



## **THABATSHWEU HOUSING COMPANY**

### **ANNUAL REPORT 2012-13**

**IN TERMS OF**

**SECTION 121 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, ACT 56 OF 2003 AND SECTION 46 OF THE MUNICIPAL SYSTEMS ACT 32 OF 2000**



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## **CORPORATE ADMINISTRATION**

### **Thabatshweu Housing Company (Pty) Ltd.**

Company Registration Number: 2005/012521/07  
Bankers FNB

**Registered Address for the Company:** 35 Landros Mare Street  
Polokwane  
0700

**Postal Address** P O Box 1157  
Ladanna  
0704

**Telephone Number:** (015) 291 2314

**Fax Number:** (015) 295 6259

**Website:** [www.polokwane.gov.za](http://www.polokwane.gov.za)

**Auditors:** Auditor General – South Africa

**Directors:** Mrs. N A Baloyi  
Adv. T C Maake  
Mr. T M Makofane  
Mrs. N P Bosch  
Mr. S P Myeza  
Mrs. C S Dibete  
Mr. J T Maimela

**Chief Executive Officer:**

**Company Secretary:** Adv. K R Sebola

## CHAPTER 1: CHAIRPERSON'S STATEMENT

After a vibrant 2011/12 financial year, which saw the Board of Directors working tirelessly to stabilize and turn the PHA around and save it from liquidation, and instilling confidence in the survival of the company, 2012/13 proved to be a very challenging year for the Board of Directors due to the following:

- The lack of sufficient funding to implement the Board Strategies:

The Polokwane Housing Association receives an annual operational grant from the Polokwane Local Municipality, but in the year under review the Municipality, due to its financial challenges was unable to provide the whole amount as requested. This saw the PHA having to do away with some of the Board of Directors strategic programmes as set out in the strategic development plan. The various strategic initiatives would place the PHA on a route to self-sustenance and the growth of the property portfolio.

The other source of income is rental collection from Ga-Rena Rental Village, also experienced a slump as most of the tenants continued to default on the payment agreements, despite all the rental collection plans that have been put in place.

- The failure to attain accreditation from the Social Housing Regulatory Authority.

The attainment of accreditation from the Social Housing Regulatory Authority would see the PHA been able to access funding which would see the company increase its property portfolio. Continued interaction between the PHA and SHRA culminated in the SHRA appointing a service provider to help the PHA address all its shortcomings and obtain accreditation from the regulatory authority. Such a feat will ensure that in the new financial year 2012/13 we are able to access some of the funding which will enable to increase our property portfolio.

- The non allocation of Social Housing Projects by the Department of Cooperative Governance, Human Settlements and Traditional Affairs to allocate social housing projects to the Polokwane Housing Association

The development and implementation of social housing projects is largely dependent on the provision of funding by the provincial department that deal with human settlements. The lack of such an initiative from the

Department has proven to be of great disappointment to the PHA, as it holds back the Board of Directors' ability to grow the organization.

- The Auditor-General's report on PHA 's Financial Statement was a qualified opinion. This was based on the following three matters:  
Non-disclosure of budget information in the financials. Trade Receivable not properly aged and PHA's investment property not correctly accounted for in terms of GRAP 16.

The Board of Directors attended a governance session in March 2013 at the Gordon Institute of Business Science (GIBS)

The session was very helpful as it alerted the directors on the gaps and loopholes that existed within our governance and we continue to work on ways to improve.

Despite the challenges, the Board of Directors continued to receive support from the Shareholder and continued to engage in ideas that would see the PHA growing its property portfolio.

The Board of Directors also continued with interaction with stakeholders, namely: the Department of Cooperative Governance, Human Settlements and Traditional Affairs, the National Housing Finance Corporation and Social Housing Regulatory Authority with an intention of ensuring the growth and sustenance of the Polokwane Housing Association. This emanates out of the belief that the PHA still has a chance to be turned around and be viable.

