

**LEKWA TEEMANE
LOCAL MUNICIPALITY
“NW396”**



ANNUAL REPORT

2009/2010

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CHAPTER: 1: INTRODUCTION AND OVERVIEW

1.1 Foreword by the Mayor.

Once again it is that time of the year which we do introspection and reflect on what we did achieve and what we did not as well. This is a very important exercise for us in government because it is a tool that we account to our constituents, rate payers and the community at large.

In 2009/10 we have undergone a change of leadership at the political top structure of the Council, where Mrs. Makodi was elected as Mayor in February 2010. Subsequent to that all the Portfolio Committees were restructured as well. However all the Chairpersons remained, except for the Infrastructure and LED Portfolio Committee in which Cllr. K.M. Segalo replaced Cllr. R.M. Makodi. Cllr. M.P. Letebele was elected as the Chief Whip of the ruling party.

In terms of the service delivery it has gone fairly well even though here and there we experienced problems. Some of the problems were not our making but that of the other institutions e.g. Provincial Departments (Housing), District Municipality (Water and Sanitation) and parastatals like Eskom. The finances remained a very precarious and Sisyphean matter for the Municipality which should be our top priority for the 2010/11 financial year.

This document gives a synopsis of both the highlights in terms of service delivery and the challenges faced by the Municipality internally and externally. It goes further to escalate the backlog on all our services not only rendered by the Municipality but even those that are functions of other institutions.

Our internal challenges are more rooted in our type of Municipality and the responsibilities given to us as political structure by the MFMA. We need to follow this matter up with the relevant MEC to ensure that at the end of the 2010/11 financial year at least four of our Councillors are full time. This is the legacy that we want to leave for our next incoming Council. The capacity of our administrative structure at the physical delivery level i.e. from supervisory to lower levels needs to be attended to urgently to improve on the service delivery standard.

Housing remains our biggest challenge as well because the backlog increased annually at a very high rate and we cannot keep up as government. We are struggling to unblock old projects with the total units being approximately 1000 and what is more frustrating is that every time we talk to the Provincial Human Settlements department we do not get any feedback from their side.

Lastly, I want to thank fellow Councillors for their support and their “never say die” spirit as well as our administration, who, despite the lack of resources, ensure that basic services are rendered without excessive disruption. Let us all do better in the 2010/11 year than in 2009/10 and I know we can.

.....
Councilor R.M. Makodi



1.2 Vision and Mission

VISION

“To strive for the realization of developmental local government with an effective and affordable service provision which is sustainable in a safe environment through community participation”.

MISSION

“Supporting developmental Local Government and providing effective, affordable and sustainable service delivery, creating a safe environment and enhancing community participation”



13. Introduction

Every municipality must prepare an annual report for each financial year in accordance to the Municipal Finance Management Act (MFMA), the Division of Revenue Act (DORA) and the Municipal Systems Act 2000.

The purpose of the Annual Report is to:

- Provide a record of activities for the municipality or entity
- To provide a report on the performance of the service delivery and budget implementation; and
- To promote accountability to local community

The annual report is a key performance report to the community and other stakeholders. This annual report is true reflection of Lekwa-Teemane Local Municipality's achievement and challenges during the year under review.

1.4 Overview of the Municipality

1.4.1 Municipal Profile

Lekwa-Teemane Local Municipality was established on 6 December 2000 and is made up of the disestablished municipalities of Christiana and Bloemhof. It is a Category B Municipality with a plenary executive system combined with a ward participatory system consisting of six wards. There are eleven councilors in total of which six are ward councilors and five PR councilors. The Lekwa- Teemane Local Municipality is also known as "NW 396" Local Municipality in the North West Province within the Bophirima District. It is neighboring Mamusa, Maquassi Hills, Phokwane and Magareng Municipalities and it covers an area of approximately 3 681km².

1.4.2 Demographics

According to census 2001, the municipality has a total population of ± 42967 of which the youth is 13594. The Bloemhof unit is more populated with 58% of the total population. The population is distributed in the following manner: (STATSSA 2001) POPULATION STATISTICS AND SITUATION IN LEKW-TEEMANE (Stats SA.)

The population statistics reflected on the page is the results of the Community Survey conducted during 2007 in comparison with the Census results of 2001

TOTAL POPULATION

Census 2001	Community Survey 2007
42 967	32 809

HOUSE HOLDS

Census 2001	Community Survey 2007
10730	9 953

Population by gender

Gender	Number	%
Female	22773	53%
Male	20194	47%
Total	42967	100%



Population by Nationality

Population	Number	%
Black	33085	77%
Coloured	3007	7%
White	6445	15%
Indian	90	0.21%
Other	340	0.79%
Total	42967	100%

Level of Education

Type	Number	%
No Education	12955	30.15
Primary	13621	31.70
Secondary	7777	18.10
Matric	2556	5.95
Tertiary	816	1.90
Unspecified	756	1.76
Other level	125	0.29

Monthly Household Income

Monthly Income	Number of Households
R0- R800	6000
R801-R3200	3495
R3200+	1134
Total	10629

Employment Statistics

Employment potential within Lekwa-Teemane municipality lies within the mining and farming sectors.

Type	Number of people employed	%	Level
Farming	10733	24,98%	Primary
Mining	7468	17,38	
Manufacturing	734	1,71	Secondary
Utilities	64	0,15	
Construction	675	1,57	
Trade	1096	2,55	Tertiary
Transport	477	1,11	
Business Services	279	0,65	
Social Services	1370	3,19	
Private Household	1934	4,50	
Exterritorial	4	0,01	
Other	18133	42,2	
TOTAL	42967	100	

OCCUPATION



Occupation	Number	%
Senior Management Professional	250	2,43
Technical	568	5,52
Clerks	291	2,83
Service Related	493	4,79
Skilled	659	6,40
Craft & Trade	1013	9,84
Plant Machine	1309	12,71
Elementary	566	5,50
Not Classified	4297	41,73
	850	8,25
TOTAL	1096	100

TYPE OF HOUSING UNIT
% Households

Type of Unit	Census 2001	Community Survey 2007
Houses or brick on a separate stand or yard	69,4	72,4
Traditional Dwelling/Structure made of traditional materials	15,4	5,6
Flat in Block of Flats	0,3	0,2
Town/cluster/semidetached house(simplex:duplex:triplex)	0,5	-
House/Flat/Room in Back Yard	0,8	-
Informal Dwelling/Shack in Back Yard	6,8	6,0
Not in Back Yard e.g. In Informal Settlement	6,0	11,9
Room/ Flat let not in Back Yard but on a shared property	0,5	-
Caravan or Tent	0,4	-
Private Ship/Boat	-	-
Workers' Hostel (bedroom)	-	3,4
Other	-	0,5
TOTAL	100,0	100,0

% TOILET FACILITIES

Type of Toilet Facility	Census 2001	Community Survey 2007
None	7,3	
Bucket Latrine	0,3	
Pit Latrine without Ventilation	7,1	
Pit Latrine with Ventilation VIP	5,6	
Chemical Toilet	1,5	
Flush Toilet (with septic tank)	4,4	
Flush Toilet Sewerage System	73,8	
Dry Toilet Facility	-	
TOTAL	100	100

% OF HOSEHOLDS BY TYPEOF ENERGY/ FUEL USED FOR LIGHTING



<i>Electricity Used for lighting</i>	<i>Census 2001</i>	<i>Community Survey 2007</i>
<i>Electricity</i>	48,5	59,6
<i>Gas</i>	0,1	0,2
<i>Paraffin</i>	3,4	1,6
<i>Candles</i>	46,7	36,1
<i>Solar</i>	0,1	0,4
<i>Other</i>	1,3	2,0
TOTAL	100,0	100,0

% DISTRIBUTION OF HOUSEHOLD BY TYPE OF ENERGY USED FOR HEATING

<i>Fuel used for heating</i>	<i>Census 2001</i>	<i>Community Survey 2007</i>
<i>Electricity</i>	39,4	47,6
<i>Gas</i>	0,4	-
<i>Wood</i>	58,7	48,7
<i>Coal</i>	0,3	-
<i>Animal Dung</i>	0,1	-
<i>Solar</i>	0,1	-
<i>Other</i>	0,3	1,6
TOTAL	100,0	100,0

