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CHAPTER 1: INTRODUCTION AND OVERVIEW

FOREWORD BY THE EXECUTIVE MAYOR

It is now over a decade since the advent of our democratic local government system, as CDM, we have always been renowned for our pursuit for excellence in service to our people and delivery of services. Progress, growth and development are key elements in our mandate that have characterized our existence in the history of local government. The resounding victory in the implementation of our projects epitomized our commitment in involving stakeholders and community in matters of government. We are confident to announce that such progress in the last financial year gave us leverage to continue delivering on the 10/11 financial year.

Accordingly, this 2009/2010 annual report categorically provides a detailed, true, honest and accurate account of all legislated aspects of performance deriving from the set strategic goals of the Council through our IDP for the last financial year. It is in this report that we present all the achievements in our governance as well as in service delivery and the underlying challenges.

In his inaugural State of the Nation Address in June 2009, President Jacob Zuma Stated: “It is my pleasure and honour to highlight the key elements of our programme of action. The creation of decent work will be at the centre of our economic policies and will influence our investment attraction and job creation initiatives. Inline with our undertakings, we have to forge ahead to promote a more inclusive economy." The New Growth Path: The Framework must provide bold, imaginative and effective strategies to create the millions of new jobs South Africa needs. The job drivers identified in the New Growth Path are:

- Substantial public investment in infrastructure both to create employment directly in construction, operation and maintenance as well as the production of inputs, and indirectly by improving efficiency across the economy.
- Targeting more labour-absorbing activities across the main economic sectors-agricultural and mining value chains, manufacturing and services.
- Taking advantages of new opportunities in the knowledge and green economies.
- Leveraging social capital in the social economy and public service.
- Fostering rural development and regional integration.

The annual report further comes at the time that the ruling party, the African National Congress, through its manifesto, declared war on crime, poverty, empowerment, lack of education, unemployment, diseases as well as scourge of HIV and aids to the populace and homelessness. This was reiterated by President Zuma during the January 8 statement in our beloved city, Polokwane in 2011. The President explicitly stated the need to fight these social illnesses through accelleration of efforts towards job creation. This will be done in the coming financial years within the ambit of Limpopo Employment Growth and Development Strategy. The ruling party further recently adopted new economic growth path in its endeavour to achieve 7% of economic growth. As we move forward in the coming financial years, the above-mentioned policy documents will serve as our guidelines. The remains significant to our quest to improve lives of our people in the district.
The preparation of this report compliantly honours provisions prescribed by chapter 12 of the MFMA Act 56 of 2003, Sections 45, 46 of MSA Act 32 of 2000 and the Division of Revenue Act (DORA). These pieces of legislation recognize this report as a mechanism through which we account on performance targets and budgets outlined in our strategic plans – specifically looking at progress and achievements made, coupled with attainment of the national service delivery targets in the financial year 2009/2010. In the context of ensuring good governance and public participation, we ended our financial year on a high note by successfully hosting 2nd District Peoples Assembly wherein we brought together all ward committees.

In this report our noble goals of contributing to the achievements of Millenium Development Goals (MDGs) are taken stock of. This include frank reflections of the progress achieved in the provisions of basic services such as water, sanitation, electricity and solid waste; challenges experienced over the period and remedial actions taken to address these challenges.

Without regard to the many challenges faced by governments around the globe resulting from the global financial crisis, we as Capricorn District remain not just optimistic but committed to meeting service delivery target of universal access to water by 2010 as espoused in the national targets and MDGs. To this extent, we managed to ensure increased access to water by over 87% of the district population while those who are classified as indigent continued to receive free basic water. Meanwhile, the electrification program managed to benefit 77% of the households in Capricorn. Our efforts to meet the national target on energy to all by 2012 are on an irreversible path. We still call on our people, this in line with our District Energy Plan to save power to boost the energy reserve of the electricity supplier.

There is no doubt that the huge quantum of resources invested in infrastructural development, particularly road infrastructure will release economic potential of the District for the benefit of our people most of whom resides in our rural areas. To this end the hosting of the major event like the FIFA soccer world cup displayed our ability to host major international events. For this the district and local municipality, Polokwane as well as the provincial government, Limpopo Province need to be applauded.

As I drive to a close, let me extend my thanks and appreciations to the entire district community for their unequalled support to this Municipality. The staff, Mayoral Committee and honorable members of Council also deserve accolades for channeling their energy in ensuring proper, quality, sustainable and people-centered service delivery and development. Success reflected in this reports shows your utmost level of commitment to the people. Everybody’s dedication to the success of CDM also breathe life to our motto ‘Re Soma Le Setšhaba’

CLLR ML MAPOULO
EXECUTIVE MAYOR
This annual report serves to highlight the progress made by the Capricorn District Municipality between July 2009 and June 2010. It highlights the achievements of the District, the services rendered and provided by the municipality, and other developments in which the District has engaged on. It further provides audited financial statements for 2009/2010. The main objective of presenting this report is to report back to communities on performance, progress and other related matters during afore mentioned period.

2009/2010 started with minor challenges in the municipality. Despite these challenges, the municipality is pleased to report that CDM continued to set high standards and pursued high levels of service delivery. The 80% overall achievement in the scorecard by our institution bears testimony to this. The staff have continued to demonstrate their commitment, enthusiasm and innovation in fulfilling CDM mandate.

Key focus of our activities in addition to overall day-to-day administration and delivery of basic services has been the purchasing of the community service fire-fighting trucks, honey suckers, completion of multy-million water projects and also community outreach meetings with the people of the District. The latter was aimed at ensuring community participation in government programmes.

As we continue to extensively focus on the service excellence, our approach is always to work closely with communities to build appropriate municipal-community partnerships. The local knowledge of the people is combined with the local government developmental mandate to ensure sustainable, people-centred development.

This approach maximizes local economic development opportunities and builds skills and capacity in most of our rural areas. Though we still face challenges which we think we will overcome, we still need to:

- fast-track infrastructural development initiatives and service delivery, focusing on the provision of free basic services, water, sanitation, electricity, roads and storm water as well as passenger transport;
- deepen the alignment of our IDP with the Limpopo Employment Growth and Development Strategy (LEGDS) and the National Spatial Development Perspective (NSDP) as an inclusive instrument around which planning should take place towards addressing the socio-economic challenges confronting our region;
- intervene in our Local Economic Development to adequately address issues of economic development, skills development, job creation and poverty alleviation;
- enhance the performance of the District by inculcating the culture of performance management in all our processes;
- Improve our IDP to cover a period of not less than five years as part of our long term strategic goals inline with national prescripts
- continue to deepen public participation, intergovernmental relations, stakeholder participation and customer care in all our processes geared towards bettering the lives of our communities;
- The need to continuously monitor the implementation and attainment of the developmental objectives encapsulated in the District IDP.
- Attainment of 2014 national targets as as espoused in Municipal Turn Around Strategy.

It is therefore evident that as a collective, the Capricorn District Municipality have a gigantic tasks to fulfil in order to make this plan happen. We have already started working on it,
allocating financial resources to variety of functions under our responsibility, creating structures to carry out the entire task as indentified.

The constitution and the local Government statutes enjoin District municipality with the obligation of positively influencing regional economies as well as improving the general well being of its communities. It is in recognition and pursuit of these obligation thefore that the CDM has resolved to embrace the national and provincial strategies. CDM has promoted infrastructure development and upgrading as paramount in fulfilling its regional economic development objective.

In defining CDM’s developmental trajectory, required are both focus and decisiveness on our part; the will to weigh trade-offs and make choices, as well as strategies to inspire all stakeholders to proceed along a new trail. If decisive action is taken on a number of focused areas, the confluence of possibilities is such that the District would enter a road of faster economic growth and job-creation, faster and more efficient provision of quality services, increased social cohesion and reduction of the paradigm of exclusion prevalent among sections of society.

TM PHOGOLE
ACTING MUNICIPAL MANAGER
OVERVIEW OF THE MUNICIPALITY

GEOGRAPHICAL LOCATION OF CAPRICORN DISTRICT MUNICIPALITY

The District Municipality is situated in the centre of the Limpopo Province sharing its borders with 4 district municipalities namely: Mopani (east), Sekhukhune (south), Vhembe (north) and Waterberg (west). The District is situated at the core of economic development in the Limpopo Province and includes the capital of the Province, i.e. the City of Polokwane. One national and various major provincial roads pass through the district municipal area, i.e. the N1 – National Road from Gauteng to Zimbabwe and the rest of Africa, the P33/1 (R37) from Polokwane to Burgersfort / Lydenburg, the P94/1 (R521) from Polokwane to Aldays and Botswana and the P17/1 (R71) from Polokwane to Tzaneen and Phalaborwa.

Capricorn District Municipality covers an area of 18,570.30km² and has five local municipalities under its jurisdiction. Table A-1 indicates the local municipalities in the CDM area and the area these local municipalities cover.

Table A-1: Local Municipalities in the CDM Area

<table>
<thead>
<tr>
<th>Local Municipality</th>
<th>Area (km²)</th>
<th>No. of wards</th>
<th>% of CDM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aganang LM</td>
<td>1,852.22km²</td>
<td>18</td>
<td>9.9%</td>
</tr>
<tr>
<td>Blouberg LM</td>
<td>5,054.84km²</td>
<td>18</td>
<td>24.4%</td>
</tr>
<tr>
<td>Lepelle-Nkumpi LM</td>
<td>3,454.78km²</td>
<td>27</td>
<td>27.2%</td>
</tr>
<tr>
<td>Molemole LM</td>
<td>3,347.25km²</td>
<td>13</td>
<td>18.2%</td>
</tr>
<tr>
<td>Polokwane LM</td>
<td>3,775.21km²</td>
<td>37</td>
<td>20.3%</td>
</tr>
<tr>
<td><strong>Capricorn DM</strong></td>
<td><strong>18,570.30km²</strong></td>
<td><strong>113 wards</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Source: CDM SDF, 2005

SOCIO-ECONOMIC DEVELOPMENT OF CAPRICORN DISTRICT MUNICIPALITY

According to the Statistics South Africa (Census 2001), the total population of Capricorn District Municipality is estimated at 1 243 167. A total of 285 565 households live in the district municipal area and the average household size is 6.1. The Polokwane municipal area is the most densely populated with estimated 561 772 people living in, while the Molemole municipal area is the least densely populated (5.52 people/ha).
The total population of CDM is estimated at 285,565 or 1,243,167 households (Community Survey 2007), close to 44% of which live in Polokwane, one of the fastest growing local municipalities in the country. The growth of Polokwane is underpinned by the natural increase of its population as well as the rapid rural-urban migration-taking place. Close to 40% of the population are aged between 0 to 14 years and 6% are over the age of 60. A significant number of economically active males are working in other districts and provinces such as Gauteng to earn an income and return home to their families over weekends or month ends. This means that a significant proportion of the population is dependent on the income generated by others. Over 25% of the population has no formal education at all and over 40% has only a limited education (below Grade 12). Among these groups, income and upward mobility opportunities are extremely limited in spite of high overall economic growth; they are unlikely to find employment in the short to medium term. More than seventy percent (70%) of households in Aganang, Blouberg and Molemole live below the breadline.

It is estimated that over 55% of the “economically active population” (people between the ages of 15 and 64 years) is unemployed. This situation is rapidly worsening, as the average unemployment rate for the district was 46.5% in 1996. Unemployment is the lowest in Polokwane Local Municipality compared to other municipalities. Migrancy remittances earned outside CDM have long been the most important source of income in the area. This is the main form of income for many households and the major source of money flowing into CDM. The Service sector is very dominant in the local economy. The only two other sectors with notable contributions are manufacturing and trade. It is interesting to note that the location quotient suggest that the district enjoys comparative advantages in trade, finance, transport and services. This can largely be attributed to the location of Polokwane in the district, which has always been the administrative heart of the province.
The Capricorn District contributes about 32% (1994) towards provincial manufacturing, which, after the Mopani District, represents the second highest contribution of all the districts. The district also generates about 26% (1994) towards provincial trade, which, after the Vhembe District, is the second highest contribution of all the districts. These figures therefore suggest that the Capricorn District represents an important location for both manufacturing and trade activities in the province. The most important location for these two activities is the Polokwane/Seshego cluster. In terms of the new set of incentives, Polokwane qualifies for the Tax Holiday Scheme (THS), as well as an Industrial Development Zone (IDZ). In addition, the node has an international airport, which has the potential to improve the exportation of provincial production such as sub-tropical fruit. It can be assumed that the dominance of the Polokwane/Seshego node is likely to increase in future. The economy will in future most probably tend towards the tertiary activity, particularly activities such as services, finance, trade and transport. It has been proposed that a biosphere be registered at Blouberg. Mineral production includes the proposed exploration of flake granite at Alldays (Steamboat).

The entire district is water poor, as it does not have many primary sources of water. Currently water that is used in the capital city has to be imported. The continued use of water and the need in future for irrigation water may not be sustained over a long period. This will seriously affect a number of the irrigation regions such as the Sand Irrigation Region.

Approximately 30.53% of all the settlements (i.e. towns and villages) in the CDM area are located within Polokwane Local Municipality. Approximately 20% of all the larger settlements with 5 000 people and more are also located within this local municipal area. All 5 local municipal areas have a large number of small villages, that is, villages with less than 1 000 people. These low population densities have severe implications for improving the levels of service provision to communities, as the cost associated with respect to the provision of service infrastructure, for this spatial settlement pattern is very high. There are a number of government owned reserves in the district such as Blouberg, Moletjie, Bakone and Machaka. In addition, there are two registered Natural Heritage Sites namely Brackenhill and Goedehoop. A housing backlog of 325 503 units exists in the CDM area, i.e. 112 503 units in urban areas and 213 000 units in the rural areas.

Aganang has potential for agricultural and tourism development but does not have a viable revenue base and is experiencing environmental problems. The municipality does not have planning systems and tools to guide development such as by-laws and a town-planning scheme.

Blouberg comprises six growth points, i.e. Senwabarwana, Alldays, Eldorado, Buffelshoek, Harriswich and My-Darling. The central locality of the municipal area in relation to the rest of the country ensures that a number of important regional routes transverse the area.

Lepelle-Nkumpi municipal area is the second largest municipality and comprises two urban nodes (Lebowakgomo District Growth Point and the Magatle Municipality Growth Point). The occurrence of unsettled land claims in the area is hindering spatial development in the municipal area.

Molemole comprises farms, plantations, small-scale mining, housing (low cost, informal, middle income), transportation networks (road and rail), agricultural areas (commercial and subsistence), and recreational and community facilities. It has a potential for tourism development, which needs to be improved and marketed to attract and create an economic base.
Polokwane is the capital of Limpopo and is located on the N1. The spatial pattern of the municipal area reflects the historic “apartheid city” model, with Polokwane as the main centre and other nodes such as Seshego and Mankweng located 10km to the north-northwest and 25km to the east of the city centre respectively. Extremely impoverished rural settlements are scattered in the peripheral areas of the municipal area. The economic space is totally dominated by the Polokwane/Seshego nodal point. By 1996, the town was considered one of the fastest growing cities in South Africa. The node lies on the N1 axis, which is the main gateway to the rest of Africa. The capacity of this axis is constantly improved and it can be expected that the axis will become even more important for the transport of goods by road to and from Africa. This status is further supported with the Polokwane International Airport located just outside of Polokwane. The Department of Trade and Industry (DTI) also identified the node as a so-called Industrial Development Zone (IDZ). This supports earlier suggestions that the node be developed as an Export Processing Zone (EPZ). To the northwest of the Polokwane / Seshego node lie Senwabarwana and Thabamoopo which are districts of the former Lebowa.

The Polokwane municipal area has the largest number of informal dwellings or shacks in backyards elsewhere and represents approximately 14.32% of all housing units. In total approximately 701,000ha (representing 41.31% of the total area of the Capricorn District) is subject to land claims. Land claims have a severe impact on the development of the entire District. In 2003, 700 land claims had been lodged with the Regional Land Claims Commissioner in the CDM. Land development and land use management is hindered by the applicability of different types of legislation to different areas and towns/settlements/villages in the CDM area. The plethora of planning legislation creates uncertainty and sometimes conflict between various role-players.

The City, Polokwane like other cities throughout the world experience influx of foreign nationals. This obviously has long term effect on the services provided to citizens of the area. It also has impact on the limited resources to be allocated to people in the City and around the municipal area.
CHAPTER 2: PERFORMANCE OVERVIEW

The following chapter highlights key achievements based on the following KPA:

**KPA1: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY**

Approximately (202 750) 71% of the population living in the district has access to water at RDP standards, and 29% (backlog) receives water from natural sources such as rivers, dams, springs, etc. which increases their susceptibility to disease. However, the operation and maintenance of existing water schemes is still a challenge, which affects the sustainability of water provision. Seven in ten persons have access to sanitation that meets minimum RDP levels.

CDM area have access to electricity and 18.2% (51 973) do not have access to electricity. In the municipal areas of Aganang and Bloemfontein 59.4% and 61.1% respectively have access to electricity, whereas in Molemole 77.9%, Lepelle-Nkumpi 94.1 have substantive access to electricity with Polokwane at 55%. In terms of roads, the total district roads to be tarred is 2 494 kilometres, which 200 kilometres is already tarred. The backlog is 2 294 km. The major public transport services in CDM are bus and taxi operations. Most roads in the CDM are in a poor state of repair. The rural roads are poorly designed and not maintained with specific attention to storm water drainage. There is also significant freight transport due to the mining activities in the district.

The following disaster risks have been identified: floods, drought and other extreme weather conditions, epidemics, veld fires, transportation emergencies. The main objective of fire and rescue services section is to prevent the loss of life and damage to property and to provide protection against fire. CDM has identified many environmental problems ranging from air pollution, overgrazing, contamination and uncontrolled land development. Furthermore, four out of every five households do not have access to a municipal solid waste disposal service.

Environmental management is a critical function due to the need that exists to protect the social, natural and economic resources on which future development and quality of life depends and to use resources wisely so as to maximise opportunities for sustainable growth and development both in the present as well as in the future.

**KPA2: INSTITUTIONAL TRANSFORMATION**

The focus was to develop the necessary capacity among all stakeholders to enable them to discharge their responsibilities towards development of communities. Some of the tasks have been successfully done. The municipality ensured that communities throughout the district access various training or capacity development interventions. This was done through conducting institutional capacity assessment, skills audit and performance reviews as well as compilation of the district wide skills profile. These exercises are conducted periodically and inform specific capacity building interventions and measures. Identified measures were captured and translated into a Work Skills Plan (WSP) which focuses on the internal role players and external capacity development framework - a comprehensive plan incorporating broad institutional training needs outside the organization including local municipalities, that is, through learnerships and, internships. CDM ensured the coordination of human resources development through the implementation of learnerships and Interns as well as on site training activities.
KPA3: LOCAL ECONOMIC DEVELOPMENT:

CDM represented 25% (second largest in the Province) of the provincial economy in 2009. The Community Services Sector, which is mostly government, is by far the largest sector in the district economy, representing 31% of the total output. The Trade and Retail Sector is the second largest sector and has grown by 14.6%. The Agricultural Sector has the fastest nominal growth rate (19.2%). The Mining Sector reflects the second fastest growth rate due to the establishment of the new diamond mine at Zebediela and the expansion of the Silicon Smelters. Polokwane is by far the largest of the five local economies, followed by Lepelle-Nkumpi and Molemole. Blouberg and Aganang have very small economies and are urgently in need of effective local economic development initiatives.

A large part of Capricorn’s economy depends on agricultural development and economically potatoes are by far the most important crop in CDM. Capricorn is situated as a stopover between Gauteng and the northern areas of Limpopo and between the north-western areas of the province and the Kruger National Park. It is a gateway to Botswana, Zimbabwe and Mozambique. CDM is currently a tourism destination and a gateway to other destinations in the province and country.

KPA4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT:

There are also currently budgetary and financial management reforms sweeping local government throughout the country. These reforms comes in the wake of under-collection of revenue, uneconomical use of resources including spending, inefficient management of municipal assets and overall financial management in local government that is incongruent with the generally acceptable financial management practices. The key challenge is to maximize revenue (generation and collection). The Municipal Finance Management Act requires the municipality to formulate and implement a Supply Chain Management policy to guide its procurement of goods and services. CDM is as well required to embrace the spirit and principles of the Broad Based Black Economic Empowerment (BBBEE), Preferential Procurement and its Local Economic Development strategy.

