

RAMOTSHERE MOILOA LOCAL MUNICIPALITY



2019/20

ANNUAL REPORT

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REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programme in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury

July 2012

Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

It is with great honour and pleasure that I address you, the residents of Ramotshere Moiloa Local Municipality, in respect of how the Municipality has progressed during the 2019/2020 financial year. The newly elected political leadership has been in office for a period of four (4) months. The task at hand, bestowed upon us by the people through their respective political leaders, has been an exciting and challenging period thus far. It is common that during the process of change, certain management components are swift in embracing the transition and the opportunities presented. Whilst, inevitably, there are those that are not as rapid on the uptake and those that will, as a matter of cause and effect, oppose change. That is a subjective reality that we will need to accept and manage to the best of our ability.

I have personally educated myself from the various engagements with woman staff and woman councilors within the Municipality through vast woman programs enforced during this short period. I realized, during these interactions with the ladies, that much still needs to be achieved in ensuring women empowerment within our community. The need to achieve same should invariably be intensified in order to achieve the desire objective.

When covering the period from 1st July 2019 to 30th June 2020, this report tracks the operational performance of the Municipality in the context of priorities reflecting in its 2019/2020 Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIP). An approach adopted by my predecessor during her tenure. Our Municipality has focused on accelerating its approach to resolve verifying service delivery backlogs in its Municipal jurisdiction.

The aim is to keep the communities informed in respect of our challenges and successes during the 2019/2020 financial year. The Municipality, during the tenure of my predecessor, adopted a clear stance in assessing our Municipality, which is primarily based on six pillars of the Back to Basics Program, which are as follows:

- Putting the people first;
- Service delivery;
- Good Governance;

Chapter 1

- Sound Financial Management;
- Building Local Government Institutions; and
- Local Economic Development.

I fully align myself with the above six pillars and believe that same would go a long way in developing a better life for our people. The Thuma–Mina Campaign launched by our number one South African citizen, President Cyril Ramaphosa, for the benefit of our people, has been championed by our elected Councilors throughout the nineteen (19) wards within our Municipality. We are continuing to reach out to our people by practicing the principles of the Thuma –Mina Campaign, which is currently working well for the Municipality.

It is imperative that I highlight the political instability within the Council and Administration that has consequently seen various disciplinary processes put in to place in order to ensure accountability and adherence to the Municipal Finance Management Act 56 of 2003 (“MFMA”) by all the Municipal employees. These matters are currently in process and the non-compliance to the regulations of the MFMA played a huge role in respect of the Municipal instability where Council had to take decisive resolutions against Senior Officials and Political Heads of the Municipality.

The corrective measures pertaining to the Extended Public Works Programme (EPWP) have been successful and properly managed. Taking into consideration fact that there is a high unemployment rate of our youth within our Municipality, the National Road Accidents Fund for the financial year 2019/2020 has managed to give our young people aged between 18 and 34 an opportunity of a lifetime. They have assumed the responsibility to take forty (40) young people to various driving schools. This is a great opportunity for these young people particularly those from disadvantaged backgrounds and rural areas.

Despite the Municipal Infrastructure Grant projects, the Municipality was successfully providing electricity waste management services and water to communities within the jurisdiction. Protest were experienced where the District Municipality is the provider for water services in our municipality. We owned and accounted for water problems experienced by our communities and shall continue to do so in order to ensure that our communities have access to basic needs.

On Thursday, 26th March 2020, President Ramaphosa declared a National State of Disaster due to the rapidly spreading Coronavirus pandemic (COVID-19). The effects thereof have had dire impacts on the financial status of the municipality mainly due to the community being

Chapter 1

unable to pay their rates and taxes.

We are proud to pronounce that the Municipality is playing an impeccable role in joining hands with all South Africans, in collaboration with various state departments by educating our communities about this pandemic. We continue to assist by distributing sanitizers to the local taxi ranks.

We thank the community of Ramotshere Moiloa Local Municipality for entrusting councilors with leadership responsibilities, more especially for supporting council and the community patience is highly appreciated in this regard.

Mmogo ka tshwaragano re isa Afrika Borwa ko Pele.

Ke a leboga.

L SELEBOGO

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Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

The Ramotshere Moiloa Municipality Local Municipality has undergone a tough time of changes in top management including cash flow challenges. 2019/20 financial year was unique as the administration had to deal with the new pandemic, The President of the Republic of South Africa whom declared a National State of Disaster in terms of section 27(2) Disaster Management Act, 2002 No 57. The Municipality developed a plan a disaster plan is to address, prevent and combat the spread of COVID-19 within municipal arears and it should be read together with the Government Gazette No 43147, R.339 published on 25 March 2020. The Municipality continues to supports the National Government in combating the COVID-19 since its closer to the people on the ground.

The Municipality has been continuously striving to improve its administration and governance standards, following National benchmarks for Governance excellence. As an appointed Acting Municipal Manager am ready to face the challenges at this stage going forward, with the help of a dedicated team under my leadership and dedicate Political Leadership, we will bring changes in the Municipality and improve delivery of services to our communities.

The District has been very instrumental during lock-down in assisting the Municipality to achieve its objectives and deliver services to the local communities. The Service Level Agreement between the District Municipality as the Water Service Authority and Ramotshere Moiloa Municipality as Water Service Provider is under review. Other problems are not only experienced by Ramotshere Moiloa Local Municipality because they are problems that cut across the country and we are trying all our best to eliminate the following problems such as:

- Lack of funding for IDP projects,
- Electricity in-fills,
- Youth unemployment,
- Illegal occupation of land and mushrooming of informal settlements,
- High level of indigence and poor quality of roads in rural areas and in town,
- Decreased collection rate, and
- Failure to pay creditors within 30days, the Eskom debt has left the Municipality in the dark while it was facing cash-flow challenges.

We are proud to announce that administration is in the process of being stabilized and we hope to strengthen the partnership with communities, local businesses, all stakeholders and Government to develop a sustainable municipality that will address these challenges in an integrated and collective manner. We have appointed a company to assist with debt collections and improve revenue collection. The Municipality is in the process of data cleansing to clean the Municipality's customer

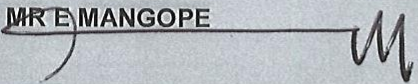
Chapter 1

data with the aim of improving the reliability of the revenue data which will ultimately result in the enhanced revenue for the municipality.

Despite the challenges that we encountered, I would like to submit my sincere appreciation for the support received from the political leadership in Council and Senior Management of Ramotshere Moiloa Local Municipality and staff as a whole for their hard work and efforts, without which the service delivery progress reported in the Annual Report, would have not been possible. Let us remain collective, committed to deliver services to the people and the communities of Ramotshere Moiloa Local Municipality.

ACTING MUNICIPAL MANAGER

MRE MANGOPE



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1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

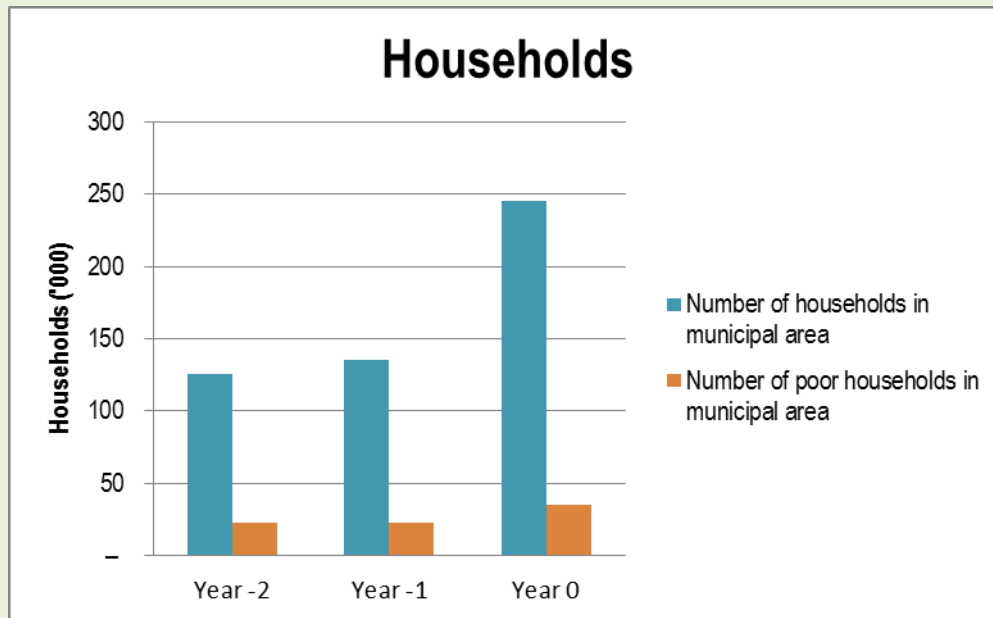
The data provided herein is obtained from the Census 2011 report conducted by Statistics South Africa. RMLM strives to ensure the backlogs in the delivery of Basic Services like Water, Electricity and Housing are reduced on an annual.