% DISTRIBUTION OF HOUSEHOLD BY TYPE OF ENERGY USED FOR COOKING

<i>Fuel used for heating</i>	<i>Census 2001</i>	<i>Community Survey 2007</i>
<i>Electricity</i>	39,5	50,9
<i>Gas</i>	2,2	1,9
<i>Wood</i>	56,0	43,7
<i>Coal</i>	0,1	-
<i>Animal Dung</i>	0,0	-
<i>Solar</i>	0,2	-
<i>Paraffin</i>	2,0	3,3
<i>Other</i>	0,3	1,6
TOTAL	100,0	100,0

DISTRIBUTION OF HOUSEHOLDS BY TYPE OF WATER SOURCE

<i>Water (access)</i>	<i>Census 2001</i>	<i>Community Survey 2007</i>
<i>Piped Water</i>		
- Inside the Dwelling	- 30,0	-29,8
- Inside the Yard	- 38,1	- 30,2
- From Access point outside the yard	- 26,1	- 21,0
<i>Borehole</i>	4,3	13,1
<i>Spring</i>	-	-



<i>Dam/Pool</i>	0,9	5,9
<i>River/Stream</i>	0,2	-
<i>Water vendor</i>	0,1	-
<i>Rain water tank</i>	0,1	-
<i>Other</i>	0,3	-
TOTAL	100,0	100,0

% distribution of households by type of refuse disposal

<i>Fuel used for heating</i>	<i>Census 2001</i>	<i>Community Survey 2007</i>
<i>Removed by Local Authority/Private Co</i>		
- at least once a week	- 2,6	- 3,4
- less often	- 0,5	- -
<i>Communal Refuse Dump</i>	0,7	-
<i>Own Refuse Dump</i>	81,2	75,2
<i>No Rubbish Disposal</i>	14,9	19,8
<i>Other</i>	-	-
TOTAL	100,0	100,0



CHAPTER 2: 2 PERFORMANCE HIGHLIGHTS AND REPORTING

This table depicts performance highlights for two financial years and comparisons for 2008/09 2009/10.

2008/2009	2009/2010
<p>Water supply</p> <ul style="list-style-type: none"> ➤ Provided water to new extensions with 2400 H/H in Boitumelong and Utlwanang ➤ Raw water channels repaired in Christiana 	<p>Water supply</p> <ol style="list-style-type: none"> 1. Water supply was restored at the following sections of Boitumelong: <ul style="list-style-type: none"> - Avalon - Extension 2 - Madiba (i) Bloemhof purification plants pumps were replaced and the storage facility cleared
<p>Refuse removal</p> <ul style="list-style-type: none"> ➤ Once a week for household ➤ At least twice a week for business ➤ Once a quarter for open space dumping 	<p>Refuse removal</p> <ul style="list-style-type: none"> ➤ Refuse removal services were extended to new areas namely: <ul style="list-style-type: none"> - Boitumelong Extension 5 <ul style="list-style-type: none"> ○ Utlwanang Extension 5
<p>Sanitation</p> <ul style="list-style-type: none"> ➤ Bucket eradication project starting on 2400 households using buckets ➤ 75% households use water-borne sewerage. 	<p>Sanitation</p> <p>98% of buckets are eradicated and we currently have 96% of all our households, businesses and institutions using full water borne sewerage. The others are using septic tanks</p>
<p>Electricity supply</p> <ul style="list-style-type: none"> ➤ 336 houses electrification project started in Geluksoord ➤ Facilitated electrification of Utlwanang and Boitumelong extensions 5s 	<p>Electricity supply</p> <ul style="list-style-type: none"> ➤ Electricity supply to Utlwanang extension 5 started by Eskom ➤ Geluksoord Extension 1 – 336 houses were connected and supplied with electricity.
<p>Housing</p> <ul style="list-style-type: none"> ➤ Christiana 600 allocated – 209 completed ➤ Bloemhof - out of 500, 221 was completed and 279 are on blocked stage ➤ Received 1000 new allocations 	<p>Housing</p> <ul style="list-style-type: none"> ➤ Christiana 600 project completed ➤ Lekwa Teemane 1000 project- 485 houses completed
<p>MIG</p> <p>Allocation was R 6,488, 000.00, Overall expenditure was R6,527,884.00 100.6%</p>	<p>MIG Expenditure</p> <p>Allocated R9,531,000.00 expenditure was R9,542,899.34. Our performance in terms of MIG expenditure has improved a lot to an extent that in May 2010 we were already using the allocation for the 2010/2011 financial year. We managed to establish the PMU as well</p>
<p>Update of Indigent Register</p> <ul style="list-style-type: none"> ➤ 3500 indigents registered 	<p>Update of the Indigent Register</p> <p>The Indigent Register was updated and we used local youth to gather information from residents. 1200 new indigents were registered through this initiative</p>



- There was steady increase of water supply to areas of Boitumelong as clearly reflected in the table as compared to the 2008/09 financial year.
- In the financial year under review the refuse removal services was extended to the new areas of Boitumelong as clearly reflected in the table which shows improvements in terms of refuse removal.
- In the financial year under review 98% of households, business institutions have water borne system sewerage compared to 2008/09 financial year in which only 75% of households were using water borne-sewerage, which shows a slight increase of 23%.
- In the financial year under review 336 households were connected and supplied with electricity as compared to the 2008/09 financial year where the project was the beginning phase.

2.1 PERFORMANCE REPORTING

2.1.1 KPA: 1 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Its main focus of area deals with functional community participation mechanisms and ward committees, established feedback mechanisms in order to ensure responsiveness to communities etc.

KPA	Corporate Objective	KPI	Annual Target	Actual Performance	Reasons for Deviation	Possible solutions
1. Good Governance	Implementation of communication strategy	External newsletter distributed	4	None	Due acting capacity commitments of the Manager: Communication to the Community Services Department the matter was not fully attended	The 1 st external newsletter will be out by 31 st August 2010
		Mayoral Imbizos report	4	The Mayoral Imbizo for the 4 th Quarter was preceded by the Budget process which started late.	All Mayoral Imbizo for the 4 th Quarter were postponed due to Budget processes and community consultation process	The 1 st Imbizo in the new financial will be held in September 2010



	Meetings of Intergovernmental Forum	4	A meeting was planned for the 4 th quarter 2 nd June 2010, and eventually was postponed due engagements of Home Affairs as the elected co-ordinator sector and chair.	The 4 th Quarterly meeting was postponed due to other sector Departments commitments	A meeting will be held on the 10 th September 2010
	Customer satisfaction survey report	By 30/06/2010	The services of the CDW's were used and feedback from the community was at a snail pace	The forms issued to the community members were not returned as they supposed.	That the suggestion/or complaints be put in place at all strategic places in the entire Municipality
	Implementation and monitoring of new legislation	2			
	Implementation of communication strategy	4	The update made was only based on the new budget for 2010/2011	4 th quarter lacked due to the commitment of Manager: Communications at the Community Services Department. Reason for deviation was review the website in order to meet the new challenges.	The new update will be by the end of September 2010
	Implementation of Human Resource Policies	2 Workshops held	2 workshops held	-	-
	Implement Council Resolutions	Ongoing	Updating and monitoring done	-	-



	Regular Council meetings	Adherence to timelines on submissions of items for Committees and Council meetings	12	All agendas submitted per scheduled time. New council meeting schedule adopted because of Soccer World Cup	-	-
	Attend all management meetings	Approved schedule of management meetings	Attendance of management meetings	All meetings held per schedule	-	-
	Promote clean and safe environment	100% implementation of by-laws	100%		No work was done as authorization was completed late in June	Appointment of full time peace officers
	Personnel Capacitation	Capacitated personnel	Ongoing	5 employees and 5 councillors attended courses	DBSA training for 25 people of SCM postponed	Payment of LG Seta money on time
	Manage supply chain management	Monitoring procedure and ensuring departmental compliance	Ongoing	Supply chain management unit monitored all compliance matters	None	None
	Strengthen the relation between the CDW and Ward Committees	2 workshops on working relationships	2	Only 2 ward committees performed to the required standard and the other 4 lacked	The said committees were not holding meetings regularly.	Meetings for resuscitation of all ward committees are earmarked for the 1 st Quarter ending September 2010.
	Achieve employment equity	Employment Equity Report	1 report	Submitted to DPLG	-	-
	Recruit and retain personnel	No. of personnel recruited		4 meter readers appointed Secretary to Mayor appointed	-	-



