



Sedibeng District Municipality

2013-14 annual report



2013/14

***ANNUAL
REPORT***

Draft

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

This Annual Report is consistent and in compliance with legal requirement as legislated in terms of Section 46 of Local Government: Municipal Systems Act (No. 32 of 2000) read in conjunction with Section 121 and 127(2) of Local Government: Municipal Finance Management Act (No. 56 of 2003). Therefore in this part of the annual report, I strive for both compliance with the law and also give a political overview into the activities of the Sedibeng District Municipality as we pursue our legislative mandate.

The people of Sedibeng have for a very long time asked us, their mandated servants, in their Local Government, if our present model of governance serves them well or is this model more about us, as local politicians trying to stake our claims in the vestiges of local power?

This question kept on rising from various public participation processes which we have conducted as a District and the three (3) Local Municipalities in our jurisdiction. The multiple authorities in the current local government system in Sedibeng added more confusion as ordinary people could not understand how their given mandate is operationally functioning.

We set our collective eyes to studying what is the best way to serve our communities effectively and efficiently more than what beneficiaries in political and administrative offices have so far enjoyed with duplicate, as well as triplicate offered by these layers of governance which is clearly rejected by our communities.

The studies and analysis we have done pointed in the most sensible direction and that direction was to move towards the establishment of a sustainable governance model and a vision was set to work towards forming a Metropolitan form of governance.

The Sedibeng District Municipality as a coordinating structure in the region of Sedibeng, has all the right variables, important elements and quality leadership as well as moral authority to take this integrated governance forward. In the same vision we have also realized that obtaining unqualified audit opinions seven times in a row was not enough but we also needed to ensure that by 2014, the Sedibeng District Municipality obtains a clean audit especially because we were designated a pilot of the ‘Operation Clean Audit’ by the former Minister of Cooperative Governance and Traditional Affairs, the late Mr Sicelo Shiceka.

We systematically worked tirelessly in the two key strategic programmes of ensuring that the Sedibeng Region does firmly put up a proposal for Integrated Governance and to make sure that all our local municipalities move along with us towards obtaining acceptable audit opinion from the Auditor General to ready ourselves to this vision.

Today I am proud to say that, the Municipal Demarcation Board has designated the Sedibeng Region the fourth Metropolitan Municipality in Gauteng, merging Emfuleni and Midvaal Local municipalities into this new Metropolitan City.

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On the same point, I am equally humbled to announce that, in the financial year 2013/14, the Auditor General has pronounced a clean audit for the Sedibeng District Municipality and making this glorious Municipality the only municipality in Gauteng to obtain a clean audit. This is a realization and achievement which the Institution has worked on since it was declared one of the pilot municipality of the Operation Clean Audit.

In the Integrated Development Plan 2012-2017, the Institution has set itself a vision that seeks to integrate governance and establish a single authority as it tries to address this confusion the people of Sedibeng have been raising about the current unsustainable model of governance we have been operating under.

We have furthermore outlined the method by which this vision has to be attained. The method seeks to promote and sustain Integrated Service Delivery that enhances and support the Municipality to achieve growth and development of the region of Sedibeng.

STRATEGIC OBJECTIVES

- To promote efficient and effective Integrated Services that addresses the socio-economic and environmental development imperatives of the Region;
- To implement prudent and cost effective financial management and sustainability;
- To ensure good governance and sound management practices; and
- To ensure effective Service Delivery.

a. Vision:

The above exposition clearly shows the determination about what we want to achieve as mapped out in the vision statement of our Integrated Development Plan for the next five years. The signpost is marked and the lighthouse is duly guiding our action towards realizing our vision and, some of its elements have been vigorously pursued during this financial year.

In the period under review, the Municipal Demarcation Board had received our application, assessed and evaluated our case wherein the Board was satisfied with our business case and therefore, pronounced that Sedibeng Region will become the fourth Metropolitan Municipality by 2016.

Building blocks are in place, the legal notices have been received, namely section 14(5) that gives guidance to processes and compliance matters relating to the process as we move to realizing a long realized dream together with communities of Sedibeng to 'Building towards a developmental Metropolitan River of Choice'

The establishment of the Vaal Metropolitan River City is not an end in itself, it is rather a mechanism that would enable us, your servants, to deliver the seven pillars of Sedibeng Growth and Development Strategy in a seamless, effective and efficient way.

b. Key Policy Developments:

The most exciting policy development was to see the Intergovernmental Relations Framework in

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action with the unlocking of the roll out of the Sedibeng Regional Sewer in which the Department of Water and Environmental Affairs appointed Rand Water as the project manager.

Structures of governance for this project are in place, processes and systems are assimilated and implementation is at different levels and stages. The Sedibeng Regional Sewer Scheme alone represents the singular most catalyst to unleash developments in the South of Gauteng province and change the socio-economic and environmental landscape of this Region for ever.

The other key focused programme in the period under review has centrally been about increasing access to job opportunities and contributing to alleviating unemployment through the roll out of the Extended Public Works Programme and Community Works Project in the Region, we have been working with the Local Municipalities of Emfuleni, Lesedi and Midvaal to review their respective Local Economic Development Strategies.

These LED strategies are critical in our efforts to Re-inventing the Economy of the Region and hence we have moved forward to establish Regional Tourism Organization as a partnership vehicle with private and community stakeholders to develop and promote tourism.

The Gauteng Planning Commission has supported the Sedibeng District Municipality, together with its Locals, to develop a comprehensive spatial development framework that is linked to province wide spatial plans including alignment of the spatial frameworks to the new legislation, Spatial Planning and Land Use Management Act which aim at integrating more areas of our Region to develop sustainable economic and transport nodes and corridors.

The Sedibeng District Municipality is an Air Quality Licensing Authority in the Region and accordingly this authority was exercised responsibly during the accidental burnt down of one of the plants at Arcelor Mittal. As a consequence, the Minister of Water and Environmental Affairs delegated the Sedibeng District Municipality to deal with the application of variation of scope by Arcelor Mittal.

The long awaited expansion to dual lanes of R82 by the Provincial Government through the Department of Public Transport and Roads has reached our municipal jurisdiction. Serious work has started in the Vaal Freight and Logistic Hub and the implementation of Vereeniging Intermodal Transport Facility is in the implementation as well.

We continue to see growth in the two prestigious Awards in the Region, which are the Sedibeng Tourism Awards and the Sedibeng Mayoral Awards in which we celebrate achievements, outstanding contribution and excellence in both events.

Local farming communities and cooperatives in Sedibeng have benefitted from the Mechanization programme with tractors, farm implements and equipment to help small scale farmers and cooperatives in their agricultural activities and this has had a huge impact on their productivity and size of the land they can work on.

c. Key Service Delivery Improvements:

During the year under review, the Sedibeng District Municipality has made major strides in the development of new four Precincts, in the land next to Vereeniging Fresh Produce Market,

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Vereeniging CBD regeneration/ Civic Precinct, Doornkuil and Waterfront precinct. The precincts plans have been produced with the technical support from the Department of Rural Development and Land Reform.

We have incorporated a new municipal entity under new Companies Act as a state owned company, Vaal River City Tourism Promotion Company, to promote our tourism offering in the region and the process of nominating and appointing the Board of Directors is unfolding very well.

The Sedibeng District Municipality has worked very well with support from Neighbourhood Development Programme to revitalize township infrastructure in unlocking economic potential of the townships in the Region. Through this partnership, we have started actual work toward the development of Sebokeng Cultural Precinct.

We have also received a delegation visit from City of Volta Mantovana in Milan to look at some of the areas of partnership and twinning programme we can enter into given similarities in the economic structure, natural resource of the river, the small scale and light industrial activities and the wine route between our municipalities. A twinning agreement was signed between the Sedibeng District Municipality and the City of Volta Mantovana.

d. Public Participation:

Public participation is not a matter of choice on the side of the Municipality, it is a legislated process and therefore remains a cornerstone of democratic governance in order to deepen democracy. The Integrated Development Plan is a product of a widest possible consultations with a range of different stakeholders, especially local communities and organized sectors.

Chapter Five of the Municipal Systems Act of 2000 requires the Municipality to adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development planning. The Municipality through appropriate mechanisms, processes and procedures established in terms of Chapter 4, consult the local communities before adopting the process. The Municipality must give notice to the local community of particulars of the process it intends to follow.

The Sedibeng District Municipality in consultation with its Local Municipalities, adopted a regional framework for Integrated Development Planning for 2012/13 – 2016/17 in 2011. The Sedibeng District Framework determines procedures for coordination, consultation and alignment between the district and the local municipalities thereof which they happen to be bound by the same framework. The District Framework guides each local municipality in preparing its process plan.

- The planning guideline allows for learning processes and incorporation of innovations in planning and management approach. Encourage diversity of planning styles, given the diversity of the local realities of South African Municipalities.
- By finding balance between provisions of space within its frame and limiting it to ensure a certain common ground, common rules, and common language can be attained. The degree of commonality in municipal planning is determined by people's equal democratic rights in their society, and by the necessity for integrated development planning to form part of a nation-wide planning system, which requires smooth interaction between and within the three spheres of government.

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- Achievable planning requirements: Keep planning costs low and encourage local ownership by keeping planning requirements as simple as possible, taking the limited resources and staff capacities of most municipalities into account. Nevertheless, it will take into consideration that a certain quality of planning is necessary to avoid wasting money on inappropriate investments. Accordingly, planning methods may have to differ between Category C (district municipality) on the one hand and Category B (local municipalities) on the other.
- Developmental orientation: Developmental local government is, in accordance with the White Paper on Local Government (WPLG), is a local government that is committed to working with citizens and groups within the community in finding ways to meet their social, economic and material needs and improve the quality of their lives.

This has implications for the integrated development planning process (which has to involve the public) and the outcome (which has to be related to overall developmental objectives).

- Delivery orientation: Planning is not an end in itself but a tool to arrive at more appropriate, effective and faster delivery of services to the people. Keeping a close and transparent link between planning, improved public management and delivery is, therefore, the most important guiding principle for the guidelines.

A myriad of legislation and policies are guiding the integrated development planning, however the overarching legislation and policy that guides integrated development planning principles are the Constitution and the White Paper on Local Government. Other legislations and policies deal with specific aspects of integrated development planning.

According to the Constitution (sections 152 and 153), local government is in charge of the development process in municipalities, and it is in charge of municipal planning. The constitutional mandate to relate its management, budgeting and planning functions to its objectives gives a clear indication of the intended purposes of municipal integrated development planning:

- to ensure sustainable provision of services;
- to promote social and economic development;
- to promote a safe and healthy environment;
- to give priority to the basic needs of communities; and
- To encourage involvement of communities.

The White Paper on Local Government (WPLG) considers integrated development planning explicitly as a *tool* for *developmental local government*. Besides relating integrated development planning to the *developmental outcomes* which are largely in line with the objectives stated in the constitution, the WPLG outlines *why* integrated development planning is considered a necessary tool to achieve these purposes.

Integrated development planning will:

- help to align scarce resources behind agreed policy objectives and programmes;

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- ensure that actions are prioritised around urgent needs;
- ensure the necessary integration with other spheres of government serve as a tool for communication and interaction with them; and
- Serve as a basis for engagement between local government and communities.

Sedibeng IDP Review Process

Chapter five of the Municipal Systems Act of 2000 (Section 34) requires the Municipality to Annually Review and Amend the Integrated Development Planning and may do so-

(a) Annual Review-

- In accordance with an assessment of its performance measurements in terms of section 41; and
- To extend that changing circumstances so demand; and

(b) May amend its Integrated Development Planning in accordance with a prescribed process

On annual basis, the Sedibeng District Municipality holds regular public participation around September of every year to get feedback on the implementation of the previous IDP and the process plan by which the IDP review will be undertaken.

The next public participation meeting we host will be around March/ April after the Council adopts the draft Integrated Development Plan through sectoral engagement and Mayoral IDP meeting with local business and major employers in the Region.

The public participation process culminates in the State of District Address in May to adopt the final IDP after consultations have been exhausted and to give clear priorities as well as the strategic direction including strategic programmes for the next financial year.

e. Future Actions:

The actions ahead include the coming online of some of Regional Sewer Scheme especially alleviation of the Sebokeng Waste Water Works Treatment Plant and the Meyerton Waste Works Treatment Plant whilst at the same time parallel to this alleviation, processes for a bigger project unfold.

This project is very important to unlock all our development programmes in the Region and this will grow the economy to create opportunities as well as improving the quality of life for the people. We intend to expand the roll out of Expanded Public Works Programme and enrol more unemployed people into this programme largely to massively clean and keep our towns of Vereeniging, Vanderbijlpark and Meyerton clean and also extend it to social, environmental and non-state actors.

The inter-modal public transport facility and the improvement of road infrastructure in the Region is crucial to easing movement of goods and services which could traverse the Region with the Vaal Freight and Logistics Hub and reduced the cost of doing business in the region while at the same time maintain Sedibeng's original position as the manufacturing base.

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The Sedibeng Region will be strengthening its position and positioning itself as a 'Hydropolis' area of Gauteng in which the Vaal River and Vaal Dam waterways will be key for the development. Waterfront development and related precincts are key projects going forward.

The Region continues to thrive at the back of its heritage assets and this is tourism offering we intend to build and maintain our status as a Cradle of Human Rights.

f. Agreements / Partnerships: Announcements on special partnerships initiated.

We have partnership agreements with Gauteng Provincial Government on Intermodal Public Transport Facility, signed agreement and protocol with Department of Infrastructure and National Department of Public Works. We have intergovernmental partnership together with the Department of Water Affairs and Rand Water for Regional Sewer Scheme.

We also have the Volta Mantovana twinning agreement and the Department of Agriculture and Rural Development for the mechanization programme to support agriculture.

g. Conclusion: Final thoughts on the year.

The journey continues, the successes and the milestones ahead are being achieved together with you the people of Sedibeng.

We now have a new mandate from you thorough the 2014 General Elections that of putting more emphasis on issues of the socio-economy and of which we as the Sedibeng District Municipality and its constituent local municipalities commit ourselves to spare neither strength and courage to adhere to the mandate you have bestowed on us.

(Signed by :) _____

Mahole Simon Mofokeng
Executive Mayor

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COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

This Annual Report is presented as a report of the activities and review of the 2013/2014 financial year under the following chapters:

CHAPTER ONE	–	Mayor's Foreword and Executive Summary
CHAPTER TWO	–	Governance
CHAPTER THREE	–	Service Delivery Performance
CHAPTER FOUR	–	Organisational Development Performance
CHAPTER FIVE	–	Financial Performance
CHAPTER SIX	–	Findings of the Auditor-General

These chapters are augmented by an extensive list of appendices that provide greater insights into the work of the municipality.

The framework that is defined by these chapters are more than adequate for the presentation of an easy to read, publicly comprehensible Annual Report. The prescriptions under each chapter however assumes that a 'one-size-fits-all' is applicable. These are distinct areas of reporting that are required by a Category A,B and C municipality, and this is not accommodated in the prescribed template. Despite these challenges, this Annual Report is presented with additional notes to ensure that this report is as full and complete as possible.

The year under review has been largely successful in most operational areas, and I trust that the details in the Annual Report will support that assessment and also reveal areas of weaknesses that require attention by the administration. I therefore submit the following in the specifics in the areas noted:

(1) THE ALIGNMENT OF SERVICES TO IDP INDICATORS AND COUNCIL PRIORITIES.

The Operations of the Sedibeng District Municipality are well aligned to the IDP in that there is a tight alignment with the 7 priority areas as set out in the Second Generation Growth and Development Strategy (GDS-02). The role and function of a District Municipality dictates that while the District Municipality oversees the overall development of the area, most of the public services are rendered by our three local municipalities (Emfuleni, Midvaal and Lesedi)

(2) SERVICE DELIVERY PERFORMANCE

The Sedibeng District Municipality renders only a handful of direct services to the public. The overview of these services is as follows:

NO	PUBLIC SERVICES	MUNICIPAL MANAGERS OVERVIEW COMMENT
1	Air Quality Management	2 Air Quality monitoring stations operated by SDM are functional. Data is also obtained from other monitoring stations that are run by National Government. The District issues licences to industries to regulate their emissions into the atmosphere. Currently no licensing

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NO	PUBLIC SERVICES	MUNICIPAL MANAGERS OVERVIEW COMMENT
		fee is being levied. Once this has been set, the function will have an income that could be used to ensure greater monitoring and compliance.
2	Driver Licensing Testing Centres (DLTC's)	The service is functional. Ageing infrastructure has hampered operations and services being delivered at an optimal level. Allegations of fraud and corruption remains a major challenge at all DLTC's
3	Motor Vehicle Registration and Licensing	The service is fully functional and several new and innovative ideas have been proposed and implemented to improve services to the public.
4	Public Halls (Vereeniging City Hall)	The Vereeniging City Hall remains the most cost-effective public hall in the District and is fully utilised by the public for a variety of events and functions. The comparative low rates charged for the hire of the City Hall (and adjoining Banqueting Hall) make it accessible to the public but also inhibits capital investment in the development thereof.
5	Theatres (Mphatalatsane Theatre and Vereeniging Civic Theatre)	The Mphatalatsane Theatre has become a multi-purpose facility for the Sebokeng Community. It is therefore of great concern that the infrastructure is deteriorating rapidly. The Sedibeng District invested in emergency repairs to keep the facility functional but jointly with Emfuleni, a long-term upgrade is urgently required. The Vereeniging Civic Theatre is functional but also under-utilised by the arts community. It is also under-performing in relation to its income potential.
6	Aerodromes	The Vereeniging Aerodrome and Heidelberg Aerodromes are fully functional. For the period under review, the Vereeniging Aerodrome has continued to improve its services and supply of fuel, general maintenance and usage that stabilised. The Heidelberg aerodrome is primarily operated by the local flying club and a pilot training school is also based at the facility. The uncontrolled development of the facility by private operators is of concern. A former landing strip in Vanderbijlpark is still listed as an aerodrome, but is completely non-functional and needs to be deregistered. It runs alongside a residential community and is therefore unsuitable for re-establishment.
7	Disaster Relief	The service is fully functional. It does however only have capacity to provide very limited, small scale , emergency relief in incidents of natural disaster and mishaps. Disaster Relief is intended for short-term interventions, however, due to a lack of relevant transfer of incidents to relevant authorities, the District is being burdened with having to provide long-term solutions (eg emergency

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NO	PUBLIC SERVICES	MUNICIPAL MANAGERS OVERVIEW COMMENT
		sanitation at Bears Farm in Midvaal). In the event of a large scale disaster, the District will be fully dependant on the support of Provincial and National programmes.
8	Heritage Centres (Vaal Teknorama, Sharpeville Monument)	The Vaal Teknorama is fully functional and still attracts a steady flow of visitors (especially schools) The facility is deteriorating rapidly due to a lack of maintenance. The Sharpeville Heritage precinct is functional. Supporting maintenance by Emfuleni around the precinct (especially Constitution Walk and the Circle) must be speedily resolved. The addition of the Boipatong Memorial Site to our portfolio will further stain our limited resources.
9	Taxi Ranks	The SDM does maintenance and cleaning of Taxi ranks across the District. Most of these facilities are not owned by the SDM, and the overlap on infrastructure maintenance and cleansing has led to many of the taxi ranks being inadequately maintained. The Vereeniging Inter-modal hub development at the Vereeniging station will go a long way to revamping the Taxido junction taxi rank.

The above table does not reflect sufficiently on the primary role and function of the Sedibeng District Municipality. For completeness it would be important to note the following 'services', from which the community derives benefit:

NO	FUNCTION	MUNICIPAL MANAGERS OVERVIEW COMMENT
1	Support to Local Municipalities	<p>The Sedibeng District continues to support the local municipalities, wherever possible, and is willing to avail both financial and human resources wherever possible. The shrinking Capital Budget of the District has seen diminishing support in capital projects.</p> <p>The 'Smart City' project being driven by the District Municipality, and the investment in fibre-optic infrastructure, is an essential support provided to local municipalities.</p> <p>Inter office connectivity in Emfuleni has been enhanced, while plans are unfolding to do the same for Midvaal.</p>
2	Facilitating Role between spheres of government	The Sedibeng District facilitates a number of projects that are implemented in communities. These include the NDPG (Neighbourhood Development Partnership Grant) projects, Alien Vegetation Project, Lotto Sports Facilities Development Project, Fabrication Lab Project, Bio-digesters Project, Energy Conservation Projects, HIV-Aids support project,

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NO	FUNCTION	MUNICIPAL MANAGERS OVERVIEW COMMENT
3	Facilitating Development	This remains one of the key areas that the District plays and essential role in. Both in the areas of economic development and in social development, the District stimulates investment and facilitates development. Interventions and facilitation of developments such as Savannah City, the R82 road, the R59 corridor, The Zone of Opportunity, Barrage infill development are all examples of 'services' that the District delivers and that communities benefit from indirectly.

As a report on the implementation of the Integrated Development Plan in relation to service delivery performance, The Annual Performance Report will show that the 2013/2014 IDP contained 398 targets of which 336 (84%) were met and 62 (16%) were not met. The inclusion of several deliverables by the TIE Cluster which were not backed with funding exposed a weakness in the alignment between the IDP and the Budget. These deliverables should not have been included in the IDP and instead should have been reflected as targets subject to funding outside of the IDP. This has led to the Cluster failing to achieve 45 of its 84 targets (54%). The key performance indicators continue to improve gradually but still require greater clarity in term of the 'SMART' principles (Specific, Measurable, Attainable, Realistic and Timely), as we move forward.

The full Summary of Performance targets for each Cluster are as follows:

Office /Cluster	Total Targets	Targets Met	% Targets Met	Targets Not Met	% Targets Not Met
Office of the Executive Mayor	12	12	100%	0	0%
Office of the Chief Whip	12	10	83%	2	17%
Office of the Speaker	11	10	90%	1	10%
Office of the Municipal Manager	42	39	93%	3	7%
Finance	35	35	100%	0	0%
Corporate Services	63	56	88%	7	12%
Community Services	61	60	97%	1	3%
Transport, Infrastructure & Environment & Licensing	84	39	46%	45	54%
Strategic Planning & Economic Development	78	75	96%	3	4%
TOTAL	398	336	84%	62	16%

(3) FINANCIAL SUSTAINABILITY AS REPRESENTED BY THE FINANCIAL HEALTH RATIOS

While the Sedibeng District remains viable, the tight financial position of the Municipality cannot be underestimated. The gap between the increase in equitable share and the actual increase in the cost of operating the Municipality (2.4% versus an actual cost of 8%) is annually reducing the capacity of

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the municipality at an average rate of 5% of its total budget. In real terms, we have approximately R20m less to spend every year for the same operations.

Over the last few years the capital budget has been squeezed out to a negligible amount. Now operations are being squeezed with maintenance taking the biggest hit. Without a Cost Reduction Strategy and the Cost Containment Programme in place, the Municipality will be rendered unsustainable.

The concerns raised by the Auditor-General over the 'going concern' is a valid concern that must be addressed. Stringent restrictions in non-essential expenditure must be maintained. Expenditure on travel, conferences etc. should also be approved on a prioritised and selective basis. The salary budget remains excessive in relation to the services and functions of the municipality. Local municipalities should consider drawing staff from the District to fill vacancies as this will benefit both municipalities. The municipality can also do much better in increasing revenue at the Fresh Produce Market, aerodromes, theatres, halls, licensing centres (only a portion of which is retained by the District) etc.

One of the key challenges in the year under review has been to sustain the 'Clean Audit' that was achieved in the previous financial year (2012/2013). Sustaining a Clean Audit, as many municipalities across the country have come to discover, can be harder than achieving the target. Complacency can easily lead to regression. The fact that the Sedibeng District has sustained its Clean Audit is commendable. There is no 'special formula' for achieving this target other than ticking all the right boxes. It is however worth sharing the following good practices that have helped to achieve and sustain the Clean Audit:

1. Executive Mayors play a key role in achieving Clean Audits by eliminating 'interference' in the Administration and affording professional courtesy to the administration. In return, Accounting Officers must be alive to political imperatives and strive to implement these in a fully compliant manner. A sound Political-Administrative interface is a hallmark of 'Clean Audits'. The Executive Mayor and the Accounting Officer must set the tone in this regard.
2. Ensure compliance with laws and regulations. Sect 71, 72 and 54 reports submitted timeously.
3. Reconciliations on all Statement of Financial position votes are performed on a monthly basis.
4. Bank reconciliations are done within 4 working days after the end of each month.
5. Creditors are paid twice a month in order to adhere to MFMA requirements of payment of creditors within 30 days.
6. Do an Annual Policy Review to incorporate any changes in legislation. The environment changes very quickly in this regard.
7. Stay abreast about any changes within the GRAP standards and implement changes timeously.
8. Take an ultra-conservative approach to deviations from supply chain procedures. Only in extreme cases and when fully justifiable, should deviations be accepted. Even then, keep all evidence. Emails, text messages, photo's etc. must be demanded to support the deviation.
9. Be mindful of doing business with people who are in the employ of the state. Some grey areas do exist in the legislation so err on the side of caution.
10. Ensure that time is spend with the Audit Team to explain the Performance Management system your municipality is implementing BEFORE the auditing process begins. Systems differ widely and a sound understanding is needed before an audit can be made on consistency and usability.

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While the list above notes what the municipality did well, it is also worth noting the areas that require more attention and effort. These include:

1. Eliminating the need for adjustments in the Financial Statements
2. Tighter compliance in Supply Chain.
3. On Performance Management, greater consistency is needed and several targets that do not meet the 'SMART' criteria are slipping into the SDBIP's.
4. Greater emphasis on contract management.

The financial model for the District Municipality dictates that the institutional structure needs to be continuously shrunk to ensure on-going viability. The moratorium on the filling of vacancies has continued and this has led to several areas of strain.

The uniform financial ratios and norms as prescribed by National Treasury indicate the following areas which need to be addressed:

1. Cash flow needs to improve as the current liabilities exceed the current assets. This is having an impact on the liquidity of the municipality.
2. Repair and Maintenance on fixed assets are below the threshold and adjustments need to be made to prevent deteriorating assets.
3. Revenue growth is below the CPI which indicates that less can be spent on the same functions to be rendered. This implies a reduction in service.
4. Employee related cost is above the norm set by National Treasury and steps need to be taken to reduce this level.
5. Fixed assets are impaired at a higher rate than renewing or replacing assets which indicate a reduction in fixed assets.

(4) ENERGY CONSERVATION (INTERNAL)

On the aspect the efforts the municipality is making to conserve power and water in its offices and other facilities to compliment the conservation measures its residents are being requested to adopt in their own housekeeping, the Sedibeng District has made limited progress. An extensive study was undertaken to look at energy saving measures in all SDM buildings. Progress has been made in areas of replacement of light bulbs to energy efficient lighting. Other recommendations from the study are yet to be implemented. Behavioural consciousness amongst the workforce could also be improved. Work patterns do not indicate conscientiousness amongst employees on energy conservation. A dedicated programme has been initiated on saving on the use paper to ameliorate its negative impact on the environment.

(5) SHARED SERVICES

The only active shared service remains the IT services. The Sedibeng District oversees three areas of the services via Service Level Agreements, i.e. Expanding and maintaining the Wide Area Network, supporting the DRP (Disaster Recovery Programme) and promoting standardisation of systems for easy integration. The system is functional. The Service Level Agreement with Emfuleni remains unsigned for several years now, and the shared service is compromised as a result. Many areas of shared services are being looked into, but no tangible proposals have emerged thus far. These areas include:

- a. Sharing Fleet Management Systems
- b. Performance Management Systems (PMS) standardisation
- c. Accounting and Internal Auditing Services

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- d. Forensic Investigation Services
- e. Centralised Procurement of consumables (stationery, printer cartridges, paper etc.)
- f. Banking Services
- g. Security Services
- h. Insurance Services

The above list is by no means complete, and does provide great opportunity to create saving through economies of scale and adopting best practices that exists amongst the District and its locals. The future prospects of a Metro, and the associated migration process, may well activate these possibilities in the future.

(6) METRO MIGRATION

The Municipal Demarcation Board announced the move to a Metro on 15 August 2013. This important announcement had a significant impact on the future planning of the Sedibeng District Municipality.

The District and its three local municipalities met between 03-05 March 2014 at a District Wide Lekgotla to align their IDP's and to map out a transition process toward the Metro. The formal process was initiated with the publication of Section 14(5) Notice and the first Joint Sitting of the incoming Metro Council (Sedibeng, Emfuleni and Midvaal) was held on 16 April 2014. Since the Joint sitting, the nominated members onto the political and technical steering Committees have not been convened by the MEC for CoGTA. This process had unfolded in parallel to a legal challenge from the Midvaal Local Municipality. The year under review closed with great uncertainty on the future of the Metro and the impact on forward planning has been severely hamstrung. It is expected that this uncertainty will be resolved sooner, rather than later to enable important forward planning to unfold, especially on institutional development.

Yunus Chamda
Municipal Manager

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1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The SDM render municipal health services across the Sedibeng region. Water quality monitoring is one of the priority programmes of the District in ensuring that safe and clean water is provided to communities for human consumption.

The SDM in partnership with PRASA and Province has embarked on the development of the Vereeniging Intermodal facility. The main contractor has been appointed in November 2013. The SDM is not directly responsible for waste management (refuse). However, the SDM in collaboration with the DEA update the Integrated Waste exchange project for Sedibeng District is under development which has had limited success to date.

The Sedibeng District Municipality facilitates a number of projects that are implemented in communities. These include the Lotto Sports facilities Development Project, Bio – digesters Project Energy Conversation Projects, development of Vereeniging Intermodal facility and the Bontle ke botho (clean and green campaign) and the upgrading of the Vereeniging and Vanderbijlpark motor vehicle licence testing facilities.

TOTAL POPULATION - SEDIBENG, GAUTENG AND NATIONAL TOTAL, 2003-2013 [NUMBERS PERCENTAGE]

	Sedibeng	Gauteng	National Total	Sedibeng as % of province	Sedibeng as % of national
2003	803,000	9,790,000	46,600,000	8.2%	1.72%
2004	812,000	10,000,000	47,100,000	8.1%	1.72%
2005	821,000	10,300,000	47,600,000	8.0%	1.73%
2006	833,000	10,500,000	48,200,000	7.9%	1.73%
2007	847,000	10,800,000	48,800,000	7.8%	1.74%
2008	864,000	11,100,000	49,400,000	7.8%	1.75%
2009	878,000	11,400,000	50,000,000	7.7%	1.76%
2010	895,000	11,700,000	50,800,000	7.6%	1.76%
2011	912,000	12,100,000	51,500,000	7.6%	1.77%
2012	927,000	12,400,000	52,200,000	7.5%	1.77%
2013	942,000	12,700,000	53,000,000	7.4%	1.78%
Average Annual growth					
2003-2013	1.62%	2.64%	1.30%		

Source: IHS Global Insight Regional eXplorer

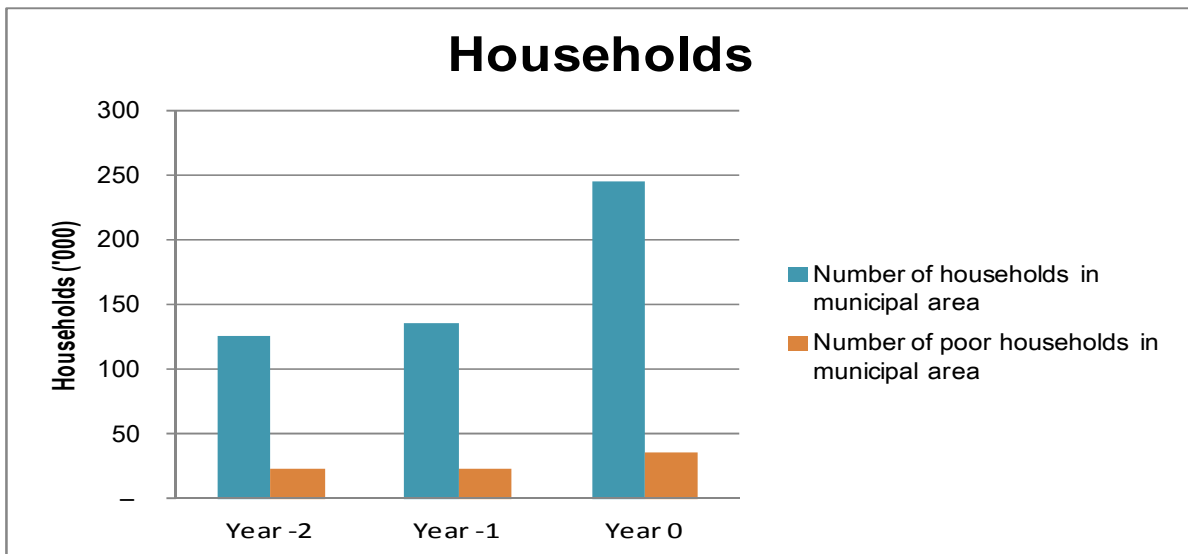
With 942 000 people, the Sedibeng District Municipality housed 1.8% of South Africa's total population in 2013. Between 2003 and 2013 the population growth averaged 1.62% per annum which is slightly higher than the growth rate of South Africa as a whole (1.30%). Compared to Gauteng's average annual growth rate (2.64%), the growth rate in Sedibeng's population at 1.62% was close to half that of the province.

When compared to other regions, Sedibeng District Municipality accounts for a total population of 942,000, or 7.4% of the total population, in Gauteng ranking as the most populous district municipality in 2013. The ranking in terms of the size of Sedibeng compared to the other regions remained the

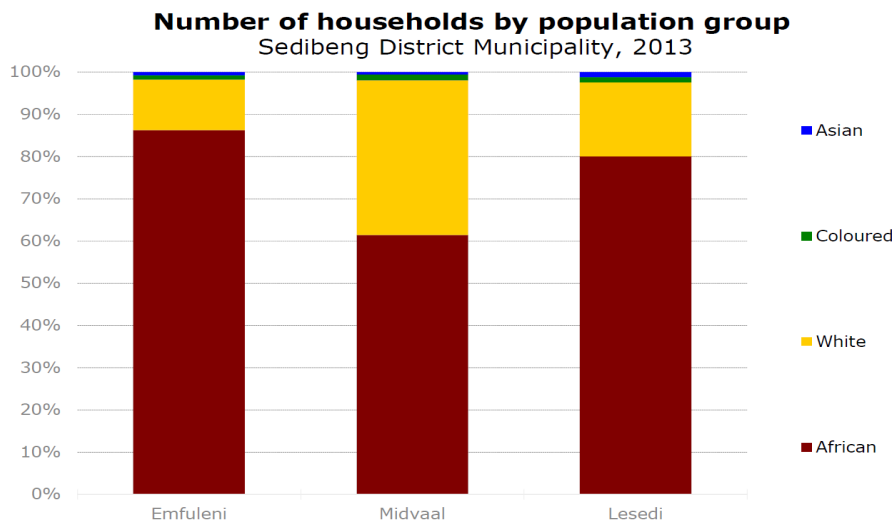
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same between 2003 and 2013. In terms of its share Sedibeng District Municipality was slightly smaller in 2013 (7.4%) compared to what it was in 2003 (8.2%). When looking at the average annual growth rate, it is noted that Sedibeng ranked fourth (relative to its peers in terms of growth) with an average annual growth rate of 1.6% between 2003 and 2013.

Sedibeng District Municipality's male/female split in population was 97.7 males per 100 females in 2013. The Sedibeng District Municipality appears to be a fairly stable population with the share of female population (50.57%) being very similar to the national average of (51.40%). In total there were 477 000 (50.57%) females and 466 000 (49.43%) males. This is different from Gauteng Province as a whole where the female population counted 6.36 million which constitutes 49.99% of the total population of 12.7 million.



NUMBER OF HOUSEHOLDS BY POPULATION GROUP - LOCAL MUNICIPALITIES OF SEDIBENG DISTRICT MUNICIPALITY, 2013 [PERCENTAGE]



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In 2013, the Sedibeng District Municipality comprised of 300 000 households. This equates to an average annual growth rate of 2.34% in the number of households from 2003 to 2013. With an average annual growth rate of 1.62% in the total population, the average household size in the Sedibeng District Municipality is by implication decreasing. This is confirmed by the data where the average household size in 2003 decreased from approximately 3.4 individuals per household to 3.1 persons per household in 2013.

The growth in the number of African headed households was on average 2.83% per annum between 2003 and 2013, which translates in the number of households increasing by 60 600 in the period. Although the Coloured population group is not the biggest in size, it was however the fastest growing population group between 2003 and 2013 at 3.16%. The average annual growth rate in the number of households for all the other population groups has increased with 2.33%.

TOTAL POPULATION - LOCAL MUNICIPALITIES OF SEDIBENG DISTRICT MUNICIPALITY, 2003, 2008 AND 2013 [NUMBERS PERCENTAGE]

2003 2008 2013 Average Annual

	2003	2008	2013	Average Annual growth
Emfuleni	656,000	688,000	732,000	1.10%
Midvaal	70,800	84,900	101,000	3.61%
Lesedi	75,900	90,600	110,000	3.74%
Sedibeng	802,801	863,803	942,470	1.62%

The Lesedi local municipality increased the most, in terms of population, with an average annual growth rate of 3.7%, the Midvaal local municipality had the second highest growth in terms of its population, with an average annual growth rate of 3.6%. The Emfuleni local municipality had the lowest average annual growth rate of 1.10% relative to the other within Sedibeng District Municipality.

With a GDP of R 42.7 billion in 2013 (up from R 16.2 billion in 2003), the Sedibeng District Municipality contributed 3.53% to the Gauteng Province GDP of R 1.21 trillion in 2013 increasing in the share of the Gauteng from 3.69% in 2003. The Sedibeng District Municipality contributes 1.26% to the GDP of South Africa which had a total GDP of R 3.39 trillion in 2013 (as measured in nominal or current prices). It's contribution to the national economy stayed similar in importance from 2003 when it contributed 1.27% to South Africa, but it is lower than the peak of 1.34% in 2007.

The greatest contributor to the Sedibeng District Municipality economy is the Emfuleni local municipality with a share of 76.61% or R 32.7 billion, increasing from R 13.1 billion in 2003. The economy with the lowest contribution is the Lesedi local municipality with R 3.47 billion growing from R 1.13 billion in 2003.

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NEIGHBOURHOODS WITHIN SEDIBENG DISTRICT MUNICIPALITY

Overview of Neighbourhoods within Municipality		NAME OF MUNICIPALITY: Sedibeng District	
Settlement Type	Households	Population	Formal Dwellings ¹
Towns	220,545		
Vereeniging			
Vanderbijlpark			
Meyerton			
Heidelberg			
Subtotal			
Townships			
Evaton			
Sebokeng			
Sharpeville			
Bophelong			
Boipatong			
Rathanda			
Sicelo			
Subtotal	220,545	916 484	%
Rural Settlements			
Farms	4711		
Commercial	2569		
Parks and Recreation	120		
Collective living Quarters	4906		
Industrial	1139		
Small Holdings	17003		
Vacant	1185		
Subtotal	31633		
Informal Settlements			
Shacks	26 524		
Subtotal	26 524		
Total	278 702	916 484	%

STATS SA 2012

Natural Resources	
Major Natural Resource	Relevance to Community
Vaal River System	Water supply, Tourism opportunities and job creation
Land for Agriculture	Food security and Job creation
Land for Urban Development	Urban development and Human settlement

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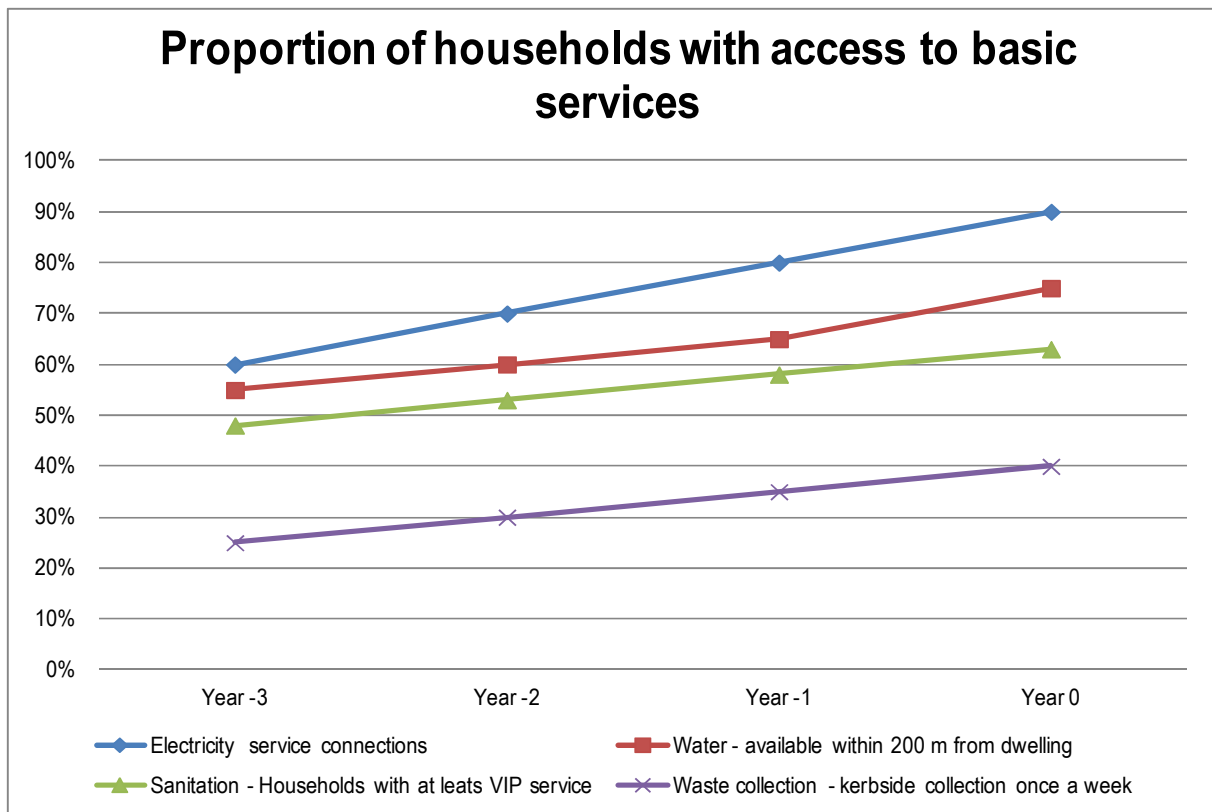
COMMENT ON BACKGROUND DATA:

The Sedibeng region is populated in towns and townships, and has least households in the rural settlement. The district provides a support and coordination service to its local municipalities to advance service delivery in the region. There are presenting opportunities in land development, agricultural growth and mega infrastructural development along the Vaal River. Urban development, as identified in the Spatial Development Plan, reflects high potential to major job creation, human settlement and economic activity. A challenge or hindrance towards infrastructure development is lack of sewer system, thus an intervention to upgrade current water works and construct a mega sewer plan.

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The Sedibeng District Municipality does not provide basic service delivery and indigent services to communities, thus service provided by local municipalities.



COMMENT ON ACCESS TO BASIC SERVICES:

The Sedibeng region has significantly improved in provision of basic services to households, as the graph above indicates.

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1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

While the Sedibeng District remains viable, the tight financial position of the Municipality cannot be underestimated. The gap between the increase in equitable share and the actual increase in the cost of operating the Municipality (2.4% versus an actual cost of 8%) is annually reducing the capacity of the municipality at an average rate of 5% of its total budget. In real terms, we have approximately R20m less to spend every year for the same operations.

Over the last few years the capital budget has been squeezed out to a negligible amount. Now operations are being squeezed with maintenance taking the biggest hit. Without a Cost Reduction Strategy and the Cost Containment Programme in place, the Municipality will be rendered unsustainable.

The concerns raised by the Auditor-General over the 'going concern' is a valid concern that must be addressed. Stringent restrictions in non-essential expenditure must be maintained. Expenditure on travel, conferences etc. should also be approved on a prioritised and selective basis. The salary budget remains excessive in relation to the services and functions of the municipality. Local municipalities should consider drawing staff from the District to fill vacancies as this will benefit both municipalities. The municipality can also do much better in increasing revenue at the Fresh Produce Market, aerodromes, theatres, halls, licensing centres (only a portion of which is retained by the District) etc.