**Mrs. NA Baloyi**  
**Board Chairperson**

## CHAPTER 2: CHIEF EXECUTIVE OFFICER'S OVERVIEW

The year under review was a difficult one with PHA focusing its efforts on improving relations with its tenants without an appointed tenants committee for the best part of the year and focusing achieving acceptable corporate governance standards. The challenges ranged from the following:

- non payments of rentals
- regularizing sub lets tenants
- Addressing key maintenance
- Improving managements of existing housing stock
- Corporate governance
- Acquiring Seshego CRU project

Rental collection moved from 71.6% to 71.9% during the year under review as compared to the same period in the previous year. The appointment of debt collectors and the tenants committee in the latter part of the year has been a fruitful exercise as it has enabled PHA to start implementing evictions at the end of the financial year. Plans are in place to achieve above 82 % collection levels in the new financial year. 82% is a target stipulated by the Social Housing Regulatory Authority's rental collection circular for Social Housing Institutions.

Regularization efforts were aimed at addressing problems that led to the problems of nonpayment of rentals. A new security company will be appointed early in the new financial year to ensure that they get down to business after being provided with clear terms of reference by PHA and the tenants committee. The new security company together with PHA will be able to provide an improved tenant management which includes a new access control approach at Ga-Rena Village. The South African Police Services are playing a meaningful role at Ga-Rena Rental Village to minimize crime.

Due to financial constraints, PHA was able to address day to day maintenance. The new year will see the entity being able to begin to address planned/preventative maintenance. One of the major challenges at Ga-Rena rental Housing Village is that some building materials used for maintenance purposes cannot be sourced locally but only from Johannesburg. This creates a resource burden on the entity due to transportation costs and turnaround time. This has been an expensive learning experience. However it is from lessons such as this that PHA will be able to implement future projects differently.

Improving management of the housing stock and relations with tenants have been another area of focus during the year under review. The entity moved from

a situation where there have been issues of lack of trust and tenants reporting PHA to both the National Department of Human Settlements and Corporate Governance and Human Settlements and Traditional Affairs. Relations have much improved since then. PHA will be conducting quarterly tenants' satisfaction survey to ensure that there is continued improvement in the management of housing units under the management of PHA.

PHA has achieved an acceptable standard of Corporate Governance where the board and its sub committees met at least four times a year with proper notices being given and being kept. Policies, systems, processes and procedures have been put in place. The board considered and approved the code of conduct for directors and the board charter.

The major disappointment was the fact that Seshego CRU was not handed over to PHA to provide property management. This will continue to have a negative cash flow on PHA's finances as plans were in place to service this project. We believe that this project will be handed over to PHA at the end of September 2013. This will bring the number of housing units under the management of PHA to 697 from 508. New housing units are planned for the

### **5.3 Acknowledgements**

I would like take this opportunity to thank the Shareholder for their continued leadership and support to PHA without which PHA would not have been able to function as an organization. I would like thank the Board of Directors for providing the much needed strategic direction and support to PHA during these difficult times.

The support PHA receives from our stakeholders like CoGHSTA, the SHRA, NHFC etc. to enable the entity to carry out its mandate is highly appreciated

Without the commitment of management and staff who are thinly spread on the ground and yet performing their duties with drive our work would have been even more difficult to perform. Their contributions are highly appreciated.

The contributions of the new tenants committee are acknowledged and I look forward to continue to have a fruitful working relationship them.

Shimi Maimela  
Chief Executive Officer

## **CHAPTER 3: THE DIRECTORS' REPORT-EXECUTIVE SUMMARY**

### **INTRODUCTION AND CORPORATE PROFILE**

#### **Vision**

To be the premier provider of innovative and sustainable living

#### **Mission**

To promote smart living for a diverse market through delivery of sustainable and affordable homes