	Monthly departmental meetings	Minutes of departmental meetings	Reports on meetings held	Meetings held by all departments	None	None
	Achieve positive employment climate	Report on program implemented	2 reports	Not done	Funding a problem	To be rolled over
	Improved Labour relations	Minutes of LLF meetings	4 reports/minutes	LLF meetings held but not regularly	Unavailability of members	Members to show commitment

2.1.2 KPA: 2 INFRASTRUCTURE INVESTMENT & BASIC SERVICE DELIVERY:

This KPA deals with access to water, sanitation, electricity etc. Its main focus area is to provide basic service delivery and a clean, safe and healthy municipality. Universal access to quality, affordable and reliable municipal services (e.g. water, sanitation, electricity, refuse removal, transportation)

KPA	Corporate Objective	KPI	Annual Target	Actual Performance	Reasons for Deviation	Possible solutions
2. Infrastructure Investment & Basic Service Delivery	Review of waste management plan	Review and adopt new plan	May 2010	Not reviewed but budget allocation provided for 2010/11	No Funding	Rollover 2010/2011 District to take over the responsibility and provide funding
	Facilitate Housing	No of Houses built	1000 Units by March 2010	1000 approved & 275 build but not completed	Provincial Competency	Rollover to 2010/2011
		Unblocked projects	1997 housing Project	Facilitation done and Everything was submitted to the department for approval		
	Provision of cemeteries	Establishment and enlargement of cemeteries	March 2010	10ha identified for establishment in Utlwanang & included in LUMS/SDF for both towns old grave yards identified for usage in Bloemhof	Development of LUMS/SDF	Rollover 2010/2011



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	Facilitate access to Library facilities	Construct library at Utlwanang	1	Appointment of the Principal agent was concluded	-	The project will be continued in 2010/2011
	Upgrading of sports facilities	Two sports facilities upgraded	2	Not achieved	No funds available, allocated funds were used in upgrading of roads	Rollover 2011/2012 for maintenance only
	Maintenance and Management of recreational facilities	Useable facilities(Basic level of standard)	Ongoing	Geluksoord hall repaired, Christiana town hall repaired	Ongoing	Bloemhof town hall to be done in 2010/11
	Provide refuse removal service	Household refuse removed once a week Business removed at least twice a week Illegal dumps cleared monthly	Refuse is collected at ongoing basis 100% 100%	Household refuse removed once a week Business removed at least twice a week Regular clearing of illegal dumps	By-laws not implemented and enforced	Appointment of peace officers and education to members of the community
	Municipality to render traffic speed camera service	Develop and implement a takeover plan	To take over TMT 2010 June	Not achieved	Investigations revealed that we are not ready to take over the services now	Rollover 2010/2011 see MTAS
	Upgrading and reopening of vehicle testing stations	Two testing stations opened and in operation	Jan 2010	Only Christiana is opened	No funding	Projects will be dealt with in 2010/2011
	Traffic law enforcement		Paint road markings and old signs	Painted road markings and replaced	-	-
	LUMS / SDF	LUMS to be compiled	1	90% of the work was done by Maxim	Underestimation of time frames given	LUMS to be finished during 1 st quarter 2010



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	Provision of Electricity (Municipality)	254 Households to be provided with Electricity (2 projects)	254 by June 2010	Network completed 100% in Geluksoord. No progress in Christiana x9. Bulk line to Geluksoord completed 100%. Monthly report submitted and request for last tranche payment sent. Electrification of Christiana X9 will start when Geluksoord is completed.	No tranche payments received at some stage. Funding were problematic. Final tranche payment of R 399 000.00 received and Christiana X9 can proceed. Quote obtained and amounts to R 1.0 M .Other avenues to be followed to complete the electrification .	Implement project internally
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	Facilitation of Electricity (Eskom)	Facilitate the electrification of 2170 Households to be Electrified by Eskom	2170 by June 2010 Boitumelong X5 1200 Utlwanang X5 900 Papawer str Coverdale 14	Letters written to DME and Eskom for progress reports. Electrification of Papawer street. Coverdale will proceed in 2010.	Response from Eskom North West. Design completed and first official site meeting held. ELECTRIFICATION OF Utlwanang X5 to proceed. Response received from Eskom Central. Will be attended to at next Energy Forum meeting. Issue of Papawer str due to extra effort and completed. Way leave agreement signed and is available for collection.	To be rolled over to 2010/11
	Upgrading of Geluksoord main electricity line	Electricity main supply upgraded at Geluksoord	March 2010	Bulk line 100% completed. Final hand over took place.		



<p>Streetlight maintenance</p> <p>Total street lights- 1468</p>	<p>Maintain and repair streetlights within 7 days after reported</p>	<p>1468 lights functioning properly</p>	<p>Streetlights attended to on regular basis. Maintenance schedule developed and updated regularly.</p> <p>Christiana – 412 Bloemhof – 625 Utlwanang – 107 Boitumelong – 220 Geluksoord – 26 Coverdale – 45 Salamat – 33</p>	<p>None. Cherry picker in Christiana attended to on regular basis. Additional official to be appointed to remedy the situation.</p>	
<p>Installation of high mast lights in new areas</p>	<p>24 High mast lights. Apply at MIG and register project</p>	<p>March 2010. Remedial action to be taken in budgeting for expenditure for 2010/2011 financial year. Medium height lights at a couple per annum.</p>	<p>None.</p>	<p>At this stage already fully committed for the next three years.</p>	<p>To be budget for in 2010/2011 from own funds. Included in 2010/2011 budget.</p>
<p>Facilitation of Sanitation and involve DM to engage LM from the beginning of projects</p>		<p>2170 by June 2010</p>	<p>Several letters forwarded to DM Response received from DM and being attended to. The DM still proceed with projects without the involvement or knowledge of the LM.</p>	<p>Non - involvement of the Lm by the DM.</p>	<p>The issue of non-involvement of the Lm should be taken up by the political role players.</p>



	Signing of service level agreements for water and sanitation with WSA	No SLA in place.	Sign agreements by June 2010	Item prepared for Portfolio committee and Council. Four meetings held to discuss SLA. Several attempts has been made to involve the DM but has not been fruitful.	Slow decision making due to extent of service to be transferred. Non interest by DM to attend arranged meeting Should be addressed at a higher level.	Seek intervention from the provincial DLGTA
	Facilitation of Water Supply	Facilitate the Water Supply to 1000 Households Geluksoord X2	1000 By June 2010	Several letters written to DM and response received.	No budget allocation for 2009/10 by the DM	Target should be extended to 2010/2011 financial year.
	Raw water channels maintenance	Channels repaired and functional	Currently busy with repair of washed away portion of channel	Two contractors appointed and have started with execution of work to be done. About 125 meters attended to and has been completed. Supply of Irrigation water is problematic when the level of the river is low. Layout plan completed and discussions held with clr Muller in order to assist with streamlining of service. Should be finalized early in August 2010.	The current problematic situation is insufficient personnel hampers the service.	Involvement of Clr Muller and residents could be a solution



	Facilitate the construction of Water Pressure Tower in Boitumelong Ext. 4	Facilitate the approval of the construction of a pressure tower in Boitumelong Ext. 4	June 2010	Letters of request written to DM. Outcome of investigation done during January 2010 resulted in different solution to the problem.	No deviation The problem has been solved by opening certain valves which have been closed for several years.	
	Upgrading of Internal Roads	Roads upgraded at Boitumelong and Coverdale	3.2km by June 2010. Target has been changed due to inadequate MIG funding.	1800 meters paved in Boitumelong. Coverdale project under way but progress is slow due to insufficient equipment. Coverdale roads paved approximately 500 meters.	Grader permanently utilized in Coverdale to speed up the construction.	Additional equipment needed such as a new grader
	Maintenance of Internal Roads on regular basis	40km graded	40km	Three kilometers graded. Intersections (2) on paved route in Utlwanang completed. Busy at Coverdale project.	Insufficient machinery but is being attended to. Purchase of grader not finalized.	Acquire new grader
	Upgrading and maintenance of Prince Street Bloemhof.	Maintain	Ongoing	Equipment being utilized in Coverdale.	Corner of Prince and not done due to lack of funds and machinery	Additional equipment and machinery needed. MIG funds utilization
	Facilitate purchase of new grader	Purchase grader before end Sept. 2009	Purchase one grader before end April 2010.	Technical specifications completed and tender advertisement placed. Adjudication completed.	Financial constraints. ABSA reluctant to provide finance. Target not realizable.	Should be rolled over to 2010/2011 financial year
	Creation of PMU	Establishment & population of PMU (2 Officials)	Appointment by March 2010	One PMU technician appointed, office established and furniture, equipment purchased.	None. Target reached. Appointment of YP outstanding.	



