

ANNUAL REPORT 2010/2011

DEPARTMENT OF FINANCE

OBJECTIVE OF THE DEPARTMENT OF FINANCE

The objective of the Finance Department is to secure sound and sustainable management of the fiscal and financial affairs of the Municipality by establishing norms and standards and other requirements for—

1. Ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities;
 - (a) The management of their revenues, expenditures, assets and liabilities;
 - (b) Budgetary and financial planning processes and the co-ordination of those processes with the processes of organs of state in other spheres of government;
 - (c) Borrowing;
 - (d) The handling of financial problems in the Municipality;
 - (e) Supply Chain Management; and
 - (f) Other financial matters.

OBJECTIVES FOR THE 2010/2011 FINANCIAL YEAR:

The goals of the Department Finance are to ensure effective and efficient financial management and to reach the following objectives.

- To manage Municipal revenue;
- To manage the Municipal budget;
- To maintain internal financial control;
- To produce financial reports;
- To perform the treasury functions.

To Manage the Municipal revenue:

Item	Yes/No	Comments
To issue monthly accounts	Yes	Services 9,036 p/m Rates 4,780 p/m
To reconcile the income control accounts	Yes	Monthly
To bank cash received on a daily basis	Yes	Daily

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To manage the Municipal budget;

Year	Income	Expenditure	Surplus/(Deficit)
2007/2008	39,949,255	42,227,798	(2,278,543)
2008/2009	75,197,107	58,910,440	16,286,667
2009/2010	79,759,867	57,343,610	22,416,257
2010/2011	75,231,531	58,253,656	16,977,875

The reasons for the significant surpluses over the last three years, can be contributed to the fact that the Municipality is working on a cash basis and expenditure is only done when cash is available in the bank.

To maintain internal financial control;

- 1) The internal financial control was not up to standard during the financial year. This was due to various vacancies within the Financial Department. The position of Chief Financial Officer was only filled from January 2011 and for the first 6 months of the financial year, the controls were not adequately executed. The internal controls are now executed in a disciplined way
- 2) The Internal Audit Unit (Shared IA of Pixley ka Seme D/M) supports the Municipality to identify short comings in the financial controls.

To produce financial reports;

- 1) Section 71 reports were submitted to Council and Provincial Treasury and National Treasury as prescribed.
- 2) Financial management reports were submitted to Council on a monthly basis, in order for Council to execute their oversight function.
- 3) The 2010/2011 Annual Financial Statements were submitted on 16 September 2012 and it is attached to this report.
- 4) The Auditor-General's report on the 2010/2011 financial statements are attached.

To perform Treasury functions:

PROPERTY RATES VALUATION ROLL

Property rates were levied on the general evaluation that was done in 1993. The new property valuation roll was only implemented on the 1 July 2011.

INDIGENT POLICY

A total number of 3263 people received the estimated equitable share amounting to R 5,127,959 per year.

The breakdown per service is as follows:

SUMMARY	ALLOCATION PER SERVICE
Rates	599,421
Water	157,365
Electricity	971,405
Refuse	2,044,219
Sewerage	1,355,549
TOTAL	5,127,959

GROWTH IN OPERATING BUDGET:

YEAR	INCOME	STAFF	REPAIR & MAINTENANCE	GENERAL EXPENDITURE
2008	39 949 663	19 723 917	941 949	42 227 802
2009	75 197 107	19 603 609	1 300 090	38 006 741
2010	79 754,161	20 154 364	1 192 342	35 996 898

CAPITAL BUDGET:

YEAR	BUDGETED EXPENDITURE	ACTUAL EXPENDITURE
2008/2009	9,922,774	6,878,257
2009/2010	14,333,000	16,887,202
2010/2011	17,184,000	18,037,943

CASH FLOW OVERVIEW:

The cash flow remained a critical focus area as it seriously impacts on the ability of council to render services. Strict budget control has been executed and that resulted in positive cash and cash equivalents at year end.

PAYMENT CULTURE FOR THE YEAR:

Total amount levied	R 42,661,630
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Total payments	R 29,267,727
Payment percentage	68,60 %

FREE BASIC SERVICES

Free Basic water: 6kl were supplied to indigent households in accordance with Councils policy.

Free Basic Electricity: 50kwh were supplied to all households qualifying for indigent status in accordance with Council policy in the Councils area of supply. A service level agreement exists between Eskom and the Council for provision of free basic electricity in Griekwastad, Breipaal, Bongani and Douglas.

Free Basic Sewerage & Refuse: Targeted approach was utilized. The subsidy was only supplied to households qualifying in terms of the Indigent Policy of the Council.

GRANTS AND SUBSIDIES RECEIVED

Equitable Share	R 25,817,536.
Municipal Infrastructure Grant	R 12,567,000.
Municipal Finance Grant	R 1,200,000.
Municipal System Infrastructure Grant	R 750,000.
Department of Arts and Culture	R 420,000.

ASSESSMENT BY ACCOUNTING OFFICER ON ANY ARREARS ON MUNICIPAL RATES AND SERVICE CHARGES

Property Rates

	2011		2010	
Current (0 – 30 days)	R	188,050	R	325,895
31 – 60 days		135,221		109,309
61 – 90 days		130,171		91,862
+ 90 days		3,993,852		3,160,342
Total	R	4,447,294	R	3,687,408

Electricity

	2011		2010	
Current (0 – 30 days)	R	1,104,919	R	887,411
31 – 60 days		93,675		153,120
61 – 90 days		86,595		101,691
+ 90 days		1,912,095		1,558,147

Total	R	3,197,284	R	2,700,369
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Water

		2011		2010
Current (0 – 30 days)	R	1,034,489	R	497,496
31 – 60 days		371,889		408,470
61 – 90 days		390,945		295,706
+ 90 days		16,480,583		1,2699,747
Total	R	18,277,907	R	1,3901,419

Refuse

		2011		2010
Current (0 – 30 days)	R	483,809	R	312,863
31 – 60 days		120,520		74,782
61 – 90 days		117,751		59,988
+ 90 days		4,966,717		3,923,949
Total	R	5,688,797	R	4,371,582

Sewerage

		2011		2010
Current (0 – 30 days)	R	623,361	R	362,684
31 – 60 days		197,712		154,791
61 – 90 days		194,568		138,331
+ 90 days		7,321,993		5,667,355
Total	R	8,337,635	R	6,323,161

Other receivables

		2011		2010
Current (0 – 30 days)	R	686,767	R	10,962
31 – 60 days		9,453		9,143
61 – 90 days		9,511		8,738
+ 90 days		1,706,172		2,160,970
Total	R	2,411,902	R	2,189,813

Services were suspended on a monthly basis, but outstanding debt from Indigent consumer's amount to almost 50% of outstanding debt. Unserviceable water meters contributed to the unsuccessful debt collection effort.