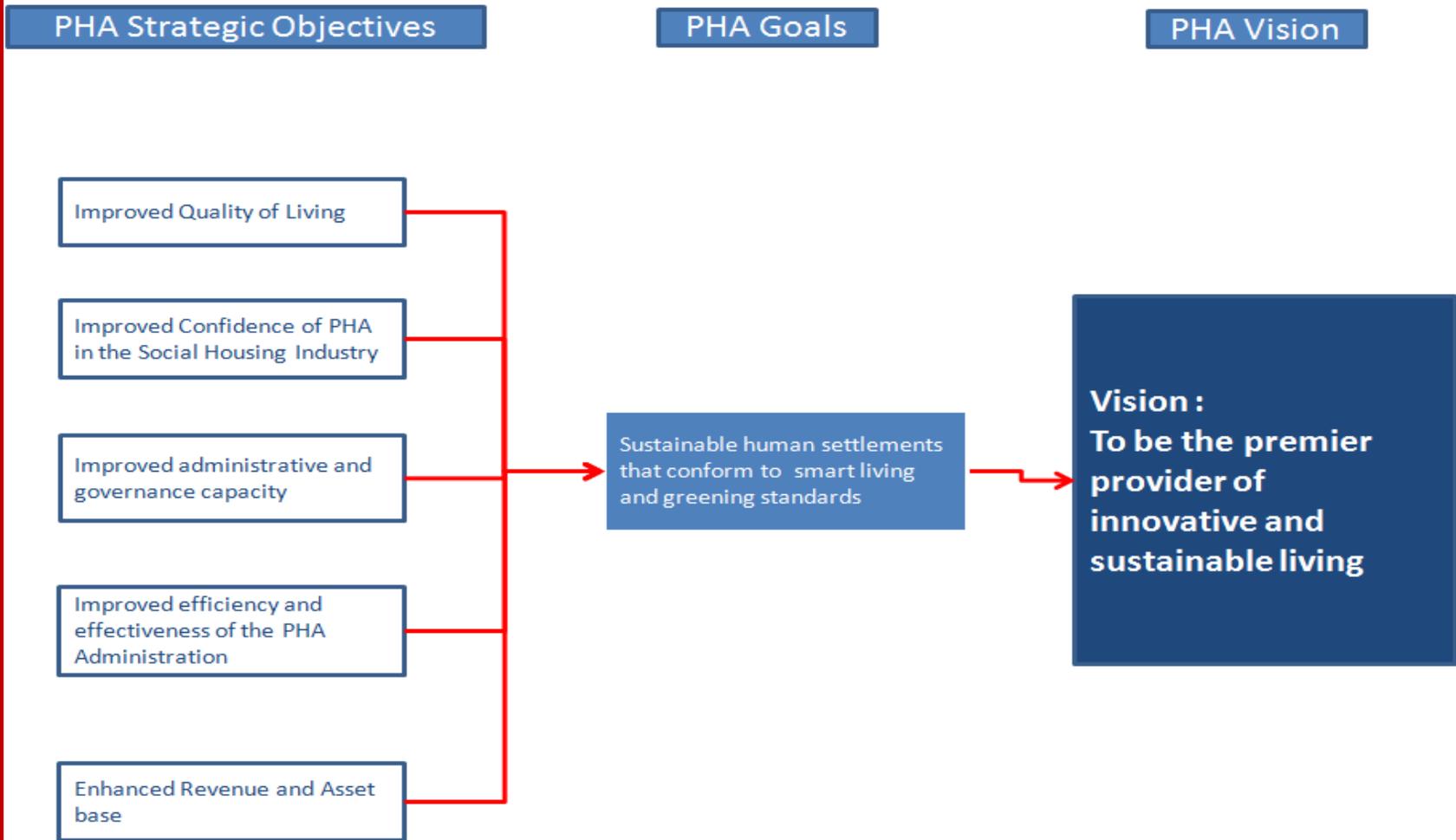
#### **Our Values**

- Accountability
- Efficiency
- Innovation
- Honesty
- Participation

#### **Our principles**

- Improved Quality of Living
- Improved Confidence of PHA in the Social Housing Industry
- Improved administrative and governance capacity
- Improved efficiency and effectiveness of the PHA Administration
- Enhanced Revenue and Asset base

## CONSOLIDATED GOALS AND OBJECTIVES



TIVES MAP FOR PHA

The Polokwane Housing Association (Pty) Ltd (PHA) was previously registered and established as a Section 21 Company in terms of the Companies Act. The registration and establishment was subsequently changed and PHA is now registered as a proprietary limited company in terms of section 86 of Municipal Systems Act (MSA). The registered name is Thabatshweu Housing Company (Pty) Ltd REG NO **(2005/012521/07)** trading as PHA. PHA is a registered Social Housing Institution that reports to Polokwane Municipality as its sole shareholder. The entity access institutional housing subsidies from the Department of Corporative Governance Human Settlements and Traditional Affairs to provide rental accommodation for households with a joint household's income of between R3500 to R7500.

The core business of PHA and its legislative mandate is to acquire, develop and manage approved social housing projects for the low income residents within the jurisdiction of Polokwane Municipality (PM). PM as the shareholder signed a Service Delivery Agreement (SDA) with PHA and gave the entity the mandate to provide social Housing and rental housing assisting the PM in meeting one of its key priority areas of providing alternative tenure options for the city.