	Monthly departmental meetings	Sectional meetings held once a month	At least two sectional meetings per month.	Sectional meetings held with supervisors once a week.	None	
	Managerial planning	PMS Policy	Monthly plans to be developed and submitted to Directors. 12 Monthly Plans	To start reporting against as from March 2010 Not realizable during 2009/2010. Planning conducted in conjunction with sectional managers for 2010/11 SDBIP	Sectional managers not taken on board during planning for 2009/10	To be implemented in 2010/11
	Operation and maintenance of Infrastructure	Development and implementation of plans	March 2010	Ongoing. Letters forwarded to DBSA enquiring about progress. Feedback outstanding.	Draft maintenance policy being developed. The following draft policies developed; Water, storm water management by-laws, building regulations by-law. Target to be changed to 2010/2011 financial year.	
	Increase Revenue	Solicit funds to the amount of R 1.0 M to upgrade the Networks (water and sewer)		Approved by March 2010	Letters written to DBSA and forwarded to DM.As this is a DM function e-mail was forwarded to them. Follow ups made but no positive outcome.	Regular enquiries.



	Provide land for business and residential	100 % provision of available land	100%		Delays caused by Valuation roll	
	Establish ICT Server	Increase capacity of the Municipal ICT Networks and Software		Established network points and internet access in Bloemhof		

2.1.3 KPA 3: LOCAL ECONOMIC DEVELOPMENT

This KPA deals with thriving and vibrant local economy and neighborhoods, ongoing programme of contributing to the development of an employable, educated and skilled citizen. Facilitation of job creation and access to business opportunities.

KPA	Corporate Objective	KPI	Annual Target	Actual Performance	Reasons for Deviation	Possible solutions
3. Local Economic Development (LED)	Support all local SMMEs	Number of Registered SMMEs	40	40	-	-
		No. of SMMEs capacitated with skills	40	10	10	10
	Promote Tourism	Established Lekwa-Teemane Tourism Ass	1	One tourism Association established		
	Coordination of cooperatives and SMME.	Established co-operatives	2	2 Cooperative's established	-	-
	To establish a development agency	Establish LTDA to develop marketing strategy and promote investment	1	Established development agency & funded by IDC to the tune of R930 000	-	-
	Facilitate Bloemhof Dam Development	Liaise with Invest North West	Liaise with Invest North West	Communication was done via the district municipality	Role clarification between Parks, District & Municipality	Follow up meetings with all stakeholders including politicians



	Facilitate Funding for Retsogile Education and training	Liaise with District Municipality	Liaise with District Municipality	Project funded & operational	-	-
	Facilitate Agro-processing project implementation	Liaise with District Municipality	Liaise with District Municipality	Achieved but project not functional because of Eskom`s inability to supply electricity	Eskom unable to supply electricity	Follow up on all outstanding projects
	Beef Beneficiation Project implementation	Liaise with District Municipality	Implement by June 2010	Communal camps were provided to beneficiaries	-	-

2.1.4 KPA 4: FINANCIAL VIABILITY

Its main focus of area deals with sound financial management systems, development of annual and medium term outlook and expenditure plans and targets. Reduced dependency on grant transfers.

KPA	Corporate Objective	KPI	Annual Target	Actual Performance	Reasons for Deviation	Possible solutions
4. Financial Viability	Manage budget and treasury section	Timeous submission of reports	Ongoing	100%	Submitted before 10 th every month	Submit before 10 th of every month
	Sustain financial management	Monthly reconciliations & projected	Ongoing	100%	Done before 10 th every month	Done before 10 th every month
	Manage revenue	Monthly reporting on actual collected vs billed	Ongoing	55% see AFS	Poor collection rate	Improve collection rate
	Asset management	Compliance with GRAP	Ongoing	First phase complete	Lack of funding	Raising a loan
	Cash flow management	Monthly reporting. Cash available	Ongoing	55%	Poor collection rate	Improve collection rate
	Develop and implement audit query strategy	Approval	Ongoing	Done see annexure 1	Awaiting the outcome of 2009/2010 audit outcome	Develop audit query strategy 2009/2010



Lekwa-Teemane Local Municipality – Annual Report 2009/10

Implement and maintain debt collection policy	Reduce debtors account by 20%	100%	Not achieved	Lack of skill & competence within debt collection unit staff	Capacitating of unit staff
Payment of all outstanding creditors	Bring creditors payment period by 30 days	100%	Not achieved	Insufficient Cash flow	Increase of collection rate
Manage supply chain management	Monitoring and reporting	None	Unit established but reporting requirement not satisfactory	The unit is not fully staffed	Fully operational unit must be establishment.
Manage supply chain	All requirements and processes	None		The unit is partially establish	Fully operational unit must be establishment.
Billing accounts	Monthly due date	None	80%	Partially Cut –off date was than after 25 th of every month.	Cut –off date must be at 25 th of every month.
Meter reading	Monthly due date	None	85%	More than 20 days for meter readings	10-13 days for reading meters.
Distribution of accounts	Number of accounts received	None	80%	Account were distributed after the 7 th of every month	Account must be distributed before the 7 th of every month
Revenue collected as budgeted	Number of amount billed	None 80%		n/a	n/a
Debt collection	45 days as collection period	None	50%	Lack of skill & competence within debt collection unit staff	Capacitating of unit staff
Development of revenue protection strategy	Approval	None	Adoption	Not yet implementation lack of funding the strategy	Sourcing funding
Annual financial statements	Submission as at 31 August 2010	31 August 2010	Done as 31 AUGUST 2010		



Financial reporting	10th of every month	12				
Vehicle & Asset Management	Vehicle & Asset Manager to be appointed	1	Delegated authority to one traffic officer	No funding		Rollover 2010/2011

2.1.5 KPA 5: INSTITUTIONAL DEVELOPMENT & TRANSFORMATION

This KPA deals with municipal organizational transformation and improvement on filling of critical vacant posts of the municipality with skilled, experienced and qualified personnel. This KPA further covers implementation of employment equity plans and the implementation of Works Skills Development Plan (WSP) and its expenditure.