KPA5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION:

Ward participation is still an important aspect that brings people closer to the municipalities. There are pockets of success recorded across the municipality, especially in local municipalities. However, the challenges go beyond establishment of ward committees to looking at how they can be sustained to give communities a voice that makes an impact in the direction of programmes of the municipality. Community Based Planning (CBP) has been implemented from the financial year 2009/10, in order to deepen ward participation to planning. CBP is specific to the ward, which has been designed to promote community action and make the IDP of a municipal area more people focused. The objective is to improve the quality of plans and services, improve community’s control over development and to increase community action and reduce dependency. There is a gap for capacity building for ward councillors that need to be coordinated at a district level. As well there is no measurement tool for performance of councillors across all municipalities in relation to performance targets.
a. Health and HIV/AIDS:
CDM has, in line with national policy, established a District Aids Council and has embarked on a set of processes and activities aiming to strengthen the multi-sectoral response to HIV and AIDS both in the community and in the workplace.

b. Sports, Culture and Heritage:
We have together with other stakeholders developed infrastructure over the next three years in Polokwane which will address a sustainability perspective to be relevant investment beyond 2010. Key interventions which took place included the building of the new Peter Mokaba Stadium, training venues, such as the Seshego Stadium and the building of stadium in Mankweng (Erf 613); the upgrading of the road network system in Polokwane; beautification of the city entrance and CBD;

c. Special Focus:
The Special Focus section ensured that all special focus groups - the youth, elderly and disabled - in the municipality are mainstreamed into the developmental agenda. In making sure that it responds to the needs of these groups of people, various special focus intergovernmental structures were launched and supported with sufficient consultation having been undertaken. Programmes and projects including skills development and economic empowerment were implemented to empower and mainstream special focus groups. Strategies have been developed to bring an equity element into all aspects of planning, policy, programming and transformation activities of the municipality. CDM initiated and coordinated special focus development programs in the district and ensure the participation of the youth in the economic development of the district.

d. Education:
We have continued to support “Adopt a School” programme whereby all mayoral committee members adopted needy schools and exposed the schools governing bodies to motivational programmes “I can”. Identified schools were visited in the beginning of 2010 and school kids supported with calculators

e. Employment Equity and Black Economic Empowerment.
CDM is committed to correcting past imbalances in terms of employment equity. We are however clear that affirmative action is not a recipe for the replacement of skilled labour but an instrument to increase representation of the previously disadvantaged in critical job categories of the organisation.

The institution has continued to ensure that Black owned companies are provided opportunities by exercising the Preferential Procurement Act of 2000. This is illustrated in the amount of work that was allocated to BEE companies including women owned and controlled companies.
CHAPTER 3: HUMAN RESOURCES AND ORGANIZATIONAL MANAGEMENT

Human Resource Management is central to the strategic thrust of the District. It is geared to achieve optimal outcomes and impact on Service Delivery. The District’s Human Resource Management located within the Corporate Services Department and headed by the Manager. The function is organized and discharged through the following units; HR Provisioning and Maintenance, Training and Organizational Development, Labor Relations and Payroll management.

- Provisioning and Maintenance is responsible for implementation of the organizational structure through recruitment, both internally and externally.
- Payroll ensures that salaries are paid timeously and in accordance to legislative requirements.
- Labour Relations manages and ensures sound labour practices.
- Training and Organizational Development coordinates training programmes in an integrated approach for both employees and councilors.

The HRM is further strengthened through various Committees in line with Good Governance.

- Training Committee
- Work Place Forum (Local Labour Forum)
- Employment Equity Committee
- Health & Safety Committee
- Remuneration Committee

TRAINING AND ORGANISATIONAL DEVELOPMENT

Achievements:
Bursaries were awarded to 20 students. The students submitted final results and registrations for the current academic year were undertaken. The training unit was facilitating payments of all outstanding fees for the semesters. The training unit has received some semester results from institutions of higher learning. Adverts for the new intake resumed in August.

Challenges:
Funding remained a challenge. Students completed exams but had been blocked from viewing or receiving results due to delays in payments. Payments were being processed very slowly in Finance.

EMPLOYEE BURSARY PROGRAMME

Achievements:
The municipality awarded bursaries for 45 employees for the 2010 academic year. The municipality also resolved to not cover the travelling and accommodation.
IMPLEMENT WORKPLACE SKILLS PLAN

Achievements:
The WSP was submitted to the LG SETA 30 June 2009. The municipality received R 485 204.00, mandatory grants in the form of rebates from the LG SETA. Deposits for the rebates were being tracked in collaboration with Department of Finance. The municipality was able to implement a learnership on Local Government Accounting Certificate Learnership implemented in collaboration the Department of Housing & Local Government. The municipality had placed interns for workplace training in both Finance and IT. We have 5 FMG Inters and 5 interns for IT.

CDM in conjunction with the local municipalities and DBSA have held further interviews for the recruitment of Artisans. 24 Artisans (13 Electricians and 11 Plumbers) have been appointed. Attempts were being made to ensure that all municipalities benefit from this process.

DEVELOP AND IMPLEMENT HRD STRATEGIC PLAN

Achievements:
This initiative was part of the Institutional/OD Project that was being facilitated by Resolve Group and the HRD strategy has not been completed. The HR Unit reviewed the scope of the HRD strategy to include local municipalities as per guidelines provided the provincial Department of Local Government and Housing.

IMPLEMENTATION OF THE TRAINING PLAN

Achievements:
Training unit has been able to procure the following training programme:

i. Computer Training offered by CTU
ii. Specialised local Government Programme offered by Durban University of Technology
iii. Transformational Leadership offered by WITS University

The training Unit also conducted skills audit process for both DWAF and environmental Health transferred employees. The skills audit process was done for 353 DWAF employees and 20 EHS employees.

Challenges:
Training initiatives are currently reactive and did not include transferred employees from DWAF and Department of Health. We were not able to adequately address all individual needs considering funding allocations and demands from employees for training due to limitation for funding.
ORGANISATION DEVELOPMENTS & INSTITUTIONAL DEVELOPMENT PLAN

Achievements:
The project was being facilitated by Resolve Group and was just about to be concluded. The Service Provider had completed the following activities as per approved Terms of Reference:

- The organizational structure had been finalized and the mayoral committee approved it. Placement of employees was also concluded.
- Role Profiles as they appeared on the 2008/09 organizational structure have been developed and quality assured. However the process excluded the transferred employees from Departments of Water Affairs and Health.
- A Job Evaluation Policy was developed and training on Job Evaluation was offered to the HR Team.
- Organizational Structure was reviewed and was being presented to all decision making structures for consultation and ratification’ This organisational structure was adopted in December 2009.
- The 1st Draft of the Institutional Development Plan was developed and presented to the municipality for comments.

Challenges:
The project was faced with a lot project management challenges that emerged due to lack of clarity relating to project scope and communication about the project both internally and externally.

IMPLEMENT EMPLOYEE WELLNESS

Achievements:
The service was advertised for tender and the evaluation report was finalised and the project was due for adjudication.

Challenges:
There were delays in the finalisation of the evaluation report and it has impacted negatively on the rolling out of the project.

PERSONNEL PROVISIONING

COMPETENT HUMAN CAPITAL RECRUITED

APPOINTMENTS

Positions filled from July 2009 to June 2010 are 28 and are as follows:

1. Manager Budget
2. Personnel Officer
3. Technician Roads
4. 2 Admin Clerks (Supply Chain Management)
5. Manager Human Resources
6. Accountant: Treasury
7. Disaster Management Coordinator
8. Air Quality Officer
9. Manager Income
10. Manager in Executive Mayor’s Office
11. 4 Station Officers
12. Chief Financial Officer
13. 3 Control Room Operators
14. Mayoral Support Officer
15. 2 Public Participation Coordinators
16. General Assistant
17. 5 FMG Interns

Declined Offers of employment from July 2009 to June 2010 was one

- Chief Financial Officer

ADVERTS

The following positions were advertised during 2009 / 2010 Financial Year:

- Manager: Executive Mayor’s Office
- Deputy Manager: Agriculture
- Procurement Officer
- Station Officers (X4)
- Leading Fire Fighters (X3)
- Senior Fire Fighter (X4)
- Junior Fire Fighters (X3)
- Fire Fighters (X5)
- Control Room Operator (X3)
- Disaster Management Officer
- Chief Finance Officer
- Mayoral Support Officer
- Senior Manager Strategic Planning and Economic Development
- Manager Planning and Development
- ISD Coordinator
- PMS Coordinators (X2)
- Risk Officer
- Senior Internal Auditor: Specialised Audits

TERMINATION OF SERVICE:

Total Resignations was 19

Community Services: 8

- Station Officer:
- 4 Senior Fire Fighters:
- Junior Fire Fighter:
- Fire Fighter:
- Control Room Operator:

Finance: 4

- 2 FMG Intern: Finance
- Assistant Accountant: Finance (Dismissal)
- Creditor’s Clerk: Finance (Dismissal)
Strategic Planning and Economic Development: 3
- Senior Manager Strategic Planning and Economic Development
- Manager Planning and Development
- Deputy Manager Social Development

Executive Management: 2
- Mayoral Support Officer
- Deputy Manager PMS

Corporate Services: 2
- 2 SAP Administrator

EMPLOYMENT EQUITY REPRESENTATION
The Employment Equity Report for the 2008 / 2009 financial year was submitted before the closing date which was 15 January 2010.

Males: 66%
Females: 34%

<table>
<thead>
<tr>
<th>EMPLOYMENT EQUITY ALL EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEMALES</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>181</td>
</tr>
</tbody>
</table>

ALL EMPLOYEES
- Males: 66%
- Females: 34%
## EMPLOYMENT EQUITY PER DEPARTMENT - CDM

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>FEMALES</th>
<th>MALES</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>STRATEGIC SUPPORT</td>
<td>16</td>
<td>20</td>
<td>36</td>
</tr>
<tr>
<td>FINANCE</td>
<td>17</td>
<td>7</td>
<td>24</td>
</tr>
<tr>
<td>CORPORATE SERVICES</td>
<td>21</td>
<td>16</td>
<td>37</td>
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<tr>
<td>STRATEGIC PLAN &amp; ECON DEV</td>
<td>7</td>
<td>7</td>
<td>14</td>
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<tr>
<td>INFRASTRUCTURE</td>
<td>11</td>
<td>21</td>
<td>32</td>
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<tr>
<td>COMMUNITY SERVICES</td>
<td>40</td>
<td>46</td>
<td>86</td>
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<td>INTERNS</td>
<td>5</td>
<td>0</td>
<td>5</td>
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<tr>
<td>CONTRACTORS</td>
<td>2</td>
<td>1</td>
<td>3</td>
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<tr>
<td>TOTAL</td>
<td>119</td>
<td>118</td>
<td>237</td>
</tr>
</tbody>
</table>

### FEMALES

- **STRATEGIC SUPPORT**: 13%
- **FINANCE**: 4%
- **CORPORATE SERVICES**: 34%
- **STRATEGIC PLAN & ECON DEV**: 9%
**EMPLOYMENT EQUITY AS PER POSITIONS – TRANSFERRED EMPLOYEES**

<table>
<thead>
<tr>
<th>POSITION</th>
<th>FEMALES</th>
<th>MALES</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>ADMIN CLERK</td>
<td>11</td>
<td>6</td>
<td>17</td>
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<tr>
<td>ARTISANS</td>
<td>0</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>GENERAL WORKERS</td>
<td>27</td>
<td>58</td>
<td>85</td>
</tr>
<tr>
<td>OPERATORS</td>
<td>5</td>
<td>78</td>
<td>83</td>
</tr>
<tr>
<td>WATER PLANT</td>
<td>1</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>CHIEF ACCOUNTING OFFICER</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>OTHER</td>
<td>7</td>
<td>52</td>
<td>59</td>
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<tr>
<td>CHIEF ENVIRONMENTAL HEALTH OFFICER</td>
<td>0</td>
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<tr>
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<td>ENVIRONMENTAL HEALTH SUPERINTENDENT</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>62</strong></td>
<td><strong>230</strong></td>
<td><strong>292</strong></td>
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**FEMALES**

- Admin Clerk: 18%
- Artisans: 0%
- General Workers: 43%
- Operators: 8%
- Water Plant: 2%
- Environmental Health Officer: 16%
- Environmental Health Superintendent: 2%
- Chief Accounting Officer: 0%
- Other: 11%
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>FEMALES</th>
<th>MALES</th>
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<tr>
<td>Senior Managers (0 - 1)</td>
<td>1</td>
<td>5</td>
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<td>Management (2 - 3)</td>
<td>9</td>
<td>25</td>
<td>34</td>
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<td>Professionals (4 - 5)</td>
<td>18</td>
<td>30</td>
<td>48</td>
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<tr>
<td>Technicians (6 - 7)</td>
<td>13</td>
<td>24</td>
<td>37</td>
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<tr>
<td>Skilled / Clerical (8 - 10)</td>
<td>55</td>
<td>23</td>
<td>78</td>
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<tr>
<td>Unskilled (11 - 16)</td>
<td>16</td>
<td>10</td>
<td>26</td>
</tr>
<tr>
<td>Interns</td>
<td>5</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Contractors</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>119</strong></td>
<td><strong>118</strong></td>
<td><strong>237</strong></td>
</tr>
</tbody>
</table>

**FEMALES**
- Senior Managers (0 - 1)
- Management (2 - 3)
- Professionals (4 - 5)
- Technicians (6 - 7)
- Skilled / Clerical (8 - 10)
- Unskilled (11 - 16)
- Interns
- Contractors

**Chart**
- Bar chart showing the distribution of females and males across different categories.

**Diagram**
- Pie chart showing the percentage distribution of females across different categories.
### EMPLOYMENT EQUITY AS PER AGE GROUP – ALL EMPLOYEES

<table>
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<tr>
<th>AGE GROUP</th>
<th>FEMALES</th>
<th>MALES</th>
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</thead>
<tbody>
<tr>
<td>20 - 30</td>
<td>43</td>
<td>28</td>
<td>71</td>
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<td>31 - 40</td>
<td>73</td>
<td>64</td>
<td>137</td>
</tr>
<tr>
<td>41 - 50</td>
<td>43</td>
<td>161</td>
<td>204</td>
</tr>
<tr>
<td>51 AND OLDER</td>
<td>22</td>
<td>95</td>
<td>117</td>
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<tr>
<td>TOTAL</td>
<td>181</td>
<td>348</td>
<td>529</td>
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</table>

#### COMPETENT HUMAN CAPITAL RECRUITED AND MAINTAINED

### LEAVE MANAGEMENT

**EMPLOYEES:**

- Personal leave files were opened for all employees including transferred employees.
- Approved leave applications were captured weekly on SAP and for transferred employees on Excel.
- In November 2009 all employees except transferred employees were given personal leave reports in order to verify and confirm the number of leave days that they had. They were given a timeframe to submit any queries that they had. Employees who had days in excess of 48 on accumulated were then given until 30 June 2010 to use all the excess leave days because the maximum number of days allowed on accumulated is 48.

**SAP SYSTEM:**

- SAP Consultants from Epi – Use were appointed to address the leave management challenges that we experienced.
- The system configurations were done and we are currently able to deduct leave taken from either annual leave quota or accumulated leave quota, which was not possible before.
• The 50/50 study leave quota were created in line with the policy.
• The long service leave quota was created for recognition of long service and compensation. The system automatically credits the employee when they reach the service period, we no longer have to use the employee’s annual days for this compensation like we did previously.
• The system allowed 6 months after the leave cycle for an employee to use the remaining leave days and they will be kept as unused leave days and they will also reflect on the payslips.

MEDICAL AID ADMINISTRATION:
• Employees had 2 consultation sessions with medical aid service providers: LA Health, SAMWU Med, HOSMED, Bonitas and Key Health.
• The 5 accredited medical aid schemes were invited to present their medical aid scheme benefits to the transferred employees across the district at the satellite offices.
• The other consultations was done during the window period in October 2010 because members were not allowed to change medical aid schemes in the middle of the year.

PENSION FUNDS ADMINISTRATION:
• Two consultation or informative session was conducted with the pension fund service providers (MEPF, MGF and NFMW).

CAR ALLOWANCE ADMINISTRATION:
• A service provider was appointed to address the car allowance disparities that were there.
• The car allowance policy was reviewed.
• There were consultations with the unions on the way forward to address the car allowance disparities

OVERTIME ADMINISTRATION:
• The overtime claims have been capped at 30% of basic salary for all employees in line with the policy.

INDUSTRIAL ACTION DEDUCTIONS:
• The deductions were implemented for the July 2009, March 2010 and April 2010 industrial actions.
**LABOUR RELATIONS**

**Achievements**

- Only two OHS Committee meetings were held during the period of reporting. However inspections and day to day incident reporting were undertaken on an on-going basis.

**Manage the functionality of Local Labour Forum (LLF)**

Eight LLF meetings were held during the period and minutes were available. Various issues of mutual interests were discussed to foster sound labour relations.
### Capricorn District Municipality

#### Contact Information:

<table>
<thead>
<tr>
<th>Name of Municipal Manager:</th>
<th>MM Molala</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Chief Financial Officer:</td>
<td>T. Phogole</td>
</tr>
<tr>
<td>Contact telephone number:</td>
<td>152,941,000</td>
</tr>
<tr>
<td>Contact e-mail address:</td>
<td><a href="mailto:phogolet@cdm.org.za">phogolet@cdm.org.za</a></td>
</tr>
<tr>
<td>Name of contact at provincial treasury:</td>
<td>BE Mabunda</td>
</tr>
<tr>
<td>Contact telephone number:</td>
<td>015 291 8536</td>
</tr>
<tr>
<td>Contact e-mail address:</td>
<td><a href="mailto:80201504@treasury.limpopo.gov.za">80201504@treasury.limpopo.gov.za</a></td>
</tr>
<tr>
<td>Name of relevant Auditor:</td>
<td>Mr. Daniel Tjale</td>
</tr>
<tr>
<td>Contact telephone number:</td>
<td>152,994,401</td>
</tr>
<tr>
<td>Contact e-mail address:</td>
<td><a href="mailto:dtjale@agsa.co.za">dtjale@agsa.co.za</a></td>
</tr>
<tr>
<td>Name of contact at National Treasury:</td>
<td>Obrey Nekhavhambe</td>
</tr>
<tr>
<td>Contact telephone number:</td>
<td>012 315 5867</td>
</tr>
<tr>
<td>Contact e-mail address:</td>
<td><a href="mailto:obrey.nekhavhambe@treasury.gov.za">obrey.nekhavhambe@treasury.gov.za</a></td>
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</tbody>
</table>
Capricorn District Municipality  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2010

General information

Members of the Council

<table>
<thead>
<tr>
<th>Name</th>
<th>Date Appointed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mmakgabo Lawrence Mapoulo</td>
<td>06 August 2010</td>
</tr>
<tr>
<td>Nakedi Maria Lekganyane</td>
<td>22 May 2010</td>
</tr>
<tr>
<td>Malebana Chuene William</td>
<td>21 December 2000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Date Appointed</th>
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</thead>
<tbody>
<tr>
<td>Matsaung Moroamokopane Jack</td>
<td>21 December 2000</td>
</tr>
<tr>
<td>Mokhondo Dorcus Maishibe</td>
<td>21 December 2000</td>
</tr>
<tr>
<td>Manamela Sepeke Martin</td>
<td>21 December 2000</td>
</tr>
<tr>
<td>Chego Linki Suzan</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Molema Mahlodi Regina</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Kgare Makwena Betty</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Keetse Noko Nelson</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Thoka Phillip</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Choshi Isaac Katte</td>
<td>22 March 2006</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Date Appointed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tjumana Mintjie</td>
<td>May 2010</td>
</tr>
<tr>
<td>Mokaba Mapitsi Prescilla</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Mashego Solly</td>
<td>22 March 2006</td>
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<tr>
<td>Van Schalkwyk Jacobus</td>
<td>22 March 2006</td>
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<tr>
<td>Dolo Mmanape Joyce</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Mamaregane Mmamora</td>
<td>22 March 2006</td>
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<tr>
<td>Letwaba Frans Jim</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Seemola Mamoloko C</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Ntlatla Mahlodi William</td>
<td>22 March 2006</td>
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<tr>
<td>Manyatsa Selaelo Sarah</td>
<td>Deceased June 2010</td>
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<tr>
<td>Masemola Mokgaetji Glenda</td>
<td>22 March 2006</td>
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<tr>
<td>Mampa Sekube Geoffrey</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Kgomoeswana Prince</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Matome Nkwete Kaiser</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Mabitsela Mmatlou Salmina</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Ramashala Samuel</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Manamela Tshwana Suzan</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Mathiba Mohlekesetji Maria</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Ramonetha Mashapa Henry</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Ramatsoma Mothoka Betty</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Machaka Matsobane Phanuel</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Senyolo Resimate D</td>
<td>22 March 2006</td>
</tr>
<tr>
<td>Kirkpatrick A</td>
<td>April 2010</td>
</tr>
</tbody>
</table>

Mayor

Speaker

Chief Whip

Members of the Mayoral Committee

Councillors
Tsoai Malebana (Appointed 22 March 2006)
Seakamela Nakedi Winnie (Appointed 22 March 2006)
Ramolesane Konki (Appointed 22 March 2006)
Sedibane Modiba (Appointed 22 March 2006)
Mankge James (Appointed 22 March 2006)

