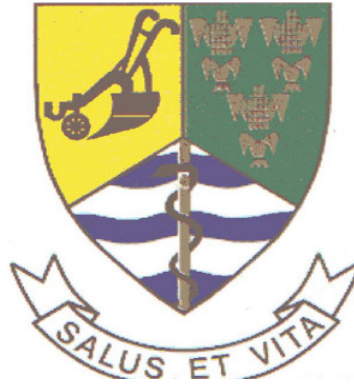


**BELA BELA
LOCAL MUNICIPALITY**



**DRAFT ANNUAL REPORT
FOR
2007/08 FINANCIAL YEAR**

BELA BELA LOCAL MUNICIPALITY

PRIVATE BAG X 1609

BELA – BELA

0480

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MUNICIPAL VISION STATEMENT

IT IS THE VISION OF BELA-BELA LOCAL MUNICIPALITY TO STRIVE FOR THE DEVELOPMENT OF THE MUNICIPALITY TO BE SAFE, PROSPEROUS AND WELL MAINTAINED.

Municipal Values

- ▶ ***ACCOUNTABILITY***
- ▶ ***FAIRNESS***
- ▶ ***EFFECTIVENESS***
- ▶ ***COMMITMENT***
- ▶ ***HONESTY AND SINCERITY***

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CHAPTER 1: INTRODUCTION AND OVERVIEW

1.1 MAYOR'S FOREWORD ON THE ANNUAL REPORT 2007/ 08



**Cllr H.M. Ledwaba
Her Worship the Mayor
Bela – Bela Local Municipality**

It is my great pleasure to present the 2007/2008 Annual Report for Bela Bela Local Municipality. It is that time of the year where we look back and assess our progress in so far as the mandate which was given to us by the electorate. The 2007/2008 financial year has been a period whereby Bela Bela Municipality made substantial progress in terms of service delivery and overcoming some of the challenges that were inherited from the previous financial year. These include amongst others financial management and non – payment of the municipal services by some of our clients, nevertheless we are proud to report that we were able to change the negative balance into positive from our primary account. The Council is also considering various innovative ways of maximizing service delivery within the above mentioned constrains and these includes improving communications and improve debt collection and credit control. Despite the above mentioned challenges, there are success stories which can be told and to mention a few, the council was able to spent 100% of its Municipal Infrastructure Grant (MIG) which was allocated for a major capital project (Water Purification Plant) through which a number of job opportunities were created and improved access to water services, thus improving the lives of the people.

It should be noted that the current management actions have yielded positive results. This is clear from the achievements accomplished in this financial year as contained in this report. Surely our communities benefited a lot during this financial year although there is still a long way to go towards addressing their needs, such as access to basic services by all and job creation. Besides all these challenges the co-operation experienced between the Local Municipality and the other two spheres of government is commended for the success we have achieved thus far. I am more than confident that with this kind of contribution from our officials as well as councilors serving Bela Bela Municipality we will be able to cope with future challenges. It is therefore my heartfelt wish that the co-operation and this spirit of co-operative governance persist even beyond the 2007/2008 financial year. I therefore hereby present our Council's annual report for the 2007/2008 financial year.

Honorable Mayor: Cllr HM Ledwaba

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1.2 BACKGROUND: OVERVIEW OF BELA BELA LOCAL MUNICIPALITY

1.2.1 BELA BELA IN CONTEXT

Bela Bela Municipal Area is approximately 4000 km² in extent. It is one of the six local municipalities that exist within Waterberg District Municipality. This local authority consists of eight municipal wards and it is considered to be a significant contributor to the economy of the district due to a number of positive factors that it entails, particularly its location and role in the regional economy brought by the cross boundary opportunities which includes the areas that fall outside of the Limpopo Province. The total number of households within Bela Bela is estimated at 14 290. The main formal settlements that accommodates the majority of the total population (74% – 10 520 households) in Bela Bela Municipal Area are Bela Bela Town, Bela Bela Township, Radium/ Masakhane and Pienaarsriver. Approximately 3,6% (450) of the households reside within the informal settlements, 6% (775 households) who reside within the rural village and the rest 17% (2545 households) reside within the Farmlands. The informal settlements are mainly located within Bela Bela Township (i.e. “JZ”) and there are households who reside informally at Eersbewoon (Tsakane). The only traditional rural village within the municipality is Rapotokwane

In terms of location, Bela Bela Municipality is situated on the south – western region within the administrative boundaries of Waterberg District Municipality which forms part of the Limpopo Province. The municipality shares the boundaries with Modimolle Municipality to the north and Thabazimbi to the west. The municipality also shares the boundaries with Mpumalanga Province to the south east, Gauteng to the south and North – West province to the south west.

1.2.2 POLITICAL STRUCTURE

Bela Bela Local Municipality (NP 366) is a Category B Municipality as established in terms of Chapter 2 of the Municipal Structures Act, 1998. The Municipality functions under the Collective Executive system consisting of three (3) Executive members of whom one is the Mayor. The Council consists of 15 councilors including the members of the Executive Committee. Out of the 15 councilors, 8 are ward elected councilors.

1.2.3 WARD COMMITTEES

Section 16 (1) of the Municipal Systems Act requires municipalities to develop a culture of municipal governance that compliments formal representative government with a system of participatory local government. As such, Bela Bela Municipality has adopted a ward committee system and established such structures in all 8 municipal wards. In terms of the structure of the ward committees, each committee must have 10 members which gives a total of 80 members, however the exact number of the ward committees is not currently available since there has been a decrease in number of members within each committee. The ward committees represent diverse interests and serve as the main means for public participation in the IDP and municipal affairs generally.

1.2.4 STANDING COMMITTEES

The municipality comprises three portfolio committees which can be outlined as follows:-

- Social and Community Services
- Planning, Economic Development and Infrastructure
- Transformation & Governance/ Budget & Treasury

Each councilor is serving in at least one sub committee.