KPA	Corporate Objective	KPI	Annual Target	Actual Performance	Reasons for Deviation	Possible solutions
5. Institutional Development & Transformation	Staffing LED unit	No. of staff members appointed	3	Not achieved	No Funding	To be implemented in 2010/2011
	Staffing refuse removal team	Staff to be appointed	6	Not achieved	No Funding	To be implemented in 2010/2011
	Staffing cemeteries & parks team	Staff to be appointed	8	Not achieved	No Funding	To be implemented in 2010/2011
	Staffing Parks & recreation	Manager to be appointed	1	Acting Managers appointed	No funding	Rollover 2010/2011
	Staffing Public Services	Supervisor to be appointed	1	Not achieved	No funding	Rollover 2010/2011
	Traffic Staff	Pit Assistants to be appointed	2	Reshuffling of one internal staff member	No funding	Rollover 2010/2011
Traffic Staff	Additional staff to be appointed to improve visible policing	1	Not achieved	No funding	Rollover 2010/2011	



2.2. PERFORMANCE OF SERVICE PROVIDERS

The table below summarizes the performance of external service providers:

Name of provider And project	SLA signed		PROJECT STARTING		Completion		Specs met		Measures taken
	Yes	No	Sched	Actual	Sched	Actual	Yes	No	
Ingplan	No	Not specified	Council resolution	Ongoing electrical	Engineering functions		No	SLA to be signed	
Nais/Tank	Yes		01/04/2009	01/04/2009		ongoing			
Gill & Ass	Yes		01/04/2009	01/04/2009		26/01/2010			
Zetron	Yes		05/11/2009	05/11/2009		26/01/2010			
Mmusi Electrical	Yes		15/09/2008	15/09/2008		26/01/2010			
Businnes Connexion		No	Ongoing service	Ongoing service	Ongoing service	Ongoing service	Ongoing service		
Makgoka & Ass.	Yes		2009	2009	June 2010	As scheduled	Yes		Contract extended
Ben Van Zyl	Yes		Aug 2008	Feb 2009	June 2009	2010/11	Yes		Provider put on terms
Executive Appraisers	Yes		July 2009	July 2009	June 2010	June 2010	yes		
NEP	Yes		Jan 2006	March 2006	June 2008	June 2010	Yes		
Moteko Building Distributor Conctruction.	x		1 st June 2010	1 st June 2010	28 Feb 2011	28 th Feb 2011	X		
Maxim Planning Solutions	Yes		April 2010	June 2010	Nov 2010	N/A		Yes	

2.3 BUILDING PLANS

The following table indicates the number of applications for building plans received for 2009/10.

Application Outstanding 01 July 2009	Category	Number of new applications received/ approved 2009/10	Total value of approved received/approved 2009/10	Application outstanding 2009/10



0	Residential	34	R1314 7000	
0	Residential Ext	12	R1586 000	
0	Institutions	8	R4594 000	
0	Commercial	7	R9842 000	
TOTAL:				

Information provided is only for Bloemhof not for other areas of Lekwa-Teemane Local Municipality.

2.4 SERVICE DELIVERY BACKLOGS

The following challenges indicate the backlog Council is facing regarding Electricity, Water, Sanitation, Roads, Housing and Waste Management.

SERVICE	BACKLOG (H/H)	TOTAL COST TO ERADICATE
Electricity	<p>The following areas in Lekwa-Teemane are not electrified yet:</p> <ul style="list-style-type: none"> ➤ Boitumelong Extension 5 ➤ Utlwanang Extension 5 ➤ Christiana Extension 9 <p>The Municipality faces a serious challenge with dilapidated electricity networks that cannot be upgraded due to a lack of funding.</p>	R 1,913657-38
Water	<ul style="list-style-type: none"> ➤ There are about 1000 households in Geluksoord Extension 2 without access to water on stands. ➤ The old water network in Bloemhof needs to be upgraded. 	<p>R3m</p> <p>R 78,400-00</p>
Sanitation	<ul style="list-style-type: none"> ➤ 1000 households in Geluksoord Extension 2 with no access to sanitation. ➤ There are ±600 households in Christiana and 75 households in Bloemhof that still have septic tanks that need to be emptied regularly. These need to be upgraded to full waterborne sewer system 	The Dr. R.S. Mompoti District Municipality has budgeted R 3m to provide water and sanitation on RDP level to Geluksoord Extension 2.
Roads	<ul style="list-style-type: none"> ➤ There is a backlog of 70km of roads that need upgrading, construction and resealing. ➤ There are also 5km in Boitumelong and 2km in Coverdale to be paved 	R140m
Housing	<ul style="list-style-type: none"> ➤ The total housing backlog is 5000 ➤ Only 1000 houses were started to build on the last two quarters of financial year 2008/2009. ➤ The 1000 houses allocated in 2007 have yet to be completed. ➤ And all the blocked housing projects are not resolved 	R178.8 m.
Waste	<ul style="list-style-type: none"> ➤ 2400 households not having proper refuse 	R5m



Management	holders ➤ Landfill sites full, therefore a need for two new licensed sites ➤ No waste recycling coordinated projects on site ➤ Acquisition of skip bins to prevent illegal dumping	
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CHAPTER 3: 3.1 ORGANIZATIONAL AND HUMAN RESOURCE MANAGEMENT

3.2 ORGANIZATIONAL STRUCTURE

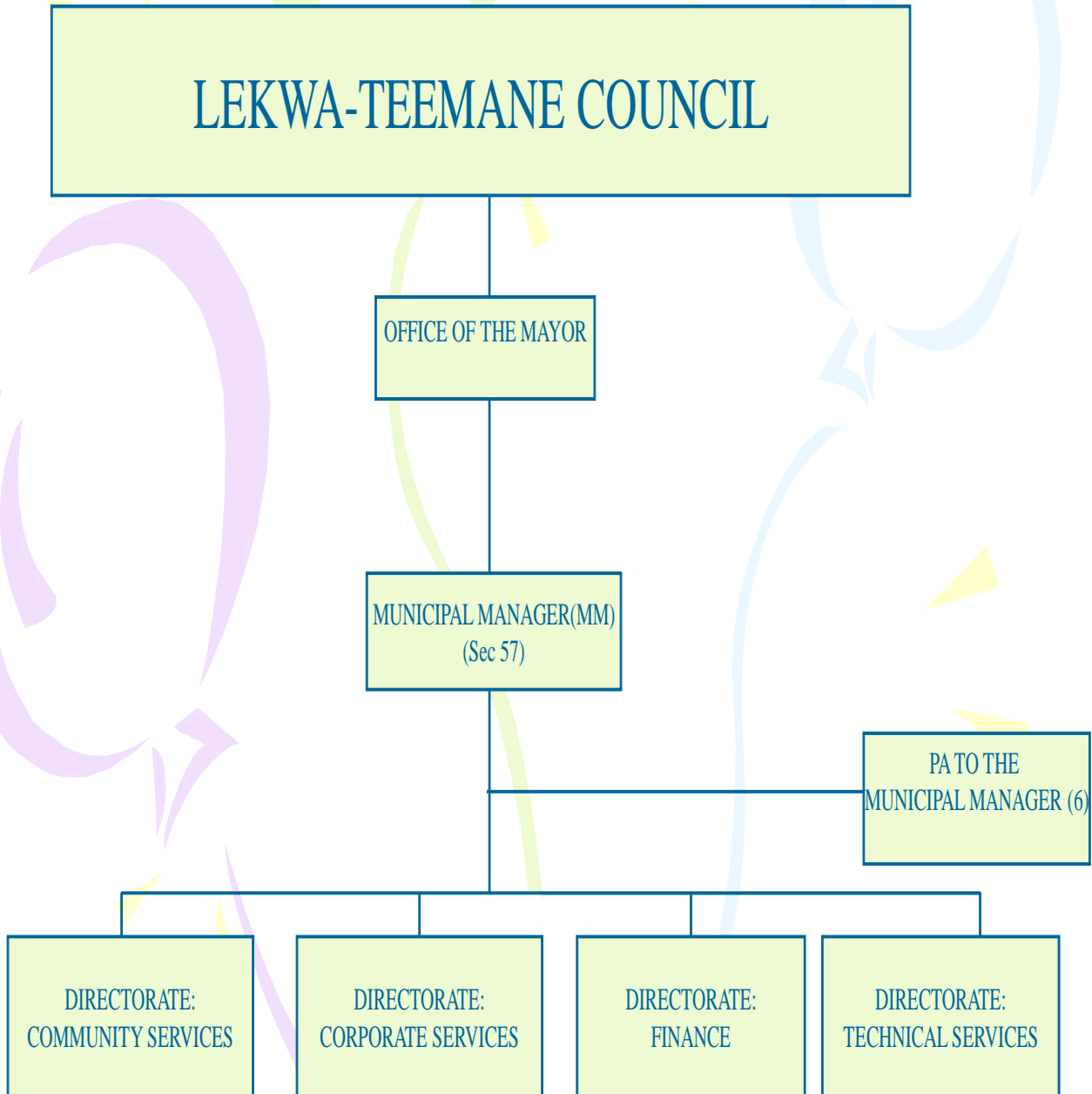
The table below depicts the number of approved, filled and vacant posts that existed at the end of the financial year 2009/10:

DIRECTORATE	APPROVED POSTS	FILLED POSTS	VACANT POSTS
Office of the Municipal Manager	4	4	0
Directorate Corporate Services	32	26	6
Directorate Community Services	130	86	44
Directorate Finance	74	36	38
Directorate Technical Services	136	68	68
TOTAL	376	220	156

The approved top organizational structure is as follow:



DETAILED EXECUTIVE STRUCTURE FOR LEKWA-TEEMANE LOCAL MUNICIPALITY





3.3 STAFF AND EMPLOYEE EQUITY PROFILE

In terms of the 7 General Key Performance Indicators the municipality should report on the Employment Equity Plan for the financial year under review.

