



BUSHBUCKRIDGE LOCAL MUNICIPALITY

This Annual Report was produced from the Office of the Municipal Manager. It reviews all performance related activities in accordance with the requirements of the Local Government: Municipal Systems Act, 2000(Act No. 32 of 2000) for the period 1 July 2011 to 30 June 2012. Information contained in this publication was provided by the various departments.
Every effort was made to ensure that facts are correct.

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I. LIST OF ABBREVIATIONS AND DEFINITIONS

II. ABBREVIATION

ABBREVIATION	DEFINITION
LED	Local Economic Development
BLM	Bushbuckridge Local Municipality

ABBREVIATION	DEFINITION
ICT	Information And Communication Technology
IDP	Integrated Development Plan
KPI	Key Performance Indicator
PMS	Performance Management System
PMU	Project Management Unit
MFMA	Municipal Finance Management Act
MSA	Municipal System Act
KPA	Key Performance Area
BPMS	Bushbuckridge Performance Management System
MPI	Municipal Priority Issue
NKPI	National Key Performance Indicator
PAA	Previously Advantaged Area
PDA	Previously Disadvantaged Area
RED	Regional Electricity Distributor
SMMEs	Small, Medium And Micro Enterprises
BPMS	Bushbuckridge Performance Management System
VIP	Ventilated Approved Pit Latrine
SDF	Spatial Development Framework
SDBIP	Service Delivery Budget Implementation Plan
WSP	Workplace Skill Plan
DCGTA	Department Of Corporative Governance And Traditional Affairs
AGSA	Auditor General South Africa
CDWs	Community Development Workers
DBSA	Development Bank Of Southern Africa
DLG	Mpumalanga Department Of Local Government
DM	District Municipality
DWAF	Department Of Water Affairs And Forestry
EE	Employment Equity
IGR	Inter Governmental Relations
ISF	Integrated Spatial Framework
ITP	Integrated Transport Plan
LM	Local Municipality
LUMS	Land Use Management Systems
MEC	Member Of The Executive Council
MIG	Municipal Infrastructure Grant
MPRA	Municipal Property Rates Act
NSDP	National Spatial Development Perspective
PCC	Presidential Coordination Council
PCF	Premiers Coordinating Forum
PGDS	Provincial Growth And Development Strategy
RSC	Regional Service Council
SALGA	South Africa Local Government Association
Section 46 Report	Report Required In Terms Of Section 46 Of The MSA

ABBREVIATION	DEFINITION
Section 121 Report	Report Required In Terms Of Section 121 Of The MFMA

III. DEFINITIONS

ABBREVIATION	DEFINITION
Key Performance Areas (KPA's):	KPA's are clear statements of intent which guide the development of the programs and projects making up the IDP. Example: To service 1000 low-cost housing project sites with basic levels of sanitation within ten years
Key Performance Indicator (KPIs):	KPIs are derived from KPA/objective statements. It is an expression of what is going to be measured and how the measurement is going to be done with a view to establish to what degree the KPA/objective has been reached Example: Accumulative number of low-cost residential stands provided with basic levels of sanitation
Baseline	The baseline explains the status quo or the current situation. Example: 5000 low-cost residential stands provided with basic levels of sanitation
Target	The target expresses the commitment towards performance. Example: 20000 low-cost residential stands provided with basic levels of sanitation by the end of the year. In this example the baseline at the beginning of the year was 10000 low-cost residential stands provided with basic levels of sanitation.
Inputs / Activities	Activities that an employee is expected to do in order to produce a KPI.
Weighting	Percentage value of a KPA in relation to other KPA's.
Source Document	A document from which the evidence that the KPA has been performed or not.
Performance Contract	The document that records the agreements between the employee and the manager on what is expected from the employee in terms of performance for the performance cycle. This also records the employee's development plan.
Performance Review	The process where the performance of the employee is measured by checking the variance between the actual and the expected performance. This is also where their progress in terms of both the performance and development is measured.
Performance Assessment	This is a 1 to 5 numeric value scale used to assess the degree to which targets have been achieved.

I. INTRODUCTION

This report is the 6th Annual report of Bushbuckridge local municipality. The municipality was established in terms of Local Government to serve the interest of the people of South Africa in Bushbuckridge Area.

The Municipality has a number of challenges which form part of the priorities in the medium –term and certainly the Long Term Development Strategy. These are high poverty levels, Crime, Unemployment, Back log of service delivery, Skills shortage, High illiteracy, rural nature, HIV/AIDS epidemics and more certainly the lack of adequate access to basic services (health and education).

As the Municipality we have adopted a holistic approach in addressing the inter- related socio – economic factors that can contribute to the quality of life for all the people living in the Bushbuckridge Local Municipality.

II. EXECUTIVE MAYOR'S FOREWORD

The Municipality has experienced both highlights and lowlights in terms of meeting our community's expectation and demand of service delivery entitlement and the introduction of incorporate municipal planning.

The Municipality has managed to appoint a Municipal Manger toward the end of the financial year in question 2011/12. It has been a long expectation by both administrators and politicians as for the past financial year the municipality's administrations were managed by the Acting Municipal Managers. It is now a relive that the accounting officer Mr D L Shabangu has been appointed to execute the responsibility of the Municipal Manager and ensures accountability in all administration affairs of the municipality.

The Municipality is improving on job creation through EPWP and LED Programmes, however due to the nature of our programmes all job created were on temporary basis.

In presenting this Annual Performance Report for 2011/2012, I trust that it will be acknowledged without prejudice and will share critical information as to how best as the municipality have transformed and prepared the institution to ensure that service delivery as the key focus to meet our community needs are sheltered within the municipal vision and mission.

During the financial year the municipality have experience cash flow problems which resulted on most of the projects funded by equitable share to be put on hold. Financial constrains has been an obstruction on the process of Implementing SDBIP 2011/2012. We are therefore looking forward to have all projects implemented in the upcoming financial year 2012/13.

Councillor: R Khumalo Executive Mayor

III. STATEMENT BY THE MUNICIPAL MANAGER

I would like to thank the municipal council and management team for all the support offered to me when I join Bushbuckridge Local Municipality right at the end of the financial year 2011/12. It is great privilege for me to present the Annual report and highlight all the efforts of the Acting municipal Manager Mr Mnisi A who has been carrying the Municipality without rest.

The challenges facing the Municipality are therefore to improve on the audit status so that we are able to realise the 2014 goal of having clean audit. To realise the above there is a need for more emphasis and implementation of the AGSA's recommendations.

During 2011/2012 financial year the municipality was allocated an amount of R235 million for implementing the MIG projects, most of the projects implemented were multiyear projects. Completed projects are reflected on the attached annual performance report 2011/12

The projects implemented are identified by the community during the implementation of the IDP public participation and also form part of the Water Master Plan and part of the Inyaka Bulk Distribution network.

The Municipality has provided financial support to 15 Students to further their Educational qualifications using community bursary.

The Annual Report highlights the policies programmes and achievements that brought the Municipality to point which we can proudly proclaim with confidence that today is better than yesterday and tomorrow looks much brighter than today.

D L Shabangu : Municipal Manager

IV. STATEMENT BY CHAIRPERSON OF AUDIT COMMITTEE

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Committee is pleased that the Auditor-General has audited the Annual Financial Statements of the Municipality for the year ended 30 June 2012. These financial statements are prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa (Act 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa (Act 1 of 2010) (DORA).

The Committee draws attention to the “emphasis of matters” and other paragraphs contained in the Auditor-General’s report.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Committee has considered the work performed by Internal Audit on a quarterly basis and has reviewed the Annual Report on Internal Controls for the year ended 30 June 2011.

An audit opinion of “Major Improvement Needed” was expressed based on the results of the various audit engagements completed during the year under review. The Committee of Sponsoring Organizations of the Tread way Commission (COSO) Internal Control Framework was used as the reporting framework against which the audit results were applied, to form an opinion on each of the COSO components, namely the control environment, risk assessment, control activities, information and communication, and monitoring.

The majority of audit findings reported to the Committee related to the Control Activities and Monitoring components of the COSO framework. The results of audits performed indicated either a lack of documented policies and procedures, inadequacy of existing policies, and policies being poorly understood, therefore not properly implemented.

In relation to the aspect of Monitoring, the audits identified weaknesses in the following areas:

- management and supervisory checks pertaining to compliance with legislation, regulations, policies and procedures;
- the design and implementation of adequate controls; and
- ensuring that implemented controls operate effectively.

Significant management intervention is required to effect improvement in these areas.

The Committee wishes to draw attention to the following aspects flowing from the Annual Report on Internal Controls:

INFORMATION SYSTEMS

The Committee noted that the Municipality's IT Governance Framework does not define roles and responsibilities of the different governance structure elements.

At a Municipality department level, business and IT management have not yet defined a list of services delivered by the Municipality and the IT components that are critical to ensure that the Municipality achieves its operational goals.

RESOLVING INTERNAL CONTROL FINDINGS

We noted that not much improvement has been made in relation to audit findings previously raised by Internal Audit.

COMBINED ASSURANCE FRAMEWORK

Regular engagements occurred between assurance providers to give effect to the Combined Assurance Framework. However, these engagements continue to be developed and refined to become more effective.

IN YEAR REPORTING

There is a need for substantial improvement on monthly and quarterly management reports.

PERFORMANCE MEASUREMENT

Quarterly reports on performance were submitted by Internal Audit which was brought to the Committee's attention. We noted a challenge in terms of timeliness of performance reports which is an area of improvement.

The Committee's review of the Municipality's Performance Management System highlighted a lack of conformance with the SMART criteria as defined by the Framework for Managing Programme

Performance Information in respect of performance targets as well as a lack of reliable evidence to support performance information reported.

The Committee recommended that management addresses the deficiencies in the performance information process as highlighted by Internal Audit and the Auditor-General.

RISK MANAGEMENT

The Municipality has made a great step to introduce the Risk Management unit which was initiated by the appointment of the Risk Manager. The Risk Management Committee is yet to be established.

Further initiatives are required to ensure further embedding of risk management in the Municipality's processes. This would include developing clear guidelines and documented procedures to incorporate risk management into the Municipality's strategic planning processes and the development of performance measurements on an operational level to promote the integration of risk management into the day-to-day operations of the municipality.

GOVERNANCE

Council should adopt the corporate governance principles of the King Code and King III report. Efforts should be geared to achieve alignment with this Code in the area of ethics management.

CONCLUSION

The Committee is pleased with the progress made by the Municipality in improving overall governance, internal control, risk management and performance management.

The Committee concurs and accepts the conclusions of both Internal Audit and the Auditor-General. The Committee is of the opinion that the audited Annual Financial Statements should be accepted and read together with the Report of the Auditor-General.

The Committee fully supports the Municipality in its vision, as embodied in the IDP and in its journey of improved service delivery to the residents of Municipality.

A Mawela: Audit committee Chairperson

IV. LEGISLATIVE OVERVIEW

Section 46 of the Municipal Systems Act requires a municipality to prepare for each financial year

a performance report reflecting–

- The performance of the municipality and of each external service provider during that financial year;
- A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
- Measures taken to improve performance”.

In addition, the Municipal Finance Management Act requires that the municipality’s annual report must include the Annual Performance Report

Whilst this Consolidated Municipal Annual Performance Report for 2011/2012 provides insight into the performance of municipality and presents comparisons against set targets, the information provided by municipalities and key components within the DLG was not independently audited or verified.