Ramotshere Moiloa Local municipality has 19 wards as depicted below:

T 1.2.1

Population Details									
Age	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	9482	8972	18454	9482	8972	18454	9482	8972	18454
Age: 5 - 9	8100	7824	15924	8100	7824	15924	8100	7824	15924
Age: 10 - 19	15192	14324	29516	15192	14324	29516	15192	14324	29516
Age: 20 - 29	12207	12235	24442	12207	12235	24442	12207	12235	24442
Age: 30 - 39	9051	9633	18684	9051	9633	18684	9051	9633	18684
Age: 40 - 49	6780	8276	15056	6780	8276	15056	6780	8276	15056
Age: 50 - 59	5782	6762	12544	5782	6762	12544	5782	6762	12544
Age: 60 - 69	3870	4879	8749	3870	4879	8749	3870	4879	8749
Age: 70+	2755	4588	7343	2755	4588	7343	2755	4588	7343
Source: Statistics SA									
T 1.2.2									

Chapter 1



T1.2.3

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -2	19%	22%	26%	44%	10%	27%
Year -1	20%	23%	26%	48%	15%	37%
Year 0	21%	24%	26%	52%	20%	44%

T 1.2.4

Overview of Neighbourhoods within 'Ramotshere Moiloa Local Municipality		
Settlement Type	Households	Population
Towns		
Zeerust	2 437	9 093
	-	-
Sub-Total	2 437	9 093
Townships	4 292	17166

Chapter 1

	-	-
Sub-Total	4 292	17 166
Rural settlements	9 029	35 459
	-	-
Sub-Total	9 029	35 459
Informal settlements	2 300	9 200
	-	-
	-	-
Sub-Total	2 300	9 200
Total	40 740	150 730
T 1.2.6		

Natural Resources	
Major Natural Resource	Relevance to Community
Manganese (Swartkop Mine)	Mining-job creation
Chrome (Mmasebudule Chrome Mine and Marico Chrome mine)	Mining-job creation
Slate quarry	Mining-job creation
Lime (Floor Spar)	Mining-job creation
Dam(Klein Marico, Riekerts Dam)	Fishing and water supply
T 1.2.7	

COMMENT ON BACKGROUND DATA:

Above is a diagram reflecting performance on Access to Basic Services from 2018 to 2020 financial years. Please refer to Chapter 3 – Service Delivery Performance for further information pertaining to shortfalls, reasons for deviation and support needed in terms of unblocking.

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1.2. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

Chapter 1

One of the objects of Local Government is to ensure the provision of basic services to all communities in an effective and sustainable manner.

Basic services to rendered to the community of Ramotshere Moiloa Local Municipality are water services, electricity, Roads and storm-water and waste management services.

BASIC SERVICE DELIVERY ACHIEVEMENTS (PERFORMANCE HIGHLIGHTS)

Water Services: Groot Marico waste water treatment plant construction completed by District Municipality

Replacement of Opitoppie booster pumps

Electricity: Electrification of 496 Households in Ikageleng Extension 3

17 High mast lights erected and energised in various wards

Roads and Storm water: 1.4 Km of road constructed in Zeerust ward16

0.65 of paved road constructed in Motswedi ward 4

1.2 km of surfaced road constructed in Lekgophung- Supingstad ward1

Waste Management: The continued maintenance and operation of Zeerust landfill site to at least meet 65% of the permit conditions.

BASIC SERVICE DELIVERY CHALLENGES

Water Services: ageing and inadequate bulk infrastructure

Electricity: inadequate and inappropriate Fleet and equipment

Roads and Storm water: potholes and blocked storm water inlets.

Waste Management: The Rehabilitation Closure Permit for Groot Marico landfill site has expired , application for its extension for another five years has been made to Department of Environmental Affairs. The remaining useful lifespan for Zeerust landfill site is reaching its maximum capacity.An application to increase its lifespan has since submitted to DEA FOR APPROVAL.This will wxtend lifespan of facility by 5 to 7 years.

PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES

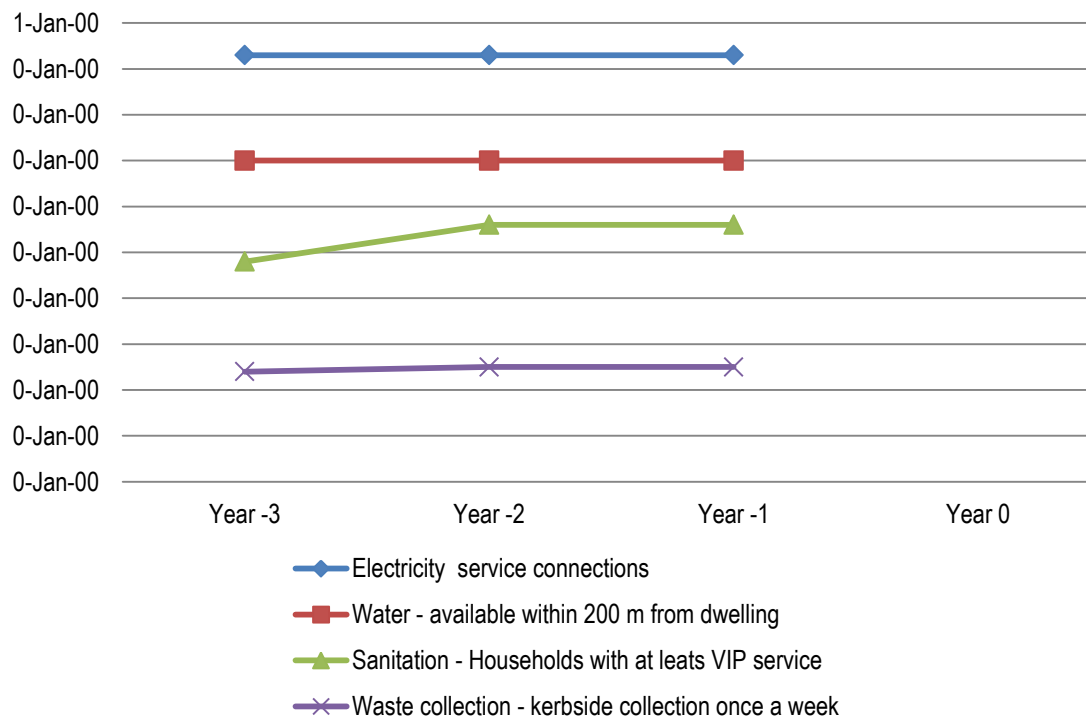
All formal households i.e Zeerust , Ikageleng , Sandvlagte , Groot Marico , Lehurutshe Units 1 and 2 has access to electricity , water , waste water and waste management services.

About 75 % of informal settlements has access to electricity and water services only. Plans are underway to formalise Informal settlements at Groot Marico and next to Ikageleng townships.

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Chapter 1

Proportion of households with access to basic services



T 1.3.2

1.3. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The overview sets out highlights of the municipality's financial performance in the past year. Full details appear in the Annual Financial Statements.

The municipality has performed relatively well over the past year despite the prevailing market and economic conditions. There has been a monitoring by the municipality of the economic conditions over the finances of the municipality and despite lack of complete verification of its debtors, the municipality is aware of the existence of indigent communities within its jurisdiction and the impact it has on the revenue collection rate which in turn put pressure on the cash flows.

The municipality faced serious cash flows constraints during the year due to the following reasons:

- Low collection rate
- Valuations roll which validity was extended by one year
- Other legal disputes

Chapter 1

Excessive costs drivers – CPI used for tariff setting -services are provided at a loss and will result in departmental deficits

Unspent grants vs. anticipated roll overs

Unauthorised expenditures incurred in terms of overtime expenditure, depreciation and debtors impairment etc.

T 1.4.1

Financial Overview: 2019/20			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	226 325	224 273	227 349
Taxes, Levies and tariffs	197 398	213 374	119 269
Other	23 999	7 196	16 338
Sub Total	447 722	444 843	362 956
Less: Expenditure	399 453	416 809	349 740
Net Total*	48 270	28 034	13 216
* Note: surplus/(defecit)			<i>T 1.4.2</i>

Operating Ratios	
Detail	%
Employee Cost	112 1/18
Repairs & Maintenance	2%
Finance Charges & Impairment	5%
<i>T 1.4.3</i>	

COMMENT ON OPERATING RATIOS:

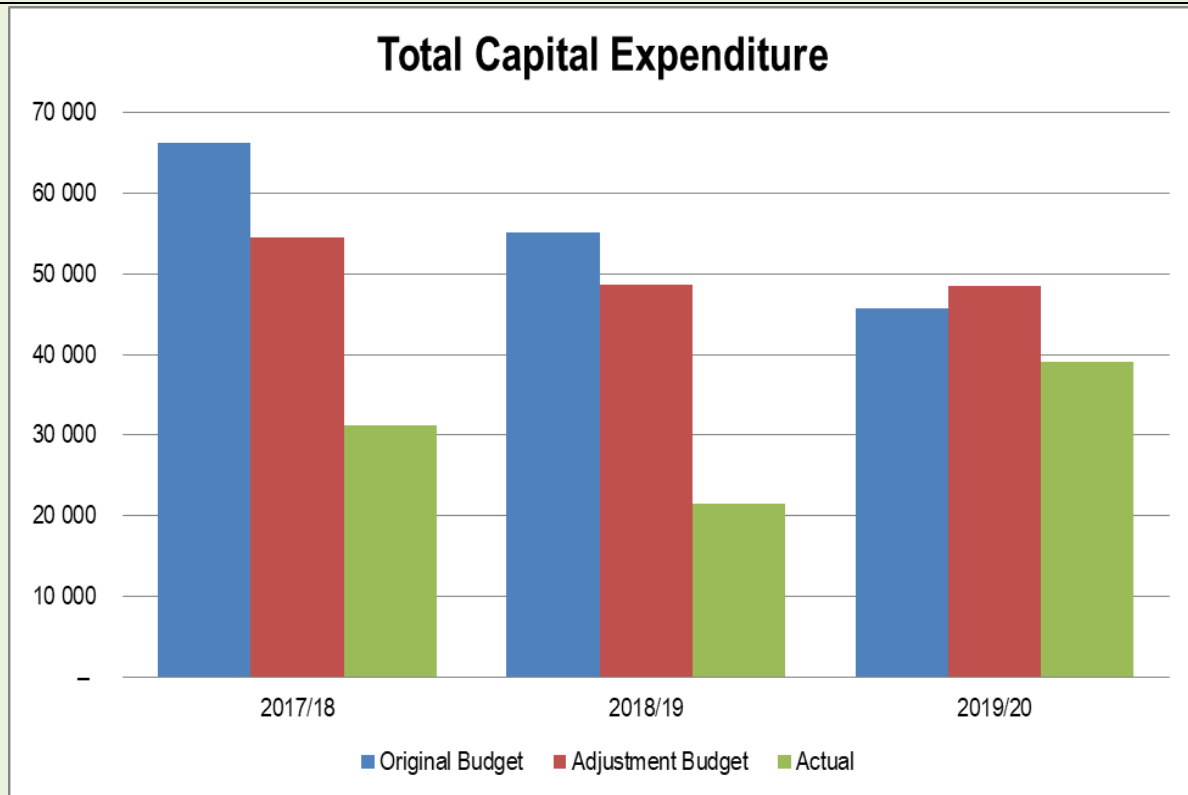
The National Treasury considers 25-40% of operating expenditure to be the norm for human capital. The Municipality's Employee cost ratio to operating expenditure is at 38.8% for the year under review. Although this is below the norm, the ratio is relatively high considering the high rate of vacancies...