The table below depicts breakdown of staff per occupational category and gender for 2009/10:

Occupational Categories	MALE				FEMALE				TOTAL
	Black	Coloured	Indian	White	Black	Coloured	Indian	White	
Senior officials and managers	6	0	0	0	0	0	0	0	6
Professionals	2	1	0	1	2	1	0	0	7
Technicians and associate professions	39	8	0	7	14	2	0	5	75
Semi-skilled and discretionary decision making	90	10	0	2	5	1	0	0	108
Unskilled and defined decision making	8	0	0	0	7	1	0	0	16
Total Permanent	145	19	0	15	28	5	0	5	217
Non-Permanent Employees	0	0	0	0	0	0	0	0	0
GRAND TOTAL	145	19	0	15	28	5	0	5	217

3.4. SKILLS INFORMATION

In terms of the 7 General Key Performance Indicators the municipality should report on the implementation of the Workplace Skills Plan for the financial year under review.

The following occupational categories have been provided with training to improve the skills development and accelerate service delivery to the community:

Occupational Categories	Post Levels	MALE				FEMALE				TOTAL
		Black	Coloured	Indian	White	Black	Coloured	Indian	White	
Senior officials and managers		3	0	0	0	0	0	0	0	3
Professionals		0	2	0	0	0	1	0	0	3
Technicians and associate professions		1	0	0	0	0	0	0	0	1
Clerks		0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making		1	0	0	0	1	0	0	0	2



Unskilled and defined decision making	1	1	0	0	1	0	0	0	3
TOTAL PERMANENT	6	3	0	0	1	1	0	0	11
Non-Permanent Employees	0	0	0	0	0	0	0	0	0
GRAND TOTAL	6	3	0	0	1	1	0	0	11

The following table indicates Council's actual expenditure and levies paid, as well as monies received from SETA for the past three financial years:

INDICATOR	PRIORT AREA	2007/07 (R)	2008/09 (R)	2009/10 (R)
Percentage of the municipality's budget actually spent on implementing its workplace skills plan.	Expenditure and Levies	-	R180 304.29	R0
	SETA	-		R0

In the financial year under review the Municipality did not pay money for Skills Development Levy, but the municipality will pay all outstanding money by June 2011.

3.5 PENSION FUND

The composition of membership per pension and provident fund was as follows:

PENSION FUND	NUMBER OF MEMBERS
Municipal Gratuity Fund	34
Municipal Employees Pension Fund	12
SALA Provident Fund	18
TVL Municipal Pension Fund	1
NAS Fund for Municipal Workers	1
SNPF	138
Councilor's (Municipal Councilor's Pension Fund)	9
TOTAL	213

3.6 MEDICAL AID FUNDS



The medical aid funds are accredited by the South African Local Government Bargaining Council (SALGABC).

Memberships of the medical aid fund were as follow:

MEDICAL AID FUND	NUMBER OF MEMBERS	EMPLOYEE'S CONTRIBUTION (R)
Bonitas	24	R34 230.00
Key Health	11	R17 835.05
Samwumed	59	R41 544.80
TOTAL	94	R93 607.85

3.7 OUTSANDING MONIES

MFMA Circular 11 requires that municipalities disclose arrears (outstanding monies) by councilors/ staff/ directors for the financial year under review.

Councilors with accounts in arrear as at present	Total (R)	Outstanding less than 90 days	Outstanding more than 90 days
	R158,076	R30,989	R127,087

3.8 DISCLOSURE CONCERNING EXECUTIVE COUNCILLORS AND DIRECTORS

The following table depicts the remuneration for Executive Councilors and Directors:

RENUMERATION OF COUNCILLORS	SALARY PM
Mayor	R18 757.16
Speaker (Mayor acting as Speaker)	R0
Councillors	R10 231.16
TOTAL	

REMUNERATION OF OFFICIALS	SALARY P/A
Municipal Manager	R738 000.00
Chief Financial Officer	R694 400.00
Director Technical Services	R599 400.00
Director Corporate Services	R599 400.00
Director Community Services	R599 400.00
TOTAL	R323 0600.00



CHAPTER 4: AUDITED FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION

AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE LEKWA TEEMANE LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Lekwa Teemane Local Municipality, which comprise the statement of financial position as at 30 June 2010, 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 **40** to **64**.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa 2009 (Act No. 12 of 2009) (DoRA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Property, plant and equipment

4. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment and investment property of R48 276 715 (2009: R47 124 061) and R502 883 respectively included in notes 3 and 2 respectively to the financial statements. The municipality's records did not permit the application of alternative procedures due to various weaknesses identified. Consequently I was unable to satisfy myself as to the completeness, existence, valuation and allocation and rights and obligations of property, plant and equipment and investment property.



Consumer debtors

5. I was unable to determine whether the municipality used objective evidence to calculate the provision for impairment of receivables disclosed as R44 312 698 (2009: R61 959 935) in note 8 to the financial statements, as required by the South African Statements of Generally Accepted Accounting Practice, IAS39 (AC 133), *Financial Instruments Recognition and Measurement*. Furthermore bad debts written off against the provision are understated by an estimated R11 300 000. The municipalities system did not allow for the performance of alternative procedures. Consequently I was unable to satisfy myself as to the valuation and allocation, existence, and rights and obligations of consumer debtors of R58 374 603 (2009: R63 146 976) as disclosed in note 8 to the financial statements.

Provisions

6. I was unable to obtain sufficient appropriate audit evidence for the municipality's obligation regarding accumulated leave due to an inaccurate and incomplete system for the recording and capturing of leave transactions. It was impracticable to apply alternative procedures and consequently I did not obtain all the information and audit evidence I considered necessary to establish the completeness, valuation, allocation, existence and rights and obligations of the leave reserve of R4 421 057 (2009: R3 513 038) included in provisions of R4 671 626 (2009: R3 737 792) and disclosed in note 16 to the financial statements.
7. The Standard of Generally Recognised Accounting Practice, GRAP 19, *Provisions, Contingent Liabilities and Contingent Assets* require that a provision be recognised when an entity has a present obligation for an outflow of economic resources that can be reliably estimated. The municipality failed to disclose their post-retirement medical expenses. Consequently I was unable to determine the completeness of the provision for post-retirement medical expenses. The municipality's records did not permit the application of alternative audit procedures.

Trade and other payables

8. The municipality did not accrue for invoices in respect of goods and services received amounting to R2 957 444. If these invoices had been accrued the effect would have been to reduce the surplus for the period by R2 957 444 and to increase the trade and other payables of R77 975 981 disclosed in note 17 to the financial statements by the same.

VAT

9. VAT receivable in the statement of financial position is understated by R2 391 626 when compared to the VAT reconciliation. Consequently I was unable to determine the valuation of VAT receivable of R330 542 as disclosed in note 7 to the financial statements.

Reserves

10. I was unable to obtain sufficient appropriate audit evidence of for the government grant reserve of R6 411 089 included in the statement of financial position. The municipality's system did not permit the application of alternative procedures due to various control weaknesses identified. Consequently I was unable to the satisfy myself as to the completeness, valuation and allocation, existence and rights of government grant reserve of R6 411 089 (2009: R7 328 066).