Bushbuckridge Local Municipality in accordance with the Municipal Systems Act (Section 46) and the Municipal Finance Management Act (Section 88) presents this report on the performance of the municipality to ensure compliance and accurate reporting of the overall municipal performance against set performance standard. This report provides effect to the provisions of the Municipal Systems Act and to other legislative requirements that are described in the Bushbuckridge Performance Management Policy Framework.

This annual report on performance results, specifically in terms of the Key Performance Indicators (KPIs), and on interventions to improve performance must be shared and approved by the Municipality’s Council, and the content of the report be made available to key stakeholders, such as:

- The community (by means of an address by the Executive Mayor at a public meeting at which the community is given the opportunity to direct questions to the Executive Mayor);
- The Auditor-General of South Africa
- The Provincial Government;

SECTION 1

1. OVERVIEW BY PERFORMANCE MANAGEMENT SYSTEM UNIT

1.1 THE PERFORMANCE MANAGEMENT PROCESS

Policy and framework	Performance management committee	PMS		Annual Performance Report			
		S57 appointees	All Staff	Performance agreements signed	Comparisons previous F/Y	Service delivery priority	Performance targets
√	√	√	√	√	√	√	√

A template was designed based on Balance Scorecard principles and best practice. These templates set out the institutional scorecard. Once these had been developed the departmental and individual scorecards were then developed and cascaded accordingly.

1.2 LESSONS LEARNT

Reporting requires that the priorities of the organisation, its performance objectives, indicators, targets, measurements and analysis, are taken and presented in a simple and accessible format, relevant and useful to the specified target groups for review. While it is important that the reporting formats are relevant, useful and cater for the reader's need in reviewing performance, the existence of too many reporting formats can become both confusing and burdensome to the organisation. The ideal situation is the existence of one reporting format that contains the necessary information for all users, yet remains simple and accessible to all users.

1.3 SUGGESTED IMPROVEMENTS

It is a legislative requirement that all stakeholders of the Municipality get involved in the performance management of the Municipality. Accordingly building capacity of these stakeholders to participate meaningfully in the performance management processes is imperative.

It is therefore suggested that the public should be informed in their own preferred languages on the performance status of the municipality.

1.4 CONCLUSION

Looking at the recommendation of Auditor General in terms of performance information, it has been concluded that the thorough review of performance report should be conducted on the quarterly basis.

All directors are to be engaged on the capacity building programme in terms of performance reporting in the next financial year.

SECTION 2

2. BACKGROUND OF BUSHBUCKRIDGE LOCAL MUNICIPALITY

2.1. INTRODUCTION

The Bushbuckridge Local Municipality is a category B municipality that forms part of the five Local Municipalities of Ehlanzeni District Municipalities. The Municipality accounts for 34% of the total population of the Ehlanzeni District Municipality and it is renowned for its agricultural and tourism attraction and it was declared a presidential nodal point by the president of the Republic of South Africa in 2001, it is located in the north-eastern part of the Mpumalanga Province and is bounded by Kruger National park in the east, Mbombela Local Municipality in the South and Thaba Chweu local Municipality and it covers approximately over 1 million , after the recent Municipal Demarcation Board has expanded the locality by including part of the Kruger National Park. Currently the municipality consist of 37 wards.

Vision

The Municipality strive for developmental and prosperous life for all.

Mission

Through accountability, transparency and responsible governance, the municipality commits itself to provide affordable and sustainable services by enhancing community participation

Values

The core values of the Municipality are Accountability, Transparency, and Responsible Governance and Efficient service delivery principles of Batho Pele.

2.2. SOCIO-DEMOGRAPHIC PROFILE

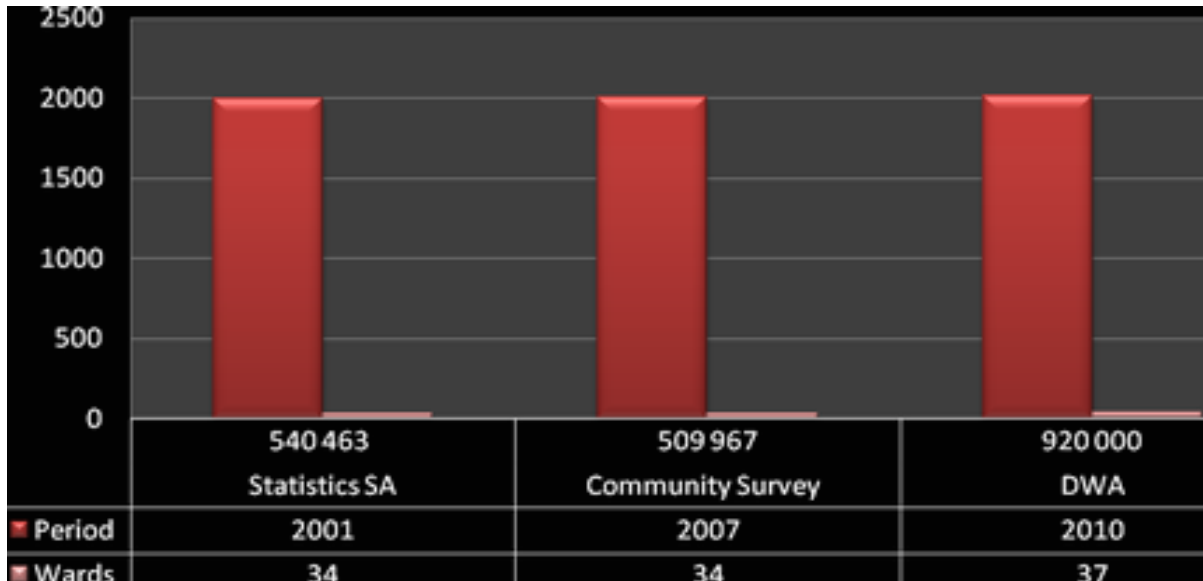
The information contained in this section is to provide a good understanding of the key social, economical, physical and environmental features of the municipal area and their impact on spatial and sustainable development.

The precise Bushbuckridge Population statistical information remains a challenge; information in this report rely on the information provided by “Statistics South Africa”

2.2.1. SOCIAL DEVELOPMENT**2.2.1.1. POPULATION SUMMARY**

The presented population summary reflects that the number of casualty the municipality has been faced within. Statistic SA has indicated that the population by 2001 was at 540 463 and the community survey conducted in 2007 reflects the population of 509 967 meaning that the casualty experienced within the period of six years is 30 496.

The Population summary done by Department of water affairs on water master plan is 920 000. Therefore the municipality population has grown by 410033 citizens within the period of 3 years.



Conclusion

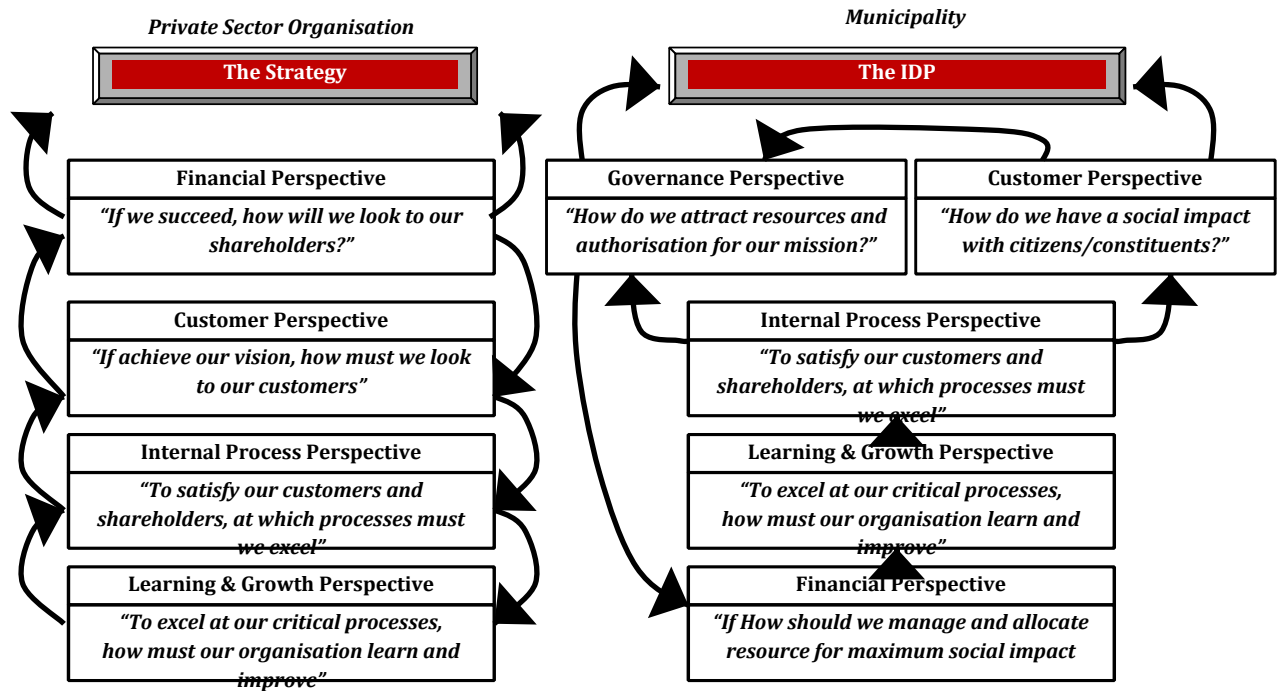
The municipality has conducted community development awareness programmes to reduce the HIV rates which have been dominating on the reduction of citizens in the past three financial years.

It is believed that the awaited statistics SA on current population statistic for Bushbuckridge will reflect controllable number of deaths experience during the past three financial years.

SECTION 3

This section is meant to bring balance between organisation performances against the adopted IDP. The process followed during the financial year has been none but balance Scorecard Mode. It has been anticipated that the use of this model will be improving the monitoring and evaluation process and assist the municipality the achieved its goals and Objectives

3.1. BALANCE SCORECARD MODEL



3.2. METHODOLOGY

The assimilation of measurement data was done in accordance with the following requirements:

- Measurement of performance in the **2010/2011** Financial year against performance in the **2011/2012** Financial year and planning for performance in the **2012/2013** Financial year
- Measurement of performance against all set KPIs
- Measurement of all budget items reflected in the IDP document
- Identification of municipal KPA's
- Identification of KPIs for each of the KPA's, calculation of the baseline information of each and the linking up of each to the planned performance targets and the approved/adjusted capital budget
- Calculation of the target reached and any deviation in respect of performance

All the projects that are reflected in the IDP document were linked up to the KPA of primary impact and the departmental KPA. In instances where appropriate departmental KPA's were not available, departments were assisted in creating them. The groupings of projects that link up to a departmental KPA were analysed in terms of the 1-5 rating scale.

The objectives were measured in terms of two output indicators, where possible, and the input indicator. The first output indicator measures, for example, the percentage of the backlog being addressed over a period of more than one year and the second the percentage of the project executed. The analyses set out in the reflect four broad groupings of measurements:

- The shortfall in the addressing of a backlog or the attaining of a standard over a period of more than one year
- The two output indicators played off against each other, where possible a summarised (rolled-up) analysis of all the projects related to Municipal Strategy KPA
- The percentage of the budget spent during the 2010/11 financial year

3.3. CONSTRAINTS EXPERIENCED

The compilation of this report was hampered by the following interventions, which ran concurrently with the report's compilation and which were given top priority:

3.4. DEVELOPMENT OF BLM STRATEGY KPA'S FOR THE 2012/13

During the initial design of the IDP, the municipal priority issues were not converted through a strategic process into the municipality Strategy KPA's. This meant that they could not be cascaded and be converted to departmental/divisional KPA's that could subsequently be linked up to capital projects. The gap was over passed through the engagement of all directors and presentation of BPMS to councillors to finalise the Municipal Scorecard.