PERFORMANCE ASSESSMENT ON REVENUE COLLECTION

**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	5 734 430	5 571 356	163 074	2.93%	
Government Grants and Subsidies	44 335 765	-25 818 000	70 153 765	-271.72%	Increase in spending
Fines	60 978	35 000	25 978	74.22%	Traffic fine increase from Provincial
Actuarial Gains	-2 377 213	-	-2 377 213	0.00%	
Service Charges	31 646 325	-4 723 471	36 369 796	-769.98%	
Rental of Facilities and Equipment	340 038	301 863	38 175	12.65%	
Interest Earned - External Investments	679 786	200 000	479 786	239.89%	
Interest Earned - Outstanding Debtors	389 874	261 600	128 274	49.03%	
Licences and Permits	4 771	4 800	-29	-0.60%	
Agency Services	616 236	610 000	6 236	1.02%	
Other Revenue	1 845 832	331 189	1 514 643	457.33%	Nashua took over office printers and finance lease
Total Revenue	83 276 822	-23 225 663	106 502 485	(2)	

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION**

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
-	(68 049)	(68 049)	Aid Allowances	-	(185 007)	(185 007)
28 964	(107 973)	(79 009)	Cemetery	30 259	(128 982)	(98 723)
-	(457 338)	(457 338)	Civic Centre	-	(10 804 001)	(10 804 001)

3 196 884	(2 780 746)	416 138	Cleansing	3 825 271	(3 189 387)	635 884
40 997 777	(11 522 456)	29 475 321	Council General	43 905 515	(20 801 204)	23 104 311
198 580	(1 414 981)	(1 216 401)	Douglas Holiday Resort	112 150	(1 066 579)	(954 429)
18 092 346	(14 568 165)	3 524 181	Electricity	19 858 084	(16 546 979)	3 311 105
318 278	(5 845 381)	(5 527 103)	Finance	2 180 166	(7 870 772)	(5 690 606)
-	(4 452)	(4 452)	Fire Brigade	-	(31 488)	(31 488)
-	(179 260)	(179 260)	Health Services	-	(140 106)	(140 106)
4 285	(809 161)	(804 876)	Library's	392	(747 893)	(747 501)
658	-	658	Licenses	1 054	-	1 054
68 043	(233 463)	(165 420)	Commonage	193 142	(236)	192 906
-	(1 681 523)	(1 681 523)	Municipal Manager	-	(1 862 455)	(1 862 455)
-	(997 971)	(997 971)	Parks & Recreation	-	(1 000 611)	(1 000 611)
75 746	(2 825 791)	(2 750 045)	Properties	74 160	(193 591)	(119 431)
-	(9 047 708)	(9 047 708)	Public Works: Roads	-	(3 512 325)	(3 512 325)
-	(786 863)	(786 863)	Sanitation	-	(714 133)	(714 133)
3 831 829	(3 758 391)	73 438	Sewerage & Sanitation	4 465 307	(2 419 333)	2 045 974
-	(112 866)	(112 866)	Storm water Drainage	-	(160 013)	(160 013)
660 141	(256 877)	403 264	Vehicle Licenses	677 214	(275 586)	401 628
6 388 154	(2 201 013)	4 187 141	Water	7 954 108	(2 727 643)	5 226 465
						-
73 861 685	(59 660 428)	14 201 257	Sub Total	83 276 822	(74 378 324)	8 898 498
-	1 305 080	1 305 080	Less Inter-Departmental Charges	-	2 346 042	2 346 042
73 861 685	(58 355 348)	15 506 337	Total	83 276 822	(72 032 282)	11 244 540

CORRECTIVE ACTIONS TAKEN OR TO BE TAKEN ON THE FINDINGS OF THE AUDITOR-GENERAL

SUMMARY			
FINDING	RECOMMENDATION/ACTION TO BE TAKEN	RESPONSIBLE PERSON	PROGRESS
Ex.89 Procurement and Contract management - Non compliance	The Municipality must establish the SCM unit which will implement and monitor the SCM policies.	Municipal Manager	The Supply Chain Practitioner has been appointed in November 2011. One other vacancy still to be filled.
EX 114 Compliance - Non compliance with Water Services Act A. the context of the water services plan in the IDP is not in accordance with the requirements section 12 and 13 of the Act. B. the Municipality does not have by-laws for water services as required by section 21(1) of the act	The municipality should equip itself with resources that will enables better understanding of compliance issues and requirements of the applicable Laws & Regulations, such as regular training or workshops for staff members. A. The Water Services Plan in the IDP should be updated. B. Water Services By-laws should be developed and implemented	Municipal Manager and Manager: Technical Services	No progress – To be addressed during the IDP reviewing process
EX 116 Compliance - Non compliance with MFMA Section75 (website)	Refer to finding 94	Refer to finding 94	Refer to finding 94
<i>Borrowings and long-term loans</i>			
EX.23 Long term liabilities - weaknesses	1. All assets that are to be paid for over a period of one financial term should be classified as operating/finance lease and all finance lease should be capitalized and form part of lease liabilities. 2. The municipality should ensure that its filing system is in order all contracts should be properly maintained 3. Management should ensure that all information pertaining to the financial statements is provided for audit purposes	Ms C Zealand	1. Management does not agree with the finding point 1. All assets were capitalized as per the contract. All leased assets identified were included in either an addendum or new contract signed 25/08/2011 which is only to be capitalized in the 2011/12 financial period. 2. Amortization schedules were provided with a memory stick. 3. The interest and capital are written to the following vote numbers: 0460/3901, 0540/3901, 0550/3901, 0560/3901. Only the capital is taken out in Journal 21.
EX.54 Long term liabilities - insufficient support	Management should ensure that journals are prepared, verified and authorized by different people and that they are thoroughly supported.	Ms C Zealand	The documents were submitted to the AG Staff.
<i>Cash and cash equivalents</i>			
EX.62 Cash and bank-No reconciliations performed	Management should ensure that monthly reconciliations are performed to be able to keep record of outstanding amounts.	Ms M Stellenberg	The format of the bank reconciliations used by this Municipality is developed by Sebata and is used by numerous Municipalities. For the past 10 to 20 years the format was acceptable to other Professional External Auditors. There is no need to change the format now, as the inconsistency