This municipality provides services to the entire municipal area but only generates revenue from the four wards of which three of them are highly indigent. The municipality is basically sustained by revenue generated from the CBD (Zeerust Town) and Grants. The repairs and maintenance expenditure is at 4.4% and the norm is 8% as recommended by National Treasury. .

T 1.4.3

Chapter 1

Total Capital Expenditure: 2017/18 to Year 2019/20			
			R'000
Detail	2017/18	2018/19	2019/20
Original Budget	66 187	55 120	45 693
Adjustment Budget	54 589	48 595	48 460
Actual	31 154	21 489	39 059
			T 1.4.4



T 1.4.5

COMMENT ON CAPITAL EXPENDITURE:

The municipality entire capital budget is totally funded from National Fiscus. Due to improved spending on MIG, the municipality received an additional allocation of R11.5 million to complete projects which had previously been put on hold due to budget constraints.

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1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

Chapter 1

Ramotshere Moiloa Local Municipality comprises of six directorates, namely:

- Office of the Municipal Manager (Office of the Speaker & Office of the Mayor)
- Budget & Treasury Office (Supply Chain Management, Budget & Report)
- Community Services (Parks & environmental services, Public Safety, Security Services)
- Corporate Services (Human Resource Management, Records Management, Labour Relations, Facilities, Information Technology & Communication, Skills Development)
- Technical Services (Water and Sanitation, Electricity, Project Management Unit and Roads & Storm water)
- Municipal Planning and Development (Local Economic Development, Town Planning & Housing)

The municipality has an organizational structure adopted by council and is in the process of review. The staff compliment of the municipality stands at 336 employees. For the year 2018/2019 all critical positions were filled. Vacancy rate for the entire municipal workforce stands at 18%. Remuneration and benefits of staff is in line with South African Local Government Bargaining Council Guidelines. Personnel expenditure for the financial year 2019/20 is at 46%.

The municipality has also adopted the Employment Equity Plan and Recruitment Policy and filling of positions is done in line with both policies. In order to address salary disparities the municipality is engaged in a Job Evaluation process which is nearing completion.

Training Committee is in place and has developed Work Skills Plan as a guiding tool to undertake training and development in the municipality.

1.5. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2019/20

The Auditor General has performed their Audit on the 2019/20 AFS as well as on Performance Information for the same Financial Year. The Municipality received a disclaimer audit opinion on the 2017/2018 Annual Financial Statements while the 2018/19 audit was a disclaimer opinion. The municipality received a disclaimer opinion during the 2019/20 audit. The AG Audit Report forms an attachment of the 2019/20 Annual Report and is included is on page 113 - 124 along with the Audit Recovery Plan on pages 125 - 132

T 1.6.1

1.6. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
.		

Chapter 1

1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July 2020
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 2018/19 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM (Not Applicable)	
6	Audit/Performance committee considers draft Annual Report of municipality	August 2020
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated Annual Financial Statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September – November 2020
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
12	Municipalities receive and start to address the Auditor General's comments	January 2021
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	January 2021
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant Provincial Councils	January 2021
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	

T 1.7.1

COMMENT ON THE ANNUAL REPORT PROCESS:

The municipality has been able to meet the new deadlines as per MFMA Circular No. 63 issued by the National Treasury in September 2012. Substantial progress has been made to align the format and contents of the Annual Report with the guidelines issued by the National Treasury. A concerted effort has been made by the municipality to ensure adherence to the above timelines with the compilation of the unaudited 2019/20 Annual Report

T 1.7.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Governance in the municipality is made up of Political and Administrative Governance. The Political Structure is led by the Mayor and Speaker who are full time. The Council has the following Section 79 and 80 Committees in place;

- Executive Committee;
- Corporate Services Committee
- Finance Portfolio Committee;
- Infrastructure and Technical Services Portfolio Committee;
- Community Services and Municipal Planning and Development Portfolio Committee; and
- Municipal Public Accounts Committee
- Assets and Disposal Committee

The Audit and Risk Committee has been established in line with MFMA Sec 166 and the committee reports quarterly to council.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The constitution Section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community *T 2.1.0* (Refer to Appendix B on Council Committees)

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

MFMA section 52(a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality.

The municipality had 38 Councillors of which 19 were Ward Councillors and 19 PR Councillors. A full list of Councillors can be found (including committee allocations and attendance at council meetings) in **Appendix A**. Further note that **Appendix B** sets out committees and committee purposes.

T 2.1.1

POLITICAL STRUCTURE

Function

Chapter 2

MAYOR

Cllr L Selebogo

SPEAKER

Cllr AN Nyamane

EXECUTIVE COMMITTEE

Cllr B Cassanga

Cllr B Monamodi

Cllr L Motsokwane

Cllr K Manthoko

Cllr K Dryer

Cllr TB Sebolao

Cllr G Pule

T 2.1.1

COUNCILLORS

The municipality had 39 Councillors of which 19 were Ward Councillors and 19 PR Councillors. A full list of Councillors can be found (including committee allocations and attendance at council meetings) in Appendix A. Further note that Appendix B sets out committees and committee purposes. *T 2.1.2*

POLITICAL DECISION-TAKING

Number of resolutions taken: 210

Number of resolutions implemented: 168

Percentage of resolutions implemented: 80%

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Note: MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The Municipal Manager is the head of the municipal administration. Subject to the policy directions of the municipal council, the Municipal Manager is responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration. The Municipal Manager must make sure the administration is equipped to implement the municipality's integrated development plan, that it operates in accordance with the municipality's performance management system, and that it is responsive to the needs of the local community.

Chapter 2

The roles and responsibilities of the Municipal Manager are comprehensively set out in Section 55 of the Municipal Systems Act and responsibilities of the Municipal Manager as Accounting Officer is set out in Chapter 8 of the Municipal Finance Management Act, 56 of 2003.

The Municipal Manager's office has assumed direct responsibility for Communications and Corporate Strategy as well as the drafting, management and implementation of Council's Integrated Development Plan [IDP]. The Internal Audit unit is also located in the Municipal Manager's office to give assurance and consulting services on Risk Management, Governance, Performance Management and Internal Controls to ensure compliance with municipal legislation.

In addition there are five Directorates that account to the Municipal Manager. These Directorates, each headed by a Director, ensure that services are delivered to the people of the Municipality. They are as follows:

- Technical Services;
 - Community Services;
 - Municipal Planning and Development;
 - Budget and Treasury Office; and
 - Corporate Services.
- The Municipal Manager and his team of Directors hold regular meetings to discuss key strategic service deliverables, and to offer guidance on achieving IDP goals. The administrative component is aligned with the five National Key Performance Areas, namely:
- Good Governance;
 - Basic service delivery and Infrastructure development
 - Financial Viability and Management;
 - Local Economic Development, and
 - Public Participation, Planning and Social Services. *T 2.2.1*

TOP ADMINISTRATIVE STRUCTURE

Function

TIER 1

ACTING MUNICIPAL MANAGER

Mr Ernest Mangope

Chapter 2

TIERS 2

ACTING CHIEF FINANCIAL OFFICER

Mr Leshomo Mariha

DIRECTOR: COMMUNITY SERVICES

Mr Tiro Seleka

DIRECTOR: CORPORATE

Mr Bakang Selebogo

DIRECTOR: TECHNICAL SERVICES

Mr Motsumi Mpshe

DIRECTOR: MUNICIPAL PLANNING AND DEVELOPMENT

Mr Ramojakgomo Mojaelo

CHIEF AUDIT EXECUTIVE

Mrs Mpho Mathye

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The following IGR structures are in existence:

- Mayor – BBPCC & PICOCO, Council of Mayors (Provincial and National), and Municipality's with MEC, Political IGR, RHR fora,
- Speaker – Speaker's Forum, SALGA Working Groups
- Municipal Manager – Broader EXTECH highly functional, Technical IGR, National MM's Forum functional, Provincial MM's Forum partly functional, District MM's Forum partly functional, PMS Forum, Communicators Forum, SDF Forum, Records Manager's Forum, ICT Forum, CFO's Forum, Internal Audit Forum
- IDP - IDP representative Forum, District IDP Representative Forum, Provincial Planning Commission
- Water and Sanitation- Department of Water and Sanitation and Ngaka Modiri Molema District Municipality and Sedibeng Water Coordinating Forum;
- Department of Public Works, Roads and Transport, Ngaka Modiri Molema District Municipality (RAMS) Coordination Forum
- Electricity - Department of Energy and Eskom, NERSA

Chapter 2

- Housing - Department of Local Government and Human Settlements - IDP representative Forum, District IDP Representative Forum, Provincial Planning Commission *T 2.3.1*

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality has received support for the implementation of Organisational Performance Management from the Provincial Department of Local Government and Human Settlements. The Municipal Manager participates in the Premier's Coordinating Council (PCC), Provincial PMS Forum, Provincial Municipal Managers Forum, Shared Services Forums and Technical forum. PPAC

T 2.3.2

DISTRICT INTERGOVERNMENTAL STRUCTURES

At a District level, the municipality has participated in the District Municipal and Technical Forum which are chaired by the District Mayor. The municipality is also participating in different forums such as IGR, Municipal Managers Forum, CFOs Forum, IDP Forum, Technical Forum, and PMU Forum. *T 2.3.4*

Chapter 3

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

During the 2019/20 financial year, the municipality had 19 functional ward committees which serve as a conduit between the municipality and the community.