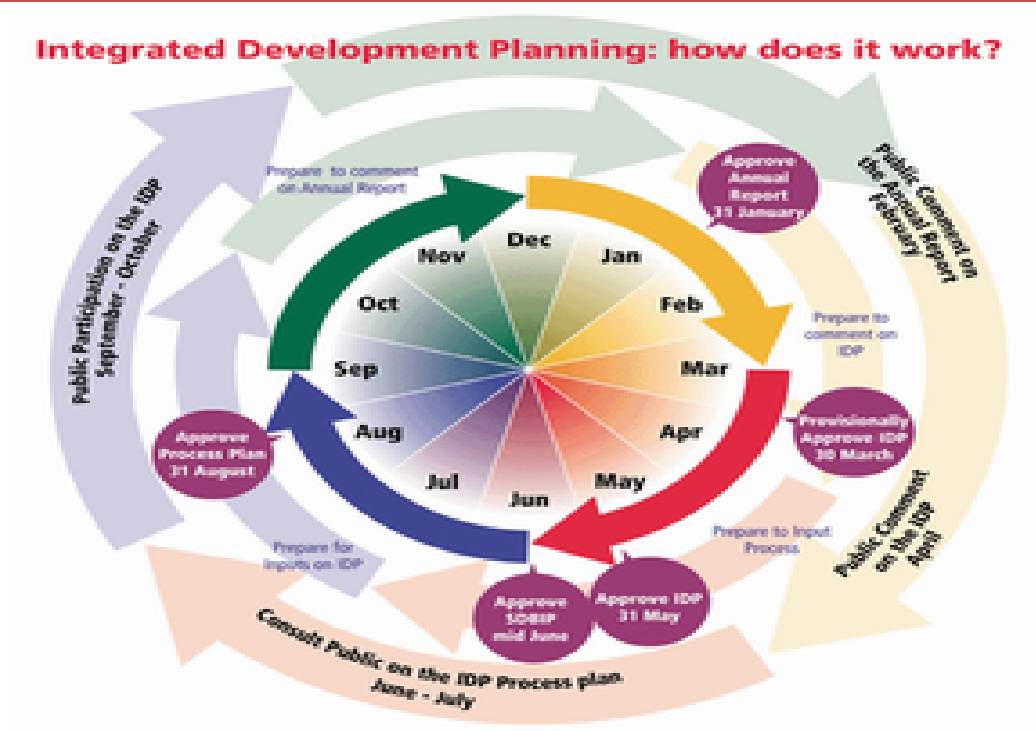
3.4.1.1. PERFORMANCE MANAGEMENT PROCESS

3.4.2. THE IDP PROCESS

The figure below highlights the IDP 2011/12 process adopted by the municipality, however it should be noted that the following challenges were experienced in the IDP:

- Project costing and budgeting
- Non-alignment between IDP and Budget due to cash flow problems

Figure: IDP Process



3.4.3. IDP PERFORMANCE REPORT MATRIX

The Integrated development planning process during 2011/2012:

IDP PERFORMANCE STATEMENT	YES	NO	REMARKS
IDP approved by Council and implemented	√		Adoption date 05 May 2011
Approved IDP seen as the single, inclusive and strategic plan for the municipality	√		
IDP prepared within set time-frames Is the approved IDP seen as the single, inclusive and strategic plan for the municipality	√		
IDP include All core components (MSA)	√		

3.4.4. IDP AND ACHIEVEMENT

The municipal IDP has met all required target of COGTA on municipal IDP and it has been rated credible during the financial year 2011/2012

During the planning process all wards were represented by the Ward Committees, Councillors, CDWs and Sector departmental representatives. All needs were prioritized by the Steering Committee and projects were formulated out of the needs. The project's costs estimate was done by the Technicians under Project Management Unit.

The draft IDP Document has been compiled and submitted for council approval and it was then submitted to the MEC of Cooperative Governance and Traditional Affairs for comments.

SECTION 4

4. INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

4.1. INTRODUCTION

The Municipality has performed reasonably well in delivering basic services to its people. MIG expenditure has increased, although the Municipality is still experiencing slow progress.

Performance Analysis reflects that Municipality managed to carry out its mandate by ensuring that the Infrastructure Projects under its directorate as well as operation and maintenance programmes as guided by the IDP were implemented.

This section of the report addresses some of the progress made as well as the challenges experienced and interventions taken by the various spheres of government

The section of this report present the overall performance of the municipality across all the service delivery lines offered by the municipality in terms of the Key Performance Areas as discussed in the previous section:

- Municipal Transformation and Organizational Development
- Infrastructure Development and Delivery
- Local Economic Development (LED)
- Municipal Financial Viability and Management
- Good Governance and Public Participation
- Supply Chain Management

The assimilation of Performance Measurement data was done in accordance with the outlined methodology as discusses in Section 3 (*Methodology: 3.4*) All the projects that are reflected in the IDP document were linked up to the KPA of primary impact and the departmental KPA. In instances where appropriate departmental KPA's were not available, departments were assisted in creating them

These sections of the report present detailed information of all the services provided by the municipality. The focus is primarily on the extent of service delivery for key functions like

- Electricity, Water, Sanitation and Health

4.2. RENDERING OF FREE BASIC SERVICES

4.2.1. FREE BASIC ELECTRICITY

As part of implementing government policies, **2011/2012** the municipality has provided free basic electricity to 43000 households. The municipality is paying Eskom on monthly basis according to the number of people who purchase electricity. It has been noted that only 43 000 households within the Jurisdiction of Bushbuckridge Local Municipality are getting electricity from Eskom

4.2.2. FREE BASIC REFUSE

Free Basic Refuse is also provided to our rural areas which in the past were not having access to these types of services. The plan to provide free basic refuse to the rural areas was hampered due to insufficient

equipment and budget constraints. The Municipality could not distribute refuse bin to households in rural areas as planned, however in main areas such as Taxi ranks, shopping complex we have made provision of **15** skip rubbish bins.

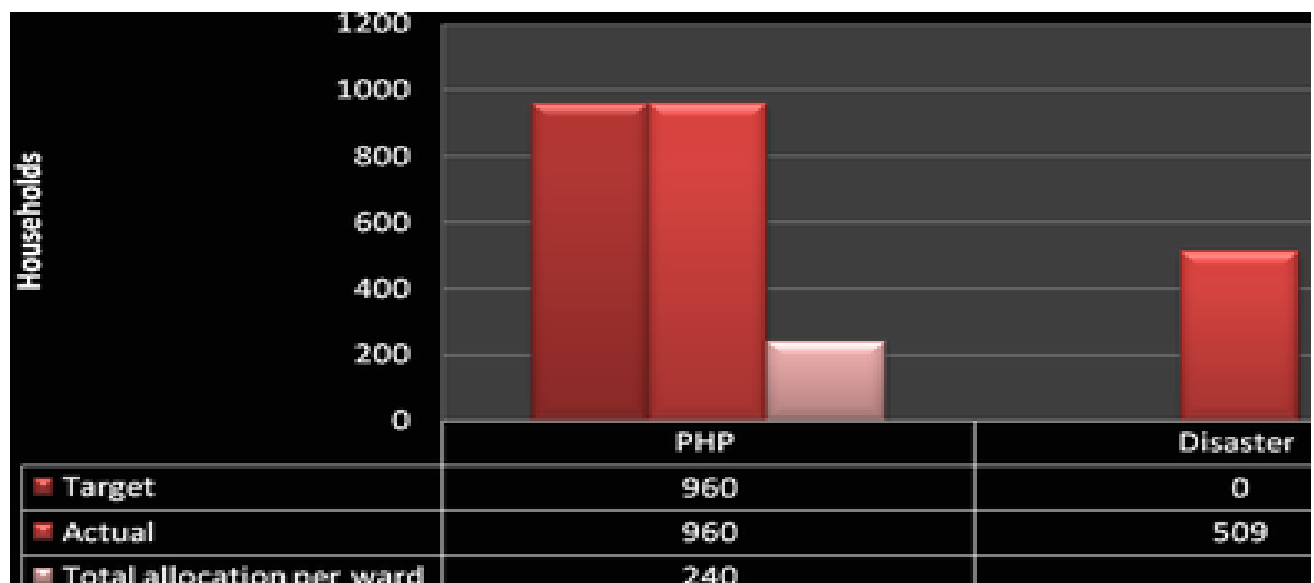
4.2.3. CHALLENGES ON SERVICE DELIVERY

- Late appointment or none appointment of services providers, most of the projects implementation were delayed.
- Most of services delivery projects are put on hold due to financial constraints.
- Lack of equipment
- Lack of skilled Maintenance Team transportation
- Lack of Plants such as Dipper trucks, Grader and Roller for street cleaning
- None payment of services due to high unemployment rate

4.2.3.1. HOUSING PROJECTS

The Municipality has been responsible to coordinate and facilitate the distribution of houses to the community, the Provincial Department of Local Government and Housing's main focus during the financial year were to ensure that all PHP are completed. The total numbers of PHP houses are 960 which have been allocated to the following wards 30, 33, 34 and ward 36.

Graph below highlight housing project implemented within the financial year 2011/2012



4.2.3.2. ROADS/STREETS AND CONSTRUCTION OF BRIDGES

The Municipality planned to construct 13 roads and all roads were put on hold due to financial constraints. Construction of bridges the target was 2 and 2 bridges achieved. (More information on the Annual performance report).

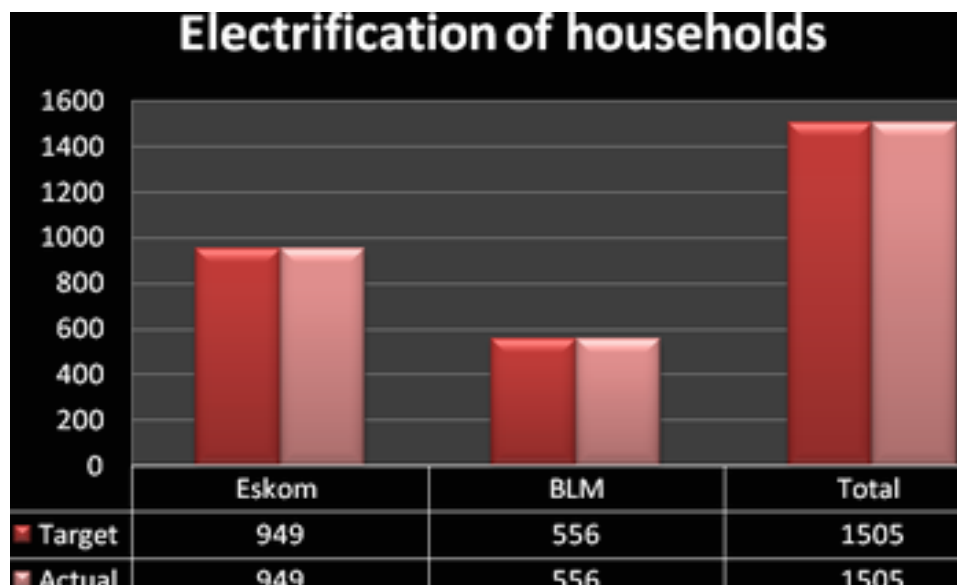
4.2.3.3. PROVISION OF PUBLIC ELECTRICITY

The municipality planned to construct 20 high mast lights and the project was put on hold due to financial constraints.

