

PERFORMANCE REPORT
PRINCE ALBERT MUNICIPALITY
2013/14

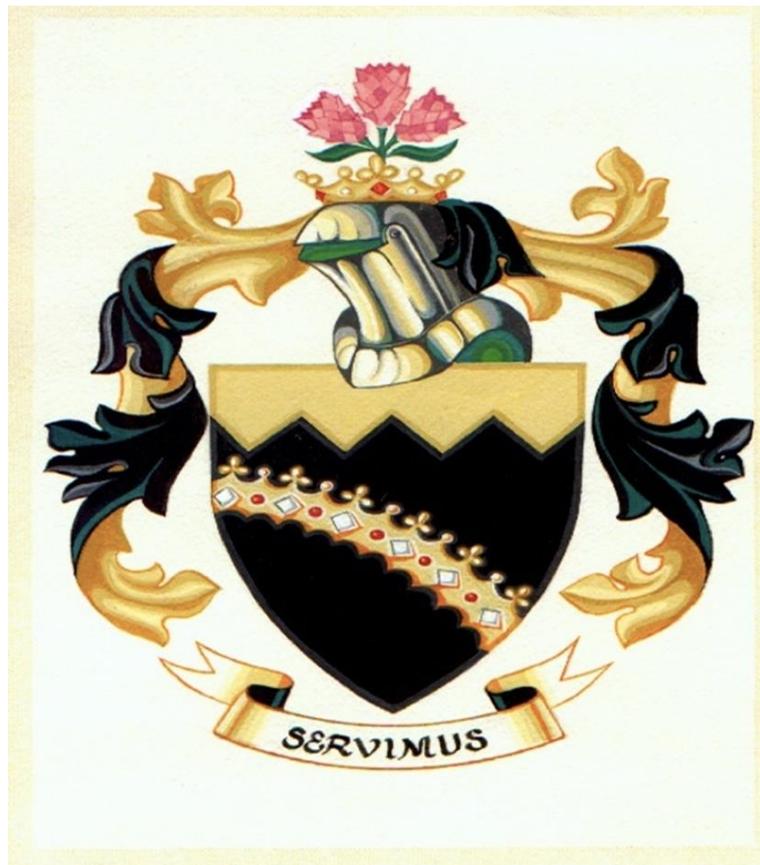


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Chapter 1 MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

EXECUTIVE MAYOR: GOLIATH LOTTERING

The Prince Albert Municipality has strived within its financial and administrative capacity, to create an enabling environment for all inhabitants to participate in Local Government activities. We've done our utmost best to provide a democratic and accountable government to all people in the municipal area.

Though we only promulgated two by-laws during the reporting year of 1 July 2013 to 30 June 2014, we undertook several public participation processes to ensure public participation in our day-to-day activities and programmes. Our community remains our most important partner in service delivery. As a people-centred municipality we contributed to the improvement of the general standards of living of the people in the Municipal area by creating jobs through labour intensive practices through EPWP and requiring contractors to employ local labour.

The Municipality are concentrating their efforts in meeting the nine objectives of the National Development Plan, eg. job creation, improving the quality of school education, eradicating spatial divides by inclusive development, improving infrastructure, creating a sustainable economy, improving public health, improving public services, eradicating corruption levels and improving social cohesion. The National Development Plan is further supported by the Western Cape Growth and Development Strategy that aims to make the Western Cape a home for all.

Our strategic goal to grow the local economy has made significant progress in laying the groundwork for future partnership in the establishment of a solar plant in Leeu-Gamka and establishing an Environmental Education Centre that will be used as a training centre for the municipal area, lifting our residents from first entry-level employment by making them more competitive in the labour market. Our living conditions have improved with the upgrading of the bulk sewerage infrastructure and the delivery of the first government subsidised housing in Leeu-Gamka. The institutional capacity has improved some with the appointment of the Manager: Civil Engineering and the Manager: Corporate and Community Services. In the new financial year the Municipality allocated a Local Economic Development tender, will review the organogram and align this to the municipal functions, find ways to work smarter so as to improve capacity and secure funding for the improvement of basic service delivery. We will also strengthen our debt collection initiatives and partnerships to find better ways of conducting our business to the benefit of the community. We will also improve public participation by upgrading our website, using a face-book page and improving the quality of ward committee engagement.

Our Constitutional mandate remains Basic Service Delivery and we strive to operate within the legislative framework of Local Government. Although compliance has become an expensive exercise, it remains a priority for the Prince Albert Municipality.

I wish to thank Council for their continued efforts to ensure a sustainable and accountable government for our residents, as well as management and all staff for their dedicated efforts to ensure that we provide basic services and governance above the norm. My most sincere gratitude is expressed towards our residents, business and governmental stakeholders for their continued support. It remains a privilege to lead such a committed and dedicated community.

This draft annual performance report were advertised and submitted for public scrutiny up to 28 February 2015. The comments received were taken into consideration with the final adoption of the annual report.

Sincerely

Goliath Lottering

EXECUTIVE MAYOR

Component B: Executive Summary

1.1 Municipal Manager's Overview

Prince Albert Municipality is a category B municipality performing the functions set out in Schedule 4 B and 5B. The Municipality's performance is commended in that it obtained another unqualified audit for the reporting year, following the previous year's unqualified audit. Both the Council and staff should be commended for this achievement that forms the basis to good governance and accountability. This commitment to serving the best interest of our communities was also reflected in the Municipality's continued maintenance of the national service delivery standards.

With a limited income generating base and nationally acknowledged poverty pockets the financial viability of the municipality is an area of great concern and a primary risk. Though the financial position seems to have improved some with the grant assistance and capacity programs run by the Department of Provincial Treasury, the Municipality faces serious concern regarding the increase in outstanding debtors. Several initiatives were launched to collect outstanding debtors, but reflected only limited success. Poor debt collection remains a risk, but the debt collection initiatives that commenced in the reporting year, are continuing in the present financial year and will remain one of the Municipality's top priorities to ensure financial sustainability. The Municipality, with the support of Provincial Treasury, will develop a long term financial plan to address future sustainability. The community's support in paying their municipal bills are one of the key criteria for ensuring that basic services will be continued to be provided at an acceptable level.

The housing project delivered in Leeu-Gamka in partnership with the Department of Human Settlement was not completed during the reporting year, but the bulk of the infrastructure services supporting this development were completed with the first 30 houses being handed over three days after the closure of the reporting year. The delivery of these houses made a significant contribution to improving the lives of our community in Leeu-Gamka.

Ageing infrastructure remains a risk, but we are continually engaging with national departments to assist in this respect. The water disruption for some areas in Prince Albert during the beginning of January 2015 illustrates clearly that external funding support to ensure continued service delivery must remain a priority for the Municipality. The Expanded Public Works programme, combined with the Community Works Programme provided several previously unemployed persons with an income, combatting not only unemployment and poverty, but restoring dignity. The Department of Environmental Affairs supported the Municipality excellently in this respect. The use of the Expanded Public Works program, labour

intensive projects and the endeavours to stimulate the local economy through new investment are part of the municipality's initiative to address the risk of a limited income base and reducing poverty pockets.

The above initiatives are all in support of reducing the five top risks facing the municipality, namely financial viability, debt collection, a limited income base, poverty pockets and ageing infrastructure.

Prince Albert Municipality has the same legal compliance burden than bigger municipalities. A new Manager: Infrastructure and an Operational Manager: Corporate and Community Services were appointed in the reporting year. As there is no funding to fill vacancies on the organogram the Municipality embarked on an initiative to re-invent their internal work-procedures. This will ultimately be broadened for public input through a Red Tape Initiative that will request the public to identify red tape occurrences that must be removed to enable us to work smarter and to do more with less.

The draft Annual Performance Report for the reporting year shows that we have indeed succeeded in meeting our constitutional and legislative requirements and I am confident that we will continue to do so in future.

It has indeed been a privilege to lead this Municipality and I wish to extend a sincere vote of thanks to the Executive Mayor, Speaker, management, staff, ward committees and members of the public for their continued support during the reporting year. We present the Annual Report for the financial year 1 July 2013 to 30 June 2014 to you as a true reflection of the performance of Prince Albert Municipality, with the firm dedication that we could not have achieved any of this, without you, our community.

HFW Mettler

MUNICIPAL MANAGER

1.2 Municipal Overview

This report addresses the performance of the Prince Albert Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and accurate reporting on programme performance and the general state of affairs in their locality. The 2013/14 Annual Report reflects on the performance of the Prince Albert Municipality for the period 1 July 2013 to 30 June 2014.

The Annual Report is prepared in terms of Section 121(1) of the Local Government: Municipal Finance Management Act (MFMA), requiring the municipality to prepare an Annual Report for each financial year.

1.2.1 Municipal Vision and Mission

Prince Albert Municipality committed itself to the following vision and mission:

Vision

Prince Albert, an area characterized by high quality of living and service delivery.

Mission

To create an enabling environment that achieves our vision, in the delivering of quality and sustainable services, to our community.

1.3. Demography

1.3.1 Population

Prince Albert's municipal area is divided into four wards. Ward one includes the Leeu-Gamka and Prince Albert Road areas, including surrounding farms, while ward 2 represents Prince Albert South and a portion of North End surrounding the Sydwell Williams Centre. Ward three includes the portion of Prince Albert North End surrounding the Pentecostal Protestant Church, while ward 4 includes the area of Rondomskrik in Prince Albert as well as Klarstroom and the farming areas surrounding Seekoegat, Oukloof Dam and Drie Riviere.

According to the 2011 Census, Prince Albert Local Municipality has a total population of 13 136 people, of which 84,5% are coloured, 11,8% are white, with the other population groups making up the remaining 3,7%. A growth rate of 2.23% is estimated with a population density of 2 person per 2km².

Of those aged 20 years and older, 6,9% have completed primary school, 16,7% have some secondary education, 16,9% have completed matric, 8,7% have some form of higher education.

a) **Total Population**

The table below indicates the total population within the municipal area:

2001	2008	2011	2012*	2013*	% growth
10 512	12 106	13 136	13 428	13 728	2.23%

*Source: Stats SA Census, 2011 * Guestimate based on growth rate determined in 2011 census*

Table 1.: Demographic information of the municipal area – Total population

b) **Population profile**

The following profile reflects the municipal area's total population per age group.

Age	2011/12*		
	Male	Female	Total
Age: 0-9	1253	1355	2608
Age: 10-14	653	625	1278
Age: 15-19	597	544	1141
Age: 20-24	573	558	1131
Age: 25-39	1380	1370	2750
Age: 40- 54	1217	1224	2441
Age: 55-69	604	652	1256
Age: 70-84	199	277	476
Age: 85+	20	30	55

Table 2.: Population profile

1.3.2 Households

The following table reflects the number of households in the municipal area as well as the indigent households per financial year.

Households	2012/13	2013/14
Number of households in municipal area	2 234	2411
Number of indigent households in municipal area	783	646

Table 3.: Total number of households

1.3.3 Socio Economic Status

The following table reflects key socio-economic statistics of the area as per 2011 Census SA.

Financial year	Housing Backlog	Unemployment Rate	People older than 14 years illiterate	HIV/AIDS Prevalence	Urban/rural household split
2011/12	35.2%	6.8%	41%	2.1%	804

Table 4.: Socio Economic Status

1.4 Service Delivery Overview

1.4.1 Basic services delivery performance highlights

The following table reflects the basic service delivery performance highlights for the reporting financial year.

Highlights	Description
Leeu-Gamka housing project	Housing project completed – 262 houses
Sewerage site in Leeu-Gamka	Sewerage upgrade in Leeu-Gamka
Landfill site upgrade	Upgrade site of landfill sites

Table 5.: Basic Services Delivery Highlights

1.4.2 Basic services delivery challenges

The following table reflects the basic service delivery challenges for the reporting year.

Ward	Challenge	Actions to address
All	Ensure quality water provision	Trained water processing staff
All	Upgrade road infrastructure	Funds secured (R4m) to upgrade roads
All	Improve and erect road signage and markings	Road markings to be established as per available budget
All	Register land fill sites	Applications submitted
Ward 2, 3, 4	Upgrade electricity network	Funding applications submitted
All	Improve vehicle fleet	Fleet management principles established

Table 6.: Basic Services Delivery Challenges

1.4.3 Proportion of Households with access to Basic Services

The following table reflects the proportion of households with access to basic services.

Proportion of Households with minimum level of Basic services		
Detail	2012/13 (%)	2013/14 (%)
Electricity service connections	100	100%
Water - available within 200 m from dwelling	100	100%
Sanitation - Households with at least VIP service	100	100%
Waste collection - kerbside collection once a week	100	100%

Table 7.: Households with minimum level of Basic Services

1.5 FINANCIAL VIABILITY

1.5.1 Financial Viability Highlights

The following table reflects the financial viability highlights for the reporting year.

Highlight	Description
Appointment of interns	Interns appointed
Unqualified audit	Unqualified audit
Municipality's financial position improved	Increase in cash and cash equivalents

Table 8.: Financial Viability Highlights

1.5.2 Financial Viability Challenges

The following table reflects the financial viability challenges for the reporting year.

Challenge	Action to address
Traffic income	Traffic income must be optimised
Financial viability	Maximising income
Increase in impairments	Maintenance plans for capital assets and revenue enhancement for debtors

Table 9.: Financial Viability Challenges

1.5.4 Financial Overview

The following table provides a financial overview on the reporting year.

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	R4 2351	R4 8514	R49145
Taxes, Levies and tariffs	R16924	R16171	R16005
Other	R6406	R5212	R17573
Sub Total	R65681	R69879	R73523

Details	Original budget	Adjustment Budget	Actual
	R'000		
Less Expenditure	R48559	R45875	R61209
Net surplus/(deficit)	R17122	R24022	R12314

Table 10.: Financial Overview

1.5.5 Total Capital Expenditure

The following table provides a total capital expenditure profile for the reporting year.

Detail	2011/12	2012/13	2013/14
	R'000		
Original Budget	53 443	7741	17919
Adjustment Budget	53 443	7741	24019
Actual	82 363	8356	20405
% Spent	154	108	85

Table 11.: Total Capital Expenditure

1.6 Organisational Development Overview

1.6.1 Municipal Transformation and Organisational Development

The following table provides an overview of the municipal transformation and organizational development highlights for the reporting year.

Highlights	Description
Sec 56 appointments made	Manager: Corporate and Community Services and Manager: Infrastructure services appointed
Working smarter	New work procedures implemented
EPWP and CWP program support	Support in strengthening the capacity of organisation via EPWP and CWP programs
Thusong Manager appointed	Thusong Centre operational
Finance department strengthened through Municipal Finance Management Grant	Appointment of MFIP advisor

Table 12.: Municipal Transformation and Organisational Development Highlights

1.6.2 Municipal Transformation and Organisational Development Challenges

The following table reflects the challenges pertaining the municipal transformation and organizational development for the reporting year.

Description	Actions to address
Capacity constraints	39% vacancy rate in organisation – no funding to fill vacancies
Limited skills base	Skills funding limited

Table 13.: *Municipal Transformation and Organisational Development Challenges*

1.7 Auditor General Report

1.7.1 Audited Outcomes

The following table reflects the audited outcomes since 2010.

Year	2010/11	2011/12	2012/13
Opinion received	Qualified	Unqualified	Unqualified

Table 14.: *Audit Outcomes*

1.8 2013/14 IDP/Budget Process

The Process Plan is indicated in Addendum A for the 2013/14 IDP/Budget process.

COMPONENT B

Chapter 2: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Good governance has eight (8) major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and section 43 of the Local Government: Municipal System Act, 2000 (MSA). This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2012/13	2013/14
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	100	85

2.2 Performance Highlights - Good Governance and Public Participation

Highlight	Description
Ward committee attendance	Positive ward committee attendance from members
Complaint System functioning	Complaints captured electronically, improving accountability
Youth Council established	Youth organised to improve engagements with Council
Internal Audit function outsourced	Internal audit reports supports improved internal control; Standard Operating Procedures compiled
Sport Councils	Sports council representing sporting

Highlight	Description
	codes established for whole area; linking with district

Table 15.: **Good Governance and Public Participation Performance Highlights**

2.3 Challenges - Good Governance and Public Participation

Description	Actions to address
Quality of feedback to ward committees poor	Management Report to ward councillors before meetings
Need to improve ward committee capacity	Ward Operational Training for ward committees and ward based training in December 2014 with Department of Local Government
Limited communication tools for area	Funding application to Local Government for sponsoring bulk sms-system
Quarterly feedback in wards	Ward feedback meetings scheduled under chairmanship of mayor
Improved co-operation between inter-governmental departments	Quarterly Intergovernmental meetings to be scheduled under chairmanship of mayor

a) Council

Below is a table that categorizes the councilors within their specific political parties and wards for the 2012/13 financial year:

Name of councilor	Capacity	Political Party	Ward representing or proportional (PR)
Mr. G .Lottering	Mayor	KGP	Ward Councilor: ward 3
Miss. M. Jafftha	Speaker	KGP	Ward Councilor: ward 2
Mr. N.S. Abrahams	Deputy Mayor	ANC	Ward Councilor: ward 1
Mr. I.J. Windvogel	Councilor	KGP	Ward Councilor: ward 4
Mrs. C .Stols	Councilor	ANC	PR Councilor
Dr. A. Rabie	Councilor	DA	PR Councilor

Name of councilor	Capacity	Political Party	Ward representing or proportional (PR)
Mr. C. Bouwer	Councilor	DA	PR Councilor replaced on 7 October 2013
Mr D Rennie	Councilor	DA	PR Councilor replacing Mr C Bouwer on 7 October 2013

Table 16.: Council

Below is a table which indicates the Council meetings attendance for the 2013/14 financial year:

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
13 August 2013	100%	0%
29 August 2013	85%	0%
15 October 2013	100%	0%
3 December 2013	100%	0%
24 January 2014	100%	0%
27 February 2014	100%	0%
31 March 2014	100%	0%
14 April 2014	100%	0%
22 May 2014	100%	0%
26 May 2014	85%	15% (1 member)
26 June 2014	100%	0%
<i>Numbers between brackets indicate non-attendance without apology</i>		

Table 17.: Council meetings

b) Executive Mayoral Committee

Prince Albert Municipality have an Executive Mayor, Cllr Goliath Lottering, but has no Mayoral Committee.

b) Portfolio Committees

Section 80 committees are permanent committees that specialize in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the Executive Mayor on policy matters and make recommendations to the Executive Mayor. Section 79 committees are

temporary and appointed by the council as needed. They are usually set up to investigate a particular issue and do not have any decision making powers, except those delegated to them by Council. Once their *ad hoc* task had been completed, Section 79 committees are usually disbanded. External experts, as well as Councillors can be included on Section 79 committees. The following Section 80 committees were utilized in the reporting year.

i) Finance Committee

All councillors in Prince Albert Council form part of the respective Portfolio Committees. The following table reflects the attendance of the respective councillors in the finance committee meetings. The Finance Committee is under the chairmanship of Cllr G Lottering and deals with financial matters in the municipality.

Name of member	Capacity	Meeting dates
Cllr. G. Lottering	Chairperson	24 July 2013 27 September 2013 21 November 2013 27 February 2014 24 April 2014
Miss. M. Jafftha	Member	
Mr. N.S. Abrahams	Member	
Mr. I.J. Windvogel	Member	
Mrs. C .Stols	Member	
Dr. A. Rabie	Member	
Mr. C. Bouwer	Member till 7/10/13	
Mr D Rennie	Member from 7/10/13	

Table 18.: Finance Committee

ii) Personnel and Transformation Committee

All councillors in Prince Albert Council form part of the respective Portfolio Committees. The following table reflects the attendance of the respective councillors in the finance committee meetings. The Personnel and Transformation Committee is under the chairmanship of Cllr M Jafftha and deals with Human Resources and institutional development.

Name of member	Capacity	Meeting dates
Miss M Jafftha	Chairperson	22 July 2013 26 September 2013
Mr G Lottering	Member	20 November 2013

Name of member	Capacity	Meeting dates
Mr. N.S. Abrahams	Member	24 February 2014 23 April 2014
Mr. I.J. Windvogel	Member	
Mrs. C .Stols	Member	
Dr. A. Rabie	Member	
Mr. C. Bouwer	Member till 7/10/13	
Mr D Rennie	Member from 7/10/13	

Table 19.: Personnel and Transformation Committee

iii) Civil Services Committee

All councillors in Prince Albert Council form part of the respective Portfolio Committees. The following table reflects the attendance of the respective councillors in the finance committee meetings. The Civil Service Committee is under the chairmanship of Cllr I Windvogel and deals with technical matters.

Name of member	Capacity	Meeting dates
Mr I J Windvogel	Chairperson	24 July 2013 27 September 2013 18 November 2013 26 February 2014 24 April 2014
Miss. M. Jafftha	Member	
Mr. N.S. Abrahams	Member	
Mr. G Lottering	Member	
Mrs. C .Stols	Member	
Dr. A. Rabie	Member	
Mr. C. Bouwer	Member till 7/10/13	
Mr D Rennie	Member from 7/10/13	

Table 20.: Civil Services Committee

iv) Community Services and Development Committee

All councillors in Prince Albert Council form part of the respective Portfolio Committees. The following table reflects the attendance of the respective councillors in the finance committee meetings. The Community Services and Development Committee is under the chairmanship of Cllr C Stols and deals with community and land use matters.

Name of member	Capacity	Meeting dates
Ms C Stols	Chairperson	22 July 2013 26 September 2013 20 November 2013 25 February 2014 23 April 2014
Miss. M. Jaffha	Member	
Mr. N.S. Abrahams	Member	
Mr. G Lottering	Member	
Mr I J Windvogel	Member	
Dr. A. Rabie	Member	
Mr. C. Bouwer	Member till 7/10/13	
Mr D Rennie	Member from 7/10/13	

Table 21: Community Services and Development Committee

2.4.2 Administrative Governance Structure

The Municipal Manager is the Chief Accounting Officer of the municipality. He is the Head of the Administration and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the Management Team, whose structure is outlined in the table below:

Name of Official	Department	Performance agreement signed
		(Yes/No)
Heinrich Mettler	Municipal Manager	Yes
Jacob Van Der Westhuizen	Director Strategic & Community Services	Yes – position vacated in September 2013
Noel Klink	Manager: Technical Services	Yes – Till December 2013 after which the position was vacant till June 2014 when Justin Lesch was appointed
Jannie Neethling	Chief Financial Officer	Yes
Anneleen Vorster	Manager: Corporate and Community Services	Yes - January 2014

Table 22: Administrative Governance Structure

2.5 Intergovernmental Relations

South Africa has an intergovernmental system that is based on the principle of cooperation between the three spheres of government – local, provincial and national. While responsibility for certain functions is allocated to a specific sphere, many other functions are shared among the three spheres.

Chapter 3 of the Constitution describes the three spheres as being 'distinctive, interdependent and interrelated' and enjoins them to 'cooperate with one another in mutual trust and good faith'. An important element of this cooperative relationship is that there needs to be a clear understanding of each sphere of government's powers and functions to ensure that a sphere of government or organ of state 'does not encroach on the geographical, functional or institutional integrity of government in another

2.5.1 Provincial Intergovernmental Structures

Provincial intergovernmental relations is mostly aimed at oversight and monitoring as set out in various pieces of legislation pertaining to local and provincial government. It does, however, take on a supporting role in the sharing of best-practices and knowledge sharing. Provincial intergovernmental structures include MINMAY meetings, Provincial Task Groups and FORA such as the Provincial Public Participation Forum and SALGA Work Groups. Various Provincial FORA exist in every field of Local Government. The benefit of such FORA is a more integrated and coordinated planning process ensuring optimum use of available resources.

We participate in the following intergovernmental forums:

- ∞ Municipal Managers Forum where Municipal Managers engage on municipal matters
- ∞ CFO Forums where the CFO's of municipality engage on financial matters
- ∞ Central Karoo District Coordinating Forum where the municipalities in the Central Karoo District engage about shared matters.
- ∞ Central Karoo Communications Forum where municipalities in the Central Karoo engage on communication and public participation.
- ∞ Thusong Centre Provincial Forum where the Thusong Managers in the Province engage on shared service matters and programs.
- ∞ MIG Manager/Municipality Coordination Meetings – Western Cape Department of Local Government where municipalities and the Local Government engage on MIG spending and projects.

- ∞ Central Karoo Bilateral Meeting – Department of Water Affairs where the municipalities and Department engage on water service matters.
- ∞ The Provincial Transport Technical Committee (ProvTech) – Western Cape Department of Transport and Public Works where the municipalities engage on Technical matters.
- ∞ The Provincial Transport Committee (ProvCom) – Western Cape Department of Transport and Public Works where municipalities and the Department engage on integrated transport matters.
- ∞ Integrated Waste Management Forum – Western Cape Department of Environmental Affairs and Development Planning where the Department and municipality engage with each other on integrated waste matters.
- ∞ Western Cape Recycling Action Group – Western Cape Department of Environmental Affairs and Development Planning where municipalities and the department engage on recycling and raising awareness on such.
- ∞ SALGA Working Groups – SALGA where the municipalities in the Western Cape engage and workshop municipal infrastructure matters, Labour relations, local economic development etc.
- ∞ Working for Water: Implementing Agent Managers Forum – National Department of Environmental Affairs where the Department and municipalities on the work for water program.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.6.1 Public Meetings

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;
- monitoring and review of the performance, including the outcomes and impact of such performance; and
- preparation of the municipal budget.

The table below details public communication and participatory initiatives held by the municipality during the financial year under review:

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and manner of feedback given to community
IDP & Budget Ward 1 Prince Albert Road	14 April 2014	7	7	40	Community meeting
IDP & Budget Ward 1 Leeu Gamka	14 April 2014	7	7	100	Community meeting
IDP & Budget Ward 2;3 & 4 Prince Albert	15 April 2014	7	7	150	Community meeting
IDP & Budget Ward 4 Klaarstroom	16 April 2014	7	7	60	Community meeting

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and manner of feedback given to community
Housing meeting (Blink hokke)	26 May 2014	1	2	14	Beneficiary meeting

Table 23: Public Meetings

2.6.2 Ward Committees

The ward committees support the Ward Councilor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the municipality constantly strives to ensure that all ward committees function optimally with community information provision; convening of meetings; ward planning; service delivery; IDP formulation and performance feedback to communities. In the following tables the respective ward committee meetings that were held during the reporting years are reflected.

a) Ward 1: Leeu Gamka; Prince Albert Road and Farms

Name of representative	Capacity representing	Dates of meetings
Cllr. N.S. Abrahams	Ward Councillor	15 July 2013 12 August 2013 16 September 2013 14 October 2013 11 November 2013 03 December 2013 17 January 2014 17 February 2014 17 March 2014 14 April 2014 19 May 2014 17 June 2014
Cllr. C. Stols	PR Councillor	
Vacant	Churches	
Mr. D. Steenkamp	Safety	
Mr. R. Swartz	Sport	
Vacant	Representative Prince Albert Road	
Mrs. M. Oliphant	Businesses	
Mr. K. Stols	Health	
Mrs. A. Booysen	NGO	
Miss. M. Fielies	Elderly	
Mr. A. Booysen	School Governing Body	
Mrs. L. Faroo	Food Security	

Table 24: Ward 1 Committee Meetings

b) **Ward 2: Prince Albert**

Name of representative	Capacity representing	Dates of meetings
Cllr. M.D. Jafftha	Ward Councillor	16 July 2013 15 August 2013 17 September 2013 15 October 2013 12 November 2013 03 December 2013 17 January 2014 18 February 2014 18 March 2014 15 April 2014 20 May 2014 18 June 2014
Cllr. A. Rabie	PR Councillor	
Cllr. C. Bower	PR Councillor	
Vacant	Tourism	
Mr. R. Waterston	Chamber Of Commerce	
Miss. B. Castle	Ratepayers Association	
Mr. J. Mckenna	Cultural Foundation	
Vacant	Education	
Mr. J. Du Tiot	Elderly	
Mr. G. Erasmus	NGO	
Mrs. M. Mooneys	Church	
Mrs. L. Jaquet	Safety	

Table 25: Ward 2 Committee Meetings

c) **Ward 3: Prince Albert**

Name of representative	Capacity representing	Dates of meetings
Cllr. G. Lottering	Ward Councillor	18 July 2013 13 August 2013 18 September 2013 14 October 2013 11 November 2013 03 December 2013 17 January 2014 19 February 2014 19 March 2014 15 April 2014 20 May 2014 18 June 2014
Miss.L.Hesque	NGO	
Mr. M. Berlin	Elderly	
Miss. F. Januarie	Churches	
Miss. A.Hoorn	Health	
Mr. J. Pietersen	Sport	
Vacant	Argicalcture	
Miss. E. Manewille	Youth	
Vacant	Women	
Mrs. H. Mckay	Education	

Table 26: Ward 3 Committee Meetings

d) **Ward 4: Prince Albert Rondsokrik/Klaarstroom and Farms**

Name Of Representative	Capacity Representing	Dates of meetings
Cllr. I.J. Windvogel	Ward Councillor	17 July 2013 14 August 2013 18 September 2013 14 October 2013 11 November 2013 03 December 2013 17 January 2014 20 February 2014 20 March 2014 15 April 2014 21 May 2014 19 June 2014
Cllr.S.Botes	PR Councillor	
Mr. H. Piedt	Education	
Mrs. J. Plaatjies	Safety	
Vacant	NGO	
Mr. J. Loff	Farmers	
Mr. J. Jantjies	Youth	
Miss. B. Ackerman	Elderly	
Mrs. D. Lottering	Business	
Miss. S. Piedt	Health	
Mr. S. Fister	Farmworkers	
Mr. I.Cupido	Sport	

Table 27: Ward 4 Committee Meetings

2.6.3 Functionality of Ward Committee

The purpose of a ward committee is:

- to get better participation from the community to inform council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councilor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and should be representative. The ward councilor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councilor who makes specific submissions directly to the Council. These committees play a very important role in the development and annual revision of the integrated development plan of the area.

The table below provides information on the establishment of ward committees and their functionality:

Ward Number	Committee established Yes / No	Number of reports submitted to the Speakers Office	Number meetings held during the year	Number of quarterly meetings held during year	Committee functioning effectively (Yes / No)
1	Yes	84	12	0	Yes
2	Yes	78	12	0	Yes
3	Yes	83	12	0	Yes
4	Yes	69	12	0	yes

Table 28: Functioning of Ward Committees

2.6.4 Representative Forums

a) Labour Forum

The table below specifies the members of the Labour Forum for the 2013/14 financial year:

Name of representative	Capacity	Meeting dates
P Oliphant	Chairperson: Imatu member	20 September 2013 09 October 2013 25 April 2014 9 June 2014
A Arendse	Imatu	
A Waterboer	SAMWU	
N Abrahams	Employer	
A Vorster	Employer	
D Mooneys	Employer	

Table 29: Labour Forum

2.7 Risk Management

The table below reflects the Risk Committee:

Member	Capacity	Department
1. H Mettler	Chairperson	Municipal Manager
2. J Neethling	Member / Champion	Finance
3. A Vorster	Member/ Champion	Corporate and Community Services
4. J Lesch	Member/ Champion	Technical Services

Member	Capacity	Department
5. R Fransen	Risk Officer	Municipal Manager
6. P Theron	Member	Audit Committee member

Table 30: Risk Committee

COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.8 RISK MANAGEMENT

Prince Albert Municipality is committed to the optimal management of risks in order to achieve our vision, deliver on our core business and key objectives. In the course of conducting our day-to-day business operations, we are exposed to a variety of risks. These risks include operational and other risks that are material and require comprehensive controls and on-going oversight.

To ensure business success we have adopted an enterprise-wide integrated approach to the management of risks. By embedding the risk management process into key business processes such as planning, operations and new projects, we will be better equipped to identify events affecting our objectives and to manage risks in ways that are consistent with the approved risk appetite.

To further implement the enterprise-wide approach, we have taken a number of steps to reinforce a culture of disciplined risk-taking.

Council is responsible for oversight of the risk management processes and has delegated its day-to-day implementation to the Accounting Officer. The Accounting Officer, who is accountable for the overall governance of the municipality's risks, has delegated this role to the Risk Officer (RO) and management. The RO will ensure that the framework is implemented and that Council and the Risk Management Committee (RMC) receive appropriate reporting on the municipality's risk profile and risk management process. Management will execute their responsibilities outlined in the Risk Management Strategy. All other officials are responsible for incorporating risk management into their day-to-day activities.

For the 2013/14 financial year the top 5 strategic and operational risks identified are as follows:

2.8.1 Strategic Risks

- Implications of the changes proposed by the Bill on Basic Conditions of Employment and Labour Relations – will be addressed in the 2014/15 financial year.
- The risk of financial sustainability for the immediate and longer term – Being addressed through the development of a long term financial strategy.
- Capital funding for projects decreasing, leading to increase in external funding required – Included in the long term financial strategy.

- Replacing old dilapidated infrastructure network – MIG funding applications submitted
- Re-vitalise local economy – risk tender awarded in 2014/15 financial year for development and implementation of economic strategy.

2.8.2 Operational Risks

- Housing waiting list not properly managed and/or maintained – New procedure implemented for future housing project.
- Poor record keeping - to be remedied with assistance with SALGA
- Flat organisational structure with limited capacity – develop smarter ways to work.
- Insufficient electricity tariff structure – referred to 2015/16 budget process for development of new structure; negotiations with consulting engineers to determine most effective tariff.
- Loss of key data – Off site backup facility needed
- Outdated land use register – new register to be compiled.
- Building Control Officer required – referred to new budget process
- Ageing infrastructure – business plan to be submitted via MIG and partnerships

2.8.3 Anti-Corruption and Anti-Fraud

Section 83(c) of the Municipal Systems Act refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

a) Developed Strategies

Name of strategy	Developed Yes/No	Date Adopted/Reviewed
Anti-corruption and Fraud Prevention strategy and Implementation plan	Yes	Not reviewed during the reporting year
Risk Management Policy	Yes	Newly adopted: June 2014

Name of strategy	Developed Yes/No	Date Adopted/Reviewed
Risk Management Strategy and Implementation Plan	Yes	Reviewed: June 2014

Table 31: Strategies

b) **Members of the Audit Committee which is also the Performance Audit Committee**

Name of representative	Capacity	Meeting dates
A Dippenaar	Chairperson	15 August 2013 30 August 2013
M van Wyk	Member	11 November 2013
P Theron	Member	21 February 2014
A Badenhorst	Internal Auditor	16 May 2014 17 June 2014

Table 32: Members of the Audit Committee

2.9 Internal Auditing

2.9.1 Annual Audit Plan

The Risk Based Audit Plan for 2013/14 was executed with the available resources. The table below provides detail on audits completed:

Description		No of Hours	Date completed	
Phase 1				
Revisiting current risk profile and priorities		2	March 2014	
Phase 2				
Compiling Risk Based Audit Plan		60	June 2014	
Phase 3				
Audit Engagement	Departmental System	Detail	No of Hours	Date
Performance management	All departments	SOP's drafted and POE's verified	125	Sept 2013
HR	Corporate Services	Legal compliance verified	64	Nov 2013
Income	Finance department	Debtor billing verification	72	March 2014

Description			No of Hours	Date completed
Grants verification of spending	Finance department	Grant allocations verification of spending	64	March 2014
Continuous Auditing/Consulting				Ongoing – monthly basis
Junior Internal Audit Assistance				Ongoing – daily basis
Training CPD				Ongoing
Total Hours				

Table 33: Internal Audit Coverage Plan

Below are the functions of the Internal Audit Unit that was performed during the financial year under review:

Function
Risk analysis completed/reviewed
Risk based audit plan approved for 2013/14 financial year
Internal audit programme drafted and approved
Number of audits conducted and reported on
Grants
IT risk assessment
Performance management
HR analysis

Table 43: Internal Audit Functions

2.10 By-Laws and Policies

By-laws developed/revised	Public Participation Conducted Prior to adoption of By-Laws Yes/No	Date of Publication
Tariff By-Law	Yes	13 December 2013 newly developed
Liquor Trading Hours	Yes	13 December 2013 newly developed

Table 35: By-laws developed and reviewed

Below is a list of all the policies developed and reviewed during the financial year:

Policies developed/revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Risk Policy	June 2014	No

Table 36: Policies developed and reviewed

2.11 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act 1996 and other statutory enactments all impose an obligation on local government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

The communities, on the other hand, have a right and a responsibility to participate in local government affairs and decision-making and ample provision is made in the above-mentioned legislation for them to exercise their right in this respect. Our democratic government is committed to the principle of **Batho Pele** that is based on the principle of consultation, setting service standards, increased access, courtesy, providing information, openness and transparency, redress and value-for-money. This, in simple terms, means that those we elect to represent us (Councillors at the municipal level) and those who are employed to serve us (the municipal officials at municipal level) must always put people first in what they do.

South Africa has adopted a system of developmental local government, which addresses the inequalities and backlogs of the past while ensuring that everyone has access to basic services, to opportunities and an improved quality of life.

To be successful, communications must focus on the issues that are shown to impact on the residents' perceptions, quality of service, value for money and efficiencies. They should ideally look to close the communication-consultation loop, i.e. tell people how they can have a say and demonstrate how those who have given their views have had a real impact.

