0
	- Temporary	0	0
	- Contract	0	0
2	Total number of call-outs attended:		
	- Emergency call-outs	420	
	- Standard call-outs	320	
3	Average response time to call-outs:		
	- Emergency call-outs	420	
	- Standard call-outs	320	
4	Total number of targeted violations e.g.: traffic offences:		
	<i>Speeding Drivers License Cars without permits Traffic fines</i>	124	
5	Total operating cost of police and traffic function		1027 401
Institutional Transformation and development	By laws compiled for each department and submitted to council	The target not met	Nov-11

Function:	Waste Management		
Sub Function:	Solid Waste		
Overview:	Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling		
	<i>Domestic waste collection: weekly door to door collection Trade waste collection weekly Garden waste collection weekly Solid waste management</i>		
	<i>Management of solid waste disposal Collection of illegal dumping sites</i>		
	<i>To ensure safe and healthy environment</i>		
	<i>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:</i> <ul style="list-style-type: none"> • 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 Director =1	1	692 872.17
	- Field (Supervisors/Foremen) Foreman =1	8	210 059.53
	- Office (Clerical/Administration) none	0	(0.00)
	- Non-professional (blue collar, outside workforce)	61	2 883 017.30
	- Temporary	8	192 000.00
	- Contract	0	0
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	
3	Total and projected tonnage of all refuse disposed:		
	- Domestic/Commercial	<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>
	- 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>
4	Anticipated expansion of refuse removal service:		R (000s)
	- Domestic/Commercial	2	R8 000 000

	- Garden	2	
5	Free Basic Service Provision:		
	- Quantity (number of households affected)	4300	
	- Quantum (value to each household)	2 734 800	
6	Total operating cost of solid waste management function		R10 119 896.00
Basic Service Delivery	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 2012 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 2010/11 Reports on 2010/2011WSDP Sanitation services needs for the year 2010/11 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:		R (000s)
	- Professional (Engineers/Consultants)		
	(Acting) Technical Director = 1	1	692 872.17
	Water Service Authority Manager = 1	1	445 350.45
	- Field (Supervisors/Foremen)	0	(0,00)
	- Office (Clerical/Administration)	0	(0,00)
	- Non-professional (blue collar, outside workforce)	73	3 217 65.97
	- Temporary	8	192 000
	- Contract	0	0
2	Number of households with sewerage services, and type and cost of service:		R (000s)
	- Flush toilet (connected to sewerage system)	8870	
	- Flush toilet (with septic tank)	486	
	- Chemical toilet	0	0
	- Pit latrine with ventilation	0	0
	- Pit latrine without ventilation	0	0
	- Bucket latrine	2635	
	- No toilet provision	0	0
3	Anticipated expansion of sewerage:		R (000s)
	- Flush/chemical toilet:		
	o Tweespruit	450	15 352 730.91
	o Hobhouse	450	16 824 473.23

	- Pit latrine	0	0
	- Bucket latrine	0	0
	- No toilet provision	0	0
4	Free Basic Service Provision:		
	- Quantity (number of households affected)	4300	
	- Quantum (value to each household)	5 211 600	
5	Total operating cost of sewerage function		R 37 135 915.00
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
	<p>Implementation of the following projects in 2010/2011 and progress (project milestones) provided to Mayor through PMU reports:</p> <ul style="list-style-type: none"> ▪ Water treatment works in Hobhouse ▪ Bucket eradication in Hobhouse (Phase 3) ▪ Bucket eradication in Tweespruit (Phase 3) ▪ Bucket eradication Mahlatswetsa (retention) ▪ Upgrading of Itumeleng Hall ▪ Construction of streets and stormwater in Koma Village ▪ Construction of Tlali street ▪ Construction of Fifth street 	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	0km	(0.00)
	Gravelled	0km	(0.00)
	Paved - Koma Village	4.8km	R3,575 039
	Tlali Street	2.8km	R2,000 000
	Fifth Street	1.4km	R2,000 000
	Number of kilometers repaired		
	1) Tarred	1km	
	2) Gravelled	2km	
	3) Paved	0km	
	4) Constructed and upgraded	0km	
	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)		
	(Acting) Director Technical Services	1	692 872.17
	- 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
2	Total number, kilometers and total value of road projects planned and current:		R (000s)
	- New bituminized (number)	0	0
	- Existing re-tarred (number)	0km	(0.00)
	- Existing paved	9km	R7,575 039
	- New gravel (number)	0	0
	- Existing re-sheeted (number)	0	0
3	Total kilometers and maintenance cost associated with existing roads provided		R (000s)
	- Tar		
	- Gravel	2.2 km	R 143,000.00
4	Average frequency and cost of re-tarring, re-sheeting roads		R (000s)
	- Tar		
	- Gravel	3,2km	