Accumulated deficit

11. I was unable to obtain sufficient appropriate audit evidence for GRAP conversion journals of R12 181 319 included in accumulated deficit of R181 295 included in the statements of financial position and changes in net assets. Consequently I was unable to satisfy myself as to the completeness, existence and valuation and allocation of accumulated deficit of R181 295, the opening balance of property, plant and equipment of R47 124 061 disclosed in note 3 and the government grant reserve of R7 328 066 included in note 12 to the financial statements.



12. Standards of Generally Recognised Accounting Practice, GRAP 3, *Accounting policies, changes in accounting estimates and errors* requires disclosure of the impact of prior year adjustments. These disclosures were however not included in the financial statements. I could not practicably determine the effect of the changes on the other account balances or classes of transactions contained in the financial statements.

Service charges

13. I was unable to obtain sufficient appropriate audit evidence for service charges of R6 130 917 included in the statement of financial performance. The municipality's system did not allow the application of alternative procedures due to various control weaknesses identified. Consequently I was unable to satisfy myself as to the completeness and accuracy of service charges of R57 187 992 (2009: R47 152 629) included as part of revenue in the statement of financial performance.

Expenses

14. The entity could not provide sufficient appropriate audit evidence for payments of R7 499 057 included in expenses of R134 729 272 in the statement of financial performance. The municipality's system did not allow the performance of alternative procedures. Consequently, I could not satisfy myself as to the occurrence, completeness, accuracy, cut-off and classification of expenses included in the statement of financial performance.

Unauthorised, fruitless and wasteful and irregular expenditure

15. Section 125(2) (d) of the MFMA requires the municipality to disclose particulars of any material irregular or fruitless and wasteful expenditure in the notes to the financial statements. Contrary to this requirement irregular expenditure of R3 771 965 and fruitless and wasteful expenditure of R2 594 323 due to non-compliance to supply chain management requirements and interest and penalties respectively, was not disclosed in the notes to the financial statements.

Disclaimer of Opinion

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

Emphasis of matters

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

Amendments to the applicable basis of accounting

18. The municipality opted to make use of the transitional provisions (directives 4 and 5) from the National Treasury, which is applicable to high and medium-capacity municipalities, which granted the municipality exemption from certain measurement and disclosure requirements, as disclosed in note 1 in the accounting policies.

Going concern

19. The accounting officer's report in note 1 indicates the Lekwa Teemane Local Municipality incurred a net loss of R24 453 591 (2009: R37 861 300) during the year ended 30 June 2010 and, as of that date, the entity's current liabilities exceeded its total current assets by R35 216 682. These conditions, along with other matters as set forth in the accounting officer's, indicate the existence of a material uncertainty that may cast significant doubt on the entity's ability to operate as a going concern.

Additional matter

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



Unaudited supplementary schedules

21. The supplementary information set out on pages **65** to **85** 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

22. As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the following key laws and their regulations and financial management (internal control):

- MFMA
- DoRA
- Local Government: Municipal Systems Act of South Africa, 2000 (Act no. 32 of 2000) (MSA)
- Municipal Structures Act of South Africa, 1998 (Act no.117 of 1998)

Predetermined objectives

23. Material findings on the report on predetermined objectives, as set out on pages **86** to **100** are reported below:

Non-compliance with regulatory and reporting requirements

Existence and functioning of a performance audit committee

24. The Lekwa Teemane Local Municipality did not appoint and budget for a performance audit committee, nor was another audit committee utilised as the performance audit committee, as required by regulation 14(2) of the Municipal Planning and Performance Management Regulations, 2001.

Inadequate content of integrated development plan

25. The integrated development plan of the Lekwa Teemane Local Municipality did not include the key performance indicators and performance targets determined in terms of its performance management system, as required by sections 26(i) and 41(1) (b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.

Lack of adoption or implementation of a performance management system

26. Lekwa Teemane did not implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of sections 36, 38 and 41(2) of the MSA, and regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

Internal auditing of performance measurements

27. The Lekwa Teemane Local Municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45 of the MSA

Usefulness of reported performance information

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

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



The following audit findings relate to the above criteria:

Reported information not consistent with planned objectives, indicators and targets

29. Lekwa Teemane has not reported on its performance against predetermined objectives which is consistent with the approved integrated development plan.

Reliability of reported performance information

30. The following criteria were used to assess the usefulness of the planned and reported performance:
- Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
 - Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
 - Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

The following audit findings relate to the above criteria:

Reported targets not reliable as no/inadequate supporting source information was provided

31. For the selected objectives, 100% of the reported targets the reliability could not be established as sufficient appropriate audit evidence and relevant source documentation could not be provided for audit purposes.

Compliance with laws and regulations

Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA)

Expenditure was incurred in contravention of or not in accordance with applicable legislation resulting in irregular expenditure

32. Expenditure was not incurred in accordance with the requirements of the supply chain management policy of the municipality, which resulted in irregular expenditure as per the definition of "irregular expenditure" in section 1 of the MFMA.

The municipality did not manage unauthorised, irregular and fruitless and wasteful expenditure as prescribed

33. Unauthorised, irregular and fruitless and wasteful expenditure was not managed as prescribed in section 32 of the MFMA.

Supply Chain Management legislative requirements were not implemented or not adhered to (not resulting in irregular expenditure)

34. Proper record keeping and management was not in place resulting in requested information not being available or supplied with a significant delay, as required by section 62(1)(b).

Working capital was not managed effectively

35. Contrary to section 65(2) the accounting officer of the municipality did not take all reasonable steps to ensure that the municipality's available working capital was managed effectively and economically in terms of the prescribed cash management and investment framework and that the supply chain management was implemented in a way that was fair, equitable, transparent, competitive or cost effective.

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

36. Expenditure was not paid within the required 30 days from the receipt of an invoice, or such a period as prescribed in section 65(2)(e) of the MFMA.



The financial statements were not prepared in accordance with applicable legislation

37. The municipality did not prepare financial statements in accordance with section 121(1) of the MFMA which fairly presents the state of affairs of the municipality, as corrections of material misstatements were made to the annual financial statements submitted for audit on 31 August 2010.

A summary of investments was not disclosed

38. A summary of investments was not disclosed in the financial statements as required by section 125(2) (b).

Annual report not tabled within 7 months after year end

39. Contrary to the requirements of MFMA section 127(2), the mayor did not table the 2008/2009 annual report to the municipal council within 7 months after year end.

Annual report not submitted to provincial legislature on time

40. Contrary to the requirements of MFMA section 132(1) and (2) the 2008/2009 annual report of the municipality, together with the oversight reports on the annual report was not submitted to the provincial legislature within 7 days after adoption of the reports by council.

The internal audit unit was not functioning properly

41. The internal audit unit of the municipality did not fulfil its responsibilities as required by section 165 of the MFMA.

The audit committee was not functioning properly

42. The audit committee did not perform their functions and discharged their mandate adequately as required by section 166 of the MFMA.

Internal control

43. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with the MFMA and DoRA, but not for the purpose of expressing an opinion on the effectiveness of internal control.

44. The matters reported below are limited to the significant deficiencies regarding the basis for qualified opinion paragraph, the findings on the report on predetermined objectives and the findings on compliance with laws and regulations.

- **Leadership**

The accounting officer does not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.

- **Financial and performance management**

The municipality does not have competent individuals who understand the financial reporting framework and performance management requirements. Pertinent information is not identified and captured in a format and time frame to support financial and performance reporting. The financial statements were subject to material amendments resulting from the audit. The financial statements and other information to be included in the annual report are not reviewed for completeness and accuracy prior to submission for audit.

- **Governance**

The municipality does not identify risks relating to the achievement of financial and performance reporting objectives. The audit committee and internal audit did not fulfil their responsibilities as set out in legislation and in accordance with accepted best practice.



Auditor General

Potchefstroom

30 November 2010



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence



4.1 AUDITED FINANCIAL STATEMENTS



CHAPTER 5: FUNCTIONAL AREA SERVICE DELIVERY REPORTING

5.1 OFFICE OF THE MUNICIPAL MANAGER

The office of the Municipal Manager is the executive authority in terms of administration of the Lekwa Teemane Local Municipality, this office strives to direct and ensure legislative compliance, compliance with council, municipality and with National and Provincial Directives.