Bela Bela Municipality: Annual Report for 2007/ 08 Financial Year

1.3 EXECUTIVE SUMMARY



**Mr N.S. Bambo
Municipal Manager**

Bela Bela Municipality attained major achievements in its endeavour to contribute to the upliftment of the quality of life of its entire people. This was done through the implementation of the Integrated Development Plan (IDP) and the Five (5) – Year Local Government Strategic Agenda. This report will demonstrate and exhibit our performance in terms of the ensuring that the quality of life continues to improve for the residents of Bela Bela. It should be recalled that in 2007/ 08 financial year was a period that the condition of our infrastructure was drastically ageing and had dilapidated, it then became imperative that the first three (3) priorities of our 2007/ 08 IDP was infrastructure development which ensured that a lot of our budget addresses the issues of Water & Sanitation, Electrical Services and Roads & Stormwater.

As it is elaborated on the context of this report, the following are some of the successfully implemented infrastructure development projects within Bela Bela which has address the needs of the community within this period. These include the following:-

- ⇒ Extension of Water Purification Plant (R 5.5 Million)
- ⇒ Installation of Water and Sanitation Services in Bela Bela Extension 8 (R1.5 Million)
- ⇒ Stormwater Drainage Channel (R750 000)
- ⇒ Road Paving at Bela Bela Township (R1 Million)
- ⇒ Resealing of the CBD Roads (R1 Million)
- ⇒ Upgrading of the Electrical Network in the Township (R300 000)

In addition to the above, there a number of housing projects which were initiated by the Department of Local Government and Housing (DLGH) and the municipality played a supportive and facilitative role up until they reached completion. It gives me great pleasure to congratulate the devoted citizens, councilors, officials and all the stakeholders for their support during the 2007/ 08 Financial Year.

Municipal Manager: Mr N.S. Bambo

BELA BELA MUNICIPAL COUNCIL STRUCTURE



**Cllr H.M. Ledwaba
Mayor
(Ward 5)**



**Cllr F.E. Maloka
Speaker**



**Cllr E.G. Mukhawana
Member of EC.
(PR Councillor)**



**Cllr D Gravett
Member of EC.
(Ward 2)**



**Cllr R.J. Makgoba
Ward 1**



**Cllr M.M. Monanyane
Ward 3**



**Cllr M.R. Boikhutso
Ward 4**



**Cllr S.E. Maluleka
Ward 6**



**Cllr M.S. Mahlangu
Ward 8**



**Cllr R.M. Radebe
Ward 7**



**Cllr M.P. Kekana
PR Councillor**



**Cllr G.M. Seleka
PR Councillor**

CHAPTER 2: PERFORMANCE HIGHLIGHTS

2.1 PERFORMANCE HIGHLIGHTS ON SERVICE DELIVERY

2.1.1 FREE BASIC DELIVERY

Bela Bela Municipality is a water service authority. The municipality is rendering the water and sanitation services to the local communities. The municipality also provides free basic services to the disadvantaged members of the community. In terms of the Indigent policy the households who qualified to be registered as indigents during the 2007/ 08 financial year are those that with an income of R0 –to– R 1 500 per month. The number of households who are subsidised by the free basic services can be indicated as follows:-

Total number of Households	Number of indigent households benefiting from free basic services.		
	Water	Sanitation	Electricity
14290	2 935	2 935	2 935

In terms of the quantity of these free services which are provided to the indigents by the municipality, each indigent household receive 80 kilowatts (KW) of electricity and 10 kilolitre (KL) of water. The rest of the consumers within Bela Bela Municipal Area receive 6kl of water per month for free. It can be noted that the number of indigents has decreased from 3 732 households (during 2006/ 07 financial year) to 2 935 households (during 2007/ 08 financial year) and this therefore implies that there has been a 21% (797 households) decrease in the number of indigents households.

The two main reasons for this decrease include the fact that (1) there are households that ultimately did not qualify to be registered as indigents when the household’s income increased to be above R 1800 per month as a result of more household’s members obtaining employment and (2) the municipality also undertook the verification of indigent households through field work and this revealed the households who had successfully registered as indigents through supplying the municipality with the incorrect information (e.g. not disclosing the entire income for the household), the municipality then updated this information and removed all the households who did not qualify from the indigent register.

2.1.2 SERVICE DELIVERY BACKLOGS

WATER BACKLOGS	30-JUNE-06			30-JUNE-07			30-JUNE-08		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlog to be eliminated (No. of Households not receiving minimum standard of services)	750	750	750	400	-	-	775	528	528
Backlog to be eliminated (% of HH identified as backlogs/ total HH in municipality)	100%	100%	100%	100%	0%	0%	100%	68%	68%

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Spending on the renewal of the existing infrastructure to eliminate backlogs (R.000)	R 800	R 800	R 800	-	R 0	R 0	R 5 500	R 5 500	R 5 500
Total spending to eliminate backlogs (R.000)	R 800	R 800	R 800	-	R 0	R 0	R 7 000	R 7 000	R 7 000
Electricity Backlogs (MKW per Month)	30-June-06			30-June-07			30-June-08		
				Required	Budgeted	Actual	Required	Budgeted	Actual
Backlog to be eliminated (No. of Households not receiving minimum standard of services)	1050	345	345	800	109	109	650	528	528
Backlog to be eliminated (% of HH identified as backlogs/ total HH in municipality)	100%	33%	33%	100%	14%	14%	100%	81%	81%
Spending on new infrastructure to eliminate backlogs (R.000)	-	-	-	-	R 486	R 486	R 34 295	R 7 500	R 7 500
Spending on renewal of existing infrastructure to eliminate backlogs (R.000)	-	-	-	-	-	-	R 9 611	R1 217	R1 217
Total spending to eliminate backlogs (R.000)	-	-	-	-	R 486	R 486	R 43 906	R 8 717	R 8 717
Spending on maintenance to ensure no new backlogs are created (R.000)	-	-	-	-	-	-	R 2 000	R 2 000	R 2 000
Sanitation Backlogs	30-June-06			30-June-07			30-June-08		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlog to be eliminated (No. of Households not receiving minimum standard of services)	1200	-	-	1200	-	-	1000	528	528
Spending on new infrastructure to eliminate backlogs (R.000)	-	-	-	-	-	-	R 3 000	R 1 500	R 1 500
Total spending to eliminate backlogs (R.000)	-	-	-	-	-	-	R 3 000	R 1 500	R 1 500