Financial Overview: Year 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	260552000	260552000	254076689
Taxes, Levies and tariffs	733188	623833	3661592
Other	89282143	107054992	76710583
Sub Total	350567331	368230825	334448864
Less: Expenditure	350387554	364953289	362463262
Net Total*	179777	3277536	-28014398
* Note: surplus/(deficit)			

Operating Ratios	
Detail	%
Employee Cost	55%
Repairs & Maintenance	1%
Finance Charges & Impairment	8%

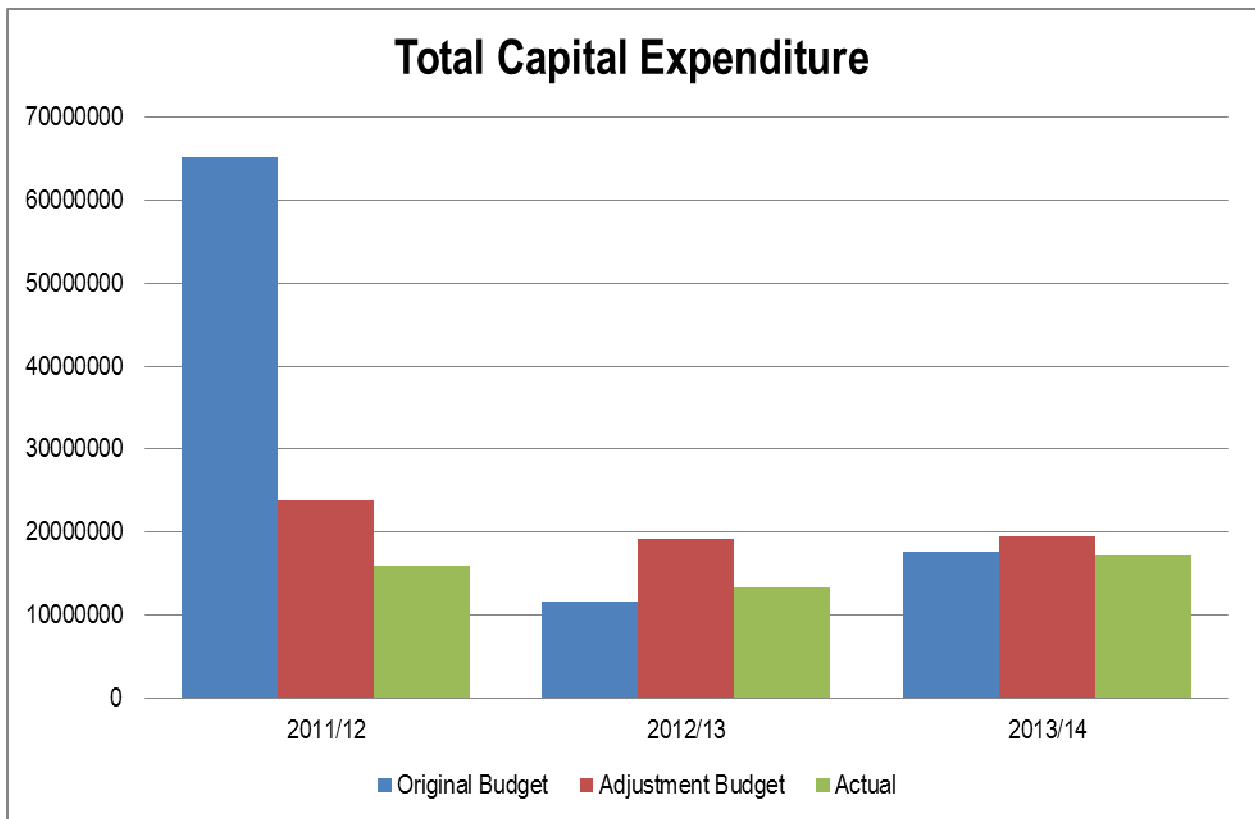
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COMMENT ON OPERATING RATIOS:

Employee Costs' expected to be approximately 30% to total operating cost but the municipality is currently standing at 55%. This is as a result of the Licensing function performed on behalf of the Department of Transport where only the commission received is shown as revenue whereas the bulk of the money received are transferred to the Department of Transport;

'Repairs and maintenance' benchmark at 20%. The municipality does not have bulk infrastructure assets where the majority of maintenance is needed. The current contribution towards maintenance is however too low and are getting attention to remedy the situation. Finance Charges and Impairment benchmark at 10%. The fixed assets are currently depreciated at a higher level than replacing or renewing assets which will have a negative impact on asset sustainability.

Total Capital Expenditure: Year -2 to Year 0			
	R'000		
Detail	2011/12	2012/13	2013/14
Original Budget	65200450	11670000	17702113
Adjustment Budget	23750450	19229996	19488278
Actual	15999499	13275079	17245228



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COMMENT ON CAPITAL EXPENDITURE:

The municipality is not providing any bulk services and therefore not capital intensive. The major capital project relates to the optic fibre project.

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

The Municipal Systems Act, MSA 2000 S67, requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

In order to comply with the prescripts of the Municipal Systems Act No. 32 of 2000 the following strategic interventions, amongst others, have been invoked to ensure fair; efficient; effective; and transparent personnel administration:

- Establishment of the Local Labour Forum (where Management and Organised Labour engage vigorously on matters relating to Conditions of Employment for employees) which is fully functional irrespective of the teething challenges experienced with the new office bearers who are being retrained and trained, and exposed to the Organizational Requirements Agreement procedures. No Labour unrests were experienced during the year under review. Harmonious labour relations are being pursued to ensure productivity and motivated employees and stable workplace.
- A number of workforce policies that forms part of the Human Resources Strategy were compiled and reviewed during the period under review and are to be tabled for adoption by Council after the Council members are work shopped on the policies. The policies provide Management with strategic decision making and meeting the organization's strategic objectives.
- An Employment Equity Central Committee and its sub-committees were established during the period under review to ensure compliance to the provisions of the Employment Equity Act and transformation of the organization in line with the National Employment Equity Requirements.
- Skills development and capacity building training initiatives were prioritized as a strategic thrust undertaken in the whole organization based on Personal Development Plans and National Treasury competency requirements. The effective and efficient Human Resource Management and Development allowed us to identify and report on all HR matters which could have an effect on financials, performance management and compliance with rules and regulations. Sedibeng District Municipality has managed to become a Learning Organization with skills and capacity to earn us a clean audit due to our dedication and commitment to Human Resource Management and Human Resource Development.

ORGANISATIONAL DEVELOPMENT PERFORMANCE

All top senior executive management positions are filled. Only one vacancy exists in the Section 57 category (Executive Director: Strategic Planning and Economic Development). Council appointed an acting person in this post since 08 July 2013. The post will however be advertised and filled in due course.

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The overall turnover rate is influenced by the transitional measures in relation to the moratorium on filling of vacancies as we move towards the Metro status.

Road shows on Occupational health and Safety were done to educate and make employees aware about Health and Safety measures in the workplace. An Occupational Health and Safety Officer monitors all instances of injuries on duty and makes follow up on all Occupational Health and Safety incidents within the Municipality and submits reports on progress.

A proper record is kept for all types of leave instances and an amount of time taken each year is recorded as per Human Resources Dashboard. There were no suspensions of more than 4 months for the period under review.

Performance incentives rewarded to employees were for the period 2011/2012 financial year. The Policy is being reviewed. Performance assessments for the financial year 2012 / 2013 and onwards are vested in the office of the Municipal Manager.

The Workplace Skill Plan (WSP) for the year under review has been submitted after proper consultation all stakeholders within the Municipality. The WSP was populated based on the individual Personal Development Plans (PDP) of employees and training/development will be carried out on the basis of these. Most Senior Managers are currently attending the Competency Requirements course as determined by the Municipal Finance Management Act (MFMA).

Challenges faced by the Municipality on Capacity Development are to some extent the unavailability or insufficient funds to finance developmental training and capacity building for career-pathing of employees within Municipality. The local Government SETA has delayed payment for the past two years and is being addressed at the South African Revenue Services.

No posts were upgraded and Council is in the process of completing compilation of Job Descriptions aligned to the Service Delivery Budget Implementation Plan with the intention of evaluating the Job Descriptions on the TASK system.

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

The Sedibeng District Municipality is proud, again, to have received an unqualified opinion from the Audit General. Three years ago we have initiated an electronic Performance Management System that integrated a performance system and change management; that is aligned to the National and Provincial Plans, and integrated individual and organisational performance. This system also integrated - Planning, Contracting, Reporting, Monitoring and Evaluation, thus inherently compliant with all legislation related to performance management. SDM management, at the beginning of each financial year, designed and adhered to a compliance chart/plan against all expected deliverables, e.g. approval of the IDP/SDBIP, quarterly reporting timelines, submission of reports to external stakeholders, etc. We have set specific reporting time-lines and have a management and political buy-in, and executed successful one-on-one reporting sessions between the Executive Mayor and all

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MMCs. SDM had Internal Audit to audit all quarterly reports and table outcomes at Audit Committee meetings, and continuously engage all Levels 1-4 managers on progress and other management issues. These specific interventions prove as strategic recipe for organisational reengineering towards a 'clean audit'.

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1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	December
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

1.7 Statutory Annual Report Process

In the year under review, the Integrated Development Planning Unit was structurally relocated from the Strategic Planning and Economic Development Unit to the Directorate of the Municipal Systems, reporting to the Chief Operations Officer in the Office of the Municipal Manager. The move was anchored onto the current electronic Performance Management System (ePMS), which intelligently

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integrates IDP and PMS processes. This led to a totally aligned process from the organisational planning through reporting to the evaluation of performance. All managers uploaded their performance reports and evidence against set targets and milestones, onto the system as per the Service Delivery and Budget Implementation Plan (SDBIP). All reporting timelines, quarterly reports, mid-year report and annual report followed legislative requirements.

The draft Annual Performance Report was consolidated from the four quarterly reports as uploaded onto the system by respective managers. All Clusters made inputs into the draft Annual Report by populating their relevant sections guided by the Annual Report Template, as prescribed by MFMA Circular No. 63 Municipal Finance Management Act No. 56 of 2003. The draft Annual Report with draft Annual Performance Report and the unaudited Financial Statements were presented at the Audit Committee meeting, before being submitted to Council and Auditor General.

The Sedibeng District Municipality shall invite the public and all stakeholders to submit their inputs on the draft Annual Report through public notices and SDM website. The draft Annual Report shall be distributed to all government offices in the region for accessibility. Municipal Public Accounts Committee will also receive the report to provide oversight. These above processes shall be completed between August and December 2014.

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The Sedibeng District Municipality has an effective governance structures, both political and administrative. A fully representative and highly structure Council, compliant with legislative requirements. Council is led by the Executive Mayor, with the support of the efficient Members of the Mayor Committee (MAYCO), and Councillors. SDM has established all Committees and sub-committees to enhance its all its governance structures. Such committees operate with clearly defined roles and responsibilities. For instance, the Section 79 and 80 Committees are set up to deal with oversight roles, and to provide advisory role to SDM Council. SDM Council convenes without fail on quarterly basis.

SDM has appointed a highly competent and capable administrative leadership led by the Municipal Manager. Administrative wing of governance consists of the Municipal Manger, Chief Operations Officer, 5 Executive Directors and 3 Directors (representing offices of Political Management Team, viz. Mayor, Speaker and Chief Whip). These members constitute a Management Committee (MANCO) which sits on weekly basis to address both strategic and operational issues.

SDM has an active Inter-Governmental Relations functions, which is shared across the entire organization. There are constant engagements with all intra and inter-stakeholders, thus to ascertain that information and updates are communicated on continuous basis. External stakeholders include all spheres of government, and established entities like the office of the Auditor General.

Corporate governance is one central focus that distinguishes SDM. The District Municipality has established important Committees to encourage compliance with all legislation and enhance ethical consideration by all its employees and Councillors. The Risk Management Committee guides to identify all risk and oversee processes to managing such. All Supply Chain Management Bid Committees are set and operational, i.e. Specification Committee, Evaluation Committee and Adjudication Committee. An Audit Committee is also established and held its meeting on quarterly basis, and as the situation so warrant sometimes, they held Special Meetings. This Committee of Council deals with all audits of the municipality, performance issues, risk management, and provide advice and reports to SDM Council.

The municipality ensures constant communication with its stakeholder by continuously uploading information on its website. Such information is related to general information, financial and performance, and some matters on service delivery in the region

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The local sphere of government consists of Municipalities, which must be established for the whole of the territory of the Republic. Relationship of all structures of government is regulated by the Constitution of the Republic of South Africa and relevant legislation governing local government, namely:

The Constitution of the Republic, 118 of 1995

White Paper on Local Government

The Local Government: Municipal Structures Act, 117 of 1998.

The Local Government: Municipal Systems Act, 32 of 2000.

The Local Government: Municipal Finance Management Act, 56 of 2003. The Local Government: Municipal Electoral Act, 27 of 2000.

The Local Government: Municipal Demarcation Act, 27 of 1998.

The Local Government: Municipal Property Rates Act, 6 of 2004.

The Local Government: Municipal Finance Management Act, 56 of 2003

A Municipality has the right to govern, on its own initiatives, the local government affairs of its community subject to national and provincial legislation, as provided for in the Constitution.

Sedibeng is governed by Political and Administrative arm.

POLITICAL ARM OF THE MUNICIPALITY

The Political Arm consists of 48 Public elected representatives (Councillors) The elected public representatives represent the view of their political party in Council. The Council is made up of three political parties namely, the African National Congress, Democratic Alliance (DA) and Pan Africanist Congress (PAC)

The Legislative Arm in Council is led by the Speaker of Council who presides as the chair in Council Sittings. The Executive Arm in Council is led by the Executive Mayor who presides as the Chair in the Mayoral Committee Meetings. Members of the Mayoral Committee are appointed by the Executive Mayor amongst Councillors appointed to serve in the Municipality. There are eight Councillors who are appointed as members of the Mayoral Committee.

2.1 POLITICAL GOVERNANCE

The Executive Mayor has embarked on a quarterly one-on-one sessions with MMCs in an effort to ensure the monitoring of the management of the Municipality's administration in accordance with the directions of the Council and ensure that regard is given to the public views and report on the effect of consultation on the decisions of the Council. This program is supported by spontaneous unannounced visits to service delivery points within the area of jurisdiction of the Municipality.

Councillors are also appointed to serve in various committees of Council:

- Municipal Public Accounts Committee
- Ethics Committee
- Petitions Committee
- Gender Committee
- Rules Committee
- Elections Committee

The Municipality has also established Section 79/Oversight Committee, comprised of:

Municipal Public Accounts Committee (MPAC)

This Committee exercises oversight responsibilities over the executive obligations of Council. It also assists Council to hold the executive and municipal entities to account, and to ensure the economic, efficient and effective use of municipal resources. By doing so the Committee helps to enhance the public awareness on financial and performance issues of Council and its entities, where applicable.

Gender Committee

The committee oversee/review the alignment, efficiency and effectiveness of gender policy, mainstreaming strategy to implementation, it also oversee and ensure that civic education/awareness programmes, gender analysis and impact assessments are activated within the municipality and across the district.

Petitions Management Committee

The Committee meet regularly or at intervals not exceeding six months to submit to the Council a report indicating all the petitions received, referred and resolved and a summary of the response to the petitioners/community.

Ethics Committee

The Ethics committee as mandated by the council in terms of special delegated powers must ensure that issues of councillor's ethical conduct and discipline become key fundamental values that will shape the future of the council.

Rules Committee

This Committee exists to create a clear road map in as far as the implementation of rules within the Sedibeng District Municipality. To enforce compliance in all sittings and official gatherings of the council and also to put into place systems that will enhance the development of members of the council in terms of conducting fruitful gatherings within the council.

Elections Committee

Sedibeng District Municipality interact with local independent electoral commission pertaining elections matters, the committee operates within the confines of Electoral Act.

Section 80 (MSA 32 of 2000) Committees

All 8 Section 80 Committees are established, chaired by relevant Member of Mayoral Council, and fully operational.

Remunerations Committee

The Remuneration Committee is established and fully functional. It is chaired by the Executive Mayor, and constitutes other members of Mayoral Council. Corporate Services provides a secretariat service to the Committee, responsible for meeting registers, minutes and all other logistics. The Committee deals with all remuneration matters of the municipality, including the performance bonuses of the Section 56 employees.

Audit/Performance and Risk Committee

The Audit/Performance and Risk Committee was functional in the year under review. A total number of ordinary meetings planned were held (4), with 2 special meetings. The Committee approved the Annual Audit Plan and reviewed its Charter. The sub-Committee on Risk Management was established and performed all tasks as expected, i.e. ensuring that organisational risks, both strategic and operational, are identified, captured in the registers, communicated and mitigated, accordingly.

Various reports were tabled before the Committee for noting and approval, as per legislative compliance and directed by the Internal Audit Plan. These reports included all Finance reports, Performance, Risk Management, Internal Audit reports and review of controls. The Committee ascertained that Internal Controls are implemented informed of the Annual Audit Plan.

All Sedibeng Councillors, as elected public representatives provide a link through which the needs of communities and various stakeholders are channelled into the Council for consideration.

The administration accounts to the political segment of the municipality. The administration is headed by the Municipal Manager, Mr. Yunus Chamda.

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

POLITICAL STRUCTURE	Function
EXECUTIVE MAYOR Mahole Simon Mofokeng	❖ Recommends to the municipal council strategies, programmes and services to address priority needs through the IDP, and the estimates of revenue and expenditure, taking into account any applicable national and provincial development plans.
SPEAKER Busisiwe Joyce Modisakeng	❖ Chairs Council meetings, and advice on major legislative compliance issues..
CHIEF WHIP Masabatha Christinah Sale	❖ Oversee that roles and responsibilities of Councillors are implemented, thus provide full councillor support.

MEMBERS OF THE MAYORAL COMMITTEE

COUNCILLORS

Councillor S. Maphalla; Roads and Infrastructure.
 Councillor Y. Mahomed; Environment and Clean Energy.
 Councillor S.A. Mushudulu; Development Planning & Housing
 Councillor M.E. Tsokolibane; Economic Development & Communication
 Councillor B. Mncube Administration
 Councillor Z. Raikane Sport, Arts, Culture and Heritage
 Councillor P.B. Tsotetsi : Finance
 Councillor M. M. Gomba: Social Development

COUNCILLORS

The Sedibeng District Municipality (SDM) consists of directly elected proportional representatives as well as seconded Councilors from local municipalities constituting members of the district municipality. In this current term SDM consists of 48 councilors elected as follows: 19 Proportional Representatives (PR Councillors) and 29 Seconded (23 Emfuleni Local Municipality, 3 Midvaal Local Municipality and 3 Lesedi Local Municipality).

Political Parties Representation in Council is as follows:

- African National Congress
- Democratic Alliance
- Pan-Africanist Congress

POLITICAL DECISION-TAKING

The Administration develops report based on requests from Councillors, communities, individuals, and various stakeholders. These reports are then submitted firstly to various committees of the Council such as the committees established under Section 80 of the Local Government: Municipal Structures Act, 1998 (as amended). These Committees after extensive consideration of the reports recommended to the Mayoral Committee and referred to Council for final decision (resolution). It sometimes happens that Councillors submit motions for consideration by full Council.

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The administrative arm of the Municipality is headed by the Municipal Manager as the Accounting Officer. The Accounting Officer in fulfilling his responsibilities is assisted by six Senior Managers directly accounting to the position of the Municipal Manager. In order to assure alignment of duties with the political management team, all 3 Directors in political offices are incorporated into the management committee, thus forming a strong team of 10 Management Committee (MANCO).

MUNICIPAL MANAGER

Mr Y. Chamda

CHIEF OPERATIONS OFFICER

Mr T.L. Mkaza

CHIEF FINANCIAL OFFICER

Mr B. Scholtz

EXECUTIVE DIRECTOR: CORPORATE SERVICES

Mrs M. Phiri-Khaole

EXECUTIVE DIRECTOR: COMMUNITY SERVICES

Mrs M. Mazibuko

EXECUTIVE DIRECTOR: STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT

Mr R. Netshivhale (Acting)

EXECUTIVE DIRECTOR: TRANSPORT, INFRASTRUCTURE AND ENVIRONMENT

Mr S. Manele

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Sedibeng District Municipality established functional structures to undertake its objectives on Inter – Governmental Relations

The IGR Unit, located in the Office of the Municipal Manager, was capacitated with staff in order to fulfill its objective of close interaction with all spheres of Government, thus play a demanding coordination role. The ‘clean audit’ status of the Sedibeng District Municipality has encouraged constant engagement with other municipalities, entities and government departments on learning, networking and benchmarking. The Unit still sits actively in all District, Provincial and National Forums.

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Sedibeng District Municipality actively participates in various key forums at a national level. The key ones are the South African Local Government Association (SALGA) and the National Anti - Fraud & Corruption IGR Forum. In SALGA, the Directorate of Community Safety represents SDM at the Civilian Secretariat for Police Working Group and Plenary Forums. These platforms are responsible for policy development and reviews related to the Community Policing Forums, Community Safety Forums, Green Paper on Policing, Rural Safety, etc.

Participation at this level enables the Municipality to expand and further build its strategic networks, with further impact positively in terms of acquisition of best models for the benefit communities within Sedibeng. Such learning attained from such forums assist the Municipality during its policies and procedures undertaken mainly on annual basis.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

SDM also participates in various structures at Provincial level, namely the Gauteng Intergovernmental safety Coordinating Committee, MEC/Mayoral Committee Forum, Gauteng Speaker Forum, Premier’s Coordinating Forum, and SALGA Working Groups & Functional Areas. SDM is fully represented by the relevant Clusters and members of the Political Management Team. Their participation and continuous feedback keep the municipality informed of current issues related to amendments in legislation and new developments in municipal management and strategies

RELATIONSHIPS WITH MUNICIPAL ENTITIES

NB! The Sedibeng District Municipality has no entities.

DISTRICT INTERGOVERNMENTAL STRUCTURES

SDM, in consultation with all Local Municipalities in its municipal area, has set up relevant IGR forums to advance cooperation and consultation towards coordinated development and advancement of the region. These structures meet on monthly, quarterly and bi – annual basis. SDM and three Local Municipalities, namely Emfuleni Lesedi and Midvaal Local Municipalities, are fully represented in these Forums. Some of these are aligned to both National and Provincial Structures for direct implementation of plans as designated at higher levels. SDM has set up these Forums and Committees to advise on and direct operationalization of policies, systems, projects and programmes as discussed. They advocate synergy in the region, thus curb duplications and possible waste of time and public resources. Various Forums like the CFOs Forum, Safety Management Forum, Municipal Environmental Health Forum, Transport and Roads Forum, IDP Task Team Forum, IDP Steering Committee, IDP District-wide Lekgotla, and many more. These structures advance district-wide delivery of desired services towards realization of the growth and development strategy.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Sedibeng District Municipality rolled out various public engagements such as programmes, projects and activities in the form of Summits and Stakeholder Participation to ensure public accountability and participation in governance issues. These engagements were very successful and adequately attended and became fruitful as they assured expected outcomes were reasonably achieved.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The District Municipality held public engagements, including meetings, events and consultations led by both political and administration principals. These occasions were organised according to SDM plans as aligned to legislative requirements and annual plans. Although stakeholders were reached as planned, the critical focus was mainly on the organised ones, thus to encourage local municipalities to pay attention on general communities. SDM's Communication Directorate also played a major role to reach all stakeholders, physically and through electronic media, including website information.

WARD COMMITTEES

The Sedibeng District Municipality has no Ward Committees. However, through the Office of Speaker and in collaboration with local municipalities, it provides oversight, capacity building and support to all Ward Committees.

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
IDP Review Analysis Public Participation	15Nov 2013	10	7	118	Yes	IDP Review Analysis May 2013
IDP CIIs workshop	9April 2014	19	10	N/A	Yes	Council approval of IDP draft
IDP Sectoral Engagement Public Participation	30April 2014	9	16	181	Yes	State of the District Address May 2014
IDP Business Breakfast Public Participation	30April 2014	12	11	70	Yes	State of the District Address May 2014
SODA	May 2014	2	11	1.Main Venue (800+-) 2.Ratanda MPPC (213+-) 3.Sicelo stadium (400+-) 4.Evaton Mafatsana (950+-) 5. VUT Desmond Tutu hall	Yes	Feedback

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
				(400+-)		
MRM Consultation	9 June 2014	1	3	45	Yes	MRM launches (Midvaal and Emfuleni),

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

SDM's planning, implementation and monitoring processes of programmes and projects benefit significantly from this public meetings. All public participation and commemorative events are publicized in various media to maximise attendance, thus used as means of educating and informing stakeholders about their rights, roles and sign significance of all municipal service delivery programmes and events.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
* Section 26 Municipal Systems Act 2000	

The Sedibeng District Municipality and its Local Municipalities prepared an Integrated Process Plan within the adopted IDP Framework. The Process Plan outlined all events and activities involved leading to the drafting and completion of the annual IDP Review processes. The IDP, Performance

Management Systems (PMS) and Budget are all components of one overall development planning and management system of SDM. Since the integrated development planning is an inter-governmental system of planning which requires involvement of all three spheres of government, the Sedibeng District engaged all government departments and other stakeholders like Stats SA and Provincial Treasury (State of Economic Review and Outlook -SERO) to put together its final IDP document, which was successfully approved by Council in May 2014.

COMPONENT D: CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Sedibeng District Municipality established governance systems as prescribed by relevant legislation. The Local: Municipal OVERVIEW Finance Management Act, 56 of 2003, highlights that: "The accounting officer ...has and maintains:

1. Effective, efficient and transparent systems of financial and risk management and internal control
2. A system of internal audit under the control and direction of an Audit Committee.."

The District has a functional IGR Committees, interacting with all stakeholders at local, provincial and national levels. The Audit Committee is effective, thus provide oversight on all issues within its mandate. SDM outsourced its Internal Audit function to Grant Thornton, which implement its total audit operations managed and supervised by SDM's Internal Audit personnel. Fraud and Corruption issues detected and reported were prevented and managed accordingly. MPAC exercised oversight and provided Council with assurance on the acceptance of the prior year's annual report.

It is compulsory that a Local Labour Forum must be established at each municipality (if not established then it is noncompliance with collective agreement and this could lead to compliance order by South African Local Government Bargaining Council (SALGBC) and a possible fine).

Matters currently discussed at Local Labour Forums includes, but not limited to Job evaluation, Employment Equity, Training and development of staff, Skills Development, filling of vacancies, Occupational Health & Safety, Employee benefits, Policies – formulation, interpretation and enforcement, Conditions of service and Collective agreement interpretation, enforcements and exemptions. This continuous consultation enriches management processes and systems in order to minimise workplace conflicts between the employer and employees.

2.6 RISK MANAGEMENT

RISK MANAGEMENT

The Risk Management Unit provides specialist expertise in providing a comprehensive support service to ensure systematic, uniform and effective Enterprise Risk Management (ERM). The Risk Management Unit plays a vital communication link between operational level management, senior and

executive management, risk management committee and other relevant stakeholders. The Risk Management Unit is the custodian of the ERM framework, the co-ordinator of the risk management processes throughout the institution and the institutional advisor on all risk management matters.

Top 5 Strategic Risks of Sedibeng District Municipality are:

1. Procurement Fraud;
2. Abuse of Council Vehicles;
3. Non-compliance to terms and conditions of some SLAs;
4. Loss of cash revenue- fake notes; and
5. Payroll Fraud (Ghost Employees, overtime Manipulation, etc.).

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Sedibeng District Municipality (SDM) subscribes to the principles of good corporate governance, which requires conducting business in an honest and transparent fashion. Consequently SDM is committed to fighting fraudulent behaviour at all levels within the organisation. The Municipal Manager bears the ultimate responsibility for fraud and corruption risk management within the Municipality. This includes the coordination of fraud risk assessment, overseeing the investigation of suspected fraud corruption, and facilitation of the reported employees or other parties

In SDM, there is an Anti-Fraud and Corruption Unit which comprises of 2 Internal Investigators who report directly to the Chief Operations Officer and the Municipal Manager. Sedibeng District Municipality currently reviewed their Fraud Prevention Plan, together with the Fraud Policy & Response Plan.

The plan is premised on the organisations core ethical values driving the business of, the development of its systems, policies and procedures, interactions with its constituencies the public and other stakeholders, and even decision-making by individual managers representing the organisation. The Plan is also intended to assist in preventing, detecting, investigating and resolution of fraud and corruption. During the year under review, only two (2) cases were reported and dealt with accordingly.

Key focus areas based on the recent fraud risk assessment were Supply Chain Management Unit, Licensing Department, Payroll Unit, Information Management Unit and Human Resources Department. Top 5 Fraud Risks are as follows:

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Unit resides within the Finance Cluster.

The Local Government: Municipal Finance Management Act (Act 56 of 2003) requires the municipality to have and implement a Supply Chain Management Policy (SCM Policy) which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

In addition, the Preferential Procurement Policy Framework Act (Act 5 of 2000) requires an organ of state to determine its Preferential Procurement Policy and to implement it within the framework prescribed.

The following bid committees were established and are fully functional:

- Bid Specification Committee;
- Bid Evaluation Committee; and
- Bid Adjudication Committee.

The municipality has developed and established the supplier database. Adverts are placed annually in the newspapers circulating locally to invite potential suppliers to be registered on the supplier database. Service providers may however register at any time. The supplier database is used to request quotations for all purchases up to R30 000 (VAT inclusive) and for formal written quotations (R30 000 to R200 000).

SDM issued an advert inviting companies owned by people with disabilities to register on the supplier database for specific commodities.

The Executive Mayor provided general political guidance over fiscal and financial affairs of the SDM. He also monitored and oversaw the exercising of responsibilities assigned to the Accounting Officer and the Chief Financial Officer. As SDM policy prescribes, Councillors are not permitted to serve as members in any bid committee or participate in the supply chain management processes.

SDM has established Contracts Management Committee which meets on monthly basis to monitor progress on implementation of all available contracts within the municipality. The Committee is coordinated by Corporate Services, and resides in the Directorate: Legal Services. The challenge uncovered is that some service providers do not rollout programmes as per Service Level Agreement, and required tough intervention by the municipality to enforce such maladjustments.

2.9 BY-LAWS

COMMENT ON BY-LAWS

The administering and control of Atmospheric Emissions Licences and the rendering of Municipal Health Services are Category A and C functions.

The SDM Draft Air Quality By-laws were developed through a consultative process that involved all stakeholders, including the Department of Environmental Affairs. The Draft By-laws were submitted to Council for approval and eventually approved. The intentions of these by-laws are to control all the activities within the region that directly impact on the air quality which are not sufficiently regulated by the national legislation. The public participation process will be undertaken in the next financial year.

The Draft by law development process on Municipal Health Services has been overtaken following the publication of the draft Norms and Standards on Environmental Health by the National Department of Health and which was published for public comment recently.

The process will gain momentum again once the Norms and Standards are gazetted by the Minister in the first quarter of the next financial year. The current draft by law will then be revised in the next financial year and brought in line with the national norms and standards.

Note: MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	Jun-14
All current budget-related policies	Yes	Jun-14
The previous annual report (Year -1)	Yes	Jun-14
The annual report (Year 0) published/to be published	Yes	Jun-14
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	Jun-14
All service delivery agreements (Year 0)	Yes	Jun-14
All long-term borrowing contracts (Year 0)	No	
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	Jun-14
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	On going
Public-private partnership agreements referred to in section 120 made in Year 0	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	Jun-14

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

SDM uses its website as a communication and information sharing tool between itself and all its stakeholders. Communication Directorate has assigned a specific official to upload, manage and update all data onto the website, thus continuous compliance with legislative requirements. The layout is designed to be user friendly and accessible by all potential users of the system.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

SDM did not undertake any public service satisfaction survey on municipal service delivery. It placed dependence on the continuous positive feedback shared by stakeholders and community members during public engagement sessions, such as events and meetings.

Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

This chapter covers a consolidated account on projects and programmes planned by the Sedibeng District Municipality (SDM), and implemented in cooperation with Local Municipalities and Provincial Government.

In 2007, leadership in the Sedibeng District Municipality in consultation with its stakeholders and employees developed the seven Key Priority Areas (KPAs) and IDP Strategies. These Key Priority Areas are objectives to propel Sedibeng District Municipality towards its mission of achieving a broader and long term growth and development of the region. Thus all work undertaken in the year under review relates to attainment of these priority areas:

- Reinventing our economy
- Renewing our communities
- Reviving sustainable environment
- Reintegrating our region
- Releasing human potential
- Good and financial sustainable governance
- Vibrant democracy

The Sedibeng District Municipality rolled out most of its planned programmes and projects. The 6 Clusters, their Directorates, and the Political Management Teams implemented set tasks to achieve the planned IDP deliverables.

A number of important Forums were establishment by SDM and local municipalities to advance organisational objectives. There were intensive public participation and stakeholder relations projects and programmes implemented, led by the political management team, and rolled out at operational levels. The office of the Executive Mayor and the Executive Mayor assisted by administration and members of Mayoral Committee, engaged with stakeholder on various issues and deliverables to advance coordination and cooperation. Such engagements set a platform towards achievement of SDM objectives pulled under all seven priority areas. These achievements translates into capital projects, operational efficiency, human capital development, environmental awareness, sustainable and proper financial governance, oversight and accountability, people potential development, intergovernmental coordination, facilities management, inclusivity in the economy, and many more focal areas.

SDM turned the region into high activity zone, because streets were upgraded, tombstone were unveiled, jobs were created, schools and clinics were supported, SMMEs were integrated and capacitated, signage were upgraded, health and HIV and AIDS programmes were rolled out, IT systems were integrated, roads were integrated too, staff were trained and offered employee support, benchmarking was done, registration and licensing of vehicles were effective, tourism and leisure promoted, charity organisations were engaged and supported, safety and disaster management

programmes were implemented, general public participation was enhanced, and there was high level corporate governance.

All these programmes and projects were implemented to benefit all stakeholders and residential areas under all three local municipalities, namely Emfuleni, Lesedi and Midvaal.

COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

The function of water provision resides with the local municipalities in the Sedibeng region. The Sedibeng District Municipality can therefore not account on this item.

The SDM is not directly responsible for the provision of potable water to communities. Randwater provide good quality drinking water to local municipalities who in turn is then responsible to distribute the water through its water network to end users. However, water quality monitoring is one of the priority programmes within Municipal Health Services which ensure that good quality water is provided to the citizens of the Sedibeng District

3.2 WASTE WATER (SANITATION) PROVISION

The Sedibeng region is faced with an issue of raw sewage and non-compliance effluent being discharged into the Vaal River. This is as a result of the sanitation infrastructure capacity within the Sedibeng region of Emfuleni Local Municipality (ELM) and Midvaal Local Municipality (MLM) being old and running beyond its design capacity. The issue of old infrastructure is resulting in high maintenance costs and frequent failures, for instance, Emfuleni has 43 pump stations some of which were built more than 50 years ago.

Sedibeng Regional Sanitation Scheme was initiated to deal with challenges faced by the Local Municipalities in the region. The Sedibeng DM plays a facilitation role as it is neither the Water Services Authority nor the Water Services Provider. The current stakeholders in the project are the Emfuleni and Midvaal LMs, the National Department of Water Affairs, the National Treasury, the Gauteng Department of Local Government and Traditional Affairs, and the Sedibeng District Municipality.

The high level description of the project includes the upgrading of Sebokeng and Meyerton Waste Water Works and the construction of the new Waste Water Treatment Works. Currently there is construction work at Sebokeng Waste Water Treatment Works and the projected completion date is August 2016. The project is expected to progress well in the next financial year onwards until completion.

3.3 ELECTRICITY

The function of electricity resides with the local municipalities in the Sedibeng region. The Sedibeng District Municipality can therefore not account on this item, however we do provide coordination and support as and where required.

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

The function of waste management resides with the local municipalities in the Sedibeng region. The Sedibeng District Municipality can therefore not account on this item.

3.5 HOUSING

The function of housing provision resides with the provincial government in the Sedibeng region. The Sedibeng District Municipality only provides coordination services in the region.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

These services reside with the local municipalities in the Sedibeng region.

COMPONENT B: ROAD TRANSPORT

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

3.7 ROADS

These services reside with the local municipalities in the Sedibeng region.

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

MOTOR VEHICLE LICENSING AND REGISTRATION

The following activities were undertaken during the year under review.

A number of employees committed various forms of misconduct for which they were subjected to disciplinary action. Those found guilty of serious misconduct were dismissed.

The SDM as part of a medium term turnaround strategy refurbished two of its driver license test terrains. It included the Vereeniging and Vanderbijlpark test terrains. The successful completion of the project ensures that applicants are subjected to a fair and objective test without any form of prejudice caused by degenerated infrastructure.

As part of a provincial initiative, a computerized learner license test system (CLLT) had been installed and commissioned at the Heidelberg DLTC. This is the second system commissioned in the region the first of which had been initiated at the Meyerton DLTC. The CLLT system is aimed at reducing corruption in general while at the same time eradicating the element of human error as was possible in the theoretical test system.

As a result of unforeseen delays occurring during the refurbishing project of the two bigger test terrains, the License Department did not achieve its projected annual income budget.

The vehicle population in the area of jurisdiction of the SDM showed a marginal growth and presently numbers 256 000 vehicles in total.

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INTRODUCTION TO TRANSPORT

Although SDM is not a transport authority, through its coordination role the following were facilitated:

- The number of conflicts involving public transport operators and minibus taxi industry in particular decreased.
- The moratorium on new operating licenses as recommended by the ITP was successfully implemented.
- The assessment of meter taxi industry was completed.
- The terms of reference for development of the meter taxi strategy was completed.
- There are improved relations among the public transport operators, their associations and Municipality as a result of ongoing engagement

The Sedibeng District municipality has contributed R500 000,00 towards the upgrading of the Vereeniging Station and Taxi Rank where these projects are respectively funded by PRASA for R50m and GDRT for R49.5. The contribution by the SDM has largely been utilised for public and stakeholder consultation during the planning and design of the projects.

Employees: Transport Services					
Job Level	Year -1		Year 0		
	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	1	1	1	0	0%
7 - 9	4	4	4	0	0%
10 - 12	1	1	1	0	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	10	10	10	0	0%

Financial Performance Year 0: Transport Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	-62167524	-64979314	-64987354	-58538452	-11%	
Expenditure:						
Employees	44223696	44601751	45497332	45775808	3%	
Repairs and Maintenance	0	0	0	0	0%	
Other	3989448	3513581	3425026	3593816	2%	
Total Operational Expenditure	48213144	48115332	48922358	49369624	3%	
Net Operational Expenditure	110380668	113094646	113909712	107908076	-5%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						

R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	#DIV/0!	280
Project B	0	0	0	#DIV/0!	150
Project C	0	0	0	#DIV/0!	320
Project D	0	0	0	#DIV/0!	90

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

3.9 WASTE WATER (STORMWATER DRAINAGE)

This service is provided by the local municipalities.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

3.10 PLANNING

INTRODUCTION TO PLANNING

The district is responsible for spatial planning through Spatial Development Framework (SDF), Geographic Information System (GIS) and promotion of efficient land use. The five year Spatial Development Framework (SDF) has been completed and will be reviewed annually. The funding for maintenance for GIS through opex was secured. Three precinct plans have been completed funded by Department of Rural and Land Reform which are Waterfront, Government (Civic), and Fresh Produce Market Precinct Plans. Applications for land use are done through the Local Municipalities.

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

Financial Performance Year 0: Planning Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-846	-1693	-576	-462	-266%

Financial Performance Year 0: Planning Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Expenditure:						
Employees	1246969	1271580	1268592	1049459	-21%	
Repairs and Maintenance	0	0	0	0	#DIV/0!	
Other	34846	52160	22493	18706	-179%	
Total Operational Expenditure	1281815	1323740	1291085	1068164	-24%	
Net Operational Expenditure	1282661	1325433	1291661	1068627	-24%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						

Capital Expenditure Year 0: Planning Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	280	
Project B	0	0	0	#DIV/0!	150	
Project C	0	0	0	#DIV/0!	320	
Project D	0	0	0	#DIV/0!	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

Three precinct Plans and the Newly Five Year SDF has been completed .The GIS project software upgrade and Doornkuil Precinct Plan could not be completed. The delay for GIS upgrade was caused by a delay in drafting of Service Level Agreement and the change in scope from the Local Municipalities. The Doornkuil delay was caused by new comments received from Midvaal Local Municipalities.

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

LOCAL ECONOMIC DEVELOPMENT PROGRESS REPORT

The Sedibeng District Municipality has developed incentive framework with incentive package which was aimed at providing enabling environment for growth and development of the Emfuleni, Lesedi, and Midvaal economies.

Its main purpose is to eliminate the discrepancies between these economies in terms of provided incentives and formulate a uniform approach to promotion of investment and economic growth in these areas. Manufacturing sector remains a dominant sector of our regional economy, however, it is experiencing a decline due to macro factors and it is for this reason that we have begun to diversify and grow other sectors. The Services Sector, the Financial Sector, the Tourism Sector and the Agricultural Sectors are all on the rise.

We have concluded Partnership programme between Gauteng Provincial Department of Economic and Vaal University of Technology (VUT) to support SMME's incubation and drive innovation through digital manufacturing with the establishment of a Fabrication Laboratory. This is a programme to support the local SMMEs operating in the Manufacturing sector for the incubation and promotion of small operators with ICT supported and designed Manufacturing and Research capability for product development. The project is located at Vaal University of Technology as part of the few Science Parks currently accredited.

In LESEDI Local Municipal area, the Zone of Opportunity is progressing steadily with new additions on a regular basis. All these developments points to the impact the interventions have on the unemployment and StatsSA confirmed in its 2011 Census that Unemployment in Sedibeng dropped by a massive 12 percentage points from 43.9% to 31.9% in just ten years.

The region has become a focus and frequent enquiries by investors both local and foreign, wanting to explore possibilities of doing investment expansion and developments in our area

SPECIAL ECONOMIC ZONES (SEZ)

The Special Economic Zone that encourages exports hold "real opportunity", particularly for low or unskilled unemployed people in areas like logistics, light manufacturing and other industries, but this would require "bold and radical action".

The information availed to SDM by Emfuleni shows that the process is very cumbersome and ideally the district must support Emfuleni and other locals' initiatives. The Lesedi Local Municipality had a number of Zones which were clearly captured in the Lesedi Nodal & Corridor Development Study with the advantage of the N3 connection and other identified flagship projects such as Zone of Opportunity, Heidelberg Showground Industrial Township, Southern Gateway Logistical Hub and Transnet Bulk Liquid Terminal.

This potential SPECIAL ECONOMIC ZONE also exists in Midvaal especially along the R 59 because of the upcoming industries along and adjacent Heineken. It was initially thought that SDM must take be designated a Special Economic Zone and make a real effort to secure one. This would see the relaxation of labour regulation, package of incentives in place, whatever is required, and experiment what happens.

These off take prescribed within the Special Economic Zone in the district the opportunities and advantages that come with such establishment. LED SDM attended a workshop on Special Economic Zones Framework (SEZ's) for the Gauteng Province and SDM submitted proposals for a Special Economic Zone.

IMPLEMENT STEEL INDUSTRY SECTOR SUPPORT STRATEGY

The metals, energy and construction sectors have been identified as the main manufacturing sub-sectors in the Sedibeng District.

The Sedibeng Steel Sector Support Programme has adequately attended to challenges and problems facing the steel industry in the district. 10 SMMEs in the Steel sector benefitting from down and upstream beneficiation in the steel industry. More than 10 SMME'S were presented with DTI Incentives schemes and GEP opportunities, to access both training and financial support.

The consultant has submitted the report indicating opportunities and challenges that needs to be attended to by the province, district, steel forum and other steel sector role players and there is an opportunity for the revival and development of the foundry industry and one challenge is that, the industry is experiencing difficulties in attracting highly skilled entrants

CONSTRUCTION SECTOR ECONOMY.

The previous 5 year IDP identified the construction sector as one area of economic growth for the district. In an effort to realise the assumption above the district developed terms of reference and framework to source outside funding to fund the construction sector strategy.

The district further consulted stakeholders and strategic role players in the industry to consolidate support and inputs through public participation. The CIDB has been requested to directly assist and identify other potential partners for the development of Construction Strategy

AGRICULTURE

There is no officially adopted definition of rural areas. Most departments define rural areas as “the sparsely populated areas in which people farm or depend on natural resources, including the villages and small towns that are dispersed through these areas.

In addition, they include the large settlements in the former homelands, created by the apartheid removals, which depend for their survival on migratory labour and remittances.” (Rural Development Framework of 1997).

LED consulted relevant stakeholders to get more inputs and identify priority areas aligned to amongst others Outcome 7. Each of the 12 outcomes has a delivery agreement which in most cases involves all spheres of government and a range of partners outside government.

The unit engaged the Gauteng Division of Rural Development to request for both funding and technical assistance towards developing the strategy. One of the mostly identified difficulties for the farmers and especially the upcoming ones is the issue of capacity and skills to practice sustainable agriculture.

The LED worked with organisations such as IDT and AGRISA, to source help for capacity building and the formal relationship with AGRISA Gauteng in extending their capacity building initiatives for emerging farmers and other related support is being solicited. To date they gave technical support to farmers in Lesedi in pest control, harvesting, marketing and other related agricultural skills.

On the other hand financial support and non-financial support remains ongoing challenges for the agricultural sector. The SDM submitted 10 cooperatives to IDT, to source help for capacity building and funding.

In terms of the policy of the EPWP non-state sector only one cooperative successfully met the funding criteria and the cooperative concerned was women's cooperative farming herbs next to Sebokeng Hostel.

SDM Projects further were submitted projects to both GDARD and DED for funding consideration.

The projects have been captured and confirmed by GDARD and DED for future assistance and the members of the community continue to submit applications for accessing land from the department of rural development and land reform (DRDLR).

Gauteng Rural Development and Land Reform meetings, which screened potential land applicants set for the whole year and some beneficiaries, were allocated farms. The SDM is only awaiting the audited beneficiaries which are confined to borders of the district.

SMME'S & COOPERATIVES

The development and support of SMME'S and cooperatives remains critical to sustained economic growth and job creation targets. Sedibeng District Municipality in partnership with BHP Billiton graduated 20 SMME'S through an enterprise development programme run by Raizcorp (BHP Billiton Enterprise Development Programme).

This support was also extended to one SMME which was referred to GEP for processing of a loan for a laundry business. The beneficiary of the referral was a military veteran who was based in Sebokeng but unfortunately passed upon approval of his loan.

The other SMME' was linked to Raizcorp programme for Bottle Cleaning Machine which was bought by BHP Billiton to establish a small factor in Duncanville. The SDM LED facilitated a number of partnerships aimed at establishing working relations on SMME and Co-operatives Development and SDM supported a process undertaken by ELM to have SEDA operating in the district.

These partnerships were arranged with SEDA, IDT, BHP Billiton and business chambers. GEP is one of the regional partners that SDM is soliciting long term partnership with and to date much progress has been done in various aspects.

SDM took part in the PLATO programme which is an SMME'S empowerment programme implemented together with Johannesburg Chamber of Commerce & Industry (JCCI). The programme focuses on training and mentoring SMME'S and cooperatives on business skills and incubation programmes.

The BBBEE summit amongst others resolved that the established SMME'S, cooperatives, upcoming businesses must be trained and empowered in understanding the legislative framework government both public and private procurement. In order to achieve the objectives and resolutions as stated DED conducted an empowerment workshop on the alignment of PPPFA and BBBEE and this took place on the 7th December 2011.

The SDM has established partnerships with BBBEE rating agencies to assist mainly SMME'S and cooperatives acquire BEE certificates and in construction CIDB has been also taken on board for ratings purposes.