			of External Auditor's opinions is well known. Sebata's opinion will be obtained and any site specific changes on the format of the bank reconciliations will have huge financial implications for the Municipality, which could be regarded as fruitless and wasteful expenditure.
EX 87 Cash and Bank: Returned cheques and unidentified credits register is not kept	Management should implement a returned cheque and unidentified credits register.	Ms M Stellenberg	
EX.90 Cash and Bank- Understatement of cash	Management should implement a process to ensure the continual updating of the accounting records and the periodic review of the same, to avoid errors and/or omission in the recording of transactions.	Ms C Zealand	
Commitments			
Ex 124 Commitments - Differences noted in the schedule	Management should implement a process to ensure the continual updating of the accounting records and the periodic review of the same, to avoid errors and/or omission in the recording of transactions.	Ms C Zealand	
Ex.28 Commitments - No council approval of commitments	At the end of the financial year, management should provide a list of all commitments to the council for approval. The council must approve the list as evidence that it allows the municipal funds to be spent in the following year on those respective projects.	CFO	The commitments at the end of the Financial Year will be recorded as unspent conditional grants and approval will be obtained for the roll-over of the unspent portions. Council's approval will be obtained before end of June
Contingent liabilities			
Ex 125 Contingent liabilities - No license for land fill site			
Ex.12 Contingent Liabilities - Weaknesses identified.	Management should ensure that the following is kept: 1. Schedule of contingent liabilities 2. Formal documented processes of identifying contingent liabilities. 3. A legal correspondence file, where all correspondence between the municipality and the lawyers is kept.	Manager Corporate Services	Recommendation will be implemented
Employee costs			
Ex.5 Employee costs - No uncollected wages register	Management should ensure that an uncollected wages register is kept for all the uncollected wages that might occur in the payment of wages.	Ms L Selego	An uncollected wages register exist, but there is no entries in the register because we don't have uncollected wages.
Ex.16 Employee Cost - No rental agreements and fringe benefit recognised for tax.	Management should ensure that all documentation is maintained in a manner so that it is readily available for audit purposes at all times and copies of the	Manager; Corporate Services	(a) Management will implement recommendation (b) A council resolution was passed; the property should be

	<p>documentation is made for safekeeping, Information should be submitted for audit purposes without any delays.</p> <p>(a) Management should ensure that information is readily available for audit purposes.</p> <p>(b) Management should ensure that fringe benefits are calculated and included in the gross remuneration of the relevant employees.</p> <p>(c) Management should ensure that the asset register provide more detail to ensure that there is an audit trail and the houses should be included as property, plant and equipment on the asset</p>		<p>transferred to the relevant individuals.</p> <p>(c) Management does not agree with this finding. After compiling the deed searches, the erf numbers should also be available to be trace to the asset register.</p> <p>Erf numbers of the properties are all listed on the asset register, refer to column E of the asset register.</p>
Ex 65:Leave_No communication of leave and at least ten days not taken	<p>a) Management should ensure that communication are send out to employees timely to inform them about the current leave balance and to ensure that the employee take the required leave to avoid the leave balance to be more than the maximum of 48 days.</p> <p>b) Management should ensure that all employees take the necessary leave to prevent overworked, tired or fraudulent workers.</p>	Manager: Corporate Services	A council item will be sent to council for resolution because we don't pay out leave, so that they must at least give six months grace period to take leave more than 48 days. Most employees take their annual leave in December.
EX82: Employee Cost No wage register	Management should keep an accurate and complete wage list/ register for all the temporary workers who are employed by the municipality. This should be apart from the wage attendance register.	Manager: Corporate Services	Recommendation will be implemented
EX83:Employee Cost No appointment letters(temporary employees)	Management should ensure that the employees hired as temporary employees have appointment letters.	Manager: Corporate Services	
EX 84 Employee Costs No employment contract	Management should ensure that contracts with employees are updated regularly and is legally binding.	Manager: Corporate Services	
EX 117: Employee Cost: Journal not found	Supporting documentation should be submitted by the municipality to support journal entries.	Ms C Zealand	Management does not agree. Document was submitted to AG Staff.
General IT controls			
EX 99 Compliance - No IT strategic committee	Management should ensure that there is an IT steering committee.	Municipal Manager/CFO	Management is in the process of addressing the findings. Sebata will provide IT assistance.
Heading 1			
Ex.6 Late Submission of the AFS	Management should ensure that information regarding the	CFO	The AFS were submitted late due to the implementation of Directive

	preparation of the annual financial statement is readily available in time, to ensure compliance the MFMA.		4 and GRAP 17. This was reported to the AG's office in Kimberley. The AFS were submitted on Friday 16 September 2011, as promised. The 2012 financial Statements will be submitted on time.
Ex.7 No Risk Committee	Management should establish the risk committee, to ensure that it identified the risk identified are monitored and followed up.	Municipal Manager/Council	The Municipality does not have a separate Risk Committee, due to the size of the Municipality. The Shared Audit Committee of the Pixley Ka Seme District Municipality is also the Risk Committee. Refer to the Audit Committee Charter to confirm the responsibility as Risk Committee. The Audit Committee Charter is in your possession.
Ex.8 Internal audit and Audit Committee	The municipality should strive to establish a small unit of the internal audit, as this might help, address most of the risks, and help the municipality moves towards clean audit.	Municipal Manager	When the External Auditors started with the audit, the CFO informed them that we make use of the Shared Internal Audit Unit of the Pixley Ka Seme District Municipality, in terms of Section 165 (3) of the MFMA. The reason for this is the fact that it is more cost effective, as the District Municipality subsidizes the service, as a contribution to the Local Municipalities. There is a written Service Level Agreement in place. The same reason applies to the Audit Committee. This Municipality bears the sitting allowances and transport of the Audit Committee members.
Ex.9 No follow up on Internal audit findings	All findings on internal audit reports should be attended to as a matter of urgency as these could prove to be detrimental to the operations of the municipality of not addressed appropriately.	CFO	The response of the CFO on the findings of Quarter 3, were submitted to the IA Unit on 20 September 2011. This can be confirmed by the IA Unit.
Ex.10 Weaknesses in the internal controls	Management of the municipality should establish these best practices and ensure that these are communicated to all staff.		<ol style="list-style-type: none"> 1. All employees received the Code of Conduct for employees. 2. It is general knowledge when disciplinary actions have been taken and it is widely communicated through the grape vine. Please quote the legislative requirement for communicating such information. This action could be regarded as intimidation. 3. SCM unit was established. 4. Recruitment policy was approved on 29 September 2011. 5. The personnel regularly go