**Acting Municipal Manager**

M M Molala

**Chief Financial Officer**

T.M. Phogole

**Grading of Local Authority**

4

**Auditors**

Auditor-General

**Bankers**

First National Bank

---

**Capricorn District Municipality**

**ANNUAL FINANCIAL STATEMENTS**

for the year ended 30 June 2010

**General information (continued)**

**Registered Office:**

Capricorn District Municipality

**Physical address:**

41 Biccard Street
Polokwane
700
Postal address: P O Box 4100
Polokwane
700

Telephone number: 015 294 1000

Fax number: 015 295 7288

E-mail address: PhogoleT@CDM.gov.za

Capricorn District Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

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Statement of Financial Performance | 6
Statement of Changes in Net Assets | 7
Cash Flow Statement | 8
Accounting Policies | 9-19
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Appendix E: Deviations from Supply Chain Processes | 60
Appendix F: Actual versus budget (Revenue and expenditure) |
## Capricorn District Municipality
### STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>2010</th>
<th>2009</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>Restated R</td>
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</tbody>
</table>

### ASSETS

**Current assets**

1. Cash and cash equivalents
   - 2010: 20,831,365
   - 2009: 52,364,587

2. Trade and other receivables from exchange transactions
   - 2010: 997,796
   - 2009: 33,966

3. Inventories
   - 2010: 716,280
   - 2009: 215,804

4. Current portion of receivables
   - 2010: 38,602
   - 2009: 140,323

5. VAT receivable
   - 2010: 65,915,089
   - 2009: 73,896,165

### Non-current assets

4. Non-current receivables
   - 2010: 58,336

5. Property, plant and equipment
   - 2010: 1,128,106,349
   - 2009: 966,515,040

6. Intangible assets
   - 2010: 9,079
   - 2009: 193,401

**Total assets**

- 2010: 1,216,614,559
- 2009: 1,093,417,622
<table>
<thead>
<tr>
<th>LIABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
</tr>
<tr>
<td>Trade and other payables from exchange transactions</td>
</tr>
<tr>
<td>Current provisions</td>
</tr>
<tr>
<td>Bank overdraft</td>
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<tr>
<td>Current portion of unspent conditional grants and receipts</td>
</tr>
<tr>
<td>Current portion of finance lease liability</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
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<tr>
<td>Non-current unspent conditional grants and receipts</td>
</tr>
<tr>
<td>Non-current finance lease liability</td>
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<tr>
<td>Non-current liabilities</td>
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<td><strong>Total liabilities</strong></td>
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<tr>
<td><strong>Net assets</strong></td>
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<td><strong>NET ASSETS</strong></td>
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<td>Reserves</td>
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<tr>
<td>Accumulated surplus / (deficit)</td>
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<tr>
<td><strong>Total net assets</strong></td>
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## Capricorn District Municipality

**STATEMENT OF FINANCIAL PERFORMANCE**

for the year ending 30 June 2010

<table>
<thead>
<tr>
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<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental of facilities and equipment</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Interest earned - external investments</td>
<td>13</td>
<td>4,462,934</td>
</tr>
<tr>
<td>Interest earned - outstanding receivables</td>
<td>14</td>
<td>-</td>
</tr>
<tr>
<td>Government grants and subsidies</td>
<td>15</td>
<td>483,334,133</td>
</tr>
<tr>
<td>Public contributions and donations</td>
<td>16</td>
<td>155</td>
</tr>
<tr>
<td>Other income</td>
<td>16</td>
<td>952,412</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td></td>
<td>488,749,635</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related costs</td>
<td>17</td>
<td>126,764,806</td>
</tr>
<tr>
<td>Remuneration of councillors</td>
<td>18</td>
<td>8,855,433</td>
</tr>
<tr>
<td>Bad debts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Collection costs</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>19</td>
<td>55,708,379</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>20</td>
<td>780,531</td>
</tr>
<tr>
<td>Finance costs</td>
<td>21</td>
<td>507,915</td>
</tr>
<tr>
<td>Bulk purchases</td>
<td>22</td>
<td>24,900,333</td>
</tr>
<tr>
<td>Contracted services</td>
<td>23</td>
<td>3,304,140</td>
</tr>
<tr>
<td>Grants and subsidies paid</td>
<td>24</td>
<td>3,951,457</td>
</tr>
<tr>
<td>General expenses</td>
<td>25</td>
<td>181,835,236</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td></td>
<td>406,608,231</td>
</tr>
<tr>
<td>Gain / (loss) on sale of assets</td>
<td>25</td>
<td>(179,783)</td>
</tr>
<tr>
<td><strong>Surplus / (deficit) for the period</strong></td>
<td></td>
<td>81,961,621.04</td>
</tr>
</tbody>
</table>
### Statement of Changes in Net Assets

**Capricorn District Municipality**

**Statement of Changes in Net Assets**

as of 30 June 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>Revaluation Reserve</th>
<th>Other reserves</th>
<th>Total: Reserves</th>
<th>Accumulated Surplus/(Deficit)</th>
<th>Total: Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

**Balance at 30 June 2008**

Changes in accounting policy

| Correction of prior period error | - | 329,260,654 | 329,260,654 |

| Restated balance               | - | 15,566,976  | 15,566,976  |

| Surplus / (deficit) on revaluation of property, plant and equipment | - |
| Other items | - |
| Other items | - |

Net gains and losses not recognised in the statement of financial performance

| Transfers to / from accumulated surplus/(deficit) | - | (15,566,976) | (15,566,976) |

| Surplus / (deficit) for the period | - | 93,786,678  | 93,786,678  |

**Balance at 30 June 2009**

Changes in accounting policy

| Correction of prior period error | - | (268,618)   | (268,618)   |

| Restated balance               | - | -            | -            |

| Surplus / (deficit) on revaluation of property, plant and equipment | - |
| Other items | - |
| Other items | - |

Net gains and losses not recognised in the statement of financial performance
<table>
<thead>
<tr>
<th>Transfers to / from accumulated surplus/(deficit)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus / (deficit) for the period</td>
<td></td>
<td>-</td>
<td>81,961,622</td>
</tr>
<tr>
<td>Balance at 30 June</td>
<td></td>
<td>-</td>
<td>1,008,196,107</td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td>-</td>
<td>1,008,196,107</td>
</tr>
</tbody>
</table>
## CASH FLOW STATEMENT

### Capricorn District Municipality

#### as at 30 June 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>2010 R</th>
<th>2009 R</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>524,967,479</td>
<td>439,749,553</td>
</tr>
<tr>
<td>Sales of goods and services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>520,056,084</td>
<td>417,658,051</td>
</tr>
<tr>
<td>Interest received</td>
<td>4,462,934</td>
<td>22,091,502</td>
</tr>
<tr>
<td>Other receipts</td>
<td>448,461</td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee costs</td>
<td>135,730,833</td>
<td>116,584,474</td>
</tr>
<tr>
<td>Suppliers</td>
<td>113,184,871</td>
<td>178,757,709</td>
</tr>
<tr>
<td>Finance costs</td>
<td>507,915</td>
<td>968,070</td>
</tr>
<tr>
<td>Other payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td>27</td>
<td>275,543,859</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2,010 R</th>
<th>2009 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of fixed assets</td>
<td>(217,754,872)</td>
<td>(384,520,588)</td>
</tr>
<tr>
<td>Proceeds from sale of fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease/(Increase) in Loans and receivables</td>
<td>160,058</td>
<td>2,872,301</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>-</td>
<td>(4,581,727)</td>
</tr>
<tr>
<td><strong>Net cash flows from investing activities</strong></td>
<td></td>
<td>217,594,814</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2,010 R</th>
<th>2009 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Summary of Significant Accounting Policies

### Basis of Presentation

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The municipality has taken advantage of Directive 4 that covers the municipality on measurement for the current reporting period 2009/10 financial year.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year’s financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

The principal accounting policies adopted in the preparation of these annual financial statements are set below.

| Proceeds from finance lease liability | 2,537,654 | 2,537,655 |
| Repayment of finance lease liability |  |  |
| **Net cash flows from financing activities** | **2,537,654** | **2,537,655** |
| **Net increase / (decrease) in net cash and cash equivalents** | **55,411,391** | **(240,253,059)** |
| Net cash and cash equivalents at beginning of period | 34,580,026 | 205,673,033 |
| **Net cash and cash equivalents at end of period** | **20,831,365.32** | **(34,580,026)** |

Capricorn District Municipality

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ending 30 June 2010

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.
1.2 PRESENTATION CURRENCY
These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION
These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION
Budget information has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated and where possible. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and these necessary, is combined and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality, the following standards (GRAP 21, 25, 26 & 104) have been used in formulating accounting policies:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 21 Impairment of Non -Cash Generating Assets
- GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 25 Employee Benefits
- GRAP 26 Impairment of Cash Generating Assets
- GRAP 103 Heritage Assets - issued July 2008
- GRAP 104 Financial Instruments

Nature of impending changes in accounting policy:
- GRAP 21 requires assessment and accounting for impaired cash generating assets
- GRAP 26 requires assessment and accounting for impairment on no-cash generating assets
- GRAP 24 requires analyses of budget cost centres and votes to determine over/under expenditure of budgets
- GRAP 104 requires the accounting and disclosure of assessment of payables and receivables
Impact on the municipality's financial statements once implemented:
Application of the above statements has not been determined by the Minister of Finance
The impact on Impairment on both GRAP 21&26 is not yet reasonably known as valuation has not been done as per directive 4 on measurement
GRAP 24’s impact in the financial statements will provide users with an analyses of the spending on a cost against the budget. Though the standard is not effective, budget versus actual comparisions has been reported in the annual financial statements.

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost. Where values are not available, it shall be recognised at nominal value.

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, it is initially recognised at its fair value as at the 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 is measured at its fair value. If the acquired item could not be measured at its fair value, its cost is 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 commissioned into use.

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. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.
2.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Land is not depreciated as it is regarded as having an infinite life.

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 sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives 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 asset lives:

<table>
<thead>
<tr>
<th>Infrastrucure</th>
<th>Years</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads and Paving</td>
<td>25-50</td>
<td>Specialist vehicles</td>
</tr>
<tr>
<td></td>
<td>50-</td>
<td>10-20</td>
</tr>
<tr>
<td>Water mains and purifications</td>
<td>120</td>
<td>Other vehicles</td>
</tr>
<tr>
<td>Sewerage</td>
<td>15-60</td>
<td>5-7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3-</td>
</tr>
<tr>
<td>Water reservoir</td>
<td>30-50</td>
<td>Office equipment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Furniture and fittings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Community</td>
<td></td>
<td>Landfill sites</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5-</td>
</tr>
<tr>
<td>Buildings</td>
<td>50</td>
<td>Emergency equipment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Security</td>
<td>5</td>
<td>Computer equipment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3-5</td>
</tr>
</tbody>
</table>
The municipality has applied ASB directive 4 which exempts the municipality to comply with the subsequent measurement that is assessment of residual values, useful lives and impairments.

2.4 DERECOGNITION
Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. 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 sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION
An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:
• the municipality intends to complete the intangible asset for use or sale;
• it is technically feasible to complete the intangible asset;
• the municipality has the resources to complete the project; and
• it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL
Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but will be subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT
Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software 3

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION
Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

INVENTORIES

4.1 INITIAL RECOGNITION
Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.
4.2 SUBSEQUENT MEASUREMENT

CONSUMABLE STORES
Inventories, consisting of consumable stores are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. In general the basis of determining cost is the weighted average method.

Redundant and slow-moving inventories are identified and written down in the same way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

WATER INVENTORY
The carrying amount of inventories is recognised as an expense in the period that the inventory was distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The municipality has applied ASB directive on subsequent measurement of inventory

FINANCIAL INSTRUMENTS

There are four categories of financial instruments: fair value through profit or loss (which includes trading), loans and receivables, held-to-maturity and available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities in excess of 12 months. These are classified as non-current assets.

Loans and receivables are classified as “trade and other receivables” in the Statement of Financial Position.

Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost using the effective interest rate.

Accounts Receivables
Trade and other receivables are recognised initially at cost which represents fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

When an under recovery occurs during the year an additional contribution for impairment is made from the accumulated surplus at year end.

Bad debts are written off during the year in which they are identified as irrecoverable.

**Financial liabilities**

Financial liabilities are recognised initially at cost which represents fair value. After initial recognition financial liabilities are measured at amortised cost using the effective interest rate.

**Gains and losses**

Gains and losses arising from changes in financial assets or financial liabilities at amortised cost are recognised in profit and loss when the financial asset or liability is derecognised or impaired through the amortisation process.

**Investments held-to-maturity**

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Where 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.

Surplus funds are invested in terms of Council's Investment Policy. Investments are only made with financial institutions registered in terms of the Deposit Taking Institutions Act of 1990 with an A1 or similar rating institution for safe investment purposes. The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

**CASH AND CASH EQUIVALENTS**
Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

7 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 No.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.

8 IRREGULAR EXPENDITURE
Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 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.

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.

10 PROVISION
Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market’s current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:
(a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

11 LEASES

11.1 MUNICIPALITY AS LESSEE

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 rentals are accrued on a straight-line basis over the term of the relevant lease.
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 1.6. 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 the remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal instalments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

Leases involving property, plant and equipment whereby the lessor provides finance to the lessee with the asset as security, and where the lessee assumed the significant risks and rewards of ownership of those leased assets, are classified as finance leases.

When an operating lease is terminated before the lease term has expired, any payment to the lessor that is required, by way of a penalty, is recognised as an expense in the period in which termination takes place.

Leases of property, plant and equipment to the lessee, under which the lessor effectively retains the significant risks and rewards of ownership of those leased assets, are classified as operating leases.

Operating lease payments are expensed in the income statement on a straight-line basis over the lease term.

12 REVENUE

Revenue shall be measured at the fair value of the consideration received or receivable. No settlement discount is applicable.

Rendering of service

When the outcome of a transaction can be estimated reliably relating to the rendering of a service, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of the transaction can be measured reliably when all of the following conditions are satisfied:
· 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 entity;
· The stage of completion of the transaction at the reporting date can be measured reliably; and
· The cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

This principle also applies to tariffs or charges.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses that are recoverable.

**Sale of goods**

Revenue from the sale of goods shall be 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 associated with ownership nor effective control over the goods sold;
· 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 cost incurred or to be incurred in respect of the transaction can be measured reliably.

**Government Grants**

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.

**Government grants are recognised as revenue when:**

· It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
· The amount of the revenue can be measured reliably; and
· To the extent that there has been compliance with any restrictions associated with the grant.
Other grants and donations received

Other grants and donations shall be recognised as revenue when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use.

Revenue from public contributions is recognised when all conditions have been met or where the contribution to property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Where public contributions have been received but the conditions were not met, a liability is recognised.

Interest

Revenue arising from the use of assets by others of the municipal assets yielding interest shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably;

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

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 councillors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

13 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors

13.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences and 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.

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.

13.3 Retirement benefits

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

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.

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 expected cost, of these benefits is accrued over the period of employment.

14 IMPAIRMENT OF ASSETS

Impairments of Non-financial assets
Non-Financial assets, excluding investment property, biological assets 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 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, an cumulative gains or losses that have been accumulated in equity are removed from equity 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.
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 at bank. Short term investments are excluded. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

COMPARATIVE INFORMATION

Budgeted amounts have been included in the annual financial statements for the current financial year only. 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.

EVENTS AFTER BALANCE SHEET DATE

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the Balance Sheet date. Events after the Balance Sheet date that are indicative of conditions that arose after the Balance Sheet date are dealt with by way of a note to the Financial Statements.
Capricorn District Municipality  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2010

Note 2010 2009  

<table>
<thead>
<tr>
<th>Note</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 CASH AND CASH EQUIVALENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents consist of the following:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash on hand</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>10,839,900</td>
<td>(86,944,613)</td>
</tr>
<tr>
<td>Call deposits</td>
<td>9,991,466</td>
<td>52,364,587</td>
</tr>
<tr>
<td></td>
<td>20,831,365</td>
<td>(34,580,026)</td>
</tr>
</tbody>
</table>

The Municipality has the following bank accounts:  

Current Account (Primary Bank Account)  
First National Bank-Polokwane branch

Cash book balance at beginning of year | (86,944,613) | 40,624,858 |
Cash book balance at end of year | 10,839,900 | (86,944,613) |
Bank statement balance at beginning of year | 6,627,065 | 40,624,858 |
Bank statement balance at end of year | | |
**Investment (Other Account)**

First national Bank Call Account Number  
2,088,944  1,980,426

Standard Bank Call Accounts  
1,935,201  1,837,714

Nedbank Deposit Account  
4,392,923  10,179,586

Absa Call Account  
1,574,398  -

First national Bank Fixed Deposit Account Number  
38,366,862

Balance at end of year  
9,991,466  52,364,587

**TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS**

<table>
<thead>
<tr>
<th>Gross Balances</th>
<th>Provision for Doubtful Debts</th>
<th>Net Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>as at 30 June 2010</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Other receivables**

| Trade receivables | R | R | R |
| Total Trade and Other receivables from exchange transactions | 997,796 | | 997,796 |

as at 30 June 2009

| Other receivables | 33,966 | 33,966 |
| Total Trade and Other receivables from exchange transactions | | - | 33,966 |
## 3 INVENTORIES

### Closing balance of inventories:

<table>
<thead>
<tr>
<th></th>
<th>716,280</th>
<th>215,804</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumable stores</td>
<td>389,124</td>
<td>215,804</td>
</tr>
<tr>
<td>Water</td>
<td>327,156</td>
<td></td>
</tr>
</tbody>
</table>

## 4 NON-CURRENT RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>38,602</th>
<th>198,660</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans to other entities and municipalities</td>
<td>-</td>
<td>2,768,987</td>
</tr>
<tr>
<td>Less: Provision for Bad Debt</td>
<td>38,602</td>
<td>2,967,646</td>
</tr>
<tr>
<td>Less : Current portion transferred to current receivables</td>
<td>(38,602)</td>
<td>(140,323)</td>
</tr>
<tr>
<td>Car loans</td>
<td>(38,602)</td>
<td>(140,323)</td>
</tr>
</tbody>
</table>

### Restated balance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>-</th>
<th>58,336</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CAR LOANS
Motor Vehicle loans
Senior staff were previously entitled to vehicle loans which attract interest at 12% per annum and is repayable over a maximum period of 5 years. These loans are repayable in the year 2010.
5 PROPERTY, PLANT AND EQUIPMENT

5.1 Reconciliation of Carrying Value

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Buildings</th>
<th>Infrastructure</th>
<th>Community</th>
<th>Heritage</th>
<th>Other Assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>As at 1 July 2009</td>
<td>21,938,701</td>
<td>19,944,348</td>
<td>902,924,627</td>
<td>-</td>
<td>-</td>
<td>21,707,364</td>
<td>966,515,040</td>
</tr>
<tr>
<td>Cost/Revaluation</td>
<td>-</td>
<td>29,735,041</td>
<td>666,648,408</td>
<td>3,013,680</td>
<td>-</td>
<td>28,595,271</td>
<td>727,992,400</td>
</tr>
<tr>
<td>Correction of error (note 29)</td>
<td>21,938,701</td>
<td>(2,897,238)</td>
<td>248,022,550</td>
<td>(2,068,569)</td>
<td>151,966</td>
<td>-</td>
<td>264,843,478</td>
</tr>
<tr>
<td>Change in accounting policy</td>
<td>-</td>
<td>-</td>
<td>-0.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment losses</td>
<td>-</td>
<td>(6,893,454)</td>
<td>(11,746,332)</td>
<td>(945,111)</td>
<td>-</td>
<td>6,735,941</td>
<td>(26,320,838)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>49</td>
<td>204,336,276.87</td>
<td>327,732</td>
<td>-</td>
<td>13,090,968</td>
<td>217,755,026</td>
</tr>
<tr>
<td>Capital under Construction</td>
<td>-</td>
<td>-</td>
<td>-0.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>(918,845)</td>
<td>(45,479,453)</td>
<td>(125,531)</td>
<td>-</td>
<td>9,000,219</td>
<td>55,524,049</td>
</tr>
<tr>
<td>Carrying value of disposals</td>
<td>-</td>
<td>-</td>
<td>67,776.88</td>
<td>(202,201)</td>
<td>-</td>
<td>(369,683)</td>
<td>(639,662)</td>
</tr>
<tr>
<td>Cost/Revaluation</td>
<td>-</td>
<td>-</td>
<td>(67,777)</td>
<td>(327,732)</td>
<td>-</td>
<td>541,000.00</td>
<td>(936,509)</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment losses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>125,531</td>
<td>-</td>
<td>171,316.66</td>
<td>296,848</td>
</tr>
<tr>
<td>Impairment loss/Reversal of impairment loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

58
### Other movements*

<p>| | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>as at 30 June 2010</th>
<th>21,938,701</th>
<th>19,025,552</th>
<th>1,061,713,674</th>
<th>-</th>
<th>-</th>
<th>25,428,421.68</th>
<th>1,128,106,349</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost/Revaluation</td>
<td>21,938,701</td>
<td>26,736,874</td>
<td>1,176,464,002</td>
<td>-</td>
<td>-</td>
<td>41,581,568.21</td>
<td>1,266,721,145</td>
</tr>
<tr>
<td>Accumulated</td>
<td>- (7,711,321)</td>
<td>(114,750,328)</td>
<td>-</td>
<td>-</td>
<td>16,153,146.53</td>
<td>(138,614,796)</td>
<td></td>
</tr>
<tr>
<td>depreciation and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>impairment losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Capricorn District Municipality

NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2009

#### 5.2 Reconciliation of Carrying Value

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Buildings</th>
<th>Infrastructure</th>
<th>Community</th>
<th>Heritage</th>
<th>Other Assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>as at 1 July 2008</td>
<td>21,938,701</td>
<td>19,944,338</td>
<td>540,344,009</td>
<td>(130,871)</td>
<td>-</td>
<td>10,275,817</td>
<td>592,371,995</td>
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<tr>
<td>Cost/Revaluation</td>
<td>-</td>
<td>29,735,041</td>
<td>298,570,282</td>
<td>3,013,680</td>
<td>-</td>
<td>19,048,611</td>
<td>350,367,614</td>
</tr>
<tr>
<td>Correction of error</td>
<td>21,938,701</td>
<td>(2,897,238)</td>
<td>247,898,508</td>
<td>(2,270,770)</td>
<td></td>
<td></td>
<td>264,669,201</td>
</tr>
<tr>
<td>(note 29)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in accounting</td>
<td>21,938,701</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>policy</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated</td>
<td>-</td>
<td>(6,893,464)</td>
<td>(6,124,781)</td>
<td>(873,781)</td>
<td></td>
<td>(8,772,794)</td>
<td>(22,664,820)</td>
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<td>depreciation and</td>
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<td>impairment losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>-</td>
<td>368,078,126</td>
<td>-</td>
<td>-</td>
<td>11,678,761</td>
<td>379,756,887</td>
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<td>Capital under</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

59
<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>(940,261)</td>
<td>(5,621,551)</td>
<td>(71,330)</td>
<td>-</td>
<td>(5,437,529)</td>
</tr>
<tr>
<td>Carrying value of disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,613)</td>
</tr>
<tr>
<td>Cost/Revaluation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(13,109)</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment</td>
<td>-</td>
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<td>-</td>
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<td>3,496</td>
</tr>
<tr>
<td>losses</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Impairment loss/Reversal of impairment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>*Other movements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>as at 30 June 2009</td>
<td>21,938,701</td>
<td>19,944,348</td>
<td>902,924,628</td>
<td>-</td>
<td>-</td>
<td>21,707,364</td>
</tr>
<tr>
<td>Cost/Revaluation</td>
<td>21,938,701</td>
<td>26,736,825</td>
<td>972,195,503</td>
<td>-</td>
<td>-</td>
<td>29,031,600</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment</td>
<td>-</td>
<td>(6,792,476)</td>
<td>(69,270,875)</td>
<td>-</td>
<td>-</td>
<td>(7,324,236)</td>
</tr>
<tr>
<td>losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5.3 Compensation received for losses on property, plant and equipment – included in operating surplus

<table>
<thead>
<tr>
<th>Asset 1</th>
<th>Asset 2</th>
<th>Asset 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.4 Details of assets transferred without costs

The Municipality has received a transfer of Motumo game reserve from the Department of Environment Affairs and Tourism.