The meetings and briefing sessions were held with Evaton LED Advisory Centre on 27 September to assist on their needs to assist them with information relating SDM procurement processes and SMME'S/Cooperatives development programmes.

SEDIBENG UNITED BUSINESS FORUM

Sedibeng District Municipality has organized fragmented business organizations and formed the Sedibeng United Business Forum was launched to respond to challenges and problems faced by the business sector.

The SDM has further involved other spheres of government to give more support to the forum and Department of Cooperative Governance and Traditional Affairs has welcomed this relationship on programmes and establish a United Business Forum.

The business chambers which form part of the forum are as follows;

NAFCOC Sedibeng

Vanderbijlpark Sakekamer

Vereeniging Sakekamer

Heidelberg Sakekamer

Midvaal Sakekamer

Roshgold Investment Holdings.

VAAL 21

The Vaal 21 projects and flagship projects have been identified in the Sedibeng Growth and Development Strategy and these projects have been prioritized for implementation in a phased-in approach over a period of time.

BIODIGESTER

The Bio digester is a project that we have partnered with Gauteng Provincial Department of Economic Development to pilot the Bio-fuel Processing and Demonstration Project, as a community based project that reuses organic waste (vegetables; fruits; cow dung; and garden wastes); as biomass feedstock to generate bio-fuel in a bio-digester to produce gas for cooking purpose in communities and local schools where feeding scheme programme is implemented.

In the year under review, two schools in Sharpeville that is Vuyo and Lebowa Combined Schools, have been implementing the project as pilot sites and the full establishment and operations of the projects are 80% complete.

COMMENT ON LOCAL JOB OPPORTUNITIES:

The Sedibeng District Municipality together with its locals has embarked on huge infrastructure development programmes. This include a lot of roads construction by local municipalities, growing consumer economy with a lot of new retail chain stores, multi-billion Sedibeng regional scheme project.

The development and support of SMME'S and cooperatives remains critical to sustained economic growth and job creation targets. The partnership with DED through Filpro of training 200 automotive backyard mechanics industry role players has created good prospects for the growing of the operations for these SMME'S.

100 SMMEs went for Micro Franchising training through DTI. The training offers potential SMME'S to be franchised and thus offering them a unique opportunity to take advantage of an increase in retail industry which has grown phenomenal in the district.

The GDARD donated 9 tractors and other farming equipment to the district to support emerging farmers as part of mechanisation programme and training support for mechanization programme was completed.

There are three (3) operational sites for the CWP within the Locals with 3000 beneficiaries being employed. To date 107 EPWP related jobs were created in the programme and worked with the Local municipalities to review of LED strategies.

The SDM has established partnerships with BBBEE rating agencies to assist mainly SMME'S and cooperatives acquire BEE certificates and in construction CIDB has been also taken on board for ratings purposes.

Cooperatives are being registered and participate in the CRDP programme to coordinate rural nodes in the District. In rural development initiatives in Devon and Bantu Bonke and also participate with the Locals in the CRDP initiative to coordinate and monitor implementation in rural nodes of Devon and Bantu Bonke within the District. We hosted Provincial Exhibition for 40 Cooperatives to show case their products to private sector and business community.

In Midvaal we have started breaking ground at a development called Savannah City on our northern border with Johannesburg. This new development will eventually bring a staggering 18,000 new houses to our region in a mixed housing development.

The Klipriver Business Park along the R59 is underway and will grow in a short space of time as the nucleus of a future Midrand- Style development for the Vaal River Metropolitan Municipality. The R57 Development Corridor is developing well.

The Development Zone of Vereeniging, Powerville, Bedworthpark Centre and Vanderbijlpark including the Sharpeville area is expanding and integrating these towns into a single development node.

PROMOTE AND DEVELOP THE TOURISM SECTOR

The Sedibeng District Municipality has embarked upon a major drive to promote and develop the Tourism Industry in the region as a direct result of the decline in economic activity in the Steel and related sectors of the region. Special emphasis is on the development of township tourism.

TOURISM POTENTIAL

The Sedibeng region, with its diverse tourism offerings, embedded in rich cultural and natural heritage products, has the potential to grow into a major tourism destination. Sedibeng district has been classified as an area with above average tourism potential.

TOURISM PROMOTION AND DEVELOPMENT

A Tourism Development Strategy for the area was developed and adopted in 2003 and principles, programmes and projects were encapsulated in the Sedibeng Growth and Development Strategy (2004) and the Sedibeng 2010 strategy (2007).

The Tourism Strategies have the following goals:

- Develop a common understanding of the tourism industry, defining the roles and responsibilities of government in particular and the broader stakeholder groups, in growing the Tourism Industry in Sedibeng;
- Develop and formulate strategies to be implemented by each stakeholder group in relation to their respective roles taking the strengths and weaknesses of the Sedibeng Tourism Sector into consideration;
- Build the capacity of the three major stakeholder groupings (Government, Private Sector and Community) to grow tourism and subsequently create economic and job opportunities.

In order to realize these objectives, the following programmes have been identified:

- Tourism institutional arrangements
 - Establishment of a regional Tourism Organization.
- Tourism product development
 - Quality assurance, Skills development, Routes development
- Tourism Infrastructure development
 - Signage, Amenities, Precincts, Roads
 - Tourism marketing and promotion

-
- Promotional material, Exhibitions, Compilation of tourism packages
 - Training and Capacity building

Tourism Institutional Arrangements

The Sedibeng District Municipality has coordinated the establishment of a Regional Tourism Organisation, with Public, Private and Community Stakeholders, to create an enabling and facilitating environment for the Tourism Industry in the Sedibeng Region as informed by the National Growth Path, the Constitution of the Republic of South Africa and the National and Provincial Tourism Development Strategies.

A state owned company (Vaal River City Promotion Company (SOC)) was registered in August 2013. The objective of the Vaal River City Tourism Promotion Company (SOC) is to promote and develop the Sedibeng Region as the destination of choice for domestic and international tourists, through various coordinated marketing initiatives, such as promoting Vaal River City as a brand and encourage the hosting of unique integrated events.

Tourism Product Development

- **Accommodation and Tourism Product Audit:**

The Tourism Department has conducted an audit on the graded and non-graded accommodation facilities in the region. This is an on-going process. A total of 15 databases have been developed and maintained regularly.

- There are 95 graded establishments in the region and 71 non-graded establishments. Approximately 4480 beds (3300 Graded and 1180 Non Graded), ranging from luxury to budget accommodation, are on offer to tourists.
- There are 68 Conference and Function venues with capacity for 20 to 1800 pax.

- **Tourism Quality Assurance**

- To ensure quality in the sector the Third Annual Regional Tourism Awards was hosted, which recognises and encourage excellence in the Tourism Sector

Tourism Infrastructure, Signage and Routes Development

- Sedibeng District Municipality coordinated a Tourism Infrastructure Audit, which resulted in the submission of 22 infrastructure projects for inclusion in the Gauteng Tourism Infrastructure Strategy and Gauteng Infrastructure Portfolio.
- 12 Routes have been developed and is marketed through various marketing platforms such as a routes map and on the Sedibeng website.

Tourism Marketing and Promotion

- **Tourism Offerings and Packages**

Packages have been designed by tourism product owners to ensure a diverse tourism offering in the region for international and domestic tourists. It will also afford the opportunity for local residents to take advantage of these offerings. The Sedibeng region has been selected to be a pilot project for the implementation of the Gauteng Visitor Information Services Strategy.

Marketing and Exhibitions

The Tourism Department is involved with many exhibitions and events on an annual basis. This platform is an excellent marketing tool to raise the tourism profile of the region. A Generic Tourism Brochure, profiling the tourism offering in the region, is distributed. A Sedibeng tourism website has been developed, which includes accommodation establishments, tourism attractions, packages and events.

Listed graded establishments are linked to their respective websites. Sedibeng District Municipality submits information to the National Department of Tourism, Gauteng Tourism Authority, N3 Gateway, Vaal Dam Portal and Vaal Meander to be included on their respective websites. A domestic tourism awareness campaign, the Vaal Tourism Passport, project is in the process of development.

Training, Capacity Building and Skills Development

Sedibeng, in partnership with the National Department of Tourism, Tourism Enterprise Partnership, Gauteng Enterprise Propeller, Gauteng Tourism Authority and tertiary institutions, conducts skills development and tourism awareness workshops on a regular basis for emerging and established tourism establishments.

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
Year -2				
Year -1				
Year 0				
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
Year -2	40	2,000
Year -1	50	2,900
Year 0	66	4,500
* - Extended Public Works Programme		T 3.11.6

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	2	2	0	0%
7 - 9	2	2	2	0	0%
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	5	5	5	0	0%

Financial Performance Year 0: Local Economic Development Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-616	-1233	-300	-150	-719%
Expenditure:					
Employees	2139821	2379329	2389502	2515099	5%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	186881	232500	230202	108083	-115%
Total Operational Expenditure	2326702	2611829	2619704	2623182	0%
Net Operational Expenditure	2327318	2613062	2620004	2623333	0%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

1. Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations). Sedibeng Development Agency
2. Vaal Freight & Logistic Hub
3. Sedibeng Regional Sewer Scheme
4. Comprehensive Rural Development Programme (Maize Triangle Project)
5. Agricultural Cooperatives
6. Alternative Energy Generation
7. Integrated Public Transport Plan
8. Heritage Commemorative Events
9. Establishment of Single Regional Government
10. Fibre Optic Connectivity & Roll out of Programme

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

3.12 LIBRARIES: ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, OTHER:

Gauteng Department of Sports, Arts, Culture and Recreation operates within a Constitutional Mandate, drawn from Schedules 4 and 5 of the Constitution of South Africa, 1996, which describes areas of exclusive provincial legislative competence. Part A of the schedules lists the following as provincial competencies: Archives, other than National Archives, Libraries, other than National Libraries, Museums, other than National Museums, Provincial Cultural Matters, Provincial Recreation and amenities and Provincial Sports. Part B of the same schedule lists the competencies in which the Provincial Department has a role to support and monitor local government's amusement facilities, local amenities, sports facilities, municipal parks and recreational facilities.

The SDM Sports, Recreation, Arts, Culture and Heritage Directorate is located within the Community Services Cluster.

The Sedibeng District Municipality (SDM) therefore does not have a direct legislative competency to provide the respective functional areas mentioned above nor own such facilities in this regard. However, the SDM has a rich cultural and political history emanating from its role throughout the different epochs of History in relation to obtaining holistic basic Human Rights and ultimately adding to the achievement of Democracy in South Africa. Thus, the importance of the SDM promoting and developing the Heritage of this region including sustaining and preserving our Heritage remains a fundamental priority. In this context the SDM is leasing the three (3) museums and two (2) theatres from the local municipalities within our area to ensure the promotion of our Cultural Heritage as well as the preservation of Heritage Resources.

The Arts and Culture Division has two Theatres under its supervision, namely the Vereeniging and Mphatlalatsane Theatre in Zone 14 Sebokeng. The facilities are fully utilised by the local communities to enhance the development of the various genre's of the Arts and assist in the establishment of the various Arts and Culture forums and to promote a climate conducive for the creative Industries to enhance economic development while building social cohesiveness.

The SDM submitted a report to Council with regard to the conditions at the Mphatlalatsane Theatre in Sebokeng. The theatre was subsequently closed for renovations in November 2013. An application for the inclusion of the Mphatlalatsane Theatre in the Sebokeng Cultural Precinct was submitted and approved. The SDM will advertise tenders for the necessary maintenance, renovations and upgrade.

A Regional Craft hub has been established at the old Sharpeville Police Station on a temporary basis to promote creative industries and improvement of livelihoods. Silk Screening and Glass Beads Project have been established as part of the Regional Crafts Hub through a Provincial Grant.

Through the "Arts to the People" program, ordinary citizens show case their talent for further development and nurturing and audience development is promoted in alignment with Regional, Provincial and National Commemorative days.

In order to promote and support identified Arts and Culture events, the SDM support projects and programmes as well as events hosted by Gauteng SACR as prescribed in the MOU.

To develop local talent, six (6) Choreographers were sponsored to attend the Abuja Carnival in Nigeria in November 2013. Local Choreographers participated in the Provincial Choreographers workshop in preparation for the Provincial Carnival that took place in December 2013.

In an attempt to support the development of Theatre stage productions, a professional theatre production were hosted at the Vereeniging Civic Theatre as part of the Human Rights Month celebrations. The Shake-Xperience Production company presented two plays, "Nothing but the Truth" and "Animal Farm" to Secondary school learners as these are the set work for English First Language.

SDM hosted the auditions for the Provincial Puisano Live Jazz Band successfully at the Sharpeville Community Hall on the 15 and 28 June 2014. Three (3) developmental Jazz bands were given the platform to showcase their talent.

The SDM hosted the Indigenous Gospel Festival as part of the Human Rights Celebration on 08 and 09 March 2014. During the previous year on 17 November 2013 auditions were held at the

Mphatlalatsane Theatre for local Indigenous Gospel Choirs. These auditions were also hosted in the all the other regions in Gauteng. The final that took place in March 2014 at the Vereeniging Civic Theatre was the culmination of the previous auditions.

The Heritage Division is responsible for the Vaal Teknorama, the Sharpeville Heritage Precinct and the Heidelberg Transport Museums. The Heritage precinct include the old Sharpeville Police Station Museum, the Freedom Walk, the Sharpeville Exhibition and the Sharpeville Hall, that is currently managed by the Arts and Culture Department, as well as the Heroes Acre development at the Phelindaba cemetery in Sharpeville.

This division is responsible for museum management at the various facilities mentioned as well as the identification, preservation, restoration and declaration of Heritage sites as well as research and archiving of information in the region.

The Heritage Division has the added responsibility of driving GNC (Geographical Name Change) process in conjunction with the Provincial Department SACR, SAGNC and Local Municipalities. A GNC Policy has been developed and was approved by Council. In November 2013 the SDM in partnership with Gauteng Province launched the SDM GNC Committee at a Public Meeting. Several names have been submitted for change. A name change process will be rolled at in 2014/2015 including the submission of Name Change Applications to the Minister of Arts and Culture.

The Heritage Division is linking to all strategic Institutions like Tertiary History institutions, the National Heritage Council, SAHA, SAHRA and both the Provincial Department SACR and National Department of Arts and Culture and numerous Heritage Museums throughout the Country like Museum Africa, Apartheid Museum, Freedom Park, Luziko Museums, the Helen Josephs Memorial centre and the Robben Island Museum to assist in creating strategic partnerships that would assist in adopting best practices around museum management, exchange of exhibitions and assistance in capturing Oral History of local communities in the Vaal. "The Voices of the Vaal" is an oral History project initiated in this regard.

Identified Heritage Sites, some declared and some only identified for declaration, was submitted to the National Heritage Council for inclusion in the National Liberation Route.

Facilitated an information gathering project in partnership with the Heritage Association and the Voortrekker Monument for the possible upgrade of Anglo Boer War Cemeteries in the Lesedi area.

The Nangalembe Night Vigil Massacre Commemoration was successfully hosted by SDM. The family has been approached in regard to the exhumation of Chris Nangalembe's remains from Avalon to the Evaton Cemetery, however, an agreement has been reached with the family to keep it on hold as they are not impressed with the condition of the Evaton Cemetery. The Department is currently facilitating the upgrading, declaration and preservation of the Nangalembe Memorial as a Heritage site.

Human Rights Month Programme Report for 2014 was signed off by Mayoral and Council. In 2014 the Human Rights celebrations on 21 March 2014 was a National event with the President attending the commemoration. The Sharpeville Exhibition Centre hosted the Achmed Katrada Foundation exhibition for the duration of Human Rights Month.

The SDM hosted the unveiling of the new Constitutional Square Plaque as part of the Human Rights and Anglo Boer War commemorations. The EM officially unveiled the plaque and led a wreath lying for

the victims of the Anglo Boer War at the Peace Monument in the Constitution Square on 12 March 2014.

The Boipatong Massacre Commemoration was successfully hosted by SDM in June which included the wreath laying with the families of the victims.

Gautang Department of DID, in conjunction with Gautrain is in the process of constructing the Boipatong Memorial and Youth Centre. The memorial will include a permanent exhibition on the history of Boipatong and the Boipatong Massacre of 1992. The Boipatong Memorial will be managed by the SDM after completion. Hand-over of the memorial will be in 2014/2015.

Libraries and Information Services are currently provided by the Local Municipalities in accordance with the Grant Funding received directly from Provincial Treasury for the financial year 2013/2014.

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
Service Objective xxx									
Promote and develop the Heritage of our Region	Host and support commemorative days as per National, Provincial and Regional	Four	Four	Four	Four	Six i.e. Vaal Uprising, Tour to Freedom Park, Nangalembe, Constitution Plague and Anglo Boer War, Human Rights, Boipatong	Four	Four	Four
	Support Geographic Name Change Process	Implement GNC Programme	Regional Workshops with ELM, LLM and MLM. List of corrupted names compiled	GNV process facilitated successfully region wide. GNC Policy approved by Council. List of corrupted and derogatory names verified	Approve and implement GNC Policy	GNC Policy approved by Council. Regional GNC Committee established and launched at Public Meeting. Workshops to verify names to be held	GNC Policy approved by Council. Regional GNC Committee established and launched at Public Meeting. Workshops to verify names to be held	Implement GNC Programme as per GNC Policy under the leadership of the GNC Committee	Implement GNC Programme as per GNC Policy under the leadership of the GNC Committee

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
	Identify, declare and restore Heritage Sites depending on available funds	Identification of Heritage Sites, Application for declaration of identified Heritage Sites. Management of Heritage Sites	Applications for declaration of Heritage Sites done	Applications for declaration of Heritage Sites done	Heritage Sites, museums and theatres managed by SDM	Heritage Sites, museums and theatres managed by SDM in accordance to lease agreements with local municipalities	Heritage Sites, museums and theatres managed by SDM in accordance to lease agreements with local municipalities	Manage, restore, upgrade Heritage Sites, museums and theatres pending budget availability and applications to source funding	Manage, restore, upgrade Heritage Sites, museums and theatres pending budget availability and applications to source funding
	Coordinate and support Arts and Culture Programmes	Arts and Culture Programmes supported accordingly	Arts and Culture Programmes supported accordingly	Arts and Culture programmes supported in accordance to the SACR MOA	Arts and Culture programmes supported in accordance to the SACR MOA	Arts and Culture programmes supported in accordance to the SACR MOA	Arts and Culture programmes supported in accordance to the SACR MOA	Arts and Culture programmes supported in accordance to the SACR MOA	Arts and Culture programmes supported in accordance to the SACR MOA
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	8	8	8	0	0%
7 - 9	5	5	5	0	0%
10 - 12	9	9	9	0	0%
13 - 15	34	34	34	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	57	57	57	0	0%

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-188382	-226848	-194529	-153348	-48%
Expenditure:					
Employees	11775963	12398198	12058227	11736349	-6%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	2792970	3152369	2565109	2160686	-46%
Total Operational Expenditure	14568933	15550567	14623336	13897035	-5%
Net Operational Expenditure	15738949	14850184	14091564	14050383	-6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

SDM has successfully implemented relevant programmes and projects as planned. The SDM achieve system is still one of the best in the country.

3.13 CEMETORIES AND CREMATORIUMS

CEMETORIES & CREMATORIUMS

The function around Cemeteries and Crematoriums reside with local municipalities. The SDM play a distinctive role through the Municipal Health Services Programmes in the surveillance of premises. There are more than 600 service providers from all over Gauteng who make use of the

current cemeteries and crematoriums in the Region. All funeral undertaker's premises and mortuaries needs to comply with the minimum legislative requirements and have also to be issued with a Certificate of Compliance.

T 3.13.2

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

.INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Child care services are primarily provided by Provincial Social Department in terms of the Child Care Act. The District supports the services rendered at the level of local municipalities and province.

Priority programmes on gender, women, youth and people with disabilities are facilitated through the various forums and structures. To perform this function, intergovernmental as well as community structures have been established to facilitate joined planning and integration. In terms of implementation, the district's main focus is on special groups; namely Youth, People with Disabilities, Ex- combatants, Women and Gender. Policies have been developed to guide implementation of programmes relating to these groups. Community Forums relating to the respective groups as well as technical stakeholders committees have been established to ensure coordination and implementation of developmental programmes.

In terms of child care services, a District Early Childhood Development Forum has been established to facilitate implementation of the Sedibeng Early Childhood development policy. The main purpose is to improve access to ECD services and alleviate registration backlog of informal creches. To date 48 Day care mothers, each taking care of six (6) children are supported by the Department of Social Development and Hollard Foundation.

Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target 2012/13	Actual	Target 2013/14		Actual	Target 2014/15		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Facilitate Youth Economic Development programmes	4 Economic Development programmes for Youth were facilitated namely NARYSEC, Energy Cooperative, Learnerships Youth centre services	1000 Youth	3200	3200	3500	3700	3200	3500	
Facilitate Gender Socio Economic Empowerment	4 Socio - Economic programmes were planned to support gender services capacity building for cooperatives, Genderbased Violence, Life skills programmes and calender events	3 programmes	3	3	3	4	3	3	
Facilitate Socio - Economic empowerment programmes for People with Disabilities	Capacity building and life skills development for People with Disability and Calendar events	4 programmes	4	4	3	3	3	3	
Facilitate Socio - Economic empowerment programmes for Ex-combatants	Capacity building on entrepreneurship and skills development	3	3	3	4	4	3	3	
Child Care services	Capacity building for child	0	8	8	8	6	16	20	

	care practitioners (Day care model)								
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Employees: Child Care; Aged Care; Social Programmes					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
(02)	1	1	1	0	0%
(05)	4	4	4	0	0%
(07)	7	7	7	0	0%
(09)	1	1	1	0	0%
(10)	3	3	3	0	0%
(8)	7	8	6	5	63%
Total	23	24	22	5	29%

Financial Performance Year 0: Child Care; Aged Care; Social Programmes						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	-10541	-20943	-20358	-11412	-84%	
Expenditure:						
Employees	4781143	4860570	5001797	4859495	0%	
Repairs and Maintenance	0	0	0	0	#DIV/0!	
Other	206059	117304	126666	195434	40%	
Total Operational Expenditure	4987202	4977874	5128463	5054929	2%	
Net Operational Expenditure	4997743	4998817	5148821	5066341	1%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

The control and management of pollution is one of the priority programmes of the Department: Environment & Clean Energy. Pollution control is also one of the x9 programmes situated within Municipal Health Services (MHS) with specific reference to water, air and soil. The MHS function is rendered by local municipalities on behalf of the Sedibeng DM through a Service Level Agreement. Pollution control and surveillance of premises is done on a routine basis and covers all aspect around illegal dumping, sanitation, noise pollution, industrial pollution, odours, dust, and water and air pollution. The repeal of the Health Act, Act 63 of 1977, in 2012 meant that additional workload has been placed on the SDM to manage all aspects of environmental health on state owned premises prisons, hospitals etc. The ever increasing demand for services is putting strain on the limited resources within the SDM

Up until June 2014 (the year of review), a total number of 30 AELs (Atmospheric Emission Licenses) have been issued to various industries in the Sedibeng region, AELs are in effect tool to manage emissions from industrial activities. The SDM in collaboration with GDARD had to take strong action on several occasions during 2013/14 to prevent pollution of the environment caused as a result of illegal dumping of medical waste in Lesedi dumping of industrial and hazardous chemicals in Midvaal and a number of air pollution related incidences in Emfuleni

SERVICE STATISTICS FOR POLLUTION CONTROL

Air Quality Management

The National Environmental Management: Air Quality Act, Act 39 of 2004, has delegated the function of Air Quality Management to the Metropolitan and District Municipalities. As per this delegation the SDM is now responsible for the Atmospheric Emission Licencing function for all industries that are listed in terms of Section 21 of the Air Quality Act. Sedibeng DM has resumed the function and issued 30 Atmospheric Emission Licences in the 2013/14 financial year. A service provider was appointed to repair and supply new analyzers for the Meyerton station.

The air quality within the Sedibeng DM continues to be a challenge as the particulate matter ambient air quality standard is continuously exceeded throughout the district. The accidence of the ambient air quality standards signifies that the air quality in the region is in a poor state. An Air Quality Management Plan was developed for the purpose of identifying interventions that can be implemented to improve the air quality in the region. SDM is participating in the implementation forums for the priority area. The SDM is the implementing agent of the air quality management plan.

The two air quality monitoring stations of the municipality are still not operational mainly due to vandalism that occurred in the stations and lack of funds for maintenance. There are plans to re – commission the station by installing new particulate matter and sulphur dioxide analysers in the two stations with the intention of installing other pollutant analyses over the next three years. It is envisaged that the two new analysers will be operational by September 2014. No data could be collected during the financial year.

Employees: Pollution Control					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	4	4	0	0%
4 - 6	2	2	2	0	0%
7 - 9	2	2	2	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	10	10	10	0	0%

Financial Performance Year 0: Pollution Control					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-533	-901066	-1944	-979	-91949%
Expenditure:					
Employees	4340457	4629905	4759026	4793540	3%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	13942400	17769185	17563668	15945523	-11%
Total Operational Expenditure	18282858	22399090	22322694	20739064	-8%
Net Operational Expenditure	18283390	23300156	22324638	20740043	-12%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

All pollution and illegal dumping complaints received by the SDM Environment Department are treated as a priority and are attended to within 24 hours. Complainants are also duly informed on progress and outcome of investigations.

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

Due to budget constraints no project was undertaken during this financial year

COMPONENT F: HEALTH

3.17 CLINICS

Primary Health Care services migrated to the Province during the period under reporting and that PHC per se is a Provincial competency.

District and Metropolitan municipalities are mandated to render Municipal Health Services. "Health services" at District level refer thus to Municipal Health Services

This component includes: clinics; ambulance services; and health inspections.

INTRODUCTION TO HEALTH

Municipal health services (MHS) is the non - personal side of health services which is preventative in nature and is rendered within a wide legislative framework.

The SDM render the service as per legislative mandate which serve as the first line of defence in health care management. The full package of Municipal Health Services is rendered to communities which comprise the following :

- Water quality monitoring
- Waste management
- Surveillance of premises
- Health Surveillance of premises
- Communicable disease control (excluding immunisation)
- Chemical safety
- Disposal of the dead
- Food control
- Pollution control

The top delivery priorities during 2013/14 were centred around Surveillance of premises with specific focus on pre school institutions and funeral undertakes. The SDM succeeded in the update of it's data base on the above which allow for the proper monitoring and surveillance of these premises in ensuring a safe and healthy environment

INTRODUCTION TO HEALTH

Note: Recent legislation includes the National Health Act 2004.

HIV&AIDS

The impacts of HIV&AIDS at municipality level are illustrated from the following perspectives (a) how HIV-infection and AIDS impact on the municipality as an organisation i.e. currently and in the future where politicians and employees may be infected and affected. This is in light of the resultant absenteeism, politician/employee turnover rate, low morale, job hopping, increasing costs of recruitment and retraining; which may result in poor service delivery. (b) how HIV-infection and AIDS impact on the residents who may be infected and affected; with the resultant increased demand and supply of goods and services; poor municipality revenue due to unemployment of residents and ultimate poor local economic growth.

As mandated by the vision of the White Paper on Developmental Local Government, Municipalities are expected to take a lead (as they have the constituencies and jurisdiction) in all endeavours to prevent and mitigate the spread of HIV and manage the socio-economic and governance impacts of AIDS.

Municipalities should increasingly seek innovative ways and approaches to manage HIV&AIDS, at the same time utilising their core areas of expertise and embed the management of this scourge into an everyday business practices. This is premised from the fact that municipalities are doers, enablers and coordinators. In addition, municipalities should strive towards a stable and vibrant society as the impacts of HIV&AIDS increase the cost of doing business both in the world of work and government.

PRIORITIES

For the period, the following priorities were identified and implemented. These are in line with the National Strategic Plan 2012-2016. They are:

(1) Facilitate the implementation, monitoring and evaluation of Ward-Based-oriented HIV&AIDS and TB programmes

The district utilised 216 ward-based coordinators to do daily door to door educational campaigns to increase and improve knowledge of HIV&AIDS and their impacts. Three hundred and forty nine thousand eight hundred and sixty one houses were visited (cumulatively), reaching six hundred and twenty two thousand three hundred and ninety nine people-sessions (cumulatively). In the process ward coordinators referred seventeen thousand seven hundred and seven people to relevant government departments for services, including food parcels, identification cards, grants and rehabilitation. One million one hundred and seventy three thousand three hundred and sixty three condoms were distributed on request to individuals, including the distribution of one hundred and eighteen thousand and thirty seven information booklets which were given to individuals for ease of access to services within the region.

Ward-based programme contributed to an increase in HCT services utilisation. This is illustrated by one hundred and forty two eight hundred and ninety eight people utilising these services; thus knowing their HIV-status. To attest to this, Human Science Research Council HIV incidences and prevalence

Report has shown a decline in new infections at 1.7% as compared to 1.9% in their previous study. In addition, fifty thousand three hundred and fifty one eligible people are on Antiretroviral drugs; thus improving their lives; hence HIV prevalence has increased as a sign of sustaining people on the ARVs and also improving the regional life expectancy.

Health facilities have circumcised twelve thousand three hundred and fifty males, at the same time seven hundred and sixty seven males have undergone traditional initiations schools practice, with two deaths and four of them being treated at the hospitals for illnesses and physical abuses. The traditional surgeons have reached one thousand four hundred and fifty four community people, including schools governing bodies, SAPS and CPF with information regarding initiation. The by-law regulating Initiation schools will soon come to effect.

The district is also financially assisting Community-based organisations to infiltrate their constituencies with HIV, STIs, TB and other ailments. For this financial year, South African Council of Churches with Emfuleni Faith-based organisations structure have reached twenty three thousands nine hundred and forty three of their church members, including the clergy; traditional health practitioners reached four hundred and eight of their members; women group has reached seven hundred and fifty nine women across the district with reproductive health, HGIV&AIDS and prevention of women and children abuse.

(SEPWAF), a Sedibeng People Living with HIV Forum reached and enrolled six hundred and twenty five people in their support groups. In Partnership with Youth Development Unit, we reached eight hundred and seventy seven youth through youth centres and campaigns, while the men's forum reached one hundred and three men on focused group discussion in relation to women, child and substance abuse.

(2) Protect human rights of people living with HIV/TB, and OVCs to reduce discrimination and increase effective utilisation of services

Through interdepartmental collaboration, government departments implement programmes that earmarked for mitigation of stigma and discrimination of employees living with HIV. Most departments have support groups spearheaded by their Employee Assistance Programme. The district also trained thirty five Peer Educators to assist in educating other employees on issues relating to HIV&AIDS. In addition, mainstreaming of HIV&AIDS was implemented through Sports, where more than five thousand people were reached through the tournaments across the district.

Big companies, including Arcelor Mittal, Cape Gate, Mtech, Eskom, Pick n Pay, LTM, Checkers and the others, are implementing HIV&AIDS policies and programmes in the workplace; hence a reduction in litigations, an improvement in HCT utilisation and enrolment onto the Antiretroviral programme. Institutions of higher Learning have also increased their HIV&AIDS programmes to employees and their students. Twenty eight public safety trauma center counselors were trained in Comprehensive HIV&AIDS Counseling and Peer Education.

(3) Conduct monitoring, research and surveillance

The district hosted the Provincial AIDS Council (chaired by the Premier), four District AIDS Councils meetings and eight Local Municipalities AIDS Councils meeting. It is encouraging to see active

participation of all stakeholders in the AIDS Councils, including government departments, civil society structures, hospitals and Institutions of Higher Learning.

The Interdepartmental Collaboration Committee, comprising of all government departmentst within the region; and also acting as the technical working committee for the District AIDS Council, hosted the Mandela Day, World AIDS Day at Evaton West, three Service Expos (Sebokeng hostel, Evaton West and Sharpeville (Tshepiso), reaching three thousand two hundred and eighty eight people.

BACKGROUND: HEALTH AND SOCIAL DEVELOPMENT DIRECTORATE

The purpose of the Directorate is to promote the health and social development of our communities focusing mainly on two strategic objectives; namely:

- Support the development of the District Health System within the context of provincialization. Currently primary health care clinic services are implemented and managed by the Local Municipalities and Province. The staff and the health facilities are a local municipality and provincial responsibility. The view is to have the services under a single authority guided by The Health Act No 61 of 2003. The district therefore coordinates activities and supports implementation of plans on health across the district. District Health Technical Committee involving provincial as well as local municipality managers has been established to facilitate consultative processes and joint planning. The District Health Council which is established in terms of the Health Act and chaired by the District Member of Mayoral Committee responsible for health plays an over side role to health matters across the district.
- Promote social development of our communities.
- To perform this function, intergovernmental as well as community structures have been established to facilitate joined planning and integration. In terms of implementation, the district's main focus is on special groups; namely Youth, People with disabilities, Ex combatants, Women and Gender. Policies have been developed to guide implementation of programmes relating to these groups. Community forums relating to the respective groups as well as technical stakeholders committees have been established to ensure coordination and implementation of developmental programmes.

Note: Recent legislation includes the National Health Act 2004

3.17 CLINICS

INTRODUCTION TO CLINICS

Primary health care clinic services are implemented and managed by the Local Municipalities and Province. The staff and the health facilities are a local municipality and provincial responsibility. The district coordinates activities and supports implementation of plans on health across the district. District Health Technical Committee involving provincial as well as local municipality managers has

been established to facilitate consultative processes, joint planning and implementation of health programmes.

There is a total of 38 clinics across the District; all providing comprehensive primary health care service inclusive of HIV and AIDS.

COMMENT ON THE PERFORMANCE OF CLINICS OVERALL:

Clinics are a competency of the Local municipalities, SDM provides support and coordination roles.

3.18 AMBULANCE SERVICES

This service is provided by the Provincial Government.

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION;
ETC

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND
INSPECTIONS, ETC

The control over the preparation, transport and storage of food is yet another priority programme within the district. Monitoring and continuous surveillance across the district ensured that no food poisoning cases were reported during 2013/14. The SDM participate in the food sampling programmes in collaboration with the National and Provincial departments of health.

The total percentage of food premises complying with minimum environmental health standards has risen to 68% and were issued with Certificates of Acceptability.

Informal food trade is also well monitored and programmes are in place to assist food handlers who enter into the informal trading with food staffs. Education and training on the handling and storage of food was done on 50% of the childhood facilities within the district.

The district play a role in the adjudication and registration of informal ECD Centres to get these facilities to comply with minimum health standards in order to qualify for the feeding scheme as implemented by the Provincial department of Health

The hygiene quality and standard of milk products within the District remain problematic and needs further attention.

The control and licensing of abattoirs is Provincial function

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, Etc. OVERALL:

The SDM render environmental health services (Health inspections) which rely mainly on human capital, through a Service Level Agreement with the local municipalities. The gap between the ever increasing operational cost and the equitable share allocation to the District for the service is widening, hence very little funds are available for capital projects. The current allocation is inadequate and will have to be revised at National level as the service impact directly on the lives of people.

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY & SAFETY

Directorate of Community Safety is made up the following divisions:

- Social Crime Prevention Unit
- CCTV Surveillance Unit
- VIP Close Protection Services
- Security Events Planning Unit

Disaster Management is a separate and independent directorate from Community Safety, whilst Licensing Service Centres falls within the Directorate of Transport, Infrastructure Development.

The District does not have a competency for Traffic Services and Fire and Rescue Services, hence; they are located at the Local Municipalities and Emergency Medical Services is at a Provincial level.

3.20 POLICE

INTRODUCTION TO POLICE

This function is at a Local Municipality and Metro level in the form of traffic services and Metropolitan Police, respectively, whilst at National level this function is rendered by the South African Police Services.

As part of the IDP Strategy, the District Municipality support this policing function through active participation at joint law enforcement operations where focus is on by conducting awareness by issuing community safety awareness pamphlets and public engagements on safety and security aspects.

Employees: Community Safety					
Job Level	Year -1	Year 0			
Administrators	Employee s	Post s	Employee s	Vacancies (fulltime equivalent s)	Vacancie s (as a % of total posts)
	No.	No.	No.	No.	%
Director: Community Safety (Job level 02)	1	1	0	1	100%
Assistant Manager: Crime Prevention (Job level 04)	1	1	1	0	0%
Coordinator Social Crime Prevention (Job level 05)	1	2	1	1	50%
Head: VIP Protection Unit (Job level 05)	1	1	1	0	0%
CCTV Operations Officer (Job level 06)	0	1	0	1	100%
VIP Protection Officers (Job level 07)	14	14	14	0	0%
Events Safety Planning Officer (Job level 07)	1	1	1	0	0%
Security Investigating Officer (Job level 07)	1	1	1	0	0%
Evidence & Data Processor (Job level 07)	2	2	2	0	0%
CCTV Technicians (Job level 07)	2	2	2	0	0%
Admin Assistant (Job level 09)	1	1	1	0	0%
CCTV Receptionist (Job level 10)	1	1	1	0	0%
General Worker (Job level 11)	1	1	1	0	0%
Total	27	29	27	3	
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

Sedibeng District Municipality, towards National Development Plan - Vision 2030 which seeks to “*Build Safer Communities*” is involved in community safety programs through its “*IDP Strategic Objective: Provide an integrated support in ensuring that communities are safe and secure*”.

The implementation process plan thereof is executed through the Council approved Community Safety Strategy 2013 – 2017, which is monitored by the multi-faceted Community Safety Forum made of various stakeholders from safety and security cluster across the region and province.

The under-mentioned key deliverables were adopted for the financial year 2013/14:

Finalize and monitor CCTV Systems

For an oversight purpose, four (04) CCTV Status Reports were submitted to Council to keep it abreast of both operational and technical developments related to the performance of the CCTV systems. Submission of status reports is done on a quarterly basis. The effectiveness of the CCTV system is also evident through the number of incidents captured and reported throughout the year. Out of 96 CCTV cameras installed across the region, about 381 incidents were captured, and 40 arrests were made in this regard.

Facilitate and monitor maintenance and repairs services of the CCTV System

CCTV Maintenance & Repairs Plan is in place after the appointment of a service provider to render these services for a three years period. Attached to this maintenance & repairs plan, is a provision for the transfer of skills whereby two identified internal Council employees will be trained and developed accordingly in CCTV systems to enable Council to acquire internal skills at termination of the contract.

Four (04) infrastructural damages on CCTV System network were registered, which resulted in a down-time and non-existence of CCTV coverage in the affected areas. Insurance claims were lodged accordingly, and ultimately repairs were made and video link restored.

Implementation of the Community Safety Strategy

This Community Safety Strategy 2013 – 2017 serves as framework through which the development and implementation process of community safety programmes in the region should be based. As a result, about 121 programmes were conducted and supported in the form of awareness campaigns and conducting special joint operations. Some of key programmes directly coordinated and implemented by SDM included the under-mentioned:

- Two (02) Community Safety Forums established (Lesedi Local Municipality and Midvaal Local Municipality)
- Eleven (11) Schools Safety Search & Seizure Operations conducted
- Four (04) Cleaning Campaigns conducted
- Three (03) Rural Safety Meetings coordinated
- Ten (10) Learners Correctional Facilities visits coordinated
- Five (05) Community Corrections programmes participated in
- Eighteen (18) Gender Based Violence programmes conducted

- Thirteen (13) Drug Awareness Campaigns conducted
- Four (04) Cleaning Campaign conducted

The other 51 is the programmes that were supported in the form of external meetings and workshops attended, crime prevention and awareness programmes conducted by other stakeholders.

Promote Business Against Crime initiatives to improve investor perception of crime and willingness to invest in the region

This initiative seeks to invite business people to actively participate in community safety programmes. Targeted areas include the CBDs, Shopping Malls and other Small Businesses. As a result Business Against Crime Forums, were established Sebokeng, Evaton and Vereeniging. Emanating from this process, six (06) BAC meetings were held in Sebokeng (02), Evaton (02) and Vereeniging (02).

Effective and functional Community Safety Forum (IGR)

This forum is made up of various stakeholders from safety and security cluster, and is responsible for coordination of community safety programmes in the region. To ensure that this coordination process was effectively executed, about sixteen (16) meetings were held in this regard.

Promote compliance to relevant Legislative Framework on Sports and Recreational Events planning and hosting

This deliverables was intended to conduct awareness and induct other role-players on the importance of compliance to legislations in relation to events safety planning and hosting. In this regard, reference was made to the role of these pieces of legislation, Safety at Sports and Recreational Events Act No. 02 of 2000, Gatherings Act No. 205 of 1993, Environmental Management and Waste Act No. 59 of 2008, and other related Acts. As a result, twelve (12) compliant events were held, supported with Events Safety Plans.

3.21 FIRE

Financial Performance Year 0: Fire Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	#DIV/0!
Expenditure:					
Fire fighters					
Other employees	722310	738088	776542	776539	5%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	118097	279469	278815	290374	4%
Total Operational Expenditure	840407	1017557	1055357	1066913	5%
Net Operational Expenditure	840407	1017557	1055357	1066913	5%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

Sedibeng District Municipality is only responsible for the Section 84 (1)(j) in the Municipal structure Act and do not render Fire brigade operational duties. The Directorate also coordinate the Emergency Services Forum with the Local Fire & Rescue Services to assist the Local Fire services with planning & standardizing of the Fire Brigade services and to discuss all issues pertaining to Fire Services, challenges & planning.

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

The control of public nuisance at district level is implemented through the Municipal Health Services programmes and which are rendered local municipalities through the SLA on Municipal Health services within the SDM. These programmes are delivered to all urban and rural communities throughout the district. All public nuisances are taken up with the relevant departments within the local municipalities or the other spheres of government. The standard operating procedures for special events at the SDM provide specifically for the control public nuisances at special events.

Animal Licensing is a local municipality function

INTRODUCTION TO DISASTER MANAGEMENT

The Sedibeng Disaster Management Directorate is established within the Community Services cluster and is striving towards the elimination of all avoidable disasters in the Sedibeng District Municipality thereby supporting the social and economic development of our communities.

The key mission of the Directorate is to develop and implement a holistic and integrated disaster management planning and practice in a cost effective and participatory manner, thus ensuring the preparedness of our communities to prevent and respond to disasters.

Service Delivery priorities:

Ensure the state of readiness and alertness aimed at combating potential disaster situations within the region through plans.

Ensure Public Awareness programs to minimize Risks in the Sedibeng Region.

Ensure effective service delivery of the Sedibeng Emergency Communication Centre

Ensure effective implementation of specialised fire fighting services by Locals through monitoring, managing & capacitation of Fire Services.

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL,
CONTROL OF PUBLIC NUISANCES, ETC

The addressing of all Environmental health nuisances within the district is a priority. The protocol on complaints management dictate that all nuisances be attended to and addressed within 24 hours. All these complaints are recorded and monitored through the monthly and quarterly reporting protocol on MHS

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL,
CONTROL OF PUBLIC NUISANCES, ETC

SERVICE STATISTICS FOR DISASTER MANAGEMENT

Disaster Management Plan has been reviewed & adopted by Council for the financial year as per the legislative requirement. The key objective for the annual review of the plan is to ensure that processes that are to be taken to prevent, mitigate and prepare to manage disasters or disasters threatening to occur within the region are updated and applicable.

A total of 27 incidents were attended to by Disaster Management and responded to.

During the term the directorate provided drinking clean water to the following areas: Midvaal Chicken Farm, De Deur and Makokong, all in all a total of 355 000 litres water were provided to the above areas.

The total number of people who received assistance amount to 388.

The financial cost amount to R 110293.00

The Emergency Communication Centre received a total of 25667 calls in the 2014-2015 financial year.

The directorate held the following campaigns:

- Barrage Door to Door: (Emfuleni Local Municipality).

The theme for this program was, winter awareness fire safety in homes & Emergency Centre function.

- Vereeniging Taxido Road Show: (Emfuleni Local Municipality).

Themes covered included: Promotion of the 10177 emergency number and the functioning of the Emergency Communication Centre, home safety

- Old Secilo: (Midvaal Local Municipality):

The theme for this program was, as water safety as this area was hit by floods. Key topics covered during the campaign include: Risk of fast running water, Emergency Centre functioning. Emergency/First Aid

- Sibonile School for the Blind: (Midvaal Local Municipality): The theme for this year was, as per the UN/ISDR 2013, "Living with Disability and Disasters". Motivation for the theme is that persons with

disabilities are among the most excluded in society, and their plight is magnified when a disaster strikes. Key topics covered during the campaign include: Fire Safety, Emergency Centre functioning Emergency/First Aid

- Makokong (Midvaal Local Municipality): 12 July 2013. Themes covered included: Promotion of the 10177 emergency number and the functioning of the Emergency Communication Centre, home safety Over 50 community members were reached

- Boiketlong primary school (Emfuleni Local Municipality) on the 26th of July 2013. Themes covered included Promotion of the 10177 emergency number and the functioning of the Emergency Communication Centre, Home safety, First AID. Over 1000 people were reached. The programme was jointly run by Sedibeng, PDMC and AL-IMDAAD foundation (Humanitarian NGO), came in and donated Hats and Gloves to the School Kids. Ekurhuleni Disaster Management team was also part of the delegation.

- Ratanda Youth Centre (Lesedi Local Municipality)

The campaigns conveyed several important messages that were an impetus for this program.

The messages promoted during the campaign include: Promotion of the Sedibeng 10177 emergency numbers, STOP, DROP & ROLL fire technique, Safe handling and use of electrical Appliances and Safety use of household energy (paraffin).