			<p>on training; a few completed the MFMP programme which is required in order to reach the prescribed competency level.</p> <p>6. The organisational structure was approved on 29 September 2011</p> <p>7. There is a file available from Miss C Zealand with all Risk Management information</p>
Ex.51 Expenditure - Journals Not provided	The municipality must ensure that journal files are kept in the custody of finance personnel, who will be accountable for any movement of the journals inside the file. The personnel must ensure that if a journal is removed from the file, it must be signed for, so as to prevent the loss of journals.	Ms Bloem	All requested journals were submitted to AG staff.
Ex.52 Findings on the financial statements - High level review	A proper review of financial statement should be performed, by audit committee and independent senior financial personnel.		<p>1. Management does not agree to this finding. As the amount of R3032251 is not the opening balance of the VAT control but the VAT payable for the 2011 financial year.</p> <p>2. Management does not agree to this finding as the total long term including short term portion amounts to R22971 in the 2009/10 financial year this has been totally disclosed as short term in the 2010/11 financial year.</p> <p>3. Management does not agree to this finding.</p> <p>4. Management does not agree to this finding.</p>
Ex 67 Unauthorised, irregular, and fruitless and wasteful expenditure - Reports not submitted	Management should ensure that all required reports are sent to relevant external parties, like MEC, Auditor general and the Treasury.	Municipal Manager/CFO	Reports will be submitted when and here incidents occur.
Ex 70 Fruitless and wasteful expenditure - Overstatement of fruitless and wasteful expenditure	Management should ensure that the MFMA is considered when classifying types of expenditures. This will ensure that expenditures as defined by the MFMA are properly classified.	Ms C Zealand	Management agrees to the finding and the AFS were amended.
EX.91 Consumer Deposit - Consumer deposit does exist for consumer debtors	<p>1. Management should ensure that a policy is implemented to ensure every consumer pay a deposit before such services is rendered to them.</p> <p>2. It is recommended that management require all</p>	CFO	<p>The Credit Control policy was reviewed and work shopped by the Council. This reviewed policy caters for the payment of deposits.</p> <p>Once the policy has been work shopped with the Community, the</p>

	consumers to pay a deposit based on a reasonable estimate of one month's account from with outstanding accounts could be recovered. In cases where the consumers are in arrears the deposits should be kept by the municipality and further supply of services to the consumer stopped. This will help improve the recoverability of revenue from consumers.		Council will adopt it and the By-Law will be passed.
EX 94 Compliance-No official website	Management should implement an official website to ensure that certain information are published on the website as required by Section 21 (B) of the MSA	Manager Corporate Services	
EX 100 Compliance-Section 21b not adhered to a time schedule outlining key deadlines of section 71 or 72,	Management should ensure that the municipalities compliance with laws and regulations are being prioritized and the a specific dedicated person is appointed to take responsibility for compliance and the required submission of reports .	CFO	The timetable for the budget process was submitted Council, but the Council meeting took place after 31 August 2011. It was therefore submitted late. All Section 71 reports were submitted. The Section 72 report will in future be submitted in time.
EX 104 Compliance Speaker and mayor the same	The Mayor or executive mayor should not act as a speaker in the municipal council meeting.	Municipal Manager	
EX 105 Compliance No staff establishment	Municipal manager should ensure that the municipality has an approved staff establishment.	Municipal Manager/Manager Corporate Services	The revised Organisational Structure was approved by Council after year end. (29 September 2011)
Ex 106 Compliance No declaration of interest by the mayor and councillors	Management should put in place, a system to record the declarations of business interests for the councillor's and the mayor	Manager Corporate Services	Recommendation will be implemented
Ex 107 Consumer deposit - Supporting documents not submitted for audit During the audit of consumer deposit - disconnections it was found that no evidence exist that consumer was refunded consumer deposit.	Management should ensure that supporting documents are available for audit.	CFO	Recommendation will be implemented
Heading 2			
Ex.120 – Employee benefits - Provision for bonuses - Information not submitted	????		
Employee benefits			
Ex.121 – Provision for bonuses – Information not submitted.	????		
Ex.69 Irregular and Fruitless and wasteful expenditure - Expenditure not disclosed in the AFS	Management should keep track of any irregular and fruitless and wasteful expenditure that has been incurred during the year and ensure that this is updated as and when the expenditure	CFOMs C Zealand/Ms L Selego	The fruitless and wasteful is already in EX 36, actual finding 3 The AFS were adjusted

	occurs. This schedule should be regularly reviewed for completeness during the year, by an independent finance official.		
Heading 3			
Ex.50 Journals - Weaknesses identified.	1.Management must ensure that journals are compiled by one official, then verified/reviewed by another official to be able to identify any errors made by a compiler. 2.All journals passed must be verified and authorized by senior official.	CFO/Ms Bloem	Recommendation already implemented
Ex 71 Unauthorised and irregular expenditure - Weaknesses identified.	Management should investigate any unauthorized or irregular expenditure incurred, and should also hold persons accountable for such expenditure, if not condoned by council.	Municipal Manager/CFO	Recommendation will be implemented
Immovable assets			
EX.11: Fixed assets: No approved supplier list	An approved supplier list should be kept for the suppliers of the municipality	Ms L Selego	The new organisational structure was only approved on 29 September 2011. The appointment of the SCM practitioner will be finalised before end October 2011. All prospective suppliers were invited to register on the Municipality's data base, but only few applications were received. When the SCM practitioner is in place, the database will be updated.
Ex.19 Fixed assets: Reconciliation not done between asset register and general ledger	Reconciliation should be done between the asset register and the general ledger.	Ms C Zealand	Management does not agree with this finding. The Asset register and General ledger and AFS agree.
Ex.30 Fixed Assets: Accounts not created in the General ledger	Management should ensure that all accounts are created in the general ledger account.	Ms Bloem	Management does not agree to the audit finding as the following accounts in the trial balance make up the property, plant and equipment.
Ex.32 Fixed Assets - No supporting documents provided for additions	Management should ensure that supporting documents are properly filled.	Ms C Zealand	Management does not agree to this audit finding due to the fact that all the above items listed in the asset register were purchased from Khoisan Civils invoice 307,308 and 309, from the MIG grant funding under the Schmitsdrift: Civil Service project.
Ex 33 Fixed Assets - Assets not physically Verified	Management should ensure that the fixed assets register contain the required detailed information in order to physically verify all assets.	Ms C Zealand	Assets are available for verification