The initial recognition of the assets was at R1. Subsequent revaluation of the assets will be done during the 2011 financial year.

The following assets classes were effected

<table>
<thead>
<tr>
<th>Buildings</th>
<th>49</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset 2</td>
<td></td>
</tr>
<tr>
<td>Asset 3</td>
<td></td>
</tr>
</tbody>
</table>

| 49 | - |
### 5.5 Details of property

<table>
<thead>
<tr>
<th>Property</th>
<th>Terms and conditions</th>
<th>Purchase price: date</th>
<th>Additions since purchase</th>
<th>Capitalised expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property X</td>
<td>Terms and conditions</td>
<td>Purchase price: date</td>
<td>Additions since purchase</td>
<td>Capitalised expenditure</td>
</tr>
<tr>
<td>Property Y</td>
<td>Terms and conditions</td>
<td>Purchase price: date</td>
<td>Additions since purchase</td>
<td>Capitalised expenditure</td>
</tr>
</tbody>
</table>
6 INTANGIBLE ASSETS

6.1 Reconciliation of carrying value

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>Computer Software</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>193,401</th>
<th>193,401</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>as at 1 July 2009</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>5,530,967</td>
<td>5,530,967</td>
</tr>
<tr>
<td>Correction of error (note 29)</td>
<td>(2,163,640)</td>
<td>(2,163,640)</td>
</tr>
<tr>
<td>Change in accounting policy</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Accumulated amortisation and impairment losses</td>
<td>(3,173,926)</td>
<td>(3,173,926)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amortisation</td>
<td>(184,322)</td>
<td>(184,322)</td>
</tr>
<tr>
<td>Carrying value of disposals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss/Reversal of impairment loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other movements</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>as at 30 June 2010</strong></td>
<td>9,079</td>
<td>9,079</td>
</tr>
</tbody>
</table>
### 6.1 Reconciliation of carrying value

<table>
<thead>
<tr>
<th></th>
<th>Computer Software</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>as at 1 July 2008</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>949,140</td>
<td>126,322</td>
</tr>
<tr>
<td>Change in accounting policy</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated amortisation and impairment losses</td>
<td>(822,818)</td>
<td>(822,818)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>4,581,727</td>
<td>4,581,727</td>
</tr>
<tr>
<td>Amortisation</td>
<td>(2,351,008)</td>
<td>(2,351,008)</td>
</tr>
<tr>
<td>Carrying value of disposals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss/Reversal of impairment loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other movements</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>as at 30 June 2009</strong></td>
<td>193,401</td>
<td>193,401</td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Correction of error (note 29)
Accumulated amortisation and impairment losses

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>103,754,327</td>
<td>31,369,766</td>
</tr>
<tr>
<td>Payments received in advance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retentions</td>
<td>38,923,833</td>
<td>32,972,757</td>
</tr>
<tr>
<td>Staff leave accrual</td>
<td>9,565,028</td>
<td>7,105,977</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other creditors</td>
<td>2,047,855</td>
<td>189,996</td>
</tr>
<tr>
<td><strong>Restated Balance</strong></td>
<td><strong>154,291,043</strong></td>
<td><strong>71,638,496</strong></td>
</tr>
</tbody>
</table>

8 VAT RECEIVABLE
VAT receivable

<table>
<thead>
<tr>
<th></th>
<th>65,915,089</th>
<th>73,896,165</th>
</tr>
</thead>
</table>

9 PROVISIONS

<table>
<thead>
<tr>
<th>Provision Type</th>
<th>As at 1 July 2009</th>
<th>As at 30 June 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance bonus</td>
<td>1,846,954</td>
<td>1,957,548</td>
</tr>
<tr>
<td>Current portion of long-service provision</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provision for leave</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other provisions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Provisions</strong></td>
<td><strong>1,846,954</strong></td>
<td><strong>1,957,548</strong></td>
</tr>
</tbody>
</table>

Performance bonuses are paid one year in arrear as the assessment of eligible employees.

The movement in current provisions are reconciled as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>Contributions to Provision</th>
<th>Expenditure Incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td>as at 1 July 2009</td>
<td>1,846,954</td>
<td>-</td>
</tr>
<tr>
<td>as at 30 June 2010</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>as at 1 July 2008</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Performance Bonus

-
Expenditure incurred as at 30 June 2009

1,957,548

10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

10.1 Unspent Conditional Grants from other spheres of Government

| MIG Grants | 23,056,100 |
| FMG        | -          | 375,220 |
| Public Works | 3,918,950 | -        |
| Department of Water Affairs Infrastructure Grant | 10,991,303 | 3,670,546 |

10.2 Other Unspent Conditional Grants and Receipts

| District Transport Grant | - | 59,059 |
| Department of Health    | 2,860,423 | - |

Total Unspent Conditional Grants and Receipts

| Non-current unspent conditional grants and receipts | - | - |
| Current portion of unspent conditional grants and receipts | 40,826,776 | 4,104,825 |

11. FINANCE LEASE LIABILITY

GRAP 23 read with GAMAP 9, via GRAP 3

Note: These 2 amounts must agree to total above

GRAP 13
### 2010

**Amounts payable under finance leases**

<table>
<thead>
<tr>
<th></th>
<th>Minimum lease payment</th>
<th>Future finance charges</th>
<th>Present value of minimum lease payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within two to five years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Amount due for settlement within 12 months (current portion)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 2009

<table>
<thead>
<tr>
<th></th>
<th>Minimum lease payment</th>
<th>Future finance charges</th>
<th>Present value of minimum lease payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>3,045,570</td>
<td>507,915</td>
<td>2,537,655</td>
</tr>
<tr>
<td>Within two to five years</td>
<td>3,045,570</td>
<td>507,915</td>
<td>2,537,655</td>
</tr>
<tr>
<td>Less: Amount due for settlement within 12 months (current portion)</td>
<td>3,045,570</td>
<td>507,915</td>
<td>(2,537,655)</td>
</tr>
</tbody>
</table>
12 RENTAL OF FACILITIES AND EQUIPMENT

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total rentals</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

13 INTEREST EARNED - EXTERNAL INVESTMENTS

<table>
<thead>
<tr>
<th>Bank</th>
<th>4,462,934</th>
<th>22,091,502</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total interest</td>
<td>4,462,934</td>
<td>22,091,502</td>
</tr>
</tbody>
</table>

14 INTEREST EARNED - OUTSTANDING RECEIVABLES

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total interest</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

15 GOVERNMENT GRANTS AND SUBSIDIES

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equitable share</td>
<td>258,676,930</td>
<td>212,584,415</td>
</tr>
<tr>
<td>MIG Grant</td>
<td>128,610,900</td>
<td>110,525,107</td>
</tr>
<tr>
<td>Other Government Grants and Subsidies</td>
<td>96,046,303</td>
<td>115,663,615</td>
</tr>
</tbody>
</table>

GRAP 13
GRAP 9

GRAP 9
IFRS 7 (ED 52)

GRAP 23 read with GAMAP 9, via GRAP 3
MFMA S123 (1) (a) & (c-e)
### Total Government Grant and Subsidies

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>483,334,133</td>
<td>438,773,137</td>
</tr>
</tbody>
</table>

#### 15.1 Equitable Share

In terms of the Constitution, this grant is an unconditional grant.

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(258,676,930)</td>
<td>(212,584,415)</td>
</tr>
</tbody>
</table>

#### 15.2 MIG Grant

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance unspent at beginning of year</td>
<td>0</td>
<td>15,560,107</td>
</tr>
<tr>
<td>Current year receipts</td>
<td>151,667,000</td>
<td>94,965,000</td>
</tr>
<tr>
<td>Conditions met - transferred to revenue</td>
<td>(128,610,900)</td>
<td>(110,525,107)</td>
</tr>
</tbody>
</table>

**Conditions still to be met - remain liabilities (see note 21)**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>23,056,100</td>
<td>0</td>
</tr>
</tbody>
</table>

*The balance related to the MIG grant received for the 2010/11 financial year*

#### 15.3 Other Government Grants and Subsidies

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance unspent at beginning of year</td>
<td>4,104,825</td>
<td>3,961,251</td>
</tr>
<tr>
<td>Current year receipts</td>
<td>109,712,154</td>
<td>115,807,189</td>
</tr>
<tr>
<td>Conditions met - transferred to revenue</td>
<td>(96,046,303)</td>
<td>(115,663,615)</td>
</tr>
</tbody>
</table>

**Conditions still to be met - remain liabilities (see note 21)**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>17,770,676</td>
<td>4,104,825</td>
</tr>
</tbody>
</table>

*Provide explanations of conditions still to be met and other relevant information*

16 **OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS**
### 16.1 Other income

| Description                                                                 | GRAP 9  
|-----------------------------------------------------------------------------|---------
| Other income                                                                | 952,412 | 2,815,074 |
| Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 50) | Notes 15-61A684 | - | - |

**Total Other Income**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>952,412</td>
<td>2,815,074</td>
<td></td>
</tr>
</tbody>
</table>

### 16.2 Public contributions and donations

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations</td>
<td>155</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total public contributions and donations**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>155</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

*The donation relates to Assets Transfer from*

### 17 EMPLOYEE RELATED COSTS

| Description                                                                 | IAS 19  
|-----------------------------------------------------------------------------|---------
| Employee related costs - Salaries and Wages                                 | 83,278,058 | 72,049,535 |
| Employee related costs - Contributions for UIF, pensions and medical aids   | 20,322,535  | 16,699,880 |
| Travel, motor car, accommodation, subsistence and other allowances          | 13,744,570 | 10,331,475 |
| Housing benefits and allowances                                             | 2,728,214  | 2,462,610 |
| Overtime payments                                                           | 4,850,142  | 4,037,685 |
| Performance and other bonuses                                               | 1,841,288  | 2,894,037 |
| Long-service awards                                                         | -     | -     |
| Other employee related costs                                                | -     | -     |

**Total Employee Related Costs**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>126,764,806</td>
<td>108,475,223</td>
<td></td>
</tr>
</tbody>
</table>
There were no advances to employees / Loans to employees are set out in note 3.

### Remuneration of the Municipal Manager

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Remuneration</td>
<td>1,008,643</td>
<td>904,612</td>
</tr>
<tr>
<td>Performance- and other bonuses</td>
<td></td>
<td>40,708</td>
</tr>
<tr>
<td>Travel, motor car, accommodation, subsistence and other allowances</td>
<td>120,000</td>
<td>130,117</td>
</tr>
<tr>
<td>Contributions to UIF, Medical and Pension Funds</td>
<td>109,387</td>
<td>96,735</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,238,030</strong></td>
<td><strong>1,172,172</strong></td>
</tr>
</tbody>
</table>

### Remuneration of the Chief Finance Officer

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Remuneration</td>
<td>850,000</td>
<td>784,800</td>
</tr>
<tr>
<td>Performance- and other bonuses</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Travel, motor car, accommodation, subsistence and other allowances</td>
<td>174,124</td>
<td>155,675</td>
</tr>
<tr>
<td>Contributions to UIF, Medical and Pension Funds</td>
<td>31,247</td>
<td>124,718</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,055,371</strong></td>
<td><strong>1,065,193</strong></td>
</tr>
</tbody>
</table>

### Remuneration of Individual Executive Directors

<table>
<thead>
<tr>
<th>Description</th>
<th>Technical Services</th>
<th>Corporate Services</th>
<th>Community Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Annual Remuneration</td>
<td>871,817</td>
<td>826,438</td>
<td>740,000</td>
</tr>
<tr>
<td>Performance- and other bonuses</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Travel, motor car, accommodation, subsistence and other allowances</td>
<td>190,787</td>
<td>156,837</td>
<td>-</td>
</tr>
<tr>
<td>Contributions to UIF, Medical and Pension Funds</td>
<td>119,803</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
146,448 70,377

Total 1,209,052 1,053,652 859,803

<table>
<thead>
<tr>
<th></th>
<th>Technical Services</th>
<th>Corporate Services</th>
<th>Community Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>2009</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Remuneration</td>
<td>774,948</td>
<td>741,200</td>
<td>748,285</td>
</tr>
<tr>
<td>Performance- and other bonuses</td>
<td>62,767</td>
<td>22,236</td>
<td>-</td>
</tr>
<tr>
<td>Travel, motor car, accommodation, subsistence and other allowances</td>
<td>214,303</td>
<td>169,632</td>
<td>140,993</td>
</tr>
<tr>
<td>Contributions to UIF, Medical and Pension Funds</td>
<td>127,395</td>
<td>59,141</td>
<td>198,069</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,179,413</td>
<td>992,209</td>
<td>1,087,347</td>
</tr>
</tbody>
</table>

18 REMUNERATION OF COUNCILLORS

Executive Mayor 576,275 538,575
Speaker 461,020 430,859
Executive Committee Members 3,436,036 3,211,248
Councillors 2,933,224 2,689,809
Councillors’ pension and medical aid contributions 820,660 439,731
Councillors’ allowances 628,218 799,030

**Total Councillors’ Remuneration** 8,855,433 8,109,252
In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

19 DEPRECIATION AND AMORTISATION EXPENSE

<table>
<thead>
<tr>
<th>Description</th>
<th>GRAP 16, 17 and 102 and IAS 41</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>55,524,057</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>184,322</td>
</tr>
</tbody>
</table>

Total Depreciation and Amortisation

| Property, plant and equipment      | 55,708,379 |
| Intangible assets                  | 36,640,350 |

20 FINANCE COSTS

<table>
<thead>
<tr>
<th>Description</th>
<th>GRAP 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings / Finance lease</td>
<td>507,915</td>
</tr>
</tbody>
</table>

Total Finance Costs

| Borrowings / Finance lease         | 507,915 |

21 BULK PURCHASES

<table>
<thead>
<tr>
<th>Description</th>
<th>GRAP 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>-</td>
</tr>
<tr>
<td>Water</td>
<td>24,900,333</td>
</tr>
</tbody>
</table>
22 CONTRACTED SERVICES

<table>
<thead>
<tr>
<th>Service</th>
<th>Costs 1</th>
<th>Costs 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security costs</td>
<td>2,392,047</td>
<td>1,832,120</td>
</tr>
<tr>
<td>Cleaning services</td>
<td>238,859</td>
<td>99,347</td>
</tr>
<tr>
<td>Computer services</td>
<td>673,234</td>
<td>891,416</td>
</tr>
</tbody>
</table>

\[3,304,140 \quad 2,822,883\]

23 GRANTS AND SUBSIDIES PAID

<table>
<thead>
<tr>
<th>GRAP 1</th>
<th>MFMA S123 (1) (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants-In-Aid (Local Municipalities)</td>
<td></td>
</tr>
<tr>
<td>Costs 1</td>
<td>Costs 2</td>
</tr>
<tr>
<td>3,951,457</td>
<td>33,650,000</td>
</tr>
</tbody>
</table>

\[3,951,457 \quad 33,650,000\]

24 GENERAL EXPENSES

Included in general expenses are the following:-

<table>
<thead>
<tr>
<th>Expense</th>
<th>Costs 1</th>
<th>Costs 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>1,068,562</td>
<td>2,373,056</td>
</tr>
<tr>
<td>Audit fees</td>
<td>1,679,511</td>
<td>735,900</td>
</tr>
<tr>
<td>Bank charges</td>
<td>158,662</td>
<td>125,273</td>
</tr>
<tr>
<td>Bursaries</td>
<td>962,572</td>
<td>523,031</td>
</tr>
<tr>
<td>Conferences and delegations</td>
<td></td>
<td>1,273,469</td>
</tr>
<tr>
<td>Category</td>
<td>Amount 1</td>
<td>Amount 2</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>Consulting fees</td>
<td>830,533</td>
<td>3,630,674</td>
</tr>
<tr>
<td>Consumables</td>
<td>582,823</td>
<td>49,993,281</td>
</tr>
<tr>
<td>Insurance</td>
<td>280,170</td>
<td>1,561,740</td>
</tr>
<tr>
<td>Legal expenses</td>
<td>1,025,332</td>
<td>834,959</td>
</tr>
<tr>
<td>Licence fees - vehicles</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Membership fees</td>
<td>533,492</td>
<td>1,351,046</td>
</tr>
<tr>
<td>Water and Sanitation</td>
<td>60,388,017</td>
<td>24,449,660</td>
</tr>
<tr>
<td>Postage</td>
<td>10,940</td>
<td>111,140</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>556,471</td>
<td>1,040,453</td>
</tr>
<tr>
<td>Professional fees</td>
<td>12,991,244</td>
<td>9,037,302</td>
</tr>
<tr>
<td>Rental of buildings</td>
<td>1,433,663</td>
<td>1,009,135</td>
</tr>
<tr>
<td>Rental of office equipment</td>
<td>520,405</td>
<td>1,604,812</td>
</tr>
<tr>
<td>Skills development levies</td>
<td>1,021,465</td>
<td>1,458,306</td>
</tr>
<tr>
<td>Stocks and material</td>
<td>88,013</td>
<td>100,439</td>
</tr>
<tr>
<td>Subscription &amp; publication</td>
<td>478,785</td>
<td>433,440</td>
</tr>
<tr>
<td>Telephone cost</td>
<td>3,979,051</td>
<td>2,603,174</td>
</tr>
<tr>
<td>Training</td>
<td>318,657</td>
<td>2,235,377</td>
</tr>
<tr>
<td>Stakeholder participation</td>
<td>3,185,829</td>
<td>2,589,515</td>
</tr>
<tr>
<td>Travel and subsistence</td>
<td>3,789,126</td>
<td>5,876,671</td>
</tr>
</tbody>
</table>
Uniforms & overalls 862,826 44,602
Other 83,201,990 33,077,405

25 GAIN / (LOSS) ON SALE OF ASSETS

Property, plant and equipment (179,783) (9,613)

Total Gain / (Loss) on Sale of Assets (179,783) (9,613)

26 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT

Investment property carried at fair value - -
Biological assets carried at fair value - -
Other financial assets - -
Other financial liabilities - -
Total Profit / (Loss) on Fair Value Adjustment - -

27 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year 81,961,621 93,786,678
Adjustment for:-
Depreciation and amortisation 55,708,379 36,640,350
(Gain) / loss on sale of assets 179,783 9,613

GRAP 16, 17 and 102 and IAS 41

IFRS 7 (ED 52)

GRAP 2
### Contribution to provisions - non-current
- Contribution to provisions - current: 1,957,548
- Other non-cash item: -

### Operating surplus before working capital changes:
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating surplus before working capital changes:</td>
<td>137,849,783</td>
<td>132,394,190</td>
</tr>
<tr>
<td>(Increase)/decrease in inventories</td>
<td>(500,476)</td>
<td>16,339</td>
</tr>
<tr>
<td>(Increase)/decrease in trade receivables</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(Increase)/decrease in other receivables</td>
<td>(503,952)</td>
<td>(9,512,753)</td>
</tr>
<tr>
<td>(Increase)/decrease in VAT receivable</td>
<td>7,981,076</td>
<td></td>
</tr>
<tr>
<td>Increase/(decrease) in conditional grants and receipts</td>
<td>36,721,951</td>
<td>(15,416,533)</td>
</tr>
<tr>
<td>Increase/(decrease) in trade payables</td>
<td>82,652,547</td>
<td>17,308,524</td>
</tr>
</tbody>
</table>

### Cash generated by/(utilised in) operations
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated by/(utilised in) operations</td>
<td>264,200,929</td>
<td>124,789,768</td>
</tr>
</tbody>
</table>

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank balances and cash</td>
<td>9,991,465.65</td>
<td>52,364,587</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>10,839,899.67</td>
<td>(86,944,613)</td>
</tr>
<tr>
<td><strong>Net cash and cash equivalents (net of bank overdrafts)</strong></td>
<td><strong>20,831,365.32</strong></td>
<td><strong>(34,580,026)</strong></td>
</tr>
</tbody>
</table>
29 CORRECTION OF ERROR

During the year ended 30 June 2008 & 2009, the following were recognised incorrectly -

29.1 Assets

29.1.1 Recognition of Dwaf assets
During the previous year the municipality did not recognise the Dwaf assets which were transferred. The total amount of R 436 313 198.91 was restated as prior period error.