The table below provides details regarding the municipality's use of various communication platforms

Communication activities	Yes/No
Communication unit	Yes
Communication strategy	Yes
Communication Policy	Yes
Customer satisfaction surveys	Yes
Functional complaint management systems	Yes
Newsletters distributed at least quarterly	No

Table 37: Communication platforms

2.13 Website

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

Documents published on the Municipal website	Published (Yes/No)
Current annual and adjustments budgets and all budget-related documents, including SDBIP	Yes
Tariff policy	Yes
Credit control policy	Yes
Valuation policy	Yes
Rates policy	Yes
SCM policy	Yes
Annual report for 2012/13	Yes
All service delivery agreements for 2013/14	No
All supply chain management contracts above the prescribed value for 2013/14	No
Performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act for 2013/14	Yes
All quarterly reports tabled in the council in terms of section 52 (d)	Yes

Documents published on the Municipal website	Published (Yes/No)
of the MFMA during 2013/14	

Table 38: Website Checklist

2.14 Supply Chain Management

2.14.1 Competitive Bids in Excess of R200 000

a) Bid Committee Meetings

The attendance figures of members of the bid evaluation committee are as follows:

Member	Percentage attendance
CHRISTA BAADJIES	100
DONOVAN PLAATJIES	100
LOUWRENCE LESCH	100

Table 39: Attendance of members of bid evaluation committee

The attendance figures of members of the bid adjudication committee are as follows:

Member	Percentage attendance
Mr. J LESCH	100
Mrs. D MOONEYS	100
Mrs KARIN VAN DER MESCHT	100
Mr JD NEETHLING	100
Mr A VORSTER	100

Table 40: Attendance of members of bid adjudication committee

The percentages as indicated above include the attendance of those officials acting in the position of a bid committee member.

b) Awards Made by the Bid Adjudication Committee

The ten highest bids awarded by the bid adjudication committee are as follows:

Bid number	Date of award	Title of bid	Successful Bidder	Value of bid awarded
TENDER 43/2013	25.04.14	Prince Albert Upgrading Of	A2 Loodgieters	R3537629.76

Bid number	Date of award	Title of bid	Successful Bidder	Value of bid awarded
		Prince Albert Water Supply: New 1.5ML Reservoir		
TENDER 67/2013	10.12.13	Klaarstroom: Supply And Installation Of Borehole Pump And Ancillary Equipment	Viking Pony Africa Pumps t/a Tricom Africa	R549956.75
TENDER 68/2013	10.12.13	Leeu Gamka: Upgrae Of The Leeu Gamka Wastewater Treatment Works	A2 Loodgieters	R3618023.91
TENDER 39/2013	22.11.13	Behuising: Riool lyn Leeu gamka	Asla Construction	R778577.07
TENDER 31/2014	27.05.14	Prince Albert: Upgrading Of Prince Albert Water Supply: New Bulk WaterMain To Reservoir	A2 Loodgieters	R3817029.91
TENDER 51/2013	24.10.13	The Supply And Delivery Of Material For Pedestrian and Cycle Pathway in Prince Albert	Volmoed Quarries	R315810.62
TENDER 52/2013	24.10.13	The Supply And Delivery Of Material For Pedestrian and Cycle Pathway in Leeu Gamka	Volmoed Quarries	R581834.87
TENDER 25/2013	3.06.13	Prince Albert: Rehabilitation Of Stormwater Channel No1	Cheslyn Transport & Projects Cc	R195673.79

Bid number	Date of award	Title of bid	Successful Bidder	Value of bid awarded
		Using Labour Intensive Construction Methods		
TENDER 53/2013	24.10.13	The Supply And Delivery Of Watermeters In Leeu Gamka	Civil Corp	R82810.00
TENDER 45/2014	13.06.14	Make & Supply Pallisade Fencing And Gates (Thusong Centre)	Octobersky & Plant Hire and Suppliers	R181704.60

Table 21.: Ten highest bids awarded by bid adjudication committee

c) Awards Made by the Accounting Officer

No bids awarded by the Accounting Officer for the reporting year.

e) Appeals lodged by aggrieved bidders

No appeals were lodged against any bid or tender during the reporting year.

2.14.2 Deviation from Normal Procurement Processes

The following table provides a summary of deviations approved on an annual and monthly basis respectively:

Type of deviation	Number of deviations	Value of deviations	Percentage of total deviations value
SOLE SUPPLIERS	110	R441 156.00	1.37%
Total			

Table 41: Summary of deviations

Clause 36(1)(a)(v)- Deviations- Impractical and or Impossible: None

2.14.3 Logistics Management

As at 30 June 2014, the value of stock at the municipal stores amounted to R253 798.00.

The system of disposal management must ensure the following:

- immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- Immovable property is let at market related rates except when the public e plight of the poor demands otherwise;
- All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

We are complying with section 14 of the MFMA which deals with the disposal of capital assets. The current policies in place aim to provide the guidelines for the disposal of all obsolete and damaged assets.

Chapter 3: ORGANISATIONAL PERFORMANCE

This chapter provides an overview of the key service achievements of the municipality that came to fruition during 2013/14 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP. It furthermore, includes an overview on achievement in 2013/14 compared to the actual performance in 2013/14.

3.1 Overview of Performance within the Organisation

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The Constitution of S.A (1996), section 155, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources;
- accountable public administration;
- to be transparent by providing information;
- to be responsive to the needs of the community; and
- to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails 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." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

3.1.1 Legislative requirements

In terms of section 46(1)(a) of the MSA, 2000 a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

3.1.2 Organisational performance

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlight the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act, 2000 and an overall summary of performance on a functional level and municipal services

3.1.3 The performance system followed for 2013/14

The performance management system drafted and implemented for the 2013/14 financial year is described beneath.

a) Adoption of a Performance Management Framework

The municipality's performance management framework was adopted by Council on 15 October 2013 and will be revised in the next financial year.

b) The IDP and the budget

The 2013/14 IDP was approved together with the 2013/14 budget by Council on 28 May 2013. The IDP process and the performance management process are integrated. The IDP fulfils the planning stage of performance management.

Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

c) The Service Delivery Budget Implementation Plan

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned.
- The budget must address the strategic priorities.
- The SDBIP should indicate what the municipality is going to do during the next 12 months.
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP for 2013/14 were prepared as described in the paragraphs below and the Top Layer SDBIP approved by Council on 28 May 2013 and signed off by the Executive Mayor on 28 May 2013.

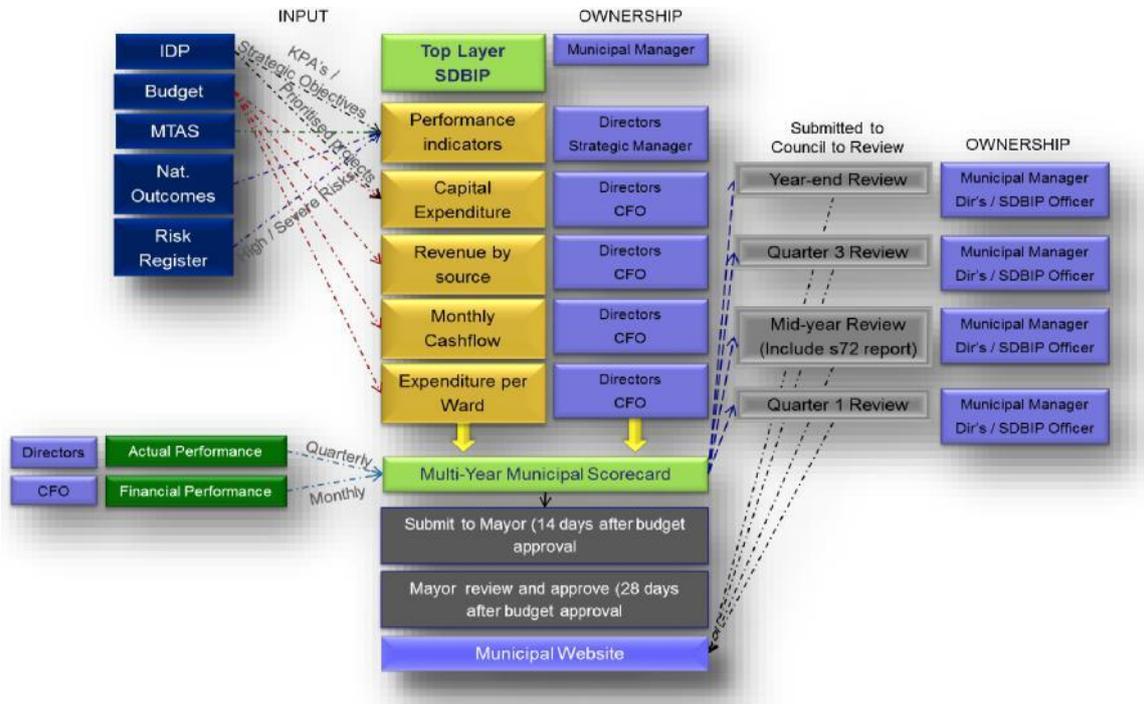
(i) The municipal scorecard (Top Layer SDBIP)

The municipal scorecard (Top Layer SDBIP) consolidate service delivery targets set by Council / senior management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. Components of the Top Layer SDBIP include:

- **One-year** detailed plan, but should include a **three-year capital plan**
- Monthly projections of revenue to be collected for each source
- Expected revenue to be collected NOT billed
- Monthly projections of expenditure (operating and capital) and revenue for each vote
- Section 71 format (Monthly budget statements)
- Quarterly projections of service delivery targets and performance indicators for each vote
- Non-financial measurable performance objectives in the form of targets and indicators
- Output NOT input / internal management objectives
- Level and standard of service being provided to the community
- Ward information for expenditure and service delivery

- Detailed capital project plan broken down by ward over three years

The following diagram illustrates the establishment, components and review of the municipal scorecard (Top Layer SDBIP):



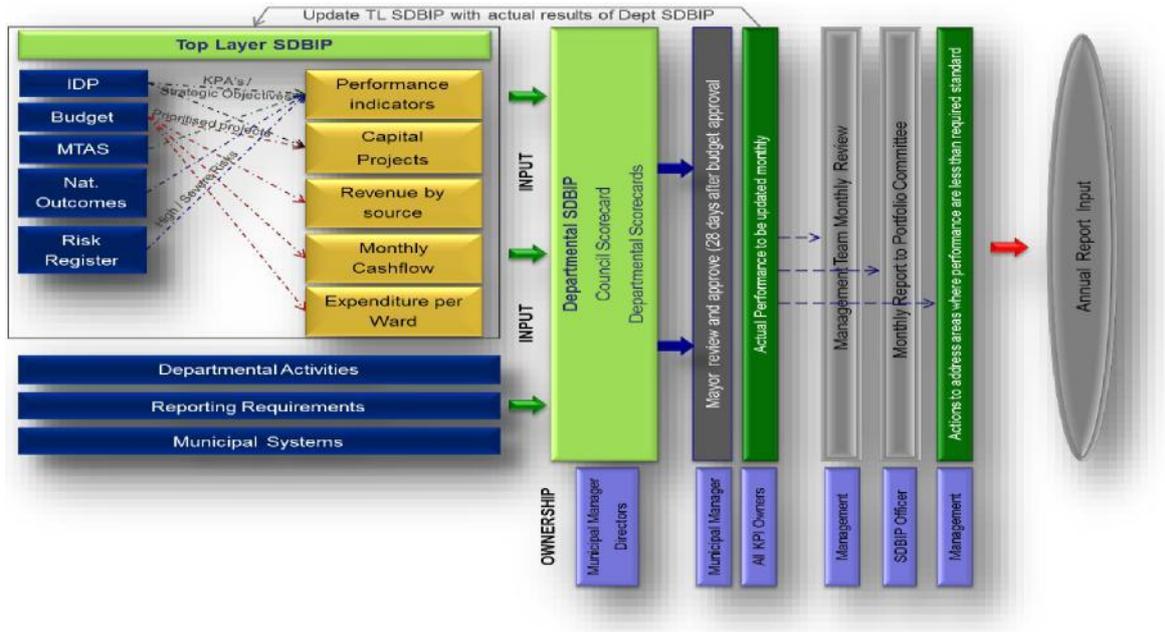
Top Layer KPI's were aligned with the IDP Implementation Map (iMAP) that was prepared based on the following:

- Key performance indicators (KPI's) for the programmes / activities identified to address the strategic objectives as documented in the IDP.
- KPI's identified during the IDP and KPI's that need to be reported to key municipal stakeholders.

(ii) Departmental scorecards

The departmental scorecards (detail SDBIP) capture the performance of each defined directorate or department. Unlike the municipal scorecard, which reflects on the strategic performance of the municipality, the departmental SDBIP provide detail of each outcome for which top management are responsible for, in other words a comprehensive picture of the performance of that department/sub-department. It consists of objectives, indicators and targets derived from the approved Top Layer SDBIP, the approved budget and measurable service delivery indicators related to each functional area.

The following diagram illustrates the establishment, components and review of the departmental SDBIP:



KPI's were developed for each department. Each KPI have clear monthly targets and are assigned to the person responsible for the KPI's. The departmental KPI link back to the top-layer SDBIP.

d) Actual performance

The municipality utilizes an electronic web based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set.
- The output/outcome of achieving the KPI.
- The calculation of the actual performance reported. (If %)
- A performance comment.
- Actions to improve the performance against the target set, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

3.1.4 Performance Management

Performance management is prescribed by chapter of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the aforementioned regulation states that "A Municipality's Performance Management System entails 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, organized and managed, including determining

the responsibilities of the different role players." This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

a) Organisational Performance

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

The Top Layer SDBIP was approved by the Mayor on 28 May 2013 and the information was loaded on an electronic web based system;

- The web based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets by the 15th every month for the previous month's performance.
- Additionally, the performance system administrator reminded all departments on a monthly basis to update their actual performance on the web based system.
- The first quarterly report was submitted to Council on 24 January 2014 and the second quarterly report formed part of the section 72 report in terms of the Municipal Finance Management Act, which was submitted to Council on 24 January 2014.
- The Quarterly SDBIP performance reports was also submitted to the Internal Audit unit (outsourced), who performed an audit of sample KPI's and reviewed all quarters for submission to the Performance Audit Committee on 15 August 2013.

b) Individual Performance Management

(i) Municipal Manager and Managers directly accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with the all s57-employees and that performance agreements must be reviewed annually. In addition the Regulation in Government Gazette 37245, of 17 January 2014 (Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, Section 9, Annexures A and B) notes the Competency requirements for senior managers. The Performance Agreements of the Municipal Manager and other Section 56/57 Managers should be directly linked to their employment contract. These Performance Agreements consist of three distinct parts:

- Performance Agreement: This is an agreement between the Section 56/57 Manager and the Municipality, which regulates the performance required for

a particular position and the consequences of the performance. The Agreement deals with only one aspect of the employment relationship, namely performance. This agreement must be reviewed and renewed annually, subject to the individual's annual performance.

- Performance Plan: The Performance Plan is an Annexure to the Performance Agreement and stipulates in detail the performance requirements for a single financial year. The SDBIP transcends into the Performance Plan/s of the respective Section 56/57 Managers according to their areas of responsibility.
- Personal Development Plan: The plan is an Annexure to the Performance Agreement and addresses the developmental needs/requirements of the manager indicating actions and timeframes.

The performance agreements for the 2013/14 financial year were signed during July 2013 as prescribed. The performance agreement for the Operational Manager: Corporate and Community Services were signed in February 2014, as the latter was appointed at the end of January 2014.

(ii) Other municipal personnel

The municipality has not implemented individual performance management to lower level staff during the 2013/14 financial year.

3.2 Introduction to Strategic and Municipal Performance for 2013/14

3.2.1 Strategic Service Delivery Budget Implementation Plan (Top Layer)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer (strategic) SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements).

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (KPI's) of the SDBIP is measured:

Category	Color	Explanation
KPI's Not Yet Measured	Grey	KPIs with no targets or actuals in the selected period.
KPI's Not Met	Red	0% >= Actual/Target < 75%
KPI's Almost Met	Yellow	75% >= Actual/Target < 100%
KPI's Met	Green	Actual/Target = 100%
KPI's Well Met	Dark Green	100% > Actual/Target < 150%
KPI's Extremely Well Met	Dark Blue	Actual/Target >= 150%

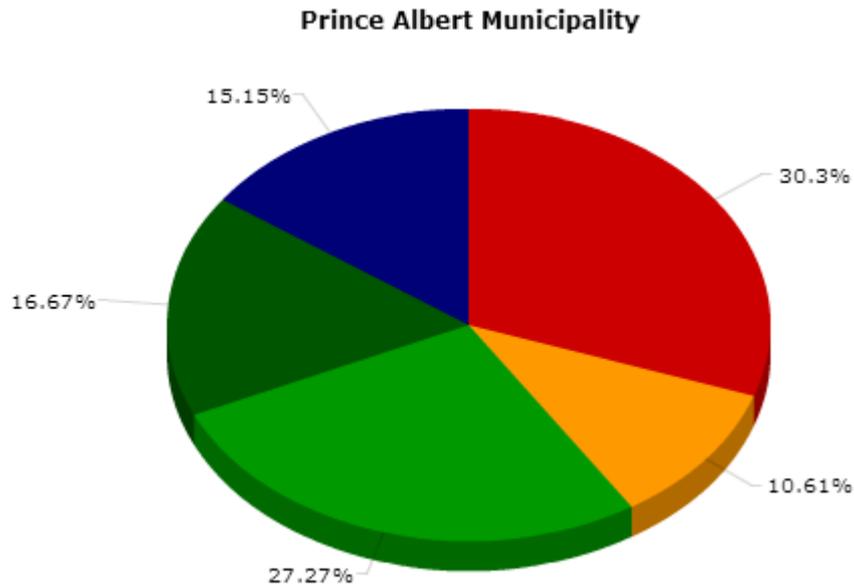
Figure 2: SDBIP Measurement Categories

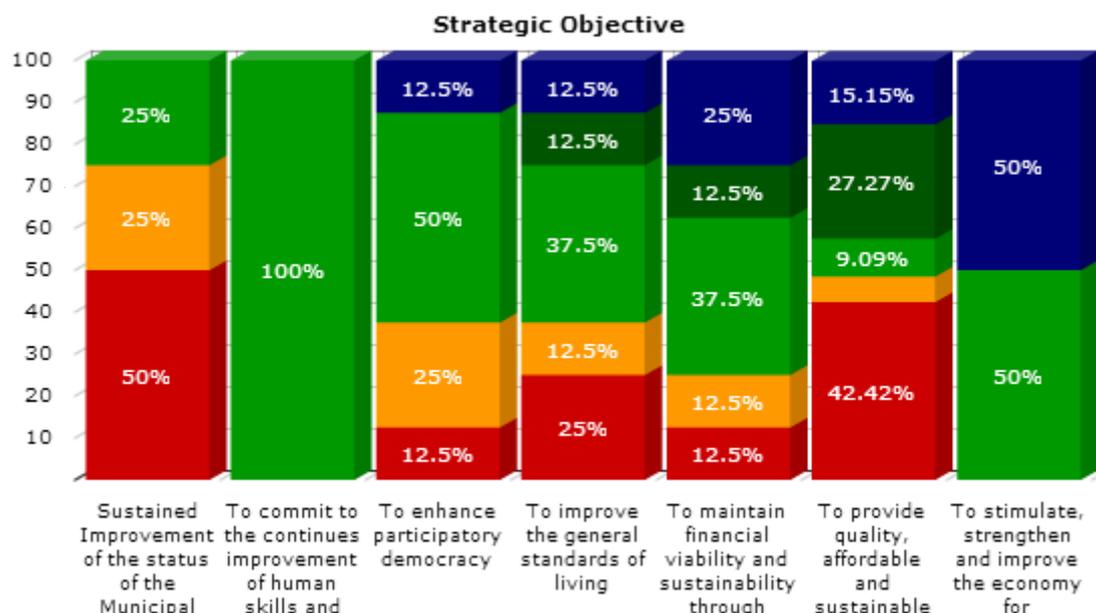
The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP are indicated in the table and graph below:

	Prince Albert Municipality	Strategic Objective						
		<i>Sustained Improvement of the status of the Municipal area and the eradication of the spatial legacy</i>	<i>To commit to the continues improvement of human skills and resources to delivery effective services</i>	<i>To enhance participatory democracy</i>	<i>To improve the general standards of living</i>	<i>To maintain financial viability and sustainability through prudent expenditure, and sound financial systems</i>	<i>To provide quality, affordable and sustainable services on an equitable basis</i>	<i>To stimulate, strengthen and improve the economy for sustainable growth</i>
KPI Not Met	20 (30.3%)	2 (50%)	-	1 (12.5%)	2 (25%)	1 (12.5%)	14 (42.4%)	-
KPI Almost Met	7 (10.6%)	1 (25%)	-	2 (25%)	1 (12.5%)	1 (12.5%)	2 (6.1%)	-
KPI Met	18 (27.3%)	1 (25%)	3 (100%)	4 (50%)	3 (37.5%)	3 (37.5%)	3 (9.1%)	1 (50%)
KPI Well Met	11 (16.7%)	-	-	-	1 (12.5%)	1 (12.5%)	9 (27.3%)	-
KPI Extremely Well Met	10 (15.2%)	-	-	1 (12.5%)	1 (12.5%)	2 (25%)	5 (15.2%)	1 (50%)
Total:	66	4	3	8	8	8	33	2

Top Layer SDBIP Performance per Strategic Objective

The graph below displays the overall performance per Strategic objectives for 2013/14:





Overall performance per Strategic objective

a) Sustained Improvement of the status of the Municipal area and the eradication of the spatial legacy

The results of this strategic objectives must be considered with the recognition that the position for Operational Manager: Corporate and Community Services was only filled on 23 January 2014.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL1	Review the spatial development framework and submit to council by end June	SDF submitted to council	All	New performance indicator; no comparatives available	0	0	0	1	1	1	G	n/a
TL2	Provide consideration (decisions) on building plans applications within 60 days after receipt of all outstanding information (Actual applications approved/actual applications received)	% building plans evaluated within 60 days	All	53.19	80	80	80	80	80%	78.25%	O	n/a

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL3	Provide consideration (decisions) on land use applications within 120 days after receipt of all outstanding information (Actual applications approved/actual applications received)	% of applications evaluated within 120 days	All	41.93%	80	80	80	80	80%	59.17%	R	The date of calculation should move to the closing date of the advertisement and not of application as the newspaper only appear once a month and if you miss the cut-off date for one month on say the 16 th of a month, your process will be held back for a month and a half – this is out of the hands of the municipality. As an alternative applicants can advertise in Die Hoorn which appears weekly and will now be available in Prince Albert area. This is however very costly and the applicant will have the choice not the Municipality.
TL5	Develop a Drought Management Plan and submit to council for approval by end June	Drought management plan submitted to council	All	New performance indicator. No comparatives available	0	0	0	1	1	0	R	Draft Drought Management plan completed, Signed off by Portfolio Chairperson and Executive Mayor. However not yet workshopped with Council and thus not yet tabled at Council. This was mainly due to the fact that the Technical Manager position was vacant since 6 December 2013 until 1 June 2014.

Top Layer SDBIP – Sustained Improvement of the status of the Municipal area and the eradication of the spatial legacy

The Spatial Development Framework was approved in February 2014, exceeding the time limit in the KPI. It must further be noted that the municipality embarked on an awareness program to address illegal land use and building control in the municipal area by declaring an amnesty period in which applicants whose land use are illegal, have the opportunity to remedy such.

b) To commit to the continues improvement of human skills and resources to delivery effective services

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL14	Develop a risk management policy /strategy and submit to council for approval by end June	Policy/ strategy submitted to council	All	New performance indicator; no comparatives available	0	0	0	1	1	1	G	n/a
TL15	Development skills of staff (Actual total training expenditure/total	% of total operational budget spent on training	All	0.15%	0	0	0	0.30%	0.30%	0.14%	R	There was an over expenditure on the training budget. It should further be noted that not all training is funded from one vote. Training could only be incurred as budgeted. Municipality should increase

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
	operational budget)											training budget, but are facing budget constraints.
TL16	Develop an employment equity policy and plan and submit to council for approval by end June	Draft policy and plan submitted to council	All	New performance indicator; no previous measurement available	0	0	0	1	1	1	G	n/a

Top Layer SDBIP – To commit to the continues improvement of human skills and resources to delivery effective services

An employment equity plan will be drafted in the new financial year to reflect the demography and equity targets for the Municipality. The Municipality is investing in Skills Development and signed a service delivery agreement to source external funding to improve skills development.

c) To enhance participatory democracy

Participatory governance is one of the key principles that local government is built upon. The following depicts the Prince Albert Municipality's performance in this aspect.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL17	Develop a Communication and Public Participation implementation plan and submit to council by end March its strategy already developed	Implementation plan submitted to council	All	New performance indicator; no previous measurement available	0	0	1	0	1	0	R	Implementation plan to be drafted in next financial year.
TL18	Train ward committees with one training session per ward per annum	Number of training sessions	All	1	0	0	0	4	4	4	G	n/a
TL19	Facilitate the meeting of the Audit Committee	Number of meetings	All	New performance indicator; no previous measurement available	1	1	1	1	4	3	O	n/a
TL20	Train the Audit Committee and Performance Audit Committee	Number of training sessions	All	1	1	0	0	0	1	1	G	n/a

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL21	Submit quarterly report to council on the actual performance in terms of the Top Layer SDBIP	Number of SDBIP reports submitted to council	All	New performance indicator; no previous measurement available	1	1	1	1	4	3	O	n/a
TL22	Compile and submit the Risk based audit plan to the Audit Committee for approval	RBAP submitted to the Audit Committee	All	1	0	0	0	1	1	1	G	n/a
TL23	Implement the RBAP (Planned audits for the period/audits completed for the period)	% implemented	All	New performance indicator; no previous measurement available	0	0	0	70%	70%	70%	G	n/a
TL24	Facilitate the regular meeting of ward committees	Number of meetings	All	5	4	4	4	4	16	38	B	n/a

Top Layer SDBIP – To enhance participatory democracy

The Municipality invited the public to submit comments to improve communication and this will be considered in the compilation of the communication implementation plan. The quality of ward committee engagements will be improved in the next financial year, while the municipality will also build on the sectorial and stakeholders engagements that already take place on a continuous basis.

d) To improve the general standards of living

The underlying principle to all local government activities is the objective to improve the general standards of living and well-being of their residents. Prince Albert Municipality spend 100% of their Municipal Infrastructure Grant during the reporting year. With no capital projects funded through own funds, capital expenditure was incurred in respect of housing. The housing expenditure was claimed as the project progressed. The following objective portrays the Municipality's performance in this respect.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL4	Research and compile a report with results and recommendations for the development of a	Report submitted to council	All	New performance indicator; no previous measurement available	0	0	0	1	1	1	G	n/a

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
	Housing pipeline and submit to council by end June											
TL7	Provide wheelie wagons for library services	Number of wheelie wagons provided	All	New performance indicator; no previous measurement available	0	0	0	1	1	1	G	n/a
TL8	Hold exhibitions on identified topics to enhance library awareness	Number of exhibitions held	All	9	3	3	3	3	12	18	B	n/a
TL9	Hold road blocks to decrease incidents affecting traffic safety	Number of road blocks held	All	5	3	2	2	3	10	11	G2	n/a
TL10	Review the Disaster Management Plan and submit to council for approval by end May	Plan submitted to council	All	1	0	0	0	1	1	1	G	n/a
TL11	Develop a Human Settlement Plan and submit to council by the end of June	Plan submitted to council	All	New performance indicator; no previous measurement available	0	0	0	1	1	0	R	Currently in discussion with DoHS who is drafting a template for Municipalities.
TL12	Install services for new housing sites	Number of sites serviced	1; 4	New performance indicator; no previous measurement available	0	0	0	321	321	252	O	
TL13	Built top structures for new housing sites	Number of top structures built	1; 4	New performance indicator; no previous measurement available	0	0	0	50	50	30	R	The original approval was for 50 units by DoHS amended it to the full 251 top structures. This implied that bulk infrastructure scheduled was to be amended to ensure services for the new target of 252 units, therefore all top structures was held back to ensure efficiency. The first 30 units will be delivered to beneficiaries on 4 July 2014. This is due to the availability of Mayor.

Top Layer SDBIP – To improve the general standards of living

A municipality's housing delivery is subject to funding received from Provincial government. As such, Province initially approved only 51 houses in Leeu-Gamka which was later increased to 252 units. In addition to the increase in units, the subsidy scheme was changed after the first 51 houses were completed and the contractor

had to go back to these houses to bring it up to the new standard. This held the project back and the first houses were completed just before the end of the financial year, with the first hand-overs taking place on July 4, 2014.

The Municipality's housing division focussed on the identification of the beneficiaries, the verification and "cleaning" of all waiting lists in the municipal area and the drafting of a housing policy to be tabled to Council in the next financial year. An Integrated Human Settlement Plan will only be drafted in the next financial year.

e) To maintain financial viability & sustainability through prudent expenditure, and sound financial systems

Financial viability is indicative of the municipality's sustainability. The following KPI's reflect the municipality's performance in respect of good financial practice.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014						Corrective measures for targets Not Achieved	
					Target					Actual		R
					Q1	Q2	Q3	Q4	Annual			
TL54	Hold indigent awareness campaigns	Number of campaigns	All	1	0	0	0	1	1	1	G	n/a
TL55	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	% achieved	All	New performance indicator; no previous measurement available	0	0	0	18,50%	18.50%	11.19%	R	n/a
TL56	Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure)	Ratio achieved	All	New performance indicator; no previous measurement available	0	0	0	0,09	0.09	7.41	B	n/a
TL57	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations ((Total operating revenue-	Target achieved	All	New performance indicator; no previous measurement available	0	0	0	0,81	0.81	150	B	n/a

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014						Corrective measures for targets Not Achieved	
					Target					Actual		R
					Q1	Q2	Q3	Q4	Annual			
	operating grants received)/debt service payments due within the year)											
TL58	Review the required budget implementation policies	Number of policies	All	12	0	0	4	0	4	5	G2	n/a
TL59	Achieve a payment percentage of at least 85%	Payment %	All	100	85%	85%	85%	85%	85%	80%	O	n/a
TL60	Achieve an unqualified audit opinion for the 2012/13 financial year	Opinion achieved	All	1	0	1	0	0	1	1	G	n/a
TL61	Implement an initiative to improve debt collection	Number of initiatives	All	1	0	0	0	1	1	1	G	n/a
TL62	Provide 6kl free basic water per household per month in terms of the equitable share requirements	Number of HH receiving free basic water	All	2023.09	0	0	0	1937	1,937	2,063	G2	n/a
TL63	Provide cleaned piped water to all households within 200m from the household within the municipal area	Number of HH that meet the agreed service standards for piped water	All	2023.09	0	0	0	1989	1,989	2,231	G2	n/a
TL65	Provide 50kwh free basic electricity per indigent household per month in terms of the equitable share requirements	Number of HH receiving free basic electricity	All	769.25	0	0	0	615	615	790	G2	n/a
TL66	Provide free basic refuse removal to indigent households in terms of the equitable share requirements	Number of HH receiving free basic refuse removal	All	769.25	0	0	0	615	615	790	G2	n/a

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL67	Provide sanitation services to households in terms of the equitable share requirements	Number of Households receiving sanitation services	All	769.25	0	0	0	1989	1,989	2,150	G2	n/a

Top Layer SDBIP – To maintain financial viability & sustainability through prudent expenditure, and sound financial systems

f) To provide quality, affordable and sustainable services on an equitable basis

A municipality's main objective is to provide quality, affordable and sustainable basic services on an equitable basis. The following KPI's reflect the Municipality's performance in this respect.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL27	Develop a Vehicle Replacement Strategy by the end of October 2013	Strategy completed and adopted by Council	All	New performance indicator; no previous measurement available	0	1	0	0	1	0	R	A Vehicle Replacement strategy Will be drafted before 30 June 2015
TL28	Upgrade 28 Transnet settlement houses to national standards by the end of June 2014	Number of houses completed	1	New performance indicator	0	0	0	28	28	0	R	The DoHS appointed the Central Karoo PRT to plan and manage this project. The PRT in consultation with our Consulting Engineers drafted an implementation programme, which was approved by DoHS and unlocked R 6 million. This is resulted in a concert of 16 projects to the value of R 29 684 969. Three of these projects have been completed and further technical reports were drafted for the unlocking of another R 8 million. The project as seen as a whole and will only conclude when completed. Since it involves bulk infrastructure 92 units are thus all services at once and progressively. This project must therefore be managed as for 92 units, and cannot be broken down, for it involves bulk infrastructure which is very costly
TL29	Develop an Integrated Infrastructure Maintenance Plan by the end of June 2014	Plan completed and adopted by Council	All	New performance indicator for 2013/14; no comparatives available	0	0	0	1	1	1	G	n/a
TL30	Limit electricity losses to less than 15%	% of electricity losses	All	12.48%	0	0	0	15%	15%	17.59%	R	Electricity losses have increased, Door-to-door site visit to inspect electricity losses

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL31	% of the electricity maintenance budget spent on repairs and maintenance of electricity assets	% of maintenance budget spent	All	100	30%	30%	30%	50%	50%	96.69%	B	n/a
TL32	Obtain permit for the Leeu-Gamka landfill site by the end of June 2014	Permit obtained	1	New performance indicator; no previous measurement available	0	0	0	1	1	0	R	Await approval from DEAP, which is long process. Basic Assessment and Application have been made as per the Waste Act, since this is listed items
TL33	Implement Integrated waste management awareness campaign	Number of campaigns	All	1	1	1	1	1	4	0	R	Awareness campaign to be launched In 2014/15.
TL34	Report quarterly on compliance with the National Waste Management Strategy	Number of reports	All	0	1	1	1	1	4	2	R	Manager: Infrastructure to report quarterly on compliance to National Waste Management Strategy
TL35	75 ton of domestic waste recycled	Ton recycled	1; 2	New performance indicator; no previous measurement available	15	15	15	30	75	31.7	R	Due to long distances to Oudtshoorn and Cape Town, the haulage cost of Recyclables is uneconomical and not budgeted for. The Pic a Piece initiative was supported, and recycling on Landfill site was sporadic and as per the availability of the None State sector EPWP and the CWP programme
TL36	Annual external audit of landfill site and recycling plant	Number of audits	1; 2; 4	New performance indicator; no previous measurement available	0	0	0	3	3	3	G	n/a
TL37	% of the water maintenance budget spent on maintenance of the water assets	% of operational budget of water spent	All	100	30	30	30	50	50%	77%	B	n/a
TL38	Limit unaccounted water to less than 16%	% of water unaccounted for	All	18	0	0	0	16%	16%	8.25%	B	n/a
TL39	New Storage reservoir for Prince Albert to improve from 2.7ML to 3.7ML by the end of January 2014	Project completed	2	New performance indicator; no previous measurement available	0	0	1	0	1	0	R	Project was delayed due to non-performance of Contractor, Contract was terminated and guarantee was called up. Time was lost during the supply chain processes to appoint a new contractor. Project is a work in progress and treated as a multi- year project, to be completed in the 2014/15 financial year.
TL40	Microbiological quality of water to comply with SANS standards	% of water quality	All	100	97%	97%	97%	97%	97%	94.03%	O	n/a

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL41	80% Blue Drop assessment received by the end of June 2014	% assessment achieved	All	New performance indicator; no previous measurement available	0	0	0	80%	80%	0%	R	No Blue assessments was conducted for the year under review
TL42	Implement Water Awareness campaigns	Number of campaigns	All	1	0	0	0	2	2	4	B	n/a
TL43	Review the Water Service Development Plan by the end of March 2014	Plan reviewed	All	New performance indicator; no previous measurement available	0	0	1	0	1	0	R	Project was negotiated for support from DWA. This was however not successful, in that the DWA could not fund the use of their expertise to our project and required us to carry the cost. The Municipality could not proceed due to financial constraints.
TL44	Develop and implement a Water Conservation and Demand Strategy by the end of June 2014	Plan completed and adopted by Council	All	New performance indicator; no previous measurement available	0	0	0	1	1	0	R	The draft strategy was completed in June but unfortunately it could not be tabled to Council, before the end of June. The delay was due to the vacant position of Technical manager during the period 6 December 2013 to 1 June 2014. The draft was however forwarded by the Portfolio Chair to the Executive Mayor for endorsement
TL45	Quality of effluent in terms of SANS standards	% quality of effluent	All	100	90%	90%	90%	90%	90%	100%	G2	n/a
TL47	Paving of new access roads - Prince Albert	Square meters paved	1	New performance indicator; no previous measurement available	0	0	0	3,750	3,750	0	R	This project was removed from the schedule at the amendment budget. Funding as relocated to the WWTW in Leeu-Gamka, which were needed to accommodate the newly approved 262 serviced erven with 251 top-structures. The budget only provided for 50 top structures. Bulk Infrastructure had to be prioritised to ensure sufficient basic services for the planned units.
TL48	Upgrade Storm water Network - Prince Albert Nooreinde by the end of November 2013	Project completed	3	New performance indicator; no previous measurement available	0	1	0	0	1	1	G	n/a
TL49	Upgrade Storm water network - Leeu-Gamka (Bitterwater) by the end of December 2013	% completed	1	New performance indicator; no previous measurement available	0	1	0	0	1	0	R	Funding re-routed to sewerage Bulk infrastructure to accommodate Housing project

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL51	Complete the design of the WWTW of Prince Albert and repair the grid removal system by the end June 2014	Projects completed	3	New performance indicator; no previous measurement available	0	0	0	2	2	0	R	These funds were re-directed to the Leeu-Gamka WWTW, which was needed to accommodate the 252 top structures. This change was made and confirmed with the amendment budget. The WWTW in Leeu-Gamka was put out on tender, a contractor was appointed and the project is currently a work in progress. The project was co-funded by the DoHS discretionary funding to accommodate the Transnet bulk infrastructure.
TL52	Upgrade of the netball and cricket fields by the end of June 2014	Number of sport fields upgraded	3	New performance indicator; no previous measurement available	0	0	0	2	2	0	R	R 200 000 was DORA and received from Dep. Sport and Recreation. Quotations was requested and prices in die order of R 459 275.52 was rendered. The project needed to be co-funded, by the MIG Sport funding, but due to other obligations the MIG funding was committed and could not be amended. A roll-over will be requested and the scope of works will be adapted.
TL53	Complete the business plan and technical report for the new swimming pool Prince Albert by the end of August 2013	Plan and report completed	All	New performance indicator; no previous measurement available	2%	0	0	0	2%	100%	B	n/a
TL64	Provide free basic sanitation to indigent households in terms of the equitable share requirements	Number of HH receiving free basic sanitation	All	769.25	0	0	0	615	615	789	G2	n/a
TL68	Provide electricity (at least min.service level) within the municipal area supplied by the municipality	Number of households	All	2 023.09	0	0	0	1989	1,989	2,186	G2	n/a
TL69	Provide refuse removal, refuse dumps and solid waste disposal to households within the municipal area	Number of households for which refuse is removed at least once a week	All	2023.09	0	0	0	1989	1,989	2,333	G2	n/a

Top Layer SDBIP – To provide quality, affordable and sustainable services on an equitable basis

The targets not met in the above table each indicates an explanation of why they could not be achieved. It must further be noted that the position of Technical Manager was vacant for six months. For two of these six months the Municipality also did not have a Corporate and Community Services manager, increasing the burden on the existing management team exponentially.

g) To stimulate, strengthen and improve the economy for sustainable growth

Although a municipality cannot provide local economic development as an entity, the Municipality focuses on establishing a positive environment that will encourage investment and economic growth. The Prince Albert Municipality is in favour of concluding positive partnerships that will see to catalyst projects that will grow the area's economic growth potential. As an organisation the Municipality supports local businesses and create jobs through the labour intensive government programs such as the Expanded Public Works Program and the Community Works program. The following table depicts the Municipality's performance in respect of the above Key performance area.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL6	Submit applications to obtain funding for projects for the implementation of the LED strategy	Number of applications submitted	All	New performance indicator; no previous measurement available				2	2	2	G	
TL25	The number of temporary work opportunities created in terms of the EPWP (FTE's)	Number of work opportunities created	All	181	0	0	0	46	46	163	B	

Top Layer SDBIP – To stimulate, strengthen and improve the economy for sustainable growth

3.2.2 Service Providers Strategic Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement.

Service provider means a person or institution or any combination of persons and institutions which provide a municipal service

- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality

- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:

- The performance of each service provider
- a Comparison of the performance with targets set for and performances in the previous financial year; and
- measures taken to improve performance

The purpose of this section is to provide information related to the performance of external service providers. Only services rendered for an amount more than R200 000 are listed.