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Refuse Removal Backlogs	30-June-06			30-June-07			30-June-08		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlog to be eliminated (No. of Households not receiving minimum standard of services)	-	-	1230	-	-	-	1000	700	700
Backlog to be eliminated (% of HH identified as backlogs/ total HH in municipality)	0%	0%	100%	0%	0%	-	100%	70%	70%
Spending on new infrastructure to eliminate backlogs (R.000)	-	-	-	-	-	-	-	R75	R75
Spending on renewal of existing infrastructure to eliminate backlogs (R.000)	-	-	-	-	-	-	-	-	-
Total spending to eliminate backlogs (R.000)	-	-	-	-	-	-	-	R 75	R75
Spending on maintenance to ensure no new backlogs are created (R.000)	-	-	-	-	-	-	-	-	-

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2.2 HOUSING DELIVERY

The Municipality in collaboration with the Department of Local Government and Housing (DLGH) embarked on a Youth Housing Project within Bela Bela Extension 7. The project target was 100 units which included 50 units for low – cost (RDP) houses and 50 units for middle income housing. There were challenges that were experienced to the extent that only 50 units for RDP were successfully completed. Hence only 50% of the total target was achieved.



Photos 1 & 2: A side view of the 50 completed RDP units as part of the Youth Project in Bela Bela Township Extension 7

The second project that was also pursued during this financial year is the Spa Park and Bela Bela Extension 7 PHP (People’s Housing Process) with a target to construct 250 housing units. 51% of this target was met (i.e. a total of 128 housing units were completed as part of this project).



Photos 3 - 5: A side view (1) and front views (2) of PHP completed housing units in Spa Park

The last housing project for 2007/ 08 financial year was initiated in Radium (Masakhane) where the target was met of 350 RDP Units. This project has eradicated the informal settlement that existed in Vingerkraal since the households were relocated from there.



Photos 6 - 7: Side view (2) of Radium Low Cost (RDP) Housing Project

The decision of relocating the Vingerkraal community was considered sound in terms of sustainable human settlement and a better life for the resident at various levels i.e. (1) Access to Services – the area of Vingerkraal does not have bulk infrastructure and it is not financially viable for the municipality to install services there. (2) Policies (NSDP and SDF) – the area of Vingerkraal does not have any economic potential to be a node and it is very isolated to the existing nodes and therefore the area cannot generate employment or economic opportunities for the residents, it cannot provide the residents with services and the policies such as National

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Spatial Development Perspective (NSDP) do not accept the creation of smaller settlements with no future growth and which also consume too much on unsustainable capital expenditure.

2.3 ROADS AND STORMWATER

The Paving of Access Road in Bela Bela Township Ext. 6 was one of the IDP's capital projects, the annual target was to pave 6 kms and only 37% of this target was met (i.e. 2,24km of this road was paved). In terms of regravelling, the annual target was to regravell 10kms of roads in Bela Bela Township Ext. 6 and 79% of this target was achieved (7,88km of Mphongola Street was regravelled). In terms of construction of the speedhumps, the annual target was the construction of 12 speedhumps and a total of 16 speed humps (133% of the target) were constructed in Moloto, Mothokwa and Moraka Streets within Bela Bela Township. The last project was the construction of the 800m Stormwater Channel in Bela Bela Extension 6 and this target was exceeded since the 2km stormwater channel was constructed (this amounts to 250% of the initial target).



Photos 8 - 9: Paved Road in Ext. 6 (Left) and Stormwater Channel in Ext 6 (Right)

The last capital projects on roads and stormwater was the Resealing of the Roads in the CBD (Central Business District). The annual target was to reseal 1,1km and this target was exceeded since 1,9km of Potgtier and Ridge Streets was resealed (that amount to 172% of the target).



Photos 10: The condition of Potgtier Street after resealing

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2.4 ECONOMIC DEVELOPMENT AND PLANNING

The LED Unit of the municipality had an objective to promote tourism as the key driver of the economy within Bela Bela. This initiative was implemented in two ways, which are the publication of the first tourism booklet for Bela Bela and secondly the municipality in partnership with Community Tourism Association and Waterberg District took part in the Tourism Getaway Show. The second annual target was to train 40 SMMEs (Small Medium Micro Enterprises), the LED unit also facilitated the training of 40 SMMEs. The training was done in partnership with LIBSA, SEDA, Khula Enterprise, SARS, Trade and Investment Limpopo and Waterberg District – LED Unit. The SMMEs were trained on the basic business and financial management skills.



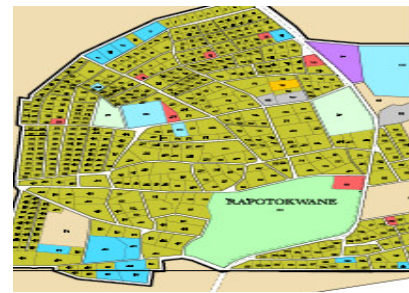
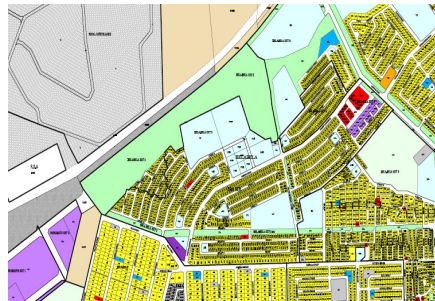
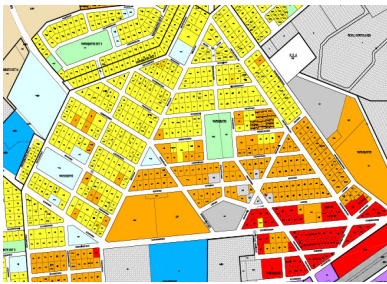
Photo 11: Bela Bela's 1st Tourism Booklet



Photo 12: Mmamero Hydroponic Project

In addition to the above the LED office also supported a number of Community Economic Development Projects including Mmamero Hydroponic Project (Photo 12 above) of which the LED office in partnership with LIBSA assisted the project to be registered as a co – operative with Cipro and with the preparation of the business plan. The last initiative was to review the LED Strategy. The processes of reviewing the credible LED Strategy progressed well before the end of June 2008, the service provider was appointed, Project Steering Committee was established and stakeholders were all consulted (i.e. Business Forum, Tourism Office, Farmers Association, Informal Traders and Limpopo LED Office).