In addition, the Service Delivery and Budget Implementation Plan (SDBIP) are made public and available at the Local Libraries and the website. This contains projected financial and service delivery indicators and deliverables. Members of the public are also invited to participate in the oversight process related to the Annual Report.

Further in order to promote public accountability and participation members of the public are invited to attend meetings of the Council.

Another mechanism of public participation is conducted through Mayoral Imbizos and Integrated Development Plan (IDP) community consultative meetings. These are held prior to developing the draft budget in order to provide feedback to the community the implementation of projects in the current financial year and to solicit the needs of the community in order to provide input for the new financial year. Follow-up imbizos are held once the draft budget has been developed in order to inform the public of key elements in the proposed budget and solicit responses thereto.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The Municipality has implemented the Communication Strategy during the course of 2016/17 financial year and the Public Participation Policy has been adopted by the Council.

The policy categorized the stakeholders as follows:

- Internal Stakeholders
- Citizens
- Public Sector Stakeholders:
 - o Provincial and National Departments, District and Local Municipalities, Councillors, Executive and Portfolio Committees, Ward Committees, State owned Entities e.g. Eskom, Telkom
 - o Traditional Leaders
 - o Public Sector Forums
 - o Police Forums, IDP Forums, Local Implementation Forums
- External Stakeholders
 - o Organized Business (Chamber Of Business and Industry) and Labour Formations, Service Providers
- Civil Society Organisations:
 - NGOs, CBOs, Faith Based Organisations, Youth Organisations; Lobby Groups -

Chapter 3

(Environmental Groups), Unorganized Groupings – (the poor and other Vulnerable Groups), Sports Organisations, Civic or Resident Associations,

The IDP Representative Forum becomes a very central forum to finalize the prioritization process, it is also envisaged that the Budget and PMS stakeholders engagement structures as reflected in the IDP Guides, must be the same or integrated structures.

Every year before the end of August, the municipality finalizes a Process Plan which is approved by Council, once approved a public notice is posted on various newspapers inviting members of public as well as various stakeholders to make submissions with regards to developmental priority needs.

The public participation is an on-going engagement process, and the following are forms of citizenry participation that are utilized by the Municipality to ensure the citizen and stakeholders voice are accommodated in the planning, execution and review of the IDP,

- Budget processes
- Ward Committee Monthly Meetings
- Stakeholders Quarterly Meeting (Reporting on SDBIP and IDP)
- Monthly Community Meetings by Councillors
- Project Based Meetings
- Sector Plan Based Engagements
- Council Meetings
- Integrated Development Planning Meetings:
- Izimbizo: Public Meetings for Budget, IDP etc.
- Complaints Register: Customer Care and Batho Pele Engagements
- Attendance to invitations by Interest groups

Some of the above various forms of public participation engagements are conducted throughout the year specifically at an operational level and then some of them are organized on a fortnightly, monthly, and quarterly and annually as reflected in our Process Plan.

T 2.4.1

Chapter 3

WARD COMMITTEES

Section 74 of the Municipal Structures Act, and Regulation 5 of the Government Gazette No. 27699 Ward Committee, state that Ward Committees may have powers and functions delegated to them (which are essentially advisory in nature) in terms of S59 of the Municipal Systems Act, these are:

1. To serve as an official specialized participatory structure in the municipality.
2. To create formal unbiased communication channels as well as a co-operative partnership between the community and the Council.
3. Advise and make recommendations to the Ward Councillors on matters of policy affecting the Ward.
4. Assisting the Ward Councillors in identifying the challenges and needs of residents.
5. Dissemination of information in the Ward concerning municipal affairs such as the budget, integrated development planning, performance management systems, service delivery options and municipal properties.
6. Receive queries and complaints from residents concerning municipal service delivery, communication with Council and provide feedback to the community on Council's response.
7. Ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents meetings and other community development fora, and
8. Interact with other organisations and forum on matters affecting the ward.

A Ward Committee may also make recommendations on any matter affecting its ward to the ward Councillors or through the ward Councillors to the local council.

T 2.4.2

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
IMBIZO/ IDP/BUDGET	08 JUNE	38	5	450	IDP/BUDGET	As provided
IMBIZO/ IDP/BUDGET	12 JUNE	38	5	320	IDP/BUDGET	As provided
IMBIZO/ IDP/BUDGET	14 JUNE	38	5	430	IDP/BUDGET	As provided
WARD 01 PUBLIC MEETINGS	MONTLY	01	None	100	RDP/TOILETS	As provided
WARD 02 PUBLIC MEETINGS	MONTLY	01	None	100	INDIGENTT	As provided
WARD 03 PUBLIC MEETINGS	MONTLY	01	None	100	RDP/INDIGENT	As provided
WARD 04 PUBLIC MEETINGS	MONTLY	01	None	+100	ELECTRICITY	As provided
WARD 05 PUBLIC MEETINGS	MONTLY	01	None	+100	ELECTRICITY/ RDP	As provided

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WARD 06 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 07 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 08 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 09 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 10 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 11 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 12 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 13 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 14 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 15 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY/RDP	As provided
WARD 16 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY/RDP	As provided
WARD 17 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY/RDP	As provided
WARD 18 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY/RDP	As provided
WARD 19 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY/RDP	As provided
T 2.4.3						

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The municipality and communities alike benefited from the meetings mentioned above as through the consultative processes, brainstorming occurred and ward committees imparted their advice to the Councillor who in turn did so to council. Council then took these recommendations forward by using certain aspects in terms of the Municipal Turnaround Strategy. Communities are beginning to see their requests being dealt with in a systematic manner with council having taken a decision to open a fully functional Speakers office to take complaints from community members where there are issues of service delivery.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	No
Are the above aligned and can they calculate into a score?	No

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Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	No
Were the four quarter aligned reports submitted within stipulated time frames?	No
* Section 26 of Municipal Systems Act 2000	T 2.5.1

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance at the Municipality entails Risk Management, Anti-corruption and Fraud, as well as Internal Audit which is unpacked below:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Audit operates in accordance with Section 165(1) of Municipal Finance Management Act no 56 of 2003. Internal Audit is required to carry out an audit free of any restrictions in accordance with the standards set by the Institute of Internal Auditors; and section 165(2) of the MFMA Act 56 of 2003.

The Internal Audit Unit has a dual reporting lines i.e. reports functionally to the Audit & Risk Committee and Administratively to the Accounting Officer.

In terms of the Internal Audit Charter the Internal Audit unit shall be accountable to Council through the Audit & Risk Committee (MFMA 166) to:

- O Provide annually an assessment on the adequacy and effectiveness of the organisation's processes for controlling its activities and managing its risks;
- O Report significant issues related to the processes for controlling the activities of the organisation, including potential improvements to those processes, and provide information concerning such issues through active and constructive resolution.
- O Periodically provide information on the status and results of the annual audit plan and the sufficiency of function resources; and
- O Co-ordinate, and provide oversight on, other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit). T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

The Accounting Officer and Council are required by the Municipal Finance Management Act, Act 53 of 2003 to establish and maintain appropriate risk management systems. Risk Management Practices

Chapter 3

requires the Accounting Officer and Council to manage the strategic and operational risks of the municipality. The risk management system must provide for mitigating strategies and control activities against the risks within the municipality from unacceptable likelihood and impact.

The Municipality has established the Risk Management Unit and it is based in the Office of the Municipal Manager, reports to the Municipal Manager.

The implementation of Risk Management assists the municipality to achieve, among others, the following outcomes needed to underpin and enhance performance:

- More sustainable and reliable delivery of service.
- Informed decisions underpinned by appropriate investigation and analysis.
- Innovation.
- Reduce waste.
- Prevention of fraud and corruption.
- Better value for money through more efficient use of resources.
- Better outputs and outcomes through improved project and programme management.

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Policy was adopted, there's a needs to be reviewed.

The Municipality has got an approved Anti-Fraud and Corruption Policy. The policy serves as a protection to the municipality against any acts of fraud, corruption and theft. It is mainly aimed at creating a proactive corruption free and intolerant culture within the municipality.

The implementation of this policy is intended to reduce the losses that the municipality may incur due to the occurrence of fraud, corruption and theft. It also commits the municipality to detect, investigate and prosecute individuals who are allegedly involved in acts of fraud, corruption and theft within the municipality.

The policy which has been approved to address some of the following matters:

- Fraud, corruption, theft and mal administration.
- Bribery
- Embezzlement
- Extortion
- Abuse of power
- Abuse of privileged information
- Actions constituting fraud, corruption and theft.
- Responsibility to conduct investigations
- Reporting procedures and resolution of reported incidents
- Protected disclosure
- Application of prevention controls and detection mechanisms
- Conflict of interest.