5	Estimated backlog in number of roads, showing kilometers and capital cost		R (000s)
	- Tar	15km	R30 million
	- Gravel	3,2km	R7 million
6	Type and number of grants and subsidies received:		R (000s)
	<list each grant or subsidy separately>	DBSA (Loan)	R5 million
7	Total operating cost of road construction and maintenance function		R8 221 427.00
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		
	<p><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></p>		
	<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>		
	<p><i>Number of households supplied with water Council approved WSDP for 2010/11 Reports on 2010/2011 WSDP Completed 2010/2011 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></p>		
1	Number and cost to employer of all personnel associated with the water distribution function:		R (000s)
	- Professional (Engineers/Consultants)		
	(Acting) Director Technical Services	1	692 872.17
	Manager Water Service Authority	1	445 350.45
	- Field (Supervisors/Foremen)	1	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
2	Percentage of total water usage per month		
	<p><i>July August September October November December January February March April May June</i></p>	<i>The municipality does not have efficient metering for monthly water consumption</i>	0
3	Total volume and cost of bulk water purchases in kilo liters and rand, by category of consumer		R (000s)
	- Category 1 <insert here>	<i>The municipality is the process of installing zonal metering</i>	<i>Quotations to be sourced</i>
	- Category 2 <insert here>		
	- Category 3 <insert here>		
	- Category 4 <insert here>		

4	Total volume and receipts for bulk water sales in kilo liters and rand, by category of consumer:		R (000s)
	- Category 1 <insert here> (total number of households)	The municipality is the process of installing zonal metering	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 kilo liters 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
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)	Households connections to 383 sites in Manyatseng; Household connection to 218 sites Hobhouse; Household connections to 401 sites in Excelsior; Household Connections to 23 sites in Manyatseng; Households connections to 158 sites in Thaba Patchoa	Budgeted for 2011/2012 financial year
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
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
12	Free Basic Service Provision:		
	- Quantity (number of households affected)	11 505	
	- Quantum (value to each household)	R8 973 900	
13	Type and number of grants and subsidies received:		R (000s)
	<i>Equitable share</i>	1	R53 million
14	Total operating cost of water distribution function		15 607 991.00
Basic Service Delivery	Water service development plan 2011-2012 monitoring trough 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 Maintenance of electricity substations Installation of households and business connections</i>		
	<i>To eradicate electricity supply backlog To provide reliable, and sufficient electricity supply Shorter turnaround time for repairs Provide alternative sources of supply where applicable Strengthen electricity infrastructure Electricity infrastructure to support free basic electricity in place Developed maintenance programme Number of sub-stations maintained/serviced % of applications for new electricity connections responded to by providing such connections % 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)		
	(Acting) Director Technical Services	1	692 872.17
	- Field (Supervisors/Foremen)		
	Electrician Ladybrand = 1	1	250 991.02
	Electrician Tweespruit = 1	1	227029.54
	- Office (Clerical/Administration)	0	0
	- Non-professional (blue collar, outside workforce)	5	1 228 259.33
	- 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, Davieswiel, 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 Households connection to 23 sites in Manyatseng Electricity connections to 218 sites	422 23 218	DME, CENTLEC and ESKOM
	Note: provide total project and project value as per initial or revised budget		
6	Anticipated expansion of electricity service:		R (000s)
	Same as above		
7	Estimated backlog in number (and cost to provide) water connection:		R (000s)
	<detail total>	0	0
8	Free Basic Service Provision:		
	- Quantity (number of households affected)	4300	
	- Quantum (value to each household)	R1 984 020	
9	Type and number of grants and subsidies received:		R (000s)
	<list each grant or subsidy separately>	Equitable Share	<value>
10	Total operating cost of electricity distribution function		R26 554 571.00
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 identified areas</i>		
	<i>Ensure maintenance of existing streets lights and high mast lights</i>		
	<i>Installation of additional lighting on identified areas</i>		
	<i>Installation of high mast lights in Manyatseng</i>		
1	Number and total operating cost of streetlights servicing population:		R (000s)
		57 4000	606 000
2	Total bulk kilowatt hours consumed for street lighting:		
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