The table below indicates service providers utilised according to functional areas:

a) Office of the Municipal Manager

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
Legal Services	3 years	Legal and disciplinary hearing support services	Good	Shared services agreement with Beaufort West, CKDM and Laingsburg. Legal specialist appointed, stationed in BFW	Skills transfer on lower level in the absence of qualified internal personnel
Internal Audit and Risk Management.	3 years	Provision of internal audit, compliance and risk management support services.	Good	Shared services agreement with Beaufort West, CKDM and Laingsburg. Service provider, Meyer Otto Appointed stationed at CKDM	Skills transfer on lower level in the absence of qualified internal personnel

Service Providers Performance – Office of the Municipal Manager

b) Financial Services

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
Mubesko	3 years	AFS	Excellent Service	n/a	n/a
PWC	1 year	Asset register	Excellent Service	n/a	n/a

Service Providers Performance – Financial Services

c) Infrastructure Services

Description of services rendered	Term of contract	Performance Areas	Performance Rating	Performance Comment	Corrective measures
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Aurecon	3 years	Consulting Engineer	Excellent Services	n/a	n/a
A2 Loodgieters	1 Year	Contractor	Excellent Services	n/a	n/a
Jan Nel Elektries	1 Year	Electricity Contractor	Excellent Services	n/a	n/a
CalConstruction	1 year	Contractor	Very poor Services	Contract Terminated and guarantee called up	n/a
Weslab	1 year	Water and waste water testing lab	Excellent Services	n/a	n/a
RMS	Pilot project	Smart metering	Pilot underway	n/a	n/a
ASLA	3 year	Turnkey implementation agent	Satisfied with performance	n/a	n/a

Service Providers Performance – Infrastructure Services

d) Corporate & Community Services

Description of services rendered	Term of contract	Performance Areas	Performance Rating	Performance Comment	Corrective measures
Ultimate Traffic Solutions	Contract commenced in June 2012 for 3 years	Traffic Management Systems	Too soon to evaluate	Concerns about contract Monitored closely	3 month notice termination clause added in contract
Ubertech	1 year	IT Services	Satisfied but financially constraint	Insufficient funding for effective ICT management	Shared Services
Fujitsu	1 year	Abakus	Satisfied with service	DOS based system	Upgrade

Service Provider Performance – Strategic & Community Services

e) Development & Strategic Support

Description of services rendered	Term of contract	Performance Areas	Performance Rating	Performance Comment	Corrective measures
Ignite Advisory Services	1 year	Performance Management	Satisfied with services rendered	n/a	n/a

3.2.3 Municipal Functions

a) Analysis of Functions

The municipal functional areas as per Schedule 4 and 5 of the South African constitution, 1996 are as indicated below:

Municipal Function	Municipal Function: Yes / No
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Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Fire Fighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes

Municipal Function	Municipal Function: Yes / No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Storm water management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes

Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Functional Areas

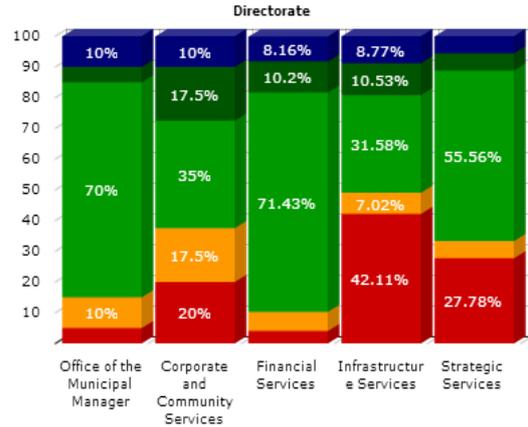
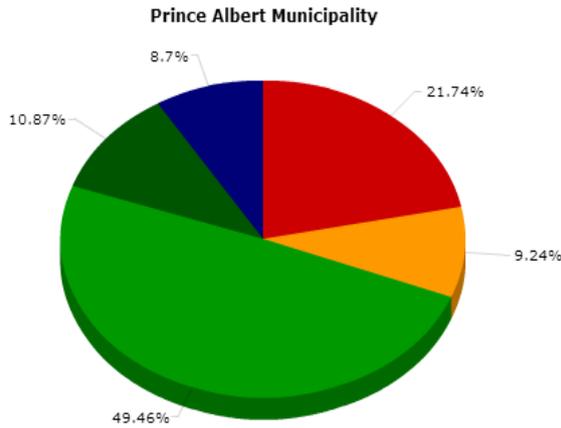
b) Overview of performance per directorate

The performance statistics in the table below and all the graphs in the following sub paragraphs include performance in terms of the respective departmental SDBIP's for the 2013/14 financial year and where applicable, in comparison to the 2012/13 financial year.

Directorates	Financial Year	Total KPIs	KPIs Extremely Well Met	KPIs Well Met	KPIs Met	KPIs almost Met	KPIs not Met
Council	2012/13	n/a	n/a	n/a	n/a	n/a	n/a
	2013/14	n/a	n/a	n/a	n/a	n/a	n/a
Office of the Municipal Manager	2012/13	28	1	3	16	1	7
	2013/14	20	2	1	14	2	1
Corporate & Community Services	2012/13	78	4	14	39	5	16
	2013/14	40	4	7	14	7	8
Infrastructure Services	2012/13	79	1	19	42	6	11
	2013/14	57	5	6	18	4	24
Financial Services	2012/13	49	2	5	38	4	0
	2013/14	49	4	5	35	3	2
Development & Strategic Support	2012/13	n/a	n/a	n/a	n/a	n/a	n/a
	2013/14	18	1	1	10	1	5
Total	2012/13	234	8	41	135	16	34
	2013/14	184	16	20	91	17	40

Summary of total performance per Directorate

The graphs provide an illustrative overview of the overall performance results of all the KPI's measured as at 30 June.



Overall performance of directorates for 2013/14

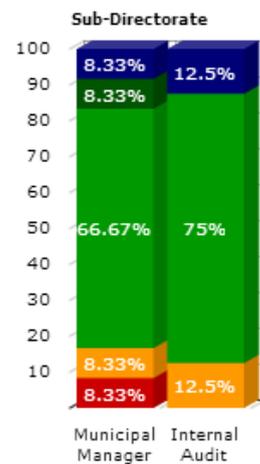
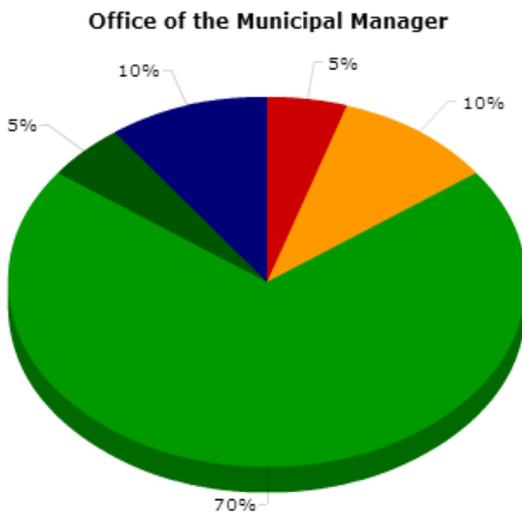
c) Performance per functional area (Departmental/Operational SDBIP)

(i) Municipal Manager

The Municipal Manager's area of responsibility includes the following divisions:

- Municipal Manager
- Internal Audit

The following graph indicates the performance of the various sub-directorates within the Municipal Manager directorate:

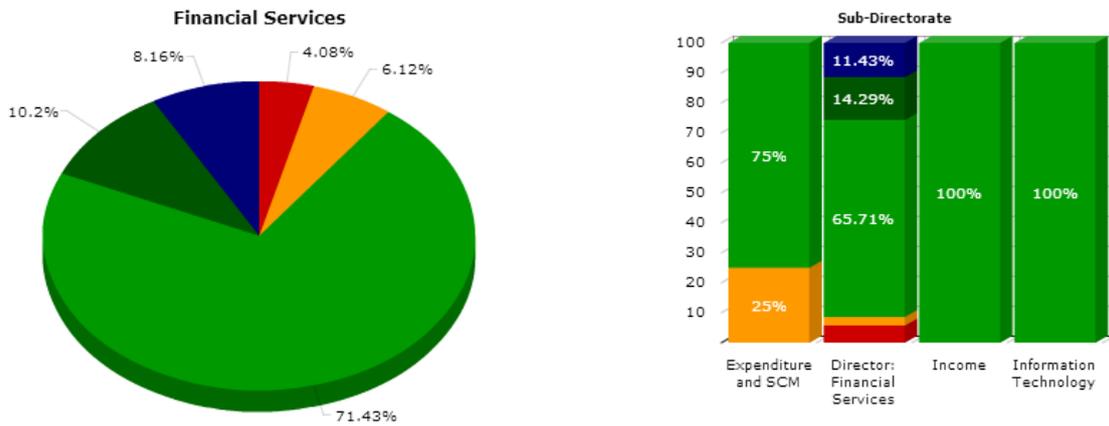


Municipal Manager Sub-directorate performance

(ii) Finance consists of the following divisions:

- Director: Financial Services
- Expenditure & SCM
- Income
- Information Technology

The following graph indicates the performance of the various sub-directorates within Finance directorate



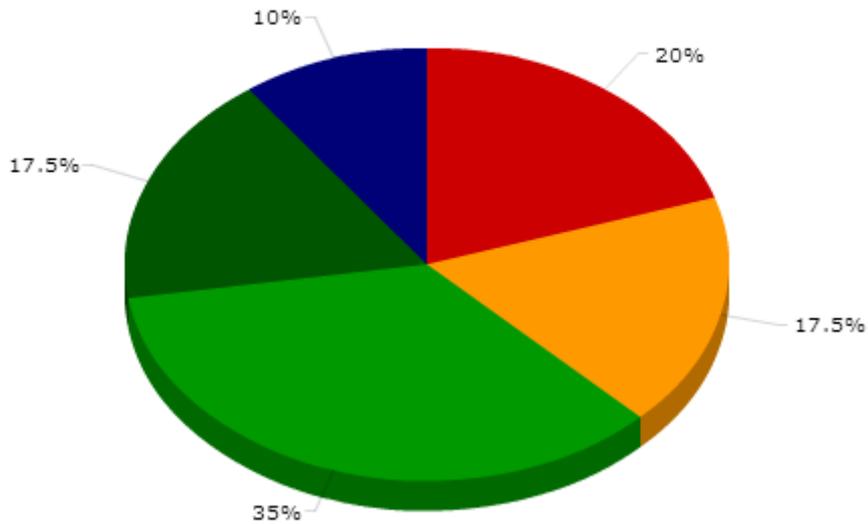
Finance Sub-directorate performance

(iii) Corporate & Community Services consists of the following divisions:

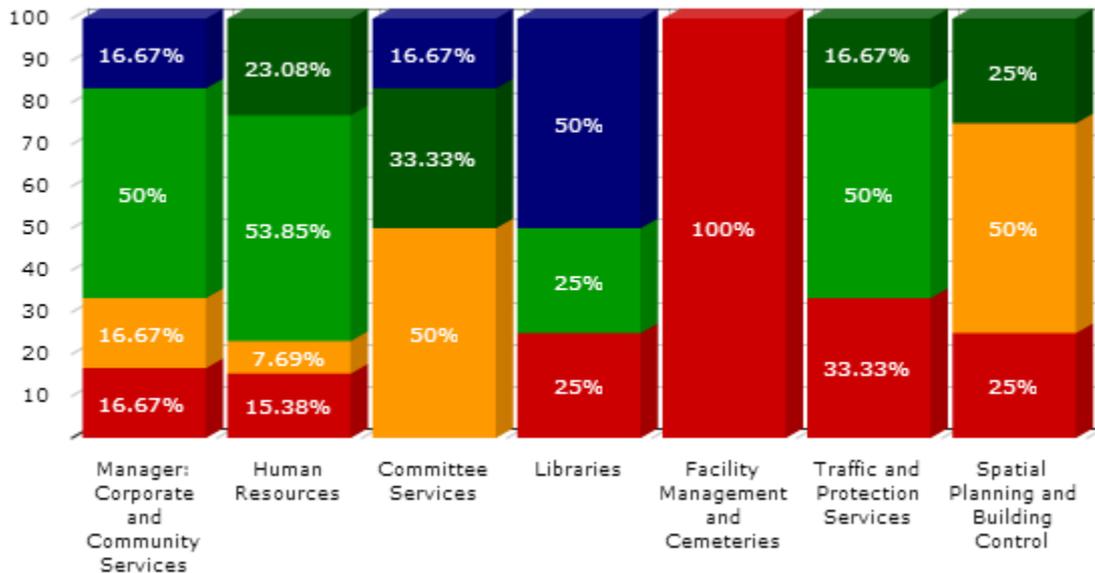
- Manager: Corporate & Community Services
- Human Resources
- Committee Services
- Libraries
- Facility Management & Cemeteries
- Traffic & Protection Services
- Spatial Planning and Building Control

The following graph indicates the performance of the various sub-directorates within the Corporate and Community Services directorate

Corporate & Community Services



Sub-Directorate



Corporate and Community Services Sub-directorate performance

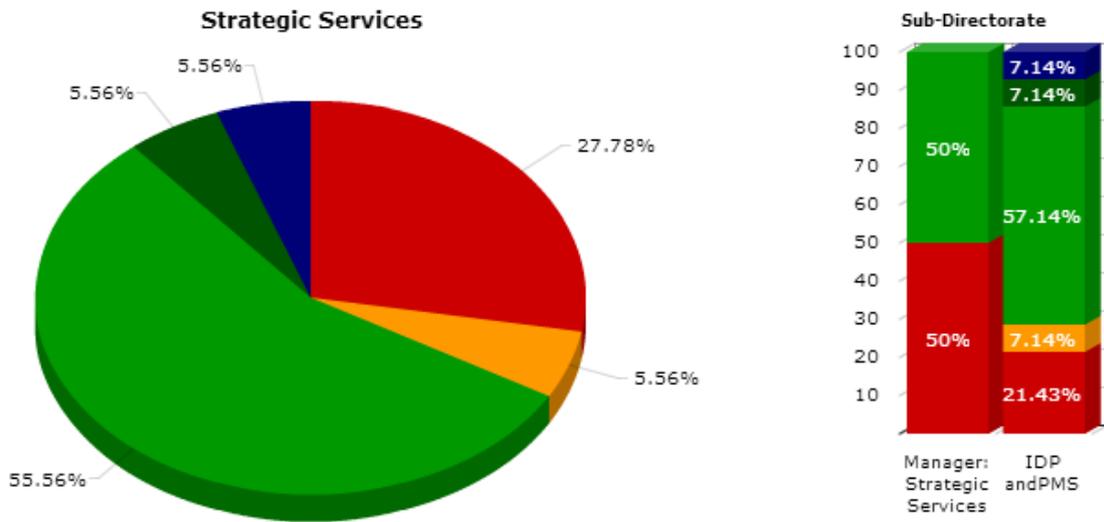
The position of Operational Manager: Corporate and Community Services were only filled on 23 January 2014.

The following graph indicates the performance of the various sub-directorates within the Development & Strategic Support directorate

(iv) Development & Strategic Support consists of the following divisions:

- Manager: Development & Strategic Support

- Integrated Development Planning & Performance Management
- Housing
- Public Participation



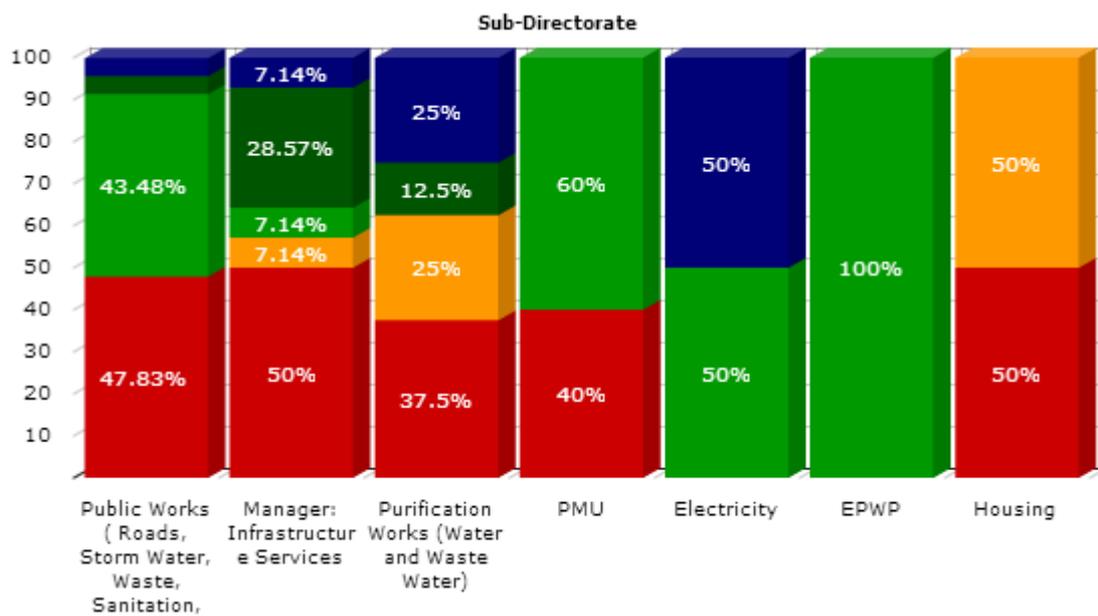
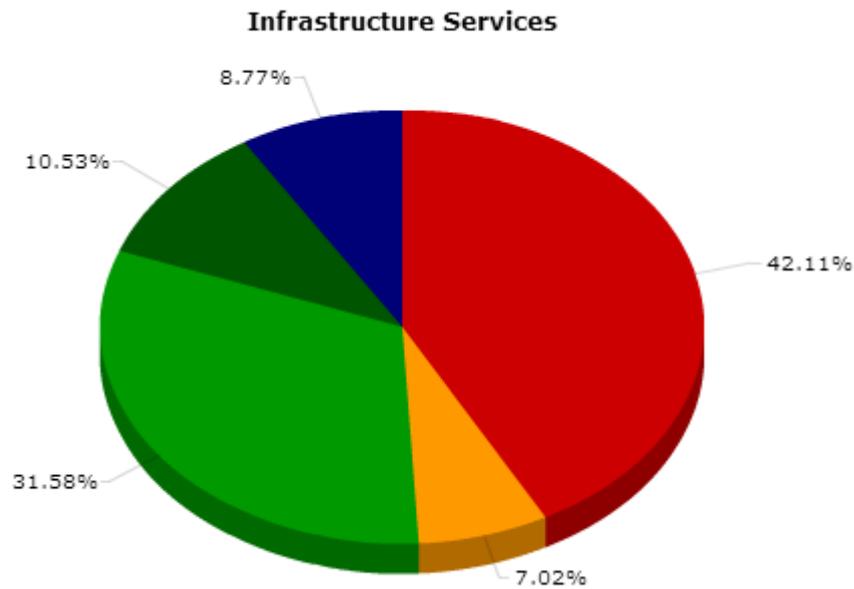
Development and Strategic Support Sub-directorate performance

As there is no Manager: Development and Strategic Support these key performance areas resort under the Operational Manager: Corporate and Community Services, appointed on 23 January 2014.

(v) Infrastructure Services consists of the following divisions:

- Manager: Infrastructure Services
- Public Works (Roads, Storm Water, Waste, Sanitation, Sewer)
- Purification Works (Water and Waste Water)
- PMU
- Electricity
- EPWP

The following graph indicates the performance of the various sub-directorates within the Infrastructure Services directorate



Infrastructure Services Sub-directorate performance

3.3 Component A: Basic Services

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

3.3.1 Water Provision

a) Introduction to Water and Sanitation Provision

Prince Albert's bulk water supply is provided from nine boreholes with varying supply levels. This supply is augmented by a steady stream (bergbron) that is the municipal allocation of the water furrow that supply the irrigation water to the South End of Prince Albert. The Municipal water allocation is 17.25 hours of scheduled irrigation water per week, in Prince Albert town. Leeu-Gamka and Klaarstroom have no irrigation allocations and is solely dependent on its boreholes

The boreholes in Prince Albert town provide water to the treatment plant by a combined 160 mm diameter PVC pipe and 100 mm diameter AS-pipe supply system. Boreholes 1 to 4 have a low iron content compared to boreholes 5 to 9's high iron content.

Currently only water from boreholes 7, 8 and 9 are being purified by means of an iron removal plant, as the capacity of the plant is limited. The low iron content wells and mountain source delivers water directly to the existing three raw water balancing dams with a total capacity of 2147 kl at the treatment plant.

In summer, the Municipality have to carefully manage the supply, due to decreased runoff and the low level of the water table as well as carefully manage the demand due to very hot conditions, increased users in the holidays, and reckless usage by inhabitants. With the ever rising municipal consumption, the available resources are no longer sufficient and shortages may occur during the summer season, as the provision of boreholes also decreases and the Storage Infrastructure is insufficient to store water over longer periods. Cognisance of this ever present risk must be taken.

The water sources for the towns in the PAM's Management Area are as follows:

- Prince Albert: Dorps River and nine boreholes.
- Leeu-Gamka: Three boreholes
- Klaarstroom: Two boreholes
- Prince Albert Road: Boreholes

Water losses are restricted to the minimum. The average water losses for 2013/2014 was targeted to be 16%, but was reduced to 7%. These losses are measured from the source to the sector meters. These losses include the losses in the purification works.

In the new financial year the Municipality will endeavour to promote responsible water use by users. The Municipality will also aim to secure funding to undertake a water audit within the municipal area.

b) Highlights: Water Services

Highlights in respect of Water services are indicated below.

Highlights	Description
Water week	Primary school tours of water management system and Plant. Green and Blue scorpions visited the Klaarstroom area and investigated the water usage permits of surrounding farmers.

Effective Drought management during summer months	No water restrictions had to be imposed.
Good rainfall	Boreholes in Prince Albert town was used to a minimum, the implication is that a sufficient reserve was managed for the duration of the year, and a high water table was maintained
Summer Holiday program	Municipality purchased movable swimming pools, which was used during the holidays to lure children and youth to stadiums. This was especially good since it effectively lured them out of the upstream water source that was usually used, thus minimizing pollution of the Dorps river. This program was also successful since it countered over use due to hot weather as people flocked to the recreational area.

Water Services Highlights

c) Challenges: Water Services

Challenges in respect of the water services are indicated below.

Description	Actions to address
Pollution of Runoff water(People swimming)	Build swimming pools to accommodate summer recreation. Plans have been concluded and the phase of the swimming pool will be constructed in the 2014/15 financial year
Water storage	The first 1 Ml reservoir is underway and is soon to be completed
Incorrect water metering (Bulk)	A project was registered with ACIP, and funding was approved, to be completed in next financial year
Pollution of Ground water(Septic tanks)	Lobby for funding to eradicate 400+ conservancy and septic tank. Install if possible waterborne sewerage systems in the Prince Albert Town area.
Misuse of water by residents	Implement an awareness campaign on responsible water use

Water Services Challenges

d) Water Service (piped water) Delivery Levels

The following table indicates the Municipality's performance in supplying water within the minimum service level as prescribed by the national government.

Description	2012/13	2013/14	
	Actual	Actual as per census – including farms	Actual as serviced by Municipality
	No.	No.	
Water: (above min level)			
Piped (tap) water inside dwelling/institution	2 023	2 495	2 274
Piped (tap) water inside yard	0	930	0
Piped (tap) water on community stand: distance less than 200m from dwelling/institution	0	93	28
Minimum Service Level and Above sub-total	2 023	3 518	2 302
Minimum Service Level and Above Percentage	100%	98.3%	100%
Water: (below min level)			
Piped (tap) water on community stand: distance between 200m and 500m from dwelling/institution	0	25	0

Using public tap (more than 200m from dwelling), distance between 500m and 1000m (1km) from dwelling /institution	0	5	0
Piped (tap) water on community stand: distance greater than 1000m (1km) from dwelling/institution	0	6	0
No access to piped (tap) water	0	24	0
Below Minimum Service Level sub-total	0	60	0
Below Minimum Service Level Percentage	0	1.7%	0
Total number of households	2 023	3 578	2 231
Included in the above table:			
Formal residential			
Informal residential			
Traditional residential			
Farms			
Parks and recreation			
Collective living quarters			
Industrial			
Small holdings			
Vacant			
Commercial			
<i>The above table 2013/14 are populated as per the Census 2011 data for Source of Water, Type of dwelling and includes all dwellings</i>			

Water Service delivery levels: Households based on 2011 Census data

Access to free basic water:

Number /Proportion of households receiving 6 kl free #	
2012/13	2013/14
2 023	1 937

Access to the six kilolitres free water has decreased in the reporting year. As the indigent population has not decreased, an awareness campaign was launched by the Municipality to ensure that indigent residents are aware of the indigent support program.

e) Service delivery indicators

The table below reflects the municipality's performance pertaining basic service provision within the 2013/14 financial year.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL37	% of the water maintenance budget spent on maintenance of the water assets	% of operational budget of water spent	All	100	50%	77%	B
TL38	Limit unaccounted water to less than 16%	% of water unaccounted for	All	New performance indicator for 2013/14, thus no comparatives available	16%	8.25%	B
TL39	New Storage reservoir for Prince Albert to improve from 2.7ML to 3.7ML by the end of January 2014	Project completed	2	New performance indicator for 2013/14, thus no comparatives available	1	0	R
TL40	Microbiological quality of water to comply with SANS standards	% of water quality	All	100	97%	94.03%	O

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL41	80% Blue Drop assessment received by the end of June 2014	% assessment achieved	All	New performance indicator for 2013/14, thus no comparatives available	80%	0%	R
TL42	Implement Water Awareness campaigns	Number of campaigns	All	1	2	4	B
TL43	Review the Water Service Development Plan by the end of March 2014	Plan reviewed	All	New performance indicator for 2013/14, thus no comparatives available	1	0	R
TL44	Develop and implement a Water Conservation and Demand Strategy by the end of June 2014	Plan completed and adopted by Council	All	New performance indicator for 2013/14, thus no comparatives available	1	0	R
TL62	Provide 6kl free basic water per household per month in terms of the equitable share requirements	Number of HH receiving free basic water	All	1 835	1,937	2,063	G2
TL63	Provide cleaned piped water to all households within 200m from the household within the municipal area	Number of HH that meet the agreed service standards for piped water	All	2 023.09	1,989	2,231	G2

Service delivery indicators: Water services

f) Employees: Water Services

The following table depicts the staff deployment in respect of water services. As most of the staff in Prince Albert Municipality performs dual functions, these numbers cannot be reconciled perfectly.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.		No.	%
0 - 3	1	1	1	4	0
4 - 6	2	3	2	2	33
7 - 9	0	0	2	3	0
10 - 12	0	0		0	0
13 - 15	0	0		0	0
16 - 18	0	0		0	0
19 - 20	0	0		0	0
Total	3	4	5	9	25

Employees: Water Services

g) Capital: Water Services

The following table reflects the municipality's capital expenditure for the 2013/14 financial year in respect of water services.

Capital Expenditure 2013/14: Water Services					
R'000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget %	Total Project Value
Klaarstroom borehole and piping	250 000	650 000	154 000	-62.34	154 000
P/A Reservoir	2 042 000	3 564 000	3 775 000	45.91	3 775 000
Total	2 292 000	4 214 000	3 929 000	41.66	3 929 000

Capital Expenditure 2013/14: Water Services

3.3.2 Waste water (sanitation) provision

a) Introduction to Sanitation Provision

The four towns in the PAM area each have their own wastewater collection and treatment facility. Prince Albert, Klaarstroom and Leeu-Gamka have oxidation pond systems for WWTW, whereas Prince Albert Road is served by a communal septic tank and soak-away.

Klaarstroom

The sanitation system for Klaarstroom comprises a full waterborne system. The Klaarstroom WWTW does not hold any permit or license. Wastewater is screened in town and pumped to the WWTW. The works has a design capacity of 50 kl/day and was constructed in 1970. It consists of an anaerobic pond and an oxidation pond with the final effluent overflowing into the adjacent field.

Leeu-Gamka

The treatment works is a pond system comprising: Four primary ponds operating in parallel. The WWTW was originally constructed in 1985 with a design capacity of 140 kl/ day; however, it was recently upgraded to provide for the upcoming 251 houses that are currently in the process of being built. Final effluent is used for irrigation or overflows (uncontrolled discharge) into the adjacent field. The wastewater is screened at the pump station before being pumped to the WWTW. The night fall (buckets) are deposited in a manhole upstream of the central pumping station. The buckets are washed and stored at the central pumping station.

Prince Albert

The Prince Albert WWTW, a pond system was designed to treat 623 kl/day (with the final effluent being used for irrigation at the adjacent nursery, or it is discharged uncontrolled to the lower lying areas adjacent to the site. The sanitation system

consists of a waterborne system as well as septic tanks. These septic tanks is services by means of a sanitation team with appropriate equipment and vehicles who collect sewerage and deposit it into a pump network that is connected to the waterborne network. The WWTW is need of an upgrade and is registered with MIG for funding

The table below specifies the different sanitation service delivery levels per households for the financial years 2012/13 and 2013/14 in the areas in which the municipality is responsible for the delivery of the service:

b) Highlights: Waste Water (Sanitation) Provision

The following table depicts the highlights in respect of sanitation services for the reporting year.

Highlights	Description
Approvals and installations of new connections	More people connected to waterborne systems.
Sewerage suction roster implemented	Sewerage suction is now done on a schedule and thus more cost effective.

Waste Water (Sanitation) Provision Highlights

c) Challenges: Waste Water (Sanitation) Provision

The following table depicts the challenges in respect of sanitation services within the reporting year. The Municipality have embarked on an initiative to encourage residents to connect, where possible, to the sewerage reticulation network so as to move away from the operational costs. The performance of this division correlates closely with an available maintenance budget, with particular reference to the honey sucker vehicles.

Description	Actions to address
Licensing of WWTW's	Funding t be sourced
Septic and Conservancy tanks in South End	Source funding to connect to waterborne system
Scheduled sewerage suction hampered by breakages on honey sucker.	Scheduled maintenance on equipment with Leeu-Gamka's equipment as standby.
WWTW insufficient for growing town	Upgrade WWTW, including activated sludge

Waste Water (Sanitation) Provision Challenges

d) Sanitation Service Delivery Levels

The table below depicts the sanitation service levels for the 2013/14 financial year in comparison to the previous financial year. It must be noted that the census numbers include the farming areas where the Municipality do not supply a direct service.

Households

Description	2012/13	2013/14	
	Outcome	Actual as per Census 2011	Actual as Serviced by municipality
	No.	No.	No.
Sanitation/sewerage: (above minimum level)			
Flush toilet (connected to sewerage)	1 708	2 274	1835
Flush toilet (with septic tank)	315	645	320
Chemical toilet	0	3	0
Pit toilet with ventilated (VIP)	0	175	0
Pit toilet without ventilated		62	0
Other toilet provisions (above min.service level)	0	0	0
Minimum Service Level and Above sub-total	2 023	3 159	2 155
Minimum Service Level and Above Percentage	100%	88%	98.8%
Sanitation/sewerage: (below minimum level)			
Bucket toilet	0	148	26
Other	0	125	0
No toilet provisions	0	148	0
Below Minimum Service Level sub-total	0	421	26
Below Minimum Service Level Percentage	0	12%	1.2%
Total households	2023	3 580	2 181
The above table 2013/14 are populated as per the Census 2011 data for Toilet Facilities by Type of dwelling and include all dwellings			

e) Service Delivery Indicators Waste Water (Sanitation)

The following table depicts the service delivery progress made in respect of waste water management within the reporting year.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for Sep 2013 to Jun 2014		
					Target	Actual	R
TL45	Quality of effluent in terms of SANS standards	% quality of effluent	All	100	90%	100%	G2
TL51	Complete the design of the WWTW of Prince Albert and repair the grid removal system by the end June 2014	Projects completed	3	New performance indicator for 2013/14, thus no comparatives available	2	0	R
TL67	Provide sanitation services to households in terms of the equitable share requirements	Number of Households receiving sanitation services	All	769.25	1,989	2,150	G2

Service delivery indicators: Waste Water

Employees: Sanitation Services

The table below indicates the staff component in respect of waste water / sanitation services. It must be borne in mind that staff performs a dual function and the employee statistics can thus not be seen in isolation.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	3	1	0
4 - 6	2	2	1	0	0
7 - 9	1	1	1	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	5	5	5	1	0

Employees Waste Water (Sanitation) Provision

f) Capital: Sanitation Services

The table below indicates the capital expenditure on sanitation services for the 2013/14 financial year. Expenditure was focused on Leeu-Gamka as the waste water treatment works there had to be upgraded to ensure legislative compliance and to increase the capacity to accommodate the 252 houses build within the area.

Capital Expenditure 2013/14: Sanitation Services					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Leeu-Gamka New Bulk sanitation	0	2 734 000	2 959 000		
Prince Albert WWTW	2 226 000				
Total	2 226 000	2 734 000	2 959 000		

Capital Expenditure 2012/13: Waste Water (Sanitation) Provision

3.3.3 Electricity

a) Introduction to Electricity

The municipality provides a reliable service within NERSA specified limits within the area of supply. In the areas of Klaarstroom and Leeu-Gamka, electricity is directly supplied by ESCOM, thus impacting on revenue collection and the implementation of Prince Albert Municipality's credit control and debt collection policy. This is detrimental to the municipality's sustainability as is evident in the low payment rate in these areas.

The current electricity network is in need of an upgrade as well as an expansion from 25MVA to 35 MVA, as per the expected demand in 2017.

Another challenge is to implement measures which serve to control, influence and generally reduce electricity demand. This can be achieved by using high efficiency equipment and efficient use of electricity through good operating practice.

This department also needs an Asset Management System in place for the maintenance plan of the entire electrical infrastructure.

The Municipality is encouraging energy saving by public notices and is investigating alternative energy development within the area. The latter initiative will be reported on in the next financial year.

b) Highlights: Electricity

The following highlights pertaining electricity provision during the reporting financial year are emphasised.

Highlights	Description
Transformer Assessment was done, and a request for assistance has been made to Department of Energy, which was successful	R 2 000 000 was allocated to Prince Albert for Network upgrade
Assistant Electrician position on organogram and funded	On new organogram and funded
Smart Metering Pilot Project in final stages	Service provider negotiated funding for pilot project to be implemented 2013/2014 financial year. Data is currently collected through the system, which will be used to assess smart metering and to plan accordingly
New Transformer is purchased and installed in Deurdrif street	Transformer is mounted, but is still offline, awaits high voltage service provider to connect

Electricity Highlights

c) Challenges: Electricity

The following challenges pertaining electricity provision during the reporting financial year are emphasised.

Description	Actions to address
Old / dilapidated transformer and system	Project registration through MIG
No equipment and electrical tools	To budget
No electrician appointed	To fund the position

Electricity Challenges

d) Electricity Service Delivery Levels

The table below depicts the Municipality's performance in the current financial year against the previous financial year. It must be noted that the farms and Escom-supplied areas are included in the Census statistics depicted below.

Description	Households		Actual as Serviced by municipality
	2012/13	2013/14	
	Actual	Actual as per Census 2011	
	No.	No.	
Energy: (above minimum level)			
Electricity (at least min.service level)	439	490	433
Electricity - prepaid (min.service level)	1 584	1 948	1949
Minimum Service Level and Above sub-total	2 023	2 438	2 382
Minimum Service Level and Above Percentage	100	100	
Energy: (below minimum level)			
Electricity (< min.service level)	0		
Electricity - prepaid (< min. service level)	0		
Other energy sources	0		
Below Minimum Service Level sub-total	0		
Below Minimum Service Level Percentage	0		
Total number of households	2 023	2 438	

e) Service Delivery Indicators

Energy provision is progressively seen as a basic human right. The table below depicts the municipality's performance against the service delivery indicators for electricity provision.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL30	Limit electricity losses to less than 15%	% of electricity losses	All	2394	15%	17.59%	R
TL31	% of the electricity maintenance budget spent on repairs and maintenance of electricity assets	% of maintenance budget spent	All	2394	50%	96.69%	B
TL68	Provide electricity (at least min.service level) within the municipal area supplied by the municipality	Number of households	All	2394	1,989	2,186	G2

Service delivery indicators: Electricity

f) Employees: Electricity

This service is provided via a service level agreement and there is no internal staff allocated to this particular service. The Manager: Infrastructure is responsible for overseeing the work of the service provider, while the Incident Clerk provides administrative assistance on logging of electricity complaints.