2.7.1

Chapter 3

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The MFMA section 110 - 119; SCM Regulations 27636 of 2005 and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The Municipality's Supply Chain Management Unit is a support function for all business units within the Municipality to ensure provision of efficient, transparent, fair, equitable and cost effective procurement services hence assisting them to implement their service delivery priorities.

It operates under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of section 82 of the Act and its core functions are:

Demand Management;

Acquisition Management;

Logistics Management;

Disposal Management;

The supply chain management policy for the year 2019/20 was adopted by Council in June 2020 in term of SCM Regulation 3 (1) (a). The main change made to the policy was to bring it in line with the structure of the SCM regulations. The aim was to establish a credible base from which the business processes can be developed.

The policy is aligned to Preferential Procurement Regulations 2017, issued in terms of the section 5 of the preferential Procurement Policy Framework Act, Number 5 of 2000 (PPPFA). The regulations were published in the Government Gazette on March 2017. The new regulations aims to align the Preferential Procurement Policy Framework Act, 2000 and the Broad – Based Black Economic Empowerment Amendment Act, 2013 effective from 24 October 2014, issued by National treasury.

PERFORMANCE OF SUPPLY CHAIN MANAGEMENT

In terms of the MFMA SCM regulations, the SCM policy of the municipality must provide for a system of demand, acquisition, logistics, disposal, risk and performance management, and the current policy has been aligned to provide for that.

☐ Demand management

The preferential policy objectives were identified at a global level hence during the 2019/20 financial year a procurement plan was established and the procurement preferential preference points were set on how these objectives will be met for each contract for the new financial year was developed.

☐ Acquisition Management

Chapter 3

The thresholds as per section 12 of the SCM regulations has been set and complied with throughout the year. A thorough review of the bid documentation was done to ensure full compliance with circular 25 and the latest SCM regulations and to ensure full compliance with circular 25 for the 2013/14 financial year. A procurement plan has been developed which will guide all the procurement processes during the year.

It was also noted that the following provisions of the SCM regulations were not fully complied with during the financial year, this will however be rectified in the new financial period; Regulations 42, 44 and 38 (i). This affected the 2018/19 financial years.

☐ **Logistics management**

An effective system of logistics management has been established. The continuous interrogation of inventories and improvements on systems and processes has yielded positive results in that there is a progressive reduction of stock holdings. Although purchases are slightly higher than last year (2017/18), in the 2018/19 there were ongoing liaising with end user sector departments on inventory holdings and have been able to utilize slow moving stock to good advantage.

There is a marked improvement on utilizing cable stock that has been held for a long period, which had a positive impact on purchases and has contributed to the reduction in purchases as per the graph below.

☐ **Disposal management**

An effective system of disposal management has been established and detailed processes developed to ensure compliance with section 40 of the SCM regulations. Asset and Disposal Committee was established during the 2013/14 financial year and its functionality was aligned to norms of SCM. The Committee is however no longer functional.

☐ **Risk Management**

The contracts are being monitored on monthly basis, though there is a human capital challenge as there is no individual managing the process. Also measures are now being put in place to ensure identification, consideration and avoidance of potential risks in the supply chain management system in accordance with section 41 of the SCM regulations. The supply chain management operational risk register was established and is in place.

☐ **Performance Management**

The Municipality has SCM policy that ensures compliance and monitoring of compliance with the SCM regulations and processes has been developed and implemented. The policy enforces the accountability to all individuals involved in SCM and to ensure that SCM processes are independently monitored to ensure that the SCM policy is followed and desired objectives are achieved.

☐ **Training of SCM Practitioners and Bid Committees**

Chapter 3

SCM Management, SCM practitioners and Bid Committee members were trained during 2013/14 as per SCM Regulation 8 in accordance with Treasury guidelines on supply chain training to meet the competency level required for supply chain practitioners. Further training is to be provided over a period of two years that consist of 20 modules.

T 2.8.1

29 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
None, there were new by-laws introduced during the year	None, there were new by-laws revised during the year				
*Note: See MSA section 13.					

T 2.9.1

COMMENT ON BY-LAWS:

There were no new by-laws during the 2019/20 financial year.

T 2.9.1.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	24/06/2020
All current budget-related policies		
The previous annual report (Year -1)	Yes	30/03/2020
The annual report (Year 0) published/t	Yes	26/02/2020
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	No	
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	No	
All supply chain management contracts above a prescribed value (give value) for Year 0	No	

Chapter 3

An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 0	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	No	
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		
		<i>T 2.10.1</i>

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The Municipal Website amongst others provides for compliance related documents listed above to be publicised as legislated on the MFMA calendar. Other documents such as policies, notices and Supply Chain Management documents provides information that is needed by ether service providers and clients to be accessed on the municipal website. Furthermore the Website provides for a variety of events and council meetings to be held according to the council approved calendar of meetings. Councillors and Senior Management information is also updated on a regular basis to inform all our communities and clients about the current executive and management. The Municipal Website is accessible through the internet on all browsers i.e., Google Chrome, Internet Explorer, Mozilla Firefox and can handle all Operating Systems. The Website is managed and updated internally by the IT and Communications units.

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

The municipality is currently conducting a satisfaction survey by means of suggestion boxes/complaints register amongst others to ensure optimal satisfaction in terms of services offered to local communities. The suggestion box is located at the Municipal offices for public inputs and or comments

T 2.11.1

Chapter 3

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

BASIC SERVICE DELIVERY ACHIEVEMENTS (PERFORMANCE HIGHLIGHTS)

Water Services: Groot Marico waste water treatment plant construction completed by District Municipality
Replacement of Opitoppie booster pumps

Electricity: Electrification of 65 Households in Ikageleng Extension 3
Electrification of 20 Households in Machatara
Construction of a 3km 11KV MV feeder line in Machatara

Roads and Storm water : 1.4 Km of road constructed in Zeerust ward16
0.65 of paved road constructed in Motswedi ward 4
1.2 km of surfaced road constructed in Lekgophung- Supingstad ward1

Waste Management : The continued maintenance and operation of Zeerust landfill site to at least meet 65% of the permit conditions.

BASIC SERVICE DELIVERY CHALLENGES

Water Services : ageing and inadequate bulk infrastructure

Electricity : ageing and inadequate bulk infrastructure

Roads and Storm water : potholes and blocked storm water inlets.

Waste Management : The Rehabilitation Closure Permit for Groot Marico landfill site has expired , application for its extension for another five years has been made to Department of Environmental Affairs. The remaining useful lifespan for Zeerust landfill site is reaching its maximum capacity. An application to increase its lifespan has since submitted to DEA FOR APPROVAL. This will extend lifespan of facility by 5 to 7 years.

PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES

All formal households i.e Zeerust , Ikageleng , Sandvlagte , Groot Marico , Lehurutshe Units 1 and 2 has access to electricity , water , waste water and waste management services.

About 75 % of informal settlements has access to water services only. Plans are underway to formalise Informal settlements at Groot Marico and next to Ikageleng townships.

Chapter 3

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

The District Municipality performed the functions and exercise the powers referred to in Section 84(1) (b) of the Municipal Structures Act (117 of 1998) which provides for the provision of potable water supply and sanitation systems. In terms of Section 11 of the Water Services Act (108 of 1997), every Water Services Authority has a duty to ensure the adequate sustainable access to water and sanitation to all consumers within the area of jurisdiction.

The RMLM only provides water services into the following areas: Zeerust and Groot Marico. The municipality has acquired an abstraction permit from Department of Water and Sanitation in this regard. The municipality serves as a Water Service Provider, thus signed Service Level Agreement with Ngaka Modiri Molema District Municipality (NMMDM).

The rural parts of the municipality are serviced by NMMDM (Water Service Authority) (WSA) in conjunction with Sedibeng Water (Water Service Provider) (WSP).

The response rate to water and sanitation interruptions were achieved at 75% and 88% respectively. Various factors contributing to this poor performance include the rapid deterioration of infrastructure and inadequate infrastructure, human resource constraints, theft of water meters and ageing fleet.

It should further be noted that since sewage flows have also increased at the Zeerust Waste Water Treatment Plant by (approximately 5 ML/day during dry weather season). There is no Waste Water Treatment Plant at Groot Marico and to exacerbate the situation that seven hundred additional housing with waterborne has just been commissioned. The water system has already reached its maximum operating capacity. WSA is aware of the challenges.