CHAPTER 7: ACTION PLAN AUDITOR GENERAL REPORT

Objective

The main objective of this action plan is to outline the information that will be required for the preparation of the Annual Financial Statements of MANTSOPA. The plan furthermore seeks to detail how the Annual Financial Statements will be prepared and the challenges that were experienced during the preparation of Interim Financial Statements.

The Financial Accounting Directorate believes that implementation of this action plan will eliminate majority of the challenges experienced during the preparation of 2010/11 financial Statements and put the Entity on a right cause to submit GRAP compliant 2011/12 financial statements to Auditor General and consequently provide sufficient time to compile the National Treasury template within the stipulated time frames in the MFMA

Background

The General Ledger for the month of June 2012 will close on 10 July 2012; the financial information from SEBATA should be available two weeks after General Ledger closing date on 30 June 2012, for purposes of preparing the Annual Financial Statements of Mantsopa.

It is imperative for Mantsopa to comply with the due dates indicated in section 126(1) a of the MFMA, as there will be no exception to the requirement to submit the AFS to the Auditor General and the National Treasury.

Mantsopa developed an action plan on the management reports issued at the end of the audit. This action plan focuses on the information that the Mantsopa should prepare and have available in order to ensure that the matters identified by the AG regarding the preparation of the AFS are addressed. This will also assist in streamlining the AFS preparation process, ensure that the AFS preparation team spends more time preparing and reviewing the AFS than on matters that should be resolved before hand.

The AFS preparation team that the Annual Financial Statements will be prepared by following the following broad steps:

- Review of the audit report issued by the AG for last financial year.
- Review of the management letters issued by the AG for 2010/11
- Formulation of the Annual Financial Statements plan;
- Communication with Council regarding the expected deliverables from Annual Financial Statements.
- Communication of the expectation as per the plan with all section 56 managers and accounting officer to ensure that the information needed can be provided on time in the required format.
- Closure of the financial information system (SEBATA) on 9 July 2012
- Review of the Annual Financial Statements with management;
- Submission of the Annual Financial Statements to the AG for audit / review;
- Review of feedback received from the AG;
- Close out report on the Annual Financial Statements that includes:

- Analysis of the results of the Annual Financial Statements;
- Report on the major problem areas identified; and
- Recommendations on how these problem areas can be addressed.

1. Annexure – Detailed Action Plan on Annual Financial Statements

#	Action(s)/Submissions	Responsible Official/progress to date	Due date	Classification in the Financial Statements	concerns from the AG in 2010/2011 Audit Report
Property, Plant and Equipment					
1	Complete, updated and accurate assets register for the purposes of compiling the AFS as required by GRAP17 paragraph 11. Asset register showed additions totaling R7615312. Work in progress	Mantsopa project team/Durchame(all invoices are collected for assests)	30March2012	Statement of Financial Position: Property, Plant and Equipment	Proper record keeping is not all instances implemented in a timely manner, ensure completeness, and accuracy
2	Update general ledger with details of prior year infrastructure assets and moveable assets adjustments to align the trial balance with the AFS for 2010/2011	Budget and treasury	30April2012	Statement of Financial Position: Property, Plant and Equipment	
3	Reconcile the balance on trial balance to the asset registers.	Budget and treasury/asset management	15May2012	Statement of Financial Position: Property, Plant and Equipment	
Investment Property and Investment Income					
4	Verify the completeness and valuation of investment property	CFO	30April 2012	Statement of Financial performance	Financial and performance management controls over daily and monthly processing and reconciling transactions were not implemented
Revenue and Receivables					
5	Review the unidentified deposits/cash suspense accounts to determine that all receipts for asset disposals are not incorrectly included.	Accountant income	30April2012	Statement of comprehensive income: Revenue	Proper record keeping in timely manner not implemented I all instances to ensure complete, relevant and accurate information is accessible and available to support financial and performance reporting