29.1.2 Recognition of Land
During the current year the municipality discovered that the have not recognised the land previously transferred to the district. The total amount of R 21 938 701.00 was recognised as prior period error.

29.1.3 Disposal of Assets
During the previous years the municipality had capitalised assets that were constructed on behalf of other organ of state. The assets were transferred during the current year. The total amount of R 142 565 798.87 was corrected as prior period error.

29.1.4 Correction of backlog depreciation
During the current year it was discovered that the depreciation was incorrectly calculate. This was as the result of the initial capitalisation.

29.1.5 Motor Vehicles
During the previous year the motor vehicles were not recognised. The municipality has recognised them at R1. The municipality utilised ASB directive 4 for exemption on subsequent measurement.

As at 30th June 2008

<table>
<thead>
<tr>
<th>Statement of changes in Net Assets</th>
<th>Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated Surplus</td>
<td>284,641,052.04</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statement of Financial Position</th>
<th>Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, Plant and Equipment</td>
<td>284,641,052.03</td>
</tr>
<tr>
<td>Infrastructure assets</td>
<td>436,313,198.91</td>
</tr>
<tr>
<td>Land</td>
<td>21,938,701.00</td>
</tr>
<tr>
<td>Disposals</td>
<td>142,565,798.87</td>
</tr>
<tr>
<td>Projects expenses</td>
<td>30,712,875.00</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>5.00</td>
</tr>
<tr>
<td>Backlog on motor vehicle</td>
<td>190,666.67</td>
</tr>
<tr>
<td>Backlog on roads</td>
<td>141,512.34</td>
</tr>
</tbody>
</table>

As at 30th June 2009

During the current year the municipality discovered that a transfer of assets from department of health was never recognised in the fixed asset register. The total of R 257,355.23 was recognised from 2009 financial year.

29.1.6
Statement of changes in Net Assets  

Accumulated surplus  

(21,961,318)  

Statement of Financial Performance  

Depreciation  

22,218,672.79  

Infrastructure assets (Dwaf)  

19,736,378.54  

Furniture and Fittings  

42,762.61  

Backlog on motor vehicle  

176,000.00  

Backlog on roads  

99,890.56  

Backlog on Intangible assets  

2,163,641.08  

Statement of Financial Position  

Property, Plant and Equipment  

19,797,573.98  

Furniture and fitting  

257,355.23  

Depreciation  

20,054,929.21  

Intangible assets  

2,163,641.08  

29.2 DEBTORS  

29.2.1 Vat receivable
During the current year Sars refunded the municipality an amount of R 44 619 601.61 which was not recognised as a debtor in the previous year because Sars had raised a liability for the municipality and the refund was offset with the assessment. The error was corrected and restated.

During the previous financial year input vat amounting to R 68 765.2 was never recognised.

29.2.2. Current portion of receivables- Motor loans

During the 2008/9 financial year the balance of receivables was overstated with R 336 223.72. The amount was affected the debtors balance.

As at 30th June 2008

Statement of changes in Net Assets

<table>
<thead>
<tr>
<th>Adjustment</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated Surplus</td>
<td>44,619,601.61</td>
</tr>
</tbody>
</table>

Statement of Financial Position

<table>
<thead>
<tr>
<th>Adjustment</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vat receivable</td>
<td>44,619,601.61</td>
</tr>
</tbody>
</table>

As at 30th June 2009

Statement of changes in Net Assets

<table>
<thead>
<tr>
<th>Adjustment</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated Surplus</td>
<td>267,458.20</td>
</tr>
</tbody>
</table>

Statement of Financial Position

<table>
<thead>
<tr>
<th>Adjustment</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vat receivable</td>
<td>68,765.52</td>
</tr>
</tbody>
</table>
Current portion of receivables-motor loans 336,223.72

29.3 LIABILITIES

29.3.1 BULK PURCHASES
During the current year the municipality discovered that an amount of R 18 364 423.65 and R 3 458 136.81 for June 2009 and June 2008 respectively was accrued.

29.3.2 Trade Creditors
During the current year the municipality discovered that the were duplication of orders and goods receipt note which overstated our liability accounts. An amount of R 1 895 631.73 was corrected and the 2008 balance was restated.

During the current year the municipality discovered incorrect postings which led to under statement of liability accounts. An amount of R 3 597 296.10 was corrected and the 2008 balance was restated.

29.3.3 Provision for staff leave
During the current year the municipality discovered that leave was duplicated with the leave days of the employees who had resigned which led to overstatement of liability accounts by R 1 492 957.24.

Provision for bonuses

<table>
<thead>
<tr>
<th>As at 30th June 2009</th>
<th>Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of changes in Net Assets</td>
<td></td>
</tr>
<tr>
<td>Accumulated Surplus</td>
<td>1,756,472.44</td>
</tr>
</tbody>
</table>

Statement of Financial Position Adjustment
29.4. EXPENSES

During the current year the municipality discovered that expenses were overerstated in the cash book. An amount of R 285 108 was corrected and the 2008 balance was restated.

During the previous year expenses was overstated with petty cash still on hand of R 5000

During the financial year the bonus costs were understated with R 977 458

As at 30th June 2009

Statement of changes in Net Assets

Accumulated surplus 1,257,656
Statement of Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsistence and Travel</td>
<td>91,042</td>
</tr>
<tr>
<td>Other expenses</td>
<td>194,066</td>
</tr>
<tr>
<td>Provision of bonus</td>
<td>977,548</td>
</tr>
<tr>
<td>Petty cash</td>
<td>5,000.00</td>
</tr>
</tbody>
</table>

Statement of Financial Positions

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>(280,108)</td>
</tr>
<tr>
<td>Provision for bonuses</td>
<td>(977,548)</td>
</tr>
</tbody>
</table>

SUMMARY OF EFFECT

<table>
<thead>
<tr>
<th></th>
<th>2008/9</th>
<th>2007/8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation of Dwaf assets</td>
<td>19,736,378.54</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation on Health Assets transferred</td>
<td>42,762.01</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation of assets disposed off</td>
<td>(18,364,424)</td>
<td></td>
</tr>
<tr>
<td>Depreciation understated in prior year</td>
<td>(2,439,532)</td>
<td></td>
</tr>
<tr>
<td>Expenses overstated in Cash book</td>
<td>(194,066)</td>
<td></td>
</tr>
<tr>
<td>S&amp;T understated</td>
<td>(91,042)</td>
<td></td>
</tr>
<tr>
<td>Performance bonus understated</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>
**Statement of Financial Position**

Recognition of DWAF Water assets transferred in prior year 436,313,198.91
Recognition of Land previously not capitalised 21,938,701.00
Write-off of assets constructed on behalf of other institutions/municipalities -142,565,798.87
Correction of motor vehicle assets previously not recognised 5.00
Adjustment of expenses previously capitalised -30,712,875.00

Recognition of furniture and fittings transferred in prior year 257,355.23
Recognition of creditors that were not accrued in prior year (1,756,472)
Correction of staff leave incorrectly provided. 1,492,957.24
Petty cash not recognised in prior financial year 5,000.00
VAT Receivable from SARS that was not previously recognised 68,765.52 44,619,601.61
Motor Loans receivable overstated in prior year 336,223.72
Backlog depreciation corrected (332,179)

Net effect on Statement of Financial Position (268,618) 329,260,654

Net effect on Accumulated surplus opening balance (42,114,370) 329,260,633.64

**CORRECTION OF ERROR (continued)**

The effect on the balances are as follows:
Effect on accumulated surplus on 2007/8
Effect on 2008/9 accumulated surplus
Total effect on accumulated surplus

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

30 Unauthorised expenditure

Reconciliation of unauthorised expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>12,717,126.20</td>
</tr>
<tr>
<td>Unauthorised expenditure current year</td>
<td>-</td>
</tr>
<tr>
<td>Approved by Council or condoned</td>
<td>12,717,126.00</td>
</tr>
<tr>
<td>Transfer to receivables for recovery</td>
<td>0</td>
</tr>
<tr>
<td>Unauthorised expenditure awaiting authorisation</td>
<td>-</td>
</tr>
</tbody>
</table>

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

31 Audit fees

Opening balance
Current year audit fee

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount paid - current year</td>
<td>1,679,511</td>
</tr>
<tr>
<td>Amount paid - previous years</td>
<td>735,900</td>
</tr>
<tr>
<td>Balance unpaid (included in payables)</td>
<td>1,679,511</td>
</tr>
</tbody>
</table>

MFMA S125 (2) (d)

MFMA S125 (1) (c)
32 CAPITAL COMMITMENTS

32.1 Commitments in respect of capital expenditure

- Approved and contracted for

<table>
<thead>
<tr>
<th>Description</th>
<th>66,229,566</th>
<th>88,267,557</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>66,229,566</td>
<td>88,267,557</td>
</tr>
</tbody>
</table>

Total

<table>
<thead>
<tr>
<th>Description</th>
<th>66,229,566</th>
<th>88,267,557</th>
</tr>
</thead>
</table>

33 NON-CURRENT FINANCIAL LIABILITIES

Long term leave provision

<table>
<thead>
<tr>
<th>Description</th>
<th>11,453,678</th>
</tr>
</thead>
</table>

34 Irregular expenditure

Reconciliation of irregular expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>12,505,977</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condoned or written off by Council</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year not yet condoned by Council</td>
<td>28,240,871</td>
<td></td>
</tr>
<tr>
<td>Irregular expenditure awaiting condonement</td>
<td>40,746,848</td>
<td></td>
</tr>
</tbody>
</table>
The municipality has incurred an irregular expenditure as a result of deviation from the municipal supply chain policy. The irregular expenditure will be tabled to Council for condonement. The opening balance for irregular expenditure was identified in the current year as a result of the audit. The matter is still to be tabled to Council for condonement.

### CONTINGENT LIABILITY

**Claim for damages**

The Municipality is being sued by a service providers due to damages arising from payments alleged to be outstanding. Council is contesting the claim based on legal advice. Most court date has not yet been set. Should Council be unsuccessful in defending the claims, there is a possibility that the claim will be settled.

### RELATED PARTIES

- **Water services providers**
- **Lepelle-Nkumpi Municipality**
- **Blouberg Municipality**
- **Molemole Municipality**
- **Aganang Municipality**

The municipality has entered into service level agreement with the local municipality to render water provision to the consumer. The agreement was made in line with the Water Services Act and Municipal Structures Act.
Related party balances

The municipality has waived its right to the debtors balance reflecting in the local Municipalities books. Council has resolved to cede 100% of the revenue collected from sale of water for three periods.

The water related balance are not included in the district account as the municipality was utilising Municipal system act s81. The balances arising from the sale and billing of revenue will remain with the WSP.

36 EVENTS AFTER THE REPORTING DATE

No adjustments in the financial statements were made as a result of events arising after the balance sheet date.

37 RISK MANAGEMENT

Credit risk

Credit risk consists mainly of cash equivalents and trade debtors.

To manage the risk the Municipality has a credit control policy. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

Counterparties:

The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Municipality has no significant concentration of credit risk with any single counterparty or a group of counterparties.

Fair value of financial instruments
At year end the carrying amounts of cash and short-term deposits, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

38  Currency risk

The Municipality does not have currency risk as in terms of section 163 of the Municipal Finance Management Act, No.56 of 2003, no municipality may incur a liability or risk payable in a foreign currency.

39  Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality's funding source in the form of grants and subsidies ensure that sufficient liquid funds are maintained to meet its daily cash requirements.

The municipality manages liquidity risk through an ongoing review of future commitment. Cash flow forecasts are prepared.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<table>
<thead>
<tr>
<th></th>
<th>30-Jun-10</th>
<th>Not later than one month</th>
<th>One to three months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>2,047,855</td>
<td>51,159,632.26</td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unspent conditional grants &amp; receipts</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Later than three
months
One to five years
101,083,555.79

Trade and other payables

Provisions
1,846,954

Staff Leave
11,453,678

Unspent conditional grants & receipts
40,826,776

40 RESTATEMENT OF COMPARATIVE INFORMATION

Various comparative figures have been restated in terms of the prior period errors note 29. The effect of the restatement are summarised in these notes.

<table>
<thead>
<tr>
<th>Statement of Financial Position:</th>
<th>Previous balance</th>
<th>Adjustment</th>
<th>Corrected balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions</td>
<td>(980,000)</td>
<td>(977,548)</td>
<td>(1,957,548)</td>
</tr>
<tr>
<td>Trade creditors and other payables</td>
<td>-</td>
<td>(18,908,047)</td>
<td>(18,908,047)</td>
</tr>
<tr>
<td>Vat Receivable</td>
<td>-</td>
<td>44,688,367.13</td>
<td>44,688,367</td>
</tr>
<tr>
<td>Current portion of receivable</td>
<td>-</td>
<td>336,223.72</td>
<td>-336,224</td>
</tr>
<tr>
<td>Property Plant and Equipments</td>
<td>-</td>
<td>264,843,478.05</td>
<td>264,843,478</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>-</td>
<td>2,163,641.08</td>
<td>-2,163,641</td>
</tr>
</tbody>
</table>
## Capricorn District Municipality
### APPENDIX C
#### SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

as at 30 June 2010

<table>
<thead>
<tr>
<th></th>
<th>Cost / Revaluation</th>
<th>Accumulated Depreciation</th>
<th>Carrying value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Opening Balance</td>
<td>Additions</td>
<td>Under Construction</td>
</tr>
<tr>
<td>Executive &amp; Council</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Finance &amp; Admin</td>
<td>54,669,251</td>
<td>11,229,240</td>
<td>(541,000)</td>
</tr>
<tr>
<td>Planning &amp; Development</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Health</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Community &amp; Social</td>
<td>21,938,701</td>
<td>21,938,701</td>
<td>-</td>
</tr>
<tr>
<td>Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public Safety</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sport &amp; Recreation</td>
<td>327,732</td>
<td>(327,732)</td>
<td>-</td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>1,099,174</td>
<td>1,861,776</td>
<td>2,960,950</td>
</tr>
<tr>
<td>Waste Management</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Road Transport</td>
<td>3,818,148</td>
<td>59,645,076</td>
<td>188,488,545</td>
</tr>
<tr>
<td>Water</td>
<td>551,616,959</td>
<td>17,626,624</td>
<td>(31,984)</td>
</tr>
<tr>
<td>Electricity</td>
<td>35,793</td>
<td>(35,793)</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>416,760,395</td>
<td>127,028,784</td>
<td>(188,488,545)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,049,902,628</td>
<td>217,755,025</td>
<td>(936,509)</td>
</tr>
</tbody>
</table>
## Capricorn District Municipality
### APPENDIX D
#### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2010

<table>
<thead>
<tr>
<th>Segment</th>
<th>2009 Actual Income</th>
<th>2009 Actual Expenditure</th>
<th>2009 Surplus / (Deficit)</th>
<th>2010 Actual Income</th>
<th>2010 Actual Expenditure</th>
<th>2010 Surplus / (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive &amp; Council</td>
<td>462,494</td>
<td>28,628,291</td>
<td>(28,165,797)</td>
<td>8,855,433</td>
<td>(8,855,433)</td>
<td></td>
</tr>
<tr>
<td>Finance &amp; Admin</td>
<td>241,028,352</td>
<td>232,131,329</td>
<td>8,897,023</td>
<td>265,702,855</td>
<td>337,044,653</td>
<td>(71,341,798)</td>
</tr>
<tr>
<td>Planning &amp; Development</td>
<td>12,824,282</td>
<td>(12,824,282)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
<td>5,119,577</td>
<td>5,082,153</td>
<td>37,424</td>
</tr>
<tr>
<td>Community &amp; Social Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sport &amp; Recreation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Protection</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road Transport</td>
<td>1,475,140</td>
<td>(1,475,140)</td>
<td></td>
<td>59,059</td>
<td>1,787,027</td>
<td>(1,727,968)</td>
</tr>
<tr>
<td>Water</td>
<td>223,187,994</td>
<td>45,138,756</td>
<td>178,049,238</td>
<td>217,868,143</td>
<td>54,018,748</td>
<td>163,849,396</td>
</tr>
<tr>
<td>Electricity</td>
<td>484,637</td>
<td>(484,637)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>5,244,579</td>
<td>(5,244,579)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<td>--------</td>
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<td>--------</td>
<td>--------------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>464,678,840</td>
<td>352,527,738</td>
<td>112,151,102</td>
<td>Less: Inter-Department Charges</td>
<td>488,749,634</td>
<td>406,788,014</td>
<td>81,961,621</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th>Total</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>464,678,840</td>
<td>352,527,738</td>
<td>112,151,102</td>
<td>Total</td>
<td>488,749,634</td>
<td>406,788,014</td>
<td>81,961,621</td>
</tr>
</tbody>
</table>
REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I was engaged to audit the accompanying financial statements of the municipality, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages XXX to XXX.

ACCOUNTING OFFICER’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR-GENERAL’S RESPONSIBILITY

3. As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette No. 32578 of 27 November 2009. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer

Revenue

4. The district municipality is a water authority in terms of section 84(1)(b) and 84(1)(d) of the Municipal Structures Act, 1998 (Act No.117 of 1998). The municipality has appointed local municipalities falling within its jurisdiction as service providers in terms of Section 78 of the Municipal Systems Act, 2000 (Act No 32 of 2000).

5. The district municipality did not recognise water revenue for water services rendered on its behalf as there were no proper systems and controls in place to account for such revenue. I consequently could not confirm that all revenue inflows that should have been recorded have been recorded and disclosed in the financial statements. The municipality’s records did not permit the application of alternative procedures regarding revenue.

6. Accordingly, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for revenue, the surplus for the year or the accumulated surplus.
Trade and other receivables

7. The district municipality did not recognise accounts receivable for water services rendered on its behalf as there were no proper systems and controls in place to account for such receivable. I consequently could not confirm that all receivables that should have been recorded have been recorded and disclosed in the financial statements. The municipality’s records did not permit the application of alternative procedures regarding debtors.

8. Accordingly, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for impairments of accounts receivable, bad debts written off, the surplus for the year or the accumulated surplus.

Value added tax (VAT)

9. The district municipality did not recognise VAT on the water service revenue that should have been recorded, as there were no proper systems and controls in place to account for such balance. I consequently could not confirm whether the VAT that should have been recorded has been recorded and disclosed in the financial statements. The municipality’s records did not permit the application of alternative procedures regarding VAT.

Employee Cost

10. During the preceding financial year ended 30 June 2009, adequate documentation was not provided for car allowances amounting to R9 717 503. My opinion on the financial statements for the period ended 30 June 2009 relating to the car allowance amount was modified accordingly. My opinion on the current period financial statements is also modified as adequate documentation could not be provided for the car allowance amounting to R12 251 044.