Disaster Management									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Implemented Disaster Management programs	Identify and Develop Disaster Mngt PIER programs	2	2	2	4	4	4	4	4
	Develop and implement Public Information & Education Relations (PIER) Programs for the Public Information & Education Relations (PIER) Unit	3	3	3	4	4	4	4	4
Implemented Disaster Management IGR systems	Review and Update Disaster Management Plan	1 revised plan	1 revised plan	1 revised plan	1 revised plan	1 revised plan	1 revised plan	1 revised plan	1 revised plan
	Ensure the functionality of regional Emergency Services forum with local municipalities	0	0	0	3	4	4	4	4
	Ensure establishment of MOA for the provision of Call-Taking and Dispatching of	0	0	0	1	1	0	0	0
Implemented MSA Section 84 (1)j principles in fire services	Manage the processing of specialized fire fighting claims from Locals	12	12	12	12	12	8	8	8
	Develop capacity assessment of the regional Fire Fighting services	0	0	0	1	1	0	0	0
Implemented disaster Emergency Communication Centre programs	Ensure quality service provision of the Emergency Communication Centre Systems	4	4	4	4	4	4	4	4
	Develop training program for the Disaster Management ECC personnel	0	0	0	1	1	0	0	0
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									

Financial Performance Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc.					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-1230	-2460	-1045	-522	-371%
Expenditure:					
Employees	1438438	1512382	1515383	1563885	3%
Repairs and Maintenance	0	0	0	0	
Other	95092	108402	88182	88632	-22%
Total Operational Expenditure	1533531	1620784	1603565	1652516	2%
Net Operational Expenditure	1534761	1623244	1604610	1653039	2%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT:

The overall performance of Disaster Management for the period has been successful. The department achieved most of its objectives as stipulated in the service delivery and budget implementation plan (SDBIP).

The endeavors to create disaster resilient communities within our region is achieving great momentum & this attribute to less incidents or emergencies related to informal or formal shack / house fires. This is achieved through effective public education & awareness programs.

The engagement with different stakeholders to manage some of the disasters or emergencies has been successful. The collaboration with stakeholders like the Department of Water Affairs, SA Weather Services and Management of Vaal Dam during recent floods attributed to effective management of the incident.

COMPONENT H: SPORT AND RECREATION

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

3.23 SPORT AND RECREATION

- Sedibeng SRACH has for the 2013/14 financial year signed MOA/SLA with Gauteng Department of SACR to collaborate on various Sports development programs to be hosted in Sports Hubs located in the three local municipality's sports facilities to promote the following sporting codes; Football, Rugby, Cricket, Netball, Boxing, Basketball and Aquatics;

-
- SDM participated in the Gauteng Boxing Indaba 6th & 7th September and the Netball Indaba in October 2013;
 - Hosted Sports against HIV awareness program in the three local municipalities between April and May 2014, supported by the Regional Sports Council.
 - SDM Councillors and employees participated successfully in 19 Sporting Codes, in 24 Categories in the 2013 OR Tambo Games which were held on the 25th October 2013 at the University of Pretoria. Five trophies were won.
 - To date, SALGA has initiated a learning exchange meeting between City of Tshwane and Sedibeng with its Local Municipalities (Emfuleni, Midvaal and Lesedi) which were held on the 19 February and 18 March 2014. Communiqué was also sent to the District to activate the District LOC based on challenges experienced in 2009. The LOC which consists of all member municipalities had their first meeting on the 25th March in Sedibeng. The Provincial Executive Committee (PEC) has approved the date of the Games to be hosted by Sedibeng on the 24th October 2014 and that the affiliation fee be increased from R3000.00 to R5000.00 per member municipality.
 - The project has been on hold due the failure of the Lotto to deposit the outstanding funds to Sedibeng to finalise the project.
 - After numerous follow ups a second tranche was paid to Sedibeng on the 19th June 2014. Sedibeng has currently paid all outstanding invoices which were kept on hold, the remaining funds will be utilised to complete part of the project.
 - Sedibeng needs to provide a progress report for Lotto to release the last tranche should the report be found to be satisfactory.

Employees: Sport and Recreation					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	2	2	0	0%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	1	1	1	0	0%
Total	6	6	6	0	0%

Financial Performance Year 0: Sport and Recreation						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	-579	-1124	-490	-245	-359%	
Expenditure:						
Employees	1285135	1424687	1295525	1177936	-21%	
Repairs and Maintenance	0	0	0	0	#DIV/0!	
Other	393160	532000	406744	365070	-46%	
Total Operational Expenditure	1678295	1956687	1702269	1543006	-27%	
Net Operational Expenditure	1678874	1957811	1702759	1543251	-27%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						

Sports and Recreation is not sufficiently funded by Municipalities, Business and Communities as where there are facilities they are often vandalized or abused in different communities and is not driven properly by Sports organizations or Federations in the Sedibeng District and is driven by too much individuals and not holistic societal passion of creating a sporting society ethos.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

SDM has a functional Council and all of its executive offices, i.e. Office of the Executive Mayor, Office of the Chief Whip and Office of the Speaker. This political management cluster is led by the Executive Mayor. The Municipal Manager is responsible for the administration wing of the municipality. SDM's main function as district municipality is to coordinate and facilitate implementation of programmes and projects, and also to support its local municipalities. Top 3 service delivery priorities were good governance, local economic development and proper financial management for a sustainable municipality. SDM is run properly and is governed accordingly. Under or LED, we managed to assist and develop local SMMEs, through various capacity programmes rolled out. Our biggest achievement is that of Auditor General's audit opinion, that SDM received a 'clean audit', i.e. unqualified opinion without matters of emphasis in the 2012/13 financial year. This is an opinion SDM gears up to maintain.

Financial Performance Year 0: The Executive and Council					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	-12653	-23968	-29048	-17684	-36%
Expenditure:					
Employees	11129147	11840944	12921295	12774756	7%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	17300750	16684696	18135704	17546900	5%
Total Operational Expenditure	28429897	28525640	31056999	30321656	6%
Net Operational Expenditure	28442550	28549608	31086047	30339340	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

3.25 FINANCIAL SERVICES

Employees: Financial Services					
Job Level	Year -1	Year 0			
	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	9	9	9	0	0%
7 - 9	8	8	8	0	0%
10 - 12	6	6	6	0	0%
13 - 15	2	2	2	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	28	28	28	0	0%

Financial Performance Year 0: Financial Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	-231305768	-238412640	-257805621	-238551920	0%	
Expenditure:						
Employees	8153116	8222886	8084557	7963304	-3%	
Repairs and Maintenance	0	0	0	0	#DIV/0!	
Other	45039798	32016718	38979012	40515415	21%	
Total Operational Expenditure	53192914	40239604	47063569	48478720	17%	
Net Operational Expenditure	284498682	278652244	304869190	287030640	3%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						

3.26 HUMAN RESOURCE SERVICES

In the 2012/13 financial year, SDM Council approved a new organogram to guarantee an alignment between its employees and their functions. Introduction and implementation of ePMS (electronic Performance Management System) was a success as employee performance was monitored effectively. Human Resources managed staff information, support and development. A healthy relationship between management and labour was always maintained and managed at all times.

Employees: Human Resource Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	3	2	1	50%
4 - 6	5	5	5	2	66%
7 - 9	7	7	7	1	16%
10 - 12					
13 - 15	1	1	1	0	0%
16 - 18					
19 - 20					
Total	15	16	15	4	33%

Financial Performance Year 0: Human Resource Services					
					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	-351734	-2214645	-2205266	-342519	-547%
Expenditure:					
Employees	6830687	7161317	6107079	6207697	-15%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	1040449	2758800	2680809	2783554	1%
Total Operational Expenditure	7871136,01	9920117	8787888	8991251	2%
Net Operational Expenditure	10271851	11002533	11196517	9333770	-18%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Sedibeng District Municipality Information Management (IM) Department maintains all the computer, wide area and local area networks in the Vereeniging, Vanderbijlpark and Midvaal municipal area. Currently nearly 2,190 computer workstations and 25 servers are supported by the IM Department from three decentralised offices. As technology is needed continuously, the IM Department deliver standby and support to its users uninterrupted, 24 hours a day.

The main objectives of the IM Department are to ensure proper utilization of Council's ICT resources as well as providing strategic direction and a technology growth path for the region. The IM Department strives to find better, faster, and more economical ways of delivering a world class ICT service in pursuit of a smarter Sedibeng.

The IM Department's focus this year was influenced by two strategic objectives, namely working towards providing a world-class ICT infrastructure in support of a "smart Sedibeng" and secondly, to improve municipal financial and administrative support, throughput and capabilities.

To achieve these objectives, the IM Department focussed on the following projects in line with the Sedibeng IDP:

1. Phase 3 roll-out of fibre cabling to all municipal offices, clinics and libraries including CCTV sites

This project runs over a period of five years and aim to link all the main nodal points (Council buildings, CCTV routes) in the District through fibre. Year 3 kicked off with a budget of R 12 million Rand to complete and lay down an estimated 70 kilometres of fibre cable.

This objective was achieved in time and on budget with the final trenching of 2.1km of 4 core fibre, 16.9km of 12 core fibre, 45.8km of 24 core cable and 1.3km of 48 core fibre. The final amended and reviewed budget spending on the project totalled R 12,391,429.00 in the 2013/2014 Financial Year.

The roll-out of optic fibre to all municipal offices, clinics and libraries is a priority project in the IT Department. The installation of the fibre is informed by the objectives that seek to create data connectivity to every municipal office, library, clinic and youth centres across the District. This will, amongst other things increase participation by the broader society. This project will contribute to reshaping the District's economy to be more inclusive and broad based by opening up new opportunities for the marginalized communities.

2. Maintaining adequate operations and procedures to ensure high up-time of systems and networks

The department continued to ensure a 93% average uptime during the period under review. The infrastructure remained stable and the environment is secure and performing at an optimal level. All software licenses are up to date and all system resources are continuously monitored to ensure peak utilization. Anti-virus signatures are updated on-line and distributed in real-time ensuring swift identification of infiltrations.

3. Development of an IT Strategic Plan

The envisioned IT Strategic Plan will outline IT's past, present, and future in Sedibeng, noting the current context in which the IT services operate, building upon past achievements, capitalizing on lessons learned, and charting a clear course for tomorrow's IT efforts. The plan outlined should be in a forward-looking perspective and present a clear vision and goals for the entire IT environment, benchmarking against related industry standards and should recommend an appropriate distribution of tools in a cost effective manner.

Progress with this project is steady, with the target date of June 2016; additional inputs will be fed into the plan to align with the move toward establishing a Metropolitan River City by 2016.

ICT Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (vii)	*Current Year (ix)	Following Year (x)
World class ICT infrastructure in support of a "Smart Sedibeng"	Roll-out of fibre cabling to all municipal offices, clinics and libraries including CCTV sites	12,000,000	12,829,000	12,000,000	12,200,000	12,391,429	9,000,000	0	0
	Implement a full Disaster Recovery Plan for the District	100,000	90,714	60,000	24,560	4,560	29,560	35,000	35,000

Employees: ICT Services					
Job Level	Year -1		Year 0		
	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	9	9	9	0	0%
7 - 9	19	19	19	0	0%
10 - 12	0			0	0%
13 - 15	0			0	0%
16 - 18	0			0	0%
19 - 20	0			0	0%
Total	31	31	31	0	0%

Financial Performance Year 0: ICT Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	6 969	16 460	6 957	7 250	-127%
Expenditure:					
Employees	13 001	13 726	13 180	13 636	-1%
Repairs and Maintenance	651	481	772	744	35%
Other	6 282	7 773	6 124	6 128	-27%
Total Operational Expenditure	19 933	21 980	20 076	20 509	-7%
Net Operational Expenditure	12 964	5 520	13 119	13 258	58%

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	5	3	2	40%
4 - 6	12	12	7	5	42%
7 - 9	27	27	21	6	22%
10 - 12	4	4	0	4	100%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	48	48	31	17	35%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.27.4

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10148000	15148000	15030905	32%	
Computers & printers (inclusive of software)	2000000	1784245	1577829	-27%	280
Vehicle	0	215755	215754	100%	150
Fibre optic - External Networks	8148000	12200000	12391429	34%	320
Fibre optic - Internal Networks	0	948000	845893	100%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The overall performance of the IT Services component in Sedibeng was excellent. Throughout the period the availability of systems and resources were high (over 93%) and is sure to be maintained and improved further in the forthcoming period.

The Department reviewed various Policies during the period and cognizance was taken of recommendations made by the Office of the Auditor General to further improve efficiencies in our IT governance process. Review of Policy ensures that they remain current, recognize changes in the environment and align with best practice models.

In our Technical Support section, two technicians underwent specialized IT training and gained valuable skills and knowledge to invest back into our environment. Our IT team is not just a mass of people coming together to work on a daily basis, it is a unit that works together in order to achieve a collective goal and ultimately serve the interest of our constituents. The main benefit Sedibeng derives from training our staff is improved efficiency. A well trained staff will help reduce the risks of potential disasters, security breaches and breakdowns in service delivery, and it will assist the employee to give his or her best in any given task.

During the period there were no security breaches and no loss of data occurred. Our firewalls and peripheral devices functioned well and protected the environment from infections, infiltrations, hacking and excessive browsing.

The scope of IT will further be enhanced in the forthcoming period as an effort will be made to draw and implement an IT Strategic Plan for the whole of the district. This Strategic Plan will assist IT to

focus on items of relevance and importance. This would ensure that resources (time, talent, money) be properly allocated to those activities that provide the most benefit. The plan will ensure resilience in an ever changing market, where new technology is appearing on a daily basis. Realistic objects with attainable goals could be set, aligning performance with budget allocation in an environment where growth can be accelerated and improved.

On grassroots level, there is a continued effort to align systems, software, IT structures and resources, in both the District Municipality and the local Municipalities, to ensure a seamless integration into a solid cost effective platform, harnessing productivity, skills and resources. This will achieve our goal of improved service delivery by providing high quality ICT services and align with the e-Government drive.

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Legal Services:

The topic addresses Property, Legal, Risk Management and Procurement Services. Each of these functions is managed in different departments. This comment will therefore address only the Legal Services function. The key objective for Legal Services is to ensure an enabling legal environment for Council to operate in. This is achieved by the, *inter alia*, rendering of support in the development and vetting of contract, the provision of legal advice to council committees and other functionaries, the perusal of reports and other documents and providing legal comments thereon and the rendering of legal support in the development of by-laws, policies and other documents. Legal Services is also tasked with the management of legal cases instituted by the municipality and the defence of actions that are instituted against the municipality.

The overall objective for the department is ensuring the proper management of Council business. Its other divisions are the committee administration section which renders effective secretarial services to Council and its committees, the Records section which continues to be the best nationally and auxiliary services, which provides a courier service and a printing service to the organisation. The presence of Legal Services is felt in every aspect of Council work, municipalities being a highly regulated environment with a myriad of legislation and regulations that need to be complied with. Legal Services assist in this regard by providing advice when called upon to do so, maintaining a presence at meetings, providing advice in relation to the interpretation of legislation and other legal instruments.

A crucial part of the service that this unit provides is in the development or vetting of contracts. This function is potentially fertile ground for legal challenges and consumes a lot of time and expertise to perform effectively. It is an important indicator of the department's effectiveness in this regard that there has not been a single instance where the municipality was sued as a result of its contracts, this despite the large number of contracts that were dealt with in the period being reported on.

Contract management and administration in particular, and legal services in general cannot be done by the staff in the department. It is a support services department and its work feeds off the inputs and instructions provided by the rest of the organisation. The quarterly contract management meetings are an example of the symbiotic relationship the department has with the other offices, and are aimed at improving the understanding of each functionary of what contract administration entails, the red flags that all should be on the look-out for etc. It is intended that information sessions that go beyond the administration and management of contracts be held going forward, in order to improve performance, efficiencies and co-operation among the internal stake-holders.

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	5	5	5	0	0%
7 - 9	4	4	4	0	0%
10 - 12	1	1	1	0	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	13	13	13	0	0%

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services					
					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	-10649	-21677	-19188	-11071	-96%
Expenditure:					
Employees	9371958	9448768	10178180	9979389	5%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	6945371	6282940	8060127	8617410	27%
Total Operational Expenditure	16317329	15731708	18238307	18596799	15%
Net Operational Expenditure	16327978	15753385	18257495	18607871	15%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

The Sedibeng District Municipality is in a process to implement the Turn Around Strategy on Airports services. Other services under this component are provided by the local municipality and provincial government.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

INTRODUCTION

Section 46 of the Local Government: Municipal Systems Act, No. 32 of 2000 stipulates that a municipality must prepare for each financial year a performance report. The Sedibeng District Municipality developed a Performance Management System which is utilized to management, monitor and evaluate the performance of the municipality against predetermined objectives which are encapsulated in the Integrated Development Plan (IDP). This report is thus drawn from the established performance system.

This report is submitted in accordance with the Local Government: Municipal Systems Act, No. 32 of 2000 and the Local Government: Municipal Finance Management Act, No. 56 of 2003. The key deliverable is that the Accounting Officer must submit the Annual Performance Report to Auditor General by 31 August each year.

BACKGROUND

This Annual Performance Report for the Financial Year 2013/14 is structured in accordance with SDM's electronic Performance Management System (ePMS), and in compliance with stipulations of relevant legislations. All Clusters reported against deliverables and targets set as annual milestones. The system has an inherent Dashboard serving as the Monitoring tool. This tool gives progress status against the set deliverables in all Clusters.

In terms of progress in the year under review, the Municipality has progressed very well against set deliverables and targets. The Sedibeng District Municipality planned 398 programmes and projects in the 2013/14 Financial Year, as captured in the Service Delivery and Budget Implementation Plan (SDBIP). SDM successfully implemented 336 (84%) of all planned programmes/projects in the year under review. This status is demonstrated by the electronic Performance Management System introduced in SDM and successfully implemented by all managers.

The 16% of targets not achieved in 2013/14, cuts across some Directorates in various Clusters. SDM has put in place relevant action plans and corrective measures to address targets not met in the year under review.

The table below (Table 1) reflects summary of performance by the SDM against all set targets in the 2013/14 financial year.

Table 1 - Consolidated statistics on the organisational performance per Office/Cluster.

Office /Cluster	Total Targets	Targets Met	% Targets Met	Targets Not Met	% Targets Not Met
Office of the Executive Mayor	12	12	100%	0	0%
Office of the Chief Whip	12	10	83%	2	17%
Office of the Speaker	11	10	90%	1	10%
Office of the Municipal Manager	42	39	93%	3	7%
Finance	35	35	100%	0	0%
Corporate Services	63	56	88%	7	12%
Community Services	61	60	97%	1	3%
Transport, Infrastructure & Environment & Licensing	84	39	46%	45	54%
Strategic Planning & Economic Development	78	75	96%	3	4%
TOTAL	398	336	84%	62	16%

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

An Organizational review and re-design was done and adopted by Council in October 2012 with, amongst other, the following changes:

- Migration of Emergency Medical Service to the Gauteng Province Health Department.
- Transfer of Individual Performance Management Unit and Integrated Development Planning Unit to the office of the Municipal Manager.

For the period under review Council lost a number of key employees, holding scarce skills positions, as a result of attrition (service termination and deaths).

The reviewed and re-designed organizational structure had no major financial implications for the Municipality. To date the adopted structure is being used to provide an effective and efficient service delivery to the community.

The Municipality is currently under transition towards a Metropolitan Municipality (Metro) in 2016.

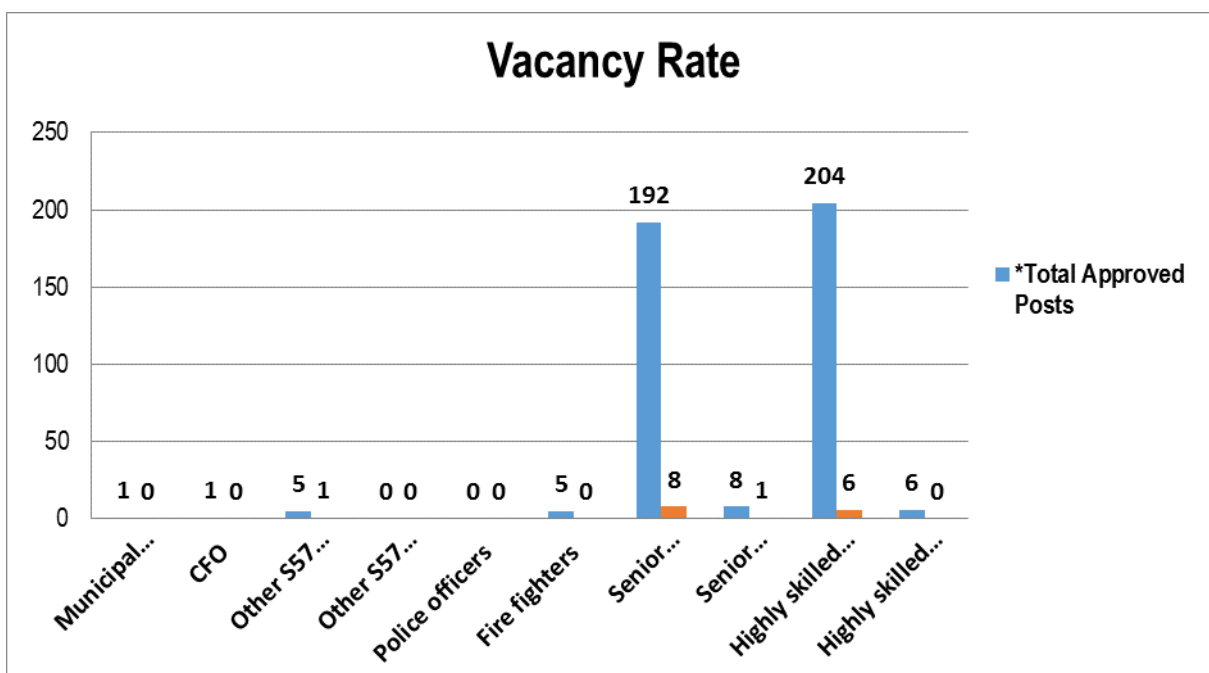
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	0	0	0	0	0%
Waste Water (Sanitation)	0	0	0	0	0%
Electricity	0	0	0	0	0%
Waste Management	8	8	8	0	0%
Housing	4	4	4	0	0%
Waste Water (Storm water Drainage)	0	0	0	0	0%
Roads	0	0	0	0	0%
Transport	174	174	174	0	0%
Planning	22	22	22	0	0%

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Local Economic Development	5	5	5	0	0%
Planning (Strategic & Regulatory)	0	0	0	0	0%
Local Economic Development	0	0	0	0	0%
Community & Social Services	93	93	93	0	0%
Environmental Protection	0	1	0	1	100%
Health	92	92	92	0	0%
Security and Safety	3	3	3	0	0%
Sport and Recreation	10	10	10	0	0%
Corporate Policy Offices and Other	192	192	186	6	3%
Totals	604	604	597	7	1%

Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	5	1	20%
Other S57 Managers (Finance posts)	0	0	0%
Police officers	0	0	0%
Fire fighters	5	0	0%
Senior management: Levels 13-15 (excluding Finance Posts)	192	8	4%
Senior management: Levels 13-15 (Finance posts)	8	1	12%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	204	6	3%
Highly skilled supervision: levels 9-12 (Finance posts)	6	0	0%
Total	422	16	4%



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year -2	2	51	9%
Year -1	2	183	32%
Year 0	0	26	9%

* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year

COMMENT ON VACANCIES AND TURNOVER:

The 183 terminations during the financial year includes the total movement of Emergency Medical Services employees from SDM to the Provincial department of Health.

Only one vacancy exists in the Section 57 category (Executive Director: Strategic Planning and Economic Development). Council appointed an acting person in this post since 08 July 2013. The post will however be advertised and filled in due course.

The overall turnover rate is influenced by the transitional measures in relation to the moratorium on filling of vacancies as we move towards the Metro status.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

In order to comply with the prescripts of the Municipal Systems Act No. 32 of 2000 the following strategic interventions, amongst others, have been invoked to ensure fair; efficient; effective; and transparent personnel administration:

- Local Labour Forum (where Management and Organised Labour engage on matters relating to Conditions of Employment for employees) is fully functional.
- A number of workforce policies that forms part of the Human Resources Strategy were compiled and reviewed during the period under review and are to be tabled for adoption by Council.
- An Employment Equity Central Committee and its sub-committees were established during the period under review to ensure compliance to the provisions of the EEA.

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	100%		4-Nov-09
2	Attraction and Retention	100%		There is no policy on its own safe for mentioned of this in 3.13 of the Recruitment, Selection and Placement Policy of December 2012
3	Code of Conduct for employees	100%		Draft
4	Delegations, Authorisation & Responsibility	100%		2-Dec-09
5	Disciplinary Code and Procedures	100%		Draft -as part of the Collective Bargain Council- SALGBC
6	Essential Services			Not updated
7	Employee Assistance / Wellness	100%		28-Nov-07
8	Employment Equity	100%		8/27/2008 to be reviewed
9	Exit Management	100%		1-Dec-10
10	Grievance Procedures	100%		Policy goes hand-in-hand with Disciplinary Code of procedures hence there is a draft -as part of the Collective Bargain Council- SALBC
11	HIV/Aids	100%		2-Oct-02
12	Human Resource and Development			No policy except that an Internal Bursary Policy has been compiled to meet needs for development-2007 new draft
13	Information Technology	100%		31-Jul-02
14	Job Evaluation	20%		SALGA circulated a Policy for Municipalities to implement and a Council resolution in this respect was taken to establish a Job Evaluation Unit on 12-12-2012 (Resolution A1146)
15	Leave	100%		Draft 05 October 2010
16	Occupational Health and Safety	100%		1-Oct-10
17	Official Housing	100%		Draft
18	Official Journeys	100%		29-Oct-96
19	Official transport to attend Funerals	100%		23-Feb-96
20	Official Working Hours and Overtime	100%		Draft
21	Organisational Rights	100%		Depends on decision taken at the Collective Bargaining Council- SALGBC

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
22	Payroll Deductions	100%		11-Aug-11
23	Performance Management and Development		100%	June 2014
24	Recruitment, Selection and Appointments	100%		1-Dec-10
25	Remuneration Scales and Allowances			No policy in place
26	Resettlement	100%		Draft
27	Sexual Harassment	100%		Draft 23 June 2009 requires revision
28	Skills Development	100%		28-Aug-07
29	Smoking			No Policy
30	Special Skills			No Policy
31	Work Organisation			No Policy
32	Uniforms and Protective Clothing	100%		Forms part of item 16
33	Other:			

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

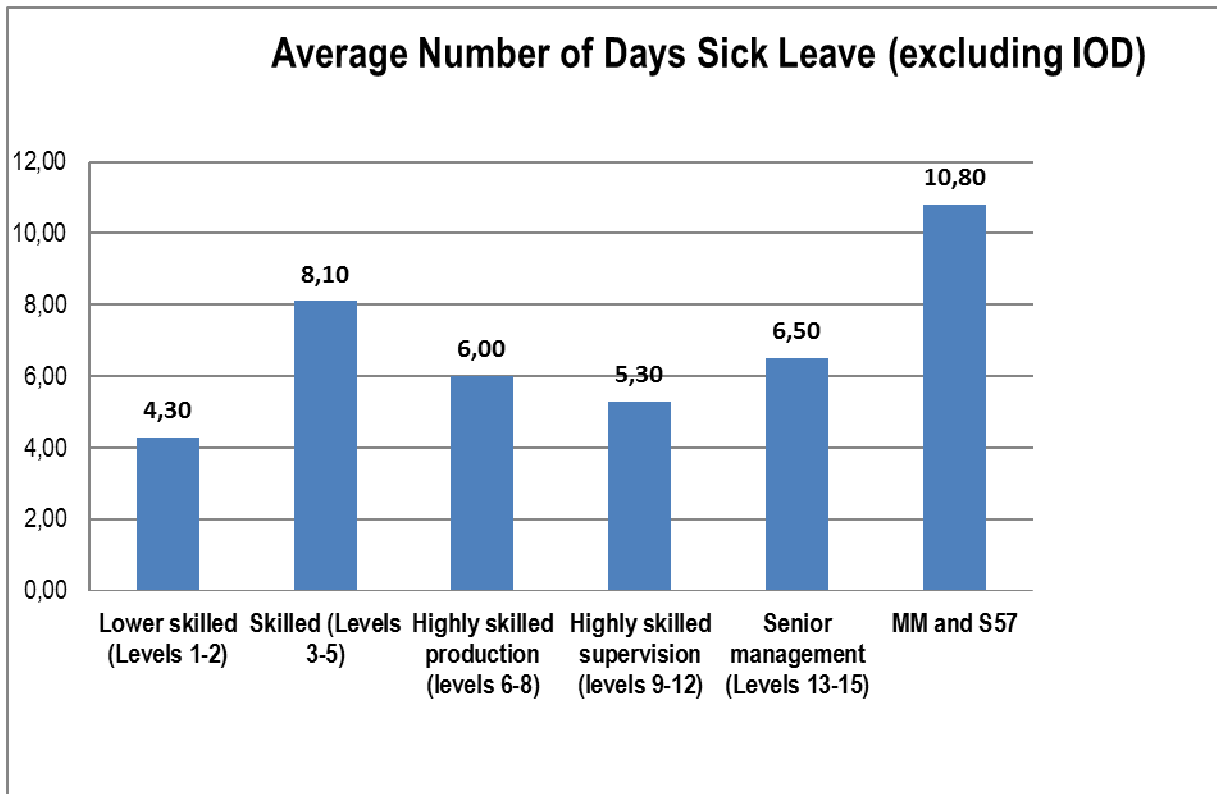
A number of workforce policies that forms part of the Human Resources Strategy were compiled and reviewed during the period under review and are to be tabled for adoption by Council. SDM has a variety of compliant policies not included in this report due to

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	2	0	0%	0	18000
Temporary total disablement	15	15	100%	231	135000
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	17	15	88%	15	153000

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	556		60	128	4,30	
Skilled (Levels 3-5)	1223		109	150	8,10	
Highly skilled production (levels 6-8)	962		86	163	6,00	
Highly skilled supervision (levels 9-12)	432		39	81	5,30	
Senior management (Levels 13-15)	204		14	31	6,50	
MM and S57	65		3	6	10,80	
Total	3442	#DIV/0!	311	559	6,16	0

* - Number of employees in post at the beginning of the year
 *Average is calculated by taking sick leave in column 2 divided by total employees in column 5



COMMENT ON INJURY AND SICK LEAVE:

Road shows on Occupational health and Safety were done to educate and make employees aware about Health and Safety measures in the workplace.

A proper record is kept for sick leave instances and an amount of time taken each year is recorded as per Human Resources Dashboard.

An Occupational Health and Safety Officer monitors all instances of injuries on duty and makes follow up on all Occupational Health and Safety incidents within the Municipality and submits reports on progress.

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Assistant manager	Insolent behaviour	24/06/2013	Investigations	26/09/2013 (Employee Deceased)
Acting HR Administrator	Insolent behaviour	24/06/2013	Investigations	01/11/2013
Acting WSQA	Insolent behaviour	24/06/2013	Investigations	02/01/2014

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Office Manager	Insolent behaviour	08/11/2013 to 10/02/2014	Chairperson Recused himself and postponements	Ongoing
VIP Protection Officer	Bringing SDM into disrepute	24/05/2014	Investigations	Ongoing

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
None	None	None	None

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

There were no suspensions of more than 4 months for the period under review.

4.4 PERFORMANCE REWARDS

Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	50	35	31588,2	70%
	Male	74	56	50370,24	76%
Skilled (Levels 3-5)	Female	154	122	174725,84	79%
	Male	67	48	63702,74	72%
Highly skilled production (levels 6-8)	Female	56	38	81324,48	68%
	Male	70	35	71541,36	50%
Highly skilled supervision (levels 9-12)	Female	25	18	51293,76	72%
	Male	48	33	98248,68	69%

Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Senior management (Levels 13-15)	Female	2	2	7991,28	100%
	Male	14	14	50884,32	100%
MM and S57	Female	0	0	0	0%
	Male	0	0	0	0%
Total		560	401	681670,9	76%
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes/No
<p><i>Note: MSA 2000 S51(d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</i></p>					

COMMENT ON PERFORMANCE REWARDS:

Performance incentives rewarded to employees were for the period 2011/2012 financial year during the year under review.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

The Workplace Skill Plan (WSP) for the year under review has been submitted to the Local Government Sector Education and Training Authority at the end of April 2014, after proper consultation with all stakeholders within the Municipality. The WSP was populated based on the individual Personal Development Plans (PDP) of employees and training/development will be carried out on the basis of these.

Most Senior Managers are currently attending the Competency Requirements course as determined by the Municipal Finance Management Act (MFMA).

Challenges faced by the Municipality on Capacity Development are to some extent the unavailability or insufficient funds to finance developmental training and capacity building for career-pathing of employees within Municipality.

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and s57	Female	2	0	0	0	0	2	0	0	0	0	0	2	0
	Male	5	0	0	0	0	5	0	0	0	0	0	5	0
Councillors, senior officials and managers	Female	31	0	0	0	0	12	0	0	1	0	0	12	1
	Male	77	0	0	0	0	35	0	0	3	0	0	35	3
Technicians and associate professionals*	Female	31	0	0	0	0	15	0	0	0	0	0	15	0
	Male	54	0	0	0	0	25	0	0	0	0	0	25	0
Professionals	Female	257	0	0	0	0	177	0	0	4	0	0	177	4
	Male	165	0	0	0	0	45	0	0	2	0	0	45	2
Sub total	Female	321	0	0	0	0	206	0	0	0	0	0	206	0
	Male	301	0	0	0	0	110	0	0	0	0	0	110	0
Total		622	0	0	0	0	316	0	0	10	0	0	316	10

*Registered with professional Associate Body e.g. CA (SA)

T 4.5.1

Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	1	1	1
<i>Chief financial officer</i>	1	0	1	1	1	1
<i>Senior managers</i>	4	4	8	8	8	8
<i>Any other financial officials</i>	12	1	13	0	13	0
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	0	1	1	1	1
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	19	5	24	11	24	11

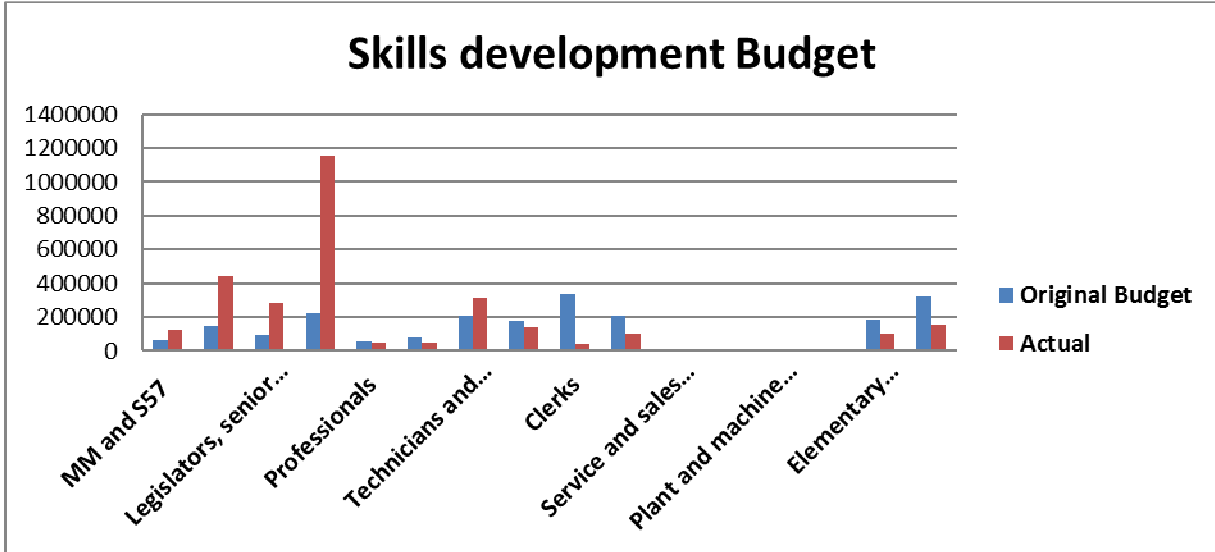
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

Skills Development Expenditure										
R000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
MM and S57	Female	2	0	0	60000	122502	60000	0	60000	122502
	Male	5	0	0	150000	444186	150000	0	150000	444186
Legislators, senior officials and managers	Female	31	0	0	90416	280508	90416	0	90416	280508
	Male	77	0	0	224532	1031575	224532	121851	224532	1153426
Professionals	Female	25	0	0	52950	28041	52950	17536	52950	45577

Chapter 4

Skills Development Expenditure										
										R000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
	Male	31	0	0	82212	46965	82212	0	82212	46965
Technicians and associate professionals	Female	99	0	0	209577	286387	209577	27861	209577	314248
	Male	68	0	0	180303	142289	180303	0	180303	142289
Clerks	Female	90	0	0	337500	19496	337500	20153	337500	39649
	Male	48	0	0	206557	90382	206557	8703	206557	99085
Service and sales workers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Elementary occupations	Female	50	0	0	187500	102050	187500	0	187500	102050
	Male	74	0	0	318422	141817	318422	8894	318422	150710
Sub total	Female	297	0	0	0	838984	0	65550	0	904534
	Male	303	0	0	0	1897214	0	139448	0	2036662
Total		600	0	0	2100000	2736198	2100000	204998	2100000	2042091
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	R 2 941 196,00

Chapter 4



COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The Workplace Skill Plan (WSP) for the year under review has been submitted after proper consultation all stakeholders within the Municipality. The WSP was populated based on the individual Personal Development Plans (PDP) of employees and training/development will be carried out on the basis of these.

Most Senior Managers are currently attending the Competency Requirements course as determined by the Municipal Finance Management Act (MFMA).

Challenges faced by the Municipality on Capacity Development are to some extent the unavailability or insufficient funds to finance developmental training and capacity building for career-pathing of employees within Municipality.

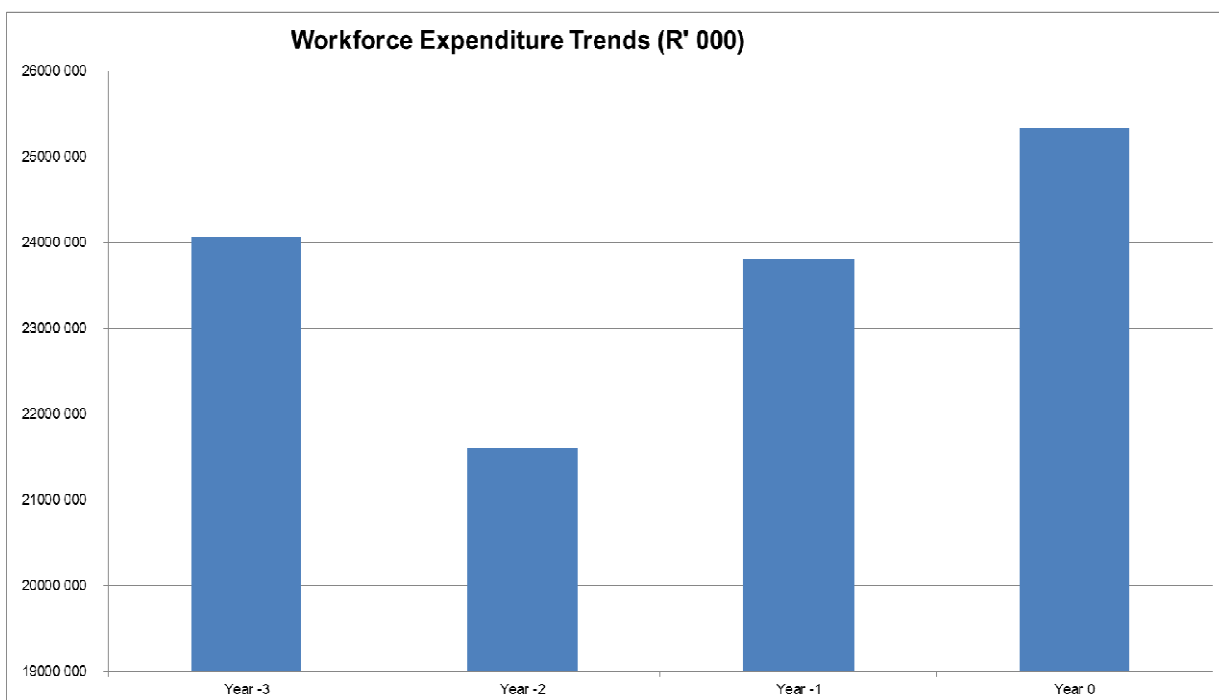
Chapter 4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

SDM manages its workforce expenditure in a cooperative way and directed to have quality employees who perform their responsibilities against organisational objectives, and always within prescriptions of their job descriptions. Due to current transitional expectations towards a Metro Municipality, and a moratorium on filling of posts, vacant positions are temporarily addressed through acting capacity roles.

4.6 EMPLOYEE EXPENDITURE



Source: MBRR SA22

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0

Chapter 4

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Senior management (Levels 13-16)	Male	0
	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	None	None	None	None

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None	None	None	None	None

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

No posts were upgraded and Council is in the process of completing compilation of Job Descriptions aligned to the Service Delivery Budget Implementation Plan with the intention of evaluating the Job Descriptions on the TASK system

DISCLOSURES OF FINANCIAL INTERESTS

A Declaration of Interest form has been issued to all employees in which each employee has to indicate in writing as to whether he/she has any financial interests in the Municipality. For the period under review 80% of non-Section 56 and 57 staff have declared their financial interest and these are being processed to establish any conflict of interest. Processes are under way to follow up on submission on the outstanding 20% of the declaration forms.

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

*Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**.*

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary						
R' 000						
Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<u>Financial Performance</u>	N/A	N/A	N/A	N/A	N/A	N/A
Property rates	–	N/A	N/A	N/A	N/A	N/A
Service charges	–	N/A	N/A	N/A	N/A	N/A

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Financial Summary						
R' 000						
Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Investment revenue	2 116	2 060	2 100	1 607	-28.15%	-30.64%
Transfers recognised - operational	259 627	260 552	260 552	254 077	-2.55%	-2.55%
Other own revenue	79 607	87 855	105 439	78 765	-11.54%	-33.87%
Total Revenue (excluding capital transfers and contributions)	341 350	350 467	368 091	334 449	-4.79%	-10.06%
Employee costs	203 125	195 574	200 307	200 807	2.61%	0.25%
Remuneration of councillors	10 284	10 580	10 934	10 709	1.21%	-2.10%
Depreciation & asset impairment	26 708	23 266	27 789	28 019	16.96%	0.82%
Finance charges	47	N/A	N/A	38	N/A	N/A
Materials and bulk purchases	-	N/A	N/A	N/A	N/A	N/A
Transfers and grants	5 038	16 013	11 145	11 145	-43.68%	0.00%
Other expenditure	109 921	104 905	114 708	111 989	6.33%	-2.43%
Total Expenditure	355 124	350 338	364 883	362 706	3.41%	-0.60%
Surplus/(Deficit)	(13 774)	130	3 208	(28 258)	100.46%	111.35%

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Financial Summary						
R' 000						
Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Transfers recognised - capital	N/A	N/A	–	243	100.00%	100.00%
Contributions recognised - capital & contributed assets	N/A	N/A	N/A	N/A	N/A	N/A
Surplus/(Deficit) after capital transfers & contributions	(13 774)	130	3 208	(28 014)	100.46%	111.45%
Share of surplus/ (deficit) of associate	N/A	N/A	N/A	N/A	N/A	N/A
Surplus/(Deficit) for the year	(13 774)	130	3 208	(28 014)	100.46%	111.45%
<u>Capital expenditure & funds sources</u>	N/A	N/A	N/A	N/A	N/A	N/A
Capital expenditure	N/A	N/A	N/A	N/A	%	%
Transfers recognised - capital	N/A	N/A	N/A	243	%	%
Public contributions & donations	N/A	N/A	N/A	N/A	%	%
Borrowing	N/A	N/A	N/A	N/A	%	%
Internally generated funds	13 275	17 702	19 488	17 002	-4.12%	-14.62%
Total sources of capital funds	13 275	17 702	19 488	17 245	-2.65%	-13.01%

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Financial Summary						
R' 000						
Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<u>Financial position</u>	N/A	N/A	N/A	N/A	N/A	N/A
Total current assets	18 206	77 115	57 961	33 743	- 128.54%	-71.77%
Total non current assets	178 840	142 726	144 512	167 233	14.65%	13.59%
Total current liabilities	61 114	66 511	45 520	93 599	28.94%	51.37%
Total non current liabilities	N/A	N/A	N/A	N/A	N/A	N/A
Community wealth/Equity	135 641	153 331	156 953	107 334	-42.85%	-46.23%
	N/A	N/A	N/A	N/A	N/A	N/A
<u>Cash flows</u>	N/A	N/A	N/A	N/A	N/A	N/A
Net cash from (used) operating	7 837	-	-	25 404	100.00%	100.00%
Net cash from (used) investing	(13 882)	-	-	(17 080)	100.00%	100.00%
Net cash from (used) financing	469	-	-	(264)	N/A	N/A
Cash/cash equivalents at the year end	6 916	33 125	13 971	14 976	-	6.71%

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Financial Summary						
R' 000						
Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
					121.19%	
<u>Cash backing/surplus reconciliation</u>	N/A	N/A	N/A	N/A	N/A	N/A
Cash and investments available	6 916	33 125	13 971	14 976	- 121.19%	6.71%
Application of cash and investments	-	-	-	-	N/A	N/A
Balance - surplus (shortfall)	6 916	33 125	13 971	14 976	- 121.19%	6.71%
<u>Asset management</u>	N/A	N/A	N/A	N/A	N/A	N/A
Asset register summary (WDV)	178 840	142 726	144 512	167 233	14.65%	13.59%
Depreciation & asset impairment	26 708	23 266	27 789	28 019	16.96%	0.82%
Renewal of Existing Assets	-	-	-	-	N/A	N/A
Repairs and Maintenance	4 814	4 496	4 420	4 316	-4.17%	-2.40%
<u>Free services</u>	N/A	N/A	N/A	N/A	N/A	N/A
Cost of Free Basic Services provided	N/A	N/A	N/A	N/A	%	%
Revenue cost of free services provided	N/A	N/A	N/A	N/A	%	%

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Financial Summary						
R' 000						
Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<u>Households below minimum service level</u>	N/A	N/A	N/A	N/A	N/A	N/A
Water:	N/A	N/A	N/A	N/A	%	%
Sanitation/sewerage:	N/A	N/A	N/A	N/A	%	%
Energy:	N/A	N/A	N/A	N/A	%	%
Refuse:	N/A	N/A	N/A	N/A	%	%
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1</i>						

Financial Performance of Operational Services						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<u>Operating Cost</u>	N/A	N/A	N/A	N/A	N/A	N/A
Water	N/A	N/A	N/A	N/A	N/A	N/A

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Financial Performance of Operational Services						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Waste Water (Sanitation)	N/A	N/A	N/A	N/A	N/A	N/A
Electricity	N/A	N/A	N/A	N/A	N/A	N/A
Waste Management	N/A	N/A	N/A	N/A	N/A	N/A
Housing tranfers	1 895	2 034	2 025	2 027	-0.34%	0.11%
Component A: sub-total	1 895	2 034	2 025	2 027	-0.34%	0.11%
Waste Water (Storm-water Drainage)	N/A	N/A	N/A	N/A	N/A	N/A
Roads	N/A	N/A	N/A	N/A	N/A	N/A
Transport	(13 954)	(16 864)	(16 066)	(9 168)	-83.95%	-75.24%
Component B: sub-total	(13 954)	(16 864)	(16 066)	(9 168)	-83.95%	-75.24%
Planning	N/A	N/A	N/A	N/A	N/A	N/A
Local Economic Development	N/A	N/A	N/A	N/A	N/A	N/A
Component B: sub-total	-	-	-	-	N/A	N/A
Planning (Strategic &	15 061	18 393	13 585	21 781	15.55%	37.63%

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Financial Performance of Operational Services						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Regulatory)						
Local Economic Development	N/A	N/A	N/A	N/A	N/A	N/A
Component C: sub-total	15 061	18 393	13 585	21 781	15.55%	37.63%
Community & Social Services	28 579	42 080	41 304	40 422	-4.10%	-2.18%
Environmental Protection	18 282	21 498	22 322	20 737	-3.67%	-7.64%
Health	N/A	N/A	N/A	N/A	N/A	N/A
Security and Safety	10 792	12 392	12 384	12 205	-1.53%	-1.47%
Sport and Recreation	N/A	N/A	N/A	N/A	N/A	N/A
Corporate Policy Offices and Other	(46 882)	(79 713)	(78 831)	(59 989)	-32.88%	-31.41%
Component D: sub-total	10 772	(3 744)	(2 822)	13 374	127.99%	121.10%
Total Expenditure	13 774	(180)	(3 278)	28 014	100.64%	111.70%
<p>In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>						

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COMMENT ON FINANCIAL PERFORMANCE:

The variance related of 31.41% within Corporate Policy Offices and Other is as a result of anticipated revenue from the Department of Health not realising created a variance in under collection of revenue. The temporarily closure of the testing stations at Vereeniging and Vanderbijlpark further resulted in under collection of revenue which relates to Transport and Infrastructure (75.24%). The Planning department are dealing with the NDPG project and have requested a roll-over of the grant which resulted in an unspent conditional grant not yet utilized and therefore the amount cannot be shown as revenue until the conditions are met. The net effect is a variance of 37.63%.