The SDA assigned PHA the management function which includes a complete and total management of the affairs of the entity (Ga-Rena Phase 1 with 508 housing units) and with potential of 2192 housing units to be developed in line with the approved Property Development Strategy.

As a Municipal Entity entrusted with managing rental housing units, PHA is required to comply with all the Municipal Finance Management Act, Act No. 56 of 2003, the Municipal System Act, Act 32 of 2000, the Companies Act, Act No 71 of 2008 the Housing Code, the Social Housing act of 2008 and all other relevant legislation applicable to the municipal entity.

The mandate include amongst others, the responsibility for administrative processes, accounting and financial management, tenant liaison, policy and guideline formation, capital raising, agency role and other functions that PM may require in applying the principles of social housing in Polokwane. The mandate has been extended to include participating in the non social housing rental space. i.e gap market and profit making rental housing.

## **CHAPTER 4: DIRECTORS' REPORT AND GOVERNANCE**

### **3.1 Corporate Governance**

The Board of Directors of PHA signed a Code of Conduct for Directors which outlines the general conduct of directors. The organization has sound and operational corporate governance structures ensuring that the business is run in compliance with the relevant legislative and regulatory mechanisms. They subscribe to the King III Code on Corporate Governance and perform their duties as dictated by the Companies Act. They direct and perform an oversight role over the affairs of PHA in a transparent and accountable manner.

The directors signed the code of conduct for directors and committed to serving PHA with diligence and care.

### **3.2 Board of Directors**

In terms of memorandum of Incorporation the Board should not be less than one and more than six members. The Boards consist of six non-executive directors and one executive director being the Chief Executive Officer. The Directors are appointed by the shareholder.

### **3.3 Board Committees**

The Board has three board committees namely, the Human Recourses committee, the Planning and Development committee and the Finance committee. The Board and its committees sat four times a year as is required and minutes are kept. A register of Director's interest is kept and Director declares their interest at all meetings. In this financial year there has not been any interest declared.

#### **a) Audit Committee**

In terms of sec 166 of Municipal Finance Management Act, PHA falls under the jurisdiction of the Polokwane Municipality's Committee, and their audit issues are

handled by Polokwane Municipality Audit Committee of the municipality. The Internal Audit function for the PHA is performed by Polokwane Municipality Audit Department. This relationship is cemented by a Shared Services Agreement between the entity and the Polokwane Municipality

**b) Human Resources Committee**

The Committee reviews the human resources management and remuneration policies and practices in the company and determines terms and conditions of employment of all staff levels. The committee reviews the quarterly performance assessment and is responsible for the annual performance review.

**c) Planning and Development Committee**

The Planning and Development Committee considers matters relating to property development and property management in the organization. The committee addresses projects and matters related to the development of new properties. The committee also addresses the property management issues of tenant liaison, maintenance, cleaning, security, and letting. One of the achievement of this committee during the year under review was to develop the Property Development Strategy for PHA. This document will guide delivery of housing projects in the new financial year