Leave provision

11. The long term leave provision to the amount of R11 453 678 as disclosed in the statement of financial position was not measured in terms of the International Accounting Standard (IAS) 19 Employee benefits. The standard requires measurement to be based on an actuarial valuation or the projected unit method. The district municipality had measured the balance based on actual leave days and basic salaries only. I consequently could not confirm whether the said balance has been correctly valued. The municipality’s records did not permit the application of alternative procedures regarding non-current liabilities.

Cash flow statement

12. Presentation of a cash flow statement, summarising the entity’s operating, investing and financing activities is required by Standard of Generally Recognised Accounting Practice, GRAP 2, Cash flow statement. An error was noted in the corresponding figures for the net cash flows from financing activities. The error arose as a result of the payment for the financial lease liability what was recorded as a cash inflow instead of a cash outflow. As a result, the net cash flows from financing activities and the cash and cash equivalents for the period ended 30 June 2009 in the cash flow statement are overstated by R5 075 309.

Expenditure

13. Contrary to the preceding financial year’s service level agreements and current year council resolution, the district municipality has not recorded the commission payable to the local municipalities who have rendered water services on the district municipality's behalf.
14. I consequently could not confirm that all expenditure relating to the commission payable that should have been recorded have been recorded and disclosed in the financial statements. The municipality’s records did not permit the application of alternative procedures regarding the expenditure.

15. Accordingly, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for expenditure, the surplus for the year or the accumulated surplus.

Property, Plant and Equipment

16. Standards of Generally Recognised Accounting Practice, GRAP 17, *Property, plant and equipment* requires that assets acquired at a nil or nominal value should be recognised at fair value on initial recognition. As indicated in note 5.4 to the financial statements, a transfer of 49 assets was made from the Department of Environmental Affairs and Tourism to the district municipality in the current financial year. The assets were recorded at nominal values of R1 each which is in contravention of GRAP 17. The effect on property, plant and equipment and other classes of transactions contained in the financial statements could not be determined.

Disclaimer of opinion

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

**EMPHASIS OF MATTER**

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

**Irregular Expenditure**

17. As disclosed in the note 34 to the financial statements, irregular expenditure to an amount of R40 746 848 was incurred due non-compliance to the supply chain management regulations.

**Restatement of corresponding figures**

18. As disclosed in note 29 to the financial statements, corresponding figures for 30 June 2009 have been restated as a result of errors discovered during 2010 in the annual financial statements of the Capricorn District Municipality at, and for the year ended 30 June 2009.

**ADDITIONAL MATTERS**

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

**UNAUDITED SUPPLEMENTARY SCHEDULES**

19. The supplementary information set out on pages XXX to XXX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.
20. In terms of the PAA of South Africa and General notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009, I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations and financial management (internal control).

Findings

Predetermined objectives

21. Material findings on the report on predetermined objectives, as set out on pages XXX to XXX, are reported below:

Non-compliance with regulatory and reporting requirements

REPORT ON PREDETERMINED OBJECTIVES NOT RECEIVED ON TIME

22. The reliability of the targets as set out on pages XX to XX of the annual report, could not be verified, since the information was not received in time for audit purposes.

Compliance with laws and regulations

MFMA

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

23. Expenditure was not incurred in accordance with the requirements of the supply chain management policy of the municipality giving effect to such policy as set out in section 1 the definition of “irregular expenditure” paragraph (d) of the MFMA.

Municipal Systems Act of South Africa, No 32 of 2000 (MSA)

Annual declarations not made by those charged with governance

24. Contrary to section 7(a) of schedule 1 of the MSA, evidence of annual declarations of interest to be made by the councillors was not submitted to the audit.

Municipal Structures Act of South Africa, No 117 of 1998

Functions and responsibilities of the district municipality

25. Contrary to section 84(1) of the above act, the local municipalities performed the water function and not the district municipality. No ministerial approval was obtained to deviate from the provisions of the above act.

INTERNAL CONTROL

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

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

Leadership

Oversight responsibility

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

29. Actions have not been taken to address all material misstatements reported in the prior year’s audit of financial statements.

30. The accounting officer does not evaluate whether management has implemented effective internal controls by gaining an understanding of how senior management has met its responsibilities.

ACTION TO MITIGATE RISKS

31. Actions are not taken to address all risks relating to the achievement of complete and accurate financial and performance reporting.

32. Certain external audit findings are not addressed.

Financial and performance management

Quality, reliable annual financial statements

33. The financial statements were subject to material amendments resulting from the audit.

34. The annual performance report was not submitted for auditing as per the legislated deadlines.

Adequate systems

35. General information technology controls are not designed to maintain the integrity of the information systems and the security of the data.

Governance

Internal audit

36. Adequate and effective procedures were not designed on matters related to financial and performance reporting.
OTHER REPORTS

Investigations

Investigation in progress

37. An investigation is being conducted by a contracted firm to probe the manner in which the supply chain management process was applied by the district municipality. The investigation aims to establish whether any irregularities had taken place in the procurement of goods and services. The investigation was still ongoing at the reporting date.

Polokwane

30 November 2010
CHAPTER 5: INFRASTRUCTURE DEVELOPMENT & SERVICE DELIVERY

WATER MANAGEMENT

1. WATER SERVICES

Progress

The Department identified 48 projects for the financial year 2009/10. Due to financial constraints 36 converted to multi year during budget adjustment in January 2009/10. Twelve projects were targeted for completion by end of June 2010 and the remaining thirty six by June 2011.

Achievements

Twenty one projects were completed and commissioned. Seven projects rolled over from the 2008.9 financial year were also completed and commissioned. The 21 completed projects contributed towards reducing the backlog by 2%.

1.1. Challenges

Despite early applications for ESKOM connections, some delays were experienced although there was a marked improvement compared to the 2008.9 financial year. There were also a few projects that struggled in getting underground water supplies particularly in Aganang. This challenge was difficult to deal with as communities expectations had been raised and therefore making it difficult to delay projects to allow for adequate planning. The tempering with completed infrastructure is rampant with some community members watering vegetable and fruit gardens with scarce water resources at the expense of others.

1.2. Suggested Solutions

Amendment to the consultant manual will be effected to allow consultant to pay for electricity and steel tanks immediately after scope agreement signing.
This will allow enough lead time as opposed to waiting for contractors to be appointed. By-laws enforcement will be pursued in the next financial a year subject to approval of a tariff structure by Council.

2 WATER OPERATIONS & MAINTENANCE

2.1 Free basic water implementation (First order strategy)

ACHIEVEMENTS

A total of 427,652 district people benefitted though 1st order provision. The first order strategy relates to provision of free basic water to district communities whereby we pay for the energy cost of operating water sources. CDM pays for the electricity bills to Eskom as well as diesel.

CHALLENGES

Delays by local municipalities in submitting monthly returns caused challenges around processing of invoices. Although power disconnections were reduced, some incidents did occur. Further the stealing of cables continued although a marked improvement was seen in respect of stealing of diesel engines.

Suggested Solutions

Identified boreholes particularly those in remote areas will continue to be protected through a concrete pumphouse construction programme. Further diesel engine will continue to be mounted on trolleys wherever feasible. Monitoring of diesel consumption informed by engine size will also continue to curtail possible abuse.
2.2 Free basic water implementation (Second order strategy)

ACHIEVEMENTS

Second order implementation of free basic water using the LM compiled indigent registers continued. However CDM finalized its indigent register which was forwarded to LMs for use. Currently cost recovery is implemented in the three local municipalities with the exception of Aganang Municipality.

THE FOLLOWING SUB SCHEMES ARE OPERATING ON COST RECOVERY BASIS:-

Blouberg Local Municipality (9 sub schemes =100%);
Molemole Local Municipality (1 sub scheme =25%);
Lepelle-Nkumpi Local Municipality (1 sub scheme =100%);
Aganang Local Municipality (0 sub scheme =0%);

CHALLENGES

The management of free basic water provision by local municipalities requires continuous support from CDM in terms of further improving implementation of cost recovery in other areas. Whilst the level of indigence in the District is acknowledged, cost recovery based on the compiled indigent register still lags behind with very little cost recovery taking place even in areas were this should be happening.

Suggested solutions

Costs recovery support is required and the water demand management strategy will assist in that regard. The water demand management strategy is expected to be completed by June 2011.
2.3 Operations and Maintenance of water schemes

ACHIEVEMENTS

Since the transfer of the daily operations and maintenance of schemes was transferred to local municipalities, the core responsibility of the division is to support all the local municipalities and ensure sustainability in the operations and maintenance of district water schemes.

Achievements

Two honey suckers were purchased and distributed to two local municipalities namely Lepelle Nkumpi and Molemole LMs to provide sanitation services in areas without sewer reticulation. A service provider was procured to supply 17 operations and maintenance vehicles. Funds for the day to day operations and maintenance were transferred to all LMs with the exception of Lepelle Nkumpi since they did not sign the WSP agreement. A total of 20 boreholes were identified for electrification and electrified. 19 bulk meters were installed in Lepelle Nkumpi with the aim of monthly auditing bill received from Lepelle Northern Water District.

Challenges

Even though the function was effectively transferred to LMs, CDM continued to be inundated with reports requiring urgent attention. This created complications as the funds for repairs now reside with the LMs. The long outstanding transfer of Aganang Satellite staff to Aganang remains a challenge due to labour related demands. Full integration of DWA transferred is outstanding posing a challenge around staff motivation.

Solutions

A customer care centre will be established during the 2010.11 financial year. This will assist in logging of complaints by residents and assists with the follow up thereof. Further assistance will be sought from DWA in relation to funds for full integration of staff.
2.4 Purchasing Land For The Water Quality Laboratory

ACHIEVEMENTS

Very little achievement was attained during the last financial in relation to the land for the water quality laboratory. After unsuccessful negotiations with Polokwane LM, new negotiations were started with University of Limpopo. These negotiations were not concluded during 2010.11 financial year.

Challenges

Complications arose from the negotiations with Polokwane LM on the proposed land offer as there was no written commitment to that effect.

Proposed Solution

Negotiations with the University of Limpopo will be pursued to ensure that an agreement is reached on the matter failure of which a last bid for invitation of public tenders will be done.

2.5 By-Laws Campaign & Enforcement

ACHIEVEMENTS

CDM commenced with a programme of by-laws campaign and enforcement in all the four LMs. Two service providers were appointed, one for by-laws campaign and the other for by-laws enforcement.

Challenges

Since the programme requires buy-in from the various stakeholders including LMs. Arranged meetings with LMs could not take place due to their non availability. The programme will be restarted in August 2010 which will allow the enforcement of the same by-laws. Enforcement of by-laws will require a Council approved tariff structure.
Suggested Solutions

The programme will be restarted in August 2010 which will allow the enforcement of the same by-laws.

2.6 Concrete Borehole Pumphouses

ACHIEVEMENTS

CDM commenced with a programme of constructing 40 concrete borehole pumphouses. A service provider was appointed and the project is being implemented on a multi year basis. There were no specific challenges.

2.7 Water Quality

ACHIEVEMENTS

CDM conducted water quality sampling across the District for the entire duration of the financial year. On average 160 samples were taken monthly informed by the sampling plan and send for testing to an accredited appointed service provider. There were no specific challenges.

2.8 Bulk Water Meters

ACHIEVEMENTS

CDM installed 19 bulk meters to assist with water accounting. These meters were installed immediately after bulk reservoirs. The project is complete and there were no specific challenges.
2. SANITATION

ACHIEVEMENTS

The Department embarked on a programme to construct 3,866 dry sanitation facilities. The implementation plan was changed in January 2010 due to budget challenges and spread over two over two financial years with the first year target of 30% and second year target of 70%. By end of June 1,240 units were constructed giving an overall progress of 103% for the 2009.10 target. The 1,240 completed units reduced the backlog by 1%.

Challenges

One of the four appointed service providers for Blouberg LM was chased away from site for the first five months of project due to community problems. Many attempts to resolve the issue were made resulting in many stops and starts. The issue remains. In Aganang a lot of time was also lost due to the need to pay community based organizations who were not paid by the previous contractor who was terminated. Further the 866 interventions for Aganang will not be adequate cover the shortfall arising from the incomplete 2008.9 project for Aganang. The overall progress as at the end of June 2010 was 31%.

Suggested Solutions

The adopted model as approved by Council going forward minimises the risk of managing contractors but requires further fine tuning to ensure speedy implementation of future projects.

3. TAXI RANKS

Progress

Five taxi ranks and thirty bus shelters were targeted for implementation through the benefiting LMs. The money was transferred to these benefitting LMs.
Challenges

Local Municipalities delayed with the start of the implementation of the projects and hence all LMs were not able to complete any of the taxi ranks by the end of June 2010.

Suggested Solutions

Transfers to LMs by CDM will be done in the first month of the financial year to allow adequate time for them to plan and implement the projects. Further transfers will be conditional subject to completion of previous projects.

4. ROADS

Progress

Eight priority roads approved for implementation on a three year rolling plan. All the eight projects were awarded and completed with 2009.10 being the final year of implementation. One project targeted for implementation by Lepelle Nkumpi LM remains incomplete. A total of 67.8km of gravel road was surfaced through these projects thereby reducing the backlog by 3%. Road Agency Limpopo also implemented projects that contributed towards reducing the backlog by 1%.

Challenges

The only two challenges experienced were in respect of quality challenges on Mamaolo to Seleteng Road and the Sebora to Mohlonong road. These challenges were fully addressed and on the Sebora to Mohlonong Road a dispute was declared between the contract and the consultant. An amount of R2,000,000 remains unpaid to the contractor for Sebora to Mohlonong road.

Suggested Solutions

The dispute on the Sebora to Mohlonong Road was referred for arbitration. The contractor and the consultant still have to agree on the appointed arbitrator in terms of the General Conditions of Contract dispute settlement procedure.
5. ELECTRICITY

ENERGY SERVICES

A total of fourteen projects were identified for implementation. Eleven projects were implemented, completed and energised. One project is awaiting ESKOM power outage to enable energisation and two projects are being implemented on a multi-year basis and will be completed during the 2010.11 financial year. The total number of 3,087 units completed reduced the backlog by 2%.

Challenges

The appointed service provider for Ga-Sechaba was terminated due to non payment of his appointed sub-contractor. A new service provider was appointed to complete the project. The project was eventually completed and energized by June 2010.

Suggested Solutions

Payments to appointed sub-contractors for energy projects will from the next financial year be done direct to them. The appointed consultant will only be paid for his/her professional fees.

6. QUANTITY SURVEY

Progress

The unit is responsible for committing and reporting MIG expenditure to the Department of Local Government and Housing. The unit managed to commit by 100% the 2010.11 budget and spend 100% of the 2009.10 allocation.
Challenges

There were delays experienced from DWAE in approving technical reports to allow full commitments of the 2011.12 financial year allocation.

Suggested Solutions

An appeal was lodged with the Provincial Office of DWAE which appeal is now receiving the necessary attention.

CHAPTER 6. COMMUNITY SERVICES

Achievements

Establishment Of A Waste Disposal Facility At Molemole Local Municipality

- The project was on tender during the period tender stage.

Planning The Establishment Of A Waste Disposal Facility At Aganang Local Municipality

- All planning and environmental studies were completed. Due to budget restrictions construction could only take place during 2010/11 only if budget allows.

Establishment Of A Waste Disposal Facility At Blouberg Local Municipality

- Project did not resume after it was stopped during October 2008 to investigate possible irregularities. Project was to resume after investigations were completed.

Establishment Of A Waste Disposal Facility At Lepelle-Nkumpi Local Municipality

- The contractor was on site during the period to finalise the project. The completion date was anticipated to be December 2010.

Outsourcing Daily Operations And Maintenance Of Established Waste Disposal Sites / Landfills

- Outsourcing was entirely dependent on the completion of the landfill sites. Project was put on hold and money transferred to other projects for the current financial year.
Implementation Of An Air Quality Monitoring Programme In The District

- Tender documents for the purchase of air monitoring equipment were prepared for advertisement during January 2010 in line with new SDBIP.

Development of an Emissions Inventory

- A draft emissions inventory is available and was submitted for information during March 2010. Updating the inventory on ongoing and new emitters are being identified and added to the inventory.

Development Of An Air Quality Brochure/Booklet

- A draft information booklet was developed and has been distributed for information during March 2010. Once finalised, the booklet will be published and also placed on the CDM website. The Communications Unit within CDM will assist with design, layout and editing.

Air Quality Compliance

- Site visits were conducted at all emitters during the quarter. Much time was spent on seeking industries with listed activities and they are included on the emissions inventory. At the same time, they were assessed to determine compliance and the AQ Officers reports provide more information.
- The following emitters were visited; Habakuk Furniture in Lebowakgomo, CORO BRIK; Much Asphalt; Silicon Smelters; Hillary Construction; Shell SA Depot and Total SA Depot in Polokwane as well as the Silicon Smelters (Charcoal plant) in Morebeng.

Clean Fires (Basa Njengo Magogo) Campaign

- We have continued our search for an ideal village or target group that uses coal as a primary fuel source.
- Mamabolo Village was targeted but does not comply with criteria. Interactions with coal suppliers have taken place and they will release client lists which we’ll use to search for a target group for implementation of the Clean Fires Campaign.
- Status unchanged. The search for a target group that uses coal as a primary fuel source is continuing. DME also involved as part of their Energy Reduction Strategies.

Development Of An Environmental Management Plan (Emp) For Aganang Local Municipality

- Final EMP was submitted and the project was closed. The EMP has been placed on the CDM Website.

Development Of An Environmental Management Plan (Emp) For Blouberg Local Municipality

- Project closed in November 2009. Final EMP document available and placed on CDM website
Development Of An Environmental Management Plan (Emp) For Lepelle-Nkumpi Local Municipality

- Final EMP was submitted and the project has closed. Final EMP has been submitted, and placed on the CDM Website.

Purchase Of Waste Equipment For Molemole LM

- Molemole LM was informed to proceed with SCM processes to purchase refuse compactor truck. Molemole LM issued a tender for a refuse compaction truck to be used for waste collection which closed during late October. Tender adjudication & appointment processes undertaken.
- A MoU has been concluded between CDM and Molemole LM and all Tender adjudication processes have been completed by end June 2010.
- In terms of the MoU an amount of R1,351,456.97 was transferred to the local municipality for the procurement of a truck from the appointed service provider Cranetech JV Mapinini as per submitted invoice.

Purchase Of Waste Equipment For Aganang Local Municipality

- The plan was to acquire a Skip Loader truck and Skips. A MoU regulating funding and deliverables was submitted to the Municipality during January 2010 but was not signed. No feedback was forthcoming from municipality on these issues and they have been informed that the funds are no longer available.

Environmental Management & Sustainable Development Training For Councillors

- Project completed successfully in both Polokwane and Blouberg municipalities.

Environmental Management Training For Municipal Officials

- Messrs Ravele (CDM) and Manngo (Aganang) completed the Environmental Management Inspectorate training at University of Pretoria. Mr van Rooyen commenced EMI training through UNISA during January 2010.
- The AQ officer, Ms Rangwato attended an Air Quality Management course from 12-23 April at University of Johannesburg.
- Approval was provided for the CDM Air Quality Officer and two legal officers as well as officials from Polokwane LM to be enrolled on the EMI course commencing July 2010 through University of Pretoria. They are; Mesdames Rangwato and Shilubane from CDM and Messrs. Maxwell Ledwaba and Phineas Tjikana from Polokwane LM.

Development Of Green Building Guidelines

- Attended the Green Building Conference during July 2009. Various stakeholders in Tshwane and Johannesburg City Metros were met & information is available and document was compiled - Draft Green Building Guidelines are available

Environmental Management Promotion / Awareness Programmes

- Facilitated a Working for Wetlands workshop at Ga-Mampa Village on 5 August 2009 with stakeholders LEDET, SANBI & IWMI
together with Greenest Municipality competition which was conducted and awards presented on the 22 October 2009 at Marco Hall, Polokwane.

Integration Of Environmental Issues Into The Idp Of Cdm

The IDP format has been improved to incorporate environmental considerations and during recent Provincial IDP assessment CDM received a rating of 4 out of 5.

Office Of The Premier- Greening Initiative Project

- The Municipality supported and co-ordinated the project for local municipalities.
- There are four local municipalities (except Polokwane) earmarked as beneficiaries of the greening project and the launch of the projects has taken place in all municipalities.

EMERGENCY AND DISASTER MANAGEMENT

- Fire calls - 183 fire calls responded
- Special services - 31 special services activity undertaken
- MVA cases - 390 MVA cases responded to
- Fire prevention activities - 576 fire prevention activities undertaken
- Plans attended to - 20 plan reviewed
- Evacuation drills - 79 drill undertaken
- Training of volunteers - 153 persons were trained (CDM, Polokwane and Red Cross)
- Seminar / workshop - 1 workshop
- Awareness campaigns - 123 awareness campaigns held
- Fire-related campaigns - 32 meetings held
- Disaster interventions 189 house fire incidents attended to

SPORTS, ARTS AND CULTURE

Workplace Sport And Recreation

Employees participation in Sport and Recreation activities of the municipality. Few Councilors were also participating in competitive Sport and recreation as well. Employees took part in the International games in Mozambique on the 4th-11 September 2009. The Municipality was represented in Football, Netball, Volleyball and Athletics. Due to organizational challenges, Netball games were discontinued. Some of the Staff memeeber participated in the fun run and received medals.