5.2 GRANTS

Grant Performance						
R' 000						
Description	Year -1	Year 0		Year 0 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	231 638	253 150	253 150	238 952	-5,94%	-5,94%
Equitable share						
Municipal Systems Improvement	1 500	890	890	703	-26,54%	-26,54%
Department of Water Affairs						
Levy replacement	226 009	232 785	232 785	232 785	0,00%	0,00%
Other transfers/grants NDPG	2 880	18 225	18 225	4 213	-332,63%	-332,63%
Other transfers/grants FMG	1 249	1 250	1 250	1 251	0,07%	0,07%
Provincial Government:	27 772	7 372	7 372	10 735	31,32%	31,32%
Health subsidy						
Housing						
Ambulance subsidy	18 215	-	-	-		
Sports and Recreation						
MSP	359					
EPWP grant	34	1 000	1 000	1 000	0,01%	0,01%
LED grant				1 418	100,00%	100,00%
Other transfers / Grants	1 472			380	100,00%	100,00%
HIV & AIDS grant	7 692	6 372	6 372	7 936	19,71%	19,71%
District Municipality:	-	-	-	-		
<i>[insert description]</i>						
Other grant providers:	-	-	-	-		
Total Operating Transfers and Grants	259 410	260 522	260 522	249 686	-4,34%	-4,34%

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

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COMMENT ON OPERATING TRANSFERS AND GRANTS:

Note: For Municipal Infrastructure Grant (MIG) see T5.8.3. For other conditional transfers including Neighborhood Development Partnership Grant (NDPG); Public Transport Infrastructure and Systems Grant (PITS) see **Appendix L**.

The municipality receive an RSC replacement levy which are utilize in totality for operational purposes. The only major grant received is the NDPG whereby the municipality has requested a roll-over of funds due to difficulties experience during the tender processes as a result of complexity.

During the previous year The HIV and AIDS grant was only received in June and therefore the spending in the current year has exceeded the amount received in the 2013/14 financial year.

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
A -Lotto Sport	217137	4390228	0	20141231	0	Upgrading of Lesedi sports fields
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Not Applicable						
Foreign Governments/Development Aid Agencies						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Private Sector / Organisations						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Not Applicable						
<i>Provide a comprehensive response to this schedule</i>						3

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

Grants and subsidies received have been lower in past years which contribute further to the deficit counter. Revenue from the equitable share apportionment of the National Fiscus has also increased at a lower rate than the CPI rate which has had a direct impact on operational deficit. Use this box to

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provide additional information on grant benefits or conditions and reason for acceptance. Please also provide comments on grant surrendered to the National Revenue Fund with reasons that led to this.

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Council abides by the generally accepted principals and objectives of asset management in order:-

- to safeguard fixed assets of SDM and to ensure the effective use of the existing resources
- to emphasize a culture of accountability over fixed assets;
- to ensure that effective controls are communicated to management and staff through clear and comprehensive written documentation; and
- to provide a formal set of financial procedures that can be implemented to ensure that SDM's financial asset policies are achieved and are in compliance with the MFMA and statements of GRAP.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	Fibre optic-External network			
Description	Optic Fibre network for the district for Information Technology			
Asset Type	Computer Hardware (Own Assets)			
Key Staff Involved	Information Management Department			
Staff Responsibilities				
	2010/11	2011/12	2012/13	2013/14
Asset Value	5 260 690	9 654 420	10 939 687	12 391 429
Capital Implications				
Future Purpose of Asset	IT Communication			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management- , IT policies			
Asset 2				
Name	CCTV expansion project			
Description	Installing of CCTV cameras for combating of crime in the District			
Asset Type	Community assets (Security Systems)			
Key Staff Involved	Community Services Department			
Staff Responsibilities				
	2010/11	2011/12	2012/13	2013/14
Asset Value	15 799 637	2 999 999	0	1 262 079
Capital Implications				
Future Purpose of Asset	Security			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management policy			

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Asset 3				
Name	Internal Networks			
Description	Labelling of Council buildings to link IT network with different servers and hubs.			
Asset Type	Computer Hardware (Own Assets)			
Key Staff Involved	Information Management Department			
Staff Responsibilities				
	2010/11	2011/12	2012/13	2013/14
Asset Value	822 282	646 901	300 854	845 892
Capital Implications				
Future Purpose of Asset	IT Communication			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management- , IT policies			

COMMENT ON ASSET MANAGEMENT:

Asset Management is a key enabler in providing the framework in which Council's processes and procedures are governed in accordance with prescribed legislative requirements.

More specifically, policy for the Sedibeng District Municipality (SDM) is guided by the legislative requirements as laid out in:

- The Municipal Finance Management Act (MFMA), Act No. 56 of 2003,
- Treasury Regulations for municipalities and municipal entities, issued in terms of the Municipal Finance Management Act No. 56 of 2003.
- Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board (ASB).

Asset Management further serves to provide all stakeholders with the appropriate guidance as to the rules and requirements across relevant operating processes and procedures. It also ensures:

- Consistency in application and implementation
- Procedural excellence; and
- Minimised risk exposure to noncompliance issues.

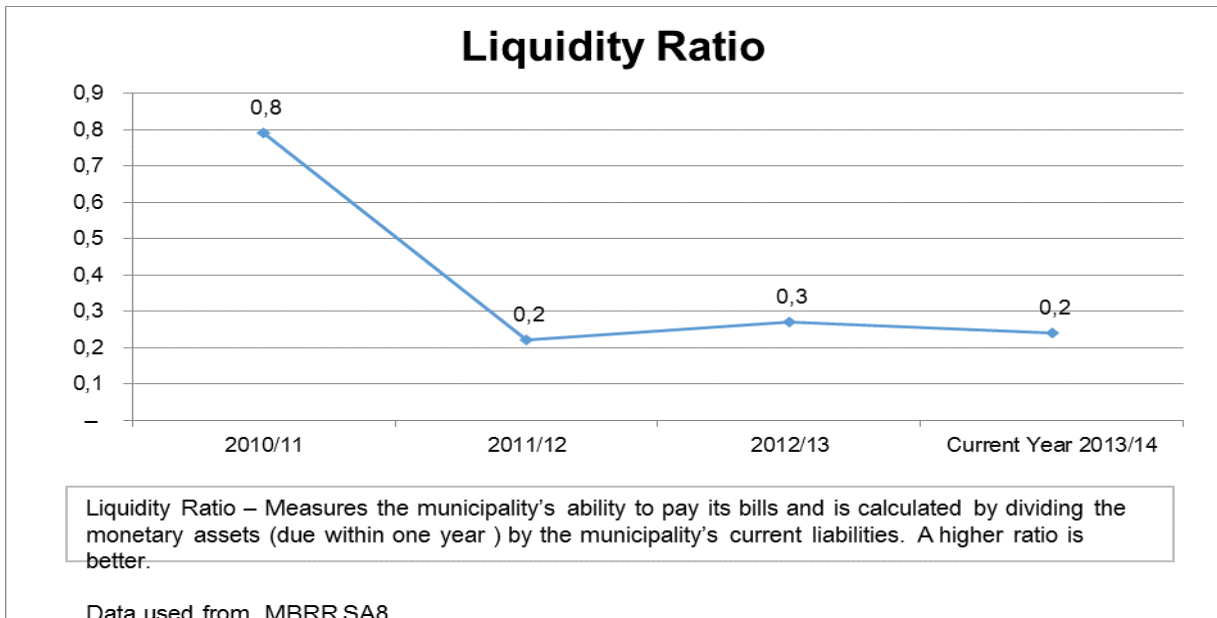
These objectives provide an overarching governance framework to assist management and employees of SDM in implementing and maintaining consistent, effective and efficient asset management principles.

Repair and Maintenance Expenditure: Year 0				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	4 496	4 420	4 316	4%

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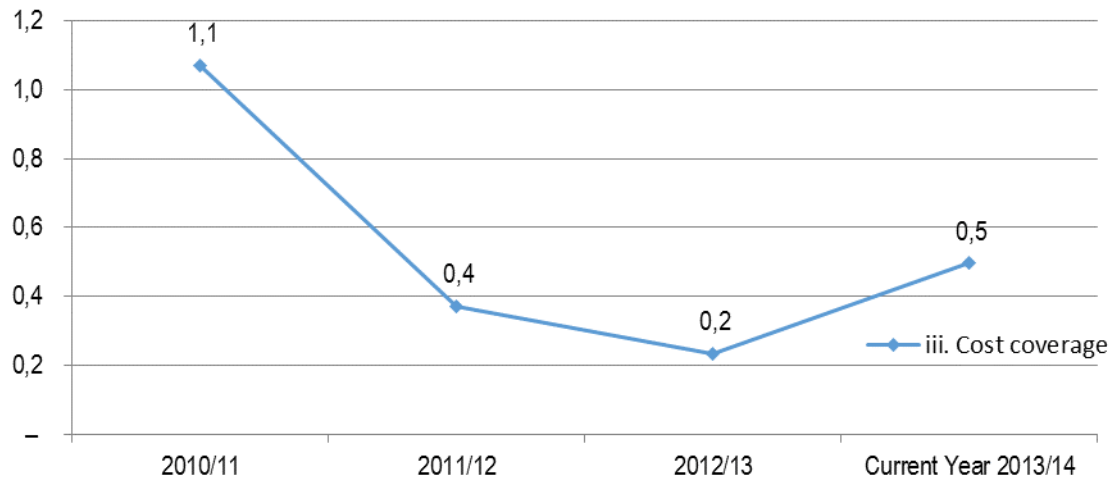
The municipality do not have infrastructure assets and therefore the amount spent relates to building and equipment maintenance.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



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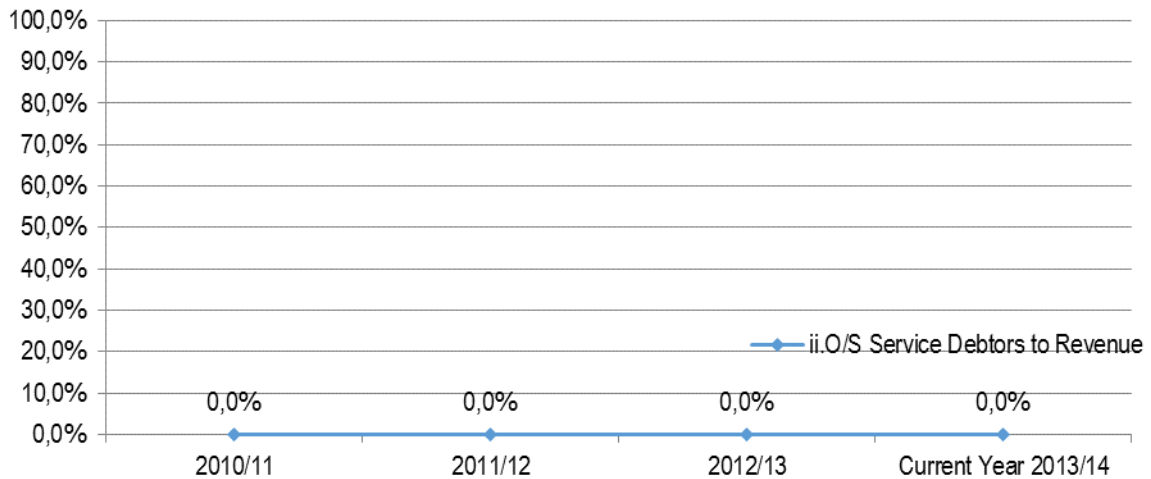
Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

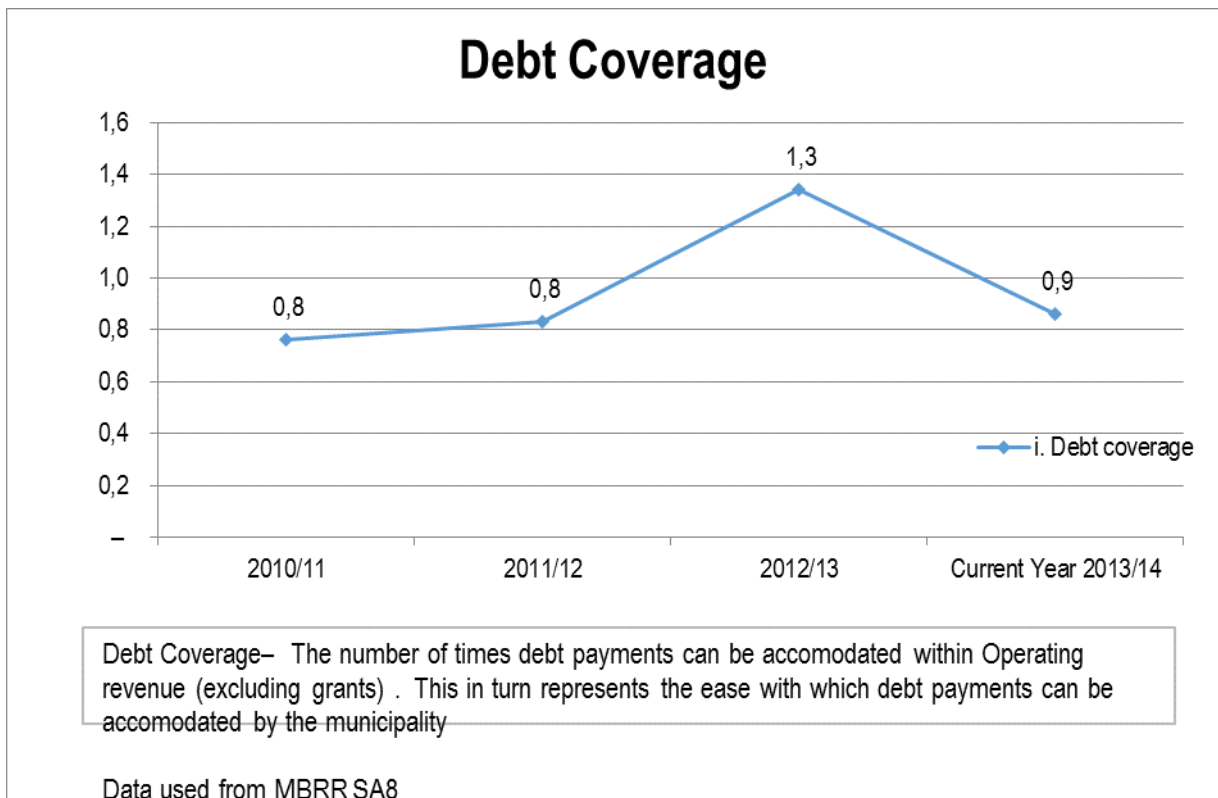
Data used from MBRR SA8

Total Outstanding Service Debtors



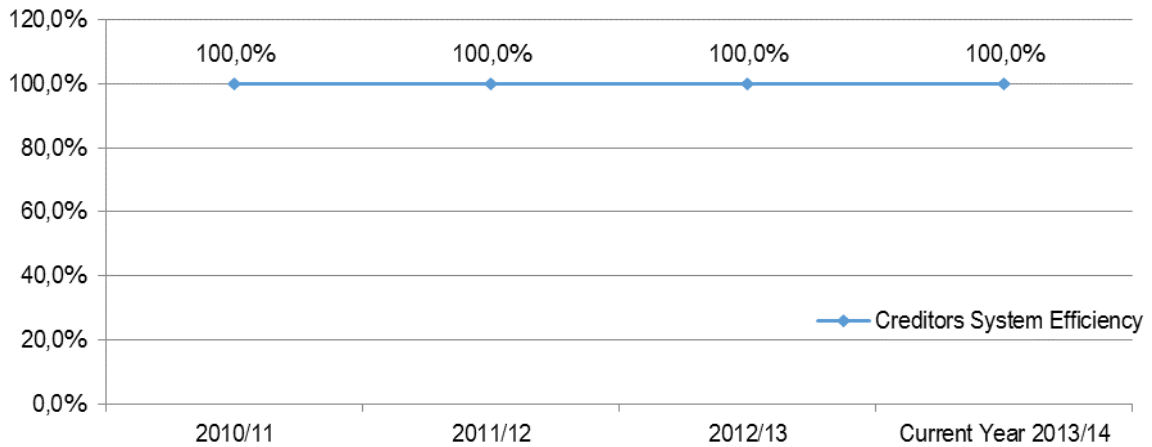
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

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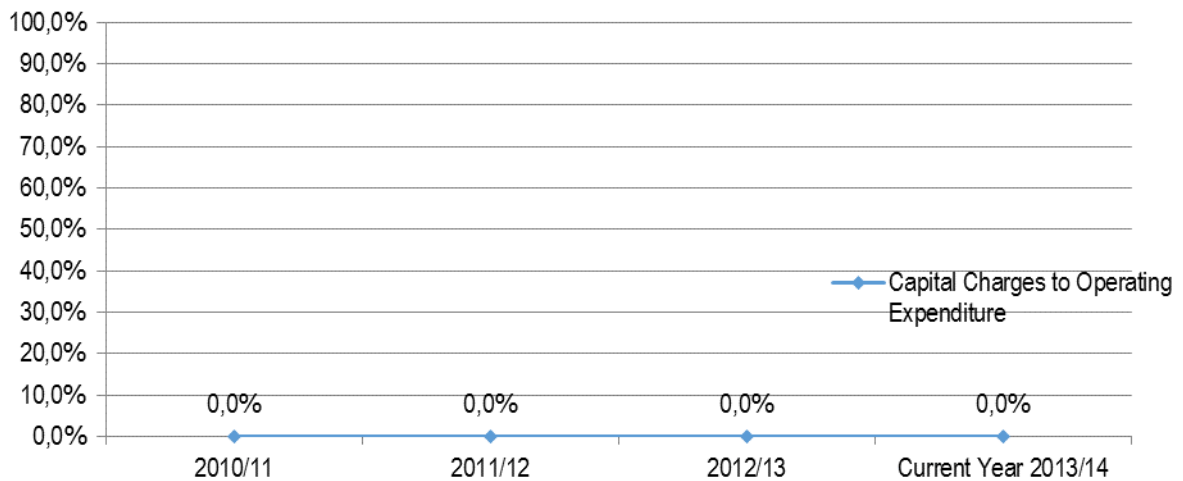
Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

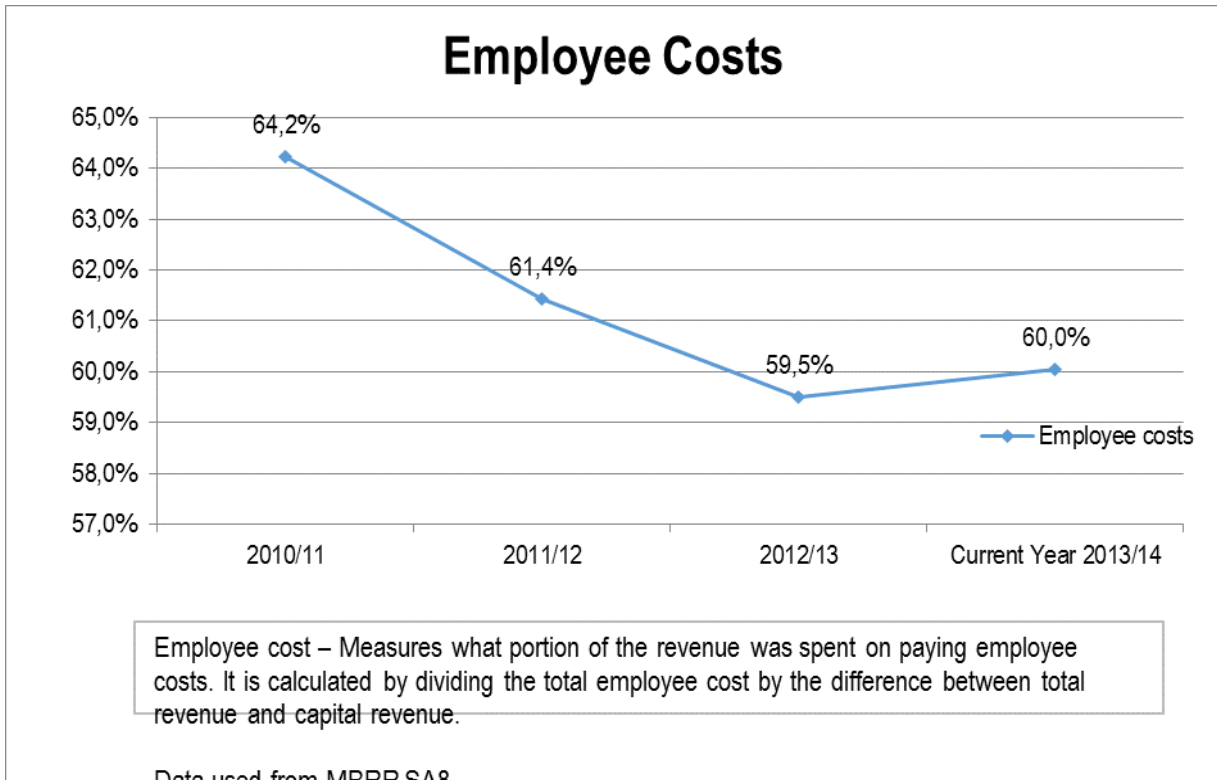
Capital Charges to Operating Expenditure



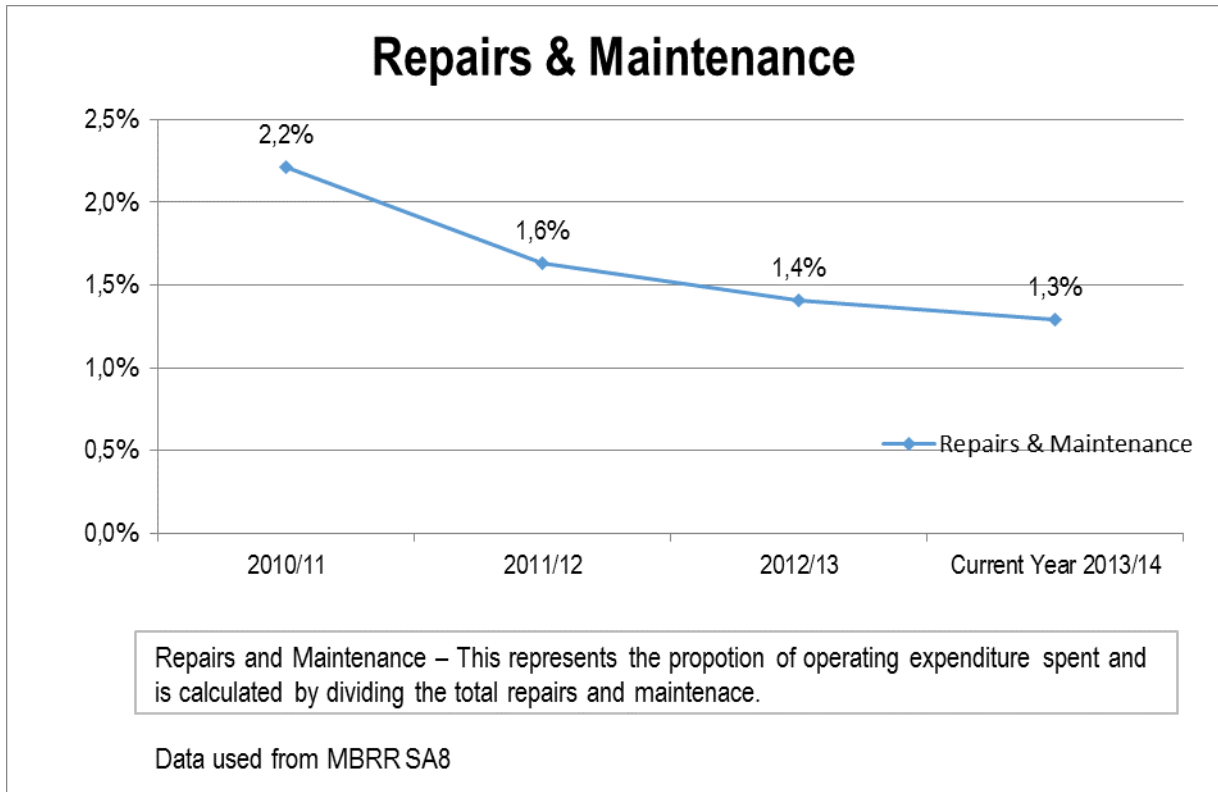
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

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COMMENT ON FINANCIAL RATIOS:

The uniform financial ratios and norms as prescribed by National Treasury indicate the following areas which need to be addressed:

1. Cash flow needs to improve as the current liabilities exceeds the current assets. This is having an impact on the liquidity of the municipality.
2. Repair and Maintenance on fixed assets are below the threshold and adjustments need to be made to prevent deteriorating assets.
3. Revenue growth is below the CPI which indicate that less can be spent on the same functions to be rendered. This imply a reduction in service.
4. Employee related cost is above the norm set by National Treasury and steps need to be taken to reduce this level.
5. Fixed assets are impaired at a higher rate than renewing or replacing assets which indicate a reduction in fixed assets.

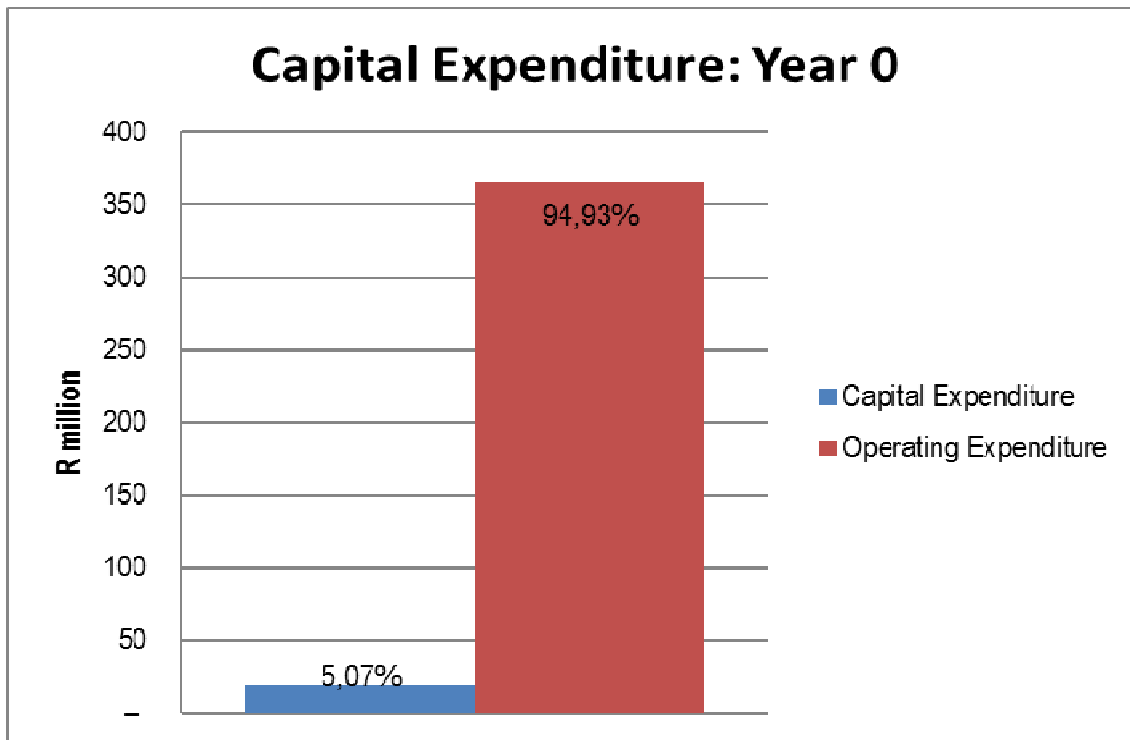
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COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

5.5 CAPITAL EXPENDITURE



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R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	18	19	17	2,6%	11,5%
	18	19	17	2,6%	11,5%
Operating Expenditure	350	365	363	-3,5%	0,6%
	350	365	363	-3,5%	0,6%
Total expenditure	368	384	380	-3,2%	1,2%
Water and sanitation					
Electricity					
Housing					
Roads, Pavements, Bridges and storm water					
Other					
	-	-	-		
External Loans					
Internal contributions	18	19	17	4,0%	12,8%
Grants and subsidies	-	-	0		
Other					
	18	19	17	2,6%	11,5%
External Loans					
Grants and subsidies					
Investments Redeemed	Not Applicable				
Statutory Receipts (including VAT)					
Other Receipts					
	-	-	-		
Salaries, wages and allowances					
Cash and creditor payments					
Capital payments					
Investments made	Not Applicable				
External loans repaid					
Statutory Payments (including VAT)					
Other payments					
	-	-	-		
Property rates	-	-	-		
Service charges	-	-	-		
Other own revenue	82	90	107	-31,1%	-19,0%
				-31,1%	-19,0%

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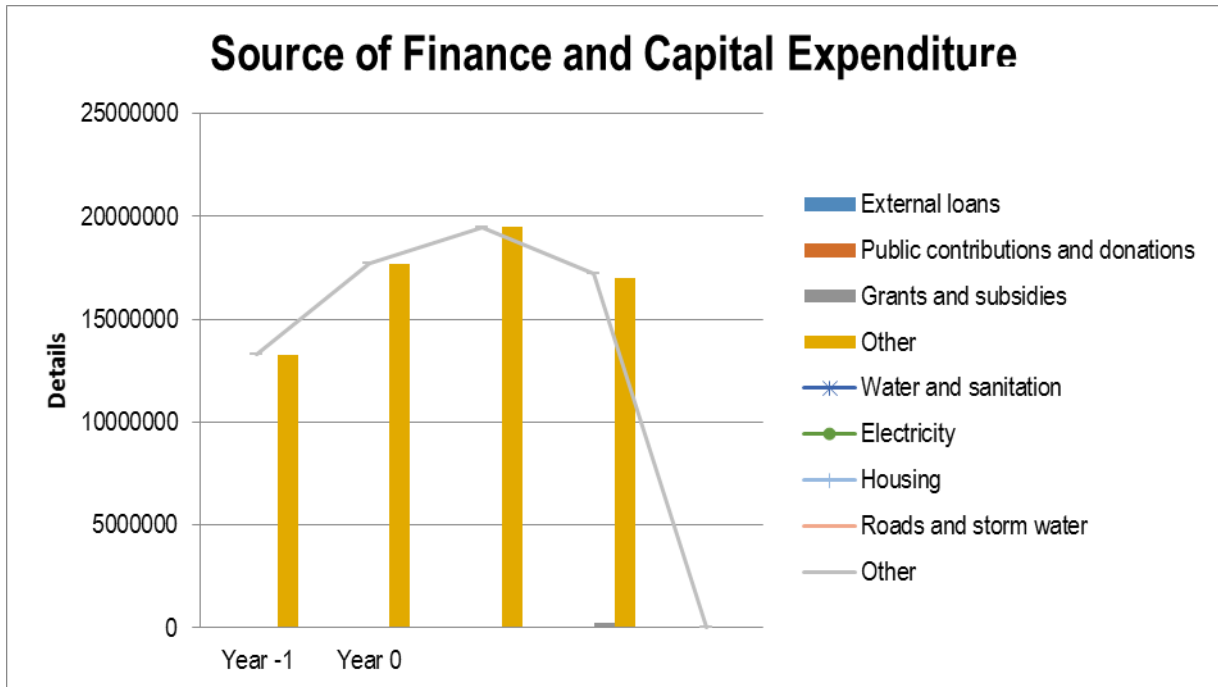
R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
	82	90	107		
Employee related costs	206	211	212	-2,6%	-0,1%
Provision for working capital					
Repairs and maintenance	4	4	4	4,0%	2,3%
Bulk purchases					
Other expenditure	140	149	147	-5,1%	1,6%
	350	365	363	-3,5%	0,6%
Service charges: Electricity					
Grants & subsidies: Electricity					
Other revenue: Electricity					
	-	-	-		
Employee related costs: Electricity					
Provision for working capital: Electricity					
Repairs and maintenance: Electricity					
Bulk purchases: Electricity					
Other expenditure: Electricity					
	-	-	-		
Service charges: Water					
Grants & subsidies: Water	Not Applicable				
Other revenue: Water					
	-	-	-		
Employee related costs: Water					
Provision for working capital: Water					
Repairs and maintenance: Water	Not Applicable				
Bulk purchases: Water					
Other expenditure: Water					
	-	-	-		

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5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0							R' 000
Details	Year -1	Year 0					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
Source of finance							
	External loans	Not Applicable					
	Public contributions and donations						
	Grants and subsidies		0	0	243153		
	Other	13275079	17702113	19488278	17002075	10,09%	-3,95%
Total		13275079	17702113	19488278	17245228	10,09%	-3,95%
Percentage of finance							
	External loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Grants and subsidies	0,0%	0,0%	0,0%	1,4%	0,0%	0,0%
	Other	100,0%	100,0%	100,0%	98,6%	100,0%	100,0%
Capital expenditure							
	Water and sanitation	Not Applicable					
	Electricity						
	Housing						
	Roads and storm water						
	Other	13275079	17702113	19488278	17245228	10,09%	-2,58%
Total		13275079	17702113	19488278	17245228	10,09%	-2,58%
Percentage of expenditure							
	Water and sanitation	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Electricity	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Housing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Roads and storm water	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Other	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

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COMMENT ON SOURCES OF FUNDING:

Explain any variations from the approved budget of more than 10% and discuss the total capital expenditure as a viable proportion of total expenditure.

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

R' 000					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Optic Fibre Project	7 200 000	12 200 000	12 391 429	-72%	-69%
B - Internal Network	948 000	948 000	845 893	11%	0%
C -CCTV	1 300 000	1 300 000	1 262 079	3%	0%
D - Name of Project					
E - Name of Project					
<i>* Projects with the highest capital expenditure in Year 0</i>					
Name of Project - A					
Objective of Project	External Networking				
Delays					
Future Challenges	None				

Chapter 5

R' 000					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Anticipated citizen benefits	IT Communication				
Name of Project - B					
Objective of Project	Internal IT Networking				
Delays					
Future Challenges	None				
Anticipated citizen benefits	Internal IT connectivity				
Name of Project - C					
Objective of Project	Installing of CCTV cameras for combatting of crime in the District				
Delays					
Future Challenges	None				
Anticipated citizen benefits	Combatting crime				
Name of Project - D					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - E					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					

COMMENT ON CAPITAL PROJECTS:

Provide information in the template above on the 5 largest projects, ranked according to their approved budget provision year 0. Comment on the variance between the original and adjustment budgets and on availability of future Budget provision to operate the projects and lessons learnt in the year about capital project implementation on time to budget.

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Explain that need and cost of backlogs are the result of migration into an area; migration out of an area; the trend towards disaggregation of families into more than one housing unit; and the cost of renewing and upgrading core infrastructure. Explain how this balance effects net demand in your municipality and how your municipality is responding to the challenges created.

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Service Backlogs as at 30 June Year 0				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	n/a	%		%
Sanitation	n/a	%		%
Electricity	n/a	%		%
Waste management	n/a	%		%
Housing	n/a	%		%

% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	
<i>Roads, Pavements & Bridges</i>				%	%	
<i>Storm water</i>				%	%	
Infrastructure - Electricity				%	%	
<i>Generation</i>				%	%	
<i>Transmission & Reticulation</i>				%	%	
<i>Street Lighting</i>				%	%	
Infrastructure - Water				%	%	
<i>Dams & Reservoirs</i>				%	%	
<i>Water purification</i>				%	%	
<i>Reticulation</i>				%	%	
Infrastructure - Sanitation				%	%	
<i>Reticulation</i>				%	%	
<i>Sewerage purification</i>				%	%	
Infrastructure - Other				%	%	
<i>Waste Management</i>				%	%	
<i>Transportation</i>				%	%	
<i>Gas</i>				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
				%	%	
Total				%	%	

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Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
<p>* 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 is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>						

COMMENT ON BACKLOGS:

Comment on how MIG grants have been utilized to redress the backlogs and on the variances in T 5.8.3. If appropriate, comment that **Appendix P** contains details of schools and clinics that have been established that do not have ready access to one or more basic services and **Appendix Q** contains details of those services provided by other spheres of government (whether the municipality is involved on an agency basis or not) that carry significant backlogs.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Give a brief comment on the importance of cash flow management. Refer to the scope of this activity as indicated in this component and what you regard as the key management features of your municipality's approach. Refer to any other cash flow issues of current relevance to your municipality that are not adequately provided for in the format of this component.

5.9 CASH FLOW

Cash Flow Outcomes					R'000
Description	Year -1	Current: Year 0			
	Audited Outcome	Original Budget	Adjusted Budget	Actual	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	227 738	87 955	105 579	218 942	

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Cash Flow Outcomes				
R'000				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Government - operating	256 658	260 552	260 552	260 905
Government - capital				
Interest	2 116	2 060	2 100	1 607
Dividends				
Payments				
Suppliers and employees	(478 895)	(327 122)	(340 217)	(456 314)
Finance charges				
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	7 617	23 445	28 014	25 140
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	82			165
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(13 275)	(17 702)	(19 488)	(17 245)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(13 193)	(17 702)	(19 488)	(17 080)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing				
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	(5 576)	5 743	8 525	8 060
Cash/cash equivalents at the year begin:	12 492	6 916	6 916	6 916
Cash/cash equivalents at the year end:	6 916	12 659	15 441	14 976

Source: MBRR A7

1

COMMENT ON CASH FLOW OUTCOMES:

A reduction in revenue collected versus anticipated had a negative impact on the cash flow. There are however a net increase in cash in comparison with the previous financial year as a result of cost containment measures implemented

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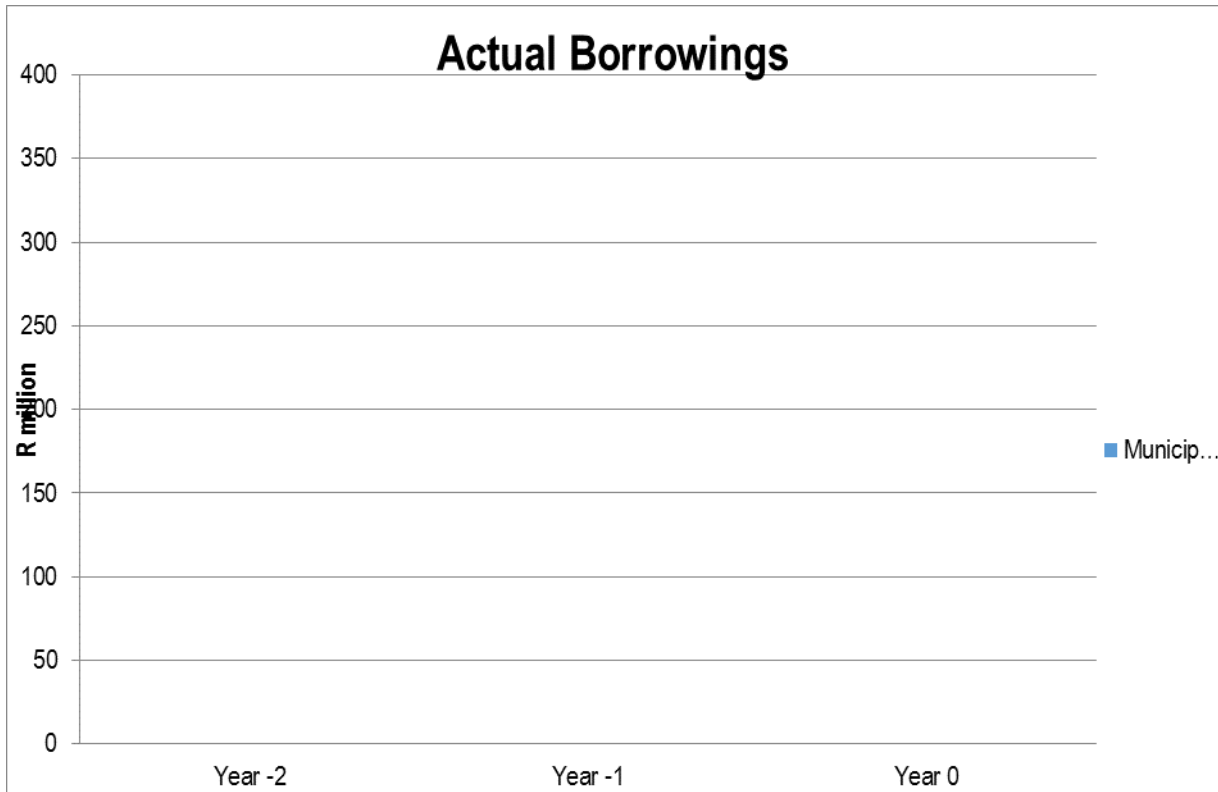
5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Explain briefly the relevance of borrowing and investments to you municipality with reference to the tables below and your municipality's requirements in the year. Information may be sourced from **table SA3 AND SA15 in the MBRR**.

Actual Borrowings: Year -2 to Year 0			
			R' 000
Instrument	Year -2	Year -1	Year 0
Municipality			
Long-Term Loans (annuity/reducing balance)	n/a	n/a	n/a
Long-Term Loans (non-annuity)	n/a	n/a	n/a
Local registered stock	n/a	n/a	n/a
Instalment Credit	Not Applicable		
Financial Leases	n/a	n/a	n/a
PPP liabilities	n/a	n/a	n/a
Finance Granted By Cap Equipment Supplier	n/a	n/a	n/a
Marketable Bonds	n/a	n/a	n/a
Non-Marketable Bonds	n/a	n/a	n/a
Bankers Acceptances	n/a	n/a	n/a
Financial derivatives	Not applicable		
Other Securities	n/a	n/a	n/a
Municipality Total	0	0	0
Municipal Entities			
Long-Term Loans (annuity/reducing balance)	n/a	n/a	n/a
Long-Term Loans (non-annuity)	n/a	n/a	n/a
Local registered stock	n/a	n/a	n/a
Instalment Credit	Not applicable		
Financial Leases	n/a	n/a	n/a
PPP liabilities	n/a	n/a	n/a
Finance Granted By Cap Equipment Supplier	n/a	n/a	n/a
Marketable Bonds	n/a	n/a	n/a
Non-Marketable Bonds	n/a	n/a	n/a
Bankers Acceptances	n/a	n/a	n/a
Financial derivatives	n/a	n/a	n/a
Other Securities	n/a	n/a	n/a
Entities Total	0	0	0

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Municipal and Entity Investments			
			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
Municipality			
Securities - National Government	n/a	n/a	n/a
Listed Corporate Bonds	n/a	n/a	n/a
Deposits - Bank	n/a	n/a	n/a
Deposits - Public Investment Commissioners	n/a	n/a	n/a
Deposits - Corporation for Public Deposits	n/a	n/a	n/a
Bankers Acceptance Certificates	n/a	n/a	n/a
Negotiable Certificates of Deposit - Banks	n/a	n/a	n/a
Guaranteed Endowment Policies (sinking)	n/a	n/a	n/a
Repurchase Agreements - Banks	n/a	n/a	n/a
Municipal Bonds	n/a	n/a	n/a
Other	n/a	n/a	n/a
Municipality sub-total	0	0	0
Municipal Entities			
Securities - National Government	n/a	n/a	n/a

Chapter 5

Municipal and Entity Investments			
			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
Listed Corporate Bonds	n/a	n/a	n/a
Deposits - Bank	n/a	n/a	n/a
Deposits - Public Investment Commissioners	n/a	n/a	n/a
Deposits - Corporation for Public Deposits	n/a	n/a	n/a
Bankers Acceptance Certificates	n/a	n/a	n/a
Negotiable Certificates of Deposit - Banks	n/a	n/a	n/a
Guaranteed Endowment Policies (sinking)	n/a	n/a	n/a
Repurchase Agreements - Banks	n/a	n/a	n/a
Other	n/a	n/a	n/a
Entities sub-total	0	0	0
Consolidated total:	0	0	0

COMMENT ON BORROWING AND INVESTMENTS:

Make clarifying comments on the above tables as necessary. All investments whether in the form of loans (in cash or kind) made by the municipality but not to one or more of the organizations set out above and all grants (in cash or kind) made to any form of organization **must** be set out in full at **Appendix R**.