Ex 45 Fixed Assets - Land depreciated	Deprecation on the financial statements should be reduced by amount incorrectly calculated as depreciation for land (Game Farm). Land (Game Farm) disclosed as property, plant and equipment in the financial statements should not be depreciated.	Ms C Zealand	Management agrees with the audit finding and the AFS were rectified.
Ex 48 Fixed Assets - No rateable valuation reconciliation	Management should ensure that rate able valuation reconciliation is performed. Management should ensure that land is properly valued as per the valuation roles.	Ms M Stellenberg	Management does not agree to this finding as a valuation roll was performed and implemented as a new valuation roll was implemented as from 1 July 2011. The land was valued according to this valuation roll.
EX 101 Compliance No approved asset management policy	Management should ensure that the municipality has an approved asset management policy.	CFO	The Draft Asset Management Policy is available and will be submitted to Council for approval.
<i>Inventory</i>			
EX.57 Inventory - GL amount not identical to TB figure	Management should ensure that amount in the general ledger are properly transferred to the trial balance and to the financial statements.	Ms C Zealand	Corrected by Consultant
EX 95 Inventory - Misstatement of inventory	Management to ensure that financial statements submitted to the office of the Auditor General are supported adequately and are complete. Management should ensure that the general ledger agrees to the trial balance which has to agree to the financial statements. Management should ensure the all account used as suspense accounts are cleared at year end.	Ms C Zealand Ms C Zealand Ms Bloem	Recommendation will be implemented
EX 96 Inventory - weaknesses of inventory	Management should ensure that all information is provided to our office and the filing system are in order to ensure easy access to the information	Ms L Selego	Recommendation will be implemented
<i>Investment property</i>			
Ex.31 Investment Property - Depreciation overstated	Depreciation on the financial statements should be reduced by amount incorrectly calculated as depreciation for investment property. Land disclosed as investment property in the financial statements should be removed from property, plant and equipment (fixed assets register).	Ms C Zealand	Management agree with the audit finding and the AFS were corrected.
<i>Investments</i>			
EX 103 Investments-Non performance of Investments reconciliations	Management should ensure that proper reconciliations are prepared. A reconciliation has to include:	Ms C Zealand	Management does not agree with the wording of the finding as reconciliations were performed.

	<ul style="list-style-type: none"> • Date, • Transaction description • Amount as per the supporting documentation • Amount as per the bank statements/receipts • Preparer's name, date and signature • Reviewer's name, date and signature 		Different detail was included in the reconciliations.
Leases			
EX.72 Operating Lease - Incompleteness of operating lease	Operating lease for Vodacom (PTY) Ltd should be disclosed in the financial statements.	Ms C Zealand	Management agrees to this finding. AFS has been corrected
Movable assets			
Ex 15 Fixed Assets :No asset count performed by municipality	Asset count must be performed by the municipality annually	Ms C Zealand/Ms L Selego	All inventories were counted at the end of June 2011. The evidence is in your possession. The assets were counted partially due to time constraints. We are in the process of allocating the responsibility to a dedicated person who would be responsible for asset management.
Operating expenditure			
Ex.2 Expenditure-S.C.M Policy not followed- Insufficient quotations obtained	<p>The municipality should ensure that even at emergency situations, quotations should be sort, as these should not take long to do.</p> <p>An approved list of suppliers should be kept so as to avoid unregistered suppliers, thus resulting in loss of municipal funds.</p>	Ms L Selego	The SCM policy and SCM regulations stipulates that in cases of emergencies only one quotation will be sufficient and purchases can be made from suppliers not listed on the database. Forms were sent out to the suppliers, only a few responded.
Ex.24 Fixed Assets: No supporting documents for repairs	Management should ensure that supporting documents are properly filled.	Ms C Zealand	Will be implemented
EX.34 Expenditure-Limitation of scope	Management must ensure that all the required information is submitted	Ms C Zealand	Nr 1-3 was submitted, Nr 4-5 was obtained in request nr 12. Management will implement recommendation.
EX.35 Expenditure - Insufficient supporting documentation	Management must ensure that supporting documentation is provided for inspection	Ms C Zealand	Management will implement recommendation GWK ???
EX.36 Expenditure-Fruitless and wasteful expenditure	Management must ensure that a record of wasteful and fruitless expenditure is kept so that it can be completely disclosed in the annual financial statements, and this must be monitored throughout the financial year.	Ms C Zealand/CFO	Management agrees and will correct the Financial Statements Recommendation will be implemented
EX.37 Expenditure-	Management should ensure that	Ms C Zealand	Will be implemented

Payments not made by original invoices	the payment is made on the original document.		
EX.38 Expenditure-payments not made within 30 days	Invoices for services rendered should be followed up regularly.	Ms C Zealand	Due to financial constraints the Municipality could not pay its suppliers in time, but the problem was addressed and suppliers are now paid within 30 days.
EX.55 Procurement and Contract management - Insufficient quotations	The municipality must keep the list of all prospective suppliers and always obtain quotations from them for any goods & services that need to be purchased.	Ms L Selego	SCM Unit established, will be corrected in future.
EX.80 Procurement and Contract management - Information not submitted for audit purposes	The municipality must improve its filing system to ensure that documentation is kept safe and accessible whenever needed. Quotations/supporting documents	Ms L Selego	Recommendation will be implemented
EX.88 Procurement and Contract Management - Month to Month contracts not approved and disclosed in AFS	The municipality should initiate a competitive procurement process for the services rendered by the suppliers who are on a month to month basis. All procurement made by the municipality in deviation with the procurement process should be disclosed in the AFS.	Ms L Selego	Recommendation will be implemented
Payables			
Ex.3 Trade and other Payables-No reconciliations performed	Management should ensure that monthly reconciliations are performed, as these will assist in: (i) ensure that all payables are identified on a monthly basis and that the accounts payable listing is complete and can be followed up by personnel. (ii) identifying differences between balances due to suppliers as per the supplier's records and the records of the municipality. (iii) make payments in a timely manner, to prevent non-compliance with laws and regulations and reduce the possibility of penalties and interest charged against the municipality which could lead to fruitless and wasteful expenditure.	Ms C Zealand	Proper reconciliations are not performed due to the fact that the creditors are not implemented on the Sebata system yet. The creditors clerk Jeanette Maubane has a file where she captures the invoices paid to compare it with the supplier's statement.
Ex.39 Payables - Supplier statement not agreeing to Creditors listing	Management should keep track of the municipal creditors on a monthly basis. This includes performing reconciliations on a monthly basis and ensuring that monthly statements are received from creditors.	Ms C Zealand	Management will implement recommendation
Ex.41 Payables - No supporting documentation for	Management should keep an audit file that seeks to include all	Ms C Zealand	Management will implement recommendation