Academy of Sport

A concept document on the academy of sport was developed in 2009 to assist in the drafting of the Memorandum of Agreement between CDM and Bakgaga-ba-Mothapo. The project was at tender stage during the period.
The main objective is to provide support and auxiliary services to all Departments and the political component of the Municipality.

**Total Mobility For Staff And Councillors.**

**Achievements:**
- The Transport Policy was adhered to. Fleet control was done through the vehicle fleet report that was received from the service provider every month. Maintenance was done as and when required. We have registered remarkable progress regarding the completion of log books by drivers.

**Office Accommodation.**

**Achievements:**
- The Human Resource Unit was relocated. The resource centre for part-time members of mayoral was furnished and is in operation.
- All the obsolete furniture that was stored at Seshego Storeroom was relocated to the former DWAF storeroom and the lease with Limdev was cancelled.
- The partitioning of the Disaster Management Centre was completed.
- Staff members are fairly accommodated within the available office space. An office to relocate the Speaker has been identified and the necessary alteration were done.

**Security Services.**

**Achievements:**
- Regular meetings took place with the service provider to implement enhancements to the service. See report appended.

**Telecommunication Service.**

**Achievements:**
- Telephones were provided and maintained. Cell phones were upgraded in accordance with the policy.

**Qualitative Documents**

**Achievements:**
- The print room is operating smoothly due to the availability of effective equipment and the on-site involvement of the technicians/operators provided by our service provider.

**INFORMATION TECHNOLOGY**

- Information technology was consistently provided to officials of the municipality. Software licencees were renewed during the period.
Implemented Effective Document Management System.

Information Flow

- Control measures for incoming and outgoing correspondence are adhered to.

Human Resource Records

Achievements

- Control register for the file opened at human resource records developed.
- A total of 70 recruitment files were opened and are properly filed at main registry
- A total of 120 leave files were opened and filed alphabetically.
- The unemployed graduates CV were sorted accordingly and keep safely in the main registry. The total of 19 files for unemployed graduate were retrieved and sent for the interviews each with 100 CV’s for unemployed graduates
- List for the unsuccessful applications for the post advertised submitted to Provincial Archives for the disposal purpose.
- 417 former DWAF and Health staff personnel files are closed and safely stored at mini registry.

Assistance to Local Municipalities

Achievements

- District records management forum established
- The forum was represented by two records officials from our five local municipalities
- The five local Municipalities were trained on the best practices in records management
- Municipalities records management audit report was also presented by Local Government and Housing Department
- Provincial Archives presented role play by them to Municipalities records and their expectations.

Records Implementation Process

Achievements

- Gap was identified on the file plan and amendment was made to cater activities in Special Focus.
- A total of 20 Archives boxes were opened for closed records and records are due for disposal.
- A total of 19 Archives Boxes were opened at Executive mayor and records are safely stored at main storeroom.
- All closed files from Infrastructure collected and properly managed at the main registry
- List of records due for disposal in Executive Mayor were submitted to Provincial Archives.
- File plan was also distributed to staff in Infrastructure.
- Program was developed to conducted records management at satellite office.
- 55 files were sorted and align with approved file plan at the stored room.
- File plan was amended to include some activities in Community Services and planning and Strategy.

Disaster Recovery Management

Achievements

- Access control in the network, server room and systems are effectively managed.
• Action plan on implementing Audit recommendations was done.
• Access control in the network, server room and systems are effectively managed
• IT Audit recommendation were continuously implemented
• Terms of reference for offsite data recovery was completed. This will be advertised in the next financial year

**Implemented Integrated Systems To Support E-Municipality**

• Level of IT support was satisfactorily. Even during hard times their availability to support has not been compromised.
• Level of IT support was satisfactorily. Even during hard times their availability to support has not been compromised. Leave for Administrators has been revoked due to challenges in systems.
• The use of IT students has also being helpful as they were not only getting experience but also attending to calls as and when required.
• Students were also in the process of designing the INTRANET but this will be merged with content management once finalised by the appointed service provider and in liaison with Communication department.
• IT support was also on a weekly basis offered to local municipality in particular Aganang Municipal due to their unavailability of IT staff.
• Further request was received from Molemole to also assist in IT support since their IT office resigned – the need for shared service in IT is therefore relevant
• Students allocated in local Municipalities were also monitored by our IT staff and offering IT support each time they are required. all calls were recorded by students and escalated to our IT staff for assistance

**IT Systems**

The SAP application system is stable and working well. SAP administrators are continuously supporting all departments). HR issues identified and EPIUSE service provider is in the process of resolving HR issues

**LEGAL SERVICES**

The objective is to provide legal and compliance support to the municipality.

**Contracts.**

**Achievements:**
For the year under review, the unit received forty two (42) instructions to draft or edit contracts for non-capital projects. Thirty (30) of the contracts were finalised whereas the remaining twelve(12) were still pending for various reasons.

The unit has for the year under review, registered an outstanding progress relating to contractual compliance by service providers for capital projects. Out of forty (40) service providers, thirty-six (36) were compliant, one project was stopped and three service providers were non-compliant. This was achieved as a result of the collective approach and co-operation between the unit, the Infrastructure Services Department and the Department of Finance.

Three contracts were terminated during the period under review, that is:-
• Development of Spatial Development Framework;
• Provision of photocopier and fax services.

Litigation And Settlements.

Achievements:
The Unit handled a total of twenty five cases. Thirteen cases were of high court status. Twelve cases were of Magistrates court status. There was one High urgent application that was decided in favour of the Municipality. In two High Court action cases the opponents abandoned their applications for summary judgment and have since not pursued the matters. Other High Court matters were dealt with by way of correspondence and negotiation. Only one Magistrate’s Court action case was set down for hearing but was settled before the trial could commence. Other matters of Magistrates’ Court status were dealt with by way of negotiation and correspondence. A list of cases providing more detail is attached.

Legal Opinions.

Achievements:
Comments were provided to the following memoranda before submission to the Accounting Officer:-
• Capricorn District Sport Academy;
• Extension of contract: Fleet Services;
• Termination of Contract of Employment..
• Oral and Written opinions were provided relating to the following:-
• Procedure to terminate a contract (Strategy, Planning and Economic Development);
• Rehabilitation of borrow pit and possible payment of compensation.
• Annual increase of the Transferred staff in terms of PSCBC Resolution 3 and 5 of 2009.
• Ex-employees with CDM medical contributions
• Senior Manager LED
• Deviation – Exchange Server Repair and maintenance
• Pension supported housing loan scheme
• Liability of an employee to repay payment of an acting allowance
• Annual increase of the transferred section 57 Managers
• Interpretation of the collective agreement: leave encashment
• Interpretation of the supply chain management policy

Circulated the following legal updates to staff members.

Advisory Support To Council And Committees

Achievements:
• Provided support to the Mayoral Committee and the Bid Specification Committee.
CHAPTER 8. STRATEGY, PLANNING AND LED

INTEGRATED DEVELOPMENT PLANNING (IDP)

A Credible Integrated Development Plan

Achievements:

- The 2010/11 IDP/Budget was reviewed and adopted by Council on the 21\textsuperscript{st} of May 2010 with update baseline information.
- The District Municipal Turnaround Strategy Session was held on the 29\textsuperscript{th} April 2010. The purpose of the session was to assist municipalities to develop strategies and implementation plans to deal with the challenges affecting service delivery.
- The Reviewed IDP document was compiled with Municipal Turnaround Strategies integrated and aligned to the budgets and projects.
- Coordinated and participated in the Departmental and Management Strategic Planning Sessions to review the objectives, programs and strategies of the IDP and this took place between February and March 2010.

REGIONAL SPATIAL PLANNING UNIT

Achievements

- Misava Development was appointed June 2009
- Project steering committee was formed which included local municipalities and sector departments; meeting were held on the 28\textsuperscript{th} July, 25\textsuperscript{th} Sept 2009
- The 1\textsuperscript{st} milestone “Spatial Interpretation of the IDP” was discussed by the steering committee on the 27\textsuperscript{th} October 2009 and it is complete

Budget / Expenditure
- Budget: R650 000
- Expenditure to date: R130.000

SUPPORT TO CATEGORY B MUNICIPALITIES

LAND USE MANAGEMENT SYSTEM (LUMS)

Achievements

- Provided information in the Aganang LUMS Pilot. (i.e. land use data, maps, public participation activities, environmental assessment, etc).
- Provided the same information to the promulgation of the Land Use Management Schemes for Blouberg, Molemole and Lepelle-Nkumpi Local Municipalities.
- Aganang Land Use Scheme Alignment Report approved by Council.
- Formed part of steering committee in SDF review processes for (Aganang & Blouberg)
LAND USE SURVEY/ LAND AUDIT PROJECT

AGANANG, BLOUBERG, LEPELLE-NKUMPI AND MOLEMOLE LAND AUDIT

Achievements

- Assisted the above local municipalities with land use audit.

PLANNING MANAGEMENT TOOLS

GIS NEEDS ASSESSMENT, PROCUREMENT SOFTWARE EXTENSIONS AND TRAINING

Achievements

- TGIS was appointed in July 2009 to assist with this project.
- Project inception meeting was held on the 19th August 2009 to discuss and approve the project plan.
- Base data presentation made and report submitted

GIS PLANNING MANAGEMENT TOOLS

Achievements

- Tender passed adjudication phase, awaiting appointment confirmation.

CAPACITY BUILDING: URBAN & REGIONAL PLANNING & GIS

Achievements

- The project was at tender stage.
- Memo to appoint University of Venda to undertake training has been approved June 2010

COMMUNITY BASED PLANNING (CBP)

Achievements

- Completed ward planning process in Molemole.
- The process of electronically capturing the completed ward plans of Molemole is completed.
- Aganang ward plans have been verified with ward facilitators and officials in preparation for their implementation.
- An action plan has been developed for implementation of ward plans in Aganang for 2011/12 financial year.
- Linked CBP information to IDP in both Molemole and Aganang
STAKEHOLDER AND PARTNERSHIP DEVELOPMENT

Achievements
- Memorandum of Understanding (MoU) has been signed by the University of Venda and Limpopo.
- The MoUs focus on collaboration between the parties on the areas such as research, training, social development and technical. The MoU is on behalf of the entire municipality.

POLICY DEVELOPMENT AND REVIEW

Achievements
- Finalized 20 draft policies for consultation at different portfolio committees before approval
- Drafting of Policy framework in progress
- Policy review and development workshop conducted
- Established a policy review and development steering committee

RESEARCH AND DEVELOPMENT

Achievements
- Draft research framework is available
- Development of the District research agenda is in progress
- Analysis phase of the IDP was updated.
- The service provider to conduct the socio-economic impact assessment study is appointed.
- The workshop on South African statistical Quality Assessment framework (SASQAF) was offered by StatsSA.

MONITORING AND EVALUATION

Achievements
- The draft Monitoring and Evaluation framework is available, and still to be aligned with the outcome based M&E framework from the Presidency
- First draft M&E framework implementation plan in place
- Development of the indicator framework for M&E in progress.
- Draft organisational SDBIPs was developed.

LOCAL ECONOMIC DEVELOPMENT

INVESTMENT PROMOTION AND SUPPORT

HOSTING OF INVESTOR CONFERENCE

Progress
- The hosting of the investor conference has been deferred to October 2010.

ESTABLISHMENT OF CAPRICORN ECONOMIC DEVELOPMENT AGENCY

Progress
- Shift Impact Assessment Report was adopted by Council in November 2009.
- Public Participation Process was conducted from 4 November 2009 to 4 February 2010.
• Service provider was busy with incorporation of comments for Feasibility Report, 3 Year Business Plan and Requirements for Interim Driver.

**INVESTMENT AND MARKETING STRATEGY**

**Progress**

• Council adopted the document on the 30th September 2009.
• Feasibility studies completed on the prioritised projects.

**CREATION OF SKILLED LABOUR POOL**

**DATABASE OF UNEMPLOYED GRADUATES**

**Progress**

• Database completed.
• Implementation plan developed.
• Database currently used internally
• Qualification booklet developed.

**CAPACITY BUILDING FOR SMALL TRADERS**

**Progress**

• Training completed.
• 304 traders completed training on Business management
• Small Traders Graduation Ceremony was held on the 25 November 2009.
• Customer satisfaction survey finalised.

**PROMOTION AND SUPPORT OF MAJOR SECTORS IN THE DISTRICT: (AGRICULTURE)**

**DISTRICT AGRICULTURAL PLAN**

**Progress**

• Strategy development 100% complete.
• Hub development 100% complete.

**LAND REFORM PROJECT**

**Progress**

• Project completed.
FRESH PRODUCE MARKET

Progress

Background, CDM was verbally mandated by the office of the Premier to secure land (from Transnet) and associated infrastructure for the development of the Limpopo Fresh Produce Market. The mandate was later withdrawn.

- CDM now only a member of the provincial steering committee

WORKSHOPS ON SPATIAL BASED PLANNING

Progress

- None as the Spatial Development Framework was not completed.

TOURISM DESTINATION

DEVELOPMENT OF COMPOSITE TOURIST GUIDE

Progress

- Tourism plan developed
- Draft brochure developed

CAPACITY BUILDING OF TOURISM AMBASSADORS

Progress

- Training manual developed
- 11 tourism ambassadors trained and graduated in May 2010.

EXHIBITION OF TOURISM PRODUCTS

Progress

- Exhibited at the Marula Festival in Phalaborwa from the 25th-26th February 2010.
- Exhibited at Polokwane show on the 3rd-7th March 2010.
- Exhibited at the Tourism Indaba from the 07th to 11th May 2010.

SUPPORT OF CALENDAR MONTHS

Progress

- Hosted the Spring Festival in September 2009.

PLACEMENT OF UNEMPLOYED TOURISM GRADUATES

Progress

- Submitted a list of 30 unemployed tourism graduates at
  - Royal Luxury Accommodation
  - Fusion Boutique Hotel
- Tiveka game Lodge
- The Ranch Hotel
  - Tiveka Game Lodge appointed two unemployed tourism for 2010 Fifa World Cup.
  - Royal Luxury Accommodation appointed one graduate as a receptionist.

### CAPACITY BUILDING TOURISM PROJECT BENEFICIARIES

**Progress**

- Supported LEDET in the training of 15 Motumo project beneficiaries in business management skills.
- Trained 25 tourism product owners in Business Skills module 1,2,&3 (Training provided by Tourism Enterprise Partnership)

### OPERATIONALISATION OF MAFEFE TRADITIONAL TOURISM CAMP

**Progress**

- Infrastructure department conducted a quantity survey of the camp and submitted it to LED department the costed report for the purpose of revamping the camp.
- Revamping will start in the next financial year.

### OPERATIONALISATION OF MOTUMO TRADING POST

**Progress**

- Held a meeting with Machaka Traditional Council and the Executive Mayor on the 15th May 2010
- Wrote a letter to the Machaka Traditional Council outlining the process to be followed in evicting the “caretaker Manager”

### CHAPTER 9. EXECUTIVE AND COUNCIL

**EXECUTIVE MAYORS OFFICE**

**Good Governance And Public Participation**

**Achievements**

- A visit to various projects around ward 6 in Blouberg municipality was undertaken by Councillors on the 21st September 2009, in preparation for the Council Outreach.
- Council Outreach was successfully planned for and hosted in Berg en Dal, Ward 6, Blouberg Municipality on 30th September 2009.
- Convened a Councillors workshop on “Major Urban Poverty Challenges Identification” in collaboration with the South African Institute for Race Relations.
- Development of an action plan for public participation in January 2010 (All documents due for public participation to be forwarded to Office of the Speaker).
- Coordinated ward delimitations process with local municipalities.
- Site visit to Infrastructure and LED projects in preparations for Council Outreach in Lepelle Nkumpi on the 26th January 2010.
- Successfully held Council Outreach at Mogoto in Zebediela on 29th January 2010.
- Successfully held pre-planning meetings on public consultations on By-laws in local municipalities.
- Preparations for a public hearing on Sepedi vs. N. Sotho by the Parliamentary Committee on Constitutional Review.
- Public hearing on Annual Report for the financial year 2008/09 was held on 03 March 2010.
- Provided technical and administrative support during Oversight Committee meetings and projects visit to local municipalities.
- Coordinated and supported IDP Review consultations with Stakeholders including Councillors, 3rd Peoples’ Assembly and IDP Rep Forum.
- Hosted the 3rd Peoples’ Assembly/IDP Rep Forum in Polokwane municipality, Oasis Lodge.
- Various stakeholders were met and supported.
- The Executive authority graced over 120 ceremonial and official functions including amongst others, as highlights, hosting welcome home ceremony for Caster Semenya, after winning a Gold medal, a civic dinner for the South African National TB Association (SANTA) at its national AGM hosted in the district, Peter Mokaba Cup on 23rd January 2010, and Xerox Rugby Cup on 30th January 2010.

**Good Governance And Political Leadership**

**Achievements**

- Mayoral Committee was held (10) ten times in the reporting period and due support was provided.
- The municipal council met (7) seven times (including February Special Council) in the reporting period and due support was provided.
- The District IGR Forum met 3 times in the reporting period and due support was provided.
- Speaker’s forum was held (2) twice in reporting period and due support was provided.
- District Chief Whips Forum met (5) five times in the reporting period and due support was provided.
- The Districts’ House of Traditional Leaders Forum met (8) eight times in the reporting period and due support was provided.

**Office Support**

**Achievements**

- Political functionaries (i.e. EM, Speaker and the Chief Whip as well as the Mayoral Committee) were generally well supported and communication maintained throughout programmes/deployments.
- EM transported well and personal protection provided.
- Communication with media was kept through relevant municipal programmes yielding positive publicity. Relationship with key media houses was renewed for public relations in support of Council activities.
- Briefing was provided to the Executive Authority before media interviews.
- The Executive Authority was well supported with speeches/briefing notes, where necessary.
- Administrative documentation in general was timely and effectively attended to accordingly.
• Various stakeholder correspondences were referred to Municipal Manager’s Office and municipal departments for processing and feedback to the OEM provided.
• All HR matters were handled accordingly in the unit.

HIV/AIDS UNIT

Achievements
- Forty (40) CBO forum meetings were supported.
- Three (3) District CBO forum meetings were supported.
- Support was provided to the launching of the Humana People to People programme at Mentz Clinic
- New partnerships were created with 18 organisations and government departments
- The District Traditional Health Practitioners’ (THP) Committee was established and THPs were encouraged to participate in the HIV Counselling and Testing (HCT) mass campaign.
- Four Technical team meetings were held with HIV and AIDS government departments and other stakeholders
- Three District Health Council meetings were supported in August 2009, October 2009 and March 2010.

Challenges
- District Department of Social Development representatives not fully supporting our programmes
- LAC members not fully committed to their role
- Delays in launching LACs
- A number of care-givers are leaving their organisations due to non payment of stipends, especially at drop-in centres
- Mushrooming of organisations still a problem for CBOs, as is lack of funding and training and inadequate structures.

Intervention
- The various challenges raised by the District forum members were referred to the Information sharing meeting between CDM, Councillors and representatives from various Departments including Health which was held on 01 June 2010.
- Ongoing follow-ups on the LAC establishment at Polokwane and Molemole are being made by the unit officers.
- The Lepelle Nkumpi official was requested to follow-up with non-committed members and the Community Liaison Officer for Blouberg was tasked with replacing members who have quit.

Capacity Building

Achievements
- 175 CBO representatives received income generating project training
- Training for CBO board members was coordinated by the HIV Unit and NPO Directorate officials from the 15-19 March 2010
- The OVC’s skills transfer camp was held at Harry Oppenheimer High School from 04-08 January 2010
- CBO representatives were given a door-to-door campaign induction during CBO Forum meetings
A workshop on immunisation, governance, debriefing, finance and general project management was held for 228 HBC care-givers.

50 care-givers were trained on a Basic HIV & AIDS course at the Resource Training Centre in Polokwane from the 26th – 28th August 2009.

63 Traditional Health Practitioners from across the district were trained on HIV & AIDS and TB.

A total of 30 PLWA were work-shopped at Col John Lodge on the 3rd June 2010.

100 non-funded home community-based care organisation representatives were trained on CBO administrative practices.