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

Provide overview of agreements, contracts and projects undertaken during the year through PPP's – Refer to further details of PPP details **Appendix H. Table SA3 (MBRR)** may also be used to gain information on PPP's.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The Council has developed its policy in line with the Municipal Supply Chain Management Regulations and MFMA circulars issued by National Treasury.

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The municipality has developed and established the supplier database. SDM issued an advert inviting companies owned by people with disabilities to also register on the supplier database for specific commodities.

The Bid Committees were established and are fully functional, namely Bid Specification Committee, Bid Evaluation Committee; and Bid Adjudication Committee. There are currently no challenges with the functioning of bid committees.

The municipality has developed an annual procurement plan for 2012/2013 and 2013/2014 financial years, and all procurement requirements are measured against the plan.

SCM initiated the recruitment of the Assistant Manager: Demand and Acquisition and Committee Officer to be filled in the new financial year.

National Treasury has issued Guidelines for Municipal Competency Levels for Heads of Supply Chain Management and Supply Chain Management; these guidelines have been issued in terms of Municipal Regulations on Minimum Competency Levels.

The Director: Supply Chain Management, Assistant Manager: Demand and Acquisition Management and Supply Chain Management Specialist: Logistics Management comply with these minimum competency levels. All other five officials will be enrolled with the South African Institute of Chartered Accountants for this programme.

The Executive Mayor provided general political guidance over the fiscal and financial affairs of the SDM. There are no Councillors serving as members of any bid committees or who participate in the supply chain management processes at Sedibeng District Municipality.

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The annual financial statements have been prepared in accordance with Standards of Generally Recognized Accounting Practices (GRAP). The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. Accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner to assure meeting all financial and control responsibilities as prescribed.

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Audit Report Status:	Unqualified
Findings	Remedial Action Taken
Incorrect classification of Provision for Retirement bonus	Financial Statements has been changed retrospectively in order to remove the pro rata bonus provision.
AOPO targets not met	Improve monitoring on targets made
Fraud Prevention Plan not reviewed regularly	Management engaged the Gauteng Provincial Forensic Services Unit (FSU) to assist the Sedibeng District Municipality in the process of reviewing the Fraud Prevention Plan. The process has started as there are ongoing meetings held on this issue
Leave not properly administered	We will amend our Leave SOP's to include that: The captured leave forms must be referred, on a weekly basis, to the Assistant Manager; Workstudy and Quality Assurance for control purposes/ verify correct capturing on the pay day system.
Award made to suppliers in which employees of Sedibeng have interest in those	Municipality will perform a follow up CAATS audit by their Internal Audit Department to ensure that the findings and any other future findings are cleared in line with the SCM regulations.

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Audit Report Status:	Unqualified
Findings	Remedial Action Taken
suppliers	
Security Management	More secure password parameters were requested from the service provider and will be loaded into the system.
User Access Management	A policy will be developed and procedures implemented to ensure compliance.
Information Technology service continuity	The DRP developed, approved and maintained by IT will form part of this BCP. BCP and risk management fall within the ambit of the Office of the Chief Operations Officer.

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 0

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	Unqualified
Non-Compliance Issues	Remedial Action Taken
Operating deficit more than five percentage of revenue	The reduction has been reported to National Treasury as our revenue source diminished. It was based on this reason that the District Municipality implemented austerity measures over the last 4 years which is still in place (HR dashboard- attrition, leave management, etc.) and our Financial snapshot position of municipality performed monthly from the CFO's Office. The municipality performs daily, weekly and monthly cash flow reconciliations with projections to ensure that we are able to meet our obligations based on the grants received. The grants has been ring-fenced and are adequately apportioned for its main purpose. The municipality adopted a pro-poor budgeting approach and followed National Treasury budget guide as a principle for provision on depreciation and employee cost. In addition the anticipated unfunded mandate of R38,5 million for Emergency Medical services rendered to the Provincial Department

Chapter 6

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	Unqualified
Non-Compliance Issues	Remedial Action Taken
	of Health is still owed to Sedibeng District Municipality. Negotiations which ensued was to settle the amount of R25million in good faith to ensure that R19,25 million would be paid during the audit period under review and the balance payable in the 2014/15 financial year.
AOPO: Actual performance against targets not included in the annual performance report	The actual performance against planned targets is available in the detailed Annual Performance Report in the Sedibeng District Municipality's electronic Performance Management System. The detailed Annual Performance Report 2013/14 was made available to the Auditor General, thus to be published in the SDM website.
The valuation of the commitment note 27.2 as per the AFS is incorrect and the schedule of commitments is not complete	The annual financial statements was corrected to ensure that the commitment note reflects all commitments at the correct amount. The municipality has adjusted the annual financial statements for the year ended as at 30 June 2014 to reflect only those commitments that are non- routine and none cancellable.
Supplier Chain Management: Information not submitted for audit	The outstanding information was subsequently provided to the auditors. The finding is resolved. It is recommended that the municipality implement controls to ensure that supporting documentations are readily available when requested by the auditors.
AOPO: Budgeted amount is not included in the SDBIP for all objectives	Actual budgeted amounts were captured in the SDBIP for all objectives.
AOPO: Performance Indicators not Measurable	SDM will integrate data in all three columns (Indicator, Unit of Measure and Target) in order to make indicators measurable.
SCM: Amount paid to service provider exceeds the original contract amount	Management partially agrees with the finding to the extent that the contracted amount was exceeded. It must however be noted that the scope of work for the Service Provider (Grant Thornton) was inadvertently extended given the new requirements which were

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Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	Unqualified
Non-Compliance Issues	Remedial Action Taken
	not originally part of the tender. The Audit Committee approved the annual internal audit plans which included the revised scope of work.
Assets : Lease agreement incorrectly classified	The lease agreement was incorrectly classified and therefore the financial statements were adjusted to correct the classification error. The financial statements were adjusted to take into account the finance lease and reverse the operating lease.
SCM: Declaration of interest not submitted for audit	Management will implement control measures to verify tax clearance and declaration of interest prior to releasing payment in terms of SCM Regulation 43 & 44
SCM: Three quotations not obtained	<p>In the instances where it was impossible to follow SCM procedures, approval was obtained from AO in terms of SCM Regulation 36 and the reasons therein duly recorded. Details are logged in the deviation register.</p> <p>SDM shall implement controls to ensure that supporting documentations are readily available when requested by the auditors.</p>
SCM: Tax clearance not provided for audit	Management will implement control measures to verify tax clearance and declaration of interest prior to releasing payment in terms of SCM Regulation 43 & 44
Information Technology Governance	<p>The service level agreements with the vendors will be reviewed and the recommendations of this report will be included in the revised agreements.</p> <p>Regular monitoring and a proper definition of the service levels expected will be added to existing contracts through the office of the Director Legal. Contracts will be renewed through a formal review process and amended, where necessary, with the approval of both parties.</p> <p>A biannual review of the performance of the service provider will</p>

Chapter 6

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	Unqualified
Non-Compliance Issues	Remedial Action Taken
	be performed and will be a stipulation of the amended contract.

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0
 AG's opinion on SDM: Unqualified status (See attached report).

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:
 The Sedibeng District Municipality welcomes the Unqualified opinion from the Auditor General, the second time in a row. This is a result of dedication and determination by all managers and employees of the municipality. As promised last year, we have initiated and implemented strategies to clear out all other matters as raised before, and as such remained on course.

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:
 Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... Dated

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty

GLOSSARY

	and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMS performance standards are divided into indicators and the time factor.
Performance	The level of performance that municipalities and its employees strive

GLOSSARY

Targets:	to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <ul style="list-style-type: none"><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

APPENDICES

APPENDICES

APPENDIX A - COUNCILLORS COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

SURNAME	NAMES	FULL TIME / PART TIME	PARTY	COMMITTEES	PERCENTAGE COUNCIL ATTENDANCE	PERCENTAGE COUNCIL NON ATTENDANCE APOLOGIES
Mofokeng	Mahole Simon	Full time	ANC	-	100%	0
Modisakeng	Busisiwe Joyce	Full time	ANC	Elections, Gender, Ethics, Rules, Petitions	100%	0
Sale	Masabata Christinah	Full time	ANC	Elections, Ethics, Rules	88.8%	11.2%
Mahomed	Yusuf Joseph	Full time	ANC		77.7%	22.3%
Gamede	Lulama Shirley	Part time	ANC	Gender	55.5%	44.5%
Mncube	Busisiwe	Full Time	ANC		88.8%	11.2%
Masilo	Johanna	Part time	ANC	Gender , MPAC, Petitions	100%	0
Majola	Abram Kuki	Part time	ANC	MPAC	100%	0
Tsokolibane	Maipato Elisa	Full time	ANC		66.6%	33.4%

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SURNAME	NAMES	FULL TIME / PART TIME	PARTY	COMMITTEES	PERCENTAGE COUNCIL ATTENDANCE	PERCENTAGE COUNCIL NON ATTENDANCE APOLOGIES
Mokako	Mvula Samuel	Full time	ANC	Rules, MPAC	88.8%	11.2%
Tsotetsi	Petrus Butietjie	Full time	ANC		88.8%	11.2%
Melina	Gomba	Part time	ANC		100%	0
Mshudulu	Assistance	Part time	ANC	Rules	77.7%	22.3%
Mollo	Daddy Simon	Part Time	DA	Elections, MPAC	100 %	0
Peters	Frederich Wilhelm	Part time	DA	MPAC	88.8%	11.2%
Parson	Andrea	Part time	DA		66.6%	33.4%
Baloyi	Patricia Buyisile	Part time	DA	Gender	77.7%	22.3%
Maraka	Teboho Ernest	Part time	DA	Petitions	100 %	0
Pooe	Ntsiri Shadrack	Part time	PAC	Ethics, Rules, MPAC	88.8%	11.2%
Nkosi	Mluleki Nelson Ronald	Part time	ANC		22.2%	77.8%
Ramothibe	Thembekile	Part	ANC	Petitions	66.6%	33.4%

APPENDICES

SURNAME	NAMES	FULL TIME / PART TIME	PARTY	COMMITTEES	PERCENTAGE COUNCIL ATTENDANCE	PERCENTAGE COUNCIL NON ATTENDANCE APOLOGIES
	Ellen	time				
Roos	Adv. Stephanus Johannes	Part time	DA	Petitions	44.4%	55.6%
Maphalla	Simon Tabudi	Part time	ANC		88.8%	11.2%
Ryder	Richard Denis	Part time	DA		88.8%	11.2%
Radebe	Modiane Martha	Part time	DA	Gender	100%	0
Mooi	Nomsa	Part time	ANC		88.8%	11.2%
Maseko	Pius	Part time	ANC	Ethics, MPAC,	88.8%	11.2%
Matsei	Nozindaba Pauline	Part time	ANC	MPAC	100 %	0
Hlongwane	Daniel Star	Part time	ANC	MPAC, Petitions	100 %	0
Ngubane	Louw	Part time	ANC	Gender, Rules	100 %	0
Dlangalala	Florence	Part time	ANC		77.7%	22.3%
Morolong	Abel	Part	ANC	Ethics	100 %	0

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SURNAME	NAMES	FULL TIME / PART TIME	PARTY	COMMITTEES	PERCENTAGE COUNCIL ATTENDANCE	PERCENTAGE COUNCIL NON ATTENDANCE APOLOGIES
		time				
Rani	Siza	Part time	ANC		100%	0
Malisa	Dimakatso	Part time	ANC		100 %	0
Rapapadi	Lahliwe	Part time	ANC		66.6%	33.4%
Soxuzza	Sibongile	Part time	ANC	Petitions	88.8%	11.2%
Lehlake	Joseph	Part time	ANC	Petitions	100 %	0
Maseko	Thandi	Part time	ANC	Gender, Mpac,	66.6%	33.4%
Tibane	Griffiths	Part time	ANC		100 %	0
Raikane	Makhomo	Full Time	ANC		88.8%	11.2%
Mnguni	Fetty	FULL TIME	ANC		100 %	0
Hoffman	Danie	Part time	DA		100 %	0
Karsten	Jaco	Part time	DA	Ethics, Rules	100 %	0

APPENDICES

SURNAME	NAMES	FULL TIME / PART TIME	PARTY	COMMITTEES	PERCENTAGE COUNCIL ATTENDANCE	PERCENTAGE COUNCIL NON ATTENDANCE APOLOGIES
Nkosi	Simon	Part time	DA		77.4%	22.3%
Louw	Rohan	Part time	DA		88.8%	11.2%
Coetzee	Yvonne	Part time	DA		88.8%	11.2%
Moleko	Attie	Part time	DA		100 %	0
Radebe	Abel	Part time	PAC	Elections, Gender, Petitions	88.8%	11.2%

The attendance of Council meetings at the Sedibeng District Municipality is significantly high. The Appendix above shows an average of over 80%

APPENDICES

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

COMMITTEE	PURPOSE
Gender Committee	Oversight
Elections Committee	Oversight
Rules Committee	Oversight
Ethics Committee	Oversight
Petitions Committee	Oversight
Audit Committee	Oversight
MPAC	Oversight
Remuneration Committee	Oversight
Mayoral Committee	Oversight
Council	Oversight
8 Section 80 Portfolio Committees	Oversight

APPENDICES

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

DIRECTORATE	MANAGER/ASSISTANT MANAGER
Office of the Executive Mayor: AM Mapetla	<ol style="list-style-type: none"> 1. TN Ndaba 2. T. Sebusi
Office of the Speaker: TJ Tsoho	<ol style="list-style-type: none"> 1. TT Maleka 2. HM Mpontshane 3. RTP Morobe
Office of the Chief Whip: SJ Dhlamini	
Municipal Systems: FM Mathe (Acting)	<ol style="list-style-type: none"> 1. M Masangane 2. T Mokoari 3. MB Masibihlele
Financial Management: CE Steyn	<ol style="list-style-type: none"> 1. A Lubbe 2. VT Mokoari 3. KZ Kowlessar
Supply Chain Management: TM Tsie	<ol style="list-style-type: none"> 1. S Njongi
Coorporate Services: GR Deyzel	
Human Resources: MW Ramotsedisi	<ol style="list-style-type: none"> 1. TS Maloka 2. PI Modimoeng 3. LM Nkele
Legal & Support: NP Shembe	<ol style="list-style-type: none"> 1. N Tshabalala 2. MT Ngake 3. S Zungu
Facilities: LB Khumalo	<ol style="list-style-type: none"> 1. BW Johnson 2. AL Hlongwane (on suspension) 3. Maranda (Acting Manager)
Utilities: WT Molato	<ol style="list-style-type: none"> 1. TJ Tsotetsi 2. C Mokoena
IT: Y Chamda	<ol style="list-style-type: none"> 1. MC Visagie 2. HAJ Mans 3. AM O'Kelly
TIE-Environment:	<ol style="list-style-type: none"> 1. MS Dube 2. I Ngobese

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DIRECTORATE	MANAGER/ASSISTANT MANAGER
	<ol style="list-style-type: none"> 3. AJ Van Zyl 4. PM Mahlatsi 5. J Senokoane-Malay 6. MF Thekiso
TIE- Transport & Infra P: M Manqa	<ol style="list-style-type: none"> 1. MM Khalema 2. NS Mofokeng
TIE – Licensing:	<ol style="list-style-type: none"> 1. HJH Korb 2. T Lenake 3. E Van Zyl 4. A Msibi
Community Services: Health DL Magagula	
Community Services: SRACH N Felix	<ol style="list-style-type: none"> 1. B Mosebi 2. S Khumalo
Community Services: Safety M Leacwe (Acting):	
Community Services: HIV/AIDS MJ Makhutle	<ol style="list-style-type: none"> 1. P Mohapeloa
Community Services: Disaster Management RS Tlhapolosa	<ol style="list-style-type: none"> 1. MMD Taljaard 2. PJ Niewenhuize
SPED: LED & TOURISM KS Mbongo	<ol style="list-style-type: none"> 1. MD Kantso 2. R Pelser 3. MR Masangane 4. M Dladla 5. M Mokgatlhe 6. SP van Wyk
SPED: DEVELOPMENT PLANNING, HOUSING & NDP R Thema (Acting)	<ol style="list-style-type: none"> 1. ET Moleko 2. CH Majola 3. T Mutlaneng
SPED: Communication: MD Manoeli (Acting):	<ol style="list-style-type: none"> 1. MCE Mofokeng 2. F Safi

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal functions	Function Applicable to Municipal (Yes/No)*	Function Applicable to Entity (Yes/ No)
Constitution of Schedule 4, Part B functions:		
Air pollution	Y	
Building regulations	N	
Child care facilities	N	
Electricity and gas reticulation	N	
Fire-fighting services	N	
Local Tourism	Y	
Municipal airports	Y	
Municipal Planning	N	
Municipal Health Services	Y	
Municipal Public transport	Y	
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	N	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and related thereto	N	
Storm-water management systems in built-up areas	N	
Trading regulations	N	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	N	
Beaches and amusement facilities	N	
Billboards and the display of advertisements in public places	N	

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Municipal functions	Function Applicable to Municipal (Yes/No)*	Function Applicable to Entity (Yes/ No)
Constitution of Schedule 4, Part B functions:		
Cemeteries, funeral parlours and crematories	N	
Cleansing	N	
Control of public nuisances	N	
Control of undertakings that sell liquor to the public	N	
Facilities for the accommodation, care and burial of animals	N	
Fencing and fences	N	
Licensing of dogs	N	
Licensing and control of undertakings that sell food to the public	N	
Local amenities	N	
Local sport facilities	N	
Markets	Y	
Municipal abattoirs	Y	
Municipal parks and recreation	N	
Municipal roads	N	
Noise pollution	N	
pounds	N	
Public places	N	
Refuse removal, refuse dumps and solid waste disposal	N	
street trading	N	
Street lighting	N	
Traffic and parking	N	
*If municipality: indicate (yes or No); *If entity: Provide name of entity		TD

APPENDICES

APPENDIX E – WARD REPORTING

[Not applicable TO SDM]

APPENDIX F – WARD INFORMATION

[Not applicable TO SDM]

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
27 August 2013	<p>1. Financial Overview And Comparative Analysis Report On The Draft Annual Financial Statements For Year Ending 30 June 2013</p> <p><u>Recommendations:</u></p> <p>That this report together with the Unaudited Annual Financial Statements for the year ending 30 June 2012, be noted for information in line with section 122 of the MFMA, Act No.56 of 2003.</p> <p>2. Internal Audit Reports for the period July 2012 –June 2013</p> <p><u>Recommendations:</u></p> <p>THAT the Internal Audit Status Report and the Internal Audit Reports for the period July 2012 to June 2013 be hereby approved.</p> <p>3. Annual Internal Audit Plan 2013/14 And The Three Year Rolling Audit Plan 2013-2016</p> <p><u>Recommendations:</u></p> <p>THAT the Annual Internal Audit Plan for 2013/14 and the 2013-2016 Three Year Rolling audit plan financial year, be hereby reviewed and approved.</p> <p>4. 3rd Quarter Performance Report 2012/13</p> <p><u>Recommendations:</u></p> <p>THAT the third Quarter Organizational Performance</p>	

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Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<p>report for the 2012/13 Financial Year hereby be noted.</p> <p>5.4th Quarter Performance Report 2012/13</p> <p><u>Recommendations:</u></p> <p>Deferred to the next meeting</p> <p>6. Schedule Of Audit Committee Meetings For The 2013/2014 Financial Year</p> <p><u>Recommendations:</u></p> <p>Deferred to the next meeting</p>	
	<p>7. Annual Performance Report: 2012/2013</p> <p><u>Recommendations:</u></p> <p>THAT the Annual Performance Report for the 2012/13 Financial Year be hereby considered and noted as is.</p>	
11 September 2013	<p>1. Schedule Of Audit Committee Meetings For The 2013/2014 Financial Year</p> <p><u>Recommendations:</u></p> <p>That the Schedule of Audit Committee Meetings for the 2013/14 financial year be approved.</p>	
25 November 2013 (Special Meeting)	<p>1. Financial overview and comparative analysis report on the audited Annual financial statements for the year ended 30 June 2013</p> <p><u>Recommendations:</u></p> <p>THAT this report together with the Audited Annual Financial Statements for the year ended 30 June 2013 be noted.</p>	

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Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<p align="center">2. Auditor General final report and management letter 2012/13</p> <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> - THAT the complete Auditor-General's report on the financial statements and performance information of Sedibeng District Municipality for the 2012/2013 financial year, attached as Annexures "A" and "B" to the report, be noted. - THAT the Municipal Manager or his nominee be hereby delegated to invite the Auditor-General to the Ordinary Council Meeting scheduled for January 2014 at which this report will be tabled in terms of the Section 130 of the MFMA, as referred to in the report. 	
05 March 2014	<p>1. <u>Internal Audit Reports</u></p> <p>1.1 Audit of Predetermined Objectives (Q1 and Q2)</p> <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> i. THAT the report on the audit of performance against predetermined objective for the first (1st) and second (2nd) quarter of the 2013/14 financial year be noted. ii. THAT Management address all the deficiencies and findings of the Internal Auditors such that there are no repeat iii. THAT the Municipal Manager ensures that stringent internal controls are in place in order to avoid repeat findings, iv. THAT all incomplete reports be resubmitted at the next meeting of the audit committee after being completed and considered by management 	

APPENDICES

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<p>1.2 Follow-Up Review</p> <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> i. THAT all incomplete reports be completed and resubmitted at the next meeting of the audit committee for consideration. ii. THAT the Municipal Manager ensures that the findings on licensing department are addressed urgently as they impact on the revenue for the council. <p>2. <u>Organisational Performance Reports</u></p> <p>2.1 Performance Management System Frame-Work And Policy</p> <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> i. THAT the Performance Management System Framework be revised in order to factor in various aspects such as the new regulations on Performance and minimum competency requirements. ii. THAT members of the Audit Committee submit inputs on the framework referred to in (1) above to the Acting Director: Municipal Systems to incorporate in the revised framework. iii. THAT the Chief Operations Officer arranges a workshop for the members of the Audit Committee together with MANCO to consider amongst others management of oversight over performance by the committee. <p>2.2 Annual Report 2012/13</p> <p><u>Recommendations:</u></p>	<p>YES</p>

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Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<p>i. THAT the Annual Report for the 2012/13 financial year be noted</p> <p>ii. THAT it be noted that the annual report referred to in (1) above has been considered by the council and referred to the Municipal Public Account Committee for oversight.</p> <p>2.3 Mid- Year Report 2013/14</p> <p><u>Recommendations:</u></p> <p>i. THAT it be noted that the Mid Year Performance report has been considered by Council at its meeting held on the 30 January 2014.</p> <p>ii. THAT all performance reports be submitted first to the Audit Committee before being tabled before the Council.</p>	
	<p>3. <u>Risk Management Reports</u></p> <p>3.1 Progress Report: Strategic Support Plan</p> <p><u>Recommendations:</u></p> <p>THAT the progress report on the Strategic Support Plan be deferred for consideration at the next meeting of the audit committee.</p> <p>3.2 Risk Committee Charter</p> <p><u>Recommendations:</u></p> <p>THAT the report on the Risk Management Committee Charter be deferred for consideration at the next meeting of the Audit Committee.</p>	
18 June 2014	1. Enterprise Risk Management Policy And Framework	

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Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<p><u>Recommendations:</u></p> <p>THAT the Enterprise Risk Management Policy & Framework attached to the report as Annexures "A" and "B" respectively be hereby approved.</p> <p>2. Fraud Prevention Plan</p> <p><u>Recommendations:</u></p> <p>THAT the Fraud Prevention Plan, Fraud Policy and Response Plan and Matrix of tasks and responsibilities be hereby approved.</p> <p>3. Annual Review Of The Audit Committee Charter</p> <p><u>Recommendations:</u></p> <p>THAT the reviewed Audit Committee Charter be hereby approved.</p> <p>4. Performance Management System Framework</p> <p><u>Recommendations:</u></p> <p>THAT the Performance Management System Framework attached to the report as Annexure "A", be hereby approved.</p>	

All Audit Committee recommendations were adopted in quorate Audit Committee meetings.

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APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Name of Partners	Name and Description of Project	Initiation Date contract	Expiry Date	Project Manager	Contract value (R)
CORPORATE SERVICES					
LEGAL AND SUPPORT SERVICES					
Britfire	Service and maintenance of Fire detection system	Initial period - 1 year	Contract extended for 3 years from July 2012 - June 2015	Mr. Nelson Tshabalala	R43 399.64 pa. R10 849.91 per quarter.
Quidity	Electronic Management of document and work-flow system.	Initial period - 3 years	1 Feb 2014 - 31 January 2015	Mr. Nelson Tshabalala	R90 138 pa. R7511.46 monthly license fee.
Konica Minolta	Maintenance of photocopiers	5 years	26 June 2009 - 26 June 2014	Mr. Nelson Tshabalala	4c per copy
Konica Minolta	Lease of photo copying machines	3 years	29 April 2014 to 28 April 2017	Mr. Nelson Tshabalala	Contract value: R90 000 pa Bizhub 951 is being charged at 4 cents per copy (black and white) whilst the Bizhub C654e is being charged at 49 cents per copy per colour and 6.3 cents per black and white copy.
Connect Net (PTY) LTD.	Card machines at Licensing depts. and Vereeniging airport.	3 years	Started Sept. 2011 - Sept. 2014 (3 years).	Ms. Colette Esterhuizen	R169 pm per machine x 13.
FACILITIES MANAGEMENT					
Vereeniging Trust on behalf of Alhilal investment	Lease of House & Home offices.	3 years	Contract extended on a month to month basis pending the finalization		R104 218 pm

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			of tender process.		
Vereeniging Trust	Lease of Ventura offices	Initial period - 3 yrs	Same as above		R44 588 pm
MMM Investment	Lease of Cheese Borough Building	1 yr	Extended from 31 March 2012 till 01 April 2013		R24 510 pm
MMM Investment	Lease of Stanley Building	1 yr	Extended from 31 March 2012 till 01 April 2013		R28 500 pm
Mafoko Security Patrols	Guarding of all Council properties	3 years	1 July 2014 - 30 June 2017		Contracted amount R30 399 137.28 for 3 years VAT excl -R844 420.48 pm. Amounts paid ex VAT: July-R844 420.46; Aug-R 884 420.46; Sept- R953 775.62
Insig Motors PTY LTD	Purchase of fuel and oil.	3 yrs	15 Jan 2014 to 14 January 2016.		Average of R 126 2016 pm depending on usage. Balance in vote – R987 718.49
Rentokil Initial (Pty) Ltd	Hygienic services at various offices.	Initial period - 3yrs	Started 01 February 2009 to 01 March 2012. Month to month contract is in place		R56 117.53 pm The contract is “flexible” in relation to sites ie if there is a new site it is added and if a site is discontinued it is

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					taken off. Eg. the Mphatlatsane theatre which is no longer being serviced.
Vaal Triangle Fire Services	Supply and repair of firefighting equipment.	3 yrs	18 /9/2013 to 17/9/2016		Rates per item charged when serviced, as per contract. No service rendered and no payments for July and August
Otis	Maintenance service of lifts	5 yrs	2007 to 2012. A month to month contract is in place.		R1 900 pm
ABSA	Supply and delivery of motor vehicles, light and heavy commercial vehicles, buses and motor cycles to the state (lease contract)	3 yrs	September 2012 to September 2015		R902 597.40 pa R25 072.15 pm linked to prime.
Lesedi Municipality	Lease of : -Heidelberg Taxi Rank. -Shalimar Ridge Taxi Rank. -Heidelberg Airport.	Initial period - 3yrs	Started July 2009 to June 2012.		R1 000 pm R1 000 pm R2 510 pm
Emfuleni Local Municipality	Lease agreements for: -Bophelong Taxi Rank	3yrs	Started July 2009 to June 2012		R1 000 pm
UTILITIES					
HJD Electricals	Maintenance of market roller	3 years	Started 2007 & extended		About R2 736 pm depending call

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	doors and sliding gates.		on a month to month basis pending the outsourcing of the FPM.		outs per month. Does not exceed R 50 000 pa
Schindler lifts	Maintenance of lifts at the Fresh Produce Market.	3 yrs	Currently month to month.		R4 634.53 pm.
Fresh Mark Systems (Sole supplier)	Software maintenance.	1 yrs	Currently month to month		R4 5908.70 pm.
Instant Services and Repairs	Maintenance of cold storages and ripening room.		Currently month to month		+ - R 9 350 pm depending on the number of call-outs.
Prokon Sole supplier)	Quality inspection on fresh produce on behalf of the Dept. of Agriculture.	3 yrs	Currently month to month		R 5 437.42 pm
HUMAN RESOURCES					
Solstice Network CC	Contract 79/12: Provision of accredited National Treasury Minimum Competency Regulations Training	1 yr	29 June 2013 to 30 June 2014.		Price per Unit Standard per participant: Training – R4 750 RPL Assessment - R3 000.
IT DEPARTMENT					
Netplus 8/2/2/14-2012	Network cabling and repairs.	3 yrs	April 2012– March 2015		The value depends on demand.
Business Connexion 828 J1, 828 I11	Server maintenance & service.	3 yrs	1 Jan 2011 to 31 Dec 2014		R 113 073.60 pa
Diamond Corner 8/2/2/112	Computer hardware.	3 yrs	01May 2011 ends 30 April 2014.		On demand not exceeding the budget which is R2m
Diamond Corner 8/2/2/57-2011	Supply of mobile data.	2 yrs	26 June 2012 ends on 25 June 2014.		R 2 376 000 pa
Securelink	Installation of IT	3 yrs	Extended		Total contract

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	systems network.		from 14 April 2014 to 13 March 2015		value R 49,500,000.
Amya Stationers CC 8/2/2/49-2011	Supply and delivery of original printer cartridges	3 yrs	03 April 2014 till 02 April 2015		Budget of R 785,348, payable as and when service is required.
Sho Sho Industrial Supplier CC 8/2/2/49-2011	Supply and delivery of original printer cartridges	3 yrs	03 April 2013 till 02 April 2014 (renewal)		Budget of R 785 348 payable as and when service is required.
Palmerton Cartridges CC 8/2/2/49-2011	Supply and delivery of original printer cartridges	3 yrs	03 April 2013 till 02 April 2014 (renewal)		Budget of R 785 348 payable as and when service is required.
Sage Computer Technology (Pty) Ltd 8/2/2/49-2011	Supply and delivery of original printer cartridges	3 yrs	03 April 2013 till 02 April 2014 (renewal)		Budget of R 785 348 payable as and when service is required.
VPN Technologies	IT Networking Engineering Support and Internet services	3 yrs	25 June 2013 to 24 June 2016.		The value depends on demand
Batloung Technologies	Repair and maintain Council printers	3 yrs	1 Sept. 2013 to 31 August 2016		R787 988.00 for the entire contract.
FINANCE DEPARTMENT					
FINANCIAL MANAGEMENT					
Standard bank	Commercial banking Services.	3 yrs	01 July 2013 to 30 June 2015.	Mr. Charles Steyn	Use account as and when need arises.
Lateral unison insurance	Short term insurance.	3 years	New contract started 1 July 2012 to terminate on 30 June 2015.	Mr. Andre Lubbe	R2 437 335 .97 pa
Business Connexion	Maintenance of the Venus System	Annual	28 January 2014 to 29 January 2015.	Mr. Charles Steyn	R307 850 paid as annual license fee
Payday	Supply Software	Annual	Annual license fee renewable every July.	Mr. Charles Steyn	R156 967.74 pa

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Price Water Cooper House	Baud Asset Management System	Annual	Annual license fee.	Mr. Charles Steyn	Based on quotation if the system requires maintenance
CQS Technology	Case View for software to prepare financial statements.	Annual	Annually payable in February of each year.	Mr. Charles Steyn	R 87 415.20 pa
Sure Zorgvliet Travel	Travel Management Services	2 yrs	1 December 2013 to 30 November 2015.		Ad-hoc
Nexus Travel	Travel Management Services	2 yrs	1 December 2013 to 30 November 2015.		Ad -hoc
MaxProf	VAT review and recovery	3 yrs	May 2014 – May 2017		15% of all VAT recovered.
Mmapaballo	Supply of newspapers	3 yrs	Contract extended on a month to month basis pending the finalization of tender process.		The amount varies according to available funds
Intenda	Annual license fee for the Intenda system of the supply chain management system.	12 months	1 August 2014 to 30 31 July 2015		R 40 498.04 VAT included paid in August 2014 as annual
COMMUNITY SERVICES					
SPORTS & RECREATION					
Tenant -New Covenant Church(Lessee)	Leasing of the Vereeniging theatre to tenant.	12 Months	March 2014 to March 2015		R15 000,00 pm
Emfuleni Local Municipality	Lease agreements for: - Sharpeville Exhibition Center - Sharpeville Hall - Technorama Mphahlalatsane Theater.	3 years	Started July 2009 to June 2012. Month to month contract is in place.	Mr. Pieter Nieuwenhuizen	R1 000 pm R1 000 pm R1 000 pm R1 000 pm

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Lesedi Municipality	Lease of : -Heidelberg Museum	3 years	Started July 2009 to June 2012. Month to month contract is in place.	Mr. Pieter Nieuwenhuizen	R1 000 pm
COMMUNITY SAFETY					
Securelink	Maintenance of the CCTV network.	3 years	15 February 2014 – 14 February 2017		Total value for period of 3 yrs = R5 880 000; R155 000,00 pm
DISASTER MANAGEMENT					
Sysman Public Safety Systems (Pty) Ltd	Licensing of Software & Support.	3 years	01 July 2014 till 30 June 2017		R221 863.11 pa.
Sysman Public Safety Systems (Pty) Ltd	Maintenance of Hardware	3 years	01 July 2014 till 30 June 2017		R 14 521.56 pa.
Gauteng Ambulance Services	MOA for rendering of Call taking & Dispatching of Ambulance Calls	1 year	01 July 2014 till 30 June 2015		R 65 940.00 income per month
Midvaal Local Municipality	Fire fighting Services.	3 yrs	1/7/2013 - 2016		As and when services are rendered and calculated in terms of promulgated tariffs and in the prescribed format.
Emfuleni Local Municipality	Fire fighting Services.	3yrs	1 July 2013 – June 2016		As and when services are rendered and calculated in terms of promulgated tariffs and in the prescribed format.
Airborne Africa	Rental of hangar space for Gyro Plane, tractor and	3 yrs	1 July 2013 to 30 June		R1 000.00 pm

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	other equipment		2016		
HEALTH AND SOCIAL DEVELOPMENT					
External Bursary Board Members	Bursary committee	3 yrs	2014 - 2016		R500 per sitting allowance (Four meetings per annum)
Bursary Contracts	1 year Contract	Annual	Annual		R16 000 Per learner

HIV & AIDS DIRECTORATE					
Bonang Bophelo Development Organisation (ward-based coordinators)	Management of 140 Emfuleni HIV&AIDS Ward-based coordinators' daily door to door educational campaigns, activities and ward-based programmes, including the payment of monthly stipend to coordinators	12 Months	July 2014- June 2015		R 3, 436,800 goes to payment of stipend of ward-based coordinators AND R 343 680 for admin cost (Funds are transferred quarterly to the service provider, upon receipt of narrative report and bank statement)
Community Regeneration and Development Centre (ward-based coordinators)	Management of 76 Midvaal and Lesedi HIV&AIDS Ward-based coordinators' daily door to door educational campaigns, activities and ward-based programmes, including the payment of	12 Months	July 2014- June 2015		R 1, 888,800 goes towards the payment of ward-based coordinators AND 188 880 for admin costs (Funds are transferred quarterly to the service provider,

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	monthly stipend to coordinators				upon receipt of narrative report and bank statement).
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SPED

PLANNING & SPECIAL PROJECTS					
MDQ	Compilation of precinct plan for the Sebokeng Cultural Precinct.	16 Months	1/3/2013 to 30/6/2014. Contract extended to 14 December 2014 as a result of extension of scope. Addendum prepared.		R2 460 164.86 for the entire contract

ECONOMIC DEVELOPMENT & TOURISM					
Vaal University of Technology	Mandate to promote local economic development	12	When all the parties have signed the contract.		R1 200 000 pa
Gauteng Tourism Authority	Financial assistance for the cost of printing and design of passport booklets for the tourism passport project	4 Months	16 April 2014 to 31 July 2014 Extended to 31 December 2014		R40 000.00 once off

PLANNING AND HOUSING PROJECTS					
Zidlaphi Kgomo &	Refurbishment of Eldorado Informal Trade Centre	1 yr	10 December 2013 – 9 December		R 4 700 000 VAT included for the entire project.

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Associates			2014		
Zidlaphi Kgomo & Associates	Constructing of wing extension at Eldorado building	4 Months	11 August 2014 – 10 December 2014		R3 361 518

TIE

TRANSPORT INFRASTRUCTURE & DEVELOPMENT					
Blue sands trading 106 cc	Upgrading of Jameson Park Sports Facilities	6 Months	5 June 2013 – 9 December 2013.		R1,474 653.70 for entire project
Blue Sands Trading 106 cc	Upgrading of Impumelelo Sports Facilities	6 Months	18 June 2013 – 15 December 2013 R1 000 pm		R1 826 403.14 for entire project
Tsekema Consulting Engineers	Professional Civil Engineers appointed for the Design, Specification, Documentation and site Supervision for the Upgrading of various Sports Fields in the Lesedi Local municipality	Until completion of construction contract	November 2013 till end of retention period		R1 324 714.93 for entire project

LINCENCING					
Lesedi Municipality	Lease of : -Lesedi Licensing. -Lesedi Testing Station.	Initial period - 3yrs	Month-to-month.		R70 476 pm R1 000 pm
Emfuleni Local	Lease agreements for:	3 yrs	Month-to-month.		R1 000 pm

APPENDICES

Municipality	-Vereeniging License and Testing -Vanderbijlpark License and Testing				R1 000 pmburglary recently. Security needs to be upgraded substantially on this site. Services not being rendered, waiting for insurance claim.
Midvaal Municipality	Lease of: -Meyerton Licensing and Testing.	2 yrs	1 July 2013 – 30 June 2016		R16 600 pm

ENVIRONMENT

Local Municipalities obo the SDM	Agency Agreement for the rendering of Municipal Health Services	3 years	1 July 2014 – 30 June 2015		Differs from municipality to municipality. Total approved budget for 2014/15 is R16,764,249
Zanokuhle Services	Meyerton -Air Quality Monitoring station maintenance and repairs	16 Months	1 September 2014 – 30 December 2015		R748 796.46

MUNICIPAL MANAGER

Grant Thornton (Pty) Ltd	Performance of internal audit function for the municipality	3 yrs	03 October 2011 till 02 September 2014		R1 906 992 for the entire contract
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APPENDICES

The Oliphant Institute of Learnership	Youth Development Programme	3 yrs	4 March 2014 – 3 March 2017		R100 000 for the entire contract
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APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
CORPORATE SERVICES						
LEGAL AND SUPPORT SERVICES						
Britfire	Service and maintenance of Fire detection system	Initial period -1 year	Contract extended for 3 years from July 2012 - June 2015	Mr. Nelson Tshabalala	R43 399.64 pa. R10 849.91 per quarter.	Implementation proceeding well.
Quidity	Electronic Management of document and work-flow system.	Initial period - 3 years	1 Feb 2014 - 31 January 2015	Mr. Nelson Tshabalala	R90 138 pa. R7511.46 monthly license fee.	Service provider provided a plan to address several issues relating to the system which include its user-friendliness and further training. Training was conducted on 11 August 2014..
Konica Minolta	Maintenance of photocopiers	5 years	26 June 2009 - 26 June 2014	Mr. Nelson Tshabalala	4c per copy	An advertisement calling for proposals has gone out. Closing date 9 October 2014.
Konica Minolta	Lease of photo copying machines	3 years	29 April 2014 to 28 April 2017	Mr. Nelson Tshabalala	Contract value: R90 000 pa Bizhub 951 is being charged at 4 cents per copy	The 2 machines were delivered on time and have enhanced efficiency in the printing office.

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
					(black and white) whilst the Bizhub C654e is being charged at 49 cents per copy per colour and 6.3 cents per black and white copy.	
Connect Net (PTY) LTD.	Card machines at Licensing depts. and Vereeniging airport.	3 years	Started Sept. 2011 - Sept. 2014 (3 years).	Ms. Colette Esterhuizen	R169 pm per machine x 13.	The service is now being rendered by the municipality's bankers, Standard Bank. Letter sent to service provider confirming end of contract sent. Arrangement to be made for collection of their equipment.
FACILITIES MANAGEMENT						
Vereeniging Trust on behalf of Alhilal investment	Lease of House & Home offices.	3 years	Contract extended on a month to month basis pending the finalization of tender process.		R104 218 pm	A decision has been taken to pursue the option of moving all employees from Donna Cheese, Stanley and Ventura buildings into the second floor of City Centre building. Discussions in this regard

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
						have taken place with the leasing agent, Messrs Vereeniging Trust. Price estimates are awaited from the landlord.
Vereeniging Trust	Lease of Ventura offices	Initial period -3 yrs	Same as above		R44 588 pm	
MMM Investment	Lease of Cheese Borough Building	1 yr	Extended from 31 March 2012 till 01 April 2013		R24 510 pm	
MMM Investment	Lease of Stanley Building	1 yr	Extended from 31 March 2012 till 01 April 2013		R28 500 pm	
Mafoko Security Patrols	Guarding of all Council properties	3 years	1 July 2014 - 30 June 2017		Contracted amount R30 399 137.28 for 3 years VAT excl -R844 420.48 pm. Amounts paid ex VAT: July-R844 420.46; Aug-R 884 420.	The contract allows for R100 000 per month iro specialized services (included in the monthly payment of R844 420). For August and September this amount was exceeded by about R40 000. The payment for September higher as a result of the annual

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
					46; Sept- R953 775.62	Sectoral Determination increasing the workers' wages which was addressed in the contract.
Insig Motors PTY LTD	Purchase of fuel and oil.	3 yrs	15 Jan 2014 to 14 January 2016.		Average of R 126 2016 pm depending on usage. Balance in vote – R987 718.49	Contract implementation proceeding well.
Rentokil Initial (Pty) Ltd	Hygienic services at various offices.	Initial period - 3yrs	Started 01 February 2009 to 01 March 2012. Month to month contract is in place		R56 117.53 pm The contract is "flexible" in relation to sites ie if there is a new site it is added and if a site is discontinued it is taken off. Eg. the Mphatlatsane theatre which is no longer being serviced.	The technical evaluation has taken place and report submitted to SCM. Date of bid evaluation committee meeting being awaited.
Vaal Triangle Fire Services	Supply and repair of firefighting equipment.	3yrs	18 /9/2013 to 17/9/2016		Rates per item charged when serviced, as per contract. No service rendered	Contract proceeding well.

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
					and no payments for July and August	
Otis	Maintenance service of lifts	5 yrs	2007 to 2012. A month to month contract is in place.		R1 900 pm	Service continues in respect of the one lift that still works. Schindler Lifts has been approached to return as service provider for the maintenance of the lifts. A date for a meeting to discuss the matter is set for 10/10/14.
ABSA	Supply and delivery of motor vehicles, light and heavy commercial vehicles, buses and motor cycles to the state (lease contract)	3 yrs	September 2012 to September 2015		R902 597.40 pa R25 072.15 pm linked to prime.	Implementation proceeding well in line with the terms and conditions of the contract. 3 yrs lease agreement for the Executive Mayor's car.
Lesedi Municipality	Lease of : -Heidelberg Taxi Rank. -Shalimar Ridge Taxi Rank. -Heidelberg Airport.	Initial period - 3yrs	Started July 2009 to June 2012.		R1 000 pm R1 000 pm R2 510 pm	Addenda in place extending the leases on a month to month basis. underway.
Emfuleni Local Municipality	Lease agreements for: -Bophelong Taxi Rank	3yrs	Started July 2009 to June 2012		R1 000 pm	Month to month arrangement in place.