The Town Planning and Housing Unit had a number of operational activities (i.e. building inspections, processing of town planning applications, co – ordinating housing development, etc.) that were executed fairly well within the 2007/ 08 financial year. These activities are well outlined and the performance is quantified in Chapter 5 of this report. The new project that the unit embarked upon within this financial year was the municipal wide Land Use Management Scheme which is aimed at controlling and managing land use activities within Bela Bela, thus resulting in orderly development and habitable settlements.



Photos 13 – 15: The Scheme Maps for the New LUMS of Bela Bela covering the entire Municipal Area i.e. Town, Satellite Hubs, Townships, Farms and Rural Villages.

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2007/ 08 was also a period whereby the municipality undertook the Strategic Planning for the next financial year and that process was also linked to the 2008/ 09 IDP Review process. The 2008/ 09 Revised IDP was adopted on 29 May 2008 and endorsed as credible by the National Department of Provincial and Local Government after the assessment also revealed that the level of 2007/ 08 IDP was medium and 2008/ 09 IDP was at a high level.

2.5 GOOD GOVERNANCE, TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

The Communication Strategy was developed for 2007/ 2012. A total of 26 Public Participation Meetings were held (including Mayoral Imbizos). Municipal Website was developed and it is functional and updated on a periodic basis (<http://www.belabela.gov.za>). The Fraud Prevention and Anti – corruption policies and plans have been prepared, and are currently in the process of being finalized and adopted. The DLGH has assisted the Municipality with the development of the Risk Management System.

In terms of Institutional Development the municipality allocated an amount of R 13 million to rebuild and extend the main municipal building which was partially burnt down by fire.



Photos 15 – 19: The side views (3) and front view (1) of the Main Municipal Building during construction which was said to be completed during 2008/ 09 financial year.

The reconstruction and extension of this building was initiated as a multi – year project and as evident from the pictures above a substantial amount of work was done before the end of June 2008 to such an extent that 75% of construction had taken place.

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2.6 EXPENDITURE ON GRANTS

2.6.1 MUNICIPAL INFRASTRUCTURE GRANT

The municipality achieved a 100% expenditure rate on its Municipal Infrastructure Grant (MIG) funding (R 4 849 000) for the period 2007/ 2008.

2.6.2 EQUITABLE SHARE

In terms of the Constitution, this Grant needs to be used to subsidise the provision of free basic services to indigents. The municipality therefore utilized this grant for that purpose and achieved a 100% expenditure rate on its Equitable Share (R 17 490 000) for the period 2007/ 2008.

2.6.3 FINANCE MANAGEMENT GRANT

The Finance Management Grant (R 5 00 000) was utilised for the appointment of Interns to assists with the implementation of MFMA for the period 2007/ 2008. The municipality achieved a 100% expenditure on this Grant.

2.6.4 MUNICIPAL SYSTEMS IMPROVEMENT GRANT

The municipality achieved a 100% expenditure rate on the Municipal Systems Improvement Grant (R 734 000).

2.6.5 THE GRANTS FROM OTHER SPHERES OF GOVERNMENT THAT WERE UNSPENT

Type of Grant	Amount ®
Revenue Enhancement grant	160 034
Community based grant	921 087
Radium Hydroponic grant	37 964
Vuna Awards	328 516
Cattle pound grant	364 300
INEP	125 064
Project management grant	566 989
Housing Grants	4 742 499
Total Conditional Grants and Receipts	7 246 453

It should be noted that the above grants were transferred to the municipality before 2007/ 08 financial year, and they were not spent in full during this financial year and therefore the municipality has allocated these unspent grants for expenditure for 2008/ 09 financial year.

2.7 MUNICIPAL FINANCIAL VIABILITY

2.7.1 SUMMARY OF FINANCIAL PERFORMANCE DURING 2007/ 08

All the critical positions within the Budget and Treasury Office were acknowledged as a priority during this financial and hence the Chief Financial Officer (CFO) was appointed and the Divisional Manager: Budget and Reporting. In addition to the filling of these positions, the Internal Auditor and the Audit Committee were appointed. This brought a great level of stability within the Municipality in terms of Financial Management and Administration. The outcome of this was an improved Opinion by the Office of the Auditor – General from the Disclaimer

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which was obtained during 2006/ 07 financial year to the Qualified Opinion which was obtained during 2007/ 08 financial year. The municipality is aiming for the Unqualified Audit Opinion for 2008/ 09 and the Action Plan has been prepared to ensure that this target is realised, its implementation will commence during 2008/ 09.

**2.7.2 SUMMARY OF ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED IN
30 JUNE 2008**

(A) The overall operating results for the year ended in 30 June 2008 are as follows:-

INCOME	Actual 2007 @	Actual 2008 @	Variance	Variance 2007/ 08 (%)	Budget 2008 @	Variance	Variance Actual/ Budget %
Opening surplus	59,730,947	36,744,941					
Operating income for the year	92,127,433	99,050,805	6,923,372	6.99%	83,986,564	15,064,241	17.93%
	92,127,433	99,050,805	6,923,372		83,986,564	15,064,241	
EXPENDITURE	Actual 2007 @	Actual 2008 @	Variance	Variance 2007/ 08 (%)	Budget 2008 @	Variance	Variance Actual/ Budget %
Operating expenditure for the year	113,895,515	88,414,954	-25,480,561	-28.82%	78,292,787	10,122,167	12.93%
Sundry transfers	58,513,023	25,500,930					
Closing surplus	36,744,941	36,136,781	-25,480,561		78,292,787	10,122,167	

(B) Capital Expenditure on fixed assets incurred during the year amounted to R 17 419 321. The expenditure on assets were financed from different sources as will be indicated in the following table. Actual expenditure consists of the following:-