receivables with credit balances	supporting schedules of the figures as disclosed in the financial statements. Supporting documents making up the amounts as disclosed in these schedules should be kept and filed appropriately for future usage and if required in times of audits.		
Ex.42 Payables - Journals not provided for audit purposes	Management should establish proper record keeping procedures and ensure that all information is readily available for submission on request.	Ms Bloem	Journal nr 41 and 42 are attached behind journal nr 40. Please find attached journal nr 47 and 48.
Pre-determined objectives			
Ex.4 Pre – determined objectives - Non-Compliance on laws and regulations	Management should ensure that system are developed and implemented to ensure the establishing, monitoring and reporting of performance information within the municipality. Management should ensure that the necessary adjustments to the performance information process are made and they should disclose the proper information as required by the audit finding	Municipal Manager/Manager Corporate Services	Municipal Manager and Head of Departments had performance contracts – Mr. Muller only appointed 01/01/2011. No quarterly evaluations done. No performance report at 30/06/2011. Recommendations will be implemented.
Ex 112 Pre-determined objectives – Non Compliance to Municipal Systems act. <ul style="list-style-type: none"> • Minutes of the IDP REP forum were not submitted to our office, thus it could not be confirmed if the public participation took place • No proof could be provided about the community notice of the view of the IDP and commenting on the IDP • No proof could be provided on informing the public about the performance targets • The municipality does not have a performance management system in place 	Management should develop a compliance adherence plan and ensure that it is adhered to	Municipal Manager/Manager Corporate Services	Management will implement recommendation
EX.61 Predetermined objectives - Non compliance	Management should ensure that there is a system in place to ensure that annual performance report is prepared and submitted	Municipal Manager/Manager Corporate Services	Management will implement recommendation

	in time.		
Provisions			
Ex.26 Provisions - Non recording in the GL	A proper verification of financial/accounting records should be done before financial statements are presented for audit purposes. The annual financial statements should be agreed to the general ledger, and the trial balance. This will ensure that discrepancies are noted earlier and correctly rectified timeously.	Ms C Zealand	Management does not agree to the finding as the journals were posted.
Ex.27 Provisions - Understatement of provisions	The municipality must ensure that all dumping sites that are in use are provided for as the municipality might face legal actions if these are not followed.	Manager: Technical Services	Recommendation will be implemented
Receivables			
Ex.1 Matters of Governance: Internal deficiency on policies	The accounting officer should ensure that all oversight bodies within the municipality function in a way that will bring about the accurate, reliable and complete financial reporting.	Municipal Manager	Management will assure that all oversight bodies are aware of their duties, responsibilities and lines of reporting. Management will ensure that all the adopted policies of council is communicate to the oversight personnel
Ex.75 Receivables - Indigent debtors not monitored and insufficient documentation	A The municipality must write-off all outstanding balances for indigent debtors then implement processes to monitor usage of services by indigent debtors. B. Before the municipal official approve the application form for indigent, affidavits must be reviewed whether stamped & signed by commissioner of oath. C. The municipality must improve its filling system to ensure that documentation are kept safe and accessible whenever needed.	CFO/Ms M Stellenberg	Recommendation will be implemented
EX.76 Receivables - Existence could not be confirmed and non-compliance	The municipality must implements processes as detail in the credit control & debt management policy Discontinuation of services etc	Ms M Stellenberg	(A) Recommendation will be implemented. (B) Provision is made for bad debt
Related parties			
Ex.63 Related Parties - Related party identification	Management should establish formal procedures of identifying related parties. These should be communicated to all relevant staff to ensure that these are identified timeously.	Manager: Corporate Services	Recommendation will be implemented.
Ex 66 Related parties - No register of disclosure of interest for councillors.	The municipality/management should keep a register of disclosure of interests by councilors. This register should be updated frequently and be kept in the custody of the senior	Manager: Corporate Services	Recommendation will be implemented.

	management official.		
Revenue			
EX.13 Revenue :Valuation of properties is outdated	<p>(a) Management should submit reasons for the valuation of properties not being properly updated with all property improvements and why the valuation of the properties is not being addressed.</p> <p>(b) Management should ensure that controls are implemented to ensure that all property in the municipal area are included in the valuation roll at appropriate values to ensure that revenue are correctly charged against all properties.</p>	CFO/Ms M Stellenberg	A new valuation roll was compiled during 2010/11 and has been implemented for the financial period 2011/12.
EX.14 Revenue: Segregation of duties	<p>a) Management should provide reasons for the responsibilities of preparing, reviewing and processing of journals not being delegated to different employees.</p> <p>(b) Management should ensure that the duties of preparing, reviewing and processing journals is separated. The recording, reviewing and processing of journals on the Sebata system should not be performed by one individual. All journal entries should be checked and authorized by the acting Chief Financial Officer or the Municipal Manager.</p> <p>(c) Management should ensure that all journals are prepared by a financially literate employee and authorized by a designated official for example the CFO of MM before being processed on the system to prevent the occurrence of possible misstatements in the financial records of the municipality.</p>	CFO/Ms Bloem	Currently all journals are created by Ms Bloem and authorised by the CFO. Your recommendation will be implemented
EX.22 Revenue - No reconciliations done	<p>Management should ensure that proper reconciliations are prepared. A reconciliation has to include:</p> <ul style="list-style-type: none"> • Date, • Transaction description • Amount as per the supporting documentation • Amount as per the bank statements/receipts • Preparer's name, date and signature • Reviewer's name, date and signature 	Ms M Stellenberg	The document was provided.