T 3.1.1

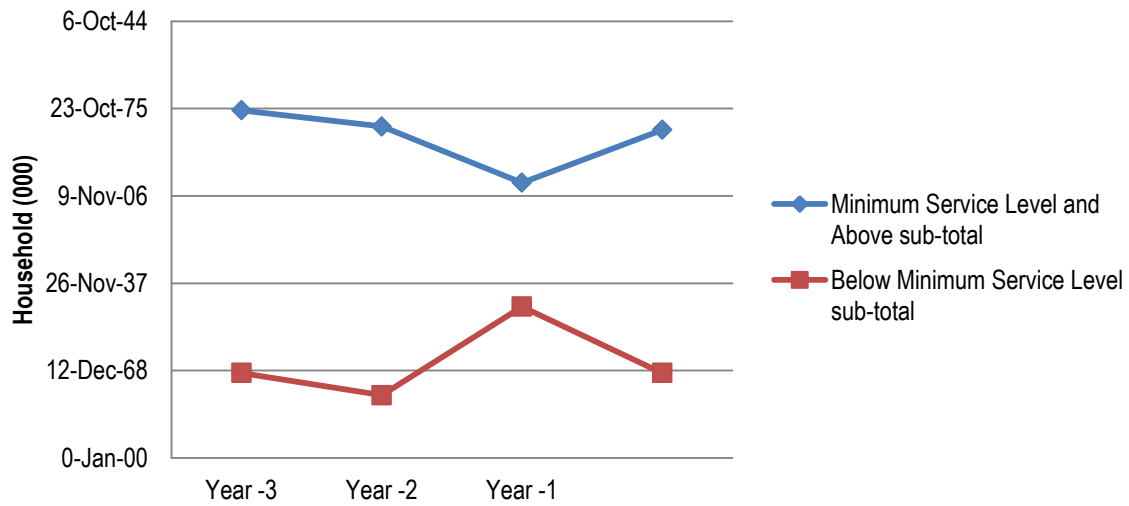
Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2018/19	0	0	0	2109168	53
2019/20	0	0	0	2509356	

T 3.1.2

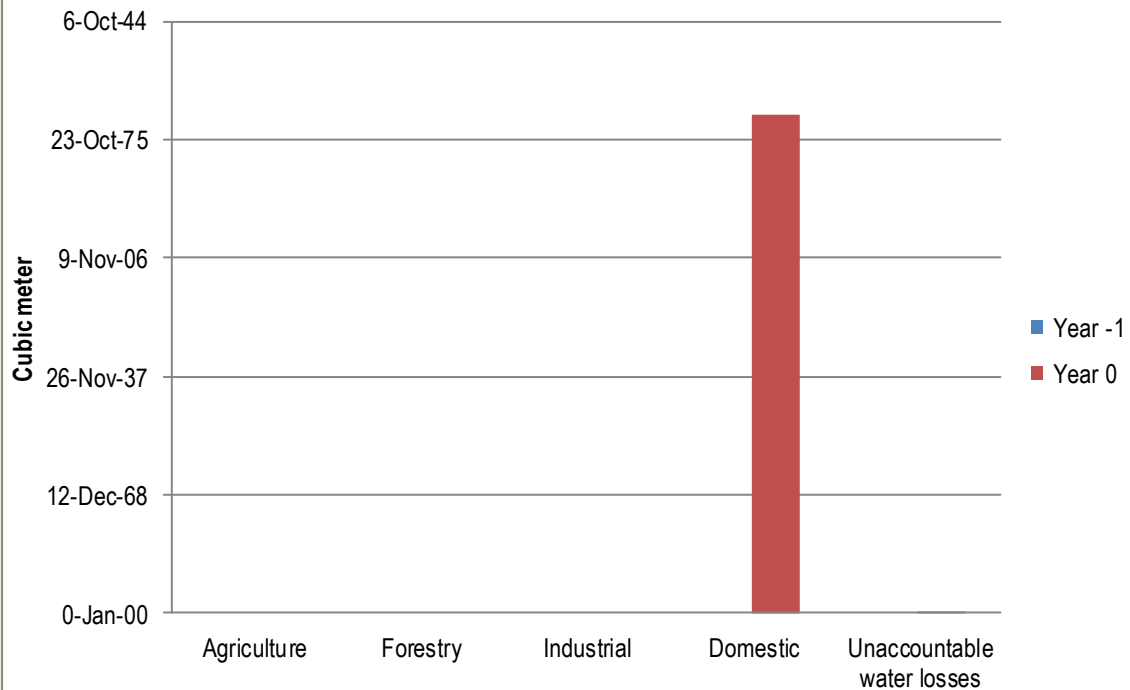
Data for household service targets is sourced from table A10

Chapter 3

Water: (above min level)



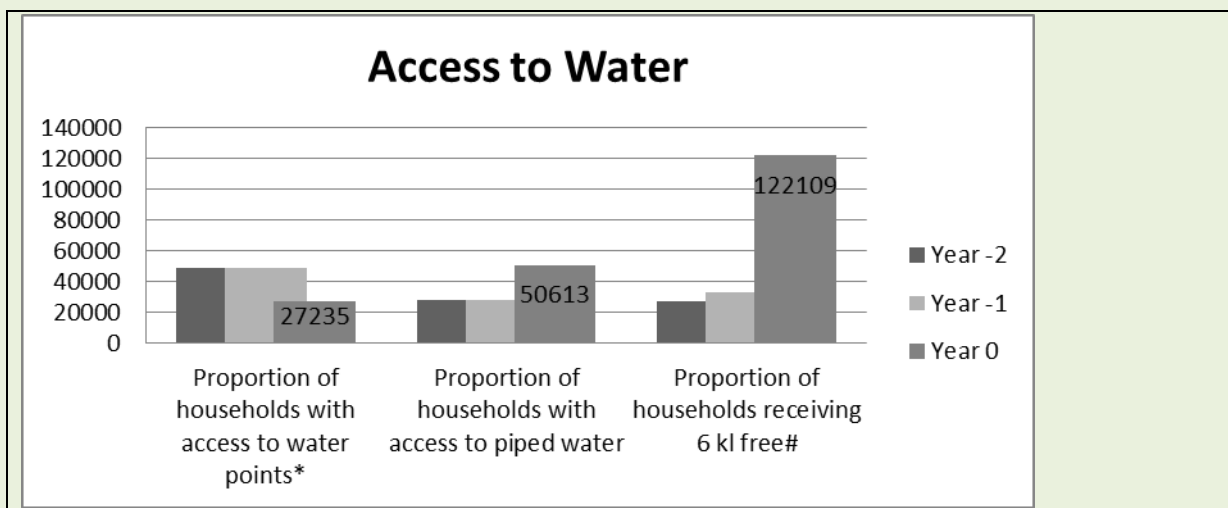
Water use by Sector



Chapter 3

Water Service Delivery Levels				
Description	Households			
	2016/17	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	27	27	27	17
Piped water inside yard (but not in dwelling)	27	27	27	0
Using public tap (within 200m from dwelling)	28	28	28	212
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	82	83	83	–
<i>Minimum Service Level and Above Percentage</i>	58%	58%	58%	#DIV/0!
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)	–	–	–	-
Other water supply (more than 200m from dwelling)	39	39	39	-
No water supply	21	21	21	-
<i>Below Minimum Service Level sub-total</i>	60	60	61	–
<i>Below Minimum Service Level Percentage</i>	42%	42%	42%	#DIV/0!
Total number of households*	143	144	144	–
* - To include informal settlements T 3.1.3				

Chapter 3



Access To Water

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 12 kl free#
2017/18	49000	28530	32972
2018/19	27235	50613	122109
2019/20	27252	50825	122126
T 3.1.5			

* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute# 6,000 liters of potable water supplied per formal connection per month.

Employees: Water Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	4	6	2	4	67%
10 - 12	5	11	6	5	45%
13 - 15	19	34	3	31	91%
Total	30	53	13	40	75%

Chapter 3

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.1.7

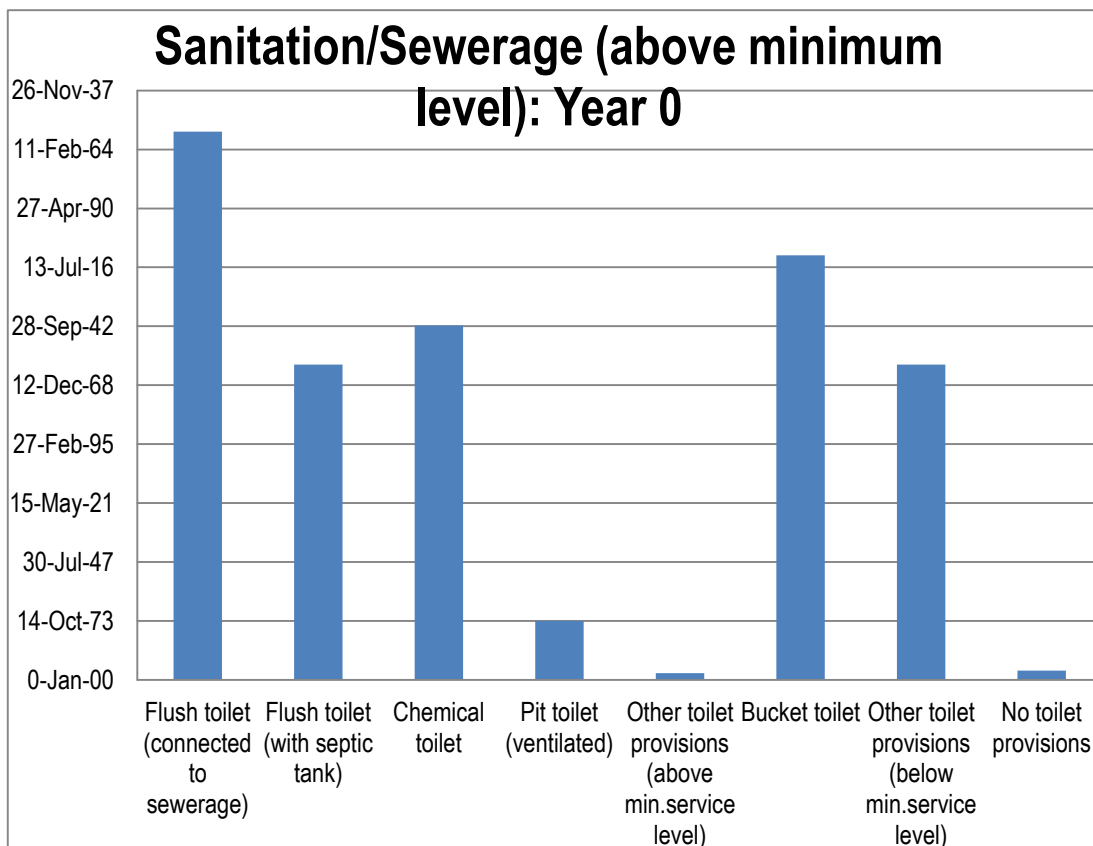
Financial Performance 2019/20: Water Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	12 380	25 568	25 568	22 659	-107%
Expenditure:					
Employees	6 976	6 879	6 879	6 969	1%
Repairs and Maintenance	327	1 050	1 050	1 131	-221%
Other	115	3 792	3 792	1 331	-3198%
Total Operational Expenditure	7 418	11 721	11 721	9 431	-58%
Net Operational Expenditure	4 962	13 847	13 847	13 227	-179%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.1.8					