4.2.3.4. ELECTRIFICATION OF HOUSEHOLDS

Eskom planned 949 whereby the municipality was coordination and monitoring the progress on Eskom household's electrification. And the municipality planned 556 and both projects are fully completed. The Annual performance reports provide more information on the said projects

The table below reflect the electrification of households:



4.2.3.5. PROVISION OF CEMETERY

The Municipality is actively involved in the maintenance and provision of cemetery only in R293 towns and the rural areas were still under maintenance of tribal authorities.

Town	Rural areas
R293	Under the service of Tribal Authorities

4.2.3.6. PUBLIC AMENITIES

This service has been facilitated from Municipal Works Directorate specifically in providing maintenance plans for Municipal assets (Public Amenities) to the Regions, in consultation with Community Services Directorate with regard to budget. The Municipality has provided possible maintenance in all Sports and Recreation Facilities, the community is utilising the facilities and obtaining access from Community services directorate.

4.3. ACCESS TO WATER

The plan with regard to Water Service was to ensure the provision of clean water and provision of Sanitation services to the Communities. Its primary functions are quality water management, Operations and Maintenance, Infrastructure development, Water provision. .

The Municipality planned to complete 52 Water Projects consisting of Bulk water and Reticulation projects, only 14 Projects were completed during the financial year. And to improve the Blue drop status by 60%, the plan was not achieved due to insufficient staff to deal with this project.

4.3.1. SANITATION

The Sanitation projects target to provide VIP toilets to 5580 households and 3183 achieved during the financial.

MIG ANNUAL EVALUATION REPORT FOR FINANCIAL YEAR 2011/12

4.3.2. EXECUTIVE SUMMARY

4.4. OVERVIEW

- During 2011/2012 Financial Year Bushbuckridge Local Municipality was allocated an amount of R 235, 83 million for implementing MIG Projects. Most of the projects implemented are multiyear projects.
- The projects implemented are identified by council and also form part of the Water Master Plan to be part of the Inyaka Bulk distribution network. The scheme is aimed at addressing the water backlogs within Bushbuckridge Municipality area.

- Other most important identified was the extension of Hoxani Water Treatment Works (module 4 & 5)
- Both schemes when complete they will supply 90% of the 235 settlements within the Municipality
- The complexity of Inyaka Water Scheme (Bulk Water Supply) requires a lot more of technical management and planning hence EVN Consulting Engineers were appointed as Principal Consultant to oversee implementation of the scheme and planning of the remaining works.
- Arcuss Gibb Consulting Engineering were appointment to oversee the extension of Hoxani Treatment Works (module 4 and 5)

4.5. B. MAJOR SOURCES OF DATA & METHODS OF DATA COLLECTION

- IDP (ensuring that all projects are in the IDP)
- WSDP (All water projects comply with the WSDP of the Municipality)
- Budget for 2011/2012 FY (Ensuring that all identified and registered projects are budgeted for)

4.6. C. MAJOR LIMITATIONS OR CONSTRAINT PLACED ON THE EVALUATION

- The Municipality has since 2006 tried to reduce the number of backlogs in water and sanitation as part of its mandate for service delivery to the targeted communities.
- The constration of pipeline from Dwarsloop to Acornhoek has been one of the greatest challenge as it took long to be implemented. This pipeline is a bulk water conveyor to nearly 75% of the community of Bushbuckridge Municipality. The success of the MIG programme as far as addressing water shortage within the areas of Bushbuckridge Local Municipality cannot be fully realized until the above mentioned challenges are given high priority.

4.7. BACKGROUND OF THE GRANT

The table below shows the details of municipality's multi-year consolidated infrastructure investment plan. It also indicates the MIG allocation for past years and the current financial.

The MIG allocation for the Municipality has been prioritized to address the water backlogs. The funds were channelled to implement water projects, due to a higher backlogs and shortages of water within the jurisdiction of Bushbuckridge Local Municipality.

The PMU, with the assistance of other stakeholders identified all water reticulation projects as labour intensive projects under EPWP. These projects have been categorized accordingly in order to attach rates for remuneration appropriately. The department of Public Works provides hands on support to all the identified EPWP projects in terms of assisting with the training of labourers through accredited service providers.

4.8. TABLE 1.1 ALLOCATIONS TO BUSHBUCKRIDGE LOCAL MUNICIPALITY (DoRA)

Allocation category	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12
1 MIG	R92,0M	R98,0M	R137M	R 166 M	R 194 M	R 235 M
2 SMIF	0.0	0.00	0.00	0.00	0.00	0.00
3 PREMIER FUNDING	0.00	0.00	0.00	0.00	0.00	0.00
4 BULK INFRASTRUCTURE	0.00	0.00	R15M	0.00	0.00	0.00
TOTAL MIG	R92,0M	R98,0M	R152M	R 166 M	R 194.M	R 235.M

4.9. ORIGINS OF THE PROGRAMME

- Bushbuckridge Municipality became a water service Authority in July 2006, and it immediately started receiving MIG funds. This was after the dis-establishment of the Bohlabela District Municipality.
- Prior to 2006 Bohlabela District Municipality implemented water projects on behalf of Bushbuckridge Local Municipality.

4.10. PROGRAMME GOALS AND OBJECTIVE

- The programme's goal and objectives was to ensure that the grant will substantiate municipal's budget in order to implement the projects efficiently and effectively.
- As the municipality is one of the rural and nodal point in the country and its revenue base is very low and with a higher backlogs the programme has been intended to assist in addressing the challenges.

4.11.

The Municipality had managed to spend 92% of the allocation for 2011/12 by end of June 2012 and roll-over application has been made. The acceleration plan that the Municipality has planned to spend the balance indicated the expenditure only during July 2012 month which was only 1 month late after the financial year end.

4.12. DISCUSSIONS

Interpretations of findings in the programme:

The Municipality experienced challenges within in the implementation of the programme in the financial year 2011/2012 hence in attempt to rescue the situation service provider was appointed to assist. Since the appointment was made there has been an improvement in the expenditure pattern.

4.13. LIMITATIONS AND WEAKNESSES

One of the major limitations and weakness experienced by the BLM (Bushbuckridge Local Municipality) has been the delays in the procurement processes and late payment of service providers. This resulted in some service providers pulling off sites and causing more delays in completion of the works.

4.14. SERVICE DELIVERY CHALLENGES

The municipality on services delivery has encountered the challenge of service provider pulling out of site due to late payments.

The completion of Acornhoek Main Bulk, it should have been at 100% completion and by the end of the financial year, and it was sitting at 80%.

In addition, there have been sluggish improvements in the expenditure pattern in the financial year 2011/2012.

NUMBER	LIMITATIONS AND CONSTRAINTS
1	Late appointment of service Providers
2	Budget constraints
3	Lack of water source
4	Disbandment of the Project Management Unit
5	Project costing has been underestimated due to lack of professional services providers
6	SANRAL delayed to approve designs
7	Community Stopping projects

4.15. REMEDIAL MEASURES

	MEASURES TO BE TAKEN BASED ON LESSON LEARNT
1	Appointment of Service provider for multiyear project to be done before the commencement of the financial year
3	Perform water management research to determined water source before projects are approved on the municipal IDP
4	To have bulk meter zone implemented in all new water projects
5	Avoiding making short roads and concentrate on one road in the financial year and complete depending on the availability of budget

MEASURES TO BE TAKEN BASED ON LESSON LEARNT	
6	Community capacity building with regards to development of the IDP and the implementation thereof
7	Appointment professional service providers at risk before the commencement of the financial year to address project costing challenges
8	Community awareness on IDP implementation

4.16. CONCLUSION

Service delivery perspective has been hampered previously due to misalignment of IDP and budget. Major improvements have been made during 2011/2012 financial year.

SECTION 5

5 LOCAL ECONOMIC DEVELOPMENT AND PLANNING

4.1 INTRODUCTION

This section of the report set-out to evaluate the performance of municipality in the development and implementation of LED strategies and Implementation of the plan as well as in the development of structures required to meeting the challenges. It also reports on the capacity of municipalities to implement LED in their respective municipalities.

The 5 year local government strategic agenda requires that all provinces conduct LED capacity assessments of all their municipalities. The Municipality successfully conducted both a capacity assessment and status quo report of LED capacity. To this end, the report reveals that the Municipality has an LED Strategy in place and still under implementation beside the challenges and constraints experienced.

The Municipality has a decisive and impenitent role to play in shaping the economic destiny of the municipality which is why Local Economic Development (KPA 3) is one of the five key performance areas in the local government system. There has been recognition that investment can only take place where the potential and competitive advantages of the various local economies are mapped and harness, known

and exploited. Bushbuckridge Local Municipality play a critical role which entails harnessing diverse stakeholders to achieve full benefit realisation of the economic development of the area Development and implementation of LED strategies and plans

4.2 ECONOMIC DEVELOPMENT

Economic development remains amongst the priority areas of the Municipality due to the unacceptable levels of poverty and unemployment in the area. During 2011/2012 financial year significant progress was achieved in the area of economic development.

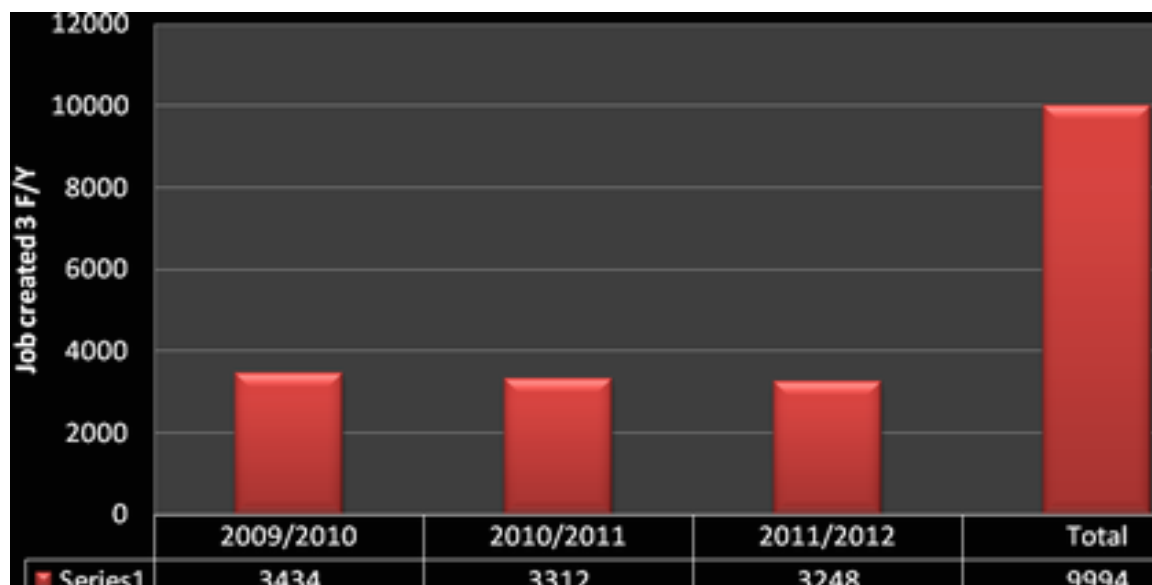
Regulation of Informal Trading > over the previous years there have been a mushrooming of informal trading within the municipal area. Although the sector contributes positively to job creation and poverty alleviation in the area, it is necessary to ensure some support and control for purposes of sustainability. Hence the Municipality identified and prioritized the need to regulate this sector and the Informal Trading Policy was developed in that regard.