EX.53 Revenue - grants not in accordance to conditions stipulated	Prior to expensing from grants, management should ensure that the expenditure is in accordance to the conditions stipulated.	CFO/Ms Bloem	<p>Management disagree with this finding</p> <p>The conditions of the Municipal Systems Improvement Grant are as follow:</p> <ol style="list-style-type: none"> 1. - Submission of a signed activity plan in a prescribed format with detailed budgets and timeframes for the implementation of prioritized measurable outputs. 2. - Municipalities must adhere to the local government turnaround strategy. <p>A signed activity plan was submitted to National and Provincial Treasury.</p> <p>The TAS was approved and implemented.</p>
Ex.56 Revenue - non compliance to section 8(2) of the MFMA FNB account	Management should develop a compliance implementation plan and ensure that it is complied to.	CFO/Ms Bloem	FNB will be closed; only one account will be used.
EX.77 - Revenue - Grants conditions not received	Management should ensure that information disclosed on the financial statements is supported adequately, record are kept safer and provided for audit purposes.	Ms Bloem	Auditors should have conditions available in order to communicate to client if they complied with the conditions or not.
EX.78 Revenue - Non compliance to Municipal Property Rates Act	Management should develop a compliance implementation plan and monitor its implementation regularly.	CFO/Ms M Stellenberg	The municipality only implemented the Municipal Property Rates Act on 1 July 2011. For the 2010/2011 financial year the municipality did not have to comply with the Municipal Property Rates Act. The issue of the Property Register has been taken up with Sebata to be implemented in the 2011/2012 financial year.
EX 79 Revenue - completeness of revenue	Management should ensure that there are proper controls are in place to ensure that completeness of revenue is maintained. Receipt listing requested	Ms M Stellenberg	From 01 July 2011 a manual register is kept and updated monthly to execute control measures on receipts per cashier.
EX.81 Revenue - Other income - Limitation of scope During the audit of revenue, the supporting documentation of the under mentioned transactions could not be obtained, thus the occurrence, accuracy,	Management should ensure that every transaction that occurs has got support and there is proper audit trail.	Ms M Stellenberg	Recommendation will be implemented

classification and completeness of the transactions could not be confirmed.			
EX 86 Revenue - Amount in the trial balance does not agree to the financial statements Revenue overstated by R 221,136.00	Proper review of the financial records should be done to ensure accuracy of information.	Ms M Stellenberg/Ms C Zealand	Recommendation will be implemented
EX.92 Revenue - journals weaknesses	Management should ensure that prior to journals being authorized they are adequately supported	Ms Bloem	Management doesn't agree with finding as management implemented recommendations from previous auditors. Inconsistency of external auditors
EX.93 Revenue - Property rates - amount in financial statement not reconciled	A reconciliation/ summary of charges should be performed to ensure that amounts in the financial statements are accurate.	Ms M Stellenberg	Recommendation will be implemented
Ex 118 Revenue – Water services Act	Management should ensure that they review the financial statements thoroughly to ensure completeness and proper disclosure and accounting of transactions	Ms C Zealand	Management does not agree, information was given to auditor. The Auditor multiplied the water tariff with the electricity usage.
Ex 115 Compliance - Non compliance with Municipal Property Rates Act	The municipality must draft the rates policy which must be approved by the municipal council	CFO	Rates Policy was approved by Council, but the new valuations were only implemented on 1 July 2011.
Taxes			
Ex 97 VAT: VAT Returns not submitted timeously	Management should ensure that VAT returns and payments to SARS are submitted and paid timeously.	Ms C Zealand	Management does not agree with this finding. October: November was submitted late as the responsible individual passed away and Mrs Bloem was on sick leave. Arrangements were made with SARS. December: Was submitted on time 25/01/2011 April – June: The municipality registered on e-filing. Please see attached form from SARS – the municipality has until the last day of the month to make submissions and payments.
Ex 98 VAT - VAT reconciliations not done on a monthly basis	Management should ensure that VAT reconciliation is done on a monthly between the VAT returns and general ledger account.	Ms C Zealand	Management will implement recommendation
Accumulated surplus			
Ex 108 – Accumulated surplus - Insufficient supporting documentation for journals	Management should ensure that all transactions processed in the accounting record are adequately supported and are complete.	Ms Bloem/C Zealand	Management will implement recommendation
Ex 109 – Accumulated surplus - Change in	Management should ensure that all transactions are correctly	Ms Bloem/C Zealand	Management will implement

accounting policy and correction of error	accounted for in the financial statements. Management should ensure that they review the financial statements thoroughly to ensure completeness and proper disclosure and accounting of transactions		recommendation
Ex 110 – Accumulated surplus - Amount in GL does not agree to Trial balance.	Management should ensure that they review the financial statements thoroughly to ensure completeness and proper disclosure and accounting of transactions	Ms Bloem/C Zealand	AFS were corrected

RECOMMENDATIONS OF THE AUDIT COMMITTEE IN RELATION TO THE ANNUAL FINANCIAL STATEMENTS AND AUDIT REPORTS OF THE MUNICIPALITY AND ENTITIES

No recommendations were received from the Audit Committee on the Annual financial Statements and Audit Reports.

ALLOCATIONS RECEIVED AND MADE BY THE MUNICIPALITY

Allocations received:

Equitable Share

	2011	2010
Opening balance	0	0
Grants received	25,280,454	20,680,210
Conditions met – Operating	(25,280,454)	(20,680,210)
Conditions met – Capital	0	0
Conditions still to be met	0	0

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

Local Government Finance Management Grant

	2011	2010
Opening balance	(291,902)	225,130
Grants received	1,200,000	850,000
Conditions met – Operating	(904,503)	(1,367,032)
Conditions met – Capital	(3,595)	0
Conditions still to be met	0	(291,902)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA),

2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

Municipal Systems Improvement Grant

	2011	2010
Opening balance	112,361	66,682
Grants received	750,000	750,000
Conditions met – Operating	(731,173)	(715,268)
Conditions met – Capital	(183,004)	(11,053)
Conditions still to be met	(51,816)	112,361

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

Municipal Infrastructure Grant (MIG)

	2011	2010
Opening balance	599,223	2,730,705
Grants received	12,567,000	12,039,000
Conditions met – Operating	0	0
Conditions met – Capital	(10,129,821)	(8,774,482)
Conditions still to be met	8,432,402	5,995,223

The grant was used to upgrade infrastructure in previously disadvantaged areas.

Housing Grants

	2011	2010
Opening balance	(1,525,950)	(656,820)
Grants received	0	488,129
Conditions met – Operating	0	0
Conditions met – Capital	0	(1,357,259)
Conditions still to be met	(1,524,950)	(1,525,950)

Housing grants was utilised for the development of erven and the erection of top structures.