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

NMMDM is responsible for the provision of sanitation in the municipal area. All Waste Water Treatment Plants are managed by District Municipality. The RMLM is responsible for maintenance of sewer reticulation systems in Zeerust, Welbedacht and Groot Marico. T 3.2.1

Chapter 3

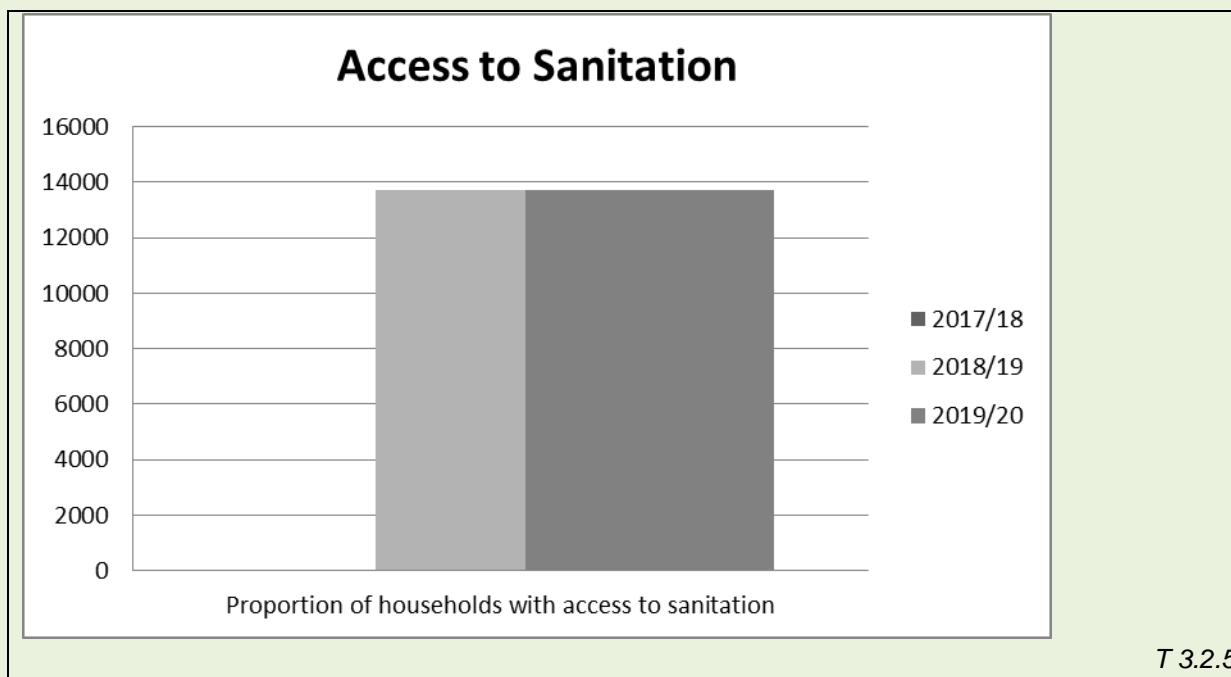


T 3.2.2

Sanitation Service Delivery Levels				
Description	*Households			
	2016/17	2017/18	2018/19	2019/20
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	9	9	9	15
Flush toilet (with septic tank)	2	–	2	180
Chemical toilet	0	–	–	0
Pit toilet (ventilated)	24	–	24	0
Other toilet provisions (above min.service level)	25	–	25	0
<i>Minimum Service Level and</i>				195

Chapter 3

<i>Above sub-total</i>	60	9	60	
<i>Minimum Service Level and Above Percentage</i>	95.2%	100.0%	9.9%	100.0%
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet	0	–	0	–
Other toilet provisions (below min.service level)	1	–	535	–
No toilet provisions	2	–	12	–
<i>Below Minimum Service Level sub-total</i>	3	–	548	–
<i>Below Minimum Service Level Percentage</i>	4.8%	0.0%	90.1%	0.0%
Total households	63	9	608	0
*Total number of households including informal settlements				T 3.2.3



Access To Sanitation

Access to Sanitation	
	Proportion of households with access to sanitation
Year -2	13700
Year -1	13717
Year 0	13724

Chapter 3

Employees: Sanitation Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
7 - 9	2	6	2	4	67%
10 - 12	6	11	6	5	45%
13 - 15	3	34	3	31	91%
Total	12	52	12	40	77%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p>T 3.2.7</p>					

Financial Performance 2019/20: Sanitation Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	760		4 198	942	100%
Expenditure:					
Employees	11 856		12 326	12 349	100%
Repairs and Maintenance	307		150	471	100%
Other	151		657	34	100%
Total Operational Expenditure	12 314	–	13 133	12 853	100%
Net Operational Expenditure	11 554	–	(8 935)	11 912	100%
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p> <p>T 3.2.8</p>					

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3.3 ELECTRICITY

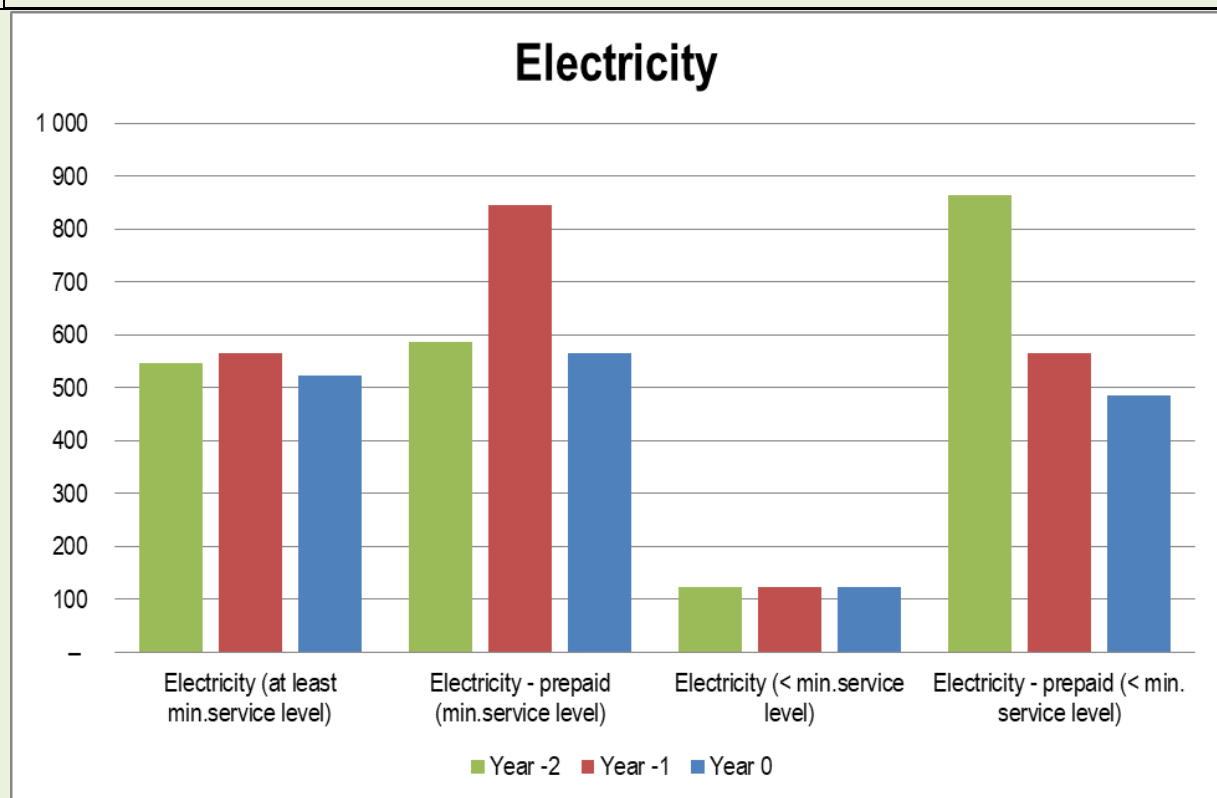
INTRODUCTION TO ELECTRICITY

The Municipal Electricity Unit is licensed by the National Electricity Regulator of South Africa (NERSA) to supply electricity to 20% of the total customers in the Municipality's area of jurisdiction and the remainder which is comprised of the rural areas is supplied by Eskom. The Electricity Unit operates under the Electricity Regulator Act of (2006).

The Electricity Unit generates approximately 35% of the total revenue of the Municipality, 20% of the income for the Electricity Unit comes from our large customers (industrial and commercial) and 15% from our residential customers.

The municipality purchases electricity in bulk on the Mega flex tariff from Eskom. We have two Eskom in-comer points (Zeerust Municipal Substation) and eight feeders for our customers. We have a notified maximum demand of 20 MVA and we are operating from our new switching station

Our area of supply is experiencing continuous outages due to the numerous faults on the existing ageing 11kV overhead lines infrastructure; we have no budget for upgrade of 11kv infrastructure for 2019/20 financial year.