4.3 PROGRESS

There has been substantial improvement in the development and implementation of Job creation on LED Strategy. Performance of the directorate during 2011/2012 in terms of Local Economic Development, Planning and Environmental affairs has been reported on the annual performance report 2011/12

4.4 NUMBER OF JOB CREATED THROUGH LED AND INFRASTRUCTURE PROGRAMMES

Job creation is one of the important indicators of LED. The table below reflect the total number of jobs created in three financial years.



4.4.1 STRUCTURE & LOCATION OF LED UNITS WITHIN EACH MUNICIPALITY

The LED National Framework 2006 to 2011 requires that LED must be strategically located within the municipal organogram, as part of the municipal Key Performance Area (institutional development and transformation, financial viability and management, good governance and public participation and municipal service delivery). The current positioning of the LED Unit is in line with the LED National Framework. The table below reflect key functions performed by this unit.

FUNCTIONS	DONE	NOT DONE
Economic research	√	
Conducting feasibility studies	√	
Developing business or project concept papers for identified opportunities	√	
Developing business plans for certain projects	√	
LED planning, implementation and monitoring	√	
Investment and business promotions and summits	√	
SMME support and skills development	√	
Economic sector promotion through summits	√	

4.4.2 PORTFOLIO COMMITTEES AND LED FORUMS

Political leadership is very important in the implementation of LED in municipalities. Section 79 of the Municipal Structures Act allows municipality to establish committees necessary for the effective performance of any of its functions or the exercise of its powers in this regard.

The table represents a status quo in terms of aligning LED with relevant fundamental structures

LED PORTFOLIO COMMITTEE / LED FORUM		
Financial Year	2010/2011	2011/2012
	√	√

4.4.3 CHALLENGES EXPERIENCED BY EDPE DIRECTORATE

The speedy progress in implementing the planned LED Programmes was in some extent weakened by the fact that the Section has been operating without a director.

Acting Directors were appointed on the quarterly basis which has compromise accountability base on the directorate`s performance.

Directorate line managers are scattered due to lack of office space.

LED /EDPE CHALLENGES CONSTRAINTS	
▪	Limited staff members
▪	Limited budget
▪	Land belonging to traditional leaders

▪	Lack of Legal land fill site
▪	Restitution of land to claimants
▪	Financial constraints

SECTION 6

V. MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

6.1 INTRODUCTION

The information in this section illustrate the organizational structure, progress in the filling of senior management posts and on transformation as well as policies and systems which have been developed throughout the 21 municipalities which make up the Mpumalanga province.

6.2 PUBLIC AMENITIES PROJECTS

The table below presents a list of public amenities projects for the year 2011/12 and their current status

KPA	Objective	KPI	Annual Target	Performance status
				Actual
PROMOTION OF SPORTS, ARTS CULTURE AND HERITAGE.	Ensure accessibility to sports and recreational facilities and programs/ programs for all the inhabitants of the municipality	Accumulative number of sports and recreational programs/ projects and number of participants	17 sports and recreational projects/ programs 12100 participants	16 programs achieved 3000 participants

KPA	Objective	KPI	Annual Target	Performance status
				Actual
	To promote social and cultural integration through celebration of our history, culture and heritage	Accumulative number of arts and cultural programs and number of participants.	3 arts and culture and heritage events	3 Achieved
COMMUNITY DEVELOPMENT	Support community development initiatives.	The accumulated number of sustainable projects identified and supported.	Provision of financial support to 8 needy communities based projects and monitors the effectiveness and the impact of the support.	Financial support withheld advisory support achieved
COMMUNITY DEVELOPMENT	Promote the development of a healthy community and an effective healthcare environment	Implementation of the HIV/ AIDS 10 items as per the program in line with the HIV/AIDS Strategy by June 2012	Implementation of HIV/AIDS 10 items program	8Items Implemented

KPA	Objective	KPI	Annual Target	Performance status
				Actual
DISASASTER MANAGEMENT	To provide effective and efficient integrated disaster management for improved, safe, humane, secure, prompt and effective response services	Adopted disaster management plan by September 2011, established volunteer database, disaster management forum, 24hour operational call centre by June 2012, development of contingency plans per events and availing of relief material during disasters	Adopted disaster management plan by September 2011, established volunteer database, disaster management forum, 24hour operational call centre by June 2012, development of contingency plans per events and availing of relief material during disasters. On going implementation of the disaster management plan	Done
PUBLIC SAFETY	Ensure a safe, secure and humane environment for inhabitants of the municipality	Percentage reduction of road accidents and amount of revenue to generated	20% reduction of roads accidents. To collect R850 000 of traffic revenue. 24 Road blocks.	16577 Summons issued 26 Achieved
FIRE AND RESCUE	Customer Perspective	Number of community awareness program. Resourcing of fire and rescue section. Emergency response time in minutes	Conduct 4 community awareness campaigns by the end of June 2012. Resource the unit with 3 skids unit, installation of 2 fire hydrants. Provide fire and rescue response time of 40 minutes within a radius of 40km.	3 awareness done 4 Skids unit serviced 5 Hose reel on installation
Library services	Ensure accessibility to Sport and Recreation facilities for all the inhabitants of the municipal area	Percentage implementation of the library services programs	19 library projects to be implemented by the end of June.	21 Projects implemented

KPA	Objective	KPI	Annual Target	Performance status
				Actual
PUBLIC EVENTS TRANSPORT	To provide transport to community members during state sponsored events	% expenditure of the budget in line with planned municipal and governmental programs	Percentage expenditure of the budget in line with planned municipal and other governmental programs	Done
LOCAL GEOGRAPHIC NAMES CHANGES	Social and cultural integration as well as conservation of important cultural and historic sites	Reconstitution of the Local Geographic Names Changes, Naming of street, facilities, municipal infrastructure and villages in line with SANGCA. Number of townships/ villages in which streets signage will be constructed.	Reconstitute the LGNC. Construction of streets signage in one R329 town. Naming of streets and buildings in 10 villages/ townships	Not done due to financial constraints

6.3 TRANSVERSAL AFFAIRS

Transversal affairs unit could not implement most of the planned programmes due lack of support by youth council.

6.3.1 COMMUNITY BURSARY

The municipality has assisted 15 Learners with bursaries in the financial year 2011/12.

6.3.2 YOUTH DEVELOPMENT

Capacity Building, 15 Members of the Council Have been training in order to properly execute their office duties.

6.3.3 HIV/AIDS TEENAGE PREGNANCY & ALCOHOL ABUSE CAMPAIGN

The programme of HIV and AIDS was put on hold by Youth council.

6.3.4 WORKFORCE PROFILE

Report on total number of **employees** (including employees with disabilities) in each of the following **occupational levels**: during 2011/12 financial

Occupational Levels	Gender		Total
	Male	Female	M&F
Top Management	5	2	7
Senior Management	29	5	34
Professionally qualified and experienced specialists and mid-management	23	17	40
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	158	36	194
Semi-skilled and discretionary decision making	155	168	323
Unskilled and defined decision making	234	248	482
TOTAL PERMANENT	560	476	984
Grand Total	604	477	1080

Total number of employees with disability during the financial in each of the following occupational levels

Occupational Levels	Gender		Total
	Male	Female	M&F
Top management			
Senior Management			
Professionally qualified and experienced specialists and mid-management			
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	2		2
Semi-skilled and discretionary decision making			
Unskilled and defined decision making		1	1
TOTAL PERMANENT	2	1	3
Temporary employees			
GRAND TOTAL	2	1	3

6.3.5 MONITORING & EVALUATION

6.3.5.1 DISCIPLINARY ACTION

Disciplinary action: (Total number of disciplinary actions during the twelve months preceding this report). Report on formal outcomes only. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

DISCIPLINARY ACTION	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
	4				1						

6.3.6 BARRIERS AND AFFIRMATIVE ACTION MEASURES

Employment policy or practice barriers to employment equity were identified. If your answer is 'Yes' to barriers in any of the categories, please indicate whether you have developed affirmative action measures and the timeframes to overcome them.

Categories	BARRIERS		AFFIRMATIVE ACTION MEASURES		TIME FOR IMPLEMENTATION OF AA MEASURES	
	YES	NO	YES	NO	START DATE	END DATE
Recruitment procedures	x		x		2011 July	2012 June
Advertising positions		x				
Selection criteria		x				
Appointments		x				
Job classification and grading		x				
Remuneration and benefits		x				
Terms and condition of employment		x				
Job assignments		x				
Work environment	x		x			

Training and development		x				
Performance and evaluation		x				
Promotions		x				
Transfers		x				
Succession & experience planning		x				
Disciplinary measures		x				
Dismissals		x				
Retention of designated groups		x				
Corporate culture		x				
Reasonable accommodation	x		x			
HIV & AIDS prevention and wellness programmes		x				
Appointed senior manage (s) to manage EE implementation		x				
Budget allocation in support of employment equity		x				
Time off for employment equity consultative committee to meet		x				

STATUS ON HUMAN RESOURCE POLICIES AND PLANS:

Policy/ Plan	Developed and implemented	Status
Language Policy	√	Adopted / Not adopted
Recruitment and selection	√	Adopted
Performance management	√	Adopted
Skills development plan	√	Adopted
Employment equity plan	√	Adopted
Skills development charter	√	Adopted
Code of conduct	√	Adopted
Employment equity policy	√	Adopted
Transport Control policy	√	Adopted
Payroll policy and procedures	√	Adopted
Training and Development Policy	√	Adopted
Relocation policy	√	Adopted
Smoking policy	√	Adopted
HIV/AIDS Policy	√	Adopted
Bursary policy	√	Adopted
Policy cash policy	√	Adopted
Retirement Policy	√	Adopted
Dress Code Policy	√	Adopted
Sexual Harassment Policy	√	Adopted
Probation Policy	√	Adopted
Induction Policy	√	Adopted
Internet and E-Mail Policy	√	Adopted
Long Service Recognition Policy	√	Adopted
Cell Phone Allowance Policy	√	Adopted
Occupational Health & Safety Policy	√	Adopted
Human Resource Strategy	√	Adopted

SECTION 7

7. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

7.1. INTRODUCTION

This section will focus on the reinforcement of the municipality's finance, as an objective that the financial performance of the institution against all financial management plans and expenditure items.

The municipality is not simply central to the provision of basic services, but progressively more the drivers of infrastructure improvement.

The management of revenue is governed by policies that are directly aligned to revenue management and debt collection such as billing systems and indigent policies.

Highlights have been achieved in terms of reviewing indigent policies on regular intervals and the capacity to administer them. However, it should be noted that continued improvement is the key to achieving the desired result over a period of time.

In line with the Auditor General's report, there is also a concern that the increasing level of debtors may undermine the liquidity of the municipality. The municipality has developed the revenue enhancement strategy in order to curb the accumulation of debt and the enforcement of the Debt collection and credit control policy.

7.1.1. FINANCIAL PERFORMANCE STATUS

The matrix below highlights financial performance measures achieved in terms of their compliance dates within the Finance Section.