Job Level	2012/13		2012/13		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	2	0	0	100
4 - 6	0	1	0	2	100
7 - 9	1	1	0	1	0
10 - 12	0	0	0	1	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	1	4	0	4	75

Employees: Electricity services

3.3.4 Waste management (Refuse collections, waste disposal, street cleaning and recycling)

Introduction to Waste Management

Waste is collected on a weekly basis and each service point is supplied with black bags by the municipality. In order to better manage distribution households are encouraged to collect the bags at the Technical offices. Prince Albert has three waste removal vehicles: a Kia 2.7l small truck equipped for daily collection of refuse, a 2.7l Kia small truck equipped for garden refuse and a Tractor for the removal of domestic waste in Leeu-Gamka. The waste collection in Klaarstroom and Prince Albert Road is managed from Prince Albert.

There are five existing mini-transfer stations for garden waste disposal in the North End of Prince Albert. These are unlined facilities and, in places, the walls have been broken down. These facilities, which are not designed nor intended for household waste are, unfortunately, being used as general waste depots opposed to garden waste depots, for which it were intended. The residents of North End do not have large gardens and thus generate insignificant volumes of garden refuse. The Municipality uses the CWP program as well as other EPWP programmes to manage the mini-transfer stations. Illegal dumping still proves to be a challenge in some of the areas. Residents are encouraged through the ward committee system to report such transgressions.

The Municipality is in the process to either license/ close landfill sites within the municipal area. The landfill sites are prone to smouldering and the Fire Prevention staffing component closely monitors this on all landfill sites within our boundaries. Tests done by the Western Cape Government: Environmental Affairs and Development Planning on July 8, 2014 in respect of the landfill site in Prince Albert reflect on the management during the reporting year. During this inspection no ethane gas was detected.

Highlights: Waste Management

The table below depicts the highlights of the waste management service for the reporting year. The co-operation and support of the private sector should be applauded, but recycling should be revisited in the next financial year to ensure that it becomes cost-effective.

Highlights	Description
DEADP and DEA agreed to upgrade the Integrated Waste Management Plan	Initial meetings took place, and the review is underway
Pick-a-Piece	Part of recycling strategy and Education.

Waste Management Highlights

Challenges: Waste Management

The challenges pertaining waste management for the 2013/14 financial year is depicted below with transport and recycling as matters that must be addressed with urgency.

Description	Actions to address
Transport still a challenge	Buy more vehicles.
2 Bag system	Need to communicate better to community.
Recycling	Management of transport from Oudtshoorn. Tonnage too low to cover transport and haulage costs. Recyclables in many cases not processed after collection. Leading to demoralisation of staff
Gate control	Investigate security on premises.
Illegal dumping	Stricter control measure needs to be implemented.
No weighbridge	Effective management impossible without such equipment

Waste Management Challenges

Waste Management Service Delivery Levels

The table below depicts the municipality's performance against the service delivery indicators for waste management provision in comparison with the previous financial year.

Description	Households		
	2012/13	Census 2011	2013/14
	Actual	Actual	Actual as serviced by municipality
	No.	No.	No.
Solid Waste Removal: (Minimum level)			
Removed at least once a week	2 023	1 989	2 333
Minimum Service Level and Above sub-total	2 023	1 989	2 333
Minimum Service Level and Above percentage	100%	100%	100%
Solid Waste Removal: (Below minimum level)			
Removed less frequently than once a week	0	0	0
Using communal refuse dump	0	0	0
Using own refuse dump	0	0	0
Other rubbish disposal	0	0	0
No rubbish disposal	0	0	0
Below Minimum Service Level sub-total	0	0	0
Below Minimum Service Level percentage	0	0	0
Total number of households	2 023	1 989	2 333

Waste Management Service Delivery Levels

Service Delivery Indicators

The service delivery indicators below reflect the performance of the solid waste management for the 2013/14 financial year. As indicated previously the recycling of waste material remains problematic as the low volume and vast distances to be travelled hampers cost-effectiveness. The Municipality will have to consider ways to increase the recyclable material collection so as to increase the recyclable material volume.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL32	Obtain permit for the Leeu-Gamka landfill site by the end of June 2014	Permit obtained	1	New performance indicator; no previous measurement available	1	0	R
TL33	Implement Integrated waste management awareness campaign	Number of campaigns	All	1	4	0	R
TL34	Report quarterly on compliance with the National Waste Management Strategy	Number of reports	All	0	4	2	R
TL35	75 ton of domestic waste recycled	Ton recycled	1; 2	New performance indicator; no previous measurement available	75	31.7	R
TL36	Annual external audit of landfill site and recycling plant	Number of audits	1; 2; 4	New performance indicator; no previous measurement available	3	3	G

TL69	Provide refuse removal, refuse dumps and solid waste disposal to households within the municipal area	Number of households for which refuse is removed at least once a week	All	2023.09	1,989	2,333	G2
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Service delivery indicators: Solid waste management

Employees: Waste Management

The table below reflects the staff component for solid waste management in the reporting year, compared to 2012/13. It must be noted that staff perform dual functions and thus the staffing table below cannot be read in isolation.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	2	2	5	4	0
4 – 6	3	3	2	2	0
7 – 9	1	1	0	0	0
10 – 12	0	0	0	0	0
13 – 15	0	0	0	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	6	6	7	6	0

Employees: Waste Management Services

Capital: Solid Waste Management

No capital expenditure was incurred in respect of solid waste management during the 2013/14 financial year.

3.3.5 Housing

Prince Albert Municipality supports the following objectives in respect of housing

- Promotion of equal access to housing for Prince Albert residents
- Transparency
- Prevention of unfair discrimination
- Promotion of fair administrative justice

- Apply the principle of “first come first serve” subjected to approved framework
- Proper recording of all housing applicants

Council follows the following working procedure in respect of the allocation of housing.

1. All persons who want to qualify for state financed housing must complete the standard application form to be registered on the housing database.
2. Only applicants who appears on the housing database will be considered for any state subsidized housing assistance
3. Completed applications shall be lodged with the Community Services manager who shall capture the information in the Housing Database in a separate list called the Housing Waiting List
4. Housing allocation shall be decided on a first come first serve basis subject to the provisions below:
 - (a) Applicants shall be Prince Albert Area residents for a period not less than five (5) years
 - (b) The waiting list will be Categorized in to three main categories and allocation will be made as per the following proportion (category A)
 - i. Squatters (in camps) 15%
 - ii. Farmworkers 10%
 - iii. Back yard dwellers and others 75%
 - (c) The aged, the disabled, HIV/AIDS victims and persons staying in dangerous or very vulnerable situations shall be prioritised without unduly undermining the principle of first come first serve. The proportional allocation will be as follows with priority to those with dependants (category B)
 - i. Disabled 5%
 - ii. Married 25%
 - iii. “Widow/widowers 25%
 - iv. Unmarried 35%
 - v. Aged 60 and above 10%
 - (d) Allocation of housing subsidies shall comply with the provisions of the Housing Act, the Housing Code, the Provincial and Municipal housing policies

In Prince Albert municipal area people earning less than R3 500 per month per household can qualify for a normal housing subsidy, while GAP housing applicants can qualify if they earn between R3 500 and R15 000 per month.

The housing waiting list for the whole of Prince Albert Municipality's jurisdiction include 1426 applicants in respect of normal housing subsidies and 89 in respect of GAP subsidies as indicated in the table below.

Less than R3 500	1426
GAP housing	89

Housing needs

Where the Provincial government initially allocated funding for 51 top structures in Leeu-Gamka during 2013/14, the housing pipeline was changed to include 252 top structures, 9 light industrial erven and 1 industrial erf. This increase resulted in pressurised the Municipality to increase the waste water treatment capacity in Leeu-Gamka. The project was also delayed when subsidy changes required the contractor to go back to the already completed 51 structures in order to ensure that all houses within the project are of the same standard.

Consumer education was facilitated by the housing unit in respect of all beneficiaries and the first 30 houses were completed just before the end of June 2014, with the formal handing over of the houses on 4 July 2014.

As the housing project in the reporting year grew significantly and with the Municipality embarking on an initiative to clean the housing waiting lists in collaboration with the Provincial Government, no Integrated Human Settlement Plan was drafted. This plan will enjoy priority in the 2014/15 financial year.

The Western Cape Government: Human Settlements indicated in October 2013 that the following housing pipeline for Prince Albert municipal area is supported.

Municipal Area	Project Number and Name	Program	Number of Opportunities	Earliest Implementation Year	Recommendation
Prince Albert	3 288 Prince Albert Enhanced Services (300 units) IRDP	IRDP	300	2016/17	Project supported by PPC, but it was recommended that the earliest implementation date be changed to 2016/17
Leeu-Gamka	2 718 (3): Transnet Housing Leeu-Gamka & Prince Albert Road (92 services) UISP	UISP (originally 92)	Tbd	Tbd	Project conditionally supported by PPC if all planning processes successfully completed and at the availability of sufficient bulk capacity
Leeu-Gamka	3 033: Leeu-Gamka (331 services & 251 units) IRDP & GAP (69 units) FLISP	IRDP	252	Current	Project supported by PPC, but the number of housing opportunities must be reduced to 252 and only enhanced services will be provided.
Prince Albert	3 289: Prince Albert GAP (69 services) IRDP & (69 units) FLISP	IRDP	69	2016/17	Project "3033.03" not supported by PPC. The project application must be re-submitted to allow for the relocation of the project to Prince Albert and that the earliest implementation date be shifted to 2016/17.
Prince Albert	3290: Prince Albert Klaarstroom Enhanced Services (30 services) IRDP	IRDP	30	2022/23	Project provisionally supported by PPC, but it was recommended that the project be views as an extreme long term priority for the municipality thus the earliest implementation date must be changed to 2022/23.

Housing Pipeline

Highlights: Housing

The following highlights in respect of the housing division are reflected below.

Highlights	Description
Approval of 252 top structures and the completing 30 houses	Top structure completion, handover of 10 every second week as from the beginning of the next financial year
The allocation of R 6 million for the bulk infrastructure for the Transnet houses	Funding has been transferred and projects to this regard is underway.

Housing Highlights

Challenges: Housing

The following challenges in respect of housing during the reporting year are:

Description	Actions to address
R 24 million still needed for the Transnet bulk infrastructure and upgrade of Transnet houses	Apply to province for more funding.
Compilation of Integrated Human Settlement P	Prioritised for the 2014/15 financial year, on completion of Leeu-Gamka housing project
Increasing waiting list	Apply to province for more funding.
Need for middle class housing is sharply increasing	Apply for CRU funding instead of GAP funding
Beneficiary administration	Due to challenges in respect of external beneficiary administration it was decided that beneficiary administration will be conducted internally in future

Housing Challenges

The table below reflects the number of households without access to basic housing.

Year end	Number of households with access to basic housing		
	*Total households (including formal and informal settlements)	Households in formal settlements	Percentage of HHS in formal settlements
2012/13	2058	2006	100
2013/14	2 058	2 006	100

*Number of household where the municipality is responsible for basic services (financial stats)

Households with access to basic housing

The following table shows the increase in the number of people on the housing waiting list. There are currently approximately 1505 housing units on the waiting list.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2012/13	1 488	(3.3%)
2013/14	1505	1.15

Housing waiting list

A summary of houses built is indicated beneath. Funding not spent on 30 June 2014 were rolled over to the 2014/15 financial year.

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2012/13	0	143	16	0	0
2013/14	18 85	8 689	0	30	262

Houses built in 2013/14

c) Service Delivery Indicators

The following table reflects the performance in respect of the housing function for the 2013/14 financial year. As indicated previously the Integrated Human Settlement Plan was not drafted due to capacity constraints and will enjoy priority once the Leeu-Gamka housing project have been completed. The Department of Human Settlements appointed the Central Karoo PRT to plan and manage this project. The PRT in consultation with our Consulting Engineers drafted an implementation programme, which was approved by DoHS and unlocked R 6 million. This is resulted in a concert of 16 projects to the value of R 29 684 969. Three of these projects have been completed and further technical reports were drafted for the unlocking of another R 8 million. The project is seen as a whole and will only conclude when completed. This project must therefore be managed as for 92 units, and cannot be broken down, for it involves bulk infrastructure which is very costly. As explained previously the increase of the Leeu-Gamka housing allocation from 51 units to 252 as well as the changes to the subsidy specifications held the project back significantly and only 30 houses could be completed before 30 June 2014.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL4	Research and compile a report with results and recommendations for the development of a Housing pipeline and submit to council by end June	Report submitted to council	All	New performance indicator for 2013/14, no comparatives available	1	1	G
TL11	Develop a Human Settlement Plan and submit to council by the end of June	Plan submitted to council	All	New performance indicator for 2013/14, no comparatives available	1	0	R
TL12	Install services for new housing sites	Number of sites serviced	1; 4	New performance indicator for 2013/14, no comparatives available	321	252	O
TL13	Built top structures for new housing sites	Number of top structures built	1; 4	New performance indicator for 2013/14, no comparatives available	50	30	R
TL28	Upgrade 28 Transnet settlement houses to national standards by the end of June 2014	Number of houses completed	1	New performance indicator for 2013/14, no comparatives available	28	0	R

Service delivery indicators: Housing

3.3.6 Free Basic Services and Indigent Support

a) Introduction

A debtor is considered indigent if the total monthly household income is equal to two times the amount of state funded social pensions or less (currently R2 540 per month). All indigent households individually receive 6 kl water and 50Kwh electricity free each month. Furthermore, an indigent debtor also receives a subsidy on refuse removal and sewerage, rates and the availability charge in respect of water.

All indigents have to renew their applications annually in order to qualify for the benefits.

The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality, all households earning less than R2 540 per month will receive the free basic services as prescribed by national policy.

The Municipality, under the championship of Executive Mayor, G Lottering, embarked on a door-to-door awareness campaign where possible participants of the indigent subsidy scheme was encouraged to apply and to pay outstanding debt.

The table below indicates that 38 % of the total number of households received free basic services in 2012/13 financial year whilst it increased to 38 % in the 2013/14 financial year.

These figures are based on the average for the financial year.

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2012/13	2 006	836	100	2 006	100	836	100	836	100
2013/14	2 063	790	0	2 063	0	790	0	790	0

Free basic services to indigent households

Free Basic Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2012/13	620	50	115	1 679	0	0	216	50	194
2013/14	568	50	247	2288	0	0	222	50	158

Free basic electricity services to indigent households

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value	No. of HH	Unit per HH (kl)	Value
			R'000			R'000
2012/13	836	6 kl	261	1 170	6 kl	444
2013/14	790	6 kl	292	1 273	6 kl	451

Free basic Water services to indigent households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2012/13	836	71.50	642	2 101	0	0
2013/14	790	77.25	675	2 128	0	0

Free basic sanitation services to indigent households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2012/13	836	43.95	431	2 195	0	0
2013/14	790	47.45	435	2 201	0	0

Free basic Refuse Removal services to indigent households per type of service

a) Service delivery indicators

The following table shows the municipality's performance against the set targets in respect of indigent support for the 2013/14 financial year.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL62	Provide 6kl free basic water per household per month in terms of the equitable share requirements	Number of HH receiving free basic water	All	2 023.09	1,937	2,063	G2
TL64	Provide free basic sanitation to indigent households in terms of the equitable share requirements	Number of HH receiving free basic sanitation	All	769.25	615	789	G2

TL65	Provide 50kwh free basic electricity per indigent household per month in terms of the equitable share requirements	Number of HH receiving free basic electricity	All	769.25	615	790	G2					
TL66	Provide free basic refuse removal to indigent households in terms of the equitable share requirements	Number of HH receiving free basic refuse removal	All	769.25	615	790	G2					
TL67	Provide sanitation services to households in terms of the equitable share requirements	Number of Households receiving sanitation services	All	769.25	0	0	0	1989	1,989	2,150	G2	n/a

Service Delivery Indicators: Free basic services

The table below indicates the cost to the Municipality to provide free basic services. The cost of these free services is covered by an Equitable Share Grant received from the national government.

Financial Performance 2013/14: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2012/13		2013/14		
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Water	705	750	750	743	(7)
Waste Water (Sanitation)	642	700	700	675	(25)
Electricity	309	300	300	405	105
Waste Management (Solid Waste)	431	450	450	434	(16)
Total	2 087	2 200	2 200	2 257	57

Financial Performance 2013/14: Cost to Municipality of Free Basic Services Delivered

3.4 Component B: Road Transport

This component includes: roads; transport; and waste water (storm water drainage).

3.4.1 Roads & Storm water

a) Introduction to Roads

The primary road system in the Prince Albert municipal area consists of national and provincial roads. The N1 runs on a northeast-south-westerly axis and carries approximately 3012 vehicles per day. The N12 runs on a north-south axis through Klaarstroom and connects to Oudtshoorn, George, the Southern Cape region and

the N2. The N12 carries approximately 780 vehicles per day. Although a national route, it is a provincial road maintained by Province.

All of the towns within the municipal boundary are accessible either by road or by railway. Leeu-Gamka and Welgemoed are primarily accessible by the national railway and the N1 (connecting to the R353) passing through their jurisdictions. Prince Albert and Klarstroom have no access to railway transportation. The main town of Prince Albert can only be accessed by main roads, e.g. the R328 (46 km from the N1) and R353 (40 km from the N1) and several secondary roads. The town of Klarstroom can be reached by making use of the N12, R407 and other secondary roads. Secondary roads provide access to the other rural areas within the municipal area. These roads are mostly gravel roads.

Other provincial roads in our area include the:

- R407 that runs on an east-west axis from Willowmore, through Klarstroom, on to Prince Albert and in a north-westerly direction to Prince Albert Road, where it connects to the N1. This road is paved all the way from Klarstroom to Prince Albert Road.
- R328 from Oudtshoorn, a gravel road that runs over the Swartberg Pass, connecting with the R407 at Prince Albert.
- R353, a gravel road that runs from Prince Albert northwards to the N1, close to Leeu-Gamka.

The total roads in municipality amount to 1 741.2 kilometres of roads. The total amount of roads comprise of 257.6 (14%) kilometres of surfaced roads and 1 483.6 (85.2%) kilometres of gravel roads.

The Swartberg Pass connecting Prince Albert with Oudtshoorn is seen as a provincial heritage site. This Pass needs urgent maintenance and the Municipality is engaging with the Provincial Roads Department and Department of Cultural Affairs to see to the upgrade of said pass.

The maintenance of the roads within the municipal area remains a challenge with a limited operational budget. The neglect of several years has since culminated in a situation that requires more maintenance and capital expenditure than the limited budget of Prince Albert Municipality can afford. A survey of urgent maintenance work on roads commenced in the reporting financial year and the results of this survey will have to be addressed in the 2014/15 financial year.

b) Highlights: Roads

The following highlights in respect of the roads division are reflected for the 2013/14 financial year.

Highlights	Description
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Training sessions with personnel to effectively prepare breakages of roads.	Potholes repairs and effective use of equipment.
Proposals for the resealing of main road submitted for outer years.	Request to the Department of Public Works and Transport to waive the 20% capital cost contribution for outer year resealing.
Pedestrian pathways in North- End and Leeu-Gamka	Walk and Bicycle pathways was constructed

Roads Highlights

c) Challenges: Roads

The following challenges in respect of the roads division are provided in respect of the reporting financial year.

Description	Actions to address
Pothole repairs	Material and Equipment must be budgeted
Maintenance on gravel roads	Resources and capacity must be budgeted
Pavements in main road. Roots of trees lifting pavement making it dangerous	Pavements in main road to be upgraded.
No alternative drive through town than main road	Source funding to upgrade Mark street and/or De Beer Street. Long term solution.
Trees in De Beer Street, Prince Albert needs to be trimmed	Liaise with environmental expert on maintenance of De Beer Street trees

Roads Challenges

No gravel roads were upgraded to tar within the area during the reporting year, with 20.7 km's of tar road maintained during said period. The municipality recognises the challenges to maintain the road infrastructure and requested external funding to assist the Municipality in this respect.

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2012/13	20.7	0	0	0	20.7
2013/14	20.7	0	0	0	20.7

Tarred road infrastructure

d) Service Delivery Indicators

The need to develop an Integrated Infrastructure Maintenance Plan is recognised and referred to the 2014/15 financial year. It must be noted that the position of Manager: Infrastructure Services was vacant from December 2013 to the end of May 2014, creating a capacity vacuum within the Department. A new Manager: Infrastructure was appointed in June 2014.

The table below indicates the performance of the roads unit in respect of the 2013/14 financial year.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL27	Develop a Vehicle Replacement Strategy by the end of October 2013	Strategy completed and adopted by Council	All	New performance indicator for 2013/14, thus no comparatives available	1	0	R
TL29	Develop an Integrated Infrastructure Maintenance Plan by the end of June 2014	Plan completed and adopted by Council	All	New performance indicator for 2013/14, thus no comparatives available	1	1	G
TL47	Paving of new access roads - Prince Albert	Square meters paved	1	New performance indicator for 2013/14, thus no comparatives available	3,750	0	R
TL48	Upgrade Storm water Network - Prince Albert Nooreinde by the end of November 2013	Project completed	3	New performance indicator for 2013/14, thus no comparatives available	1	1	G
TL49	Upgrade Storm water network - Leeu-Gamka (Bitterwater) by the end of December 2013	% completed	1	New performance indicator for 2013/14, thus no comparatives available	1	0	R

Service delivery indicators: Road transport

e) Employees: Roads

The table below reflects the staffing component of the Roads department of the 2013/14 financial year as compared to 2012/13. Again it must be noted that staff perform dual functions and are not allocated to the Roads division specifically. The significant decrease in the staffing numbers of 2013/14 against 2012/13 is due to the dual functionality of staff and not a result of terminations. Staff that previously reflected under the Roads division will now be reflected within other divisions due to the dual functionality of staff members.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	9	9	2	0	0
4 - 6	0	0	0	0	0
7 - 9	2	3	0	0	33
10 - 12	0	0	0	0	0
13 - 15	1	1	0	0	0
16 - 18	0	0	0	0	0

19 - 20	0	0	0	0	0
Total	13	0	2	0	0

Employees: Roads

f) Capital: Roads

The following table reflects the capital expenditure of the roads division for 2013/14.

Capital Expenditure 2013/14: Roads					
R'000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Storm water	2 350 000	210 000	255 000	-821.57	255 000
Total	2 350 000	210 000	255 000	-821.57	255 000

Capital Expenditure 2013/14: Roads

3.5 Component C: Planning and Local Economic Development

3.5.1 Planning

a) Introduction to Planning

Spatial Planning and Land Use lacked capacity due to the fact that there is no Town Planner in the service of the Municipality and thus a lack of understanding of land use principles. This resulted in a situation where significant land use transgressions took place.

The Municipality embarked on an initiative to remedy illegal land use and building control by declaring an amnesty period during which illegal land use can be remedied.

The main challenge in reaching the key performance indicator of 120 days to provide a result on land use applications can be contributed to the fact that the reporting newspaper only appear once a month, while Council only convenes once every three months.

The new Spatial Planning and Land Use legislation and Land Use Planning legislation are providing unique challenges. These legislative developments will require the promulgation of a land use by-law as well as the appointment of a Land Use Tribunal. The legislative developments will increase the burden on existing staff and will bring with it an additional financial burden in respect of the Land Use Tribunal.

The Spatial Development Plan for Prince Albert municipal area was prepared by Aurecon and approved by Council in February 2014.

The Municipality will urgently have to compile a new zoning map and have engaged with Province to provide assistance in generating the maps once the administrative work has been completed by the municipal staff.

Building Control services was provided by someone on only two days of the week. Due to the lack of enforcement previously, the challenge was to get the community to co-operate and adhere to the SANS regulations and Building Control legislation. The municipality will be advertising the position of a full-time building inspector in the next financial year.

With regard to the Integrated Development Planning; the approved process plan was followed. In the 2013/14 financial year efforts to align the budget to the IDP will be intensified and be prioritized.

With regard to local economic development, the Department of Economic Affairs and Tourism assisted the Municipality in developing a PACA LED strategy which was included in the IDP as possible areas for development. This strategy was found to be basic and informed by the business community of Prince Albert. It provides a good basis to develop a full-fledged local economic development strategy. This will be investigated in the following financial years. Most of the LED efforts for the 2012/13 financial year were to establish a bakery in Leeu-Gamka. The bakery is now underway and further involvement of the Municipality will be limited to facilitation and advice.

The Municipality realises the need to identify catalyst projects to contribute to the establishment of an economic value chain and sustainable economic growth. The Municipality have thus resolved to investigate the feasibility of said projects. These include the full utilisation of the Economic Education Centre as an economic hub and training centre in partnership with the Departments of Environmental Affairs, Rural Development and Land Reform as well as Agriculture. The municipality also signed a service level agreement with a private entity to generate external funding for skills development within the community.

In addition to this the Municipality is investigating the feasibility of an Airport development and renewable energy. Key to the Municipality's local economic support is preference provided to local suppliers and labour intensive job creation through the Expanded Public Works Program as well as the Community Workers Program.

b) Highlights: Planning

The following highlights in respect of the planning division for the 2013/14 financial year are reported below.

Highlights	Description
SDF completed by February 2014	Dept. Rural Dev appointed service provider Aurecon.

Amnesty period in respect of land use and building control	Illegal land use and building transgressors provided opportunity to remedy transgressions
Strengthening the institutional knowledge on land use	New procedures and control measures were instituted to ensure compliance

Planning Highlights

c) Challenges: Planning

The table beneath reflect the challenges in respect of Planning for the 2013/14 financial year. It must be noted that while the new SPLUMA and LUPA legislation did not severely negatively impact on the reporting year, it will result in financial and capacity strain within the 2014/15 financial year.

Description	Actions to address
Zoning scheme outdated	Council resolutions verified since 1985. Results to be captured on map. DRDLA will assist with electronic mapping
Providing approval within 120 days	Delegations on land use planning should be reviewed to streamline the process
Poor legal compliance and enforcement by Municipality	Appoint full time building inspector. Engagements with builders and public on building control procedures
Aligning to the new planning legislation	Co-operation with DRDLA to ensure compliance and SPLUMA and LUPA readiness

Planning Challenges

d) Service Delivery Indicators

The table below reflects the planning division's performance in respect of the 2013/14 financial year. The challenges in approving planning applications within the 120-timeframe has been previously explained elsewhere in the report.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for Sep 2013 to Jun 2014		
					Target	Actual	R
TL1	Review the spatial development framework and submit to council by end June	SDF submitted to council	All	New performance indicator; no previous measurement available	1	1	G
TL3	Provide consideration (decisions) on land use applications within 120 days after receipt of all outstanding information (Actual applications approved/actual applications received)	% of applications evaluated within 120 days	All	41.93%	80%	59.17%	R

Service Delivery Indicators Planning & Development

e) Service Statistics: Land Use Development

The enforcement of land use saw a significant improvement in the latter part of 2013/14. As discussed above the processes of approval need to be revisited to improve the turn-around time on applications. This will be considered with the new planning legislation that will come into effect in 2014/15 financial year.

A new set of delegations will have to be drafted within the new financial year.

The following table indicates the land use applications processed during the reporting financial year.

Applications for Land Use Development				
Detail	Formalisation of Townships		Land use applications	
	2012/13	2013/14	2012/13	2013/14
Planning application received	0	0	34	40
Determination made in year of receipt	0	0	34	29
Determination made in following year	0	0	0	0
Applications withdrawn	0	0	0	1
Applications closed	0	0	0	1
Applications outstanding at year end	0	0	0	0
Awaiting DEA&DP decision	0	0	1	0

Service statistics: Land use development

The enforcement of building control was severely lacking in previous years. The enforcement of building control requirements has not shown significant improvement in the reporting financial year. Engagements with builders and community members in July 2014 addressed some of the issues in respect of building control. It is imperative that the capacity in this division be improved and a full-time building control officer needs to be prioritised. Control over minor works will be prioritised within the 2014/15 financial year.

The following table indicates the building applications processed during the reporting financial year.

Additional Performance: Town Planning and Building Control		
Type of service	2012/13	2013/14
Building plans application processed	47	66
Total surface (m2)	5 053	4 398.86
Approximate value (Rand)	24 254 000	0
Residential extensions	21	0
Land use applications processed	34	0

Additional Performance Town Planning and Building Control

3.5.2 Local Economic Development

Unemployment and inequality are enormous challenges in South Africa and while the Municipality cannot ensure local economic development, they must strive to create an environment conducive for sustainable economic growth. It is realised that in striving to reach the National Development Goals contained in the National

Development Plan integrated action on grass-roots level that focus on impact and is linked to the national policies and budget processes will be needed.

Due to the funding restrictions within the Prince Albert Municipal budget no provision for a specific local economic development project were provided for. This emphasised the necessity to structure operational actions and processes in such a way that it supports local economic development. The most notable of these actions are the labour intensive employment projects such as EPWP and CWP, the procurement process that provides support to local suppliers and ensuring that services are affordable, sustainable and of a good quality.

a) Highlights: LED

The following performance highlights with regard to the implementation of the LED strategy are:

Highlights	Description
Support to Olive and community festivals	Financial and logistical support to organisers of events
Participatory Appraisal of Competitive Advantage (PACA) LED strategy	Facilitated by Department of Economic Development and Tourism and completed
"Kokkedoor" TV series	Cooking competition with high branding value for Prince Albert.
Renewable energy sustainability investigation launched	First phase on possible renewable energy plant investigation launched
Community gardens and subsistence farming on Treintjiesrivier and commonage	Small subsistence farming by several emerging businesses on commonage and Treintjiesriver
Investigate possible airport development	First phase of investigation on possible airport development launched
EPWP workers employed	420 employment opportunities were established via the EPWP program, while Council facilitated an additional average of 86 local labour job opportunities per month on the ASLA housing project in Leeu-Gamka
Signing of service delivery agreement on funding for skills development	External service provider employed to secure funding for skills development in Prince Albert municipal area
Establishment of an Environmental Education Centre in Prince Albert	Building of an Environmental Education Centre in Prince Albert to act as training centre and economic hub

b) Challenges: LED

The following challenges with regard to the promotion of local economic development are:

Description	Actions to address challenges
Funding to compile a local economic development strategy	Business proposal submitted to DLARD in August 2014
Funding to facilitate projects	Compile business cases to submit for external funding
Improve management of Treintjiesrivier	Engagements with stakeholders and drafting of management plan; verification of contracts. Improve control and oversight on farm
No dedicated personnel	Source funding to appoint dedicated personnel.

Challenges LED

c) LED Strategy

The municipality is sourcing external funding to compile an integrated economic development strategy. Quality strategic planning and strategy delivery is increasing in importance as a process and set of tools that guide the development of a municipality. In times when resources are tight, effective and efficient resource allocation is gaining even more importance. This proposal will therefore suggest a practical four-stage process to strategic economic planning at the municipal level, including the setting up of effective structures for managing the economic strategy process (1), preparing a good strategic analysis of the municipality (2), strategy formulation (3) and strategy implementation (4).

A key concept throughout this process is partnership: partnerships within the municipality, as well as with others outside the municipal building, with whom these four steps are undertaken together.

At present the Municipality is driving the visioning process within the community to procure communal buy-in on what type of towns we want in our areas. Once agreement can be reached on these matters, further initiatives can be built upon the results

Prince Albert's sector contribution to the growth domestic product rate (GDPR 2000-2011%) is indicated in the following table:

Sector	2012/13	2013/14
	% of Region's (GDPR)	
Agriculture, forestry and fishing	16.1	-1.8
Mining and quarrying	0	-
Manufacturing	9.9	3.9
Electricity & gas and water	0	-
Construction	13.2	13.3
Wholesale and Retail Trade, catering & accommodation	14	3.7
Transport, storage & communication	5.8	-3.0
Finance, insurance, real estate and business services	22.4	13.8
Community and social and personal services	5.9	1.2
General government	12.7	1.0
Average annual growth, 2000-2011		4.2

Municipal growth across sectors: 2000 - 2011

(The figures for 2013/14 are based on the Quantec Research data sourced from the MERO 2013)

Prince Albert regional gross value added figure (GVA-R) amounted to R167, 260 million and accounted for 14.8 per cent of total the regional economy of R1, 130 billion in 2009 making it the third largest economic contributor in the Central Karoo District.

Economic sectors contribution to Prince Albert's economy and employment by sector are summarized in the following table:

Economic Sector Contributions	2012/13		2013/14	
	% Sector contribution	% employment by sector	% Sector contribution	% employment by sector
Agriculture, forestry and fishing	47	16.1	No new figures available	No new figures available
Mining and quarrying	0	0	No new figures available	No new figures available
Manufacturing	0.2	9.9	No new figures available	No new figures available
Electricity & water	0.1	0.5	No new figures available	No new figures available
Construction	6.9	13.2	No new figures available	No new figures available
Trade	3.6	14	No new figures available	No new figures available
Transport	1.2	5.8	No new figures available	No new figures available
Finance	21.8	22.4	No new figures available	No new figures available
Community and social services	19.1	5.9	No new figures available	No new figures available
Total	100	87.8		

Economic Employment by Sector

Service Delivery Indicators

The performance for economic development in the reporting financial year is reflected below.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL6	Submit applications to obtain funding for projects for the implementation of the LED strategy	Number of applications submitted	All	2	2	2	G
TL25	The number of temporary work opportunities created in terms of the EPWP (FTE's)	Number of work opportunities created	All	181	46	163	B

Service Delivery Indicators LED

Job creation through EPWP projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2012/13	3	181
2013/14	Land Fill Project: Pedestrian Leeu Gamka: Pedestrian Prince Albert: Public Works Leeu Gamka: Public Works Prince Albert: Social Sector Project:	163

Job creation through EPWP* projects

3.6 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.6.1 Libraries

Libraries are a provincial function and the municipality is performing the function on an agency basis. The function is fully funded by province. The libraries are functioning very well and enjoyed an annual circulation of 58 967, with outreaches within the community that included outreaches to the disabled, the aged, schools, etc. National library week was celebrated from 15 – 22 March 2014 and with the support of the Friends of the Library a morning tea event was held for all readers over 60 years. Membership of the libraries ended at 4 245 members on 30 June 2014.

A new Wheelie Wagon satellite library was established at the Thusong Centre in Prince Albert during October 2014 to be nearer to the community of North-End. With limited hours open this library satellite boast with a circulation of 2 646 for the financial year. The hours of this library will be increased in the new financial year.

The internet access within libraries provides valuable support to persons without these facilities and it is the learners of our local school that are the primary users of these facilities.

The following table provide an overview of the library' functions performance during the reporting years.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL7	Provide wheelie wagons for library services	Number of wheelie wagons provided	All	New performance indicator; no previous measurement available	1	1	G
TL8	Hold exhibitions on identified topics to enhance library awareness	Number of exhibitions held	All	9	12	18	B
TL54	Hold indigent awareness campaigns	Number of campaigns	All	1	1	1	G

Services Delivery Indicators Library Services

a) Highlights: Libraries

The following highlights in respect of the reporting year can be seen below.

Highlights	Description
Library Week 2014	Morning tea for users over 60 years
Library outreach.	Visit to crèches, Tea parties for readers, Visit to Old age care centre resulting in a cumulative 221 outreaches.
Computerized systems	Electronic management of books

Workstations for students to do research	All three libraries provide access to computers
Permanent appointment of library assistants.	Contracts upgraded
Wheelie Wagon at Thusong Centre in Prince Albert have high circulation	Circulation numbers at Wheelie Wagon in Thusong reaches nearly 400 and hours should be increased

Libraries Highlights

b) Challenges: Libraries

The following challenges in respect of libraries remained during the reporting year.

Description	Actions to address
Room for users to read books	Refer extension to future budgets
Library in Prince Albert is far from the previously disadvantaged community.	Wheelie wagon was established at Thusong but the hours need to be increased
Support staff needed in Klaarstroom	Member of public trained to provide support in Klaarstroom

Libraries Challenges

c) Service statistics for Libraries

The following statistics in respect of the libraries are reflected below

Type of service	2012/13	2013/14
Library members	2 821	3 341
Books circulated	98 988	8 118
Exhibitions held	12/year	18/year
Internet users	An average of 20 per day.	An average of 20 per day.
New library service points or Wheelie Wagons	0	1
Children programmes	0	2/month
Visits by school groups	Prince Albert College visits Prince Albert Library an average of 10 times per month.	Average 10 times per month
Book group meetings for adults	0	2/year
Primary and Secondary	0	6/year

Service statistics for Libraries

d) Employees: Libraries

The library employee establishment is indicated below in respect of the reporting year.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	3	0	0
4 - 6	2	3	2	1	33

7 - 9	0	0	0	0	0
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	6	7	6	1	14

Employees: Libraries

3.6.3 Cemeteries

We have five cemeteries in the municipal area Prince Albert two (2), Leeu-Gamka two (2) and one (1) at Klarstroom. The current registers of existing graves and reservations are maintained by hand and no electronic system exists. The impression is that, with the exception of Klarstroom, the current cemeteries are sufficient, with enough space within them in the medium term and that the cemeteries are fairly well maintained by the Municipality. However the increase on the population as projected in the above demographics can impact on the capacity of cemeteries.

The community of Klarstroom requested that a new cemetery be identified by the Municipality as the current one is prone to flooding.

a) Highlights: Cemeteries

Highlights	Description
EPWP programme	Clean all cemeteries including privately owned and historical heritage sites.

Cemeteries Highlights

b) Challenges: Cemeteries

The following challenges in respect of cemeteries were identified.

Description	Actions to address
Cemetery required for Klarstroom	Available land to be identified and zoned accordingly
Prince Albert Road in need of Cemetery	Negotiate with Farmers for land

Cemeteries Challenges

c) Employees: Cemeteries

The table below indicate the staffing component for cemeteries during the reporting year. It must be noted that staff perform dual functions and the staffing numbers cannot be seen in isolation. It should also be noted that a Facility's Manager was only appointed in November 2013 and thus reports on cemeteries were only submitted since January 2014 and as such the cemetery key performance target was not met.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	3	3	0
4 - 6	0	0	3	1	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	1	1	6	4	0

Employees: Cemeteries

3.7 COMPONENT E: SECURITY AND SAFETY

This component includes: traffic; law enforcement as well as fire and disaster management.