**d) Finance Committee**

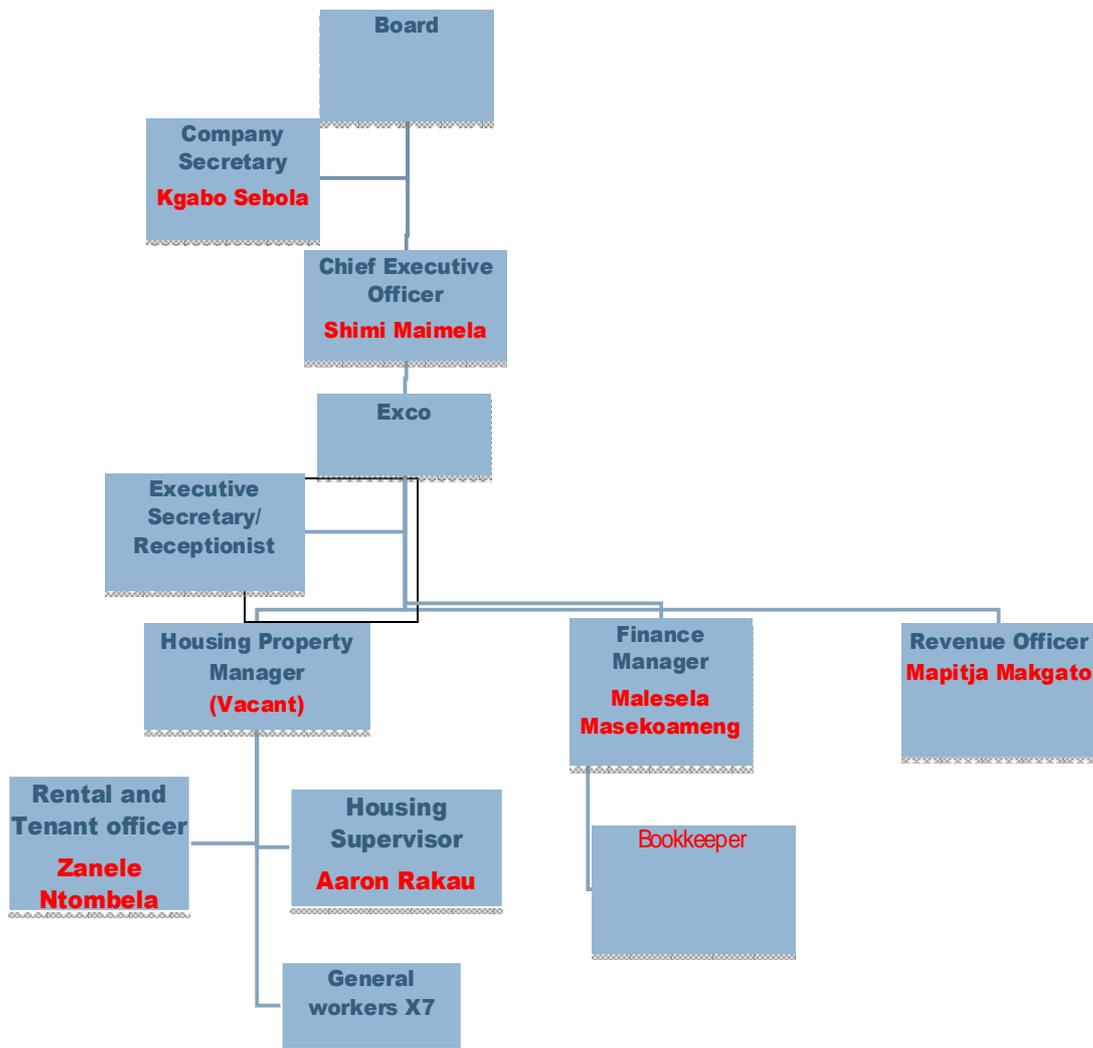
The Finance committee deals with finance, audit and risk matters. This committee is tasked to review all issues relating to finance, audit and risk matters of the company including the internal controls.

**3.4. Director's Remuneration**

The remuneration of Directors is determined by Council. The directors are also appointed by Polokwane Municipality as PHA's sole shareholder. The remuneration for the Chief Executive Officer and the Company Secretary are determined by the Board of Directors in consultation with the Shareholder.

### 3.5 Management Structure

PHA has 14 staff members and the organizational structure is outlined below. The property manager position is vacant still vacant. The staff continues to attend courses that are relevant to their work to enhance their skills. One of the main challenge the entity faced during the year under review was operating without key level two positions such as Chief Financial Officer, Property Services Manager and Corporate Services Manager. This has put an enormous strain on the CEO to be able to operate at both strategic and operational levels within the various disciplines outlined above



## **CHAPTER 5: SERVICE DELIVERY PERFORMANCE**

During the year under review the entity has been able to attain the following critical milestones based its key performance areas outlined in the Service Delivery and Budget Implementation Plan (SDBIP). The four key performance areas PHA was focusing on are, Core Business, Financial Viability, Good Governance and organizational transformation.

### **Core Business**

PHA managed to retain its pre accreditation status with the Social Housing Regulatory Authority (SHRA). The entity fall short of achieving the planned provisional accreditation status this would have given it immediate participation on development of Provisional Restructuring Zone housing projects. One of the main reasons for the entity not being able to meet this target is due to the entity's current ratios. The SHRA has appointed a consultant to assist the entity to put together a plan that will see the entity meeting the required accreditation status in the first half of the financial year.