Integrated National Electrification Grant

	2011	2010
Opening balance	(293,100)	0
Grants received	1,483,100	922,000
Conditions met – Operating	0	0
Conditions met – Capital	(502,869)	(1,215,100)
Conditions still to be met	687,131	(293,100)

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

Other Grants

	2011	2010
Opening balance	(814,942)	(973,947)
Grants received	6,106,026	5,832,052
Conditions met – Operating	(390,723)	(240,857)
Conditions met – Capital	(6,209,623)	(5,432,190)
Conditions still to be met	(1,309,262)	(814,942)

Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)

Total grants

	2011	2010
Opening balance	3,181,680	1,413,750
Grants received	47,386,580	41,561,391
Conditions met – Operating	(27,306,853)	(23,003,367)
Conditions met – Capital	(17,028,911)	(16,790,084)
Conditions still to be met	6,232,506	3,181,690

Allocations made:

No grants were made to other spheres of Government.

Information in relation to outstanding debtors and creditors of the Municipality:

Debtors have already been discussed above.

Creditors of the Municipality:

Trade and other payables

	2011	2010
Total payables	R 3,342,845	R 4,512,904
Receivables with credit balances	282,647	128,869
Payments received in advance	0	331
Total Trade payables	R 3,625,492	R 4,642,104

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

INFORMATION OF BENEFITS PAID TO COUNCILLORS AND OFFICIALS

	2011	2010
	R	R
EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	12 550 186	12 051 948
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	3 312 685	3 362 039
Travelling Allowances	2 052 739	2 134 223
Standby Allowance	382 648	353 163
Housing Benefits and Allowances	415 326	357 166
Overtime	985 491	944 078
Workmens Compensation	-	1 128
Bonuses	1 063 854	914 387
Leave reserve	(5 875)	130 207
Provision for staff leave	(344 874)	(691 985)
Contribution to provision - Long Service Awards	145 894	126 459
Contribution to provision - Post Retirement Medical	254 516	480 293
	20 812 589	20 163 106
Less:	-	-
Total Employee Related Costs	20 812 589	20 163 106

KEY MANAGEMENT PERSONNEL

REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Remuneration of the Municipal Manager (IWJ Stadhouer)		
Annual Remuneration	300 000	100 000
Subsistence Allowances	12 000	8 000
Travelling Allowance	146 628	52 876
Contributions to UIF, Medical and Pension Funds	105 372	35 124
Cellphone Allowance	6 400	-
Public Allowance	12 000	-
Backpay	-	100 000
Housing	24 000	8 000
Total	606 400	304 000
Remuneration of the Chief Financial Officer (DF Kruger till 31 July 2009)		
Annual Remuneration	-	12 161
Subsistence Allowances	-	2 000
Housing	-	1 674
Travelling Allowance	-	23 982
Leave	-	15 761
Backpay	-	131 377
Contributions to UIF, Medical and Pension Funds	-	6 098

Total	-	193 053
Remuneration of the Chief Financial Officer (CJ Muller)		
Annual Remuneration	372 398	-
Travelling Allowance	30 000	-
Cellphone Allowance	4 000	-
Total	406 398	-
Remuneration of the Director Infrastructure Services		
Annual Remuneration	178 677	178 677
Housing	79 200	79 200
Travelling Allowance	100 384	100 384
Contributions to UIF, Medical and Pension Funds	47 808	47 808
Bonuses	14 890	14 890
Total	420 959	420 959

		2011	2010
		R	R
REMUNERATION OF COUNCILLORS			
Executive Mayor:	Allowances	380 681	211 931
	Pension and Medical	10 260	94 471
	Cell phone Allowance	29 221	28 163
	Backpay	20 127	-
	Travelling	126 893	122 128
Councillors:	Allowances	923 857	793 804
	Pension and Medical	-	197 756
	Cell phone Allowance	84 280	80 240
	Backpay	49 944	
	Travelling	307 954	337 628
Total Councillors' Remuneration		1 933 217	1 866 121

***In-kind
Benefits***

The Mayor is full-time. She is provided with an office and secretarial support at the cost of the Council.

Usage of donor funding

No donor funding was received during the financial year.

Public Private Partnerships

The Municipality did not enter into any contracts, agreements and projects under Public Private Partnerships during the financial year.

High level summary on service delivery performances on key services

MM to submit

Information on long term contracts

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	Rate %	Loan Number	Redeemable	Balance at 30 JUNE 2010	Change in Accounting Policy	Balance at 30 JUNE 2010 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2011
ANNUITY LOANS									
DBSA - Loan 101 Lalf 15104 - 11	10.05 %	11623	2012/12/31	97 845	-	97 845	-	(36 302)	61 543
DBSA - Loan 101 Lalf 15104 - 12	10.05 %	11624	2011/12/31	13 857	-	13 857	-	(9 012)	4 845
DBSA - Loan 101 Lalf 15104 - 14	13.75 %	11626	2015/06/30	406 924	-	406 924	-	(61 339)	345 585
DBSA - Loan 101 Lalf 15104 - 15	16.05 %	11627	2013/06/30	153 271	-	153 271	-	(43 471)	109 800
Total Annuity Loans				671 897	-	671 897	-	(150 124)	521 773
LEASE LIABILITY									
ITEC - FTD041/0006H	11.00 %		2010/12/31	-	136 050	136 050		(136 050)	-
ITEC - FTD041/0007E	8.02 %		2010/12/31	-	1 497 720	1 497 720		(1 497 720)	-
ITEC - FTD041/0008B	9.75 %		2010/12/31	-	107 084	107 084		(107 084)	-
ITEC - FTD041/0009A	9.75 %		2010/12/31	-	118 573	118 573		(118 573)	-
Nashua - GK500568-500586	11.00 %		2015/10/30	-	-	-	2 759 584	(286 703)	#####
Total Lease Liabilities				-	1 859 428	1 859 428	2 759 584	(2 146 131)	#####
TOTAL EXTERNAL LOANS				671 897	1 859 428	2 531 325	2 759 584	(2 296 255)	#####

Information Technology and Systems (IT)

The Municipality is using the Information Technology System of Sebata. The system is due for upgrading and during the next financial year (1011/2012) the new release will be launched.

The service provider provides the Municipality with a satisfactory service during the financial year.

PERFORMANCE HIGHLIGHTS OF THE FINANCE DEPARTMENT:

The critical vacancy of the Accountant: Expenditure was filled during March 2011 and certain controls could be executed since April 2011 to limit audit findings.

The Municipality managed to operate on a cash basis which means that no overdraft facility had to be taken up.

All Section 71 and other financial reports were submitted on time.