3.7.1 Law Enforcement

Law enforcement was originally done by two permanent traffic officers who also operate the DTLC and they are supported by one Clerk of the Court. One contract law enforcement officer provided further support on speed infringements, but he resigned in March 2014. One of the Law Enforcement Officers was appointed as Management Representative of the DLTC. The officer resided in Leeu-Gamka and this hampered service delivery. The decision was thus taken to re-locate the official to Prince Albert and this has improved the oversight within the DLTC.

The following table indicates the law enforcement function in respect of the reporting year compared to the 20e12/13 financial year.

Details	2012/13	2013/14
Animals impounded	0	0
Number of by-law infringements attended	0	3
Number of officers in the field on an average day	1	2
Number of officers on duty on an average day	1	2

Law Enforcement Data

3.7.2 Traffic Services

Originally three law enforcement officials tended to Traffic Services, with one resigning in March 2014 and the one Clerk of the Court providing back-office

assistance. Traffic infringements were outsourced to Ultimate Traffic Solutions and an income target of R2.6 million were set in respect of traffic fines. This target was not met due to challenges inherent in the initial establishment phase. Although the income improved significantly in the last semester of the financial year, significant challenges remain and the performance of this function must be closely monitored.

a) Highlights: Traffic Services

The following highlight in respect of Traffic Services can be noted during the reporting year.

Highlights	Description
High visibility on N1 during road works	High visibility and speed control on N1 during road works

Traffic Services Highlights

b) Challenges: Traffic Services

The following challenges in respect of traffic services must be noted during the reporting year.

Challenges	Actions to overcome
Collect outstanding fines	Service provider to ensure that warrants of arrests are being followed up effectively. Service provider monitored
Unable to operate with the portable camera in the speed over distance zone.	Engage with possible service provider and Province to procure permission to do law enforcement with portable camera in ASOD area
We lack a facility for the purposes of perming driver's licenses tests.	The concept must be captured in the IDP
Administration support lacking	Administrative support should be provided through dual function performing
Proper facilitation of the speed over distance due to lack of second personnel member.	Appointment of another officer.
Not enough vehicles	Budget provision
Overspending on overtime	Control measures to be instituted to mitigate over-spending

Traffic Services Challenges

c) Performance Service statistics for Traffic Services

The following performance service statistics for traffic services are reflected below in respect of the reporting year.

Details	2012/13	2013/14
Motor vehicle licenses processed	103 (R106 5016.60)	5 350 (R1 152 176.20)
Learner driver licenses processed	432	427
Driver licenses processed	295	198
Driver licenses issued	227	293
Fines issued for traffic offenses	1 034	21 340
R-value of fines collected	65 150	R9 44046.25

Roadblocks held		4		14
Complaints attended to by Traffic Officers		3		0
Awareness initiatives on public safety		3		1
Number of road traffic accidents during the year		35		15
Number of officers in the field on an average day		3		2
Number of officers on duty on an average day		3		2

Additional performance Service Statistics for Traffic Services

d) Employees: Traffic Services

The table below indicates the traffic service staff establishment for the reporting year, in comparison with 2012/13.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	3	1	3	100
7 - 9	3	3	2	1	0
10 - 12	2	2	0	0	0
13 - 15	0	1	0	0	100
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	5	9	3	4	44

Employees: Traffic Services

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL9	Hold road blocks to decrease incidents affecting traffic safety	Number of road blocks held	All	5	10	11	G2

Services delivery indicators Public Safety

3.7.3 Fire Services and Disaster Management

In terms of Schedule 4 Part B of the Constitution, Fire Fighting Services is a municipal function. The Prince Albert Municipality does not have a formal, full-time Fire Services Unit. The Fire Fighting function is coordinated by the Fire Officer in the Municipality who is also responsible for occupational health and safety. Eight officials, at the level of labourers, previously received training in the basics of Fire Fighting and act as the Fire Services unit of the Municipality. They perform dual functions and are not

specifically allocated to fire services. Protective clothing and sufficient equipment remains a challenge for these officials. Fire Services are delivered by means of a vehicle with 1 000 litre water tank.

The Municipality adopted a Disaster Management Plan in June 2014. This plan forms the first phase basis of a more integrated Disaster Management Plan to be drafted in 2014/15 after emergency and contingency plans from critical stakeholders have been obtained.

a) Highlights: Fire Services and Disaster Management

Highlights	Description
Staff exhibits a good working ethic.	Firefighters have a good sense of cooperation and team work.
Good Regional office report indicates that Prince Albert has the best response to fire.	Indication that Prince Albert is the only team responding to fire in the region.
Disaster Management Plan adopted in June 2014	Disaster Management Plan to be used for refining an integrated disaster response after consultation with critical stake-holders

Fire Services and Disaster Management Highlights

b) Challenges: Fire Services and Disaster Management

The challenges in respect of Fire and Disaster Management Services for the reporting financial year are reflected below.

Challenges	Actions to overcome
Lack of capacity	Staff need to be trained, while equipment need to be upgraded
Lack of protective gear	Protective gear must be procured

Fire Services and Disaster Management Challenges

c) Service statistics for Fire Services

The following service statistics for fire services are provided in the table below in respect of fire services.

Details	2012/13	2013/14
Operational call-outs	27	24
Reservists and volunteers trained	2	0
Awareness initiatives on fire safety	0	0
Total fires attended in the year	27	24
Total of other incidents attended in the year	0	0
Average turnout time - urban areas	9 min	Not measured
Average turnout time - rural areas	60 min	Not measured
Fire fighters in post at year end	0	1
Total fire appliances at year end	1	1
Average number of appliance off the road during the year	1	1

Fire Services and Disaster Management Data

d) Employees: Fire Services and Disaster Management

The following staff establishment in respect of fire and disaster management for the reporting financial year is reflected below.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	1	2	0	0	50
7 - 9	0	0	1	1	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	1	2	1	1	50

Employees: Fire services and Disaster Management

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL10	Review the Disaster Management Plan and submit to council for approval by end May	Plan submitted to council	All	1	1	1	G

Services delivery indicators Public Safety

3.8 COMPONENT F: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

3.8.1 Sport and Recreation

We have four (4) sports grounds consisting of 3 combined rugby and soccer fields, one (1) soccer field in Prince Albert and 3 netball fields. All sport forums are established. The department of Sport and Recreation conducted an audit of the sport facilities in the Municipality and the results of the audit should be evaluated and utilised for future planning and budgeting purposes. These results should be investigated and any follow-up actions need to be pursued.

Ref	KPI	Unit of Measurement	Ward	Previous year performance	Q1	Q2	Q3	Q4	Target	Actual		Performance
TL52	Upgrade of the netball and cricket fields by the end of June 2014	Number of sport fields upgraded	3	New performance indicator; no previous measurement available	0	0	0	2	2	0	R	R 200 000 was DORA and received from Dep. Sport and Recreation. Quotations was requested and prices in die order of R 459 275.52 was rendered. The project needed to be co-funded, by the MIG Sport funding, but due to other obligations the MIG funding was committed and could not be amended. A roll-over will be requested and the scope of works will be adapted.
TL53	Complete the business plan and technical report for the new swimming pool Prince Albert by the end of August 2013	Plan and report completed	All	New performance indicator; no previous measurement available	2%	0	0	0	2%	100%	B	n/a

a) Highlights: Sport and Recreation

Intensive consultation within the communities and Central Karoo District took place to create a platform for the development of a regional Sport Academy that will assist in motivating funding proposals for sport development and codes within the Karoo.

b) Challenges: Sport and Recreation

Challenges in respect of sport and recreation for the reporting year are reflected below:

Challenges	Actions to overcome
Insufficient equipment to maintain facilities	Equipment must be maintained via maintenance plan and control measures implemented

Funding for sporting codes and facilities needed	Funding proposals for external funding prepared
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c) Service statistics for Sport and Recreation

The following statistics in respect of Sport and Recreation for the reporting financial year are reflected below.

Type of Service	2012/13	2013/14
Community Parks		
Number of parks with play park equipment	3	3
Number of wards with community parks	2	3
Sport fields		
Number of wards with sport fields	4	3
Number of sport associations utilizing sport fields	2	3

Additional performance information for Sport and Recreation

d) Capital: Sport and Recreation Services

The capital expenditure in respect of sport and recreation for the reporting financial year can be seen below.

Capital Expenditure 2013/14: Sport and Recreation					
R'000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Sport Grounds	600 000	-	-	-	-
Swimming pool	250 000	120 000	188 000	-32.98	188 000
Total	850 000	120 000	188 000	-32.98	188 000

Capital Expenditure 2013/14: Sport and Recreation

3.9 COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: executive and council; financial services; human resource services; ICT services; legal services; and procurement services.

3.9.1 Executive and Council

The Council of Prince Albert Municipality strives to ensure effective cooperation between Council, Administration and the broader Community.

The core business in terms of basic service delivery remains crucial and therefore public participation is encouraged. The municipality have an active ward committee system, a representative IDP Forum for consultation on the budget and IDP, and a housing committee in Leeu-Gamka. This public participation is supported by sectorial engagements with e.g. the Prince Albert Ratepayers, the Prince Albert Cultural Foundation, the Council of Stakeholders in Leeu-Gamka, sporting codes, etc. The municipality established youth committees within the respective towns to provide the youth with a voice in local government matters.

Policies, by-laws and planning matters are published and public comment invited and incorporated. The public are encouraged to attend ward and council meetings.

Councillors and officials know that all actions need to be in a disciplined manner. We are a transparent and accountable Municipality and have since inception established a good working relationship with Provincial and National Government.

a) Highlights: Executive and Council

The following highlights for the Executive and Council for the reporting financial year can be found below.

Highlights	Description
Good cooperation	Meeting per schedule - excellent attendance record
Transparency	Council meetings are open
Accountability	Reporting on time
Networking	Excellent working relationship with Province and National

Executive and Council Highlights

b) Challenges: Executive and Council

Description	Actions to address
Training required	Training provided as requested
Ensuring that agendas reach councillors timeously	Agendas send out per time schedule
Quality of feedback to ward committees to improve	Ward committee minutes to be responded to by senior management, co-ordinated by Manager: Corporate and Community Services

c) Service Delivery Indicators

The following performance in respect of the Executive and Council during the reporting year can be seen below.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for Sep 2013 to Jun 2014		
					Target	Actual	R
TL19	Facilitate the meeting of the Audit Committee	Number of meetings	All	New performance indicator; no comparison available	4	3	O
TL20	Train the Audit Committee and Performance Audit Committee	Number of training sessions	All	1	1	1	G

Service delivery indicators: Executive and Council

3.9.2 Financial Services

Municipalities aim to secure sound and sustainable management in their financial affairs. The Local Government: Municipal Finance Management Act, 2003 is the guiding legislation in this respect. Municipalities must institute the necessary control measures to ensure cost-effective and efficient service delivery in the interest of their communities. They must report on their financial performance for the respective financial years. These reporting can be done via several mechanisms including the monthly Section 71-reports, the mid-year Section 72 report, the Section 46 report, etc. Ultimately the municipality's financial performance is portrayed in their financial statements. The financial statements are then audited by the external auditors from the Office of the Auditor-General. All municipalities strive to obtain a clean, unqualified audit report from these auditors.

a) Highlights: Financial Services

The following highlights in respect of the reporting year for the financial department are reflected below:

Highlights	Description
Unqualified Audit Opinion – financial year 2012/13	Clean audit on financial statements
No section 32 investigations required	No unauthorised expenditure was incurred during the reporting year

Financial Services Highlights

b) Challenges: Financial Services

The following challenges in respect of the reporting year for the financial department are reflected below.

Description	Actions to address
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No Budget Office as prescribed by legislation	No funding to establish office. Functions performed by CFO, will be supported by Chartered Accountant to be appointed
Expand income base	Verify income sources to ensure all services are correctly levied
Low payment percentage in Klaarstroom and Leeu-Gamka	Continue with debtor payment awareness programs

Financial Services Challenges

c) Debt recovery statistics

The following table indicates the debt recovery statistics for the reporting year.

Details of the types of account raised and recovered	Debt Recovery								
	R'000								
	2012/13			2012/13			2013/14		
	Billed In Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected	To be billed in Year	Estimated turnout for accounts to be billed in year	Estimated Proportion of accounts to be billed that will be collected
Property Rates	1 524	1 699	111%	2 044	1 984	97%	2 683	2 603	97%
Electricity	6 025	6 001	99%	6 405	6 353	99%	9 341	9 136	98%
Water	2 322	1 751	75%	3 183	1 974	62%	2 924	3 077	105%
Sanitation	1 660	1 274	76%	2 459	1 379	57%	2 424	2 473	102%
Refuse	1 046	755	72%	1 535	786	51%	1 466	1 458	99%

Debt recovery

d) Service Delivery Indicators

The following table portrays the service delivery indicators for the financial function in respect of the reporting year.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL55	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	% achieved	All	New performance indicator; no previous measurement available	18.50%	11.19%	B
TL56	Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure)	Ratio achieved	All	New performance indicator; no previous measurement available	0.09	7.41	B

TL57	Financial viability measured in terms of the municipality's ability to meet its service debt obligations ((Total operating revenue-operating grants received)/debt service payments due within the year)	Target achieved	All	New performance indicator; no previous measurement available	0.81	150	B
TL58	Review the required budget implementation policies	Number of policies	All	12	4	5	G2
TL59	Achieve a payment percentage of at least 85%	Payment %	All	100	85%	80%	O
TL60	Achieve an unqualified audit opinion for the 2012/13 financial year	Opinion achieved	All	1	1	1	G
TL61	Implement an initiative to improve debt collection	Number of initiatives	All	1	1	1	G
TL64	Provide free basic sanitation to indigent households in terms of the equitable share requirements	Number of HH receiving free basic sanitation	All	769.25	615	789	G2
TL65	Provide 50kwh free basic electricity per indigent household per month in terms of the equitable share requirements	Number of HH receiving free basic electricity	All	769.25	615	790	G2
TL66	Provide free basic refuse removal to indigent households in terms of the equitable share requirements	Number of HH receiving free basic refuse removal	All	769.25	615	790	G2
TL67	Provide sanitation services to households in terms of the equitable share requirements	Number of Households receiving sanitation services	All	769.25	615	790	G2

Service delivery indicators: Financial Services

e) Employees: Financial Services

The financial service department's staff establishment for 2013/14, compared to the 2012/13 financial year is depicted on the next page. The municipality has one of the smallest finance departments in the country and do not have the prescribed Budget Office. The appointment of a chartered accountant in the 2014/15 financial year will alleviate the pressure on the financial department and strengthen its skills base.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	1	0	0
4 - 6	5	6	3	1	17
7 - 9	0	0	1	0	0
10 - 12	0	1	0	0	100

13 - 15	0	0	0	0	0
16 - 18	1	1	1	1	0
19 - 20	1	1	1	0	0
Total	7	9	7	2	22

Employees: Financial services

3.9.3 Human Resource Services

The Human Resource Department have only two dedicated staff members of which one is a contract worker funded by the EPWP-program. The Skills Development Facilitator performs dual functions within the corporate service division. The Municipality undertook a HR profiling audit to determine the challenges within the HR division. This report will be tabled to the Audit Committee on 25 August 2014.

a) Highlights: Human Resources

The following highlights in respect of the HR division for the reporting financial year is portrayed below:

Highlights	Description
Appointment of two critical positions	Manager Corporate & Community Services appointed on 23/01/14 and Manager Infrastructure appointed on 2/06/2014
Roadshow for performance management awareness	Undertaken by Municipal Manager
EPWP contracts concluded for 420 persons	Contract administration in respect of EPWP workers successfully undertaken

Human Resources Highlights

b) Challenges: Human Resources

The following challenges in respect of HR management as it pertains the reporting year are indicated below.

Description	Actions to address
Personnel policies are outdated.	Policies to be reviewed
Vacancy rate is 34%	Vacancy rate needs to be address within financial constraints
Individual performance agreements to be concluded	PMS agreements to be combined with verification of job descriptions for TASK –evaluation

Human Resources Challenges

d) Service Delivery Indicators

The table below reflects the performance of the HR department for the reporting year. Although an employment equity policy was approved by Council in December 2013, no Employment Equity Plan was drafted. This will be addressed before the legislative submission date in 2014.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL15	Development skills of staff (Actual total training expenditure/total operational budget)	% of total operational budget spent on training	All	0.15%	0.30%	0.30%	G
TL16	Develop an employment equity policy and plan and submit to council for approval by end June	Draft policy and plan submitted to council	All	New performance indicator for 2013/14	1	0.5	R

Service delivery indicators: Human Resources

e) Employees: Human Resources

The table below indicates the staff establishment for the HR function in respect of the reporting year.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	1	1	1	0	0

Employees: Human Resource services

3.10 COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2014/15

The main development and service delivery priorities for 2014/15 forms part of the Municipality's top layer SDBIP for 2014/15 and are indicated in the tables below:

3.10.1 Sustained Improvement of the status of the Municipal area and the eradication of the spatial legacy

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL22	Provision of clean piped water to formal residential properties which are connected to the municipal water infrastructure network.	Number of formal residential properties that meet agreed service standards for piped water	All	2,232

Service Delivery Priorities for 2014/15 – Sustained Improvement of the status of the Municipal area and the eradication of the spatial legacy

3.10.2 To commit to the continues improvement of human skills and resources to delivery effective services

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL2	The % of the Municipality's training budget spent, measured as (Total Actual Training Expenditure/Approved Training Budget x 100)	% of training budget sent on scheduled training by end of June 2015	All	35
TL3	Review the required policies & municipal code and submit to council	Number of policies reviewed and approved by council by the end of June	All	4
TL4	The number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with the equity plan	Number of people employed (appointed)	All	2
TL18	Number of temporary jobs created through the municipality's local economic development EPWP projects, measured by the number of people temporary employed in the EPWP programs for the period.	Number of people temporary employed in the EPWP programs.	All	46

Services Delivery Priorities for 2014/15 – To commit to the continues improvement of human skills and resources to delivery effective services

3.10.3 To enhance participatory democracy

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL23	Excellent water quality measured by the quality of water as per SANS 242 criteria	% water quality level as per blue drop assessment	All	80%
TL28	Bi-quarterly engagement with community on progress on IDP & Budget Implementation	No of public participation engagements conducted in all municipal wards	All	4

Services Delivery Priorities for 2014/15 – To enhance participatory democracy

3.10.4 To maintain financial viability & sustainability through prudent expenditure, and sound financial systems

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL11	Achieve a YTD debtors payment percentage of at least 90%	$(\text{Gross Debtors Closing Balance} + \text{Billed Revenue} - \text{Gross Debtors Opening Balance} + \text{Bad Debts Written Off}) / \text{Billed Revenue} \times 100$	All	90%
TL12	Attain an unqualified audit opinion	Unqualified External Audit Opinion Received	All	1
TL13	Implement mechanisms to improve debt collection by implementing strategies included in the revenue enhancement strategy	Number of initiatives implemented	All	4
TL14	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations $((\text{Total operating revenue-operating grants received}) / \text{debt service payments due within the year})$	$((\text{Total operating revenue-operating grants received}) / \text{debt service payments due within the year})$	All	1.2
TL15	Financial viability measured in terms of the outstanding service debtors $(\text{Total outstanding service debtors} / \text{revenue received for services})$	$(\text{Total outstanding service debtors} / \text{revenue received for services}) \times 100$	All	14.3
TL16	Financial viability measured in terms of the available cash to cover fixed operating expenditure $((\text{Available cash} + \text{investments}) / \text{Monthly fixed operating expenditure})$	$((\text{Available cash} + \text{investments}) / \text{Monthly fixed operating expenditure})$	All	0.92
TL21	Provide refuse removal, refuse dumps and solid waste disposal to households within the municipal area	Number of households for which refuse is removed at least once a week	All	2,288
TL26	Limit water losses to not more than 16% $\{(\text{Number of Kilolitres Water Purchased or Purified} - \text{Number of Kilolitres Water Sold}) / \text{Number of Kilolitres Water Purchased or Purified} \times 100\}$	$(\text{Number of Kilolitres Water Purchased or Purified} - \text{Number of Kilolitres Water Sold}) / \text{Number of Kilolitres Water Purchased or Purified} \times 100$	All	20%
TL27	Limit electricity losses to not more than 15% $\{(\text{Number of Electricity Units Purchased and/or Generated} - \text{Number of Electricity Units Sold}) / \text{Number of Electricity Units Purchased and/or Generated} \times 100\}$	$(\text{Number of Electricity Units Purchased and/or Generated} - \text{Number of Electricity Units Sold}) / \text{Number of Electricity Units Purchased and/or Generated} \times 100$	All	20%

TL29	Develop Risk based audit plan for 2015/16 and submit to audit committee by end June	RBP submitted by end June 2015	All	1
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Services Delivery Priorities for 2014/15 - To maintain financial viability & sustainability through prudent expenditure, and sound financial systems

3.10.5 To provide quality, affordable and sustainable services on an equitable basis

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	Implement council approved awareness campaigns	Number of awareness programmes	All	8
TL6	Provide 6kl free basic water per household per month in terms of the equitable share requirements	No of HH receiving free basic water	All	2,232
TL7	Provision of sanitation services to residential properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets).	No of residential properties which are billed for sewerage in accordance to the financial system.	All	2,127
TL8	Provision of free basic sanitation services to registered indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets).	No of indigent account holders receiving free basic sanitation in terms of Equitable share requirements.	All	870
TL9	Provide 50kwh free basic electricity to registered indigent account holders connected to the municipal electrical infrastructure network	No of indigent account holders receiving free basic electricity which are connected to the municipal electrical infrastructure network	All	870
TL10	Provision of free basic refuse removal, refuse dumps and solid waste disposal to registered indigent account holders	No of indigent account holders receiving free basic refuse removal monthly	All	870
TL17	Review Sector Plans as per councils approved sector plan schedule	Number of sector plans approved by council end June 2015	All	4
TL19	The % of the Municipality's capital budget actually spent on capital projects identified in the IDP - (Total Actual Capital Expenditure/Approved Capital Budget) x 100	The percentage of a municipality's capital budget spent on capital projects identified in the IDP for the 2014/15 financial year	All	87%
TL20	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas)	All	1,682
TL24	Quality of effluent (measured by quality of microbiological standards) in terms of SANS irrigation standards	% quality of effluent achieved as per Green Drop assessment	All	78%
TL25	% of the maintenance budget for Roads spent [(Actual expenditure divided by the total approved budget)x100]	(Actual expenditure divided by the total approved budget)x100	All	100%

Service Delivery Priorities for 2014/15 - To provide quality, affordable and sustainable services on an equitable basis

3.10.6 To stimulate, strengthen and improve the economy for sustainable growth

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL5	Implement LED Strategies (as included in the IDP)	Number of LED interventions/ activities / programmes implemented by June 2015	All	4

Service Delivery Priorities for 2014/15 - To stimulate, strengthen and improve the economy for sustainable growth.

Chapter 4

COMPONENT A

MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following chapter indicates the municipality's performance in terms of the National Key Performance Indicators in respect of municipal transformation and organisational development.

4.1 National Key Performance Indicators – Municipal Transformation and Organisational Development

National Key Performance Indicators are used by all municipalities to benchmark municipal performance and identify trends so that improvements to the local government system can be made. It is linked to the South African Constitution, 1996 as well as other key guiding legislation governing local government.

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 as well as section 43 of the local Government: Municipal Systems Act, 2000. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development. The Municipality do not have an employment equity plan as yet. Such will enjoy priority before the next legislative submission date in 2014.

The table below reflects permanent staff. It must be noted that staff employed on contract include three (3) persons from the employment equity target groups on the three highest levels of management, comprising of five staff members.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2012/13	2013/14
The number of people from employment equity target groups permanently employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	6	4
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.15%	0.30%

National KPIs– Municipal Transformation and Organisational Development

4.2 Introduction to the Municipal Workforce

The Prince Albert Municipality currently employs 44 (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of Human Resource (HR) management

is to render an innovative HR service that addresses both skills development and sound administration of in-house personnel.

4.2.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) confirms affirmative action as measures designed to ensure that suitable qualified people from designated groups enjoys equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. As indicated above the Municipality do not yet have an Employment Equity (EE) Plan, but did submit an Employment Equity Policy to Council in December 2014. The drafting of an EE-plan will enjoy priority in the 2014/15 financial year.

Although the Employment Equity progress was not included in the Top Layer SDBIP for the 2013/14 financial year, the employment profile for the reporting year ending 30 June 2014 ended with two Coloured Males, one White woman and one White man, with one vacancy at the Top Level of management. One White man and one Coloured male left the service during the reporting year.

The municipality have no senior management, with Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents reflecting seven Coloured Males, two White Males, two Coloured Women and two White women.

The table below indicates the number of employees by race within the specific occupational categories:

Occupational Categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	0	2	0	0	0	0	0	0	2
Clerks	0	4	0	0	0	9	0	2	15
Service and sales workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	6	0	1	0	0	0	0	7
Elementary occupations	0	14	0	1	0	5	0	0	20
Total permanent	0	26	0	2	0	14	0	2	44
Non-permanent	0	11	0	3	0	7	0	1	22
Grand total	0	37	0	5	0	21	0	3	66

Occupational Categories

The table below categorizes the number of employees by race within the occupational levels:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	2	0	1	0	0	0	1	4
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	2	0	1	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	7	0	2	0	2	0	2	13
Semi-skilled and discretionary decision making	0	10	0	0	0	14	0	0	24
Unskilled and defined decision making	0	16	0	1	0	5	0	0	22
Total permanent	0	26	0	2	0	14	0	2	44
Non- permanent employees	0	11	0	3	0	7	0	1	22
Grand total	0								66

Occupational Levels

The following table categorizes the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	0	0	0	0	0	0	0	0	0
Strategic Services	0	8	0	0	0	10	0	2	20
Technical and Electrical Services	0	18	0	2	0	1	0	0	21
Financial Services	0	1	0	0	0	3	0	0	4
Total permanent	0	26	0	2	0	14	0	2	44
Non- permanent	0	11	0	3	0	7	0	1	22
Grand total	0	37	0	5	0	21	0	3	66

Department - Race

4.2.2 Vacancy Rate

The approved organogram for the municipality reflected 97 posts for the 2013/14 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 38 Posts were vacant at the end of 2013/14, resulting in a vacancy rate of 39%. 7 of the critical positions are filled with contract positions.

Below is a table that indicates the vacancies within the municipality:

Per Task Level		
Task level	Filled	Vacant
MM & MSA section 57 & 56	4	1
Middle management (T14-T19)	0	1
Admin Officers (T4-T13)	31	21
General Workers (T3)	24	15
Grant remuneration outside TASK level	7	0
Total	66	38
Per Functional Level		
Functional area	Filled	Vacant
Office of the Municipal Manager	4	0
Corporate & Community Services	27	12
Technical and Electrical Services	22	24
Financial Services	6	2
Appointments from Grants	7	0
Total	66	38

Vacancy rate per post and functional level

The table below indicates the number of critical staff per level and corresponding vacancies.

Salary Level	Number of current critical vacancies	Total posts as per organogram	Vacancy job title	% Critical Vacancies (as a proportion of total posts per category)
Municipal Manager	0	1	n/a	0
Chief Financial Officer	0	1	n/a	0
Other Section 56 Managers	0	3	Manager: Development and Strategic Support	0
Senior management (T14-T19)	1	1	Accountant	100
Highly skilled supervision (T4-T13)	5	55	1 x Senior Electrician 1 x Electrician 1 x Building Inspector 1 x Waste Water Process Controller 1 x Superintendent: Leeu-Gamka	9
Total			-	-

Critical Vacancy rate per salary level – please note it is only for critical vacancies

4.2.3 Turnover rate

Small, rural municipalities find it difficult to attract and retain skilled staff as they cannot compete with bigger municipalities in terms of salary, skills transfer and opportunities.

This results in a high turn-over of staff. A high turnover rate for staff member's impacts negatively on a municipality as it may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality. The turnover rate shows an increase from 11.3% in 2012/13 to 14.52% in 2013/14.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2012/13	62	4	7	11.3%
2013/14	67	12	9	14.52

Turnover Rate

Component B

4.3 Managing the Municipal Workforce

4.3.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease. Occupational injury will influence the loss of man hours and therefore financial and productivity performance. The Municipality appointed Workplace Safety Representatives within the municipality for the respective departments as required by legislation. These employees are:

- Attieen Arendse: Technical Services
- Arrelene Waterboer Administration
- Henry Lekay Disaster Management
- Bernard May Traffic
- Danvor Sarelse Klaarstroom CLO
- Jafftha de Wee Technical Services
- Adam Sass Technical Services
- Jan Arries Technical Services

SALGA was requested to provide training to the officials in respect of workplace safety. This training will take place in the 2014/15 financial year. The injury rate remained low during the reporting year.

The table below indicates the total number of injuries within the different departments

Directorates	2012/13	2013/14
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Office of the Municipal Manager	0	0
Strategic Services	1	1
Technical and Electrical Services	2	4
Financial Services	0	0
Total	3	5

Injuries

4.3.2 Sick Leave

Sick leave has a direct impact on the productivity of a municipality and therefore it must be closely monitored to ensure that no abuse takes place. Sick leave records are maintained by the Human Resource department and management closely monitors this.

The total number of employees that have taken sick leave during the 2013/14 financial year shows a slight increase when comparing it with the 2012/13 financial year, however it is still at an acceptable level.

The table below indicates the total number sick leave days taken within the different directorates:

Department	2012/13	2013/14
Office of the Municipal Manager	28	0
Strategic Services	59	102
Technical and Electrical Services	111	110
Financial Services	31	18
Total	229	230

Sick Leave

4.3.3 HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and an equitable, fair and open approach to the managing of staff.

The table below reflects the HR policies and plans that are in operation within the Municipality and that must be annually reviewed.

Approved policies	
Name of policy	Date approved/ revised
Employment Policy	2003
Internal Conditions of Service	2003
Sexual harassment	2007

Subsistence and Travelling	2007
Training & Development	2007
Language	2007
Support Staff	2007
Cell Phone	2007
Induction Training and Staff Orientation	2007
Internal control: Salaries and grants	2007
Study	2007
IT	2007
HIV/AIDS	2007
Induction programme	2008
Recruitment and Selection	2012
Employment Equity	2013
Incapacity / Ill-Health	2012
Substance Abuse	2012
Smoking Policy	2012
Overtime	2012
Retirement Planning	2012
Unauthorized Absence	2012
Uniform Protective Clothing	2012
Employment on 5/8 basis	2012
Policy on imprisoned employees	2012
Scarce skills policy	2012

HR policies and plans

As indicated above most of the HR policies are outdated and must be reviewed within the next financial year to ensure that they are relevant and address the needs of management and the staff component.

4.4 Capacitating the Municipal Workforce

Section 68(1) of the Local Government: Municipal Systems Act, 2000 (MSA) states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable manner. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

4.4.1 Skills Matrix

Funding for skills development in Prince Albert Municipality is extremely limited. The Municipality contracted a service provider to source external funding to enhance skills development opportunities, not only within the municipality, but for the community as well. The Environmental Education Centre in Prince Albert will be partly utilised as a training facility in this respect.

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year (2013/14)	Number of Employees that received training (2013/14)
MM and S57	Female	0	0
	Male	3	3
Legislators, senior officials and managers	Female	4	4
	Male	5	5
Associate professionals and Technicians	Female	0	0
	Male	3	3
Professionals	Female	1	1
	Male	1	1
Clerks	Female	9	5
	Male	7	3
Service and sales workers	Female	0	0
	Male	0	0
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	0	0
	Male	5	3
Elementary occupations	Female	1	1
	Male	7	2
Sub total	Female	15	11
	Male	31	20
Total		46	31

Skills Matrix

4.4.2 Skills Development – Training provided

The Skills Development Act (1998) and the Local Government: Municipal Systems Act, (2000), requires employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1(f) states that as the head of

administration the Municipal Manager is responsible for the management, utilization and training of staff. The table below reflects the training opportunities provided within the municipality during the reporting year, inclusive of learnerships, skills programmes and other short courses.

Occupational categories	Gender	Training provided within the reporting period(2013/14)						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% Variance
MM and S57	Female	0	0	0	0	0	0	0
	Male	3	3	0	0	3	3	0
Legislators, senior officials and managers	Female	0	0	3	3	3	3	0
	Male	0	0	4	7	4	7	(57)
Professionals	Female	1	1	0	0	1	1	0
	Male	1	1	0	0	1	1	0
Technicians and associate professionals	Female	0	0	0	0	0	0	0
	Male	0	0	7	0	0	0	100
Clerks	Female	3	4	4	14	10	18	47.2
	Male	3	7	0	9	7	16	(31.25)
Service and sales workers	Female	0	0	2	0	0	0	100
	Male	0	0	0	4	2	4	33.33
Craft and related trade workers	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0
	Male	0	0	3	5	3	5	60
Elementary occupations	Female	0	0	1	2	1	2	50
	Male	0	0	4	7	4	7	57
Sub total	Female	3	11	11	8	15	24	25.19
	Male	6	5	17	17	24	43	72.30
Total		9	16	28	25	39	67	

4.4.3 Skills Development - Budget allocation

Each Municipality is required to budget for skills development to at least 1% of its operational budget. The table below indicates that a total amount of R91 529.18 was allocated to the workplace skills plan and that 80.79 % of the total amount was spent in the 2013/14 financial year. This indicated an expenditure of 0.175% of the budget spent on skills development.

Total personnel budget	Total Allocated	Total Spend	% Spent
R13 329 400.00	R76 658.80	R61 940.00	80.79 %

Budget allocated and spent for skills development

4.4.4 MFMA Competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013, employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	1	1	1
Chief financial officer	1	1	1	1
Senior managers	2	2	2	2
Any other financial officials	5	2 Busy with Minimum Competency	0	0
Supply Chain Management Officials				
Heads of supply chain management units	0	0	0	0
Supply chain management senior managers	2	2 Busy with Minimum Competency	0	0
TOTAL	11	8	4	4

Budget allocated and spent for skills development

4.5 Managing the Municipal Workforce Expenditure

Section 66 of the Local Government: Municipal Systems Act, 2000 states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

4.5.1 Personnel Expenditure

The percentage personnel expenditure in relation to the total operational expenditure of a municipality is essential in the budgeting process as it reflects affordability. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years as a percentage of the total operating expenditure. Prince Albert Municipality is well within the national norm of between 35 to 40% as reflected below.

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000	R'000	
2012/13	11 027	37 745	29.21
2013/14	10887	54568	19.95%

Personnel Expenditure

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2012/13		2013/14	
	Actual	Original Budget	Adjusted Budget	Actual
	R	R	R	R
Councillors (Political Office Bearers plus Other)				
Basic Salary & Wages	1 501 762	1 582 500	1 582 500	1 577 400
Pension & Medical Aid Contributions	93 025	103 100	103 100	102 726
Motor vehicle allowance	484 551	504 700	504 700	514 677
Cell phone allowances	104 472	115 000	115 000	115 026
Housing allowances	0	0	0	0
Other benefits or allowances	0	0	0	0
In-kind benefits	0	0	0	0
Sub Total	2 183 810	2 305 300	2 305 300	2 309 829
% increase/ (decrease)	0	5.56%	0.00%	0.20%
Senior Managers of the Municipality				

Financial year	2012/13	2013/14		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R	R	R	R
Basic Salary & Wages	1 978 697	1 800 000	1 800 000	1 796 167
Pension and Medical Aid Contributions				
Motor vehicle allowance	268 080	239 000	239 000	160 776
Cell phone allowance		41 200	41 200	24 500
Housing allowance				
Performance Bonus	88 816	140 000	140 000	133 572
Other benefits or allowances	221 182			
Sub Total	2 556 775	2 220 200	2 220 200	2 115 015
% increase/ (decrease)	0	-13.16%	0.00%	-4.74%
Other Municipal Staff				
Basic Salary & Wages	5 003 088	5 287 100	5 547 100	5 518 992
Pension and Medical Aid Contributions	1 097 068	2 110 789	1 659 349	1 120 785
Motor vehicle allowance	604 618	126 000	126 000	98 642
Cell phone allowance	53 000	34 600	34 600	12 729
Housing allowance	26 924	43 500	25 500	11 311
Overtime	1 069 471	565 000	570 000	704 514
Performance Bonus	427 181	481 990	475 990	403 640
Other benefits or allowances	189 604	1 337 730	857 240	901 658
Sub Total	8 470 954	9 986 709	9 295 779	8 772 271
% increase	0	17.89%	-6.92%	-5.63%
Total Municipality	11 027 729	12 206 909	11 515 979	10 887 286
% increase/ (decrease)	0	10.69%	-5.66%	-5.46%

Personnel Expenditure

CHAPTER 5: FINANCIAL PERFORMANCE

This chapter provides details regarding the financial performance of the municipality for the 2013/14 financial year.