Objectives	Performance Measure/service delivery indicator	Performance	
		Target	Actual
To develop a medium term financial framework (budget)	Three-year capital and operational budget approved by council	30 May 2012	30 May 2012
	Approval of the adjustment budget by council	25 Jan. 2012	25 Jan. 2012
To prepare and submit Annual Financial Statements	Annual Financial Statements submitted to the Auditor-General and council	31 August 2012	31 August 2012
To provide a framework for financial accountability	Approved Service Delivery and Budget Implementation Plan (SDBIP)	23 May 2011	22 May 2011
	Adoption of Tariff Structure	30 May 2012	30 May 2012
To manage and control revenue	Monthly billing	Monthly	Monthly
	Credit control policy enforcement	02/07/2012	Partial
To manage the cash-flow of the council to ensure timely payment of creditors and servicing of long term liabilities.	Creditors paid within 30 days	Monthly	Partial
To monitor and control the budget & expenditure	Submission of monthly financial report to Provincial & National Treasury	Monthly	Monthly

7.1.2. ANNUAL FINANCIAL STATEMENTS 2011/2012

The Annual Financial Statements for the year ended June 2012 have been compiled and submitted to the office of the Auditor General on 31 August 2012 and is attached hereto.

The Annual Financial Statements have been prepared in accordance with GRAP standards.

The notes to the Annual Financial Statements include additional information where available, as required by the Municipal Financial Management Act no.56 of 2003.

The notes to the Annual Financial Statements disclose the required information in terms of section 123 of the Municipal Finance Management Act. Refer Annexure, as part of the 2011/2012 attachments.

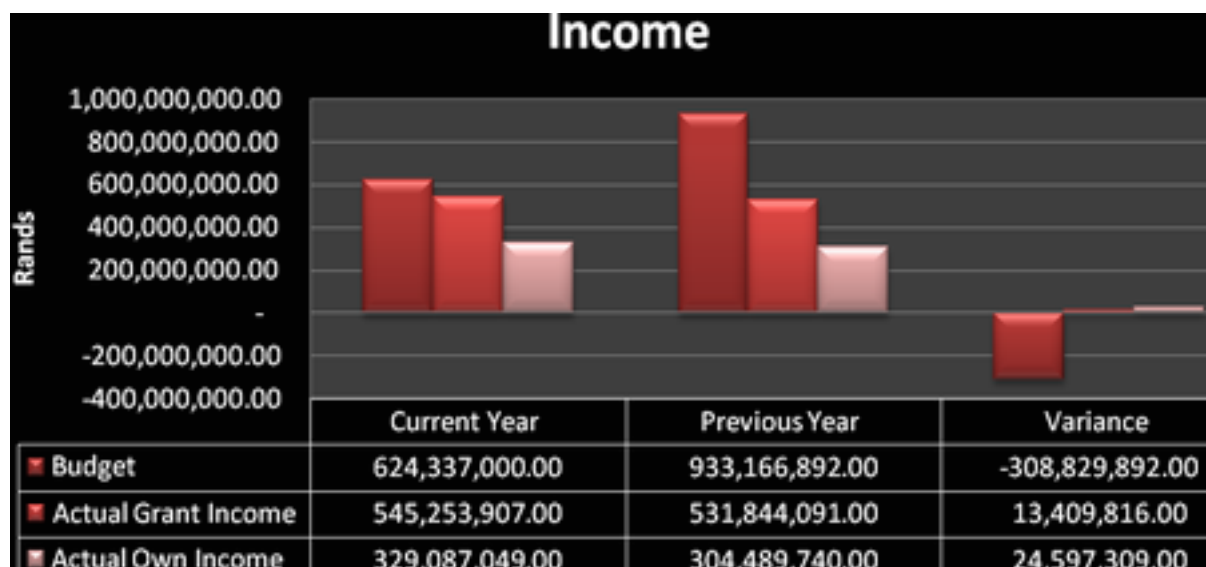
7.1.3. OPERATING RESULTS

The operating results for the year ended 30 June 2012 disclosed a surplus. The financial year was closed off with a surplus of R 46,227,641 against a surplus of R 73,351,376 for the previous financial year. The operating results however indicate a surplus of R 82,692.996 Million when compared to budget. The current year provision for debt impairment amounts to R 210,263,818 Million and income amounts to R 250,003,956 Million above budget.

7.1.4. INCOME

The major income streams of the Municipality can best be disclosed as follows, giving a bird's eye view of total income and disclosing the dependency of the Municipality on grants and subsidies from the State, as income from grants represents 62.36% of total income of the Municipality. Own income generated from the sale of water, the raising of assessment rates and other income represent 38% of the total income of the Municipality. This percentage indicates an upward trend when compared to the previous year's percentage of 36%. The generation of own income streams will become more and more important if the current increase in investment in infrastructure is to be continued.

The graph below presents the summary of the income as compared with the previous year and budget



Included in the amounts disclosed for income under Executive & Council is **R 252 Million (2010/2011: R 258 Million)** for property rates and **R 356 Million (2010/2011: R 340 Million)** received in the form of equitable shares from National and Provincial Government.

Although it is good and fair to receive grants from Government, it can also have a negative impact, as the Municipality becomes more and more dependent on Government to fund operational and capital expenditure due to the accumulation of the debt.

7.1.5. OPERATING RESULTS PER CATEGORY OF EXPENDITURE

Detailed information on the operating results per category will be reflected in Appendix E in the Annual Financial Statements. The following could, however, be highlighted:

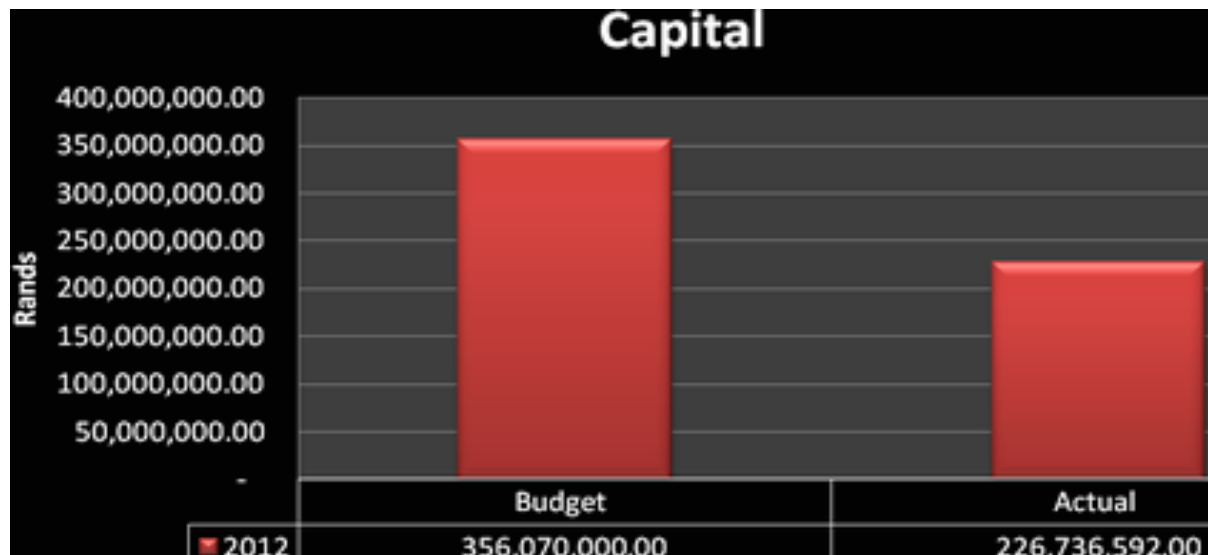
The total salary expenditure of the Municipality amounts to R 209,202,278 of the total operating expenditure for the year. The generally accepted benchmark is a maximum of 36%. The Municipality has moved above this critical point, and is currently standing on 39% from the 34% for the previous year.

The maintenance expenses for the financial year only amounts to R63 Million, which is approximately 9% of the total operating expenditure.

Actual capital charges, at R 226,736,592, were R 129,333,408 less than the budgeted amount of R 356,070,000. Major capital projects starting later than anticipated, specifically water related projects, have led to the lower than budget capital expenditure. The challenge facing the Municipality in future will be to balance the limited resources available to the municipality with the expectations of consumers and National Government regarding service delivery.

7.1.6. CAPITAL EXPENDITURE

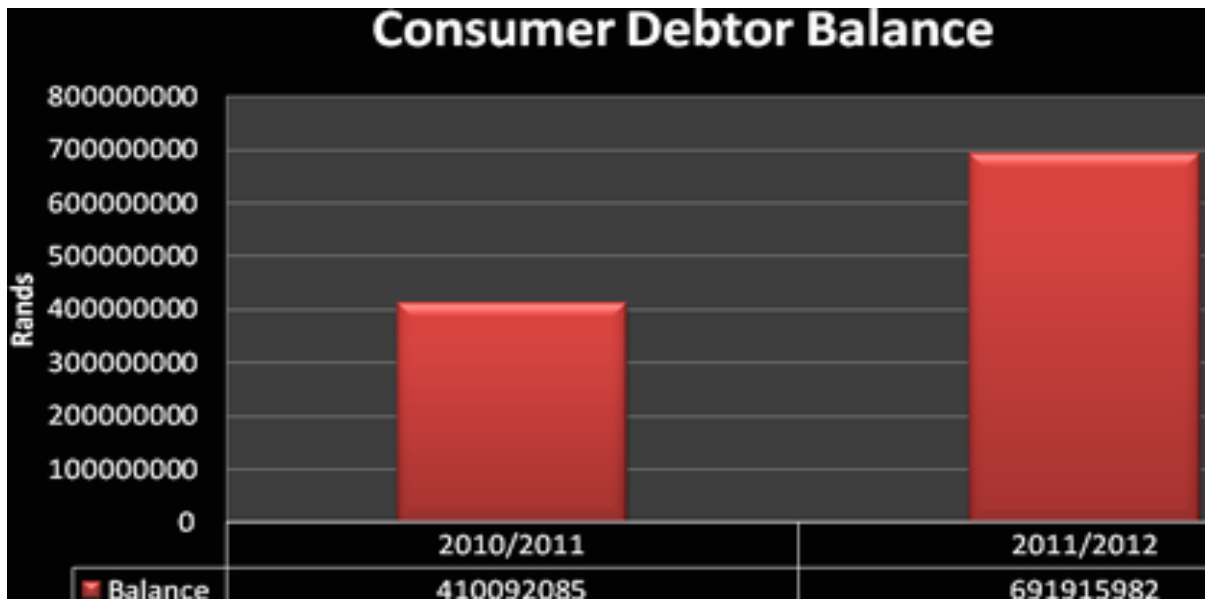
The Municipality's adjusted budget amounts to R356 Million for capital expenditure in 2011/2012 against R 441 Million in the 2010/2011 financial year. However, actual capital expenditure for the year under review was R 226 Million, 63.48 % less than the capital budge.



7.1.7. DEBTORS ASSESSMENT

The graph below depicts the comparative incremental pattern of outstanding consumer debtors between the two financial years of 2010/2011 and 2011/2012. The main reason for the increase is the levying

for assessment rates and interest being charged on outstanding balances. The total outstanding debt as at 30 June 2012 amounts to R691,915,982 minus provision for debt impairment amounting to R582,279,901 ranging from 91-365 days resulting to R109,636,081 as current assets – consumer debtors.