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
UTILITIES						
HJD Electricals	Maintenance of market roller doors and sliding gates.	3 years	Started 2007 & extended on a month to month basis pending the outsourcing of the FPM.		About R2 736 pm depending call outs per month. Does not exceed R 50 000 pa	At the BSC meeting held on on 30/9.14, it was proposed that instead of going for a 3 year contract, the contract be extended for 1 year, the reason being the length of time towards the proposed metro in 2016. This will be taken up.
Schindler lifts	Maintenance of lifts at the Fresh Produce Market.	3 yrs	Currently month to month.		R4 634.53 pm.	The contract with Schindler to be extended. They are the sole service provider for the maintenance of Schindler lifts.
Fresh Mark Systems (Sole supplier)	Software maintenance.	1 yrs	Currently month to month		R4 5908.70 pm.	Specifications have been developed in preparation for the calling of tenders. Addendum extending the contract on a month-to month basis being finalized.
Instant Services and Repairs	Maintenance of cold storages and ripening room.		Currently month to month		+ R 9 350 pm depending on the number of call-outs.	At the BSC meeting held on on 30/9.14, it was proposed that instead of going for a 3 year

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
						contract, the contract be extended for 1 year, the reason being the length of time towards the proposed metro in 2016. This will be taken up.
Prokon Sole supplier)	Quality inspection on fresh produce on behalf of the Dept. of Agriculture.	3 yrs	Currently month to month		R 5 437.42 pm	The service provider is contracted by the Dept. of Agriculture to conduct quality inspections on fresh produce for all markets. Each individual market has to contract with Prokon for services it renders.
HUMAN RESOURCES						
Solstice Network CC	Contract 79/12: Provision of accredited National Treasury Minimum Competency Regulations Training	1 yr	29 June 2013 to 30 June 2014.		Price per Unit Standard per participant: Training – R4 750 RPL Assessment - R3 000.	The finalization of the training has been extended to September 2015 by the National Treasury. No extra financial implications for this contract.
IT DEPARTMENT						
Netplus 8/2/2/14-2012	Network cabling and repairs.	3 yrs	April 2012– March 2015		The value depends on demand.	Cabling repairs and installing are completed on time and on budget and good service is

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
						provided by the vendor. The service is not regular and is only used as and when there is a need.
Business Connexion 828 J1, 828 I11	Server maintenance & service.	3 yrs	1 Jan 2011 to 31 Dec 2014		R 113 073.60 pa	The use of this contract is limited to hardware breakdown and will only be used when such an event occurs.
Diamond Corner 8/2/2/112	Computer hardware.	3 yrs	01May 2011 ends 30 April 2014.		On demand not exceeding the budget which is R2m	A tender was advertised and closed on 22 May 2014. Currently, the technical evaluation is taking place. An addendum has been prepared to extend the contract until the procurement process has been completed.
Diamond Corner 8/2/2/57-2011	Supply of mobile data.	2 yrs	26 June 2012 ends on 25 June 2014.		R 2 376 000 pa	Revised policy prepared and ready to be tabled before Council. Request for an extension on the current contract is in process.
Securelink	Installation of IT systems	3 yrs	Extended		Total contract	Roll-out of the project is

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
	network.		from 14 April 2014 to 13 March 2015		value R 49,500,000.	in its final year; the project is running on schedule and according to project plan. Service delivery and support is satisfactory.
Amysa Stationers CC 8/2/2/49-2011	Supply and delivery of original printer cartridges	3 yrs	03 April 2014 till 02 April 2015		Budget of R 785,348, payable as and when service is required.	Addenda extending contracts signed as per original tender specifications (3 year contract of which two years have lapsed). The performance of the supplier is satisfactory and delivery is within the required time frames. Rotational use of the four appointed companies is in place and balanced.
Sho Industrial Supplier CC 8/2/2/49-2011	Supply and delivery of original printer cartridges	3 yrs	03 April 2013 till 02 April 2014 (renewal)		Budget of R 785 348 payable as and when service is required.	Addenda extending contracts signed as per original tender specifications (3 year contract of which one year has lapsed). The performance of the supplier is satisfactory and delivery is within the required time frame.

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
						Rotational use of the four appointed companies is in place and balanced.
Palmerton Cartridges CC 8/2/2/49-2011	Supply and delivery of original printer cartridges	3 yrs	03 April 2013 till 02 April 2014 (renewal)		Budget of R 785 348 payable as and when service is required.	Addenda extending contracts signed as per original tender specifications (3 year contract of which one year has lapsed). The performance of the supplier is satisfactory and delivery is within the required time frame. Rotational use of the four appointed companies is in place and balanced.
Sage Computer Technology (Pty) Ltd 8/2/2/49-2011	Supply and delivery of original printer cartridges	3 yrs	03 April 2013 till 02 April 2014 (renewal)		Budget of R 785 348 payable as and when service is required.	Addenda extending contracts signed as per original tender specifications (3 year contract of which one year has lapsed). The performance of the supplier is satisfactory and delivery is within the required time frame. Rotational use of the four appointed companies is in place and balanced.

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
VPN Technologies	IT Networking Engineering Support and Internet services	3 yrs	25 June 2013 to 24 June 2016.		The value depends on demand	Troubleshooting and routing network assessments are done and the infrastructure is stable and performing well.
Batloung Technologies	Repair and maintain Council printers	3 yrs	1 Sept. 2013 to 31 August 2016		R787 988.00 for the entire contract.	The service provider is performing well in terms of the contract and repairs are done in an efficient manner. Turn-around time on repairs is good and a good quality workmanship is maintained.
FINANCE DEPARTMENT						
FINANCIAL MANAGEMENT						
Standard bank	Commercial banking Services.	3 yrs	01 July 2013 to 30 June 2015.	Mr. Charles Steyn	Use account as and when need arises.	SLA developed and signed. Auto safes installed and training to be finalized on all systems used. Transfer of auto-safes from ABSA to Standard Bank to be finalized.
Lateral unison insurance	Short term insurance.	3 years	New con-tract started 1 July 2012 to terminate on	Mr. Andre Lubbe	R2 437 335 .97 pa	Proceeding well. Monthly meetings are held with the insurers where contractual issues as well

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
			30 June 2015.			as all claims submitted and progress in claims submitted are done discussed.
Business Connexion	Maintenance of the Venus System	Annual	28 January 2014 to 29 January 2015.	Mr. Charles Steyn	R307 850 paid as annual license fee	The contract is proceeding well; calls are logged through the help desk and are dealt with effectively within 1 day.
Payday	Supply Software	Annual	Annual license fee renewable every July.	Mr. Charles Steyn	R156 967.74 pa	Regular updates are received when legislation changes. Help desk is functioning well and professionally handled.
Price Water Cooper House	Baud Asset Management System	Annual	Annual license fee.	Mr. Charles Steyn	Based on quotation if the system requires maintenance	The contract is proceeding well. When assistance is required the problems are resolved within 1 day.
CQS Technology	Case View for software to prepare financial statements.	Annual	Annually payable in February of each year.	Mr. Charles Steyn	R 87 415.20 pa	Regular upgrades are provided in order to be GRAP compliant. Assistance is provided through the service provider's help desk.
Sure Zorgvliet Travel	Travel Management Services	2 yrs	1 December 2013 to 30 November 2015.		Ad-hoc	The service provider is on the panel of travel agencies. No problems experienced in

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
						implementation.
Nexus Travel	Travel Management Services	2 yrs	1 December 2013 to 30 November 2015.		Ad -hoc	The service provider is on the panel of travel agencies. No problems experienced in implementation.
MaxProf	VAT review and recovery	3 yrs	May 2014 – May 2017		15% of all VAT recovered.	Implementation of the contract has just commenced – nothing to report yet.
Mmapaballo	Supply of newspapers	3 yrs	Contract extended on a month to month basis pending the finalization of tender process.		The amount varies according to available funds	Advert went out – technical evaluation to take place.
Intenda	Annual license fee for the Intenda system of the supply chain management system.	12 months	1 August 2014 to 30 31 July 2015		R 40 498.04 VAT included paid in August 2014 as annual	Contract is Proceeding well
COMMUNITY SERVICES						
SPORTS & RECREATION						
Tenant -New Covenant Church(Lessee)	Leasing of the Vereeniging theatre to tenant.	12 Months	March 2014 to March 2015		R15 000,00 pm	The lease agreement is in place and the tenant has taken occupation.
Emfuleni Local	Lease agreements for:	3 years	Started July	Mr. Pieter		Discussions relating to

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
Municipality	<ul style="list-style-type: none"> - Sharpeville Exhibition Center - Sharpeville Hall - Technorama - Mphahlalatsane Theater. 		2009 to June 2012. Month to month contract is in place.	Nieuwenhuizen	R1 000 pm R1 000 pm R1 000 pm R1 000 pm	lease of all Emfuleni properties underway.
Lesedi Municipality	Lease of : -Heidelberg Museum	3 years	Started July 2009 to June 2012. Month to month contract is in place.	Mr. Pieter Nieuwenhuizen	R1 000 pm	Addenda in place extending the leases on a month to month basis pending properly considered lease agreements being developed, transfers of the properties where this should be done and cancellation of the contracts where necessary. Discussions relating to the lease of all Lesedi properties underway.
COMMUNITY SAFETY						
Securelink	Maintenance of the CCTV network.	3 years	15 February 2014 – 14 February 2017		Total value for period of 3 yrs = R5 880 000; R155 000,00 pm	Discussions relating to lease of all Emfuleni properties underway.
DISASTER MANAGEMENT						
Sysman Public Safety Systems	Licensing of Software & Support.	3 years	01 July 2014 till 30 June		R221 863.11 pa.	Contract implementation proceeding well.

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
(Pty) Ltd			2017			
Sysman Public Safety Systems (Pty) Ltd	Maintenance of Hardware	3 years	01 July 2014 till 30 June 2017		R 14 521.56 pa.	Contract implementation proceeding well.
Gauteng Ambulance Services	MOA for rendering of Call taking & Dispatching of Ambulance Calls	1 year	01 July 2014 till 30 June 2015		R 65 940.00 income per month	Contract implementation proceeding well.
Midvaal Local Municipality	Fire fighting Services.	3 yrs	1/7/2013 - 2016		As and when services are rendered and calculated in terms of promulgated tariffs and in the prescribed format.	The contract is an agency agreement and is currently running smoothly. Midvaal is charging SDM a flat rate of R1140 .00 per call. The only challenge with this contract is that it cannot be known how many fire incidents are going to occur in a relevant financial year therefore making it difficult to budget.
Emfuleni Local Municipality	Fire fighting Services.	3yrs	1 July 2013 – June 2016		As and when services are rendered and calculated in terms of promulgated tariffs and in the prescribed format.	The contract is an agency agreement and is currently running smoothly. The only challenge with this contract is that it cannot be predicted how many fire incidents are going to

Contents

Long Term Contracts (20 Largest Contract entered into during Year 0)						
Name of service provider (Entity or Municipal Department)	Description of services rendered by the services provider	Start date of contract	Expiry of contract	Project Manager	Contract value (R)	Progress
						occur in a relevant financial year therefore making it difficult to budget.
Airborne Africa	Rental of hangar space for Gyro Plane, tractor and other equipment	3 yrs	1 July 2013 to 30 June 2016		R1 000.00 pm	This contract is currently running smoothly.
HEALTH AND SOCIAL DEVELOPMENT						
External Bursary Board Members	Bursary committee	3 yrs	2014 - 2016		R500 per sitting allowance (Four meetings per annum)	No problems in implementation reported.
Bursary Contracts	1 year Contract	Annual	Annual		R16 000 Per learner	40 students awarded bursaries at R16 000 each. Contracts signed with each and results closely followed up.
HIV & AIDS DIRECTORATE						
Bonang Bophelo Development Organisation (ward-based coordinators)	Management of 140 Emfuleni HIV&AIDS Ward-based coordinators' daily door to door educational campaigns, activities and ward-based programmes, including the payment of monthly stipend to coordinators	12 Months	July 2014- June 2015		R 3, 436,800 goes to payment of stipend of ward-based coordinators AND R 343 680 for admin cost	The contract is running smoothly with monthly narrative and expenditure reports to the District, which are then submitted to Province.

Contents

					(Funds are transferred quarterly to the service provider, upon receipt of narrative report and bank statement)	
Community Regeneration and Development Centre (ward-based coordinators)	Management of 76 Midvaal and Lesedi HIV&AIDS Ward-based coordinators' daily door to door educational campaigns, activities and ward-based programmes, including the payment of monthly stipend to coordinators	12 Months	July 2014- June 2015		R 1, 888,800 goes towards the payment of ward-based coordinators AND 188 880 for admin costs (Funds are transferred quarterly to the service provider, upon receipt of narrative report and bank statement).	The contract is running smoothly with monthly narrative and expenditure reports to the District, which are then submitted to Province.

SPED

PLANNING & SPECIAL PROJECTS					
MDQ	Compilation of precinct plan for the Sebokeng Cultural Precinct.	16 Months	1/3/2013 to 30/6/2014. Contract extended to 14 December 2014 as a result of extension of scope. Addendum prepared.	R2 460 164.86 for the entire contract	Project divided into 2 phases namely the plan and construction phases. 1st phase has been completed. The 2nd phase of the project is being implemented.

Contents

ECONOMIC DEVELOPMENT & TOURISM					
Vaal University of Technology	Mandate to promote local economic development	12	When all the parties have signed the contract.	R1 200 000 pa	This contract is between the SDM, VUT & DED Provincial Dept. SDM 8VUT has signed the contract and Province will sign during the first week of June.
Gauteng Tourism Authority	Financial assistance for the cost of printing and design of passport booklets for the tourism passport project	4 Months	16 April 2014 to 31 July 2014 Extended to 31 December 2014	R40 000.00 once off	Project is in progress. There are no financial implications for the extension.
PLANNING AND HOUSING PROJECTS					
Zidlaphi Kgomo & Associates	Refurbishment of Eldorado Informal Trade Centre	1 yr	10 December 2013 – 9 December 2014	R 4 700 000 VAT included for the entire project.	Contract implementation proceeding well.
Zidlaphi Kgomo & Associates	Constructing of wing extension at Eldorado building	4 Months	11 August 2014 – 10 December 2014	R3 361 518	Contract implementation proceeding well.
TIE					
TRANSPORT INFRASTRUCTURE & DEVELOPMENT					
Blue sands trading 106 cc	Upgrading of Jameson Park Sports Facilities	6 Months	5 June 2013 – 9 December 2013.	R1,474 653.70 for entire project	Project has come to a standstill due to final amount of Lotto grant not being paid. Second tranche received in July 2014. R1 080 000 still outstanding.
Blue Sands Trading 106 cc	Upgrading of Impumelelo Sports Facilities	6 Months	18 June 2013 – 15 December 2013 R1 000 pm	R1 826 403.14 for entire project	Project has come to a standstill due to final amount of Lotto grant not being paid. Second tranche received in July 2014. R1 080 000 still outstanding
Tsekema	Professional Civil Engineers appointed	Until completion	November	R1 324	Project has come to a standstill

Contents

Consulting Engineers	for the Design, Specification, Documentation and site Supervision for the Upgrading of various Sports Fields in the Lesedi Local municipality	of construction contract	2013 till end of retention period	714.93 for entire project	due to final amount of Lotto grant not being paid. Second tranche received in July 2014. R1 080 000 still outstanding
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LINCENCING					
Lesedi Municipality	Lease of : -Lesedi Licensing. -Lesedi Testing Station.	Initial period - 3yrs	Month-to-month.	R70 476 pm R1 000 pm	Addenda prepared extending the leases on a month to month basis pending properly considered lease agreements being developed, transfers of the properties where this should be done and cancellation of the contracts where necessary. Discussions relating to lease of all Lesedi properties underway.
Emfuleni Local Municipality	Lease agreements for: -Vereeniging License and Testing -Vanderbijlpark License and Testing	3 yrs	Month-to-month.	R1 000 pm R1 000 pmburglary recently. Security needs to be upgraded substantially on this site. Services not being rendered, waiting for insurance claim.	Discussions relating to lease of all Emfuleni properties underway.
Midvaal Municipality	Lease of: -Meyerton Licensing and Testing.	2 yrs	1 July 2013 – 30 June 2016	R16 600 pm	Contract implementation proceeding well.

ENVIRONMENT					
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Contents

Local Municipalities obo the SDM	Agency Agreement for the rendering of Municipal Health Services	3 years	1 July 2014 – 30 June 2015	Differs from municipality to municipality. Total approved budget for 2014/15 is R16,764,249	New contract in place.
Zanokuhle Services	Meyerton -Air Quality Monitoring station maintenance and repairs	16 Months	1 September 2014 – 30 December 2015	R748 796.46	Exchange rates have affected the contract as equipment has to be ordered from abroad. Another challenge is the security of the equipment at the Meyerton station. There was another burglary, and the insurance claim has not been finished. The end result is that the services is currently not being rendered.
MUNICIPAL MANAGER					
Grant Thornton (Pty) Ltd	Performance of internal audit function for the municipality	3 yrs	03 October 2011 till 02 September 2014	R1 906 992 for the entire contract	On track. The service provider is delivering the project as per contracted deliverables.
The Oliphant Institute of Learnership	Youth Development Programme	3 yrs	4 March 2014 – 3 March 2017	R100 000 for the entire contract	Contract implementation proceeding.

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	Simon Mohale Mofokeng	NIL
Member of Mayoral Committee	Simon Mofokeng	NIL
	Busisiwe Modiskeng	NIL
	Christina Sale	NIL
	Yusuf Mahomed	NIL
	Busisiwe Mncube	NIL
	Maipato Tsokolibane	NIL
	Petrus Tsotetsi	NIL
	Melina Gumba	NIL
	Assistance Mshudulu	NIL
	Simon Maphalla	NIL
	Makhomo Raikane	NIL
Councillors	Lulama Gamede	NIL
	Johanna Masilo	NIL
	Abram Majola	NIL
	Daddy Mollo	NIL
	Frederich Peters	NIL
	Andrea Parson	NIL
	Patricia Baloyi	NIL
	Teboho Maraka	NIL
	Shadrack Pooe	NIL
	Mluleki Nkosi	NIL
	Thembekile Ramothibe	NIL
	Adv Stephanus Roos	NIL
	Denis Ryder	NIL
	Martha Radebe	NIL
	Nomsa Mooi	NIL
	Pius Maseko	NIL
	Paulina Matsei	NIL
	Daniel Hlongwane	NIL
	Louw Ngubane	NIL
	Florence Dlangalala	NIL
	Abel Morolong	NIL
	Siza Rani	NIL
	Dimakatso Malisa	NIL
	Lahliwe Rapapadi	NIL
	Sibongile Soxuza	NIL
	Joseph Lehlake	NIL
	Thandi Maseko	NIL
	Griffiths Tibane	NIL
	Fetty Mnguni	NIL

APPENDICES

	Danie Hoffman Jaco Karsten Simon Nkosi Rohan Louw Yvonne Coetzee Attie Moleko Abel Radebe	NIL NIL NIL NIL NIL NIL NIL
Municipal Manager	Yunus Chamda	NIL
Chief Financial Officer	Brendon Scholtz	NIL
Chief Operations Officer	Thomas Lindelo Mkaza	NIL
Executive Directors	Mapula Phiri-Khaole Morongwe Mazibuko Sorrious Manele Rudolph Natshivhale Andries Mapetla Juda Dlamini Julius Tsoho	NIL NIL NIL NIL NIL NIL NIL
Other S57 Officials	N/A	N/A
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A T J		

APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Executive and council	13 239	24 970	29 048	19 168	-30%	-52%
Budget and treasury office	231 242 473	238 318 376	257 669 729	238 391 652	0%	-8%
Corporate services	16 803 879	21 303 143	20 496 864	19 462 922	-9%	-5%
Community and social services	26 173 805	6 651 363	6 626 072	8 127 101	18%	18%
Public safety	2 315	4 626	12 850	6 684	31%	-92%
Housing	539	922	500	707	-30%	29%
Planning and development	4 945 398	18 283 551	18 266 464	9 901 200	-85%	-84%
Road transport	62 167 525	64 979 314	64 987 354	58 538 451	-11%	-11%
Environmental protection	532	901 066	1 944	979	-91939%	-99%
Total Revenue by Vote	341 350	350 467	368 091	334 449	(1)	(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

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APPENDICES

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R'000
Description	Year -1	Year 0			Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates							
Property rates - penalties & collection charges							
Service Charges - electricity revenue							
Service Charges - water revenue							
Service Charges - sanitation revenue							
Service Charges - refuse revenue							
Service Charges - other							
Rentals of facilities and equipment	7 927	9 104	9 086	8 928	-2%	-2%	
Interest earned - external investments	2 116	2 060	2 100	1 607	-28%	-31%	
Interest earned - outstanding debtors							
Dividends received							
Fines							
Licences and permits	62 152	65 855	64 955	58 520	-13%	-11%	
Agency services	7 246	7 307	6 472	6 553	-12%	1%	
Transfers recognised - operational	259 627	260 552	260 552	254 077	-3%	-3%	
Other revenue	2 282	5 590	24 926	4 763	-17%	-423%	
Gains on disposal of PPE							
Environmental Protection							
Total Revenue (excluding capital transfers and contributions)	341 350	350 467	368 091	334 449	-4.79%	-10.06%	
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>							TK2

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APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	18 255 000	18 255 000	4 212 638	-333%	-333%	
<i>Municipal Systems Improvement</i>	890 000	890 000	703 310	-27%	-27%	
<i>Other transfers/grants FMG</i>	1 250 000	1 250 000	1 250 904	0%	0%	
<i>EPWP grant</i>	1 000 000	1 000 000	1 000 140	0%	0%	
<i>LED grant</i>			1 418 253	100%	100%	
Other transfers / Grants			379 948	100%	100%	
HIV & AIDS grant	6 372 000	6 372 000	7 936 269	20%	20%	
Total	27 767 000	27 767 000	16 901 462	-64%	-64%	

* 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 the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.

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APPENDICES

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	Year -1	Year 0			Planned Capital expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2
	R '000						
Capital expenditure by Asset Class							
Infrastructure - Total	18	300 ¹	300 ¹	272 ¹	-	-	-
Infrastructure: Road transport - Total	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-	-	-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-	-	-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	18	300 ¹	300 ¹	272 ¹	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>	17 820	1 300 000	1 300 000	1 272 489			
Community - Total	-	-	-	-	-	-	-
<i>Parks & gardens</i>							
<i>Sports-fields & stadia</i>							
<i>Swimming pools</i>							
<i>Community halls</i>							
<i>Libraries</i>							

APPENDICES

Capital Expenditure - New Assets Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Recreational facilities								
Fire, safety & emergency								
Security and policing								
Buses								
Clinics								
Museums & Art Galleries								
Cemeteries								
Social rental housing								
Other								

Capital Expenditure - New Assets Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Heritage assets - Total	-	-		-	-	-	-	
Buildings								
Other								
Investment properties - Total	-	-		-	-	-	-	
Housing development								
Other								
-								
Other assets	12 805	15 402	17 188	14 819	17 238	12 720	7 248	
General vehicles	0	0	0	215 754	0	0	0	
Specialised vehicles		0	0		0	0	0	
Plant & equipment	44 781	0	0	161 523	490 000	0	0	
Computers -		10 268			11 999	7 853	3 008	
hardware/equipment	12 193 860	000	15 268 000	13 538 645	996	996	112	
Furniture and other office equipment	566 299	1 993 053	1 893 053	903 134	700 000	600 000	632 400	
Abattoirs		0	0		0	0	0	
Markets		0	0		0	0	0	
					3 247	4 266	3 607	
Civic Land and Buildings		3 141 060	27 225	0	740	318	966	
Other Buildings		0	0		0	0	0	
Other Land		0	0		800 000	0	0	
Surplus Assets - (Investment or		0	0		0	0	0	

APPENDICES

Capital Expenditure - New Assets Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Inventory)							
Other		0	0		0	0	0
Agricultural assets	-	-	-	-	-	-	-
<i>List sub-class</i>							
Biological assets	-	-		-	-	-	-
<i>List sub-class</i>							
Intangibles	452	1 000	1 000	1 154	-	-	-
Computers - software & programming							
Other (<i>list sub-class</i>)	452 319	1 000 000	1 000 000	1 153 683			
Total Capital Expenditure on new assets	13 275	17 702	19 488	17 245	17 238	12 720	7 248
Specialised vehicles	-	-	-	-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

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APPENDICES

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-	-	-	-	-	-
Infrastructure: Road transport – Total	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity – Total	-	-	-	-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-		-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation – Total	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							

APPENDICES

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-		-	-	-	-
Buildings							
Other							
Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
<i>List sub-class</i>							
Biological assets	-	-		-	-	-	-

APPENDICES

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<i>List sub-class</i>							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on renewal of existing assets	-	-		-	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

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APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
"Project A"					
"Project B"					
"Project C"					
Sanitation/Sewerage					
"Project A"					
"Project B"					
Electricity					
"Project A"					
"Project B"					
Housing					
"Project A"					
"Project B"					
Refuse removal					
"Project A"					
"Project B"					
Stormwater					
"Project A"					
"Project B"					
Economic development					
"Project A"					
"Project B"					
Sports, Arts & Culture					
"Project A"					
"Project B"					
Environment					
"Project A"					
"Project B"					
Health					
"Project A"					
"Project B"					
Safety and Security					
CCTV Project	1 300 000	1 300 000	1 262 080	-3%	-3%
"Project B"				#DIV/0!	#DIV/0!

APPENDICES

Capital Programme by Project: Year 0					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
ICT and Other					
Computer & Printers	3 120 000	2 904 245	1 577 029	-84%	-98%
Optic Fibre	7 200 000	12 200 000	12 391 429	2%	42%
Internal Networks	948 000	948 000	845 892	-12%	-12%
Furniture & Equipment	1 993 053	1 893 053	682 665	-177%	-192%
Vehicles	0	215 755	215 754	0%	100%
Licensing Centre	3 141 060	27 225	27 225	0%	-11437%
					T N

APPENDICES

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Not applicable to SDM

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Not applicable to SDM

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Not applicable

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Not applicable

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

Not applicable

VOLUME II

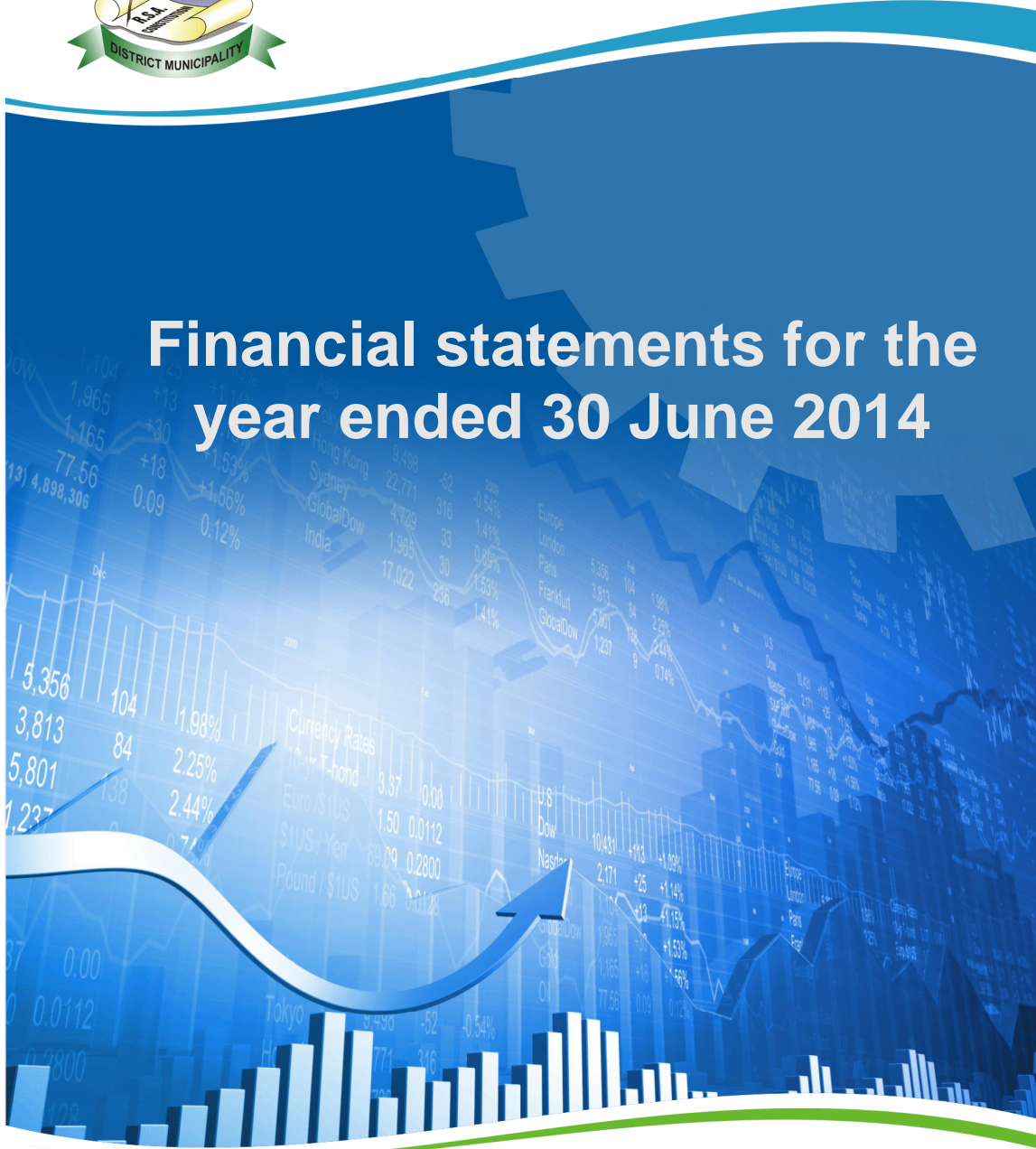
VOLUME II: ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.



SEDIBENG DISTRICT MUNICIPALITY

Financial statements for the year ended 30 June 2014



Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

General Information

The following is included in the scope of operation	District Municipality – DC42
Grading of local authority	Grade 11 Local Authority
Capacity of Municipality	Medium term capacity Municipality
Municipal Manager	Yunus Chamda
Chief Finance Officer (CFO)	Mr Brendon Scholtz
Registered office	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
Business address	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
Postal address	PO Box 471 Vereeniging 1930
Bankers	ABSA Bank Limited
Auditors	Auditor General South Africa
Executive Mayor	Councilor MS Mofokeng
Speaker	Councilor BJ Modisakeng
Chief Whip	Councilor MC Sale
Members of Mayoral Committee	Councilor PB Tsotetsi Councilor ME Tsokolibane Councilor TS Maphalla Councilor B Mncube Councilor MM Gomba Councilor MD Raikane Councilor YJ Mahommed Councilor SA Mshudulu

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

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The reports and statements set out below comprise the financial statements presented to the provincial legislature:

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Statement of Financial Performance	6
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Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 10
Accounting Policies	11 - 22
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Abbreviations	Abbreviations
DBSA Development Bank of South Africa	DBSA Development Bank of South Africa
GRAP Generally Recognised Accounting Practice	GRAP Generally Recognised Accounting Practice
IAS International Accounting Standards	IAS International Accounting Standards
IMFO Institute of Municipal Finance Officers	IMFO Institute of Municipal Finance Officers
IPSAS International Public Sector Accounting Standards	IPSAS International Public Sector Accounting Standards
MMC Member of the Mayoral Committee	MMC Member of the Mayoral Committee
MFMA Municipal Finance Management Act	MFMA Municipal Finance Management Act
MIG Municipal Infrastructure Grant (Previously CMIP)	MIG Municipal Infrastructure Grant (Previously CMIP)
GAMAP Generally Accepted Municipal Accounting Practice	GAMAP Generally Accepted Municipal Accounting Practice
PPE Property Plant and Equipment	PPE Property Plant and Equipment
SCM Supply Chain Management	SCM Supply Chain Management

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 5 to 42, which have been prepared on the going concern basis, were approved by the accounting officer on 29 August, 2014 and were signed on its behalf by:

Mr. Yunus Chamda
Municipal Manager

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June, 2014.

1. Incorporation

The municipality was incorporated on 1 January 1988 and obtained its certificate to commence business on the same day.

2. Going concern

We draw attention to the fact that at 30 June, 2014, the municipality had accumulated surplus of R 107,334,021 and that the municipality's total assets exceed its liabilities by R 107,334,021.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Accounting policies

The annual financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

4. Accounting Officer

:	
Name	Nationality
Mr. Yunus Chamda	RSA

5. Bankers

Council has appointed Standard Bank as the new bankers during the year. While we are currently busy with the transition process ABSA bank was still used as the Primary banker.

6. Auditors

The Auditor General will continue in office for the next financial period.

7. Cost cutting measures

Following the global economic crisis of 2009 and in line with MFMA Circular 48, the executive management of Sedibeng District Municipality had taken the decision to make conscientious efforts to increase revenue and decrease operating expenses by:

Increasing revenue through	Cost containment measures
<ul style="list-style-type: none"> • Optimizing all revenue streams; • Reviewing billing processes; • Rigorously applying credit control; • Tightening internal control measures and SCM processes 	<ul style="list-style-type: none"> • Educating staff to be more conscientious • Better cash management • Claiming discounts from creditors/ suppliers • Institutionalising discussion on under-provision of equitable share • Value-for-money spending and application of economies-of-scale procurement • Closer monitoring of repairs & maintenance will lead to reduction in productivity losses • Reducing & reviewing discretionary spending

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Statement of Financial Position as at 30 June, 2014

Figures in Rand	Note(s)	2014	2013 as restated
Assets			
Current Assets			
Inventories	6	382,653	220,090
Receivables from exchange transactions	7	8,178,596	9,349,885
VAT receivable	8	-	18,016
Construction of assets in progress	5	10,206,208	1,701,721
Cash and cash equivalents	9	14,975,752	6,915,829
		33,743,209	18,205,541
Non-Current Assets			
Property, plant and equipment	2	165,758,848	177,853,078
Intangible assets	3	1,474,430	987,106
		167,233,278	178,840,184
Total Assets		200,976,487	197,840,184
Liabilities			
Current Liabilities			
Finance lease obligation	37	247,199	225,439
Payables from exchange transactions	12	76,538,755	49,136,833
VAT payable	8	900,504	-
Unspent conditional grants and receipts	10	14,667,519	9,824,678
Provisions	11	1,245,029	1,926,700
Total Current Liabilities		93,599,006	61,113,650
Non-Current Liabilities			
Finance lease obligation	37	43,460	290,659
Total Non-Current Liabilities		43,460	290,659
Total Liabilities		93,642,466	61,404,309
Net Assets		107,334,021	135,641,416
Net Assets			
Accumulated surplus		107,334,021	135,641,416

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013 as restated
Revenue			
Exchange Revenue			
Sale of goods		3,661,592	1,394,760
Rental of facilities and equipment		8,928,134	7,926,622
Income from agency services		6,553,216	7,246,453
Licences and permits		58,520,058	62,151,875
Other income	16	1,101,699	887,712
Interest received – investment	21	1,607,476	2,115,595
Non-exchange Revenue			
Government grants & subsidies	15	254,076,689	259,626,688
Total revenue		334,448,864	341,349,705
Expenditure			
Personnel	18	(200,806,522)	(203,124,985)
Remuneration of councillors	19	(10,709,156)	(10,284,043)
Depreciation and amortisation	22	(28,018,728)	(26,707,941)
Finance cost		(38,340)	(47,186)
Debt impairment	20	(66,567)	(125,855)
Public participation		(8,450)	(123,529)
Repairs and maintenance		(4,316,120)	(4,813,629)
Contracted services	24	(36,818,234)	(41,698,904)
Grants and subsidies paid	25	(11,145,127)	(5,038,185)
General Expenses	17	(70,401,637)	(62,995,437)
Total expenditure		(362,324,744)	(354,941,010)
Loss on disposal of assets and liabilities		(134,381)	(163,960)
Deficit for the year		(28,014,398)	(13,773,949)
Attributable to:			
Owners of the controlling entity		(28,014,398)	(13,773,949)

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Statement of Changes in Net Assets

Figures in Rand	Note	Accumulated surplus	Total net assets
Opening Balance at 1 July, 2012 previously stated		145,575,494	145,575,494
Adjustments			
Correction of errors	29	1,817,907	1,817,907
Balance at 1 July, 2012 as restated		143,757,587	143,757,587
Changes in net assets			
Adjustment of asset life		6,256,200	6,256,200
Transfer from / (to) reserves		(598,422)	(598,422)
Net income (losses) recognised directly in net assets		5,657,778	5,657,778
Surplus (Deficit) for the year as previously reported		(13,120,598)	(13,120,598)
Correction of errors	29	653,351	653,351
Surplus (Deficit) for the year		(13,773,949)	(13,773,949)
Total recognised income and expenses for the year		(8,116,171)	(8,116,171)
Balance at 1 July, 2013 as restated		135,641,418	135,641,418
Changes in net assets			
Transfer from / (to) reserves		(292,999)	(292,999)
Surplus (Deficit) for the year		(28,014,398)	(28,014,398)
Total recognised income and expenses for the year		(28,307,397)	(28,307,397)
Balance at 30 June, 2014		107,334,021	107,334,021

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Cash Flow Statement

Figures in Rand

	Note(s)	2014	2013 as restated
Cash flows from operating activities			
Receipts			
Grants		260,904,530	256,658,300
Interest income		1,607,476	2,115,595
Other receipts		15,459,827	23,239,285
Licence Receipts		203,482,157	204,498,592
		481,453,990	486,511,772
Payments			
Employee costs		(211,057,771)	(213,016,843)
Suppliers		(125,226,936)	(123,244,164)
Licensing Authority		(119,765,595)	(142,413,835)
		(456,050,302)	(478,674,842)
Net cash flows from operating activities	26	25,403,688	7,836,930
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(16,091,545)	(13,511,488)
Proceeds from sale of property, plant and equipment	2	165,242	81,798
Purchase of other intangible assets	3	(1,153,683)	(452,319)
Net cash flows from investing activities		(17,079,986)	(13,882,009)
Cash flow from Financing activities			
Finance lease payments		(263,779)	468,912
Net increase/(decrease) in cash and cash equivalents		8,059,923	(5,576,167)
Cash and cash equivalents at the beginning of the year		6,915,829	12,491,996
Cash and cash equivalents at the end of the year	9	14,975,752	6,915,829

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Sale of goods	2,808,000	(34,805)	2,773,195	3,661,592	888,397
Rental of facilities and equipment	9,103,570	(17,468)	9,086,102	8,928,134	(157,968)
Income from agency services	7,307,390	(835,068)	6,472,322	6,553,216	80,894
Licences and permits	65,854,802	(900,000)	64,954,802	58,520,058	(6,434,744)
Other income - (rollup)	2,781,569	19,370,751	22,152,320	1,101,699	(21,050,621)
Interest received - investment	2,060,000	40,084	2,100,084	1,607,476	(492,608)
Total revenue from exchange transactions	89,915,331	17,623,494	107,538,825	80,372,175	(27,166,650)

Revenue from non-exchange transactions

Taxation revenue

Government grants & subsidies	260,552,000	-	260,552,000	254,076,689	(6,475,311)
Total revenue	350,467,331	17,623,494	368,090,825	334,448,864	(33,641,961)

Expenditure

Personnel	(195,574,243)	(4,732,682)	(200,306,925)	(200,806,522)	(499,597)
Remuneration of councillors	(10,579,993)	(354,455)	(10,934,448)	(10,709,156)	225,292
Depreciation and amortisation	(23,265,556)	(4,523,600)	(27,789,156)	(28,018,728)	(229,572)
Finance cost	-	-	-	(38,340)	(38,340)
Debt impairment	-	(66,600)	(66,600)	(66,567)	33
Public Participation	(160,540)	150,000	(10,540)	(8,450)	2,090
Repairs and maintenance	(4,495,894)	76,372	(4,419,522)	(4,316,120)	103,402
Contracted Services	(39,560,241)	268,786	(39,291,455)	(36,818,234)	2,473,221
Grants and subsidies paid	(16,013,158)	4,868,000	(11,145,158)	(11,145,127)	31
General Expenses	(60,687,929)	(10,231,556)	(70,919,485)	(70,401,637)	517,848
Total expenditure	(350,337,554)	(14,545,735)	(364,883,289)	(362,328,881)	2,554,408

Operating deficit	129,777	3,077,759	3,207,536	(27,880,017)	(31,087,553)
Loss on disposal of assets and liabilities	50,000	20,000	70,000	(134,381)	(204,381)

Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	179,777	3,097,759	3,277,536	(28,014,398)	(31,291,934)
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Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	-	-	-	382,653	382,653
Receivables from exchange transactions	43,990,203	-	43,990,203	8,178,596	(35,811,607)
Construction of assets in progress	-	-	-	10,206,208	10,206,208
Cash and cash equivalents	33,125,000	(19,154,357)	13,970,643	14,975,752	1,005,109
	77,115,203	(19,154,357)	57,960,846	33,743,209	(24,217,637)

Non-Current Assets

Property, plant and equipment	140,406,113	1,786,165	142,192,278	165,758,848	23,566,570
Intangible assets	2,320,000	-	2,320,000	1,474,430	(845,570)
	142,726,113	1,786,165	144,512,278	166,965,441	22,453,163

Total Assets	219,841,316	(17,368,192)	202,473,124	200,976,487	(1,496,637)
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Liabilities

Current Liabilities

Finance lease liability	-	-	-	290,659	290,569
Payables from exchange transactions	61,483,000	(20,990,409)	40,492,591	76,538,755	36,046,164
VAT payable	-	-	-	900,504	900,504
Unspent conditional grants and receipts	3,000,000	-	3,000,000	14,667,519	11,667,519
Provisions	2,027,616	-	2,027,616	1,245,029	(782,587)
	66,510,616	(20,990,409)	45,520,207	93,642,466	48,122,259

Total Liabilities	66,510,616	(20,990,409)	45,520,207	93,642,466	48,122,259
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Net Assets	153,330,700	3,622,217	156,952,917	107,334,021	(49,618,896)
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus	153,330,700	3,622,217	156,952,917	107,334,021	(49,618,896)
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Accounting Policies

Accounting Policies

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008, including any interpretations and directives issued by the Accounting Standards Board

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Municipal Accounting Practices (SA GAMAP) including any interpretations of such statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 1290 of 2008 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year.

The following GRAP standards have been approved and are effective:

GRAP 1 -	Presentation of financial statements
GRAP 2 -	Cash flow statements
GRAP 3 -	Accounting policies, changes in accounting estimates and errors
GRAP 4 -	The effects of changes in foreign exchange rates
GRAP 5 -	Borrowing costs
GRAP 6 -	Consolidated and separate financial statements
GRAP 7 -	Investments in associates
GRAP 8 -	Interest in joint ventures
GRAP 9 -	Revenue from exchange transactions
GRAP 10 -	Financial reporting in hyperinflationary economies
GRAP 11 -	Construction contracts
GRAP 12 -	Inventories
GRAP 13 -	Leases
GRAP 14 -	Events after the reporting date
GRAP 16 -	Investment property
GRAP 17 -	Property, plant and equipment
GRAP 19 -	Provisions, contingent liabilities and contingent assets
GRAP 21 -	Impairment of non-cash generating assets
GRAP 23 -	Revenue from non-exchange transactions
GRAP 24 -	Presentation of budget information
GRAP 25 -	Employee Benefits
GRAP 26 -	Impairment of cash generating assets
GRAP 31 -	Intangible assets
GRAP 103 -	Heritage assets

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Accounting Policies

GRAP 104 -	Financial instruments
GRAP 100 -	Non-current assets held for sale
GRAP 101 -	Agriculture

The following GRAP statements have been approved but are not yet effective:

GRAP 18 -	Segment reporting
GRAP 105 -	Transfer of functions between entities under common control
GRAP 106 -	Transfer of functions between entities not under common control
GRAP 107 -	Mergers

Offsets

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.3 SIGNIFICANT ESTIMATES, JUDGMENTS AND ASSUMPTIONS

1.3.1 Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

1.3.2 Significant Estimates, Judgments and Assumptions

In preparing the annual financial statements to conform with the Standards of GRAP, management is required to make estimates, judgments and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgments and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

Specific areas where these significant estimation uncertainties as well as critical judgments and assumptions were made in the application of accounting policies with the most significant effect in the annual financial statements are included in the following notes:

Note 2 & 3: PPE and Intangible assets useful lives estimates

Note 11: Provisions

Note 28: Contingencies

Note 27: Lease classification

Note 20: Debt Impairment

1.4 GOVERNMENT GRANT

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Accounting Policies

1.5 PROPERTY, PLANT & EQUIPMENT

1.5.1 Recognition and Subsequent Measurement

An item of property, plant and equipment which qualifies for recognition as an asset has been initially be measured at cost less subsequent depreciation.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an item of property, plant and equipment was donated, is initially recognised at its fair value as at the date of acquisition.

Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at date of acquisition.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Incomplete construction work is stated at historical cost. Depreciation only commences when the assets is ready to be used.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy, refer to note 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use.

Subsequently property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Land is not depreciated as it is regarded as having an infinite life.

1.5.2 De-recognition, Sale & Disposal

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

1.5.3 Depreciation

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful life of the asset. The depreciable amount is determined after deducting the residual value of the asset from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. Assets will be depreciated according to their annual depreciation rates based on the following estimated useful life:

Infrastructure Assets	Years
Street names, signs and parking meters	5
Water reservoirs and reticulation	15 – 20

Community Assets	Years
Parks and gardens	10 -30
Sport fields	20 – 30
Community halls	30
Recreation facilities	20 – 30

Other Assets	Years
Motor vehicles	5
Plant and equipment	2 – 15

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Accounting Policies

Security measures	3 – 10
Buildings	30
IT equipment	3 – 5
Office equipment	3 – 7
Specialised vehicles	10

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimates unless expectations differ from the previous estimate.

1.6 INTANGIBLE ASSETS

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Refer to impairment of assets accounting policy 1.7

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands are recognised in the Statement of Financial Performance as incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Municipality and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

1.6.1 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Financial Performance when incurred. Development activities involve a plan or design for the production of new or substantially new improved products and processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the municipality intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Other development expenditure is recognised in the statement of financial performance as incurred.

1.6.2 Amortisation

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Item	Useful Life
Computer software	3 Years

Each item of intangible asset is amortised separately.

Intangible assets that have an indefinite useful life are tested for impairment annually.

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Accounting Policies

The estimated useful life, the amortisation method and the residual values are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

1.7 IMPAIRMENT OF FINANCIAL ASSETS

Impairment of Non-financial assets

Non-Financial assets, excluding investment property and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro rata basis to the assets in the unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

Impairment of Monetary assets

A provision for impairment is created when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

An available for sale financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, a cumulative gains or losses that have been accumulated in net assets are removed from net assets as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where Held-to-maturity investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

1.8 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Accounting Policies

The Municipality as Lessee

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment; refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on their remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal installments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

1.9 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;

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Financial Statements for the year ended 30 June, 2014

Accounting Policies

- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre specified terms and conditions.