Component A: Statements of Financial Performance

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 Financial Summary

The table below indicates the summary of the financial performance for the 2013/14 financial year:

Description	2012/13	2013/14			2013/14 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Financial Performance						
Property rates	1 959	2 218	2 218	2 129	-4.18	-4.20
Service charges	13 156	14 706	13 952	13 876	-5.95	-0.55
Investment revenue	366	340	340	542	37.26	37.26
Transfers recognised - operational	15 924	24 433	24 496	22 581	-8.20	-8.48
Other own revenue	2 508	6 066	4 873	15 032	58.54	66.72
Total Revenue (excluding capital transfers and contributions)	33 913	47 763	45 879	54 160	11.17	14.67
Employee costs	13 468	12 248	11 498	13 599	-12.50	-5.61
Remuneration of councillors	2 184	2 305	2 305	2 309	0.18	0.19
Depreciation & asset impairment	4 579	1 398	1 588	13 167	35.99	27.29
Finance charges	343	-	-	425	100.00	100.00
Materials and bulk purchases	8 095	8 400	7 725	7 630	-10.09	-1.25
Transfers and grants	-	-	-	-	100.00	100.00
Other expenditure	10 567	24 207	22 759	17 994	1.23	7.14
Total Expenditure	39 236	48 558	45 875	61 209	16.17	20.80
Surplus/(Deficit)	(5 350)	(796)	4	(7 049)	80.85	100.10
Transfers recognised - capital	7 741	17 918	24 019	19 363	11.49	-18.64
Contributions recognised - capital & contributed assets		-	-		#DIV/0!	#DIV/0!
Surplus/(Deficit) after capital transfers & contributions	2 391	17 122	24 023	12 314	-6.41	-49.30
Capital expenditure & funds sources						
Capital expenditure						

Description	2012/13	2013/14			2013/14 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Transfers recognised - capital	7 741	17 918	24 019	20 245	0.11	-0.19
Public contributions & donations					#DIV/0!	#DIV/0!
Borrowing	616				#DIV/0!	#DIV/0!
Internally generated funds				160	#DIV/0!	#DIV/0!
Total sources of capital funds	8 356	17 918	24 019	20 405	0.11	-0.19
Financial position						
Total current assets	6 327			14 318	1.00	1.00
Total non-current assets	75 494			89 710	1.00	1.00
Total current liabilities	9 159			19 211	1.00	1.00
Total non-current liabilities	4 733			4 573	1.00	1.00
Community wealth/Equity	67 929			80 244	1.00	1.00
Cash flows						
Net cash from (used) operating	7 762			27 671	1.00	1.00
Net cash from (used) investing	(8 773)			(20 356)	1.00	1.00
Net cash from (used) financing	8			(54)	1.00	1.00
Cash/cash equivalents at the year end	2 493	-	-	9 755	1.00	1.00
Cash backing/surplus reconciliation						
Cash and investments available	2 493			9 755	1.00	1.00
Application of cash and investments	3 321			9 905	#DIV/0!	#DIV/0!
Balance - surplus (shortfall)	(828)	-	-	(150)	1.00	1.00
Asset management						
Asset register summary (WDV)	75 494			89 710	1.00	1.00
Depreciation & amortisation	1 691	1 398	1 588	2 218	0.36	0.27
Renewal of Existing Assets	-				#DIV/0!	#DIV/0!
Repairs and Maintenance	700	1 294	1 024	830	-0.60	-0.27
Free services						
Cost of Free Basic Services provided	2 013	2 666	2 666	2 259	0.09	0.09
Revenue cost of free services provided	2 013	2 666	2 666	2 259	0.09	0.09
Households below minimum service level						
Water:	-	-	-	-	#DIV/0!	#DIV/0!
Sanitation/sewerage:	-	-	-	-	#DIV/0!	#DIV/0!
Energy:	-	-	-	-	#DIV/0!	#DIV/0!
Refuse:	-	-	-	-	#DIV/0!	#DIV/0!

Financial Performance 2013/14

The table below shows a summary of performance against budgets:

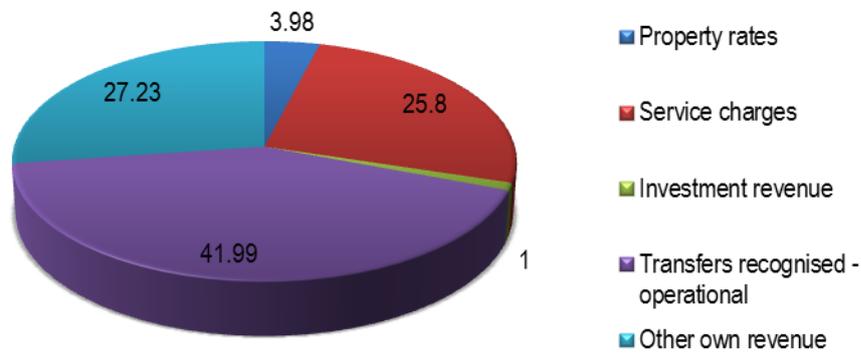
Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	(R'000)				(R'000)			
2011/12	47 881	44 178	(3 703)	-8	41 085	35 895	(5 190)	-12.63%
2012/13	48 848	41 653	(7 337)	-15	39 320	39 263	57	0%

2013/14	69 897	73 523	3 626	5%	45 875	61 209	(15 334)	-33.43%
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Performance against budgets

The following graph indicates the various types of revenue items in the municipal budget for 2013/14

Revenue per percentage



Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2013/14

5.1.1 Revenue collection by Vote

The table below indicates the Revenue collection performance by Vote:

Vote Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Vote1 - Budget and Treasury Office	19 193	35 520	40 480	35 058	-1%	-15%
Vote2 - Public Safety	1 212	3 913	3 913	13	70%	70%

Vote Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
				087		
Vote2 - Health	0	0	0	0	#DIV/0!	#DIV/0!
Vote2 - Community and Social Services	1 726	1 206	1 206	1 203	0%	0%
Vote2 - Sports and Recreation	282	285	285	283	-1%	-1%
Vote2 – Housing	0	0	0	0	#DIV/0!	#DIV/0!
Vote3 - Waste Management	1 419	1 905	1 992	1 998	5%	0%
Vote3 - Road Transport	806	954	954	824	-16%	-16%
Vote3 - Waste Water Management	2 258	3 087	3 063	3 138	2%	2%
Vote3 - Water	3 449	3 508	3 474	3 634	3%	4%
Vote3 - Electricity	9 624	12 341	11 566	11 256	-10%	-3%
Vote3 - Other	0	0	0	0	#DIV/0!	#DIV/0!
Vote4 - Corporate Services	992	935	935	1 018	8%	8%
Vote5 - Planning and Development	200	200	200	200	0%	0%
Vote6 - Executive and Council	1 968	1 828	1 828	1 825	0%	0%
Total Revenue by Vote	43 129	65 681	69 897	73 523	#DIV/0!	#DIV/0!
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						

Revenue by Vote

5.1.2 Revenue collection by Source

The table below indicates the revenue collection performance by source for the 2013/14 financial year:

Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	

Description	2012/13	2013/14		2013/14 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Property rates	1 967	2 683	2 683	2 128	-26%	-26%
Property rates - penalties & collection charges					#DIV/0!	#DIV/0!
Service Charges - electricity revenue	8 907	10 116	9 341	9 129	-11%	-2%
Service Charges - water revenue	2 836	2 958	2 924	3 077	4%	5%
Service Charges - sanitation revenue	2 127	2 447	2 424	2 473	1%	2%
Service Charges - refuse revenue	1 327	1 380	1 466	1 458	5%	-1%
Less: Subsidy to Indigent Households	-2 012	-2 666	-2 666	-2 258	-18%	-18%
Service Charges - other					#DIV/0!	#DIV/0!
Rentals of facilities and equipment	201	295	295	280	-5%	-5%
Interest earned - external investments	366	340	340	542	37%	37%
Interest earned - outstanding debtors	564	500	500	563	11%	11%
Dividends received					#DIV/0!	#DIV/0!
Fines	564	2 601	2 681	12 580	79%	79%
Licences and permits	219	187	187	282	34%	34%
Agency services					#DIV/0!	#DIV/0!
Transfers recognised - operational	15 924	24 433	24 496	22 436	-9%	-9%
Other revenue	923	2 489	1 206	1 052	-137%	-15%
Gains on disposal of PPE					#DIV/0!	#DIV/0!
Actuarial Gains				418	100%	100%
Total Revenue (excluding capital transfers and contributions)	33 913	47 763	45 879	54 160	10.65	14.18
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						

Revenue by Source

5.1.3 Operational Services Performance

The table below indicates the Operational services performance for the 2013/14 financial year:

Operational Services Performance

Description	2011/12	2012/13			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Cost						
Water	2 673	2 131	1 966	1 775	-20.06	-10.76
Waste Water (Sanitation)	2 155	2 135	2 520	2 230	4.26	-13.00
Electricity	10 187	10 554	8 618	11 004	4.09	21.68
Waste Management	1 683	1 462	1 384	1 713	14.65	19.21
Housing					#DIV/0!	#DIV/0!
Component A: sub-total	16 698	16 282	14 488	16 722	2.63	13.36
Waste Water (Storm water Drainage)					#DIV/0!	#DIV/0!
Roads	2 799	2 678	2 726	2 532	-5.77	-7.66
Transport					#DIV/0!	#DIV/0!
Component B: sub-total	2 799	2 678	2 726	2 532	-5.77	-7.66
Planning	299	429	419	432	0.69	3.01
Local Economic Development	143	-	-		#DIV/0!	#DIV/0!
Component B: sub-total	442	429	419	432	0.69	3.01
Planning (Strategic &Regulatory)					#DIV/0!	#DIV/0!
Local Economic Development					#DIV/0!	#DIV/0!
Component C: sub-total	-	-	-	-	#DIV/0!	#DIV/0!
Community & Social Services	1 623	940	901	957	1.78	5.85
Executive and Council	4 389	4 763	4 523	4 615	-3.21	1.99
Finance and Administration	5 262	3 637	4 227	6 000	39.38	29.55
Security and Safety	1 194	2 223	2 213	13 008	82.91	82.99
Sport and Recreation	261	357	291	378	5.56	23.02
Corporate Policy Offices and Other	3 511	3 020	2 682	2 297	-31.48	-16.76
Other Grants	3 156	1 599	1 206	975	-64.00	-23.69
Component D: sub-total			12 199			
Total Expenditure	19 396	16 539	28 242	28 230	41.41	-0.04
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Operational Services Performance

5.2 Financial Performance per Municipal Function

5.2.1 Water Services

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	3 449	3 508	3 474	3 634	3.47
Expenditure:					
Employees	460	507	446	387	-31.07
Repairs and Maintenance	195	260	230	176	-47.37
Other	2 019	1 364	1 169	1 212	-12.50
Total Operational Expenditure	2 674	2 131	1 845	1 775	-20.01
Net Operational (Service)	775	1 377	1 629	1 858	25.90

Variations are calculated by dividing the difference between the actual and original budget by the actual.

Financial Performance: Water services

5.2.2 Waste Water (Sanitation)

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	2 258	3 087	3 063	3 138	1.62
Expenditure:					
Employees	772	971	896	959	-1.26
Repairs and Maintenance	94	187	187	150	-24.67
Other	1 288	977	1 137	1 121	12.87
Total Operational Expenditure	2 154	2 135	2 220	2 230	4.28
Net Operational (Service) Expenditure	104	952	843	908	-4.92

Variations are calculated by dividing the difference between the actual and original budget by the actual.

Financial Performance: Waste Water (Sanitation) services

5.2.3 Electricity

Description	2012/13	2013/14
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	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	9 624	12 341	11 566	11 256	-9.64
Expenditure:					
Employees	36	167	52	–	#DIV/0!
Repairs and Maintenance	117	115	115	90	-28.25
Other	10 035	10 272	8 891	10 914	5.88
Total Operational Expenditure	10 188	10 554	9 058	11 004	4.08
Net Operational (Service) Expenditure	(564)	1 787	2 508	252	-608.80
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Electricity

5.2.4 Waste Management

Description	2012/13	2013/14			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
R'000					%
Total Operational Revenue	1 419	1 905	1 992	1 998	4.64
Expenditure:					
Employees	662	671	671	629	-6.53
Repairs and Maintenance	69	150	150	151	0.66
Other	952	641	563	933	31.26
Total Operational Expenditure	1 683	1 462	1 384	1 713	14.68
Net Operational (Service)	(264)	443	608	285	-55.81
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Waste Management

5.2.5 Roads and storm water

Description	2012/13	2013/14			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
R'000					%
Total Operational Revenue	806	954	954	824	-15.78
Expenditure:					

Employees	1 720	1 999	1 999	1 686	-18.58
Repairs and Maintenance	167	192	142	90	-113.28
Other	912	487	565	757	35.64
Total Operational Expenditure	2 799	2 678	2 706	2 532	-5.74
Net Operational (Service)	(1 993)	(1 724)	(1 752)	(1 708)	-0.90
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Roads and storm water

5.2.6 Security and Safety

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	1 034	3 913	3 913	13 087	70.10
Expenditure:					
Employees	978	1 045	1 084	1 042	-0.29
Repairs and Maintenance	18	209	79	34	-514.71
Other	198	969	1 050	11 932	91.88
Total Operational Expenditure	1 194	2 223	2 213	13 008	82.91
Net Operational (Service)	(160)	1 690	1 700	79	-2039.02
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Security and Safety

5.2.7 Sport and Recreation

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	283	285	285	283	-0.78
Expenditure:					
Employees	279	281	239	279	-0.82
Repairs and Maintenance	89	38	38	89	57.22
Other	10	38	14	10	-280.00

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Expenditure	378	357	291	378	5.44
Net Operational (Service)	(95)	(72)	(6)	(95)	24.00
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Sport and Recreation

5.2.8 Executive and council

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	3 768	1 828	1 828	1 825	-0.15
Expenditure:					
Employees	1 071	1 224	1 224	1 143	-7.07
Repairs and Maintenance	-	-	-		#DIV/0!
Other	3 461	3 539	3 539	3 472	-1.94
Total Operational Expenditure	4 532	4 763	4 763	4 615	-3.21
Net Operational (Service)	(764)	(2 935)	(2 935)	(2 790)	-5.22
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Executive and council

5.2.9 Financial Services

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	4 974	5 770	4 263	5 297	-8.92
Expenditure:					
Employees	1 686	1 713	1 713	1 739	1.50
Repairs and Maintenance	6	20	20	-	#DIV/0!
Other	3 569	1 904	2 254	4 261	55.32

Total Operational Expenditure	5 261	3 637	3 987	6 000	39.38
Net Operational (Service)	(287)	2 133	276	(703)	403.35
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Financial Services

5.2.10 Planning & Development (IDP)

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	200	200	200	200	0.00
Expenditure:					
Employees	185	310	310	360	13.89
Repairs and Maintenance	2	4	4	–	#DIV/0!
Other	112	115	105	72	-59.72
Total Operational Expenditure	299	429	419	432	0.69
Net Operational (Service)	(99)	(229)	(219)	(232)	1.29
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: IDP

5.2.11 ICT

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	992	604	604	687	12.10
Expenditure:					
Employees	1 112	1 592	1 357	1 121	-42.02
Repairs and Maintenance	25	27	27	22	-22.73
Other	2 374	1 401	1 298	1 154	-21.40
Total Operational Expenditure	3 511	3 020	2 682	2 297	-31.48
Net Operational (Service)	(2 519)	(2 417)	(2 078)	(1 610)	-50.06
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: ICT

5.2.12 Property Management

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	1 726	481	481	505	4.75
Expenditure:					
Employees	1 216	651	651	782	16.75
Repairs and Maintenance	–	–	-		#DIV/0!
Other	407	289	250	175	-65.14
Total Operational Expenditure	1 623	940	901	957	1.78
Net Operational (Service)	103	(459)	(420)	(452)	-1.55
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Property Management

5.2.13 Other admin

Review and check for consistency with the HR table above

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	11 538	1 056	1 056	1 028	-2.72
Expenditure:					
Employees		1 070	1 070	831	-28.76
Repairs and Maintenance		78	78	6	-1200.00
Other	3 715	451	451	138	-226.81
Total Operational Expenditure	3 715	1 599	1 599	980	-63.16
Net Operational (Service)	7 823	(543)	(543)	48	1231.25
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Other admin

5.3 Grants

5.3.1 Grant Performance

Description	2012/13	2013/14			2013/14 Variance		
	Actual	Balance 1 July 2013	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000						%
Operating Transfers and Grants							
National Government:	14 033	-	23 126	23 126	23 124	-0.01	-0.01
Equitable share	10 586		11 661	11 661	11 659	-0.01	-0.01
Municipal Systems Improvement	800		890	890	890	0.00	0.00
Department of Water Affairs						#DIV/0!	#DIV/0!
EPWP	1 000		1 000	1 000	1 000	0.00	0.00
MIG	433		8 125	8 125	8 125	0.00	0.00
Finance Management Grant	1 214		1 450	1 450	1 450	0.00	0.00
Provincial Government:	1 210	3 321	19 225	25 693	25 198	23.71	-1.96
Public Transport Infrastructure	117		105	105	-	#DIV/0!	#DIV/0!
Housing	143	727	18 085	18 085	22 828	20.78	20.78
CDW's	108		-	68	77	100.00	11.88
Provincial Treasury SDBIP/Internal Audit			-	300	300	100.00	0.00
Thusong Service Centre	18	411				#DIV/0!	#DIV/0!
Department Culture and Sport	724		835	835	836	0.09	0.09
Sport and Recreation			200	200	200	0.00	0.00
Public Works			-	2 400	-	#DIV/0!	#DIV/0!
Dept. Water Affairs				1 700	-		#DIV/0!
Provincial Government: Madiba Funeral					146		
Public Works - Pedestrian Path Way		1 883		2 000	-		#DIV/0!
Financial Management Support Grant	100	300			813	100.00	100.00
District Municipality:	681	-	-	-	593	100.00	100.00
EPWP	681				593	100.00	100.00
Other grant providers:	-		-	-	-	#DIV/0!	#DIV/0!
<i>Seta</i>						#DIV/0!	#DIV/0!
Total Operating Transfers and Grants	15 924	3 321	42 351	48 819	48 916	13.42	0.20

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Grant Performance for 2013/14

5.3.2 Conditional Grants (Excluding MIG)

Details	Balance	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor
					Budget	Adjustments Budget	
					R'000		
Department of Human Settlements	727	22 828	22 828	15 200	-50.32	-50.32	
Public Transport Infrastructure	1 883	1 883	1 883	1 883	0.00	0.00	
Sport and Recreation	-	200	200	-	#DIV/0!	#DIV/0!	
Provincial Treasury - SDBIP	-	150	150	-	#DIV/0!	#DIV/0!	
Provincial Treasury - Internal Audit	-	150	150	132	-14.00	-14.00	
Provincial Treasury - Financial Support	-	141	141	141	0.00	0.00	
Finance Management Grant					#DIV/0!	#DIV/0!	
Financial Support - Systems	250	250	250	250			
Financial Support - Internal Audit	50	50	50	50			
Thusong Service Centre	411	411	411	408	-0.74	-0.74	
Department of Sport and Recreation					#DIV/0!	#DIV/0!	
Total	3 321	26 063	26 063	18 049	-44.40	-44.40	

* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in par 5.9.2. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

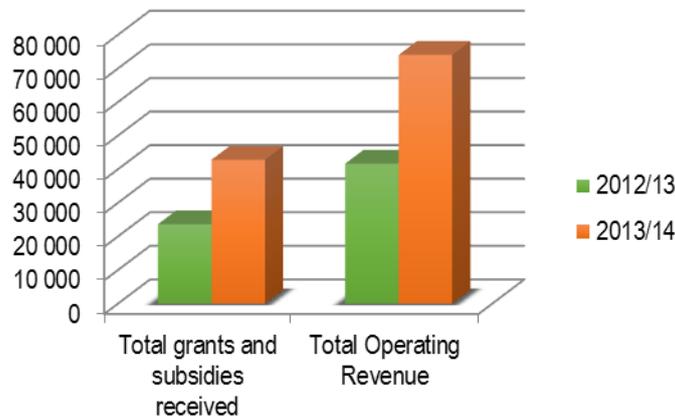
Conditional Grant (excl. MIG)

5.3.3 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2012/13	23 664	41 653	56.81
2013/14	42 828	74 015	57.86

Reliance on grants

The following graph indicates the municipality's reliance on grants as percentage for the last two financial years



5.4 Asset Management

The objectives of the Asset Management within the Prince Albert Municipality are to assist officials in understanding their legal and managerial responsibilities with regard to assets and to ensure the effective and efficient control of the municipality's assets through:

- proper recording of assets from authorisation to acquisition and to subsequent disposal;
- providing for safeguarding procedures,
- setting proper guidelines as to authorised utilisation; and
- prescribing for proper maintenance.

The key elements of the Asset Management Policy represent:

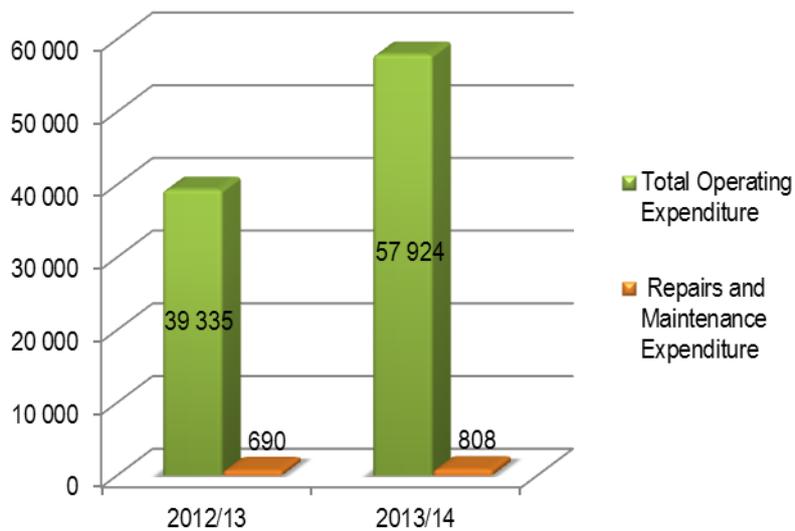
- Statutory and Regulatory Framework / Responsibilities and Accountabilities
- Financial Management / Internal Controls / Management of Control Items
- Management and Operation Of Assets / Classification & Components
- Accounting for Assets / Financial Disclosure
- Regular Asset counts are conducted in accordance with the prescriptions of the Asset Management Policy. Information regarding Asset Register updates in respect of disposals, adjustments, review of useful life etc. is based on submissions by user departments in accordance with the procedures in place.

5.4.1 Repairs and Maintenance

Description	Actual 2012/13	2013/14			
		Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			
Total Operating Expenditure	39 335	48 558	45 785	57 924	16.17
Repairs and Maintenance Expenditure	700	1 294	1 024	829	-21.09
% of total OPEX	1.75	2.66	2.24	1.39	

Repairs & maintenance as % of total Operating Expenditure

The following graph indicates the percentage of the budget that was spent on Repairs & Maintenance in relation to the operational expenditure



Repairs & Maintenance v/s Operational Expenditure

5.5 Financial Ratios Based on Key Performance Indicators

5.5.1 Liquidity Ratio

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Pre-audit outcome
Current Ratio	Current assets/current liabilities	0.69	0.83
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.19	0.72
Liquidity Ratio	Monetary Assets/Current Liabilities	0.27	0.37

Liquidity Financial Ratio

5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Pre-audit outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.91	2.07
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.54	0.57
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	1.35	1.29

Financial Viability National KPAs

5.5.3 Employee costs

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Pre-audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.51%	20.24%

Employee Costs

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 Sources of Finance

The table below indicates the capital expenditure by funding source for the 2012/13 financial year:

Details	2012/13	2013/14				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Capital Expenditure: Funding Sources						
Description	R'000				%	
External loans	616				#DIV/0!	#DIV/0!
Public contributions and donations					#DIV/0!	#DIV/0!
Grants and subsidies	7 741	26 910	26 910	20 245	0.00	-24.77
Own funding				160	#DIV/0!	#DIV/0!
Other					#DIV/0!	#DIV/0!
Total	8 783	26 910	26 910	20 405	0.00	-24.17
Percentage of finance						
External loans					#DIV/0!	#DIV/0!
Public contributions and donations					#DIV/0!	#DIV/0!
Grants and subsidies	94.89%	100.00%	100.00%	100.00%	0.00	0.00
Other	5.11%				#DIV/0!	#DIV/0!
Capital expenditure						
Description	R'000				%	
Water and sanitation	1 734	18 817	18 817	16 254	0.00	-13.62
Electricity	–			–	#DIV/0!	#DIV/0!
Housing	143	6 000	6 000	–	0.00	-100.00
Roads and storm water	3 645	210	210	3 615	0.00	1621.43
Other	3 261	1 883	1 883	536	0.00	-71.53
Total	8 783	26 910	26 910	20 405	0.00	-24.17
Percentage of expenditure						
Water and sanitation	19.74%	69.93%	69.93%	79.66%	0.00	13.92
Electricity	0.00%			0.00%	#DIV/0!	#DIV/0!
Housing	1.64%	22.30%	22.30%	0.00%	0.00	-100.00
Roads and storm water	41.50%	0.78%	0.78%	17.72%	0.00	2170.21
Other	37.12%	7.00%	7.00%	2.63%	0.00	-62.46

Capital Expenditure by funding source

5.7 Capital Spending on 5 Largest Projects

Projects with the highest capital expenditure in 2013/14

Name of Project	2013/14				
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
	R'000			%	
P/A Reservoir	2 042	3 564	3 775	0	0
L/G New Bulk Sanitation	-	2 734	2 959	#DIV/0!	0
P/A Swimming pool	250	120	188	(0)	0
P/A Storm water	800	210	213	(0)	0

Capital Expenditure on the 5 Largest Projects

Name of Project	Prince Albert: Reservoir
Objective of Project	Sustainable provision of water
Delays	None
Future Challenges	Improving storage capacity
Anticipated citizen benefits	Increasing storage capacity

Name of Project	Leeu Gamka: New Bulk Sanitation
Objective of Project	Improving environmental health
Delays	None
Future Challenges	Maintenance of network
Anticipated citizen benefits	Ensuring a healthy and safe environment and legal compliance

Name of Project	Prince Albert Swimming pool
Objective of Project	Providing recreation facilities
Delays	Procuring services within budget
Future Challenges	Maintenance of swimming pool
Anticipated citizen benefits	Provision of recreation facilities

Name of Project	P/A Storm water
Objective of Project	Channelling storm water
Delays	None
Future Challenges	Maintenance
Anticipated citizen benefits	Improving safety of streets and property

5.8 Basic Service and Infrastructure Backlogs – Overview

5.8.1 Service Backlogs

Description	Households (HHs)			
	Service level above minimum standard		Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	2 244	100	0	0
Sanitation	2 116	100	0	0
Electricity	2 292	100	0	0
Waste management	2 198	100	0	0

Service Backlogs

5.8.2 Municipal Infrastructure Grant (MIG)

This grant is intended to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Municipal Infrastructure Grant (MIG)* Expenditure 2013/14 on Service backlogs					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
	R'000			%	%
Infrastructure - Road transport	2 350 000	210 000	255 000	-821.57	17.65
Roads, Pavements & Bridges				#DIV/0!	#DIV/0!
Storm water	2 350 000	210 000	255 000	-821.57	17.65
Infrastructure – Electricity	-	-	-	#DIV/0!	#DIV/0!
Generation		-	-	#DIV/0!	#DIV/0!
Transmission & Reticulation		-	-	#DIV/0!	#DIV/0!
Street Lighting		-	-	#DIV/0!	#DIV/0!
Infrastructure - Water	2 292 000	4 214 000	3 929 000	41.66	-7.25
Dams & Reservoirs	2 042 000	3 564 000	3 775 000	45.91	5.59
Water purification		-	-	#DIV/0!	#DIV/0!
Reticulation	250 000	650 000	154 000	-62.34	-322.08
Infrastructure - Sanitation	2 226 000	3 174 000	3 001 000	25.82	-5.76
Reticulation				#DIV/0!	#DIV/0!

Municipal Infrastructure Grant (MIG)* Expenditure 2013/14 on Service backlogs					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
	R'000			%	%
Sewerage purification	2 226 000	3 174 000	3 001 000	25.82	-5.76
Infrastructure – Other	-	-	-	#DIV/0!	#DIV/0!
Waste Management				#DIV/0!	#DIV/0!
Transportation				#DIV/0!	#DIV/0!
Gas				#DIV/0!	#DIV/0!
Other Specify:	850 000	120 000	188 000	-352.13	36.17
Sports grounds	600 000	-		#DIV/0!	#DIV/0!
Swimming pool	250 000	120 000	188 000	-32.98	36.17
				#DIV/0!	#DIV/0!
Total	7 718 000	7 718 000	7 373 000	-4.68	-4.68

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Municipal Infrastructure Grant (MIG)

Component C: Cash Flow Management and Investments

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

5.9 Cash Flow

Description	2012/13	2013/14	
	Audited Outcome		Actual
R'000			
Cash flow from operating activities			
Receipts			
Ratepayers and other	42 783		33 262
Government - operating	15 924		22 581
Government - capital	7 741		19 363
Interest	930		1 104

Dividends				
Payments				
Suppliers and employees	(59 273)			(48 214)
Finance charges	(343)			(425)
Transfers and Grants				
Net cash from/(used) operating activities	7 762	-	-	27 671
Cash flows from investing activities				
Purchase of PPE	(8 356)			(20 405)
Purchase of Intangible Assets	(2)			
Additions to Capital Restoration Cost	(415)			(3)
Proceeds of Disposal of Fixed Assets				53
Disposal of Biological Assets				
Capital assets				
Net cash from/(used) investing activities	(8 773)	-	-	(20 356)
Cash flows from financing activities				
Loans Repaid	(60)			(75)
New Loans Raised	52			
Increase in Consumer Deposits	16			22
Net cash from/(used) financing activities	8	-	-	(53)
Net increase/ (decrease) in cash held	(1 002)			7 262
Cash/cash equivalents at the year begin:	3 495			2 493
Cash/cash equivalents at the year-end:	2 493			9 755

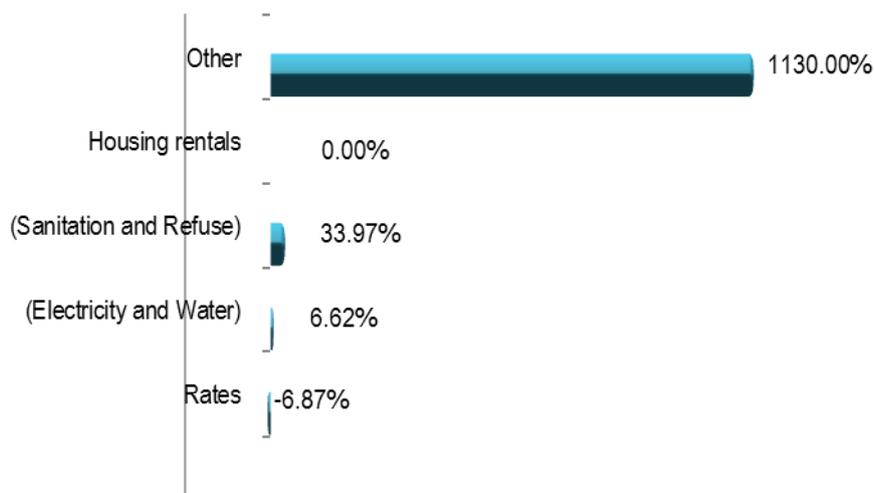
Source: MBRR SA7

5.10 Gross Outstanding Debtors per Service

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
(R'000)						
2012/13	626	3 867	2 769	-	10	7 272
2013/14	583	4 123	3 710	-	123	8 539
Difference	(43)	256	941	-	113	1 267
% growth year on year	-6.87%	6.62%	33.97%	#DIV/0!	1130.00%	17.42%

Gross outstanding debtors per service

The following graph indicates the total outstanding debt per type of service for 2013/14



Debt per type of service

5.11 Total Debtors Age Analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	(R'000)				
2012/13	1 316	495	425	5 036	7 272
2013/14	1 098	452	414	6 575	8 539
Difference	(218)	(43)	(11)	1 539	1 267
% growth year on year	-16.57%	-8.69%	-2.59%	30.56%	17.42%
Note: Figures exclude provision for bad debt					

Service debtor age analysis

5.12 Borrowing and Investments

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

5.12.1 Actual Borrowings

Instrument	2012/13	2013/14
	R'000	
Long-Term Loans (annuity/reducing balance)	–	–
Long-Term Loans (non-annuity)	–	–
Local registered stock	–	–
Instalment Credit	–	–
Financial Leases	148	87
PPP liabilities	–	–
Finance Granted By Cap Equipment Supplier	–	–
Marketable Bonds	–	–
Non-Marketable Bonds	–	–
Bankers Acceptances	–	–
Financial derivatives	–	–
Other Securities	–	–
Total	148	87

5.12.2 Municipal Investments

Investment type	2012/13	2013/14
	Actual	Actual
	R'000	R'000
Securities - National Government		
Listed Corporate Bonds		
Deposits - Bank	2 386	9 339
Deposits - Public Investment Commissioners		
Deposits - Corporation for Public Deposits		
Bankers Acceptance Certificates		
Negotiable Certificates of Deposit - Banks		

Guaranteed Endowment Policies (sinking)		
Repurchase Agreements - Banks		
Municipal Bonds		
Other		
Total	2 386	9 339

Municipal Investments

Component D: Other Financial Matters

5.13 GRAP Compliance

GRAP and GAMAP are accounting practices that Municipalities need to abide by. The Public Finance Management Act, 1999 and the MFMA prescribes the standards of Generally Accepted Municipal Accounting Practice (GAMAP).

The Accounting Standards Board (Board) is required in terms of the Public Finance Management Act (PFMA) and the MFMA to determine generally recognised accounting practice referred to as Standards of Generally Recognised Accounting Practice (**GRAP**). The Board must determine **GRAP** for:

- departments (national and provincial);
- public entities;
- constitutional institutions;
- IT
- municipalities and boards, commissions, companies, corporations, funds or other entities under the ownership control of a municipality; and
- Parliament and the provincial legislatures.

The Board considers that the Standards of GAMAP constitute GRAP for municipalities. GAMAP is an interim solution until such time as it is replaced by a Standard. IMQS understands that the minimum compliance requirement as this point in time is a GIS enabled GRAP compliant Asset Register.

The municipality is 100% GRAP compliant since 2008/09.

Chapter 6

6.1 Auditor General Report

The public sector auditor assesses the stewardship of public funds, implementation of government policies and compliance with key legislation in objective manner.

The scope of the annual audit performed for each auditee is prescribed in the Public Audit Act and the general notice issued in terms thereof. It includes the following:

- Providing assurance that the financial statements are free from misstatements that will affect the users of the financial statements
- Reporting on the usefulness and reliability of the information in the annual performance report
- Reporting on material non-compliance with key legislation
- Identifying the key internal control deficiencies that should be addressed to achieve a clean audit

Performance audits may also be performed to determine whether resources have been procured economically and are used effectively and efficiently.

The Auditor General stated that the Annual Financial Statements for 2013/14 were represented fairly, in all material respects, the financial performance and cash flows for the year ended in accordance with the South African Standards of GRAP and the requirements of the MFMA and DORA. An unqualified audit opinion with matters has been expressed. The Auditor General indicated that the financial statements of the Municipality was fairly represented in all material aspects as it reflects the financial position of the Prince Albert Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DORA.

The following matters have been emphasised:

- As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during 2013-14 in the financial statements of the Prince Albert Municipality at, and for the year ended 30 June 2013.
- As disclosed in note 39.4 to the financial statements electricity losses of 17.59% (R1.7 million) was incurred during the year.
- As disclosed in notes 17 and 18 to the financial statements, the municipality has provided for impairment of trade receivables from exchange transactions and other receivables from non-exchange transactions of R6.5 million and R12.2 million respectively, as management's impairment assessment indicated that these debtors would default on their accounts.

- No material findings were raised on the usefulness and reliability of the reported performance information for the selected objectives.
- The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of Section 122 of the MFMA. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
- The Oversight report, containing comments on the annual report was not adopted by council within two months from the date on which the 2012-2013 annual report was tabled, as required by Section 129(1) of the MFMA.
- Reasonable steps were not taken to prevent unauthorised expenditure as per Section 62(1)(d) of the MFMA.
- Leadership did not take reasonable steps to monitor the implementation of management's plan to address the prior year internal control deficiencies.
- The financial statements contained material misstatements that were corrected. This was mainly due to quarterly reporting of financial statements not being implemented by the municipality.
- The full report is available as an annexure to the Annual Report.

6.2 **CORRECTIVE AUDIT ACTION PLAN**

The following is the corrective audit action plan resulting from the findings and expression of the Auditor General on the reporting period.

FINAL MANAGEMENT REPORT 30 JUNE 2014 : PRINCE ALBERT MUNICIPALITY : CORRECTIVE AUDIT ACTION PLAN

ANNEXURE A: MATTERS AFFECTING THE AUDITOR’S REPORT

Pre-determined objectives

1. Oversight report was not adopted within legal timeframe

Audit finding:

The oversight report was adopted on 31 March 2014 while the annual report was approved on 3 December 2013 by Council. This is non-compliance with section 129 (1) of the MFMA, which requires that, *"The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control, and **by no later than two months** from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council’s comments on the annual report, which must include a statement whether the council:*

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<i>Financial management – compliance monitoring</i>	Management should ensure that controls over the monitoring of the oversight report be adopted by council within two months in order to comply with legislation	Management accepts the audit finding but wishes to highlight the process was improved rather than impaired. MFMA 127(2) gives the Mayor 7 months to table the Annual Report, with the latest date, 31	Table AR	31 Jan. 2015	Mayor	N/A yet
Management did not implement adequate controls over compliance monitoring to ensure that the oversight report was adopted within			Table Oversight report	31 March 2015	Chairperson MPAC	N/A yet

two months of the annual report being approved by council, despite the need for an extended public participation process	and the controls should be in aligned with any events over period the report is approved.	January. Thereafter it allows for 2 months for the oversight report, with the latest date to be 31 March.				
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2. Expenditure – Unauthorised overstated

Audit finding:

Per section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA), *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the audit of unauthorised expenditure it was noted that the opening balance for unauthorised expenditure as disclosed in note 39.1 of the financial statements is misstated by R14 873 463 due to the municipality using incorrect information to calculate the comparative amount in the financial statements:

Closing balance of unauthorised expenditure per prior year audited financial statements (R)	Closing balance of unauthorised expenditure per current year comparatives (R)	Difference (R)
24 230 236	9 356 773	14 873 463

The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.

Unauthorised expenditure comparative as disclosed in note 39.1 is misstated by an amount of R14 873 463.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT	CORRECTIVE	TARGET	RESPON-	PROGRESS TO
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		RESPONSE	ACTION PLANNED	DATE	SIBLE PERSON	12/12/2014
<u>Financial management – Regular, accurate and complete financial and performance reports transactions</u> The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.	It is recommended that management should perform a detailed review of financial statements to ensure that it is accurate. Furthermore, it is recommended that the financial statements be adjusted to reflect the accurate comparative amounts.	Management agrees with recommendation	Adjust AFS	30 Nov. 2014	Mubesko	Completed

3. Expenditure – Unauthorised expenditure was not prevented in the current year

Audit finding:

Section 15(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), states that a municipality may, except where otherwise provided in this Act, incur expenditure only within the limits of the amounts appropriated for the different votes in an approved budget.