Capital	2008 Actual @	2008 Budget @
<i>Land and Buildings</i>		
Land	0	
Buildings	4,507,160	13,500,000
Total Land and Buildings	4,507,160	13,500,000
<i>Infrastructure</i>		
Roads	4,879,889	4,852,700
Sewer	0	
Water	5,817,144	8,616,061
Electricity	1,642,029	1,217,911
Total Infrastructure	12,339,062	14,686,672
<i>Community Assets</i>		
Civic buildings	8,685	0
Total Community Assets	8,685	0
<i>Other Assets</i>		
Motor Vehicles		
Office Equipment	290,626	70,000
Furniture and Fittings	12,139	8,500
Machinery	261,649	295,702
Total other Assets	564,414	374,202
TOTAL	17,419,321	28,560,874

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Resources used to finance the fixed assets were as follows:-

Resources	2008 Actual @
Contributions from operating income	9,058,506
Grants and other subsidies received	4,327,370
Borrowings	4,033,445
Total	17,419,321

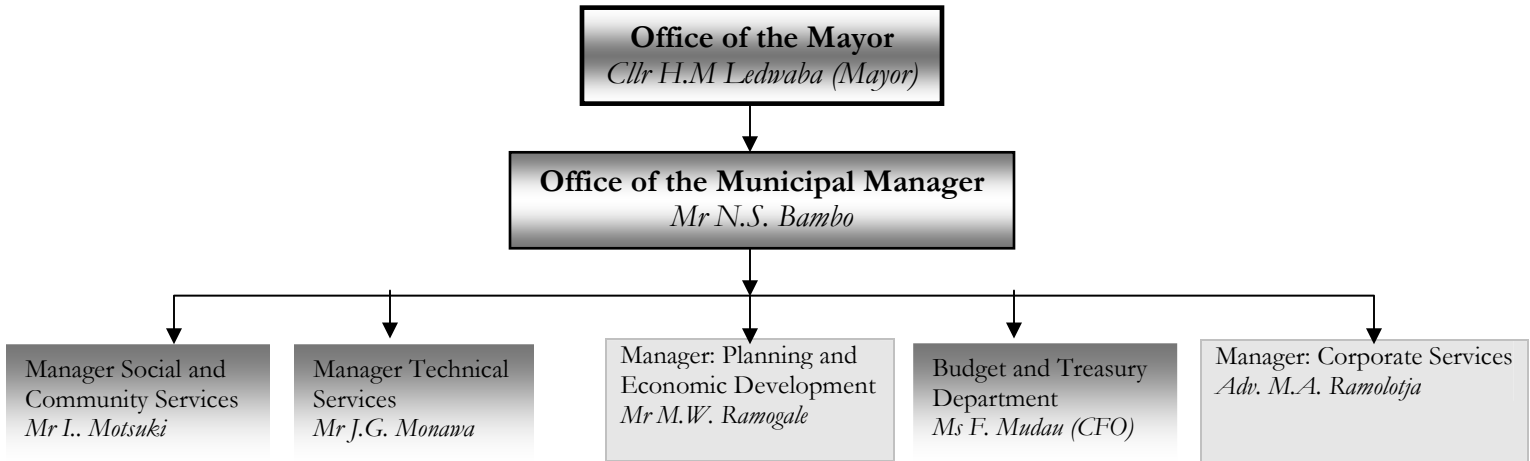
The external loans outstanding on 30 June 2008 amounts to R 16 896 159 (R 17 250 009 in June 2007). The investments and cash on 30 June 2008 amounts to R 7 337 669 and R 14 495 684 on 30 June 2007.

The detail of consumers debtors are disclosed in note 10 of the financial statements can be summarized as follows:-

CONSUMERS DEBTORS	Actual 2007 @	Actual 2008 @	Variance	Variance 2007/2008 %
Debtors outstanding	42,995,348	37,589,859	-5,405,489	-14.38
Less: Provision for bad debts	38,049,464	29,082,724	-8,966,740	-30.83
Plus: Debtors paid in advance	2,101,865	3,126,996	1,025,131	32.78
Net debtors outstanding	7,047,749	11,634,131		

CHAPTER 3: HUMAN RESOURCE AND ORGANISATIONAL MANAGEMENT

3.1 EXECUTIVE ORGANISATIONAL STRUCTURE



3.2 HUMAN RESOURCES AND STAFFING INFORMATION

Function	Total Number of Posts	Number of Filled Posts	Number of vacant Posts
Office of the Mayor	2	2	0
Office of the Municipal Manager	5	5	0
Budget and Treasury Department	35	24	11
Corporate Services Department	28	21	7
Technical Services Department	139	100	39
Social and Community Services Department	119	103	16
Planning and Economic Development Department	16	8	8
Sub-total			
Grand Total	344	263	81

3.3 PERSONNEL EXPENDITURE TRENDS

Financial Year	Total Expenditure
2002/2003	R 18 615 899
2003/2004	R 22 286 252
2004/2005	R 23 236 622
2005/2006	R 22 809 691
2006/07	R 20 992 338
2007/08	R 28 531 760

3.4 LEVEL OF SKILLS

Level of Employment	Number of Employees	%
Senior Managers including MM	6	2
Middle Managers	17	7
Technical/ Professional Staff	60	23
Other Staff (clerical, labourers etc.)	180	68
Grand Total	263	100

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3.5 EMPLOYMENT EQUITY

The employment equity plan intends to achieve equity in the workplace, in order to make the municipal workforce more representative and ensuring fair and equitable employment practices for employees. Furthermore it is intended to create an organisational culture that is non – discriminatory, values diversity and legitimises the input of all employees. The employment equity policy within Bela-Bela has recently been reviewed and implementation of this policy will commence within 2008/ 09 financial year. The current status in terms of employment equity within Bela Bela Municipality can be summarized in the table below:-