6	Revenue Interest income Trade receivables Provision for doubtful debts (Trade Receivables)	Accountant income	30April2012	Statement of comprehensive income: Revenue Statement of Financial Position: Trade receivables	
7	Clear unallocated deposits suspense account	Accountant income	30March2012	Statement of comprehensive	
8	Discount trade receivables and provide supporting documentation for the auditors.	Accountant income	30June2012	Statement of Financial Position: Trade Receivables	
9	Update the provision for doubtful debts and provide <ul style="list-style-type: none"> ▪ The methodology utilized for disclosure in the AFS. ▪ The amount for specific and collective assessment. 	Accountant income	30June 2012	Statement of Financial Position: Trade Receivables	
10	Movement schedule for the provision for doubtful debts reflecting: <ul style="list-style-type: none"> ▪ Debtors written-off ▪ Increase/decrease in provision for the year 	Accountant income	30June2012	Statement of Financial Position: Trade Receivables	
Suspense Accounts and Accounts Payable					
11	Reconciliation of creditors account Monitoring of irregular expenditure	Creditor clerk/CFO	monthly	Statement of financial Position: trade payables	Controls over daily and monthly processing reconciling of transactions were not in all instances performed
12	Clear the. (Suspense Accounts)	Creditors clerk/CFO	monthly	Financial statements	
	Disclosure note for Capital Commitments			Disclosure notes	
Staff Cost					
13	Obtain list of guarantees provided to third parties for employees and	Creditors clerk/human resource	31May2012	Statement of financial position:	

	other debtors			Commitments	
14	Clear all monthly differences between payrolls ensure the monthly reconciliations are available to the auditors.	Payroll	Monthly	Statement of comprehensive income: Employee cost expenditure	
15	Analytical review to determine whether overtime is more than 30% of the basic salary	Human resource/payroll	monthly	Statement of comprehensive income: Employee cost expenditure	
16	Payroll reports for <ul style="list-style-type: none"> ▪ Performance bonus ▪ Leave provision 	Human resource	31May 2012	Statement of comprehensive income: Employee cost expenditure	
17	payroll reports for package for all key management (section57and councilors to be disclosed in the AFS	Payroll	30June 2012	Statement of comprehensive income: Employee cost expenditure	
Contingent Liabilities					
18	List of contingent liabilities for the Mantsopa, amount claimed, and current status of the claim and the likelihood of the plaintiff succeeding.	Director corporate service	31 May2012	Disclosure notes to the Financial Statements	
General					
19	Submission of final trial balance, AFS, adjusting journals and supporting documentation to auditors.	Auditor general support/CFO	31August2012	Financial statements	Compliance and creditable AFS

CHAPTER 8: COUNCIL OVER SIGHT REPORT

1) **Title: Oversight Report**

Year: 2010/2011

2) (i) **Summary of comments and conclusions on the Annual Report**

The annual report was tabled in the municipal council vide item 260/30/01/2012 in a meeting held on 30 January 2012 that was open to the public as stipulated in Section 130 of the Municipal Finance Management Act. (Act 56 of 2003)

The oversight report was considered in a special EXCO meeting held on 24 February 2012.

A notice was published i.t.o. Section 21A of the Municipal Systems Act (Act 32 of 2000) to make the annual report public and whereby the local community was invited to submit representations in connection with the annual report. No representations were received.

(ii) **The following comments and conclusions are recorded:**

(1) Summary of reservations

No reservations.

(2) Summary of components to be revised

No components to be revised.

(3) Summary of reasons for rejection of report

Report not rejected.

(4) Components

All components were tabled.

3) **Resolution**

(a) That, having fully considered the annual report (2010/2011) of the municipality, and having noted that no representations were received, the oversight report (2010/2011) be adopted.

(b) That the annual report (2010/2011) as considered vide item 78/24/02/2012 be approved as tabled without any reservations.