The audit identified unauthorised expenditure to the amount of R15 334 282 that was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

Non-cash adjustments arising from the implementation of IGRAP 1 relating to traffic fines and impairment of property, plant and equipment were not budgeted for and as a result an overspending occurred on these votes.

The municipality may not be able to manage its finances adequately which could result in incorrect financial decisions taken thereby affecting service delivery. Furthermore, this results in non-compliance with section 62(1)(d) of the MFMA.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPON-SIBLE PERSON	PROGRESS TO 12/12/2014
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<u>Financial management – Compliance monitoring</u> Management did not adequately monitor non-cash expenditure to ensure that such items are given appropriate consideration during the budget process.	It is recommended that management consider the potential impact of non-cash items during the adjustment budget process to ensure that unauthorised expenditure is not incurred or minimised.	Management agrees with finding	Prepare adjustment budget for approval by council	20/12/2014	B Joubert	Busy with Adjustments Budget
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4. Property, plant and equipment – Impairment loss on assets is understated

Audit finding:

In terms of paragraph 19 of GRAP 26, *“An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.”*

During the audit of assets it was noted that the impairment exercise was only conducted for land and buildings of the municipality, and not on all other assets owned by the municipality. This has resulted in an understatement of the impairment loss as presented on the financial statement.

Annexure A is attached detailing the differences noted during the auditing of the impairment loss for other municipal buildings, for which a valuation was performed indicating an impairment of the carrying amount of the asset.

There is no proper process in place to ensure that the municipality complies with paragraph 18 of GRAP 21 as the municipality does not assess assets for impairment on an annual basis as required.

The impairment loss as presented in the financial statements is understated by R7 019 517.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMEN-DATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION	TARGET DATE	RESPON-SIBLE	PROGRESS TO
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			PLANNED		PERSON	12/12/2014
<p><u>Financial management - Regular, accurate and complete financial reports</u></p> <p>There is no proper process in place to ensure that the municipality complies with paragraph 18 of GRAP 21 as the municipality does not assess assets for impairment on an annual basis as required.</p>	<p>It is recommended that management implement processes to ensure that annual impairment tests are performed for all categories of assets, in order to ensure that all requirements of GRAP are complied with.</p>	<p>Management partly agrees with finding. During review of the finding the following differences were noted: Property sold included in the auditors impairment calculation – R54,500 Erven at zero value included in value of main erf – R57,400 Errors on fixed asset register leading to a mismatch between asset register and valuation roll – R68,382 Erf found on valuation roll – R130,000 Additional impairments identified during review – (R608,995) Thusong centre and sports centre built after valuation roll was prepared: R5,658,488 Road reserve erven to be included in next valuation roll: R420 The net additional impairment that will be provided is R1,661,749 Please refer excel working paper for additional findings</p>	<p>Revision of AFS</p>	<p>30/11/2014</p>	<p>Mubesko</p>	<p>Completed</p>

ANNEXURE B: OTHER IMPORTANT MATTERS

Pre-determined objectives

1. Late submission of SDBIP to National Treasury

Audit finding:

In terms of GN 393 of 17 April 2009: Municipal budget and reporting regulations (Government Gazette No. 32141) regulation 20(2)(b) requires that, "The municipal manager must submit to the National Treasury and the relevant provincial treasury, in both printed and electronic formats, the approved service delivery and budget implementation plan within ten working days after the mayor has approved the plan."

The SDBIP was approved on 28 March 2013 and supporting documentation provided by the municipality confirmed that the approved SDBIP was only sent to National Treasury on 1 August 2013, which is not within the 10 days prescribed by the relevant regulation.

The submissions to National Treasury were not adequately monitored throughout the year due to the IDP manager post being vacant in the year, and capacity issues in the municipality preventing an alternative official from being appointed to monitor the functions.

This is non-compliance with regulation 20(2)(b).

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Performance management – Compliance monitoring</u></p> <p>The submissions to National Treasury were not adequately monitored throughout the year due to the IDP manager post being vacant in the year, and capacity issues in the municipality preventing an alternative official from being appointed to monitor the functions.</p>	<p>It is recommended that management implement a monitoring checklist for all submissions to Treasury and where information is physically delivered a confirmation document should be completed to ensure that proof of that delivery is obtained and filed properly and where an official from Treasury is present when predetermined documents are approved in council meetings for submission to Treasury, a request should be made for the official to acknowledge receipt during the meeting which will be minuted.</p>	<p>Management concurs with finding</p>	<p>Update and implement checklist and report monthly</p>	<p>Nov. 2014</p>	<p>PMS facilitator, Managers</p>	<p style="background-color: yellow;"></p>

2. No definitions for performance indicators

Audit finding:

Paragraph 3.2 of the Framework for Managing Programme Performance Information (FMPPI) states that: “A good performance indicator should be:

- (a) *Well-defined: the indicator needs to have a clear, unambiguous definition so that data will be collected consistently, and be easy to understand and use.*
- (b) *Verifiable: it must be possible to validate the processes and systems that produce the indicator”*

Whilst auditing performance information it was found that no definitions for any performance indicators were included in the performance report for the 2013-14 financial year.

This finding has been raised in the 2012-13 audit and management has not implemented corrective action plans to address the internal control deficiencies identified.

The municipality’s corrective action plans from prior year audit were not adequately implemented to ensure that remedial action is taken to prevent recurring internal control deficiencies.

This is non-compliance with paragraph 3.2 of the Framework for Managing Programme Performance Information.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Leadership – Action plans to address internal control deficiencies</u></p> <p><i>Leadership has not ensured that all previously identified internal control deficiencies are addressed through the development of action plans around the recommendations of the prior year, resulting in repeat findings with regards to the inadequacy of controls around the implementation of the performance management system.</i></p>	<p>It is recommended that management implement planning documents to ensure that all indicators are defined; furthermore, management should ensure that the definitions are specific, clear and measurable as required in terms of the above</p>	<p>Whilst we concur that a good performance indicator should be well-defined, as stipulated in the FMPPI, we do not agree that this imply that a <i>separate definition</i> is necessarily a <i>legislative requirement</i>. If the indicator itself is clearly defined, and in itself is specific, clear and</p>	<p>Update and implement checklist and report monthly</p>	<p>November 2014</p>	<p>PMS facilitator, Managers</p>	<p>Completed</p>

	mentioned framework.	measurable, a separate definition is redundant.				
<p><u>Leadership – Policies and procedures</u></p> <p>Management did not implement policies and procedures to ensure that the definitions of the indicators are included in the annual performance plan.</p> <p><u>Performance management – Compliance monitoring</u></p> <p>Management did not implement controls to ensure that the municipality complied with all laws relating to the monitoring of performance of employees.</p>		<p>Subsequent to your previous audit, management has in fact revisited all KPIs to ensure the KPI in itself adhere to legislative requirements.</p> <p>Furthermore, since the previous year, Standard Operating Procedures were developed to ensure that procedures to collect and produce the information are clearly stipulated. We are of the firm opinion that the indicators, together with the SOPs, adhere to all legislative requirements and will ensure that there is no ambiguity on how data should be collected and that indicators will be easy to understand and use.</p> <p>Although we are of the opinion that it is vital to ensure that the indicator itself is clearly defined, we will however in future develop separate definitions per indicator to prevent future audit findings on this matter.</p>				

3. Standard operating procedures (SOPs) includes indicators with no control activities

Audit finding:

Chapter 4 of the Framework for Managing Programme Performance Information (FMPPi) states that the municipality should establish processes and mechanisms to facilitate corrective action.

Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorisations and approvals, verifications, reconciliations and business performance reviews.

Whilst auditing performance information it was found the performance indicators listed below had no specific internal control procedures to facilitate the monitoring of performance:

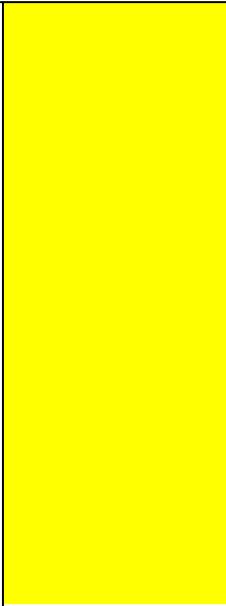
No.	Indicator	Internal control as per SOP's (Control activities)
1	(TL30) Limit electricity losses to less than 15%	The Auditor General performs the external Audit on the Annual Report after financial year end.
2	(TL31) 100% of the electricity maintenance budget spent on repairs and maintenance of electricity assets	Control Activities implemented in the normal Creditors and Expenditure; Budget and Stock Cycles
3	(TL32) Obtain permit for the Leeu-Gamka landfill site by the end of June 2014	No control activities
4	(TL34) Report quarterly on compliance with the National Waste Management	No control activities
5	(TL35) 75 ton of domestic waste recycled	No control activities
6	(TL36) Annual external audit of landfill site and recycling plant	No control activities
7	(TL37) 100% of the water maintenance budget spent on maintenance of the water assets	Control Activities implemented in the normal Creditors and Expenditure; Budget and Stock Cycles
8	(TL38) Limit unaccounted water to less than 16%	The Auditor General performs the external Audit on the Annual Report after financial year end.
9	(TL40) Microbiological quality of water to comply with SANS standards	No control activities

10	(TL41) 80% Blue Drop assessment received by the end of June 2014	No control activities
11	(TL45) Quality of effluent in terms of SANS standards	No control activities
12	(TL62) Provide 6kl free basic water per household per month in terms of the equitable share requirements	n/a
13	(TL63) Provide cleaned piped water to all households within 200m from the household within the municipal area	No control activities
14	(TL64) Provide free basic sanitation to indigent households in terms of the equitable share requirements	n/a
15	(TL65) Provide 50kwh free basic electricity per indigent household per month in terms of the equitable share requirements	n/a
16	(TL66) Provide free basic refuse removal to indigent households in terms of the equitable share requirements	n/a
17	(TL67) Provide sanitation services to households in terms of the equitable share requirements	No control activities
18	(TL68) Provide electricity (at least min.service level) within the municipal area supplied by the municipality	No control activities
19	(TL69) Provide refuse removal, refuse dumps and solid waste disposal to households within the municipal area	No control activities

Management has not adequately implemented control measures to ensure that the performance of the municipality is regularly monitored with corrective action to address weaknesses in performance being implemented timeously.

The lack of control activities may lead to inaccurate, invalid and incomplete source information being recorded.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
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<p><u>Performance management – Daily and monthly processing and reconciling of transactions</u></p> <p>Management did not exercise sufficient oversight to ensure that the internal control procedures of the indicators are included in the SOP's.</p>	<p>It is recommended that the control activities be designed and the SOPs be amended with the designed control activities. These control activities should be reviewed regularly and corrective action to address deficiencies identified.</p>	<p>The development of the Standard Operating Procedures is a phased in process. When the SOPs were developed, it became clear that in many instances, adequate control procedures to ensure the accuracy of reported information, is in many instances inadequate/lacking, mainly due to temporarily staff shortages in the PMU, resulting in many of the activities having to be performed by the Municipal Manager himself. This resulted in inadequate segregation of duties and subsequent inadequate control activities.</p> <p>We will firstly ensure that the controls are in fact implemented, where after the SOPs will be amended accordingly.</p>	<p>Ensure controls are in place</p> <p>Amend SOPs</p>	<p>30 November 2014</p> <p>30 November 2014</p>	<p>Internal Audit</p> <p>Strategic Services</p>	 
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4. TL31 – Electricity maintenance % incorrectly reported in the performance report

Audit finding:

Paragraph 3.2(a) of Framework for management programme performance information (FMPPi) states that a good performance indicator should be reliable – the indicator should be accurate enough for its intended use and respond to changes in the level of performance.

During testing of indicator Top Layer 31 (% of the electricity maintenance budget spent on repairs and maintenance of electricity assets), it was identified that expenditure indicated below in Table 1 relating to electrical repairs was incorrectly classified as computer expenses:

No	Account Number	Account Name	Supplier	Description	Amount (R)	Invoice Number
1	7 361 000	Computer Expenses	Jan Nel Elektries	Installation and electrical work	21 527.10	652/656

Controls were not implemented to ensure that expenditure is correctly classified and there were no adequate reviews by management to ensure that transactions processed are correctly allocated on ABAKUS. Further management did not adequately review the accuracy of the source evidence used to measure the indicator.

This results in the incorrect reporting of Top Layer 31 (% of the electricity maintenance budget spent on repairs and maintenance of electricity assets) in the annual report at 78%, this figure should reflect the amount of 96.69%. This constitutes an understatement of 18.69%.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><i>Performance management – Daily and monthly processing and reconciling of transactions</i></p> <p>Controls were not implemented to ensure that expenditure is correctly classified and there were no adequate reviews by management to ensure that transactions processed are correctly allocated on ABAKUS. Further management did not adequately review the accuracy of the source evidence used to measure their indicator.</p>	<p>Management should ensure the regular and adequate reviews of the accuracy of source evidence used to measure indicators. Furthermore, the performance report should be amended in order to correct percentages reported for indicator Top Layer 31 (% of the electricity maintenance budget spent on repairs and maintenance of electricity assets).</p>	<p>Management agrees with the audit finding</p>	<p>Performance report will be amended</p> <p>Source evidence will be continuously reviewed</p>	<p>24 October 2014</p> <p>Quarterly</p>	<p>Strategic Services</p> <p>Internal Audit</p>	

5. TL30 (Limit electricity losses to less than 15%) incorrectly reported in the performance report

Audit finding:

Paragraph 3.2(a) of Framework for management programme performance information (FMPPI) states that a good performance indicator should be reliable – the indicator should be accurate enough for its intended use and respond to changes in the level of performance.

In forming a conclusion on the reliability of reported information, the validity, accuracy and completeness of information is tested.

During the testing of distribution losses it was noted that the distribution losses were calculated incorrectly by the municipality. The number of units used to calculate the distribution losses for the electricity is not consistent with the units per the monthly Syntell reports. The electricity distribution losses disclosed in note 39.4 of the financial statements states the number of units as 1 982 967 whereas the recalculation based on the monthly Syntell reports is 1 859 765 resulting in the distribution losses units being overstated by an amount of 123 202. This further affects the Annual Report as indicator TL30 (Limit electricity losses to less than 15%). The actual reported figure of 19% is incorrect as it should be 17.59% as per the audited results.

Management did not adequately review the accuracy of the source evidence used to measure their indicator.

The distribution losses as disclosed in the performance report are overstated by 1.41%.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Performance management – Regular, accurate and complete financial and performance reports</u> Management did not ensure the preparation of regular, accurate and complete financial and	Management should ensure adequate reviews of performance information and the accuracy of source evidence used to measure indicators. Furthermore, the performance report should be amended in order to correct	Management agrees with the audit finding and recommendation and will implement immediately.	Amend performance report as per recommendation Review performance	24 Oct. 2014 Quarterly	Strategic Services Internal Audit	

performance reports that are supported and evidenced by reliable information.	percentages reported for indicator TL30 (Limit electricity losses to less than 15%).		information and the accuracy of source evidence			
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6. Strategic Objective does not agree between IPD, SDBIP and annual performance report

Audit finding:

Circular 11 of the MFMA, “Annual report guidelines states that: “Annual reports must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, service delivery and budget implementation plan (SDBIP), in-year reports and annual report should have similar and consistent structures to facilitate understanding and to enable the linkage between plans and actual performance.”

Control activities are the actions established through policies and procedures that help ensure that management’s directives to mitigate risks to the achievement of objectives are carried out. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations and business performance reviews.

During the audit of predetermined objectives it was noted that indicators were not consistently reported under the same strategic objective headings in the Integrated Development Plan, Service Delivery and Budget Implementation plan and annual performance report:

Top Layer indicator	As reported in IDP	As reported in SDBIP	As reported in performance report
62 - Provide 6kl free basic water per household per month in terms of the equitable share requirements	To maintain financial viability and sustainability through prudent expenditure, and sound financial systems	To maintain financial viability and sustainability through prudent expenditure, and sound financial systems	To provide quality, affordable and sustainable services on an equitable basis
63 - Provide cleaned piped water to all households within 200m from the household within the municipal area	To provide quality, affordable and sustainable services on an equitable basis	To improve the general standards of living	To provide quality, affordable and sustainable services on an equitable basis

Top Layer indicator	As reported in IDP	As reported in SDBIP	As reported in performance report
64 - Provide free basic sanitation to indigent households in terms of the equitable share requirements	To maintain financial viability and sustainability through prudent expenditure, and sound financial systems	To maintain financial viability and sustainability through prudent expenditure, and sound financial systems	To provide quality, affordable and sustainable services on an equitable basis
65 - Provide 50kwh free basic electricity per indigent household per month in terms of the equitable share requirements	<i>To maintain financial viability and sustainability through prudent expenditure, and sound financial systems</i>	To provide quality, affordable and sustainable services on an equitable basis	To provide quality, affordable and sustainable services on an equitable basis
66 - Provide free basic refuse removal to indigent households in terms of the equitable share requirements	To maintain financial viability and sustainability through prudent expenditure, and sound financial systems	To provide quality, affordable and sustainable services on an equitable basis	To provide quality, affordable and sustainable services on an equitable basis
67 - Provide sanitation services to households in terms of the equitable share requirements	To maintain financial viability and sustainability through prudent expenditure, and sound financial systems	To provide quality, affordable and sustainable services on an equitable basis	To provide quality, affordable and sustainable services on an equitable basis

There was no adequate review of the performance information documents to ensure that all indicators are consistently reported in all documents.

The indicators have been reported under the incorrect headings in the performance report.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014

<p><u>Performance Management – Regular, accurate and complete financial and performance reports</u></p> <p>There was no adequate review of the performance information documents to ensure that all indicators are consistently reported in all documents.</p>	<p>Management should ensure the regular and adequate review of documentation used to evidence each of these reports. Furthermore, the performance information should be corrected by placing the indicators in the correct sections.</p>	<p>Management agrees with the finding and recommendation and will implement with immediate effect</p>	<p>Amend and correct the performance report, to ensure alignment</p> <p>Review documentation used as evidence</p>	<p>24 Oct. 2014</p> <p>Quarterly</p>	<p>Strategic Services</p> <p>Internal Audit</p>	
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7. Inconsistencies in the annual performance report

Audit finding:

Circular 11 of the MFMA, Annual report guidelines states that: “Annual reports must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, service delivery and budget implementation plan (SDBIP), in-year reports and annual report should have similar and consistent structures to facilitate understanding and to enable the linkage between plans and actual performance.

In forming a conclusion on the usefulness of reported information, the consistency, measurability and relevance of information is evaluated.

During the audit of predetermined objectives, the following issues were identified in the annual report for 2013/14:

1. TL 52 (Upgrade of the netball and cricket fields by the end of June 2014) and TL53 (Complete the business plan and technical report for the new swimming pool Prince Albert by the end of August 2013) have been included in the summarised tabling in the performance report; however, the indicators have not been included in the detailed report in the performance report.

2. Various indicators lacked figures (list included in audit report) for "Previous Year Performance" and/or quarterly targets:
 There were no adequate reviews of the performance reports to ensure that the performance reports are accurate and completeness.
 Users of the performance report will be unable to draw comparisons between the current and prior year's performance.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Performance management - Regular, accurate and complete performance reports</u></p> <p>There were no adequate reviews of the performance reports to ensure that the performance reports are accurate and completeness.</p>	<p>Management should ensure adequate reviews of the accuracy and completeness of the performance report. Furthermore, the performance report should be corrected for the above inconsistencies noted.</p>	<p>Audit finding 1: Management agrees and will correct with immediate effect</p> <p>Audit finding 2: Management disputes this finding as both of this information for the Top layer KPI's is provided. Though the information pertaining to the previous year was not added in the overall table as suggested it is added to the following, breakdown of component tables, therefore the finding that reader will not be able to compare performance between current and prior here is rebutted. The version approved by Council as shown to the Auditors also included the Quarterly results.</p>	<p>Correct performance report as suggested</p> <p>Ensure adequate review of accuracy and completeness of performance report</p>	<p>24 Oct. 2014</p> <p>Quarterly</p>	<p>Strategic Services</p> <p>Internal Audit</p>	

8. TL44 (Develop and implement water conservation strategy) incorrectly reported on in annual performance report

Audit finding:

Paragraph 3.2(a) of Framework for management programme performance information (FMPPI) states that a good performance indicator should be reliable – the indicator should be accurate enough for its intended use and respond to changes in the level of performance.

In forming a conclusion on the usefulness of reported information, the consistency, measurability and relevance of information is evaluated.

During the audit of predetermined objectives it was noted that indicator TL44 (Develop and implement a Water Conservation and Demand Strategy by the end of June 2014) is reported as 0.75 in the performance report. The measurement of the indicator requires the plan to be completed and adopted by council. As the plan was not adopted by council by the end of June 2014 the reported figure should be 0 and not 0.75.

The performance report was not adequately reviewed to ensure that the information presented is consistent with source documentation.

Indicator TL44 (Develop and implement a Water Conservation and Demand strategy by the end of June 2014) has been overstated in the annual performance report.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Performance management - Regular, accurate and complete performance reports</u></p> <p>The performance report was not adequately reviewed to ensure that the information presented is consistent with source documentation.</p>	<p>Management should ensure the regular and adequate reviews of the accuracy of source evidence used to measure indicators. Furthermore, the performance report should be amended in order to correct percentages reported for indicator TL44 (Develop and implement a Water Conservation and Demand strategy by the end of June 2014).</p>	<p>Management concur with the audit finding, but wishes to state that the Water Conservation and Demand Strategy was completed and presented to the Technical portfolio chairperson, who in turn presented it to the Executive Mayor. The Executive Mayor signed it off. The KPI however included that the Council should adopt such. This is not in the hands of the Administration. Management also wish to extend the fact that the Administration was without a technical manager for 5 months which had very concrete challenges, that should be noted and of which the Council is well aware off.</p>	<p>Amend and correct the performance report, to ensure alignment</p> <p>Review documentation used as evidence</p>	<p>24 Oct. 2014</p> <p>Quarterly</p>	<p>Strategic Services</p> <p>Internal Audit</p>	

9. AOPO - Incorrect reported figure for temporary work opportunities created

Audit finding:

Paragraph 3.2(a) of Framework for management programme performance information (FMPPI) states that a good performance indicator should be reliable – the indicator should be accurate enough for its intended use and respond to changes in the level of performance.

In forming a conclusion on the reliability of reported information, the validity, accuracy and completeness of information is tested.

The source documentation that was provided to support the reported outcomes for indicator TL25 (The number of temporary work opportunities created in terms of the EPWP (FTE's)) did not agree to the figures reported in the performance:

Indicator	Target	Actual reported	Actual Audited	Difference noted	Difference in %
[TL25] The number of temporary work opportunities created in terms of the EPWP (FTE's)	49	209	163	46	22.01%

Management did not adequately review the accuracy of the source evidence used to measure their indicator.

The reported figure is understated by 22.01% in the performance report.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Performance management - Regular, accurate and complete financial and performance reports</u>	Management should ensure adequate reviews of performance information and the accuracy of source evidence used to measure indicators. Furthermore, the performance report should be amended	Management agrees with the finding and recommendation and will	Amend and correct the performance report, to ensure alignment	24 Oct. 2014	Strategic Services	

Management did not adequately review the accuracy of the source evidence used to measure their indicator.	in order to correct percentages reported for indicator TL25 (The number of temporary work opportunities created in terms of the EPWP (FTE's)).	implement with immediate effect	Review documentation used as evidence	Quarterly	Internal Audit	
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10. Roads Infrastructure

Audit finding:

The said powers are vested in the municipality in terms of Section 156(1) of the Constitution read together with Part B of Schedule 4 and Part B of Schedule 5. Furthermore, in terms of Section 83 of the Municipal Structures Act, a municipality has the functions and powers assigned to it in terms of Section 156 and 229 of the Constitution. Therefore the functions and powers over “municipal roads” vest with the local municipality, unless the local municipality lacks capacity, then the functions and powers are assigned to the district municipality.

During the audit of predetermined objectives the following findings were noted with regards to road infrastructure:

- The municipality does not have an approved policy in place for the planning, management and reporting of road infrastructure.
- The municipality did not have any indicators for the construction of new roads.
- The municipality did not achieve 100% of its targets for indicators relating to the upgrading of roads.
- The municipality does not have an approved road maintenance plan which clearly indicates the strategy to be followed for the financial year.
- The municipality does not have a plan to address the backlogs relating to roads infrastructure.
- The municipality does not have a road asset management system.

Management has not implemented policies and procedures relating to road infrastructure. Furthermore, management has not implemented action plans to address back logs relating to road infrastructure.

The lack of policies and procedures regarding road infrastructure may lead to inefficiencies and neglect of a key service required by the public.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Leadership – Policies and procedures</u></p> <p>Management has not implemented policies and procedures relating to road infrastructure. Furthermore, management has not implemented action plans to address back logs relating to</p>	<p>It is recommended that management design and implement policies and procedures for road infrastructure. Further management should implement action plans to address back logs relating to road infrastructure.</p>	<p><u>Management comment on the audit finding:</u></p> <p>1. The municipality does not have an approved policy in place for the planning, management and reporting of road infrastructure.</p> <p>Management concur that there is no policy for planning, management and reporting for road infrastructure, but wishes to point out that this does not imply that no, planning, management or reporting is done. In fact there is an Infrastructure growth plan, where Roads and other infrastructure is included which was developed in conjunction with the Department of Local Government, that assessed the infrastructure, it gives an overview of development and current infrastructure in the Municipal area, it includes a financial analysis and culminated into an Infrastructure Investment plan, where roads are prioritized.</p> <p>2. The municipality did not have any indicators for the</p>	<p>Draft policies and procedures for road infrastructure</p> <p>Implement action plans</p>	<p>28 Feb. 2015</p>	<p>Technical services</p>	<p>Not yet commenced</p>

<p>road infrastructure.</p>		<p>construction of new roads.</p> <p>Management disagrees with this finding and wishes to point to TL47: Paving of new access roads. It must also be pointed out that the construction of new infrastructure such as roads is depending on funding availability and financial capacity. We therefore cannot be forced to add such if we know that we do not have the financial capacity.</p> <p>3. The municipality did not achieve 100% of its targets for indicators relating to the upgrading of roads.</p> <p>This as per the point 2 is depending on financial capacity. The reason for not constructing the new access road is due to other urgent priorities, which included the upgrade of a Waste Water Treatment works to accommodate the 252 housing units in Leeugamka. An audit finding for something explained and endorsed by Council is unfair and we this request that this be retracted or withdrawn.</p>				
		<p>4. The municipality does not have an approved road maintenance plan which clearly indicates the strategy to be followed for the financial year.</p> <p>Management agrees that there is no approved road maintenance plan, but emphasize that we do make provision for operational funding for the maintenance of roads, which includes dealing with potholes, refurbishment etc.</p> <p>5. The municipality does not have a plan to address the backlogs relating to roads infrastructure.</p> <p>Management disagrees with this finding and holds the Infrastructure Growth plan as its plan. A copy was provided, but because it was not specified as a roads infrastructure plan it might have been overlooked.</p>				

		<p>This finding must be withdrawn.</p> <p>6. The municipality does not have a road asset management system.</p> <p>Management concur with this finding</p> <p><u>Management comment on the root cause identified within the audit finding:</u></p> <p>Management disagrees with the root cause identified. Though there is no definite policy, there is a standard set by the Redbook which we adhere to and we did develop an Infrastructure Growth plan which includes Roads. The conclusion that nothing was done, no procedures and no action plans to address the back logs was implemented is countered by above mentioned explanations</p> <p><u>Management comment on the recommendation:</u></p> <p>Management will implement the current Infrastructure Growth Plan and will draft policies and procedures for road infrastructure. Furthermore management will implement action plans to address back logs relating to road infrastructure.</p>				
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REVENUE

11. Incorrect calculation of electricity distribution losses

Audit finding:

Per section 62 (1)(b) of the Municipal Financial Management, 2003 (Act No. 56 of 2003) (MFMA), "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the testing of distribution losses it was noted that the distribution losses were calculated incorrectly by the municipality. The number of units used to calculate the distribution losses for the electricity is not consistent with the units per the monthly Syntell reports. The electricity distribution losses disclosed in note 39.4 of the financial statements states the number of units lost as 1 982 967 and a percentage loss of 18.76% whereas the recalculation based on the monthly Syntell reports reflects 1 859 765 units which translates to a percentage loss of 17.59%, resulting in the distribution losses disclosed being overstated by 123 202 units and 5.11% relating to percentage lost.

The financial statements were not adequately reviewed to ensure that the information presented and disclosed for distribution losses is accurate prior to being submitted for audit purposes.

The distribution losses as disclosed in note 39.4 of the financial statements, is overstated.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management - Regular, accurate and complete financial reports</u></p> <p>The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.</p>	<p>It is recommended that management should perform a detailed review of financial statements to ensure that it is accurate, particularly when information is to be agreed to an external source or report.</p>	<p>Management agrees with the finding and recommendation.</p>	<p>Note 39.4 has already been amended</p>	<p>30 Nov. 2014</p>	<p>Mubesko</p>	<p>Completed</p>

12. Property rates overstated

Audit finding:

Per section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA), *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the testing of property rates where property rates were recalculated based on property values and approved tariffs for the year, a variance was identified between the auditors' recalculation and the property rates presented in the financial statements. Furthermore, management's schedule for calculating the property rates was obtained and it was noted that the recalculated property rates included in the schedule had the same difference which management could not explain:

Description	Amount
Property rates per financial statements	2 128 647.06
Recalculated property rates	2 204 426.53
Difference	(75 779.47)

The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.

Property rates and trade receivables for non-exchange transactions as presented in the financial statements are overstated by R75 779.47.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Regular, accurate and complete financial and performance reports</u></p> <p>The financial statements were not</p>	<p>It is recommended that management should perform a detailed review of financial statements to ensure that it is accurate. Furthermore it is recommended that the financial statements be adjusted as follows:</p>	<p>Management agrees with finding and recommendation</p>	<p>Detailed property valuation and rates recon to be performed</p>	<p>30 Nov. 2014</p>	<p>B Joubert</p>	<p>Completed</p>

adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.	Dr Property rates R75 779.47 Cr Trade receivables for non-exchange transactions R75 779.47				
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EMPLOYEE COSTS

13. No performance contracts for lower level staff

Audit finding:

Section 67(1)(d) of the Municipal Systems Act, Act 32 of 2000 (MSA) indicates that, *"A municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures, consistent with any uniform standards prescribed in terms of section 72 (1) (c), to ensure fair, efficient, effective and transparent personnel administration, including the monitoring, measuring and evaluating of performance of staff."*

The municipality limited its performance contracting to only the municipal manager and managers reporting directly to the municipal manager. This has resulted in performance contracts being in place for only 4.05% of municipal staff (3 out of total staff of 74). This finding has been raised in the 2012-13 and 2011-12 audits, and management has not implemented corrective action plans to address the internal control deficiencies identified.

The municipality is in the process of developing job descriptions for all employees based on the approved performance management system framework. Based on this, performance contracting for lower level staff other than managers has not been implemented to date.

This is non-compliance with section 67(1)(d) of the Municipal Systems Act.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Leadership – Human Resource management</u></p> <p>Leadership did not implement official processes to monitor performance of all employees, as job descriptions are still being finalised.</p> <p><u>Leadership – Action plans to address internal control deficiencies</u></p> <p>Leadership has not ensured that all previously identified internal control deficiencies are addressed through the development of action plans around the recommendations of the prior year, resulting in repeat findings with regards to the</p>	<p>It is recommended that performance agreements be developed for lower level staff and that the process of monitoring employees be formalised.</p>	<p><u>Management comment on the audit finding:</u> Management concurs with the audit finding that performance management was not rolled out to the lower levels of the organization.</p> <p><u>Management comment on the root cause identified within the audit finding:</u></p> <p>The root cause for this are the lack of capacity and the fact that the organization did not have a Manager to drive this process as the Community Services Manager under which HR resorts left the organization in June 2010. The Strategic Manager left on 30 October 2013, the Technical Manager in December 2013. The process of organizational re-design was driven by the Municipal Manager and HR practitioner. The organogram was approved in July 2012, but due to the dual burden on staff – especially the</p>	<p>The organogram re-visited</p> <p>Re-visit job descriptions</p> <p>Draft individual performance agreements</p> <p>Undertake performance evaluation</p>	<p>6 Des. 2014</p> <p>15 Jan. 2015</p> <p>28 Feb. 2015</p> <p>30 June 2015</p>	<p>LLF-Manager</p> <p>Corporate Services</p>	

<p>inadequacy of controls around the implementation of the performance management system.</p> <p><u>Financial management – Compliance monitoring</u></p> <p>Management did not implement controls to ensure that the municipality complied with all laws relating to the monitoring of performance of employees.</p>		<p>Municipal Manager, the process could not be completed. Vacancies have, however been filled in strategic managerial positions to drive this process.</p> <p><u>Management comment on the recommendation:</u></p> <p>The organization concurs that performance management and monitoring must be rolled-out to individual staff members. The organogram will have to be reviewed and the organization will re-visit the job descriptions of staff to make sure that it reflects the work that they do. This will then be used to draft individual performance agreements.</p>				
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INVENTORY

14. Lack of internal controls during physical inventory count

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, (Act No. 56 of 2003) (MFMA) of requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

Control activities are the actions established through policies and procedures that help ensure that management’s directives to mitigate risks to the achievement of objectives are carried out. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorisations and approvals, verifications, reconciliations and business performance reviews.

During the inventory count the following internal control deficiencies were identified:

1. The shelves and inventory items were not labeled so as to easily identify the description of the inventory items during the inventory count.
2. There were no instructions issued to those performing the count on how the inventory count was to be performed.
3. The municipality does not have an inventory listing displaying all the inventory items, the quantities on hand and the price per unit.
4. Count sheets were not used during the inventory count; the quantities were only noted in a notebook and subsequently transferred to the system via a memo.

There is no therefore no formalised system in place to promote internal control activities over inventory.

This could result in misstatements of inventory due to inadequate procedures being carried out to count the inventory at year-end.

INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
?	It is recommended that adequate controls be implemented over physical inventory counts which must include labelling of inventory in the store room, count instructions and count sheets to be implemented for use during inventory counts.	A new engineer was appointed and we will implement sufficient controls.	Adequate controls will be implemented	October 2014	Mr. Justin Lesch	

15. No supporting documentation for inventory movements

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to*

ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."

Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorisations and approvals, verifications, reconciliations and business performance reviews.

During testing of inventory it was noted that the movement of inventory is not continuously recorded during the year. The inventory balance is adjusted only at year end with an adjusting journal after the inventory count by comparing the inventory balance at year end to the inventory balance as presented in the prior year financial statements. During the year as inventory is issued, no supporting documentation is maintained detailing the issuing out of inventory.

There is no system in place to promote internal control activities over inventory.

This could result in losses to inventory which cannot be substantiated and will not be identified by the municipality.

INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
	It is recommended that controls be implemented to account for inventory movements during the year with each issuing of inventory being recorded on a register. The register should be reviewed on a monthly basis by senior management with monthly recording of the issued inventory in the general ledger.	A new engineer was appointed and we will implement sufficient controls.	Adequate controls will be implemented	October 2014	Mr. Justin Lesch	

EXPENDITURE

16. Repairs and maintenance expenditure incorrectly classified as computer expenses

Audit finding:

Per section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA), *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the testing of general expenses it was noted that the expenditure indicated below in Table 1 relating to electrical repairs was incorrectly classified as computer expenses:

No	Account Number	Account Name	Supplier	Description	Amount	Invoice Number
1	7 361 000	Computer Expenses	Jan Nel Elektries	Electrical work	61 916.50	630
2				Installation and electrical work	21 527.10	652/656
3				Electrical work	34 171.36	674
Total					117 614.96	

Controls were not implemented to ensure that expenditure is correctly classified and there were no adequate reviews by management to ensure that transactions processed are correctly allocated on ABAKUS.

This results in overstatement of computer expenses by R117 614.96 and when projected over the population the projected misstatement amounts R435 078.05 per the calculation below. Consequently, repairs and maintenance expenditure is understated by the same amount.

Error projection information:

Sample population: R1 224 067.23 (30 transactions)

Error in sample: R117 614.96 (3 transactions)

Ratio of error in rand amount: 9.61% (rounded)

Total population subject to projection: R4 527 347

Projected understatement: R435 078.05

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Daily and monthly processing and reconciling of transactions</u></p> <p>Controls were not implemented to ensure that expenditure is correctly classified and there were no adequate reviews by management to ensure that transactions processed are correctly allocated on ABAKUS.</p>	<p>Management should reclassify these expenditure items to their appropriate accounts. Controls should be implemented to ensure that expenditure is classified correctly.</p> <p>Management should further investigate the entire expenditure accounts to identify any further instances of incorrect classification in the account and reclassify these to the correct accounts. Failure to investigate the entire population will result in the projected misstatement remaining as an uncorrected audit difference.</p>	<p>An amount of R 21 527.10 for cheque number 47693 will be corrected by journal and the AFS will be rectified.</p>	<p>Journal will be posted.</p>	<p>16 October 2014</p>	<p>J.Neethling</p>	<p>Completed</p>

17. Membership fees understated

Audit finding:

In terms of paragraph 31 of GRAP 1 – Presentation of financial statements: *“An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.”*

In terms of paragraph 5 of GRAP 1: *“Accrual basis means a basis of accounting under which transactions, and other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets, revenue and expenses.*

During the testing of expenditure it was noted that the membership fees for the South African Local Government Association (SALGA) for the current year was understated. The municipality did not recognise the membership fees on an accrual basis as they recognised membership fees actually paid by the municipality. The total membership fees recognised in the year amounted to R450 000 whereas the actual membership fees incurred amounted to R300 000, resulting in an understatement of R150 000 for membership fees and trade payables.