Ranking	African		White		Indian		Coloured		Total Employed
	M	F	M	F	M	F	M	F	
Top Management (i.e. Municipal Manager, Chief Financial Officers and Directors)	5	1	-	-	-	-	-	-	6
Middle Management (Level 1)	11	3	2	1	-	-	-	-	17
Professionally Qualified and Experienced Specialists (Level 2 – 5)	8	-	1	-	-	1	1	-	12
Skilled Technical and Academically Qualified (Level 6 – 9)	22	17	-	5	-	1	-	3	48
Semi Skilled and Discretionary Decision – Making (Level 10 – 14)	74	8	-	-	-	-	-	-	82
Unskilled and Defined Decision – Making (Level 15 – 17)	73	20	-	-	-	-	4	1	98
Totals	193	50	3	6	0	2	5	4	263
Summary of number of Males and Females Employed in the Municipality									
Gender	Number		%						
Total Males	201		76,40%						
Total Females	62		23,60%						

The gender composition within Bela-Bela Municipality by the end of June 2008 indicated that 76,4% of the municipal employees are males while only 23,6% are female. This indicates that a lot of work still needs to be done on the side of recruitment to ensure that the municipality meets its target of having 40% of the municipal employees being women. In terms of gender composition at Section 57 Management, 20% of the women are at the level of Section 57 Managers and the target is also 40% in this regard.

3.6 PENSION AND MEDICAL AID

3.6.1 PROVIDENT AND PENSION FUNDS

<i>Name of Fund</i>	<i>Number of Members</i>
<i>Municipal Employees Pension Fund</i>	41
<i>Municipal Gratuity Fund</i>	186
<i>SALA Pension Fund</i>	13
<i>National Fund for Municipal Workers</i>	10
<i>Municipal Councillors Pension Fund</i>	112
<i>SALA Councillors Provident Fund</i>	1
Total	263

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3.6.2 MEDICAL AIDS FUNDS

Name of Fund	Number of Members
Botanitas	26
Munimed	18
SAMWUMED	39
HOSMED	24
LA Health	16
Total	123

3.7 ARREARS OWED BY COUNCILLORS AND MUNICIPAL OFFICIALS

3.7.1 MUNICIPAL OFFICIALS

Pers. Number	Name	Account	Total Debt.
	Machete SM		R 306.65
	Ramokone		R 10 450.01
	Sethuse RM		R 6 145.67
Total			16 902.33

3.7.2 COUNCILLORS

Pers. Number	Name	Account	Total Debt.
	Boikutso MR		R 14 195
	Moeletsi RZ		R 2 123
	Moeletsi RZ		R 601
	Moletsi RZ		R 198
	Van der Merwe JFMP		R 816
	Ledwaba VM		R 139
	Seleka GM		R 372
	Maloka FE		R 3 334
	Makgoba RJ		R 59
	Radebe RM		R 1
	Gravett D		R 0
	Fourie J		R 0
	Van Der Merwe JFMP		R 0
	Van Der Merwe JFMP		R 0
	Mukhawane E		- R 369
	Kekana MP		- R 90
	Radebe RM		- R 168
Total			R 21 170

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3.8 DISCLOSURES CONCERNING COUNCILLORS AND SENIOR OFFICIALS

Description	Mayor	Executive Councillors	Municipal Manager	Chief Financial Officer	Other Section 57 Managers
<i>Salaries and Wages</i>					
Normal	R 373 794	R 309 979	R 291 735	R 282 642	R 280 889
<i>Contributions</i>					
Pensions	R 48 903	R 56 850	R 63 759	R 62 415	R 63 111
Medical Aid	-	-	R 30 240	R 13 860	
<i>Allowances</i>					
Travel & Motor Car	R 108 673	R 126 332	R 116 802	R 90 000	R 86 000
Housing Benefit & Allowances	-	-	R 3 000	-	R 15 920
Loans and Advances	-	-	-	-	-
<i>Other Benefit and Allowances</i>					
Cell phones	R 13 404	R 21 768	R 31 682	R 23 800	R 21 000
Personal allowance	-	-	-	-	-

3.9 SKILLS DEVELOPMENT

A number of municipal employees were trained on the 2007/ 08 financial year in order to advance their skills in the work that they are currently doing. The following is a summary of the courses and number of managers that were trained.

Course Attended	Institution	Skill Type	No. of Staff Trained
CERT. PROG. IN FINANCE MANAGEMENT	WITS BUSINESS SCHOOL	Financial	2
EXEC.LEADERSHIP DEV. PROGRAMME	UNIVERSITY OF PRETORIA	Management/Leadership	3
SUPPLY CHAIN MANAGEMENT	LISHO EVENTS MANAGEMENT FORUM	Financial	4
ELECTRONIC RECORDS MANAGEMENT	LeMARK TRAINING & DEVELOPMENT CC	Administration	3
COMPUTER LITERACY(MS WORD& PO.POINT	AVUXENI COMPUTER ACADEMY	Client service	10
CUSTOMER CARE	EDGEUCATION	Client service	15
PROJECT MANAGEMENT	LeMARK TRAINING & DEVELOPMENT CC	Project Management /Planning	2
POLICY DEV.ANALYSIS & IMPLEMENTATION	BESSIE GLOBAL MANAGEMENT PRAC	Policy development	2
ADMIN SKILLS COMBO /BUSSINESS WRITING	EDGEUCATION	Client service	10
FIRST AID LEVEL ONE	TROMAR EMS & RESCUE CONSULTANTS	Life skills	15
FIRST AID LEVEL ONE TO THREE	TROMAR EMS & RESCUE CONSULTANTS	Life skills	15
TRANSPORT AND FLEET MANAGEMENT	ALPHA & OMEGA UPGRADE RESOURCES	Not a Sector Skills Priority Area	2
MICROSOFT EXCEL	AVUXENI COMPUTER ACADEMY	Computer Literacy	10
INFRASTRUCTURE PROJECT MANAGEMENT	RENAISSANCE CONFERENCE ORGANISERS	Project Management /Planning	2
USE OF A HANDGUN	SPECIAL ASSET PROTECTION SERVICES	Specialist Skills required by legislation	7
EARTHING & LIGHTING PROTECTION	UMOJA MANAGEMENT SOLUTIONS	Specialist technical	2
DIPLOMA EXAMINATION OF TRAFFIC OFFICER	BOEKENHOUTKLOOF COLLEGE	Specialist Skills required by legislation	2
MS EXCEL 2003 INTRERMEDIMATE	CTU	Administration	2
Total Officials Trained			108