Acquiring the Seshego CRU project for PHA to provide property management services continues to be a challenge. CoGHSTA is however doing everything possible to ensure that this project is handed over to the entity during the first half of the new financial year. The delays to hand over the project to PHA are related to planned construction completion targets not met.

### **Financial viability**

The entity achieved 72% collection target instead of the planned 95% target. Plans are in place to enable PHA to perform above 82% which is the acceptable level as stated in the SHRA's Circular for Social Housing Institutions. The plans include evictions which have already started.

### **Good Governance**

In an effort to strive to obtain an improved audit report, the entity has been able to address all issues raised by the Auditor General and continued to improve internal controls.

### **Organizational Transformation**

The staff at PHA has attended the following courses as part of upgrading their skills in housing.

- Introduction to Social Housing
- Energy Efficiency workshop.

## SUMMARY OF SERVICE DELIVERY PERFORMANCE

The results which show that not all quarterly targets were achieved are tabled below

ANNUAL PERFORMANCE REPORT FOR THE PERIOD 2012/2013						
KPA	STRATEGIC OBJECTIVE	PHA SCORECARD KPI	ANNUAL TARGET 2011/2012	ACTUAL PERFORMANCE	CHALLENGES	CORRECTIVE ACTIONS
PHA						
Basic Service Delivery: Delivery of Social Housing Units	Improve quality of living	achieved conditional accreditation with SHRA (Social Housing Regulatory Authority)	Conditional Accreditation	Pre-accreditation reached	PHA could not reach planned conditional accreditation. One of the main reasons is PHA's current ratios	<ol style="list-style-type: none"> <li>1. A consultant has been appointed by SHRA to assist PHA to reach conditional and finally full accreditation status</li> <li>2. The Entity has developed a property development strategy to accelerate delivery of rental stock. This will have a positive impact on the current ratios.</li> </ol>
Financial Viability	Enhance revenue and asset based	Strive to collect 95% of rental charged	95% revenue collection	72% revenue collected and all day to day property maintenance issues raised with PHA addressed	Target was unrealistic as it did not take into account the targets given by SHRA of 82% in their	<ol style="list-style-type: none"> <li>1. Tenant committee has been appointed to work with PHA in improving the status Quo</li> <li>2. Management is agreeing weekly and monthly targets with debt collectors to improve collection</li> </ol>

**ANNUAL PERFORMANCE REPORT FOR THE PERIOD 2012/2013**

KPA	STRATEGIC OBJECTIVE	PHA SCORECARD KPI	ANNUAL TARGET 2011/2012	ACTUAL PERFORMANCE	CHALLENGES	CORRECTIVE ACTIONS
					National circular for Social Housing Institutions.	
Good Governance	Improve administrative and governance capacity	Resolve 100% of all audit issues raised by Auditor General SA	100% of all issues resolved	92% of all audit raised by AGSA has been resolved	8% of audit queries not addressed is related to disclosure notes. This item will be addressed during the audit for the period under review.	Disclosure will be are currently being corporate into annual financial statements
Organisational Transformation	Invest in human capital and retain skills	Train staff on introduction to Social Housing and Regulation pertaining to energy efficiency	10 staff members trained on social housing and energy efficiency	10 staff members have been trained on social housing and energy efficiency	N/A	PHA will continue to invest in its human capital retain skills

## **CHAPTER 6: FINANCIAL PERFORMANCE**

### **PERFORMANCE OF THE ENTITY AND UNNUAL RESULTS**

#### **5.1 Performance Report – Achievement and Challenges**

#### **5.2 Annual Results**

##### **a) Summary of Financial performance**

PHA has a net asset value of R 60m(2012-R49m).

The current assets at R7.8m(2012 R4.6m)were less than the current liabilities of R14.2m(R14.0 million).

The revenues for the year amounted to R10.4 m which was received mainly as rental income from the leased property plus R5.3m as Municipal grant from and R5,4m of fair value adjustment. Costs wereR9.6m including Employee costs and Directors fees of R1.1m. Revenue less expenditure resulted in a surplus of R11.4m.

The company achieved the positive cash inflow for the year of R2m mainly arising from tenants deposit(s).