7.1.8. BILLING SYSTEMS

The Municipality do have proper billing systems. Data clean-up processes has been started and is an on-going process to ensure accurate and valid data on the systems.

7.1.9. REMEDIAL MEASURES

The municipal council planned to appoint the services provider to assist with the recovery of the outstanding debts to curb the accumulation of debts thereof.

Council has undertaken to implement a vigorous Credit Control and Debt Collection Policy against the defaulters regarding payment and to update the indigent register.

7.1.10. ABILITY TO SPEND CAPITAL BUDGET

The Municipality is able to spend all their capital budget allocations. This is an indication that there is substantial progress in infrastructure development and service delivery. The expenditure pattern is monitored on a quarterly basis through the performance of SDBIP.

7.1.11. REVIEW OF AUDITOR GENERAL'S REPORTS

Section 126(1) of the Municipal Finance Management Act requires the accounting officer of a municipality to prepare and submit Annual Financial Statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.

7.1.11.1. CREDIT CONTROL AND INDIGENT POLICIES IN MUNICIPALITIES

The table below depicts improvement in the development of credit control policies within the Municipality

	Credit Control Policy		
	Indigent policy	Policy	By-laws
	Adopted	Adopted	Adopted

7.1.11.2. IMPLEMENTATION OF THE MUNICIPAL PROPERTY RATES ACT

	2005-2009	2009-2013
	Valuation roll	Valuation roll
	Yes	Yes
	Yes	Yes
	Yes	Yes

7.1.11.3. FINANCIAL POLICIES

Policy	Approved by council	Implemented	Promulgated in By- Law
Tariff policy	√	√	√
Credit control policy	√	√	√
Indigent policy	√	√	√
SCM policy	√	√	√
Property rate policy	√	√	√
Cash Management and Investment policy	√	√	√
Asset management policy	√	√	√
Financial management policy	√	√	√
Budget Policy	√	√	

7.1.11.4. INTERNAL AUDIT

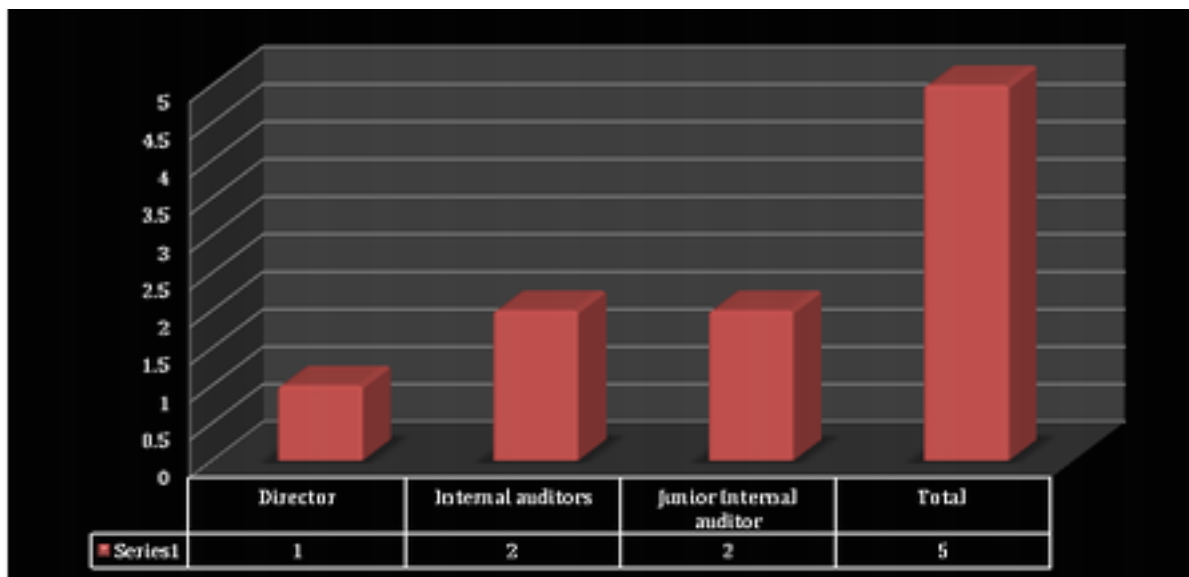
7.1.11.4.1. BACKGROUND

The Municipality has its own internal audit directorate. Internal audit addresses in particular issues of governance, risk management and internal control. The Internal audit functions independently and it is headed by the Director who reports administratively to the Municipal Manager and functionally to the Audit Committee. All internal audits assignments are performed in house.

7.1.11.4.2. COMPOSITION OF INTERNAL AUDIT

In order to provide a focused and industry-specific audit service, the internal audit section has a team of dedicated internal auditors that provides internal audit services. The benefit of this set up is that the Municipality receives advice from internal auditors who are well acquainted with systems and processes within the Municipality at a lower cost. Internal Audit performs its duties according to its approved charter, which is reviewed on an annual basis.

The graph below presents the staffing of Internal Audit division:



7.1.11.4.3. INTERNAL AUDIT SCOPE OF WORK

The scope of work of the Internal Audit is to determine whether the Municipality's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functions in a manner to ensure that the following aspects are addressed:

Risks are appropriately identified and managed.

- Appropriate reporting and communication with the various governance groups occurs effectively.
- Significant financial, managerial, and operating information is accurate, reliable and timeously.
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Assets are safeguarded, used efficiently, adequately protected and verified.

- Resources are acquired economically, used efficiently and are adequately protected.
- Economic and efficient management of the entity's financial, human and other resources and the effective conduct of its operations.
- Programs, plans and objectives are achieved.
- Quality and continuous improvement are fostered in the municipality's control process.
- Significant legislative or regulatory issues impacting on the Municipality are recognized, addressed appropriately and timeously and compliance is ensured.
- Functions and divisions within the Municipality at appropriate intervals are efficient and can effectively carry out their functions of planning, organizing, directing and controlling in accordance with management instructions, policies and procedures and in a manner that is consistent with both Municipal objectives and its standards of administrative practice.

7.1.11.4.4. OPERATIONAL PLAN

RISK-BASED AUDITS

The objectives of risk based types of audits are to evaluate the adequacy and effectiveness of controls in respect of key risks and business processes (linked to the strategic objectives and prioritised organisational risks of the Department).

The Municipality's Risk-Based Audit plan is developed separately for each Directorate based on the Directorate's identified risks and risk profile as assessed by the Municipality's management team.

A risk assessment was performed in May/June 2012. The Municipality's Annual Internal Audit plan is based on the results of the Directorate's risk assessment workshops held. The results of the risk assessments were recorded and summarised in a risk matrix report in order to provide a holistic view of risk and the planned internal audit assurance to be provided to the Municipality.

The output of the risk assessment process was used to develop the Rolling 3 Year Strategic Internal Audit Plan, as required by Treasury Regulation 3.2.7, by:

- Identifying and allocating a priority ranking to the respective risk areas.
- Based on experience, establishing the need and appropriateness for the specific types of audits/reviews.
- Assessing the level of audit skills required and estimating resources required for each type of audit/review.
- Determining the timing of the respective audits/reviews.

The Risk- Based audit process includes the following:

Preparing/updating the process documentation to extend the understanding of the process. This includes the identification of the process-level objectives, risks and controls

Evaluating and testing the controls currently in place

Confirming the factual correctness of findings with management

Reporting recommendations for improvement of controls where applicable, and

Assessing management's corrective actions.

The following were also done during the financial year

Review of the audit committee charter

Review of the internal audit charter

Review of the internal audit manual.

A continuous professional development plan was adopted at the beginning of the financial year and was implemented.

A quality assurance review was undertaken of which the overall outcome was general compliance status.

ACTUAL PERFORMANCE AS PER THE APPROVED PLAN 2010/11

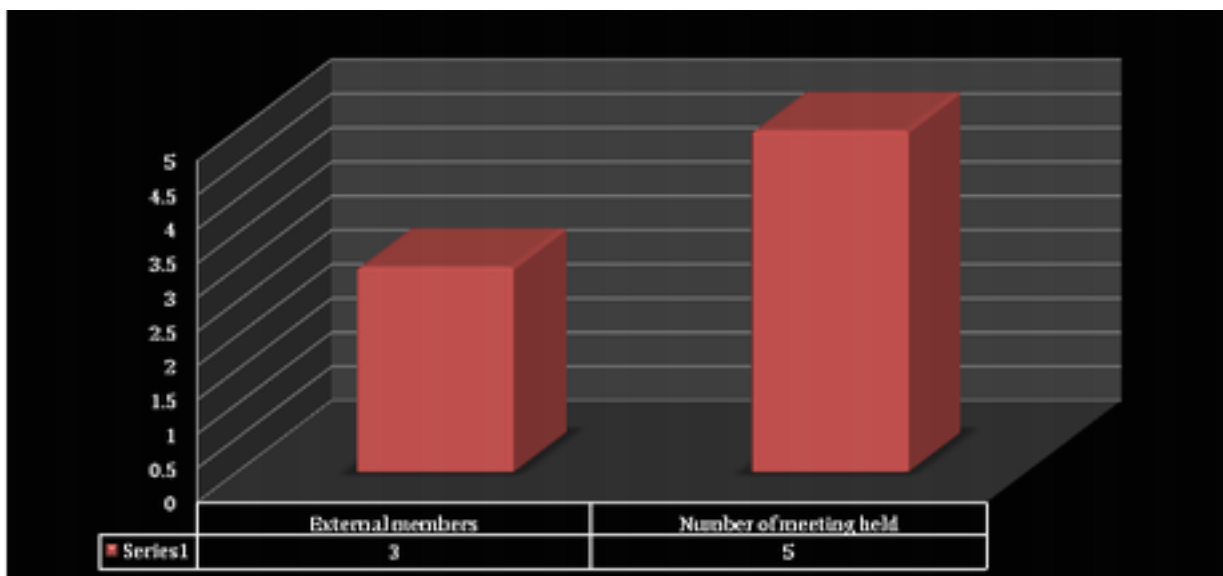
Designated Reviews	Start Date	Completed Date	Reviewed Area	Comments
New audit reviews:				
Disaster Management	25 July 2011	18 Oct 2011	Disaster management and emergency services	Final report has been issued.
Human Resource(Leave, overtime, travel and subsistence)	25 July 2011	18 Oct 2011	Leave, overtime, travel and subsistence, training and development	Final report has been issued.
Governance, values and ethics	14 September 2011	17 Oct 2011	Governance and ethics processes	Final report has been issued.

Licensing	15 May 2012	18 June 2012	Administration of licensing activities.	Final report has been issued.
Cost recovery	30 November 2011	20 February 2012	Cost recovery activities.	Final report has been issued.
Asset Management	16 December 2011	09 February 2012	Safeguarding and administration of assets	Final report has been issued.
Stores management	16 December 2011	09 February 2012	Safeguarding and administration of inventory.	Final report has been issued.
PMU	18 January 2012	23 February 2012	Compliance with legislations, regulations in relation to PMU.	Final report has been issued.
Supply chain management	14 May 2012	18 June 2012	Compliance with legislations, regulations and supply chain policy.	Final report has been issued.
Water quality	17 May 2012	18 June 2012	Processes to ensure preservation of water quality.	Final report has been issued.
Performance Audits (PMS/IDP/SDBIP)				
2011/12 Performance Management 1st Quarter Audit - Alignment	19 July 2011	25 July 2011	Alignment between the IDP, budget, SDBIP's and the Municipality's turnaround strategy.	Final report has been issued.
1st Quarter Audit	15 October 2011	31 October 2011	Reliability and integrity of information presented in the 1 st quarter performance report	Final report has been issued.
2011/12 Mid-Year Performance Management	16 February 2012	05 March 2012	Reliability and integrity of information presented in the mid-year performance report	Final report has been issued.