The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.

Management fees and trade payables as presented in the financial statements is understated by R150 000.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMEN-DATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPON-SIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management – Daily and monthly</u>	It is recommended that management should perform a detailed	Outstanding Membershipfees 2012/13 = R 100 000.00	Journal will be posted and AFS	16 October	J.Neethling	Completed

<p><u>processing and reconciling of transactions</u></p> <p>The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.</p>	<p>review of financial statements to ensure that it is accurate. Furthermore, it is recommended that the financial statements be adjusted as follows:</p> <p>Dr Membership Fees R150 000</p> <p>Cr Trade payables R150 000</p>	<p>Outstanding Membership fees 2013/14 = R 150 000.00</p> <p>Dt. SALGA Membership Fee R 250 000.00</p> <p>Kt. Trade Payables R 250 000.00</p>	<p>adjusted.</p>	<p>2014</p>		
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18. Audit fees understated

Audit finding:

In terms of paragraph 31 of GRAP 1 – Presentation of financial statements: *“An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.”*

In terms of paragraph 5 of GRAP 1: *“Accrual basis means a basis of accounting under which transactions, and other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets, revenue and expenses.”*

During the testing of expenditure it was noted that the audit fees for the current year were understated. The municipality did not recognise audit fees on an accrual basis as they recognised audit fees when actually paid by the municipality. The total audit fees recognised in the year amounted to R835 892.25 whereas the actual audit fees incurred amounted to R2 056 120, resulting in expenditure and trade payables being understated by R1 220 227.75.

The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.

Audit fees and trade payables as presented in the financial statements are understated by R1 220 227.75.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMEN-DATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPON-SIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management – Daily and monthly processing and reconciling of transactions</u> The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.	It is recommended that management should perform a detailed review of financial statements to ensure that it is accurate. Furthermore it is recommended that the financial statements be adjusted as follows: Dr Audit Fees R1 220 227.75 Cr Trade payables R1 220 227.75	We agree with the finding.	Journal will be posted and AFS adjusted.	16 October 2014	J.Neethling	Completed

SUPPLY CHAIN MANAGEMENT

19. Non-compliance with regulation 32 of SCM regulations

Audit finding:

Regulation 32 of the Municipal Supply Chain Management Regulations (SCM regulations) (GNR868 of 30 May 2005) states that, “A *supply chain management policy may allow the accounting officer to procure goods or services for the municipality under a contract secured by another organ of state but only if:*

- a) *The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;*
- b) *the municipality has no reason to believe that such a contract was not validly procured;*
- c) *there are demonstrable discounts or benefits for the municipality to do so;*
- d) *that other organ of state and the provider have consented to such procurement in writing”*

It was identified that the municipality made use of regulation 32 to contract with Asla Devco Contractors (Pty) Ltd (Tender number 86/2011) relying on the procurement process followed by Laingsburg municipality. Further investigation revealed that the procurement process at Laingsburg municipality consisted of irregularities which resulted in the tender awarded to Asla Devco (Pty) Ltd being considered irregular expenditure due to contraventions with the municipality's supply chain policy and the SCM Regulations.

The process followed by Prince Albert municipality in relying on the contract awarded by Laingsburg was limited to obtaining tender notices proving that the tender went out on a competitive bidding process and obtaining the Laingsburg Municipality's contract with Asla Devco Contractors (Pty) Ltd included declarations of interest and written confirmation from Laingsburg's Municipal Manager confirming that the tender was awarded through a competitive bidding process.

Management did not perform a detailed review of the procurement processes followed by Laingsburg municipality in awarding a tender to Asla Devco Contractors (Pty) Ltd in order to ensure that Laingsburg municipality fully complied with all the SCM regulations and no irregularities existed.

This is non-compliance with regulation 32 of the SCM Regulations. It further results in the expenditure incurred on the contract being considered to be irregular expenditure.

INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management – Compliance monitoring</u> Management did not perform a detailed review of the	The municipality should implement controls to ensure that the applicable SCM regulations are complied with by ensuring that the competitive bidding process of the other organ of state is reviewed appropriately prior to the	Management disagrees with audit finding. The provisions of SCM regulation were complied with. As per National Treasury Circular 62 - It is therefore understood that municipalities and municipal entities will not be able to verify this information but will rely on the content and disclosures made	NONE	n/a	n/a	n/a

<p>procurement processed followed by Laingsburg municipality in awarding a tender to Asla Devco Contractors (Pty) Ltd in order to ensure that Laingsburg municipality fully complied with all SCM Regulations and no irregularities existed.</p>	<p>contact being used. The review should include reviewing the entire process followed by the other entity in terms of the SCM regulations in order to ascertain that all requirements were complied with.</p> <p>The municipality should disclose the irregular expenditure as a result of the contract in the financial statements, to ensure that irregular expenditure disclosed is complete.</p>	<p>As per the constitutional court case Viking Pony>> Africa Pumps (Pty) Ltd t/a Tricom Africa v Hidro-Tech Systems (Pty) Ltd and Another (CCT 34/10) [2010] ZACC 21; 2011 (1) SA 327 (CC) ; 2011 (2) BCLR 207 (CC) (23 November 2010) – The municipality only needs to investigate if the municipality was informed of fact that would give rise to a reasonable suspicion</p> <p>The municipality contacted Laingsburg Municipality and was informed that they were not aware of any irregularities with the tender.</p> <p>Management cannot implement recommendation since it might be a contravention of section 168 of the MFMA.</p>				
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20. At least three quotations not obtained and the deviation not recorded

Audit finding:

Regulation 17(a) of the Municipal Supply Chain Management (SCM) regulations and paragraph 17(c) of the municipality’s supply chain management policy indicates that, quotations must be obtained in writing from at least three different providers whose names appear on the list

of accredited prospective providers of the municipality and that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer.

During testing of procurement management it was identified that the municipality advertising costs to the value of R8 522.17 from Group Editors CC were procured without obtaining three quotations from other suppliers as required by the municipality's supply chain policy, furthermore review of the deviations for the year revealed that the municipality did not record the procurement as a deviation.

There are no adequate controls in place to monitor compliance with the municipality's approved policies.

The municipality's SCM process may not be fair and equitable and may result in the municipality not receiving value for money on the award.

This is non-compliance with municipal SCM regulation 17(a) and paragraph 17(c) of the municipality's SCM policy.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Compliance monitoring</u></p> <p><i>There are no adequate controls in place to monitor compliance with the municipality's approved policies.</i></p>	<p>It is recommended that management establishes and adhere to procedures guiding a process for the approval of awards for the municipality.</p>	<p>We disagree with the audit finding</p> <p>Group Editors CC (Oudtshoorn Koerant) is the sole provider in the Southern Cape.</p>	<p>NONE</p>	<p>n/a</p>	<p>n/a</p>	<p>n/a</p>

21. Register of bids received not published on municipal website

Audit finding:

Regulation 23(c) of the Municipal Supply Chain Management (SCM) regulations and paragraph 23(d) of the municipality's supply chain management policy indicates that, "The accounting officer must

- (i) record in a register all bids received in time;
- (ii) make the register available for public inspection; and
- (iii) publish the entries in the register and the bid results on the website".

During testing of procurement management it was identified that a listing of all bids received and the results of the bids (i.e. the successful bidder) were not published on the municipal website.

This finding was raised in the prior year and management had agreed to implement actions to ensure the control deficiency would be addressed. The municipality's corrective action plans from prior year audit were not adequately implemented to ensure that remedial action is taken to prevent recurring internal control deficiencies. Furthermore, management has not implemented any procedures to ensure compliance with the municipality's approved policies.

This is non-compliance with municipal SCM regulation 23(c) and paragraph 23(d) of the municipality's SCM policy.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Leadership – Action plans to address internal control deficiencies</u></p> <p><i>The accounting officer did not take reasonable steps to monitor the implementation of managements' action plan around the recommendation of the prior year, resulting in repeat findings with regard to the inadequacy of formally designed and implemented controls</i></p>	<p>The accounting officer should ensure that managements' action plan is credible to adequately address the internal control deficiencies identified, and should actively monitor managements' progress with regards to the actions in the plan to ensure that it is achieved.</p> <p>Management should implement</p>	<p>Recommendations will be implemented from 1 July 2014</p>	<p>Recommendations will be implemented from 1 July 2014</p>	<p>1 July 2014</p>	<p>C.Baadjes</p>	<p>In progress</p>

<p><u>Leadership – Policies and procedures</u></p> <p><i>The municipality has not established procedures and processes to address non-compliance with the supply chain regulations in a timely manner.</i></p>	<p>controls to ensure that the register of bids and details of the successful bidder is published on the municipal website. The register should be updated regularly for all bids by the municipality.</p>					
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22. No contracts register maintained by the municipality

Audit finding:

Section 62(1)(b) of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003) (MFMA) states that, *“The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.”*

During testing of supply chain management we identified that the municipality does not have a contract register in place to record all contracts awarded and to monitor the expenditure pertaining to the contract.

The municipality has not established procedures and processes to address non-compliance with the supply chain regulations in a timely manner.

This finding was raised in the prior year and management had agreed to implement actions to ensure the control deficiency would be addressed.

The municipality therefore faces the following operational and financial risks:

1. Inability to identify the end dates of existing contracts at an early stage, so as to adequately plan for competitive bidding processes that may be needed.
2. Inability to adequately monitor the actual expenditure on a contract so as to avoid fruitless and wasteful expenditure by paying suppliers in excess of the approved contract amounts.
3. Possibility of incomplete disclosure in the financial statements relating to future commitments on contracts.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Leadership – Action plans to address internal control deficiencies</u></p> <p>Leadership did not ensure that management’s action plan to address internal control deficiencies was monitored, as the action plan compiled by the finance unit is not reviewed and monitored. Officials indicated as being responsible for implementing the required actions are not held accountable for non-progress to address the internal control deficiencies.</p>	<p>Managements’ action plan to address internal control deficiencies should be formally monitored by leadership on at least a quarterly basis to ensure that effective progress is made in addressing matters.</p>	<p>Management agrees with the finding and will implement the recommendation.</p>	<p>The recommendation will be implemented</p>	<p>1 July 2014</p>	<p>C.Baadjies</p>	<p>In progress</p>

<p><u>Financial management – Daily and monthly processing and reconciling of transactions</u></p> <p>Management has not implemented adequate record management processes to facilitate the internal controls around contract management.</p>	<p>With regards to the contracts register itself, the register should contain information on all currently running contracts of the municipality. At a minimum the following fields should be included:</p> <ol style="list-style-type: none"> 1. Name of firm awarded the contract / tender 2. Unique contract / tender number 3. Value of the contract 4. Contract term 5. Start date of the contract 6. End date of the contract 					
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	<p>7. Name of the official responsible for formal monitoring of the contract</p> <p>8. Extension of the contract / tender, if applicable</p> <p>9. Expenditure to date for the contract</p> <p>The responsibility for the overall updating and monitoring of the contracts register should be allocated to a specific official to ensure that accountability can be enforced.</p>					
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PROPERTY, PLANT AND EQUIPMENT

23. Disclosure for property, plant and equipment is not complete

Audit finding:

Paragraph 79(d) of GRAP 17 - Property, Plant and Equipment states that, *"The financial statements shall disclose, for each class of property, plant and equipment recognised in the financial statements the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period."*

The disclosure of property, plant and equipment in note 12 does not include a summary of property, plant and equipment detailing the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period as required.

The financial statements were not adequately reviewed to ensure that comply with all applicable GRAP principles.

The disclosure for property, plant and equipment is not complete as not all disclosures were made in the financial statements.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Regular, accurate and complete financial reports</u></p> <p>The financial statements were not adequately reviewed to ensure that the information presented and disclosed is complete prior to being submitted for audit purposes.</p>	<p>It is recommended that management should perform a detailed review of future financial statements to ensure that all disclosures required by GRAP are made in the financial statements before submission for audit.</p> <p>Management must also amend the financial statements for the above disclosure.</p>	<p>The finding is incorrect. The property, plant and equipment note is correct. Please refer attached note cross referenced to the applicable GRAP 17 disclosure requirements</p>	<p>NONE</p>	<p>n/a</p>	<p>n/a</p>	<p>n/a</p>

24. Asset register not correctly updated with locations and asset numbers

Audit finding:

Per section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA), *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the physical verification process the following assets (*see list in audit report*) were identified to not be correctly recorded in the asset register in terms of asset numbers and locations:

Management has not implemented adequate record management processes to facilitate the internal controls around asset management.

The municipality therefore faces the following operational and financial risks:

1. Inability to physically verify all assets of the municipality as they are not correctly recorded in the asset register.
2. Inability to adequately monitor the assets as the locations indicated in the asset register are not consistent with the physical locations of assets.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Proper record keeping</u></p> <p>Management has not implemented adequate record management processes to facilitate the internal controls around asset management.</p>	<p>It is recommended that the asset register be reviewed to ensure that all assets number are assigned correct asset numbers and locations.</p>	<p>Management agrees with finding and recommendation</p>	<p>Correct fixed asset register with findings</p> <p>Review complete fixed asset register for any other errors</p>	<p>25/10/2014</p> <p>30/11/2014</p>	<p>B Joubert</p> <p>B Joubert</p>	<p>Completed</p>

25. Assets not in working condition were not impaired

Audit finding:

Paragraph 18 of GRAP 26 – Impairment of Cash-generating Assets states that, *"An asset is impaired when its carrying amount exceeds its recoverable amount."*

Paragraph 19 of GRAP 26 further states that, *"An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset."*

Paragraph 22 of GRAP 26 further states that, *"In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:*

External sources of information

- (a) *During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.*
- (b) *Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.*
- (c) *Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.*

Internal sources of information

- (d) *Evidence is available of obsolescence or physical damage of an asset.*
- (e) *Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.*

(f) *Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, significantly worse than expected."*

During the physical verification assets listed below were identified as not being in working condition and therefore the municipality cannot recover their values through use; however, the assets were not impaired to reflect their condition:

No	Asset Number	Item description	Carrying Value as at 30 June 2014 as per asset register (R)
1	1166	Trailer Refuse CCA4569	1 509.65
2	1218	Trailer Tipper CCA864	3 594.71
Amount to be impaired			5 104.36

Although the municipality performed an annual asset count the process failed to identify these assets were not in working condition, therefore they were not impaired. Furthermore, there are no proper processes in place to ensure that the municipality complies with paragraph 19 of GRAP 26 as the municipality does not assess assets for impairment on an annual basis as required.

The carrying value of assets expense as presented in the financial assets is overstated by R5 104.36 and when projected over the population the projected misstatement amounts R7 638.98 per the calculation below. Consequently, impairment loss expenditure is understated by the same amount.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management – Regular, accurate and complete financial</u>	It is recommended that management implement processes to ensure that	Management agrees with finding	Revise financial statements	Completed	Mubesko	Completed

<u>reports</u> There is no proper process in place to ensure that the municipality complies with paragraph 19 of GRAP 26 as the municipality does not assess assets for impairment on an annual basis as required.	annual impairment tests are performed for all categories of assets, in order to ensure that all requirements of GRAP are complied with. Furthermore, it is recommended that management perform its own impairment assessment for all assets recorded in the asset register as at year end based on the results from the asset count.		Prepare procedure for impairment testing	30/11/2014	B Joubert	
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26. Assets not in working condition were not impaired

Audit finding:

Paragraph 17 of GRAP 21 – Impairment of Non-cash-generating Assets states that, "A non-cash-generating asset is impaired when the carrying amount of the asset exceeds its recoverable service amount."

Paragraph 18 of GRAP 21 further states that, "An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset."

Paragraph 21 of GRAP 21 further states that, "In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

- (a) Cessation, or near cessation, of the demand or need for services provided by the asset.
- (b) Significant long-term changes with an adverse effect on the entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the entity operates.

Internal sources of information

- (c) Evidence is available of physical damage of an asset.
- (d) Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- (e) A decision to halt the construction of the asset before it is complete or in a usable condition.
- (f) Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected."

During the physical verification assets listed below (see Audit Report) were identified as not being in working condition and therefore the municipality cannot recover their values through use; however, the assets were not impaired to reflect their condition:

Although the municipality performed an annual asset count the process failed to identify these assets were not in working condition, therefore they were not impaired. Furthermore, there are no proper processes in place to ensure that the municipality complies with paragraph 18 of GRAP 21 as the municipality does not assess assets for impairment on an annual basis as required.

The carrying value of assets expense as presented in the financial assets is overstated by R220 006.59 and when projected over the population the projected misstatement amounts R297 920.26 per the calculation below (see Audit Report). Consequently, impairment loss expenditure is understated by the same amount.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12 DECEMBER 2014
<u>Financial management – Regular, accurate and complete financial</u>	It is recommended that management implement processes to ensure that	Management agrees with	Revise financial statements	Completed	Mubesko	Completed

reports There is no proper process in place to ensure that the municipality complies with paragraph 18 of GRAP 21 as the municipality does not assess assets for impairment on an annual basis as required.	annual impairment tests are performed for all categories of assets, in order to ensure that all requirements of GRAP are complied with. Furthermore, it is recommended that management perform its own impairment assessment for all assets recorded in the asset register as at year end based on the results from the asset count.	finding	Prepare procedure for impairment testing	30/11/2014	B Joubert	
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27. Motor vehicle written off on the asset register at year end

Audit finding:

Per section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA), *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the physical verification of assets a Ford Ranger with asset number 02354 with a carrying value of R30 995.21 could not be verified, as the vehicle was involved in an accident in June 2014 and was deemed to be irreparable. Inspection of the fixed asset register revealed that the vehicle was not recognised as a disposal at year end and as such it was still included in the fixed asset register at year-end.

Management has not implemented adequate record management processes to facilitate the internal controls around asset management.

The balance as presented and disclosed in the financial statements for property, plant and equipment is overstated by R30 995.21. Consequently, loss on disposal of assets as presented in the financial statements is understated by the same amount.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
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<p><u>Financial management – Proper record keeping</u></p> <p>Management has not implemented adequate record management processes to facilitate the internal controls around asset management.</p>	<p>It is recommended that management should perform a detailed review of financial statements to ensure that it is accurate. Furthermore, it is recommended that the financial statements be adjusted as follows:</p> <p>Dr Loss on disposals R30 995.21 Cr Property, plant and equipment R30 995.21</p>	<p>Management agrees with finding and recommendation</p>	<p>AFS to be adjusted</p>	<p>Completed</p>	<p>Mubesko</p>	<p>Completed</p>
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CAPITAL RESTORATION COSTS

28. Capitalised restoration costs are misstated

Audit finding:

Section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA) requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the testing of capitalised restoration costs it was noted that the capital restoration costs as presented in the financial statements did not agree to the costs as per the calculation schedules. We recalculated the schedules which were deemed to be accurate; therefore the balance as presented in the financial statements is understated.

Capitalised costs per the calculation schedules	Capitalised costs per the financial statements	Difference
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(R)	(R)	(R)
307 471.63	186 587.00	120 884.63

There was no adequate review of the financial statements to ensure that the capitalised restoration costs as presented in the financial statements are accurate and consistent with supporting documentation.

The amount as presented in the financial statements for capitalised restoration costs is understated by an amount of R120 884.63.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Regular, accurate and complete financial reports</u></p> <p>There was no adequate review of the financial statements to ensure that the capitalised restoration costs as presented in the financial statements are accurate and consistent with supporting documentation.</p>	<p>It is recommended that a detailed review of the financial statements be performed by management prior to submission of the financial statements for audit purposes. The review of the financial statements should include a review of the schedules supporting the amounts recorded in the financial statements to ensure accuracy of the financial information presented in the financial statements.</p> <p>It is further recommended that the financial statements be amended to reflect the accurate amount for capital restoration costs.</p>	<p>Management disagrees with finding. The difference is due to the Leeu Gamka Landfill site that is closed. Any new additions to cost cannot be capitalized but must be expensed. Please find attached reconciliation between AFS and landfill calculation. There was however an misallocation between interest and additions that needs to be corrected</p>	<p>Revise AFS</p>	<p>Completed</p>	<p>Mubesko</p>	<p>Completed</p>

CONTINGENT LIABILITIES

29. Disclosure for contingent liabilities is not complete (Comaf 16)

Audit finding:

Paragraph 95 of GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets states that, *"Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the reporting date a brief description of the nature of contingent liability."*

The disclosure of contingent liabilities in note 47 does not include as the description of the nature of contingent liabilities as part of the disclosure as required.

The financial statements were not adequately reviewed to ensure that comply with all applicable GRAP principles.

The disclosure for property, plant and equipment is not complete as not all disclosures were made in the financial statements.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12 DECEMBER 2014
<p><u>Financial management – Regular, accurate and complete financial reports</u></p> <p>The financial statements were not adequately reviewed to ensure that the information presented and disclosed is complete prior</p>	<p>It is recommended that management should perform a detailed review of future financial statements to ensure that all disclosures required by GRAP are made in the financial statements before submission for audit.</p>	<p>Management agrees with finding</p> <p>2014/2015 Financial statements will be sent for external review</p>	<p>The note relating to contingent liabilities was amended</p>	<p>Completed</p>	<p>Mubesko</p>	<p>Completed</p>

to being submitted for audit purposes.	Management must also amend the financial statements for the above disclosure.	2013/2014 Financial statements was amended				
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INFORMATION SYSTEMS TECHNOLOGY

30. Information Technology Service Continuity - Inadequate design and implementation of backup processes

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, (Act No. 56 of 2003) (MFMA) of requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

The control environment establishes the foundation for the internal control system by providing fundamental discipline and structure. It sets the tone of the organisation, influencing the control consciousness of its people. The control environment has a pervasive effect on control consciousness and effectiveness within the entity.

The entity should have approved policies and procedures to facilitate the execution of internal control objectives, processes and responsibilities of the various financial and operational processes at the entity.

During the audit it was noted that the municipality had still not documented the backup policy for the application system and its infrastructure. In addition, backups were not tested for recoverability and restorability to confirm that the municipality will be able to recover the data stored on the backup tapes/media.

Without formally approved backup procedures, backup processes and controls cannot be consistently implemented and enforced. This could lead to incomplete or inadequate backups being taken. IT staff may also not be held accountable for ensuring that backups are taken as required. Furthermore, if backups are not regularly tested for restorability, data may not be completely or timely recovered.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management - Information technology systems</u></p> <p>The municipality does not have an IT department or IT personnel and therefore lacks the capacity and appropriately skilled IT resources to implement the necessary IT controls and processes</p>	<p>The Municipal Manager should consider requesting the backup procedures from other municipalities (i.e. District Municipality etc) for adoption and customise them to ensure that they are in line with the size and complexity of the IT environment of the Laingsburg municipality. The backup procedures should include the following:</p> <ul style="list-style-type: none"> • The frequency of backups (daily, weekly, monthly, yearly); • Type of backups (incremental, 	<p>We agree with the finding. The recommendation will be considered and if possible be implemented.</p>	<p>The recommendation will be considered and if possible be implemented.</p>	<p>01/01/2015</p>	<p>J.Neethling</p>	<p>Completed</p>

	<p>differential, full);</p> <ul style="list-style-type: none"> • Backing up data on all critical systems; • Retention periods; • Actions to be taken if backups have not been successfully completed; • Scheduled verification of the usability of backup media through restore procedures; and • Off-site storage of backups. <p>Furthermore, backup tapes/media should be regularly tested to ensure restorability and recoverability of the data.</p>					
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31. Security Management - Lack of a Patch Management Procedure for the Windows Operating System

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, (Act No. 56 of 2003) (MFMA) of requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

The control environment establishes the foundation for the internal control system by providing fundamental discipline and structure. It sets the tone of the organisation, influencing the control consciousness of its people. The control environment has a pervasive effect on control consciousness and effectiveness within the entity.

The entity should have approved policies and procedures to facilitate the execution of internal control objectives, processes and responsibilities of the various financial and operational processes at the entity.

During the audit it was noted that a process has been in place for applying security patches to servers and workstations on the network, however management had not formally documented a standard operating procedure to consistently manage patches that are applied to all devices on the network.

Without a documented and approved patch management procedure, patch management processes and controls may not be consistently implemented and cannot be enforced. Security patches may not be applied in a timely manner, which could result in security vulnerabilities being exploited, thereby causing system downtime.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management - Information technology systems</u> Management considered the informal processes currently in place for patch management to be sufficient, and as a result have not prioritised the documentation of formal patch management procedures.</p>	<p>Management should ensure that patch management procedures are documented and approved. The procedures should include but not be limited to:</p> <ul style="list-style-type: none"> • Roles and responsibilities • Critical Servers to be patched • Approval of patches • Patch deployment • Status Reports <p>In addition the approved patch management procedures should be communicated to the</p>	<p>The recommendation will be considered and if possible be implemented.</p>	<p>The recommendation will be considered and if possible be implemented.</p>	<p>1/01/2015</p>	<p>J.Neethling</p>	<p>Completed</p>

relevant individuals to ensure compliance.					
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32. Information Technology Governance - No formal processes in place for monitoring performance of IT vendors

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, (Act No. 56 of 2003) (MFMA) of requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

The control environment establishes the foundation for the internal control system by providing fundamental discipline and structure. It sets the tone of the organisation, influencing the control consciousness of its people. The control environment has a pervasive effect on control consciousness and effectiveness within the entity.

The entity should have approved policies and procedures to facilitate the execution of internal control objectives, processes and responsibilities of the various financial and operational processes at the entity.

During the audit it was noted that service level agreements (SLA's) had been in place, however management had not formally designed processes to monitor, review and measure the IT services rendered by the vendors to ensure that performance is in line with agreed service levels.

Without formal mechanisms in place to monitor performance of vendors, the effectiveness, efficiency and consistency of the IT services delivered cannot be reviewed and measured against agreed targets. This may lead to poor or degraded services not being identified in a timely manner and result in increased costs incurred for poor delivery of services.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
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<u>Financial management - Information technology systems</u> The municipality does not have an IT department or IT personnel and therefore lacks the capacity and appropriately skilled IT resources to implement the necessary IT controls and processes.	Management should ensure that a formal process is in place to monitor and address instances of poor service delivery that are specific to the Prince Albert municipality. These reviews should be performed on a regular basis and should cover all IT service providers. Evidence of these reviews should be maintained for audit purposes.	The recommendation will be considered and if possible be implemented.	The recommendation will be considered and if possible be implemented.	01/01/2015	J.Neethling	Completed
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33. Security Management - Lack of an Information Security Policy

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, (Act No. 56 of 2003) (MFMA) of requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

The control environment establishes the foundation for the internal control system by providing fundamental discipline and structure. It sets the tone of the organisation, influencing the control consciousness of its people. The control environment has a pervasive effect on control consciousness and effectiveness within the entity.

The entity should have approved policies and procedures to facilitate the execution of internal control objectives, processes and responsibilities of the various financial and operational processes at the entity.

The information security policy is an integral part of the IT environment as it governs and provides guidelines to users who access the municipality's information. As previously reported, the municipality had still not documented a security policy that provides a baseline for

managing IT security at the municipality. Furthermore, intrusion reports were not reviewed on a regular basis to monitor access and logon violations on the network.

The lack of a documented and approved IT security policy might lead to the implementation of inadequate security practices for the municipality. Furthermore, if the access and logon violations on the system are not monitored, hacking attempts might not be detected and followed up. This in turn might increase the risk of unauthorised access to systems and data

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management - Information technology systems</u></p> <p>Management should consider requesting the IT Policy and procedures from other municipalities (i.e. District municipality etc) for adoption and customise them to ensure that they are in line with the size and</p>	<p>The Municipal Manager should consider requesting the backup procedures from other municipalities (i.e. District municipality etc) for adoption and customise them to ensure that they are in line with the size and complexity of the IT environment of the Laingsburg municipality.</p>	<p>The recommendation will be considered and if possible be implemented.</p>	<p>The recommendation will be considered and if possible be implemented.</p>	<p>01/01/2015</p>	<p>J.Neethling</p>	<p>Completed</p>
<p>complexity of the IT environment of the Prince Albert municipality. This policy/ procedures should include the following:</p> <ul style="list-style-type: none"> • Security compliance • External communications security • Firewall • Password parameters • E-mail security • An agreement to comply with IS 	<p>The backup procedures should include the following:</p> <ul style="list-style-type: none"> • The frequency of backups (daily, weekly, monthly, yearly); • Type of backups (incremental, differential, full); • Backing up data on all critical systems; • Retention periods; 					

<p>policies</p> <ul style="list-style-type: none"> Laptop/desktop computer security Internet usage Information Security Awareness, security over general office areas, protection of portable computer equipment, etc.) <p>Once documented and approved, the security policy should be communicated to all users to ensure compliance.</p>	<ul style="list-style-type: none"> Actions to be taken if backups have not been successfully completed; Scheduled verification of the usability of backup media through restore procedures; and Off-site storage of backups. <p>Furthermore, backup tapes/media should be regularly tested to ensure restorability and recoverability of the data.</p>					
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34. User Access Management - Inadequate User Account Management Processes for ABAKUS and PAYDAY

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, (Act No. 56 of 2003) (MFMA) of requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

The control environment establishes the foundation for the internal control system by providing fundamental discipline and structure. It sets the tone of the organisation, influencing the control consciousness of its people. The control environment has a pervasive effect on control consciousness and effectiveness within the entity.

During the audit it was noted that the procedures for managing user access to the financial systems had not been documented and approved. In addition, the following weaknesses with regard to user account management had been identified:

- System administrator activities (i.e. new user setup, maintenance of user accounts and termination of access) were not reviewed for appropriateness.
- Periodic reviews were not carried out to confirm if employees' current access is valid and in line with their job descriptions.

Without formally approved user account management procedures, user access processes and controls cannot be consistently implemented and enforced. The municipality may also not be able to hold users accountable for unauthorised activities performed on the system.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management - Information technology systems</u></p> <p>The municipality does not have an IT department or IT personnel and therefore lacks the capacity and appropriately skilled IT resources to implement the necessary IT controls and processes.</p>	<p>Management should ensure that a user account management procedure be documented and approved for the financial system to reflect the processes that are being followed for each system. This procedure should include, but not be limited to the following:</p> <ul style="list-style-type: none"> • Management of user access (creation of new access, password resets, changes or terminations of access); • Approval of requests (new user set-up, reset of password, change of access & termination of users • Periodic reviews for user profiles and the monitoring of the system administrators' activities. <p>Once approved the user account management procedures should also be communicated to all users to ensure compliance.</p>	<p>The recommendation will be considered and if possible be implemented.</p>	<p>The recommendation will be considered and if possible be implemented.</p>	<p>01/01/2015</p>	<p>J.Neethling</p>	<p>In progress</p>

RECEIVABLES

35. Receivables are understated

Audit finding:

Section 62 (1) (b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA) requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the testing of receivables it was identified that closing balance per the age analysis for debtors did not agree to the amount as disclosed in the financial statements:

Balance per the debtors age analysis (R)	Balance per the financial statements as at 30 June 2014 (R)	Difference (R)
8 721 563	8 672 249	49 314

There was no adequate review of the financial statements to ensure that the information presented in the financial statements is consistent with underlying accounting information.

The amount as presented in the financial statements is understated by an amount of R49 314. Consequently revenue is understated with the same amount.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management – Daily and monthly processing and</u>	It is recommended that a detailed review of the	Management disagrees with the	Request service provider to lock debtors control	31/10/2014	B Joubert	Completed

<u>reconciling of transactions</u> There was no adequate review of the financial statements to ensure	financial statements be performed by management prior to submission of the financial statements for audit purposes.	finding. The material difference relates to debtor 902 SARS of R 48 563.87.	accounts so that no general ledger transactions may be processed to the control accounts			
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INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
that the information presented in the financial statements is consistent with underlying accounting information.	The review of the financial statements should include a review of the schedules supporting the amounts recorded in the financial statements to ensure accuracy of the financial information presented in the financial statements. Furthermore, it is recommended that the following adjustment be made to the financial statements: Dr Receivables 49 314 Cr Revenue 49 314	The amount was incorrect on the debtors listing, but was corrected with journal 223 on the general ledger. Management partly agrees with recommendation. No journal will be passed.	Process journal to correct debtors age analysis	25/10/2014	S Windvoel	Completed

36. Provision for bad debts misstated (Comaf 34)

Audit finding:

Section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA) requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the testing of provision for bad debts it was noted that the balance for provision for bad debts as disclosed in note 17 of the financial statements did not agree to the amount recognised in the trial balance as at 30 June 2014:

Provision for bad debts per Note 17 of financial statements	Provision for bad debts per the trial balance as at 30 June 2014	Difference (R)
6 625 867	6 492 535	133 332

There was no adequate review of the underlying accounting information used to calculate the balance of provision for doubtful debts to ensure that the amount disclosed in the financial statements is accurate.

The amount as disclosed for provision for bad debts is overstated by an amount of R133 332. Consequently expenditure is overstated with the same amount.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management – Daily and monthly processing and reconciling</u>	It is recommended that a detailed review of the financial statements be performed by	Management agrees with	Adjust AFS	Completed	Mubesko	Completed

<p><u>of transactions</u></p> <p>There was no adequate review of the underlying accounting information used to calculate the balance of provision for doubtful debts to ensure that the amount disclosed in the financial statements is accurate.</p>	<p>management prior to submission of the financial statements for audit purposes. The review of the financial statements should include a review of the schedules supporting the amounts recorded in the financial statements to ensure accuracy of the financial information presented in the financial statements.</p> <p>Furthermore, it is recommended that the following adjustment be made to the financial statements:</p> <p>Dr Provision for bad debts 133 332 Cr Debt Impairment (exp) 133 332</p>	<p>finding and recommendation</p>	<p>Reconciliation and review of debt impairment report</p>	<p>Monthly</p>	<p>B Joubert</p>	
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CONDITIONAL GRANTS AND TRANSFERS

37. Grants Compliance - Failure to submit quarterly non-financial performance reports

Audit finding:

Section 12(2)(c) of the Division of Revenue Act, 2013 (Act 2 of 2013) (DORA) states that, “*The relevant receiving officer must, in respect of a schedule five or seven allocation transferred to a province or a municipality, submit a quarterly non-financial performance report within 30 days after the end of each quarter to the transferring national officer and the relevant provincial treasury.*”

During the audit of grants it was identified that the municipality did not submit the quarterly non-financial performance reports within 30 days after the end of each quarter to the transferring national officer and the relevant provincial treasury pertaining to the Municipal Systems Improvement Grant (MSIG), Financial Management Grant (FMG) and Municipal Infrastructure Grant (MIG).

This is a result of the municipality not having developed a compliance checklist which would facilitate the monitoring and oversight of compliance with laws and regulations relating to submissions of information to Provincial Treasury.

This is non-compliance with section 12(2)(c) of DORA.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial Management – Compliance Monitoring</u></p> <p>Management did not implement corrective measures in a timely manner to ensure the review and monitoring of compliance with section 12(2)(c) of DORA.</p>	<p>It is recommended that quarterly reports on grants be prepared by the municipality and that the reports be submitted to Provincial Treasury in order to comply with section 12(2)(c) of DORA.</p>	<p>We agree with the finding.</p> <p>The quarterly reports on grants will be prepared and submitted to Provincial Treasury.</p>	<p>The quarterly reports on grants will be prepared and submitted to Provincial Treasury.</p>	<p>21/10/2014</p>	<p>J.Neethling</p>	<p>Completed</p>

38. Unspent grants understated

Audit finding:

Section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA) requires that, "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the testing of grants it was noted that the balance for unspent grants as presented in the financial statements was understated due to the municipality transferring a portion of the unspent grants to revenue:

Unspent grants per the of financial statements	Unspent grants per auditors recalculation	Difference
9 412 664	9 904 570.89	491 906.89

There was no adequate review of the underlying accounting information used to calculate the balance of unspent grants to ensure that the amount disclosed in the financial statements is accurate.

The amount as disclosed for unspent grants is understated by an amount of R491 906.39. Consequently expenditure is overstated with the same amount.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management – Daily and monthly processing and reconciling of transactions</u> There was no adequate review of the underlying accounting information used to calculate the balance of unspent grants to ensure that the amount disclosed in the financial statements is accurate.	It is recommended that a detailed review of the financial statements be performed by management prior to submission of the financial statements for audit purposes. The review of the financial statements should include a review of the schedules supporting the amounts recorded in the financial statements to ensure accuracy of the financial information presented in the financial statements. Furthermore, it is recommended that the following adjustment be made to the financial statements:	Management agrees with finding and recommendation	Adjust annual financial statements	Completed	B Joubert	Completed

Dr Revenue 491 906.39					
Cr Unspent conditional grants and receipts 491 906.39					

CREDITORS

39. Payment not made within 30 days (Comaf 38)

Audit finding:

Section 65(2)(e) of the Municipal Finance Management Act (Act No. 56 of 2003) (MFMA) requires that, *“The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure”*

During the audit of creditors it was noted that the following item was paid more than 30 days after the invoice was received by the municipality, evidenced by the invoice received date stamp.

The payment listed in the table below (see Audit Report) was paid 62 days after the invoice were received:

This is as a result of insufficient management monitoring to ensure all payments were made with the prescribed period of 30 days.

This results in non-compliance with laws and regulations as prescribed measures per the MFMA were not followed. Furthermore, should these invoices be overdue the municipality could incur interest charges due to the accounts being overdue which will constitute fruitless and wasteful expenditure as the interest could have been avoided had the municipality managed to pay on time.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
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<p><u>Financial management – Compliance monitoring</u></p> <p>Management did not implement adequate controls over monitoring of receipt of goods and/or services and payments of supplier invoices.</p>	<p>Management should ensure that payments are made within the prescribed period of 30 days, it is also recommended that management ensure that all documents received are date stamped to ensure effective follow up is made for payments.</p>	<p>Management agrees with the finding.</p> <p>Most of the creditors were paid within 30 days after the Finance Department received the invoices. Unfortunately there are sometimes delays in other departments before the finance can do a payment.</p>	<p>The new method of payment from orders will resolve the issue.</p>	<p>Immediately</p>	<p>CFO</p>	<p>Completed and monitored regularly</p>
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