## **CHAPTER 7: AUDITOR GENERAL'S FINDINGS**

### **MATTERS AFFECTING THE AUDITOR'S REPORT**

#### **Financial Statements**

##### **1. Financial statements submitted not free of material misstatements**

##### **Audit finding**

In terms of Section 122 of MFMA, the municipal entity should prepared and submitted annual financial statements which: Fairly presented the state of affairs of the municipal entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year. Included the required disclosures.

The financial statement submitted for audit did not fairly present the financial performance and financial position of the entity.

### **Internal control deficiency**

The CEO, board and audit committee did not ensure that the financial statement submitted is free of material errors.

### **Recommendation**

The Board should design controls to ensure that financial statements are correct before submitted for audit.

The CEO should implement the controls design by the board to ensure that financial statements are free of material errors.

The audit committee should adequately review the financial statement before submitted for approval to ensure that financial statements submitted for audit are correct.

### **Management response**

Management note the finding and will implement controls designed by the Board to ensure that financial statements are free from material errors.

### **Auditor's conclusion**

The finding result in non compliance with the requirements of MFMA and therefore it will be reported in the management report and audit report.

### **Operating expenditure**

Payment not made within 30 days

### **Audit finding**

In terms of section 99 of the MFMA, The accounting officer of the municipal entity is responsible for the management of the expenditure of the entity and for this purpose must ensure that he takes all reasonable steps to ensure that all money owing by the entity is paid within 30 days of receiving the relevant invoice or statement unless prescribed otherwise for certain categories of expenditure

The entity does not stamp invoices as indication of the date received and we have identified that the following invoices were paid 30 days later than the invoice date amounting to R122 604:

No	Supplier Name	Invoice date	Payment Date	Number of days	Invoice description	Amount(R)
1	Telkom	26-Jul-12	05-Sep-12	41	Telephone	16 249.91
2	Marsh (Pty)	03-Apr-13	10-May-13	37	Insurance	28 000.00
3	The polygraph professional	24-Apr-12	27-Jul-12	94	Polygraph Test	2 640.00
4	Mamashela business Enterprise	09-Jan-13	25-Feb-13	47	Repairs	2 400.00
5	Chubb Security S.A. (Pty) Ltd	28-Dec-12	08-Mar-13	70	Fire extinguisher and Installation	60 477.00
6	Softline Pastel	01-Oct-12	06-Nov-12	36	Pastel accounting	6 486.00
7	Konica Minolta	30-Nov-12	17-Jan-13	48	Hire and Services	6 351.09
<b>Total</b>						<b>122 604.00</b>

### **Internal control deficiency**

The Finance manager did not ensure that suppliers are paid within 30 days after the day the entity receive the invoice and statements.

### **Recommendation**

The relevant programmed managers/ sub-programmed managers or responsibility manager should stamp the invoice to indicate when the invoice was received by the department so that required payment dates are tracked to ensure that invoices are settled within 30 days. The procurement section should also ensure that the invoices are certified before the payments are affected.

### **Management response**

The entity will purchase the stamp so that all invoices are stamped on the date that they are received and effort(s) will be made that all suppliers are paid within thirty days.

Name: Malesela Masekoameng

Position: Finance Manager

Date: 15 November 2013

**Auditor’s conclusion**

Management agrees with the finding and the finding is not resolved and will remain in the management reports and reported in the audit report.

Predetermined objectives

**Targets are not Specific, measurable, achievable and time-bound ( SMART)**

**Audit finding**

The Municipal Systems Act, section 41(b) requires that measurable performance targets be set with regard to each of the development priorities and objectives including the indicators

The targets set by the entity should be specific, measurable, achievable, realistic and time-bound.

**The following target was not specific and measurable**

<b>Strategic Objective</b>	<b>Key Performance Indicator</b>	<b>Annual Target</b>
Review and update policies & governance handbook in line with industry trends and legislation	Review and update policies & governance handbook in line with industry trends and legislation	Review and update policies in line with industry trends and legislation.

**The following Targets were not time- bound**

<b>Strategic Objective</b>	<b>Key Performance Indicator</b>	<b>Annual Target</b>
Review and update policies & governance handbook in line with industry trends and legislation	Review and update policies & governance handbook in line with industry trends and legislation	Review and update policies in line with industry trends and legislation

Strategic Objective	Key Performance Indicator	Annual Target
Average % of AG qualifications raised resolved	Average % of AG qualifications raised resolved	average % of AG Qualifications raised resolved
To have skilled and well trained staff	To have skilled and well trained staff	Train 10 employees

**Internal control deficiency**

The CEO and the Board did not ensure that the targets set are specific, measurable, and time bound.