MFMA compliance reviews	22 February 2012	01 March 2012	Overall key compliance issues in the MFMA and MSA	Final Report issued
Follow up reviews:				
Action log	13 October 2011	21 October 2011	Follow up on implementation of action plans for previously raised findings	Final action log issued.
IT security, infrastructure and architecture	16 December 2011	12 January 2012	Follow up on implementation of action plans for previously raised findings.	Final report has been issued.
Auditor queries General	19 April 2012	26 April 2012	Follow up on findings raised in the management letter	Final action log issued.

7.1.1.1.1. FUNCTIONING OF THE AUDIT COMMITTEE

An Audit Committee was successfully established comprising of e external members and properly functioning. An Audit Committee Charter was approved and adopted by Council and the respective number of meeting held as per graph below:



7.1.1.1.2. AUDIT COMMITTEE MEMBERS

	Abel Mawela (Chairperson)
	Chad Jeffrey
	Suntherson Saimen

7.2. CONCLUSION

The Internal audit directorate is placed under the Municipal Manager`s office and it has the full support of both management and employees of the institution

7.3. AUDIT GENERAL REPORT

7.3.1. REPORT OF THE AUDITOR GENERAL

The 2011/2012 AFS was submitted to the office of the Auditor-General on 30th of August 2012 for audit purposes and as required by the MFMA.

The Auditor-General commenced with auditing activities during *September 2012*.

The auditing process has been completed. The status of the municipal Audit opinion for three financial years as follows:

2009-2010		2010/2011		2011/2012	
AFS Finalised and submitted	Audit Opinion	AFS Finalised and submitted	Audit opinion	AFS Finalised and submitted	Audit Opinion
17 Sep 2010	Unqualified	30 Aug 11	Unqualified	16 November 12	Disclaimer

7.4. CONCLUSION

It is required by law that the prior the printing of audit report the annual report should be submitted to AGSA. Special care should be taken with the audit report and be treated as confidential until the annual report is adopted by the municipal council.

SECTION 8

8. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

8.1. INTRODUCTION

The Municipality is conscious to the fact that good governance is the accountability to the community and other stakeholders as well as the Municipal Council's oversight function. In order to be appropriately accountable to service users and relevant stakeholders the municipality have proper systems, procedures and processes in place to allow for maximum participation in setting both service priorities and in evaluating the level of services provided.

Effective implementation of internal systems and controls is considered to be the most effective and efficient mechanism to ensure proper and accountable use of public taxes and other resources to deliver against those priorities.

This section of the report will focus primarily in the following key outcomes

- Ward committees and the deployment of Community Development Workers
- Intergovernmental relations within sectors
- Anti-corruption measures
- Presidential and Ministerial Imbizo's
- Standard operating procedures and delegations

8.2. PROGRESS MAPPING

8.2.1. MUNICIPAL COUNCIL COMPOSITION

8.2.1.1. LIST OF WARD COUNCILLORS

	<u>EXECUTIVE MAYOR</u>
	Khumalo R E
	<u>SPEAKER</u>
	SElowe PT
	<u>CHIEF WHIP</u>
	Mathebula S
	Chairperson MPAC
	Makhubele D
	<u>SOCIAL DEVELOPMENT</u>
	MMC: CLR FLOMINA TIMBA
	MEMBERS
	1. Mabunda Lydia
	2. Malele Lawrence
	3. Mathebula Sylvia - Whip
	4. Bulunga Sizile
	5. Ndlovu Sizile
	6. Mashego Dinah
	7. Sonnyboy Rahlano – Chairperson
	8. Myanga Busisiwe
	9. Raganya Ruth
	10. Makhubele Betty
	11. Mathebula Mavis
	12. Bongco Busisiwe
	<u>CORPORATE SERVICES</u>
	MMC: CLR SELOWE ENAS
	MEMBERS
	1. Tibane Christina
	2. Malebe Reyneck
	3. Baloyi Vincent
	4. Mzimba Virginia
	5. Mathebula Luckson
	6. Delta Mokoena
	7. Mathebula Girly

8. Sibulelo Rodgers
9. Monareng Charles
10. Mnisi Louis
11. Ma landule Bhunu
<u>SPORTS, ARTS AND CULTURE</u>
MMC: MANZINI SASEKANI
MEMBERS
1. Siwela Florence
2. Khoza Eunice - Whip
3. MMola Luca
4. Chiloane Billy
5. TShobede Rodgers
6. Mthombeni Trocia
7. Zitha Gift
8. Chiloane Florence
9. Mashaba Dirries
10. Makaringe Million
11. Thobakgale Hamilton
MEMBERS
1. Mzimba Virgy - Whip
2. Nxumalo Themba
3. Nonyana Freddy
4. Mnisi Patince
5. Maunye Cleapas
6. Ncube Robert
7. Malomane Leonard
8. Thabane Albert
9. Mnene Filita
10. Phelephe Martina
11. Mkhonto Patrina
<u>MUNICIPAL WORKS</u>
MEMBERS
1. Lekhuleni Laiza - Whip
2. Mashabane Difani
3. Masinga Wonderboy
4. Hlathi Ernest
5. Shilakwe Cecil

		6. Tshobede Rodgers – Chaiperson
		7. Nyundu Eckson
		8. Mhaule Sydwell
		9. Khumalo Hellen
		10. Chadi Surance
		11. Malandule Bhunu
		12. Mthisi Cuthberry
		<u>ETHICS COMMITTEE</u>
		MEMBERS
		1. Khumalo Selina
		2. Sebatane Grinos
		3. Maphanga Thandi
		4. Chabangu Moses
		5. Mashaba Ezekiel
		6. Khubayi Nomsa
		7. Mthabine Johan – Whip
		8. Khoza Luzile
		9. Selowe Phineas- Speaker
		<u>WHIPERY COMMITTEE</u>
		CHIEF WHIP: Silvia Nxumalo
		CHAIRPERSON : Monareng Charles
		SECRETARY : Malumane Lenard

8.3. CONCLUSION

Effective alignment of various structure and committees within the municipality is the key to successfully achieve the desired end result in terms of service delivery and harnessing working relationships. The Department of Local Government and Corporate Governance and Traditional Affairs to continuously support the municipality and investment in capacity building intervention will yield the municipality's relations

SECTION 9

This section provides performance summary on all key performance area/ annual reports sections

9. PERFORMANCE MONITORING, REPORTING AND EVALUATION SUMMARY

9.1. INTRODUCTION

The Municipality over the past year rely on the effective engagement of the PMS Unit and PMU to monitor and report on progress made regarding service delivery. This intervention has assisted the municipality to monitor Performance management systems processes. In addition, benefit realisation will be improved in the next years to come as the PMS Unit is fairly new and undergoing capacitating to combat experienced challenges

9.2. ADDRESSING THE KEY PERFORMANCE AREAS

The Municipality will continue to align municipal internal and external processes to the organisation to achieve its Constitutional and other legislative mandate.

9.2.1. KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The efficiency and effectiveness of BLM to perform its function is dependent on functional organizational structure introduced. This comprises the satisfying of all posts, key policies and procedures being developed and adopted and overall capacity being developed.

The municipality acknowledge these as the key investment strategies to capacitate the organisation for optimum performance

The active role played by the PMS Unit is to strengthen accurate monitoring and reporting. Effective implementation of performance management systems still remain a challenge.

The Municipality is in compliance with Municipal Performance Regulation, which requires all section 57 employees to sign employment contracts and performance contracts. A giant step has been made to link both Organisational and Individual Performance Management system as individual employees are all compacted and being monitored through the system itself. This is in itself an investment on its own.

The transformation of the municipality in meeting employment equity targets is progressing but at fairly slowly pace. The Municipality have made progress on the implementation of skills development. The critical challenge was the implementation of the employment equity plan. The Key steps to honour this KPA is the continuous review and stream-lining of all municipal processes, procedures and guidelines

9.2.2. KPA 2: BASIC SERVICE DELIVERY

The Municipality was able to achieve its MIG expenditure, for the past two financial years. Where challenges were experienced was a result of the following:

Deficiencies regarding multi-year planning of MIG projects and poor technical capacity for project management

Overall Project Management in terms of:

- Project scoping
- Project costing
- Delays in the registration of business plans, the procurement of service providers and the implementation of projects

However, the future outlook remains positive. The assistance of DBSA and PMS experts into the Municipality is seen as a benefit to the Municipality.

9.2.3. KPA 3: LOCAL ECONOMIC DEVELOPMENT

An important building block for local economic development is a growth and development strategy. The Municipality has developed and started implementing some of the programme in the LED Strategy / plan. The challenge is the accurate implementation of the identified programmes in the LED due to:

- Capacity issues
- Working relationships between the Municipality and Tribal Authorities
- Project mapping and implementation
- Financial constraints

LED strategies and its key area of improvement in relation to the previous financial year has been improved and there is common understanding between community members (Tribal Authorities) officials and office bearers in terms of its definition and what it entails. Contract jobs were created and conducive working environment has been practiced.

9.2.4. KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Municipal financial viability assessments revealed that debtors have been accumulating at a high rate highlighted earlier. The high debt owed to municipalities is crippling the financial viability of municipalities. Revenue Management Strategies need to be effectively implemented and reviewed to recover outstanding debts.

9.2.5. KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The performance of the Municipality is subject to continuous improvement. Matters of governance require stream-lining to ensure effective participatory mechanisms to achieve desired results. Relevant representative structures and committees are in place and their challenges are being monitored to close the gaps that exist as discussed earlier. Investing in training and Development is the key to true benefit realisation in capacity building

9.2.6. PERFORMANCE ASSESSMENT AND EVALUATION

The Municipality must assess and evaluate the performance of all Section 57 employees as required by the Municipal performance management regulation 2006. The excise was not conducted by the Evaluation Committee. The Evaluation Committee comprises of the Executive Mayor, Chief whip, Chairperson of the Audit Committee, Municipal Manager of another municipality and the Municipal Manager of the municipality.

9.2.6.1. RESULTS

The assessment results could not be reported as the assessment never took place due to changes on the offices of the Municipal manager. The process focuses much on the best practices in term of the strategic goals of the IDP versus the actual performance during the financial year.

9.2.6.2. RECOMMENDATION

Recommendations were made to all participants to improve on service delivery by improving the key performance Indicators, Annual target and Quarterly targets.

10. CONCLUSION

The purpose of Annual report is to make possible for the relevant stakeholder groups to evaluate progress made by the municipality towards achieving its vision and mission. This report serves as an achievement by the municipality to report progress made in terms of service delivery KPA and other related KPA discussed in the report

The challenge is to ensure accurate reporting and submission of accurate data which will make it possible for the PMS Unit to consolidate and report against the five Key Performance Areas.

Regardless of this it is anticipate that this report does justice to the situation on the ground and that it achieves what it purposed to achieve.

11. ANNEXURE

Report	Compliance	DATE
AFS	MFMA	31 August 2012

Annual Performance report	MSA	31 August 2012
AG Report	MFMA	30 November 2012

12. AUTHORISATION

Title	Signature	DATE
CFO		
Municipal manager		
Executive Mayor		