Treatment, Care And Support

Achievements

- Linkage made between Mamothabadiolo Disabled Centre and Bula Mahlo HBC.
- Support was provided to the PASPWA stakeholders’ function held in November 2009.
- Support was provided to a World AIDS Day Celebration, OVCs' birthday party, young women’s awareness workshop, library induction for CBO, and DIC HIV awareness campaign.
- Distributed information and condoms at the Polokwane Show and the Marula Festival.
- Madiba Day was celebrated at Mponegele Ke Itirele DIC.
- Funding applications for the National Lottery Distribution Trust Fund, US Embassy, Australian Direct Aid Programme and Eskom were distributed at the CBO Forum meetings.
- Makgofe community members interested in establishing a step-down facility for TB, HIV were supported.
- With gender coordinator and two social workers, site visits conducted at Montina Farm crèche which culminated in an awareness campaign in partnership with numerous government departments.
- Mediated between four organizations where issues posing as challenges were amicably resolved.
- Intervention conducted at Itokeng DIC at Lepelle-Nkumpi on the issue of financial mismanagement. Matter forwarded to DoSD.
- Intervened at Kehlatsie DIC where it was alleged that the Induna took away food parcels for the DIC members. The matter was amicably resolved.
- Support provided for the preparation and funeral of HIV support group member and HIV Ambassador Eglad Lethekga on 13 March 2010.
- University-going orphan assisted with school fees and items needed for school.
- HIV Unit assisting with investigations into challenges faced by children at Beulah Shelter for Street Children.
- Support provided to 170 people living with HIV (PLHIV) on 4 June at Jack Botes Hall to commemorate HIV.

Challenges

- Some CBOs not always responsive to our assistance.
- Organizations usually submit requests for support late.
- Beulah Shelter not properly looking after children under their care.
- Non-funded organizations struggle to attend meetings due to lack of money for transport. Transport allocations were unable to be made this financial year.
Prevention

Achievements

- Support provided to the launch of the La Mmangata Moringa herbal tree at Sedikong sa Lerato DIC on 31 July 2009. MMC Keetsie Nelson gave the keynote address at the launch.
- Molepo Youth Development Club was given items to assist with its HIV and AIDS information desk project.
- An educational talk was conducted at Mont Mare farm – Polokwane Municipality on the 13th May 2010.
- Internally, staff were invited to a World AIDS Day/H1N1/Gender-based violence presentation in November 2009, a 16 Days of Activism campaign in December 2009, STI/Condorn in February 2010 and HIV Candlelight Memorial sessions were held in each satellite office and Biccard in May and June 2010.
- CDM’s Youth Unit was supported during its Youth HCT Campaigns.
- Two plenary meetings preceded an HIV & AIDS, Human Trafficking, Alcohol & Drug Abuse and Teenage Pregnancy awareness campaign at Setumong – Moshate on the 09 June 2010.
- The unit partnered with the Special Focus unit to launch an internal Men’s Discussion forum on the 31 June 2010.
- World Cup prevention proposal made to the 2010 Provincial Technical Team meeting held on 26 January 2010. The proposal was handed over to the DoHSD for implementation.
- Distributed HIV information in partnership with Religious HTA and the DoHSD at the district PVA at Eldorado.

Challenges

- Department of Health had a challenge with their budget, resulting in last-minute requests to the HIV Unit
- HCT not offered at all campaigns due to the DoHSD not attending despite adequate notification

Planning

Achievements

- Twenty-one CBOs monitored and evaluated
- HIV and AIDS related statistics obtained from various sources
- CBO database is updated and has been distributed to various organisations.
- Aganang, Blouberg, Lepelle-Nkumpi and Molemole maps have been printed and distributed to the Elizabeth Glaser Pediatric AIDS Foundation, Humana People to People, the CBO Forums, Childline Limpopo and Lovelife. Pertinent data given to GIS Officer to map.
- Team meetings (staff meetings held regularly amongst unit officers and manager).
- Exchange programme held from 26-28 May 2010 for 22 DIC coordinators and carers at Makotse Women’s Club in Lepelle-Nkumpi.
- CBOs briefed and one hundred fifty attended the 28 April 2010 CBO/NGO Public Participation session held at Cosmo Leisure Lodge.
Achievements
(a) 2009/10 Corporate Calendar was developed and reviewed quarterly.
(b) A total number of 148 meetings were successfully coordinated and secretariat support was provided.

- Minutes and resolutions of meetings were e-mailed to Management within five days after the meetings for implementation of resolutions.
- Remuneration Report on the annual salary increase of Section 57 Managers was developed and tabled to Mayoral Committee for approval.
- Water Summit report was developed and referred to respective departments.
- Project visit report was developed and referred to respective departments.
- Report of the Oversight Committee on the Annual Report was developed and tabled to Council.

Challenges
Postponement of Committee meetings due to lack of quorum.

Implementation Of Resolutions

Achievements

Resolutions were developed within 5 days after the meetings and e-mailed together with the minutes to Senior Managers for implementation.

- Progress on implementation is followed up with Senior Managers and feedback was tabled to committees.
- Annual Outstanding resolutions of all decision making structures were developed and continuously updated at Audit Steering Committee meetings every Friday.

INTER-GOVERNMENTAL RELATIONS

Achievements

- Held three (3) District IGR Forums meetings in the year under review.
- Seven (7) MM’s Forum meetings were successfully held.
- Two (2) Speaker’s Forums were held.
- The District Chief-Whip’s Forum met five (5) times in the reporting period.
- The Districts’ House of Traditional Leaders Forum met eight (8) times in the reporting period.
- Three (3) District Energy Forums were held.
- Water and Sanitation Forums met four (4) times.
- Internal Auditor’s Forum met once (1) during the period under review.
- Six (6) Communication Forum meetings were held.
- Two (2) Support Staff meetings held.
- Five (5) Roads and Transport Forum meetings were held.
- A Comprehensive Assessment of the state of Capricorn District Municipality was produced.
- Nine (9) G & A Cluster meetings were held and attended and reports were circulated to both local municipalities and CDM senior managers.
- Three (3) meetings coordinated by SALGA were attended i.e two national and one provincial.
• Inputs on the report on assessment of Local municipalities within Capricorn District were forwarded to the Department of Local Government and Housing.
• The Mid-January section 72 report was consolidated and submitted to the Department of Local Government and Housing as required.
• A District wide Water Summit was held on the 06 November 2009.

Office Support

Achievements:

• The office managed to ensure that all documents received were attended to within three days turn- around time.
• Filing of documents and forwarding of all memorandums to both internal and external clients was done during the time under review.
• Management of leave and other related human resource management issues were carried out.
• Ensuring that meetings of the municipal manager are well organized.
• Receiving and follow up on all queries and inquiries received by the office.
• Improve filling in Municipal Manager’s Office.
• Ensuring that the submission format was adhered to by all departments.
• Read correspondence received and advise Municipal Manager accordingly.
• Follow-up on issues reported to the office.

SPECIAL FOCUS

CHILDREN DEVELOPMENT PROGRAMMES

Achievements

Children’s Rights Campaigns

• Partnered with Childline Limpopo on the Walk against child Abuse and the Chairperson of the Special Focus portfolio – Cllr Suzan Chego addressed the children and officially released the balloons representing the missing kids.
• Twelve (12) schools were identified by local municipalities where child trafficking campaigns were conducted by Childline Limpopo volunteers. The team managed to see 3557 learners, 1834 girls & 1723 boys grade 6 – 8.
• The campaigns were rolled in partnership with Childline Limpopo and the posters on Children’s Rights and responsibilities, Childline tollfree number as well as the brochures on child protection were distributed to the learners and educators.
• On the impact assessment of campaigns in partnership with Child line, provides the district with number and type of cases reported and how they were resolved. For the month November 12 cases for 10 boys and 2 girls were reported on different abuses.
• The educators (10 females and 6 males) were also addressed on Child Trafficking and Child Protection in preparation for 2010 FIFA World Cup.
• Seventeen (17) caregivers (all females) from Ponelapele Drop-in-Centre were trained by Childline Limpopo Child Protection, Child Trafficking as well as counselling Skills.
• Twenty (20) guardians, all females from Nthekgeng Drop – in –Centre were trained on Protection of the Child, Parental Skills and Child Trafficking by Childline.
• Sixty (60) people (parents, SGB’s & Educators) 45 females & 15 males were addressed on Child Trafficking in preparation of 2010 world cup.
Achievements

Gender Forum

- Gender Forum where all institutions dealing with social issues were involved was held on the 1st June 2010. The purpose was to ensure service delivery through improvement of communication and integration of services. (report per institution attached)

National Women’s Day Celebration

- Provided five busses, one per local municipality to attend the provincial women’s day in Marble hall.

Achievements:

- Draft Action Plan is in place.
- An awareness workshop was arranged for forty blind women on equality and child maintenance guided by the women’s month theme, “Together empowering women towards development and gender equality.”
- Facilitated the sports classification of the Capricorn Club for people with disabilities in order to make sure that they are able to compete in relevant sporting codes and categories.
- Visited the Mamothabadilo Physically Disabled Centre on the 16th of July 2009 in response to a request submitted to the Executive Mayor and the HIV & AIDS Coordinator subsequently.
- Visited Rekgona Centre for the Intellectually Impaired to assess the environment for support and further developed a funding proposal based on the findings.
- Project profiling is in progress, Polokwane, Aganang and Blouberg have been covered.

Disability Audit

- In line with CDM’s monitoring plan, an audit with SALGA was made in the institution on the 20th of October. The focus was on accessibility of the building and reasonable accommodation of people with disabilities in the institution.

HIV/AIDS Workshop: 03 December 2009

- As part of the Disability month programme, an HIV workshop targeting 50 disabled persons was held on the 30 November 2009. The aim of the workshop was to raise awareness on HIV related issues amongst people with Disabilities.
Disability Open Day: 04 December 2009

- Disability Open Day to targeting deaf people because it has come to our attention that deaf people are somehow discriminated against, so the day was to let CDM employees to share with them the experiences of sign language and its difficulties. Target number was 100 and 110 attended.

Business Empowerment Workshop

The workshop was a corrective from 27th November 2009 aiming at highlighting people with disabilities with process of tendering of pricing since the challenge was that most of them are either over or under pricing hence they were found not to be given opportunity to provide services in the municipality target was 30 people & only 20 attended.

- 269 disabled persons were transported to Provincial Disability Day Celebration at Ka Malamulele on the 3rd December 2009.
- The disability sensitisation plan for 2009-2010 is ready for approval.(see annexure 1).

OLDER PERSONS DEVELOPMENT PROGRAMMES

Achievements
- Only one Older Persons Forum meeting was held on the 8th of July 2009.
- Sekutupu Old Age home was visited to monitor the place in response to a request tabled by the Capricorn District Older Persons Forum.
- Visited Ga Sebati and Dihlopaneng villages in response to a reported case of abuse of elder persons by Age in Action and the district older person’s forum.
- Participated in the Older Person’s abuse management training on the 21st of August 2009 in Oasis lodge facilitated by the department of Health & social development and office of the Premier.
- Participating in the Provincial Older Persons Day
- The Special Focus Unit, Office of the Mayor together with the Mayor himself held a meeting on the 4 March 2010 aiming to come up with a strategy of coordinating and mainstreaming issues of Older Persons in the District.
- Older Persons Luncheon Clubs in Polokwane Profiles, eighteen projects were profiled according to name of the project, physical address, contacts, membership & activities the project is rendering.

Older Persons Strategy

- Draft Older Person Strategy is in place.

Profile for older persons

- Older Persons Luncheon Clubs in Lepelle Nkumpi Profiles, nine projects were profiled according to name of the project, physical address, contacts, membership & activities the project is rendering.

Older Persons Month

The District partnered with Love Life on Gogo getters focusing on:
• Elderly Rights & Education of HIV/AIDS issues.
• Disaster management
• Protection of Older Persons
• Coordination of Locals to attend the Provincial Older Persons Day

Grand Parents day
• The Coordinator & the Counsellor responsible for older persons attended Age in Action National Conference from the 06 –08 October 200 in Bloemfontein the conference focused on:
  • Older Persons are Human Rights.
  • Health Talk with Older Persons
  • The importance of VCT for older persons
  • The impact of HIV/AIDS on Older Persons.
• All Older Persons Projects were requested to submit their needs for the District to assist them and this how they submitted and verification visits was also done in some the projects.

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**YOUTH DEVELOPMENT PROGRAMMES**

**Achievements**

• Coordinated 125 young people, 25 per local municipality to attend the Provincial Youth Parliament facilitated by the Limpopo legislature.
• Participated in the drafting of the National Youth Economic Empowerment Strategy facilitated by the national department of trade and industry. Coordinated 18 young people from the district, 3 per local municipality and 3 from the district as per invitation.
• Coordinated that 30 young people from Aganang and Blouberg (15 each) participate in the Talent search in music project facilitated by the department of Sports, Arts & Culture.
• 11 males and 9 females Youth has being employed and Trained at infrastructure project at Molemole Municipality for Road Construction D1200
• 20 community members have been awarded bursaries for different fields of study, 9 females & 11 males’ i.e. 45% females & 55% males.

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**INTERNAL AUDIT SERVICES**

**Achievements**
The Internal control audits completed and the reports issued to management:

• HIV & AIDS
• Environmental Management
• Occupational Health & Safety
• Supply Chain Management
• Committees
• 1st, 2nd and 3rd Performance Management Audit
• Bursary Ad hoc Audit

The Internal control audits on process:
• IDP review
• Communication
• Labour Relations
Tourism

- Ad-hoc audit on internal control review for internal and external bursaries and management reports were issued to management.
- Three year strategic audit plan completed and approved by the AC on the 11 August 2009 and presented to management.
- Annual risk based coverage plan completed and approved by the committee on the 11 August 2009 and presented to management.
- The Audit Committee managed to thoroughly review the Annual financial statements for 2008/9 financial year before they could be submitted to Auditor General on the 31st August 2009.
- The Audit Steering Committee was established since the beginning of the external audit in August and had since held thirteen (13) meetings.
- Audit Committee advertised and interviews held successfully.
- New Audit Committee was appointed by Council in December.
- Half yearly Performance Management Audit report completed.
- Special Audit Committee meeting to consider the annual report was successfully held on the 19 January 2010.
- Successfully coordinate and held Audit Committee Inauguration and induction meeting on the 31 March 2010.
- Continue to provide efficient secretarial and admin support to the Audit Committee.
- Provided training to both old and new Audit committee on King III Cooperative Governance Report and the role of the Audit committee and Internal Audit within local government.
- Audit Committee agreements/contracts have been signed with new Audit Committee Members.
- Quality review conducted and achieved compliance status under district category C.
- Presented the remuneration structure for the Audit committee which was approved by Council on the 31 March 2010.
- Assisted in Organizational Risk Assessment processes.
- Observed 30 tender opening sessions for the year under review.
- Projections of projects and budget for next financial year 2010/11 were identified and presented at Strategic Planning Session.
- Subsistence and travelling claims were reviewed for completeness, accuracy and validity and report presented to the Accounting Officer for corrective action.
- Regular follow up meetings held with Finance Department to monitor the progress on the implementation of Auditor General recommendations.
- Assisted in coordination of fraud awareness campaign processes at Lepelle- Nkumpi and Polokwane local Municipalities.
- Conducted annual Performance assessment for the year under review.
- Attended/participated in the Provincial IGR at Mopani District.
- Drafted 3 year rolling plan for internal audit and it has been noted by the audit committee for 2010/11.
- Drafted annual internal audit plan and it has been noted by audit committee for 2010/11.
- Conducted physical verification of employees to all CDM employees.
- Weekly follow up meetings held with senior management to monitor the progress.
- Audit Committee meeting held on the 31 May 2010 to consider internal audit reports.
- Stock count (Consumables and water) conducted on the 30 June 2010.
- Supervise cash count conducted on the 30 June 2010.
- Performance agreements for 2010/11 prepared.
- SDBIP for 2010/11 drafted and submitted.
To protect the municipality from potential risks

Achievements

- Organisational risk register for 2010/11 is updated
- Investigated irregularities reported on the fraud hotline.
- Reports from Fraud hotline referred to the Municipalities for preliminary investigations.
- Conducted preliminary investigations into allegations of irregularities within the municipalities.
- Quality review conducted by Provincial Treasury and report received.
- Conducted workshops on Organisational risk assessment during Strategic Session.
- Conducted awareness on risk management to management and staff.
- Risk Steering committee was successfully held in February 2010.
- 28 calls were received on the fraud hotline
- Six draft investigation reports were issued.
- Attended/participated in the Provincial IGR at Mopani District.
- Projections of projects and budget for next financial year 2010/11 were identified and presented at Strategic Planning Session.
- Presented the draft organisational risk profile to Councillors on the 23 March 2010.
- Final risk assessment report was completed and presented to Audit Committee.
- SDBIP FOR 2010/11 drafted and submitted.
- Audit Committee meeting held on the 31 May 2010 to consider the risk management reports.
- Provide advisory role in the weekly audit steering committee meetings.
- Conducted induction to Tubatse Municipality Risk Officer

Support to Locals on Audit & Risk Matters

Achievement

- Conducted workshop on risk management strategy to Aganang Local Municipality Councillors.
- Planning session for risk assessment workshop and fraud awareness campaign were successfully held for both Polokwane and Lepelle -Nkumpi Local Municipality.
- Conducted organisational risk assessment at Lepelle-Nkumpi local municipality.
- Assisted in the interview at Polokwane Local Municipality for the Senior Internal Auditor’s position.
- Conducted workshops on fraud awareness campaign for both Lepelle-Nkumpi and Polokwane local Municipality.
- Assisted Local Municipalities with the completion of Internal Audit status quo template.
- District IGR meeting successfully held on 26 October 2009.

Communications Services

Achievements

- Notice boards updated with the following information:
- Mogarafase and Mgobozi produced
- Campaigns Supported and advertising
- Promotion of access to information
• Website updated

**Good governance and public participation**

**Achievements**

• Attended the draft Corporate Identity Manual presentation for the DLGH and made inputs
• Attended Aganang Municipal Media Briefing
• Attended the Provincial Core Team for communications and presentation in GCIS
• Looked into design and translation of IDPs in both Sepedi and English
• Assisted in designing a newsletter for Lepelle-Nkumpi Municipalities
• Design and printed posters for Blouberg Local Municipality around PVA

Stakeholder relations and customer care

**Achievements**

• Converted disaster number to toll-free number which has been approved
• Continued to provided support to Customer care services and the walk-ins
• Popularized the suggestions box
• Organized transport for staff to join the opening of SWC in Eldorado PVA
• Organized a screen at the chamber for internal staff to view soccer while still at work
• Displayed banners at the events
• Promotional materials distributed in all events
• Launched the Batho-Pele Forum which was graced by the EM and Mayor of Lepelle-Nkumpi and Molemole municipality

**2010 DEVELOPMENTS**

• Play a participatory role in the games which were played in this province.
• Was a member of the Intermenistrial committe
• Coordinated a Public Viewing Area in Blouberg Municipality
• Assist in mobilising people to attend to stadiums, apend signature next to big jersy, mass mobilisation in the district and many more
REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report covering the financial year ended 30 June 2010.

Audit Committee Members and Attendance

The Audit Committee was appointed with effect from 23 June 2003 and the new Audit Committee was appointed with effect from 11 December 2009. The new audit committee assumed duty in January 2010 with the formal handover/induction/inauguration held on 31 March 2010.

The meetings attended during the year under review by both the outgoing members and the new members were as follows:

<table>
<thead>
<tr>
<th>Audit Committee Members</th>
<th>Total of Meetings held</th>
<th>Total of Audit Committee Meetings attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. DN Nkadimeng (Outgoing member)</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Mr. J Sithole (Served on both new and old committee)</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Mr. D Dombo (Outgoing member)</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Ms. KV Mashigo (Outgoing member)</td>
<td>5</td>
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<tr>
<td>Ms. N Mabapa (Outgoing member)</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Mr. VK Chuene (Serving new Committee Member)</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Mr. S Mhlarhi Serving (Serving new Committee Member)</td>
<td>5</td>
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<tr>
<td>Mr. MJR Mpai (Serving new Committee Member)</td>
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<tr>
<td>Ms. MA Mokate (Serving new Committee Member)</td>
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<tr>
<td>Ms. MA Mphahlele (Serving new Committee Member)</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>
The Audit Committee adopted appropriate formal terms of reference as contained in the Audit Committee charter approved by the Municipal Council and has regulated its affairs in compliance with the charter and has discharged all its responsibilities as contained therein.

**The Effectiveness of Internal Control Systems**

The system of internal control is designed to manage risk in the municipality and to ensure that the municipality is able to achieve its objectives and goals. Scrutiny of Internal Audit and Auditor-General of South Africa’s reports indicates that there are weaknesses in the internal control systems of the municipality which require significant improvements. Management has committed to address these issues without delay.

**Internal audit function**

Despite human resource capacity constraints, we are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the function of its audit.

**The Quality of in year management and monthly/quarterly reports**

The Audit Committee is satisfied with the content of the reports issued by the municipality during the year under review.

**Evaluation of Financial Statements**

The Audit Committee has:

- Reviewed and discussed the audited Annual Financial statements to be included in the Annual Report
- Reviewed the Auditor-General of South Africa’s management report and management’s responses thereto;
- Reviewed changes in the accounting policies and practices;
- Reviewed compliance with legal regulatory provision, and
- Reviewed significant adjustment resulting from the audit

We concur with and accept the Auditor-General of South Africa’s report on the Annual Financial Statements, and are of the opinion the audited Annual Financial Statements should be accepted and read with the report of the Auditor-General of South Africa.

On behalf of the Audit Committee

Mr. Jerry Sithole (Chairperson)