EFFECTIVE STRUCTURE OF OFFICE OF THE MUNICIPAL MANAGER

The office of the Municipal Manager operates with the following sub-units

- Performance Management System (PMS)
- Integrated Development Planning (IDP)

The office of the Municipal Manager consists of 04 employees.

DESCRIPTION OF THE ACTIVITY

- Performance Management System (PMS): Continuously monitors, measure, and review performance of the municipality in terms of indicators and targets for efficiency, effectiveness and impact.
- Integrated Development Planning (IDP): Coordinate municipal strategic planning; provide an acceptable level of services to all groups by meeting the service delivery mandates and improving the quality of life of our people.

KEY ISSUES FOR 2010/11

- The alignment of municipal Performance Management System with IDP and Budget.
- IDP document with measurable objectives, strategic objectives and clear time frames
- Evaluation of section 57 Managers
- Cascade PMS to lower level of staff

ANALYSIS OF THE FUNCTION: REFER TO CHAPTER 2

5.2 DIRECTORATE: FINANCE

The department of finance is responsible for all aspects of accounting, reporting, supply chain management, payroll, revenue and billing management, budgeting and treasury, valuation and financial administration of the municipality, the supervision of the implementation of the municipality financial and controls policies, directives and procedures and the initiation of the financial plans within the guidelines of municipality policies.

EFFECTIVE STRUCTURE OF FINANCE DIRECTORATE

This office operates with the following Sub-units:

- Manager Finance
- Chief Accountant Revenue and Billing Unit
- Chief Accountant Credit Controls and Debt Collection Unit
- Chief Accountant Budget Treasury Unit
- Chief Accountant Asset and Risk
- Chief Accountant Supply Chain Unit
- Chief Accountant Financial and System Management Unit

The office of the Finance Directorate operates with employees.

STRATEGIC OBJECTIVES OF THE DIRECTORATE

- To provide accurate external and internal reporting in accordance with statutory requirements.



- To ensure that there is effective internal control of Council's financial and management systems.
- To ensure financial viability based on generating income from available legitimate sources.
- To apply financial policies which maintain or enhance the value of Council's asset base.
- To strive for excellence in management of Council's human resources.
- To provide financial support and guidance to all other directorates within the municipality
- To implement an effective system of supply chain management.
- To implement an effective system of budgeting and in year reporting and budget reforms.
- To establish a functional SCM unit.
- To establish a functional BTO unit.
- To establish a functional valuation unit.
- Manage revenue and billing section.
- Capacity building.
- Credit control and debt collection management
- To provide of leadership, management, support and guidance to the staff.
- The maintenance of internal financial control.
- To implement and manage performance management system within the department.
- To oversee of implement and correction of audit queries from Auditor-General

KEY ISSUES FOR 2010/11

- Upgrade consumer database
- Development of Risk Framework Strategy
- Upgrading financial operating system'
- Revenue enhancement strategy implementation
- Improve management of information

ANALYSIS OF THE FUNCTION: REFER TO CHAPTER 2

5.3 CORPORATE SERVICES DIRECTORATE

The Directorate of Corporate Services is responsible for providing strategic corporate service support to all role players in the municipality (the public, Councilors and all departments and structures of the municipality).

This department strives to enhance strong municipal governance through functional political and administrative structures.

EFFECTIVE STRUCTURE OF CORPORATE SERVICES DIRECTORATE

This office operates with the following Sub-Units:

- Human Resource Management and Administrative Support;
- Development of Policies and Legal Services
- Information Communication Technology and Public Participation;
- Ensure full compliance with labour legislation and collective agreements.

The Directorate has 13 office based employees and 19 other employees (drivers and cleaners). The total number is 32 in terms of the approved organizational structure.

STRATEGIC OBJECTIVES OF THE DIRECTORATE

- Provide the necessary strategic support for the implementation of the SDBIP (including the MTAS);



- Enhance Corporate image;
- Encourage and ensure public participation;
- Provision of an effective and efficient administrative support service to the municipality with regard to all correspondence, consumer/customer enquiries, telephone services, printing, messenger services and management of all records and archives system;
- Provision of an effective and integrated secretariat support to the Council, all its sub-committees to ensure smooth running of the meetings and record keeping;
- Co-ordinate the capacity building of the municipal workforce through skills development and best practices;
- To create a work culture that will make Lekwa-Teemane Local Municipality a preferred employer;
- To ensure that there is a sound industrial relationship between the employer and the employee;
- To create a safe working environment for all employees;
- And to encourage career growth and personal development of employees.

KEY ISSUES FOR 2010/11

- Implementation and achieving the SDBIP and MTAS key performance areas;
- Ensure cascading of PMS to lower staff
- Ensure skills development in terms of the approved WSP;
- Ensure functionality of LLF and better employer-employee relations in a safe environment;
- Setting up structures for public participation/participatory democracy;

ANALYSIS OF THE FUNCTION: REFER TO CHAPTER 2

5.4 COMMUNITY SERVICES DIRECTORATE

To Render Quality Community Services to the Lekwa Teemane Residents and the Surrounding Farming Communities.

EFFECTIVE STRUCTURE OF COMMUNITY SERVICES DIRECTORATE

The office comprise of the following Sub- Directorates

- Housing
- LED
- Traffic Services
- Refuse Removal/Parks
- Fire Services

This office has a following staff component:-

- Housing- 1
- LED-1
- Traffic Services – 12
- General Workers
- Fire Services -0

2. STRATEGIC OBJECTIVES OF THE DIRECTORATE



- Understanding and responding to consumer dynamics with regard to Health Services, Community Services, Safety and Security, Housing, Parks and Recreation and Local Economic Development.
- Render effective fire/disaster services
- Provide Management of traffic Services.
- Provide Library Services to the community.

KEY ISSUES 2009/10

- Provision of New Cemeteries
- Extend Refuse removal to EXT4&5 in both towns
- Drafting & Adoption of LUMS/SDF
- Registration of Cooperatives into our database
- Facilitate access to libraries

5.5 OFFICE OF THE TECHNICAL DIRECTOR

The Office of the Technical Director deals primarily with the delivery of essential services such as water and electricity provision as well as sanitation and roads. This is being executed in terms of the norms and standards set.

EFFECTIVE STRUCTURE OF THE TECHNICAL DIRECTOR

The office of the Technical Director operates with the following sections:

- Public works
- Water and sanitation
- Electro Mechanical

The approved organizational structure makes provision for the three managers of which only one is currently filled. Two of these positions are vacant.

The approved organizational structure makes provision for 87 employees but at this stage only 63 positions are filled.

STRATEGIC OBJECTIVES

- Provision of electricity
- Facilitation of electricity
- Sustain electricity supply
- Facilitation of sanitation
- Facilitation of water supply
- Maintenance of raw water channels
- Upgrading of internal roads
- Facilitate upgrading of purification plants
- Maintenance of streetlights
- Installation of high mast lights
- Facilitate upgrading of water and electricity networks as well as new connections
- Management and monitoring of water quality
- Operation and maintenance of infrastructure

Financial

- Free basic service delivery
- Revenue protection



ANALYSIS OF THE FUNCTION: REFER TO CHAPTER 2

5.6: PERFORMANCE AUDIT COMMITTEE

5.6.1 Introduction

In terms of Local government: Municipal Planning and Performance Regulations, 2001 paragraph 14(4)(a)(iii), A performance audit committee must at least sit twice during a financial year and submit Audit report to the municipal council concerned.

Activities of the committee for the financial year under review

MEETINGS	ADVICE TO MANAGEMENT % COUNCIL	MAIN ACTIVITIES	PERFORMANCE MANAGEMENT
25 August 2009	Adoption of Internal Audit Annual Plan		PMS in place in the Municipality No performance audit committee in place
14 December 2009	Tabling of Internal Audit Human Resource Report		

5.6.2 Conclusion

The committee was not that active and effective because role clarification was not done between the two Municipalities.