CHAPTER 4: 2007/ 08 ANNUAL FINANCIAL STATEMENTS

CHAPTER 5: FUNCTIONAL SERVICE DELIVERY FUNCTIONS

CHAPTER 6: PERFORMANCE MANAGEMENT SYSTEM

6.1 LEGISLATIVE BACKGROUND: PERFORMANCE MANAGEMENT SYSTEM

6.1.1 OVERVIEW

A performance Management System refers to the processes and systems for measuring, monitoring, reviewing, assessing performance, and then initiating steps to improve performance within the organization by focusing on departments, managers, supervisors and individual workers. PMS is a legal requirement and it is enforced by the Municipal Systems Act (MSA), Municipal Finance Management Act (MFMA), Municipal Planning and Performance Management Regulations (2001).

The system is intended to continuously monitor the performance of municipalities in fulfilling their developmental mandate. Central to the system is the development of key performance indicators as an instrument to assess performance.

6.1.2 POLICIES AND LEGISLATIVE FRAMEWORK FOR PERFORMANCE MANAGEMENT

The framework for Performance Management is informed by the following policy and legislation on performance management:

- The Constitution (1996)
- The Batho Pele White Paper (1998)
- The White Paper on Local Government (1998)
- The Municipal Systems Act, Act 32 of 2000
- Municipal Planning and Performance Management Regulations (2001)
- Municipal Financial Management Act 56 of 2003 (Including Circulars)
- Municipal Planning and Performance Management Regulations (2006)

The Municipal Systems Act, No. 32 of 2000, states that a municipality must:

- Develop a Performance Management System
- Set targets, monitor and review performance based on indicators linked to their Integrated Development Plan (IDP)
- Publish an Annual Report on performance for the councilors, staff, the public and other spheres of Government
- Conduct an internal audit of performance before tabling the report
- Have their annual performance report audited by the Auditor-General
- Involve the community in setting indicators and targets and reviewing municipal performance

The Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 7(2) require that the Municipality, in developing its Performance Management System, must ensure that the system:

- Complies with all the requirements set out in the Municipal Systems Act
- Demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting

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- Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system
- Clarifies the processes of implementing the system within the framework of the Integrated Development Planning process
- Determines the frequency of reporting and the lines of accountability for performance
- Relates to the Municipality's Employee Performance Management processes

Furthermore, Section 43 of the Regulations prescribes the following seven general key performance indicators:

- The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal
- The percentage of households earning less than R1,100-00 per month with access to free basic services
- The percentage of the municipality's capital budget actually spent on capital projects in terms of the IDP
- The number of local jobs created through the municipality's local, economic development initiatives, including capital projects
- The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan
- The percentage of a municipality's budget actually spent on implementing its workplace skills plan
- Financial viability with respect to debt coverage; outstanding debtors in relation to revenue and cost coverage

The Local Government Municipal Performance Regulations, 2006:-

- Seeks to set out uniform manner to monitor and improve the performance of the Municipal Manager and the Managers directly accountable to the Municipal Manager.
- Set the standard requirements for the context of the Employment Contract and Performance Agreement that is entered of the Municipal Manager and the Managers that are directly accountable to him
- Base the assessment of the Municipal Managers performance on outcomes (performance indicators) identified as per the performance plan which are linked to the KPA's, which constitute 80% of the overall assessment result. The KPAs identified in that regard is Basic Service Delivery, Municipal Institutional Development and Transformation, Local Economic Development (LED), Municipal Financial Viability and Management, and Good Governance and Public Participation
- In the case of managers directly accountable to the municipal manager, the key performance areas related to the functional area of the relevant manager must be subject to negotiation between the municipal manager and the relevant manager
- The respective manager is also assessed based on the Core Competency Requirement (CCR) which must make up the other 20% of the employee's assessment score. The CCR comprises of the Core Managerial Requirement (i.e. Strategic Capability and Leadership, Programme and Project Management, Financial Management, Change Management, Knowledge Management, Problem Solving and Analysis, Service Delivery Innovations, People Management and Empowerment, communication, Honesty and Integrity) and

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- Core Occupational Competency (i.e. Self Management, Implementation and Interpretation of legislations and National Policy Frameworks, Knowledge of developmental local government and Performance Management and Reporting, knowledge of global and South African Political, Social and Economic Context, knowledge of more than one functional field in the municipality, skills in governance and mediation, exceptional and dynamic creativity to improve the functioning of the municipality)

The objective of institutionalizing a Performance Management System (PMS), beyond the fulfilling of legislative requirements, is to serve as a primary mechanism to monitor, review and improve the implementation of the Municipality's IDP. In doing so, it should fulfill the following functions:

- Promote accountability
- Guide decision-making and resource allocation
- Guiding development of municipal capacity-building programmes
- Creating a culture of best practice, share learning among Municipalities
- Develop meaningful intervention mechanisms and early warning system
- Create pressure for change at various levels
- Contribute to the overall development of a Local Government system

6.2 IMPLEMENTATION OF PERFORMANCE MANAGEMENT SYSTEM IN BELA BELA LOCAL MUNICIPALITY

6.2.1 BACKGROUND

In compliance with the basic requirement of Chapter 6 of the Municipal Systems Act (2000), Bela Bela Local Municipality prepared the policy framework for implementing Performance Management System (PMS) in 2006. The municipality facilitates the implementation of this framework on an on – going basis as a tool to meet the targets that are outlined on the municipal objectives and priorities as entailed in the comprehensive Integrated Development Plan (IDP). The Service Delivery and Budget Implementation Plan (SDBIP) is prepared on an annual basis to monitor the implementation of the IDP and Budget in the immediate term. The SDBIP captures the IDP capital projects and other municipal operational activities which have been resourced with funding and human capital for the current financial year and set the measurable annual and quarterly targets for Council to be able to monitor development on the ground versus what has been planned. It is also through the SDBIP that Bela Bela Management report to the Municipal Council in a structured manner (i.e. Monthly and Quarterly) and the performance of the Municipal Manager and Section 57 Managers is thus monitored.