Loans payable are financial liabilities, other than short term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non derivative financial assets or non derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking;
 - non derivative financial assets or financial liabilities with fixed or determinable payments that are designated at

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Accounting Policies

- fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.10 INVENTORIES

Inventories are initially measured at cost where cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Unsold aviation fuel are valued at the lower of cost and net realisable value on a specific identification cost basis. Fuel are recognized as inventory when purchased, and then charged to expense when sold. Aviation fuel are sold in line with the applicable tariff as promulgated.

1.11 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with banks. Short term investments are included. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

The municipality on initial adoption of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The necessary disclosures have been made for non-recognition of provisions that form part of the cost of an asset.

1.13 EMPLOYEE BENEFITS

1.13.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, profit sharing and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.13.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.13.3 Retirement benefits

Sedibeng District Municipality

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Accounting Policies

The municipality provides retirement benefits for its employees and councilors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councilors have rendered the employment service or served office entitling them to the contributions.

1.13.4 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.13.5 Post employment medical care benefits

The municipality provides post-employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period.

The municipal post-employment medical care is also on the defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

1.14 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.14.1 Revenue from exchange transactions

Rendering of services

Flat rate service charges relating to rental of facilities and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.

The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

The municipality complied with Directive 4 of February 2008, on initial adoption of the Standard of on Revenue from Exchange Transaction, GRAP 9, and has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the purchaser the significant risks and rewards of ownership of goods;
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;

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- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliable.

1.14.2 Revenue from non-exchange transactions

Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Performance at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such assets are transferred to the Municipality.

1.14.3 Transfer revenue

Assets and revenue recognised as a consequence of a transfer at no or nominal cost is measured at the fair value of the assets recognised as at the date of recognition. Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession.

1.14.4 Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councilors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

1.15 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.

1.16 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Sedibeng District Municipality

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1.17 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), and the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.20 CONSTRUCTION OF ASSETS IN PROGRESS

Construction of assets in progress is capital projects done on behalf of the Local Municipalities from the proceeds of conditional grants received and internal contributions. These projects are only handed over after full completion of the project and therefore all those uncompleted capital projects will be shown as Construction of assets in progress until date of transfer.

1.21 RELATED PARTIES

Related parties are identified and disclosed in terms of GRAP 20. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Associates (as per GRAP 7 - Investments in Associates);
- Joint ventures (as per GRAP 8 - Interests in Joint Ventures)
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Management, and close members of the family of management; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the two bullets above, or over which such a person is able to exercise significant influence.

Each municipality and its own municipal entities are related parties. A municipality is not related to another municipality as they are not under common control, except where there exist a service level agreement to perform a specific function on behalf of the other municipality.

The national government does not control provinces or municipalities for accounting purposes, although funding may be received from the national government.

Emfuleni Local Municipality, Midvaal Local Municipality and Lesedi Local Municipality are category B municipalities which in terms of the Constitution of South Africa, section 155 (1) (b) means, "A *Municipality that shares executive and legislative authority in its area with a category C municipality within whose area it falls.*" Sedibeng District Municipality is performing agency services on behalf of the Local Municipalities.

The Municipality does not have and associates nor any joint ventures or any other form of association that may be defined as related party relation.

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1.22 HERITAGE ASSETS

The Municipality has opted to phase in Heritage Assets over the extension period allowed based on the transitional provision for GRAP 103 as indicated in Directive 4. The Municipality will adjust the Heritage asset figures retrospectively with full implementation at 30 June 2015.

1.23 BUDGET INFORMATION

The municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 Jul 2013 to 30 Jun 2014.

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts (see note 37)

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2. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	41,907,735	(608,655)	41,299,080	41,907,735	(608,655)	41,299,080
Buildings	72,866,451	(13,053,074)	59,813,377	72,866,451	(10,614,666)	62,251,785
Furniture and fixtures	16,661,339	(12,421,640)	4,239,699	15,791,176	(10,645,939)	5,145,237
Motor vehicles	9,950,757	(7,462,700)	2,488,057	10,036,378	(6,751,467)	3,284,911
Electronic equipment	57,476,083	(27,756,454)	29,719,629	44,101,627	(18,348,871)	25,752,756
Infrastructure	73,086,922	(46,533,260)	26,553,662	71,814,432	(33,882,147)	37,932,285
Other property, plant and equipment	8,803,182	(7,645,254)	1,157,928	8,634,859	(6,965,532)	1,669,327
Specialised vehicles	699,972	(212,556)	487,416	699,972	(182,275)	517,697
Total	281,452,441	(115,693,593)	165,758,848	265,852,630	(87,999,552)	177,853,078

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Land	41,299,080	-	-	-	41,299,080
Buildings	62,251,785	-	-	(2,438,408)	59,813,377
Furniture and fixtures	5,145,237	903,134	(20,659)	(1,788,013)	4,239,699
Motor vehicles	3,284,911	215,754	(192,716)	(819,892)	2,488,057
Electronic equipment	25,752,756	13,538,645	(86,248)	(9,485,524)	29,719,629
Infrastructure	37,932,285	1,272,489	-	(12,651,112)	26,553,662
Other property, plant and equipment	1,669,327	161,523	-	(672,922)	1,157,928
Specialised vehicles	517,697	-	-	(30,281)	487,416
	177,853,078	16,091,545	(299,623)	(27,886,152)	165,758,848

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Impairment reversal	Total
Land	41,299,080	-	-	-	-	41,299,080
Buildings	64,689,775	-	-	(2,438,192)	202	62,251,785
Furniture and fixtures	3,897,567	566,299	(41,103)	(1,347,288)	2,069,762	5,145,237
Motor vehicles	4,380,594	688,728	(85,893)	(1,698,518)	-	3,284,911
Electronic equipment	20,410,228	12,193,860	(117,362)	(7,137,000)	403,030	25,752,756
Infrastructure	45,928,258	17,820	-	(11,713,504)	3,699,711	37,932,285
Other property, plant and equipment	3,080,307	44,781	(1,400)	(1,511,960)	57,599	1,669,327
Specialised vehicles	547,976	-	-	(30,279)	-	517,697
	184,233,785	13,511,488	(245,758)	(25,876,741)	6,230,304	177,853,078

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Inclusive in Motor Vehicles is a lease vehicle at a book value of R 267,839 as at 30 June 2014 (R 497,414 as at 30 June 2013).

Sedibeng District Municipality

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3. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	5,994,573	(4,520,143)	1,474,430	4,840,890	(3,853,784)	987,106

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software, other	987,106	1,153,683	(666,359)	1,474,430

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Impairment reversal	Total
Computer software, other	1,923,053	452,319	(1,414,163)	25,897	987,106

4. Heritage assets

Transitional provisions

Due to initial adoption of GRAP 103

Steps taken to establish the values of heritage asset recognised at provisional amounts due to the initial adoption of GRAP 103, is as follows:

The Municipality meets with the Provincial Treasury Department in order to address the Heritage assets currently at the Vaal Technorama Museum in order to determine the methodology to be used for valuation.

The date at which full compliance with GRAP 103 is expected, is Tuesday, 30 June, 2015.

5. Construction of Assets in Progress

Sharpeville Police Station	561,118	457,226
Sports field Lesedi	5,283,126	609,772
Sebokeng Cultural Precinct	4,361,964	634,723
	10,206,208	1,701,721

6. Inventories

Fuel - Airport	382,653	220,090
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The necessary disclosures have been made for inventories in accordance with GRAP 12. AVGAS and JET A1 fuel are held at the Vereeniging Aerodrome for sale

7. Receivables from exchange transactions

Trade debtors	888,170	1,110,139
Employee costs in advance	127,586	123,734

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	2014	2013 as restated
VAT on Accruals	1,505,401	1,311,101
SETA Refund	1,392,852	1,054,089
Recoverable fruitless and wasteful expenditure	198,985	57,750
Bank Error	17,342	-
Local Municipalities - Agency services	3,765,080	5,674,300
Lotto Sport Bridging Finance	283,180	-
MSIG Bridging Finance	-	18,772
	8,178,596	9,349,885
Trade debtors		
Current (0 – 30 days)	738,265	1,102,234
31 – 60 days	-	-
61 – 90 days	-	-
>91	149,905	7,905
Less: Provision for Debt Impairment	-	-
Total Trade Debtors	888,170	1,110,139
Employee Cost in Advance		
Current (0 – 30 days)	127,586	123,734
Pre-payments		
Current (0 – 30 days)	-	-
VAT on Accruals		
Current (0 – 30 days)	1,505,401	1,311,101
SETA Refunds		
Current(0-30 days)	338,762	344,647
>120 days	1,054,089	709,442
Total SETA Refunds	1,392,851	1,054,089
Recoverable fruitless and wasteful expenditure		
Current (0 – 30 days)	198,985	57,750
Bank Error		
Current (0 – 30 days)	17,342	
Local Municipalities Agency services		
Current (0 – 30 days)	678310	791,450
31 – 60 days	550,717	560,900
61 – 90 days	521,185	474,168
91 – 120 days	540,552	431,966
>120 days	953,131	3,415,816
Total Local Municipalities Agency services	3,765,080	5,674,300
Paving Sidewalk (SANRAL)		
>365 days	1,007,843	1,007,843
Less: Provision for Debt Impairment	-1,007,843	-1,007,843
Total-Paving Sidewalk (SANRAL)	-	-
Lotto Greening Project		
>365 days	1,004,283	1,004,283
Less: Provision for Debt Impairment	-1,004,283	-1,004,283
Total Lotto Greening Project	-	-

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Lotto Sport Bridging Finance

Current (0 – 30 days) 283,180 -

Insurance Claim

Current (0 – 30 days) - 383,482

MSIG Bridging Finance

Current (0 – 30 days) - 18,772

8. VAT

VAT - Receivable - 18,016

VAT - Payable 900,504 -

The Municipality is registered on the cash basis and the amount reflected relates to the normal monthly submission of the VAT201 return whereby the last return of the financial year is applicable.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	42,325	40,325
Cash book balances	14,706,973	5,967,964
Investment deposits	226,454	907,540
	14,975,752	6,915,829

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June, 2014	30 June, 2013	30 June, 2012	30 June, 2014	30 June, 2013	30 June, 2012
ABSA BANK - Primary Bank Account	1,243,172	1,981,957	3,007,702	1,198,396	1,952,861	2,707,511
ABSA BANK - License function Bank Account	6,188,257	3,425,210	9,184,364	6,188,257	4,015,103	9,711,142
Standard Bank – New Primary Bank Account	1,230,793			1,230,793		
Standard Bank – License function Bank Account	6,089,527			6,089,527		
Total	14,751,749	5,407,167	12,192,066	14,706,973	5,967,964	12,418,653

The Municipality had the following short term investment deposits at year end:

ABSA Call Account – 9085796427 226,454 907,540

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Provincial Grants	1,197,243	7,416,439
National Grants	12,189,697	991,449
DPLG Grants	1,280,579	1,416,790
	14,667,519	9,824,678

Movement during the year

Balance at the beginning of the year 9,824,678 12,793,066
Additions during the year 28,119,530 12,434,800

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	2014	2013 as restated
Income recognition during the year	(21,291,689)	(15,403,188)
Grant Reversal / Forfeit	(1,985,000)	-
	14,667,519	9,824,678

The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 15 for reconciliation of grants from National/Provincial Government.

11. Provisions

Reconciliation of provisions – 2014

	Opening Balance	Utilised during the year	Total
Performance Bonus	1,926,700	(681,671)	1,245,029

Reconciliation of provisions – 2013

	Opening Balance	Total
Performance Bonus	1,926,700	1,926,700

12. Payables from exchange transactions

Trade payables	8,314,450	4,251,623
Accrued leave pay	14,901,272	15,959,613
Department of Transport (Licence fees)	29,621,195	15,771,644
Local Municipalities Accounts	8,496,289	7,961,776
SALA Pension fund	2,667,996	2,210,092
Retention on Capital Projects	1,188,888	97,852
Insurance Claims	134,673	-
Mayoral Events	113,800	104,300
Ambulance fees in advance	84,445	85,187
Refundable town hall rental deposits	133,482	112,984
Unclaimed Salaries	36,632	36,311
Salaries in arrears	29,991	10,687
Unknown deposits	254,737	228,421
Deferred Asset Transfer to Locals	10,206,208	1,701,721
VAT on Debtors	354,697	604,622
	76,538,755	49,136,833

13. Revenue

Sale of goods	3,661,592	1,394,760
Rental of facilities and equipment	8,928,134	7,926,622
Income from agency services	6,553,216	7,246,453
Licences and permits	58,520,058	62,151,875
Other income	1,101,699	887,712
Interest received – investment	1,607,476	2,115,595
Government grants & subsidies	254,076,689	259,626,688
	334,448,864	341,349,705

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The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods	3,661,592	1,394,760
Rental of facilities and equipment	8,928,134	7,926,622
Income from agency services	6,553,216	7,246,453
Licences and permits	58,520,058	62,151,875
Other income	1,101,699	887,712
Interest received – investment	1,607,476	2,115,595
	80,372,175	81,723,017

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue

Government grants & subsidies	254,076,689	259,626,688
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14. Cost of sales

Sale of goods

Cost of goods sold	3,233,650	1,403,544
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Aviation fuel (JET A1 and AVGAS) are sold at the Vereeniging Aerodrome. The amount is not shown separately but shown as part of note 17.

15. Government grants and subsidies

Equitable share	232,785,000	226,009,000
Ambulance subsidy	-	18,214,500
Support Grants	21,291,689	15,403,188
	254,076,689	259,626,688

Equitable Share

Current-year receipts	(232,785,000)	(226,009,000)
Conditions met – transferred to revenue	232,785,000	226,009,000
	-	-

Conditions still to be met – remain liabilities (see note 10).

Emergency Medical Services

Current-year receipts	-	(18,214,500)
Conditions met – transferred to revenue	-	18,214,500
	-	-

Conditions still to be met – remain liabilities (see note 10).

Emergency Medical Services has been transferred to the Provincial Health Department I August 2013 and therefore the District Municipality will not receive this subsidy in future.

Provincial Grants

Balance unspent at beginning of year	7,416,439	9,723,103
Current-year receipts	9,774,530	7,108,000
Conditions met – transferred to revenue	(14,988,626)	(9,414,664)
Grant Reversal	(1,005,100)	-
	1,197,243	7,416,439

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Reconciliation of Unspent Conditional Grants

	Opening Balance July 2013	Grants Received 2013/14	Grants Spent 2013/14	Unspent Grants June 2014
LED Project	1,700,000		(1,418,253)	281,747
HIV/AIDS	1,631,839	6,372,000	(7,936,269)	67,571
Impl Tourism Inst Framework	300,000	52,530	(47,332)	305,198
Establishment of Shared Services	-	350,000	-	350,000
LOTTO – Sport	2,390,228	2,000,000	(4,390,228)	-
EPWP Grant	1,005,240	(5,100)	(1,000,140)	-
Craft Hub Establishment	350,404	-	(196,405)	153,999
Tourism Birding Route	38,728	-	-	38,728
	7,416,438	8,769,430	(14,988,626)	1,197,243

Conditions still to be met – remain liabilities (see note 10).

National Grants

Balance unspent at beginning of year	991,449	1,362,476
Current-year receipts	18,345,000	5,258,000
Conditions met – transferred to revenue	(6,166,852)	(5,629,027)
Grant Reversal	(979,900)	-
	12,189,697	991,449

Reconciliation of Unspent Conditional Grants

	Opening Balance July 2013	Grants Received 2013/14	Grants Spent 2013/14	Unspent Grants June 2014
Urban Environmental Management Program (DANIDA)	10,615		-	10,615
Municipal Improvement Systems Grant	0	890,000	(703,310)	186,690
Municipal Finance Management Grant	904	1,250,000	(1,250,904)	-
NDPG Project	979,930	15,225,100	(4,212,638)	11,992,392
	991,449	17,365,100	(6,166,852)	12,189,697

Conditions still to be met – remain liabilities (see note 10).

DLG Grants

Balance unspent at beginning of year	1,416,790	1,707,487
Current-year receipts	-	68,800
Conditions met – transferred to revenue	(136,211)	(359,497)
	1,280,579	1,416,790

Reconciliation of Unspent Conditional Grants

	Opening Balance July 2012	Grants Received 2012/13	Grants Spent 2012/13	Unspent Grants June 2013
Sharpeville Public Library	598,617		(131,211)	462,406

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		2014	2013 as restated
Environmental	121,474	-	121,474
Construction Of Tea-Tea Road	627,899	-	627,899
Tourism Awards	68,800	-	68,800
	1,416,790	(131,211)	1,280,579

Conditions still to be met – remain liabilities (see note 10).

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

16. Other income

Ad-hoc Income	279,421	71,635
Skills Levy Income	338,762	344,647
Ambulance fees	-	48,961
Tender Income	167,170	117,440
Commission on Salaries	166,117	165,994
Telephone Cost recovered	150,229	139,035
	1,101,699	887,712

17. General expenses

Advertising	641,358	765,933
Assessment rates & municipal charges	1,538,177	6,589,891
Auditors remuneration	2,158,221	2,050,167
Bank charges	1,052,485	750,810
Computer expenses	1,348,291	1,255,425
Consulting and professional fees	5,931,535	2,598,399
Consumables	895,661	875,689
Entertainment	517,013	397,901
Insurance	1,962,719	1,263,061
Lease rentals on operating lease	6,515,033	5,913,984
Magazines, books and periodicals	227,937	195,441
Fuel and oil	1,549,041	1,324,335
Postage and courier	2,097	15,593
Printing and stationery	2,049,085	2,271,171
Promotions	999,699	1,142,607
Protective clothing	221,068	322,764
Royalties and license fees	4,176,777	3,796,827
Staff welfare	283,953	257,496
Subscriptions and membership fees	1,880,297	1,601,248
Telephone and fax	3,620,806	3,523,528
Training	3,032,427	999,003
Subsistence & Travel	2,026,061	2,222,913
Office refreshments	412,962	321,052
Workshops	10,263,352	9,747,340
Congresses & Meetings	430,441	357,214
Expenses from Grants	11,589,672	9,074,502
External Bursaries	696,305	468,756
Donations & Grants	299,173	309,569
Catering Expenses	846,341	1,179,274
Sale of goods – Aircraft fuel	3,233,650	1,403,544
	70,401,637	62,995,437

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18. Employee / Personnel related costs

Employee related cost exclusive of Section 57 employees	125,179,249	123,735,027
Medical aid – company contributions	11,093,322	10,656,043
UIF	989,810	1,025,528
WCA	1,432,761	1,144,257
SDL	1,693,812	1,723,235
Other payroll levies	2,228,041	2,233,037
Leave pay provision charge	1,232,916	3,842,059
Pension Fund contributions	25,368,507	24,938,360
Overtime payments	4,381,730	3,625,731
13 th Cheques Bonus	9,289,000	12,211,064
Car allowance	9,509,723	8,844,498
Housing benefits and allowances	868,303	995,969
Telephone Allowances	505	503
Standby Allowance	562,849	715,667
	193,830,528	195,690,978

Remuneration of municipal manager

Annual Remuneration	1,129,529	1,056,774
Car Allowance	119,784	119,784
Contributions to UIF, Medical and Pension Funds	103,391	96,010
Leave Days	61,001	-
	1,413,705	1,272,568

Remuneration of Chief Finance Officer

Annual Remuneration	724,917	674,324
Car Allowance	144,000	144,000
Contributions to UIF, Medical and Pension Funds	197,364	184,512
Housing Allowance	4,800	4,800
	1,071,081	1,007,636

Remuneration of Executive Directors

Annual Remuneration	2,587,695	3,241,673
Car Allowance	364,000	474,000
Contributions to UIF, Medical and Pension Funds	333,523	314,870
Housing Allowance	12,000	-
	3,297,218	4,030,543

The position for the Executive Director SPED is vacant since August 2013

Remuneration of Chief Operations Officer

Annual Remuneration	1,138,479	1,071,006
Contributions to UIF, Medical and Pension Funds	55,511	52,254
	1,193,990	1,123,260

Total personnel Cost	200,806,522	203,124,985
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19. Remuneration of councillors

Executive Major	754,914	738,739
Mayoral Committee Members	4,854,411	4,663,979
Speaker	614,786	608,942
Councillors	3,194,868	3,263,909
Councillors' pension contribution	913,670	891,932
Telephone Allowance	376,507	116,542
	10,709,156	10,284,043

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor and Speaker have full-time bodyguards

20. Debt impairment

Debt impairment	66,567	125,855
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21. Investment revenue

Interest revenue

Bank	1,607,476	2,115,595
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22. Depreciation and amortisation

Property, plant and equipment	27,352,369	25,293,778
Intangible assets	666,359	1,414,163
Sub-Total	28,018,728	26,707,941
Offset depreciation against Government grant reserve	533,781	582,964
	28,552,509	27,290,905

23. Auditors' remuneration

Fees	2,158,221	2,050,167
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24. Contracted services

Specialist Services	15,945,521	13,908,492
Other Contractors	20,872,713	27,790,412
	36,818,234	41,698,904

25. Grants and subsidies paid

Other subsidies

Grants paid to Local Municipalities	11,145,127	5,038,185
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26. Cash generated from operations

Deficit	(28,014,398)	(13,773,949)
Adjustments for:		
Depreciation and amortisation	27,789,152	26,707,941
Loss / (Gain) on sale of assets and liabilities	134,381	163,960
Finance cost – Finance leases	38,340	47,186
Debt impairment	66,567	125,855
Movements in provisions	(681,671)	-
Asset Movement on GGR	240,782	(15,457)
Changes in working capital:		
Inventories	(162,563)	87,432
Receivables from exchange transactions	1,171,289	(3,589,432)
Debt impairment	(66,567)	(125,855)
Construction of assets in progress	(8,504,487)	30,349,961
Payables from exchange transactions	27,401,926	(33,442,359)
VAT	918,520	4,270,035
Unspent conditional grants and receipts	4,842,841	(2,968,388)
	25,403,689	7,836,930

27. Commitments

27.1 Authorized capital and operating expenditure

Unspent conditional grants and receipts

Provincial Grants	1,197,243	7,416,439
National Grants	12,189,697	991,449
DLG Grants	1,280,579	1,416,790
	14,667,519	9,824,678

The current unspent conditional grants are all committed funds which still need to be utilized in order to meet the conditions as stipulated in the various government gazettes.

Capital commitments arising as a result of contractual obligation:

Fibre Optic Project	962,030	15,088,260
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27.2 Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	4,722,826	5,465,248
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Operating lease payments represent rentals payable by the municipality for certain of its office properties. No contingent rent is payable.

28. Contingencies

The Municipality may be liable for claims instituted against the Municipality by employees who have disputes against the Municipality. The amount is uncertain as an arbitration award has not yet being issued against those claims.

There is currently a dispute between Sedibeng District Municipality and the Gauteng Department of Transport relating to the treatment of VAT on agency services. Council may be liable for an amount of R 49,539,502 however two legal opinions were obtained and a SARS ruling is still awaited.

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Contingencies arising from pending litigation on wage curve agreement - On 21 April 2010 SALGA signed the "Categorisation and job evaluation wage curves collective agreement" (wage curve agreement) with IMATU and SAMWU on behalf of municipalities. The agreement established the wage curves and wage scales to be used by municipalities in determining the wages of municipal employees, based on an evaluation of employees' jobs per the TASK job evaluation system. Subsequent to the signing of the agreement, the unions declared a dispute with the agreement. The dispute was referred to the Labour Court and the court delivered a ruling on 22 June 2012 that employees receive a salary increase backdated with effect from 1 July 2010 instead of 1 July 2011. SALGA, on behalf of municipalities, applied for leave to appeal this ruling and was granted the right to appeal against the judgement on 29 August 2012. To date this Labour Court of Appeal case has not been finalised. As a result of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement, the municipality may have an additional receivable/ payable for employee wages, depending on the outcome of the pending litigation. It is not practicable to reliably estimate the amount of this receivable/ payable prior to the outcome of the pending litigation. The wage curve agreement have not yet been implemented at the Sedibeng District Municipality as job evaluations have not yet been done and therefore it is consequently impracticable to reliably measure the obligation that might exist as a result of the wage curve agreement.

Contingent assets

Emergency Medical Services has been transferred to the Department of Health whereby unfunded expenditure related to the previous year's might be recoverable which amounts to R 38,5Million.

A change in legislation regarding the treatment of UIF payments relating to Councilors resulted in a possible refund to Council which amounts to R 83,823 for the period. SARS is currently busy in finalizing the claim.

29. Prior period errors

SALA Pension fund has been awarded a judgment in their favor relating to a claim on the increase of pension rates payable by Municipalities. Sedibeng District Municipality must pay an amount of R 2,667,995.58. No creditor has been created in the prior year. The amount is split between the 2012/13 (R 392,185) financial year and the prior periods (R 1,817,907). This has an impact on the pension contribution which was re-stated in the statement of financial performance.

Creditors under provided consist of training fees payable for the previous year which amounts to R 15,054 and the SALA pension fees payable of R 392,185.

Creditors over provided consist of retention money not payable to the amount of R 183,461 (grants and subsidies paid)

Debtors over provided consist of insurance claim which did not realized to the amount of R 383,483 (contracted services) and Midvaal Local Municipality at an amount of R 27,407 (subsistence & travel)

A financial lease liability was previously shown as a operating lease and the correction resulted in an additional amount of R18,683. The lease vehicle has been added as an asset to the value of R497,414 as at 30 June 2013 with a lease obligation of R516,098.

The correction of the error(s) results in adjustments are as follow:

Statement of changes in net assets

Opening Balance 1 July 2012	145,575,494
SALA creditor not provided	-1,817,907
Restated Closing balance 1 July 2012	143,757,587
Surplus (Deficit) for the year 2013	-13,120,598
Creditors under provided	-407,239
Creditor over provided	183,461
Debtor over provided	-410,890
Financial Lease Liability	-18,683
Restated Surplus (deficit) for the year 2013	-13,773,949

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30. Risk management

Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate

Categories of Financial Instruments

Financial Assets

Cash and cash equivalents	14,975,752	6,915,829
Inventories	382,653	220,090
Trade and other receivables from exchange transactions	8,178,596	9,349,885
VAT Receivable	-	18,016
Construction of Assets in progress	10,206,208	1,701,721
	33,743,209	18,205,541

Financial Liabilities

Unspent conditional grants and receipts	14,667,519	9,824,678
Provisions	1,245,029	1,926,700
VAT Payable	900,504	
Trade and other payables from exchange transactions	76,538,757	49,136,832
Total Liabilities	93,351,809	60,888,210

If the interest rates received on investments increase or decrease by 100 basis points, the effect on the Statement of Financial performance would be as follows:

	2014		2013	
Floating Rate Financial Assets	Rate %	Effect on Surplus	Rate %	Effect on Surplus
Cash and cash equivalents	1%	149,757	1%	6,915
Construction of Assets in progress	1%	102,062	1%	170,17
Inventories	1%	3,826	1%	2,200
Trade and other receivables from exchange transactions	1%	81,785	1%	93,498
Floating Rate Financial Liabilities				
Unspent conditional grants and receipts	1%	(102,062)	1%	(98,246)
Provisions	1%	(12,450)	1%	(19,267)
Trade and other payables from exchange transactions	1%	(765,387)	1%	(491,368)

31. Going concern

We draw attention to the fact that at 30 June, 2014, the municipality had accumulated surplus of R 107,334,021 and that the municipality's total assets exceed its liabilities by R 107,334,021.

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The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

As a District Municipality based on our powers and functions we are completely grant dependent. No other main revenue source is obtainable. Over the last 5 years, as a result of the global financial economy constraints, National Treasury downscaled and implemented austerity measures which resulted in the reduction of our main source of revenue, the Equitable share. It is as a result of the global financial constraint that the equitable share over the last 5 years were reduced far lessor than the CPI for each financial period. In addition salary increases for the South African Local Bargaining Council was implementing salary increases more than the equitable share growth allocated to municipalities over the last 5 years – UNCONTROLABLE to municipalities. The reduction has been reported to National Treasury as our revenue source diminished. It was based on this reason that the District Municipality implemented austerity measures over the last 4 years which is still in place (HR dashboard- attrition, leave management, etc and Financial snapshot position of municipality performed monthly. The municipality performs daily, weekly and monthly cash flow reconciliations with projections to ensure that we are able to meet our obligations based on the grants received. The grants has been ring-fenced and are adequately apportioned for its main purpose. The municipality adopted a pro-poor budgeting approach and followed National Treasury budget guide as a principle for provision on depreciation and employee cost.

We draw further attention to the fact that at 30 June, 2014, the municipality's current liabilities exceed its current assets with R59,855,797. In addition the anticipated unfunded mandate of R38,5 million for Emergency Medical services rendered to the Provincial Department of Health is still owed to Sedibeng District Municipality which is currently been shown as a contingent asset. Negotiations which ensued was to settle the amount of R25million in good faith to ensure that 19,25 million would be paid during the audit period under review and the balance payable in the 2014/15 financial year.

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32. Events after the reporting date

It has been identified that land is incorrectly registered at the Deeds Office in the name of Sedibeng District Municipality. These properties need to be transferred to their rightful owner, Emfuleni Local Municipality.

33. Unauthorised and Irregular expenditure

33.1 Unauthorised expenditure

None incurred in reporting period

33.2 Irregular expenditure

Declarations of interests were not submitted by the following suppliers to confirm that they are in service of state prior to conducting business with the municipality

No.	Supplier Name	ID nr of Employee	Name of Employee	Surname of Employee	Membership status	Expenditure (current year)
1a	MAROPENG A'AFRIKA LEISURE (PTY)LTD	5704210831089	PATRICIA ELIZABETH	HANEKOM	Director	1 740.00
1b	MAROPENG A'AFRIKA LEISURE (PTY)LTD	5806110181083	DAWN ELIZABETH	ROBERTSON	Director	
2	SHARPETOWN SWINGSTERS JAZZ BAND	6706085337083	MOGOBOSHA NE ELIAS	ACHUSE	Member	5 000.00
3	NEW WAVE NETCALL COLLECTIONS	6908140289081	SINDISIWE NTOMBENHLE	MABASO KOYANA	Director	32 586.00
4	LORD'S SIGNATURE HOTEL	7303100689083	MAAININI ANNETTE	MAHLOKO	Member	167 936.50
5	MELTWATER SOUTH AFRICA (PTY)LTD	8311170000000	SAMUEL	CURTIN	Director	30 000.01
					Total value	237 262.51

34. Fruitless and wasteful expenditure

Possible fruitless and Wasteful expenditure are investigated and where applicable recovered from the Employee / Councillor concern. An amount of R 198,985 is currently being recovered from employees related to traffic fines and training cost. See annual report for details on all recoveries during the year.

35. Additional disclosure in terms of Municipal Finance Management Act

35.1 PAYE and UIF & Skills levy

Current year subscription / fee	31,631,204	31,911,256
Amount paid - current year	(31,631,204)	(31,911,256)

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35.2 Pension and Medical Aid Deductions

Current year subscription / fee	54,494,518	53,298,963
Amount paid - current year	(54,494,518)	(53,298,963)
	-	-

35.3 VAT

VAT receivable	-	18,016
VAT payable	900,504	-
	900,504	18,016

All VAT returns have been submitted by the due date throughout the year.

35.4 Deviation from supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

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LIST OF DEVIATIONS RECORDED FOR THE 2013/2014 FINANCIAL YEAR

Applicable paragraph in SCM Policy	Name of Supplier	Date of the order	Reason for deviation	Approved by:	Cluster	Amount	SCM COMMENTS
(a) Any exceptional cases where it is impractical or impossible to follow the official procurement processes	KHWELLELE TRADING AND PROJECT (PTY) LYD	6-Jul-13	Three quotes were sourced from the supplier database, it was an urgent request for Corporate Gifts from the Tourism Department	COO	Strategic Planning Environmental Development	R 48,250.00	The formal written quotations process was not followed, as the quantity of items was increased after the order was issued
	KAPELEPELE LOGISTICS CC	16-Sep-13	It was urgent request of transport services for employees to attend the Funeral in DUTYWA, Eastern Cape.	COO	CORPORATE SERVICE	R 43,776.00	It was urgent request for a Funeral at Dutywa (Eastern Cape)
	TSATSI CONSULTANTS CC	10-Oct-13	Transport for stakeholders to attend the funeral in Lesotho. (62 delegates).	MM	OFFICE OF THE CHIEF WHIP	R 58,900.00	Three quotes were sourced from the supplier database
	Corpelo 117 CC	29-Nov-13	Security Advisory Services for the Commemoration of the Nangalembe Night Vigil	MM	Community Service	R 75,240.00	A formal written quotation process should have been followed.
	TSATSI CONSULTANTS CC	12-Dec-13	It was urgent request of transport to ferry stakeholders to the union building	CFO	OFFICE OF THE CHIEF WHIP	R 45,000.00	A formal written quotation process could not be followed. Due to the urgency of the request
	M AND H PUMPS AND METER SERVICES	12-Dec-13	The leaking of AVGAS hose is very dangerous, any spark be it fire or lightning can ignite the fuel and cause damage	MM	CORPORATE SERVICES	R 33,630.00	The Municipality should enter into a contract with the service providers to repair and maintain pipes/pump on as and when required basis to avoid recurrence of deviations in this regard
	MOIMA & ASSOCIATES INC	13-Dec-13	Legal charges for special case on various confidential matters	MM	CORPORATE SERVICES	R 543,577.00	Sundry processes followed related to services rendered
	ATLANTA OUTFITTERS CC T/A FIGO	23-Dec-13	Only one supplier registered on the database was recognised to render the service of delivery of VIP Protection Officers uniforms to avoid delays and labour dispute over condition of service.	MM	Community Service	R 130,000.00	A purchase order was made out to the supplier registered on the database.
	TSHAHANNES AND MAMOHAU TRADING AND TRANSPORT	3-Dec-13	The first service provider could not deliver and the SCM process was followed for Mandela Memorial Service	CFO	OFFICE OF THE SPEAKER	R 49,509.00	Normal SCM Processes were followed, but the 1st service provide could not deliver.
	THE SHAKESPEARE INN	10-Feb-14	Executive Mayor meetings conducted with various stakeholders	MM	OFFICE OF THE EXECUTIVE MAYOR	R 40,105.90	Contract in place and sundry payment process followed
	TL APPLIANCES AND LAWNMOWERS	4-Mar-14	The formal procurement process was not followed, but it is impractical to source three quotations because it is repairs and maintenance of Machines	CFO	Corporate Service	R 30,000.00	Urgent request. Supplier listed in the database.
	BONGANI MAKHUNGA TRADING ENTERPRISES CC	4-Mar-14	It was an urgent procurement for unblocked toilets	CFO	Corporate Service	R 7,520.74	Normal SCM Processes should have been followed, if there was proper
	POLYCOMP (PTY) LTD	14-Mar-14	The formal procurement process was followed, it is impractical to source three quotations because it is repairs and maintenance of Machines	CFO	Transport Infrastructure and Environment	R 31,036.50	Urgent request. Supplier listed in the database.
	M & H PUMP SERVICES	13-Mar-14	The emergency occurred after hours whereby the truck from shell was offloading the AVGAS. Due to the sudden loss of pressure from our tanks, there was a need to replace the filter that was blocked during the offloading.	MM	Corporate Service	R 4,001.40	Sourced a quote from the available supplier
	EMERALD CASINO RESORT	18-Mar-14	March 21 Human rights day function. Emerald was identified as the only venue to render the service for the specified no. of delegates	MM	OFFICE OF THE SPEAKER	R 400,000.00	Sourced a quote from the available supplier - sole supplier in area based on requirements to host function
	IT'S INK PRINTER	7-Apr-14	Our Internal machines broke & cartridges were out of stock. Overnight print work was needed.	MM	Municipal Manager	R 29,001.60	Impractical to source three quotes as it was urgent to print the IDP documents. The Internal printing machines could not print
	M & H PUMP SERVICES	26-Jun-14	Replacing a faulty meter at Vereening Aerodrome which hampered the rendering of services to its clients	MM	Corporate Services	R 9,741.30	The department should develop specs to have a contract in place to avoid further deviations
	TRADEX INTERNATIONAL CC	16-Jun-14	There is an urgent need to supply uniforms to employees at the Taxi Ranks due to the transfer of employees from the service provider	COO	Corporate Services	R 72,887.07	Three quotes were sourced from the supplier database
Total Expenditure incurred through deviations						R 1,652,176.51	

SUMMARY OF EXPENDITURE INCURRED THROUGH DEVIATION 2013/2014 FINANCIAL YEAR	AMOUNT
CLUSTER / DEPARTMENT	
Strategic Planning Environmental Development	R 48,250.00
Corporate Services	R 745,133.51
Office of the Chief Whip	R 103,900.00
Community Services	R 205,240.00
Office of the Speaker	R 449,509.00
Office of the Speaker	R 40,105.90
Transport Infrastructure and Environment	R 31,036.50
Office of the Municipal Manager	R 29,001.60
Total Expenditure incurred through deviations	R 1,652,176.51

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35.5 Declaration of business conducted to close family members of persons in the service of the state

The below table list the awards to close family members of persons in the service of the state and awards to persons in the service of the state.

1. Awards to close family members of persons in the service of the state

Company Name	Initials	Surname	Designation and Employee NO.	Relationship with the company	Amount Paid
Panorama Bloemiste CC	CS	Heunes	Senior Accountant Expenditure 17530	Spouse to the Director/Shareholder	R 5,000.00

2. Awards to persons in the service of the state

Company Name	ID NO.	Initials & Surname	Current Employer	Amount Paid 2013/14
None				

35.6 Television sets in terms of the Television License Regulations under the Broadcasting act no 4 of 1999, as amended

Description	Number of sets	Period that sets were in entity's possession
Owned television sets	54	54 sets were used for the full year;
Rented or leased television sets	-	
Number of sets donated/ alienated	-	
TOTAL	54	

35.7 Related party transactions

The Council is rendering information technology services to both Emfuleni and Midvaal local municipalities. Claims towards actual salary expenses have been lodged on a monthly basis whereby the cost incurred for the year was as follow:

Emfuleni Local Municipality	R 5,571,506
Midvaal Local Municipality	R 981,710

The Local Municipalities is rendering Municipal Health services on behalf of the Sedibeng District Municipality. The expenses incurred amounts to R 15,945,521 as shown in note 24 (specialist services).

Councillors and specifically the Executive Mayor and Speaker remuneration in terms of the government gazette are shown separately in note 19.

Section 57 employees' (Key Management) remuneration packages are shown separately in note 18. Section 57 employees are required to enter into an annual performance contract where pre-determined objectives are linked to the integrated development Plan. Councillors and all officials must annually declare their interests and the interest of close family members to Council.

Audit Committee members have received an allowance of R 171,000 for the year under review.

The Council is in the process of establishing a State Owned Company (SOC), "The Vaal River City Tourism Promotion Company SOC" which will operate as a municipal entity to render the local tourism function. The CIPC Commissioner has registered the entity taking effect as from 30 August 2013, however, the establishment of the entity as per section 84(2) MFMA have as yet not been concluded and operations were not undertaken in terms of sections 85 through to 104 MFMA and hence there are no further disclosures to be made in terms of section 92 MFMA for the year ended 30 June 2014.

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36. Accumulated surplus

Ring-fenced internal funds within accumulated surplus - 2014

Government Grant Reserve	Movement of ring-fenced internal funds	Total
Opening balance	2,130,690	2,130,690
Offsetting of depreciation	(533,780)	(533,780)
Capital grants used to purchase property, plant and equipment	243,153	243,153
Asset Disposal	(2,372)	(2,372)
	1,837,691	1,837,691

Ring-fenced internal funds within accumulated surplus - 2013

Government Grant Reserve	Movement of ring-fenced internal funds	Total
Opening balance	2,691,831	2,691,831
Offsetting of depreciation	(582,965)	(582,965)
Capital grants used to purchase property, plant and equipment	37,281	37,281
Asset Disposal	(15,457)	(15,457)
	2,130,690	2,130,690

37. Finance Lease Obligation

Minimum lease payments due

- Within one year	263,779	263,779
- in second to fifth year inclusive	43,963	307,742
	307,742	571,521
Less: future finance charges	(17,083)	(55,423)
Present value of minimum lease payment	290,659	516,098

Non-Current	43,460	290,659
Current	247,199	225,439
	290,659	516,098

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38. Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget
Statement of Financial Performance for the 2013/14 financial period							
Revenue							
Revenue from exchange transactions							
Sale of goods	2,808,000	-34,805	2,773,195	3,661,592	888,397	32.04%	More collected than budget due to an increase in demand for aviation fuel at the Vereeniging Aerodrome
Rental of facilities and equipment	9,103,570	-17,468	9,086,102	8,928,134	-157,968	-1.74%	
Income from agency services	7,307,390	-835,068	6,472,322	6,553,216	80,894	1.25%	
Licenses and permits	65,854,802	-900,000	64,954,802	58,520,058	-6,434,744	-9.91%	Two testing station were closed for renovations by the Department of Transport in order to become compliant which resulted in loss of revenue
Other income - (rollup)	2,781,569	19,370,751	22,152,320	1,101,699	-21,050,621	-95.03%	Emergency Medical Services unfunded portion was expected to be resolved. The outstanding amount is currently being escalated to higher authorities to resolve
Interest received - investment	2,060,000	40,084	2,100,084	1,607,476	-492,608	-23.46%	Loss of revenue due to temporarily closure of testing stations. Reduced

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Notes to the Financial Statements

Figures in Rand

38. Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget
							interest rates and less money to invest.
Total revenue from exchange transactions	89,915,331	17,623,494	107,538,825	80,372,175	-27,166,650		
Revenue from non-exchange transactions							
Taxation revenue							
Government grants & subsidies	260,552,000	-	260,552,000	254,076,689	-6,475,311	-2.49%	
Total revenue	350,467,331	17,623,494	368,090,825	334,448,864	-33,641,961		
Expenditure							
Personnel	-195,574,243	-4,732,682	-200,306,925	-200,806,522	-499,597	0.25%	
Remuneration of councillors	-10,579,993	-354,455	-10,934,448	-10,709,156	225,292	-2.06%	
Depreciation and amortisation	-23,265,556	-4,523,600	-27,789,156	-28,018,728	(229,572)	0.11%	
Finance cost				-38,380	(38,380)		
Debt impairment	-	-66,600	-66,600	-66,567	33	-0.05%	
Public Participation	-160,540	150,000	-10,540	-8,450	2,090	-19.83%	Spending was based on specific need identified and cost containment measure implemented

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2014

Notes to the Financial Statements

Figures in Rand

38. Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget
Repairs and maintenance	-4,495,894	76,372	-4,419,522	-4,316,120	103,402	-2.34%	
Contracted Services	-39,560,241	268,786	-39,291,455	-36,818,234	2,473,221	-6.29%	
Grants and subsidies paid	-16,013,158	4,868,000	-11,145,158	-11,145,127	31	0.00%	
General Expenses	-60,687,929	-10,231,556	-70,919,485	-70,401,637	517,848	-0.73%	
Total expenditure	-350,337,554	-14,545,735	-364,883,289	-362,324,744	2,558,545		
Operating deficit	129,777	3,077,759	3,207,536	-27,880,017	-31,087,553		
Loss on disposal of assets and liabilities	50,000	20,000	70,000	-134,381	-204,381	-291.97%	Loss on stolen vehicle has resulted in variance which was not anticipated
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	179,777	3,097,759	3,277,536	-28,014,398	-31,291,934		

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL ON SEDIBENG DISTRICT MUNICIPALITY

Report on the financial statements

Introduction

1. I have audited the financial statements of the Sedibeng District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sedibeng District Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Funding of operations

8. Note 31 to the financial statements indicates that the Sedibeng District Municipality incurred a net loss of R 28 014 398 during the year ended 30 June 2014 and, as of that date, the municipality's current liabilities exceeded its current assets by R 59 855 797. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

Significant uncertainties

9. With reference to note 28 to the financial statements, the municipality is a defendant in a number of lawsuits. The ultimate outcome of these matters cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

10. As disclosed in note 29 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered in the financial statements of Sedibeng District Municipality during the year ended 30 June 2014.

Additional matter

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

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programme presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2014:
- Objective 1: Improving stakeholder relations through public participation on pages xx to xx.
 - Objective 2: The pursuit of efficient, accountable, co-operative governance pages xx to xx.
 - Objective 3: Promote and Develop the Tourism Sector pages xx to xx.
 - Objective 4: Create long term sustainable jobs, reduce unemployment, poverty and inequalities pages xx to xx.
 - Objective 5: Promote Residential Development and Urban Renewal pages xx to xx.
 - Objective 6: Plan for effective, efficient and sustainable infrastructure for water and sanitation, and provision of electricity pages xx to xx.
 - Objective 7: Implementation of effective and efficient environmental management in the Sedibeng District Municipality pages xx to xx.
 - Objective 8: Ensure the implementation of MHS programmes to reduce environmental health risks pages xx to xx.
 - Objective 9: Plan and develop accessible, safe and affordable public transport systems and facilities pages xx to xx.
 - Objective 10: Promote efficient movement of freight in the region pages xx to xx.
 - Objective 11: Render an efficient, effective and corruption free vehicle state registration and licensing service pages xx to xx.
 - Objective 12: Facilitate and coordinate internal and external HIV, AIDS and TB mainstreaming pages xx to xx.
15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as

required by the National Treasury's *Framework for managing programme performance information*.

17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise any material findings relating to the usefulness and reliability of the reported performance information for the selected objectives.

Additional matter

19. I draw attention to the following matter:

Achievement of planned targets

20. Refer to the annual performance report on pages x to x; x to x for information on the achievement of planned targets for the year.

Compliance with legislation

21. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

22. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Other reports

Investigations

23. An internal investigation was conducted at the request of the municipality, which covers the period 1 July 2013 to 30 June 2014. The investigation was initiated based on an allegation of the possible misuse of an executive director's position in the municipality. The investigation was still ongoing at the reporting date.

AUDITOR - GENERAL

Johannesburg

30 November 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



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2013-14 annual report