**Recommendation**

The CEO must ensure that all targets have specific deadlines and are specific to ensure that performance can be easily accessed and reported.

**Management response**

CEO agrees with the finding and will ensure that going forward; targets have specific deadlines and are specific

**Auditor’s conclusion**

Management agrees with the findings and the finding will remain in the management report will be reported in the audit report

**Reported information does not agree with supporting documents**

**Audit finding**

In terms of section 95 of the MFMA, the accounting officer of a municipal entity is responsible for managing the financial administration of the entity, and must for this purpose take all reasonable steps to ensure that the entity has and maintains effective, efficient and transparent systems of financial and Risk management and internal control

We identified differences between the actual results per the annual performance reports and supporting documents provided.

Annual targets	Actual results per Annual performance report	Actual results per Supporting documents
All AG qualifying issues were resolved	92%	100%
10 employees to be s trained.	10 employees trained	6 employees trained

### **Internal control deficiency**

The CEO did not update the annual performance report after the financial statement were finalized and Budget information was disclosed which was the reason the Actual results were 92% for the target to resolve all qualifying issues raised by AG.

The CEO double counted 4 employees in the annual performance report because they attended 2 training in the current year.

### **Recommendation**

The CEO should ensure that the actual results reported in the annual performance report agree with the supporting documents.

### **Management response**

CEO agrees with the finding and will ensure that going forward, results in the annual performance report agree with the supporting documents

### **Auditor's conclusion**

Management agrees with the finding and the finding will remain in the management report and reported in the audit report

### **Budget does not comply with sec 39 of Local Government municipal budget and reporting regulations**

#### **Audit finding**

In terms of section 39 of Local government municipal budget and reporting regulations, the annual budget and supporting documentation of a municipal entity must be in the format specified in Schedule D and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168 (1) (a) of the Act.

Schedule D requires that the prior year audited amounts be included in the budge In terms of section 48 of Local government municipal budget and reporting regulations , an adjustments budget and supporting documentation of a municipal

entity must be in the format specified in Schedule E and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168 (1) of the Act.25

Schedule E requires that the prior year audited amounts be included in the budget

The Budget for 2012/2013 does not include the prior year audited amounts

The Adjusted Budget for 2012/2013 does not include the prior year audited amounts

### **Internal control deficiency**

The board did not ensure that the budget policy was not aligned to the requirements of the municipal budget and reporting regulations

The Finance manager did not ensure that the budget comply with the requirements of the Municipal budget and reporting regulations

### **Recommendation**

The board should review the policy and ensure that is updated to be aligned with the applicable laws and regulations

The Finance manager should ensure that the budget comply with all applicable laws and regulations before is approved by the board

### **Management response**

Management notes the finding, and will in future ensure that prior year's audited amounts are included in the budget.

### **Auditor's conclusion**

Management agrees with the finding, the finding is not resolved and will remain in the management report and reported in the audit report.

### **Budget and performance assessments not published**

#### **Audit finding**

In terms of section 46 of Local government municipal budget and reporting regulations, within ten working days after the board of directors of a municipal entity has approved the annual budget of the entity

in terms of section 87 (4) of the Act, the municipal manager of the parent municipality must in accordance with section 21A of the Municipal Systems Act make public the approved annual budget of the entity

In terms of section 88 (20 of the MFMF, the mid-year budget and performance assessment report pertaining to the assessment on 20 January must be made public.

The Municipal Manger did not make public the approved Budget within 10 days after the board has approved it  
The mid-year budget and performance assessment was not made public

### **Internal control deficiency**

The board did not ensure that the budget policy was not aligned to the requirements of the municipal budget and reporting regulations  
The Municipal Manager did not ensure that the budget of the entity is approved by the council and made published within 10 days after the board have approved.

### **Recommendation**

Management agrees to the finding and will in future make sure that the Municipal Manager publishes the budget.

### **Management response**

The budget was not made public within the required period  
Management agrees to the finding, in future mid-year budget and performance assessments will be made public

### **Auditor's conclusion**

Management agrees with the finding, the finding is not resolved and will remain in the management report and reported in the audit report.