The Municipal Manager is directly responsible for the Performance of the Municipality, but due to the vast responsibilities of the Municipal Manager the responsibility to monitor performance is currently delegated to the direct line managers and current structure of the personnel responsible for PMS in Bela Bela can be briefly outlined as follows:-

- ⇒ Planning and Economic Development (IDP/ PMS Office) – this office is responsible for the development and review of the Municipal Integrated Development Plan, compilation of the Service Delivery and Budget Implementation Plan, consolidation of the SDBIP quarterly reports for Council, Mid – Year Budget and Performance Report, Annual Performance

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Report and co – ordination other ad hoc municipal performance reporting (i.e. Five Year Local Government Strategic Agenda, Reports on Service Delivery Challenges etc.)

- ⇒ Corporate Services (Human Resources) – this office is responsible for the preparation of the Section 57 manager’s performance contracts and plans, undertaking of individual performance assessment in line with SDBIP and recommendations on performance appraisal.
- ⇒ Budget and Treasury (Budget and Reporting) – this office is responsible for monitoring the municipality’s performance in terms of financial expenditure in line with the IDP, Budget and SDBIP. This also includes consolidation of monthly and quarterly financial reports that are part of the SDBIP quarterly reports, Mid Year Report and Annual Report.
- ⇒ Office of the Municipal Manager (Internal Auditing) – this office of the Internal Auditor is mainly responsible for performance audit in order to ensure that performance management is implemented in a manner that complies with the legislations. This office also serves as internal advisory to the existing personnel responsible for PMS and co – ordinate the Audit Committee meeting.
- ⇒ Independent Advisory (Audit Committee) – The Audit Committee is responsible for commissioning in-depth performance investigations where there is either continued poor performance, a lack of reliability in the information being provided or on a random ad-hoc basis. The performance investigations should assess the reliability of reported information, the extent of performance gaps from targets, the reasons for performance gaps, corrective action and improvement strategies. While the internal audit may be used to conduct these investigations, it is preferable that external service providers, preferably academic institutions, who are experts in the area to be audited, should be used.

6.2.2 CURRENT CHALLENGES

Despite the above efforts by Bela Bela Municipality to robustly implement PMS, there are a number of challenges that still exists. At a policy framework level there are gaps in terms of meeting the legislative requirements including the mechanisms of conducting public participation on the PMS. The matters pertaining to public participation are currently being undertaken at the level of the Integrated Development Plan and not at the level of Performance Management System. Nevertheless during the 2008/ 09 financial year the municipality is intending to overcome this through ensuring that all the quarterly reports are made available on the municipal’s website and the annual report is made public in order to invite public comments. The municipality has targeted to review the PMS policy framework during the 2008/ 09 financial year in order to address all the above mentioned gaps and this will also investigate a solution of ensuring that the municipality is able to cascade performance management down to middle management and the rest of the officials.

CHAPTER 7: RECOMMENDATIONS BY THE AUDIT COMMITTEE DURING 2007/ 08 FINANCIAL YEAR

7.1 INTRODUCTION

Bela Bela Municipality has a functional Audit Committee and the Internal Auditor was appointed on 2007/ 08 financial year. The Audit Committee is primarily established to provide independent specialist advice on financial performance, efficiency and effectiveness compliance with legislation, and the performance of the municipality in terms of service delivery. Currently the Audit Committee is responsible for both performance and financial audit.

7.2 AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee adopted the Audit Committee Charter (terms of reference) and consist of three independent external members. The Audit Committee meets at least four times per annum as per approved Audit Committee Charter, but additional special meetings are called when the need arises. During the 2007/ 08 financial year a total of 13 meetings were held and the attendance of the members can be outlined as follows:-

Name of the Member	No. of meetings attended
Mr I.W. Modisha (Chairperson)	13
Mr M.D. Poopedi	10
Mr M.J. Madiga	10

7.3 RECOMMENDATIONS ON FINANCIAL AND PERFORMANCE MANAGEMENT

One of the challenges that Bela Bela Municipality faced during the 2007/ 08 financial year was the non – payment of the municipal accounts by a number of consumers especially the Government Departments (Department of Education), farming community and business the total debt amounted to R36 700 000 as at 30 June 2008. The Audit Committee recommended that the municipality should request the financial statements from the schools in order to determine their financial position and send the letter of demand to the school governing bodies. In terms of Performance Management (PMS), it was recommended that the Audit Committee will assess the performance of the Municipality on the quarterly basis based on the SDBIP. One of the main recommendations that were made by the Audit Committee was that the SDBIP quarterly reports should be prepared in line with the prescribed model of National Treasury. This recommendation was therefore implemented accordingly.

7.4 ANNUAL FINANCIAL STATEMENT 2007/ 08

The Audit Committee recommended that the Municipality should prepare the action plan to address the issues that were raised by the Auditor General on the 2007/ 08 Annual Financial Statements and this recommendation was passed on the meeting undertaken on the 23rd of February 2009. The Auditor General report was submitted to the municipality late (i.e. 27 March 2009) as a result the recommendation of the Audit Committee was based on the draft report.

The final report from the Auditor General expressed the qualified opinion and this was based on the Revenue, whereby the AG can be quoted stating that *“it is not feasible for the municipality to institute accounting controls over cash collections from income derived from fines, licences and permits prior to initial entry of the collections in the accounting records. Accordingly, it was impracticable for me to extend my examination beyond the receipt actually recorded.”*

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It is encouraging to note that the municipality has managed to move away from the disclaimer audit opinion which was obtained in the previous financial year (2006/ 07) and the target must be to improve the existing situation in order to get the unqualified audit opinion.

7.5 CONCLUSION

The final report of the Auditor General on the Annual Financial Statement for the year ended 30 June 2009 is then due for submission to the Audit Committee for further recommendation.

CHAPTER 8: REPORT FROM THE AUDITOR – GENERAL ON
THE ANNUAL FINANCIAL STATEMENTS