T 3.3.2

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Electricity Service Delivery Levels				
Description	2016/17	2017/18	2018/19	Households 2019/20
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Energy: (above minimum level)</u>				
Electricity (at least min.service level)	9	9	9	3
Electricity - prepaid (min.service level)	–	–	–	1
<i>Minimum Service Level and Above sub-total</i>	9	9	9	1
<i>Minimum Service Level and Above Percentage</i>	20.9%	20.7%	21.0%	3.28%
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)	34	35	36	9
Electricity - prepaid (< min. service level)	–	–	–	
Other energy sources	–	0	–	9
<i>Below Minimum Service Level sub-total</i>	34	35	36	17
<i>Below Minimum Service Level Percentage</i>	79.1%	79.3%	79.0%	96.7%
Total number of households	43	44	45	18
T 3.3.3				

Employees: Electricity Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	7	7	7	0	0%
7 - 9	6	0	0	6	#DIV/0!
10 - 12	8	9	9	3	33%
Total	22	17	17	9	53%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p> <p>T 3.3.6</p>					

Chapter 3

Financial Performance 2019/20: Electricity Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	39 141	93 961	93 961	61 184	-140%
Expenditure:					
Employees	7 457	6 911	6 911	6 913	7%
Repairs and Maintenance	2 393	2 278	2 278	1 335	5%
Other	51 896	54 679	54 679	57 523	-5%
Total Operational Expenditure	61 746	63 867	63 867	65 771	-3%
Net Operational Expenditure	22 605	30 094	30 094	(22 578)	-33%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.3.7					

Chapter 3

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

INTRODUCTION TO WASTE MANAGEMENT

Section 21 of the Constitution states that everyone has the constitutional right to have an environment that is not harmful to his or her health and to have an environment protected for the benefit of the present and future generations through reasonable legislative and other measures that (a) prevent pollution and ecological degradation (b) promote conservation and secure ecological sustainable development and use of natural resources while promoting justifiable economic and social development.

Taking cue from the above and In terms of Section 10(3) National Waste Management: Waste Act, 2008 (Act No. 59 of 2008) the municipality has designated, Manager Parks & Environment as the waste management officer (WMO) and air quality management officer (AQMO) to advance and advocate issues of waste and environment

The municipality has furthermore, compiled an integrated waste management plan (IWMP) in the effort of complying with section 11(4)(a)(i)(ii) of NEMWA. The plan is still at the draft stage and it awaits public participation for it to be submitted to MEC.

The waste service delivery of the Municipality is co-ordinated from Zeerust. A regular waste removal service is provided to all households and businesses within the major towns of the Municipal area, except to the households in rural areas.

The percentage of households with access to regular (once a week) refuse removal in Ramotshere Moiloa is currently 19%. The majority of the population in rural areas either bury or burn their waste. There are also no private waste contractors active within the municipal area. The Municipality provides a weekly (1 day per week) waste collection service to all the households in Zeerust, Lehurutshe and Groot Marico.

The businesses, hospitals and schools in the Municipal area receive a waste collection service up to five times a week depending on the collection requirements. Industries are serviced once per week. Street cleaning (litter picking, sweeping, and cleaning of ablution facilities) is done in all the Major towns of the Municipality. The Ramotshere Moiloa Municipality utilises a black refuse bag system for all the households in the municipal area. Businesses utilise a black refuse bag system and 3m³ bins. Residents and businesses have to buy their own black bags. The 3m³ bins are supplied by the municipality and then the businesses pay the Municipality off over time. The Municipality accepts any number of bags or bins per household or business, so there is no specific limit. The bags and bins are placed on the curb outside the house or business and collected from there.

The Municipality has a set of by-laws pertaining to cleansing services. The landfill sites in the Municipal area except Zeerust do not have weighbridges and therefore the quantities of waste disposed of are not exactly known. The daily tonnages of waste generated were obtained by applying per capita waste generation rates to the figures for the population served. These rates vary with the

Chapter 3

socio-economic standing of the population, from 0.2 kg per capita per day in the poor areas, to 1 kg per capita per day in the affluent areas.

The Municipality is experiencing shortages of labour for waste collection, environmental cleaners; as well as for the proper management of the waste disposal facilities.

The Municipality has a few vehicles that are old and are due for replacement. The landfill site at **Zeerust** is permitted by the Department of Water Affairs and Forestry on 9 January 1996 as a Class G: S: B- waste disposal site in terms of Section 20 of the Environment Conservation Act (Act 73 of 1989). The landfill site at **Lehurutshe** is permitted by the Department of Environmental Affairs and Tourism in terms of Section 20(1) of the Environment Conservation Amendment Act (Act 50 of 2003). The site is located approximately 6.4 kilometres south-east of the centre of the town, Lehurutshe. The landfill site is operated following a cell method of operation and landfilling of a quarry. The site is approximately 3 Ha in size.

The expected lifetime of the site is approximately 19 years. Waste is covered regularly even though the municipality does not have permanent equipment on site. The Komatsu Bulldozer from Zeerust is from time to time used to compact and cover waste at the Lehurutshe site.

The landfill site at **Groot Marico** is permitted by the Department of Environmental Affairs and Tourism in terms of Section 20(1) of the Environment Conservation Amendment Act (Act 50 of 2003). The site is located approximately 3 kilometres south-east of the town, Groot Marico. The landfill site is approximately 2 Ha in size. The expected lifetime of the current disposal area is approximately 20 years. The waste is disposed of by using a trench method. Waste is not properly compacted but is covered when needed.

Medical waste from the medical health facilities is taken away by a Medical Waste Company for incineration. The Municipality is not experiencing problems with the disposal of medical waste at their landfills.

T 3.4.1

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Solid Waste Service Delivery Levels				
Description	2016/17	2017/18	2018/19	Households 2019/20
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	2846,00	2235,00	2235,00	8341,00
<i>Minimum Service Level and Above sub-total</i>	2846,00	2235,00	2235,00	8341,00
<i>Minimum Service Level and Above percentage</i>	48,5%	48,5%	43,9%	74,5%
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week	546,00	523,00	621,00	621,00
Using communal refuse dump	846,00	487,00	865,00	865,00
Using own refuse dump	565,00	523,00	523,00	523,00
Other rubbish disposal	938,00	720,00	720,00	720,00
No rubbish disposal	124,00	124,00	124,00	124,00
<i>Below Minimum Service Level sub-total</i>	3019,00	2377,00	2853,00	2853,00
<i>Below Minimum Service Level percentage</i>	51,5%	51,5%	56,1%	25,5%
Total number of households	5865,00	4612,00	5088,00	11194,00
T 3.4.2				

Financial Performance 2019/20: Solid Waste Management Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	11 863	20 994	20 994	20 905	-77%
Expenditure:					
Employees	4 727	5 094	5 094	5 000	-8%
Repairs and Maintenance	19	200	200	200	-953%
Other	169	120	120	124	29%
Total Operational Expenditure	4 915	5 414	5 414	5 324	-10%
Net Operational Expenditure	6 948	15 579	15 579	15 581	-124%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.4.7					

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Financial Performance 2019/20: Waste Disposal and Other Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		4,182	4,182	4,085	-2%
Expenditure:					
Employees		4,143	4,143	4,139	0%
Repairs and Maintenance					
Other		30	30	33	10%
Total Operational Expenditure	0	4,173	4,173	4,173	0%
Net Operational Expenditure	0	(9)	(9)	88	110%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.4.8					

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3.5 HOUSING

INTRODUCTION TO HOUSING

In terms of section 26 of the Constitution of the Republic of South Africa, 1996, everyone has the right to have access to adequate housing, and the State must take reasonable legislative and other measures within its available resources to achieve the progressive realization of this right. The provision of adequate housing is therefore a national priority and is legislated through the Constitution and the Housing Act. The delivery thereof is the responsibility of all three spheres of government, however local government sphere even the municipality must take a lead role in initiating the housing development in its area of jurisdiction for the other two spheres of government to fund their housing development plans.

Hence section 9(1) (f) of the Housing Act states that “Every municipality must as part of the municipality’s process of integrated development planning, take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to –

1. To initiate plan, coordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction
 - (a) Ensure that the inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis
 - (b) Set housing delivery goals in respect of its area of jurisdiction amongst other imperatives.

It is in this context that the municipality has a chapter in the IDP- Human Settlement Sector Plan which is basically a summary of the housing planning undertaken by the municipality to address its housing needs, an analysis of the housing demand and a strategy for the supply of such demand. The feedback and analysis of ward meetings in various wards in relation to housing needs indicates that the need is huge and currently the two ideal housing programmes for the municipality are integrated residential development and rural subsidy programmes

We are constantly in engaging with the Provincial Department of Local Government and Human Settlements communicating planned housing projects and requesting funding of such. This definitely assists in reducing the backlog we have in our locality if our plans are incorporated in the Department’s Business Plan, and appointment of developers are done

T 3.5.

Percentage of households with access to basic housing			
Year ended	Total households (including in formal and informal	Households in formal settlements	Percentage of HHs in formal settlements

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	settlements)		
Year -3	40740	32872	80,7%
Year -2	40740	32872	80,7%
Year -1	40740	32872	80,7%
Year 0	42136	34268	81,3%
T 3.5.2			

Financial Performance 2019/20: Housing Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		1,206	1,206	804	-50%
Expenditure:					
Employees		548	548	248	-121%
Repairs and Maintenance					#DIV/0!
Other					#DIV/0!
Total Operational Expenditure	-	548	548	248	-121%
Net Operational Expenditure	-	(658)	(658)	(556)	-18%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.5.5					

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of

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	No.	No.	No.	No.	total posts) %
0 - 3	1	1	1	0	0%
10 - 12	1	1	1	0	0%
Total	2	2	2	0	0%
T 3.5.4					
					T 3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

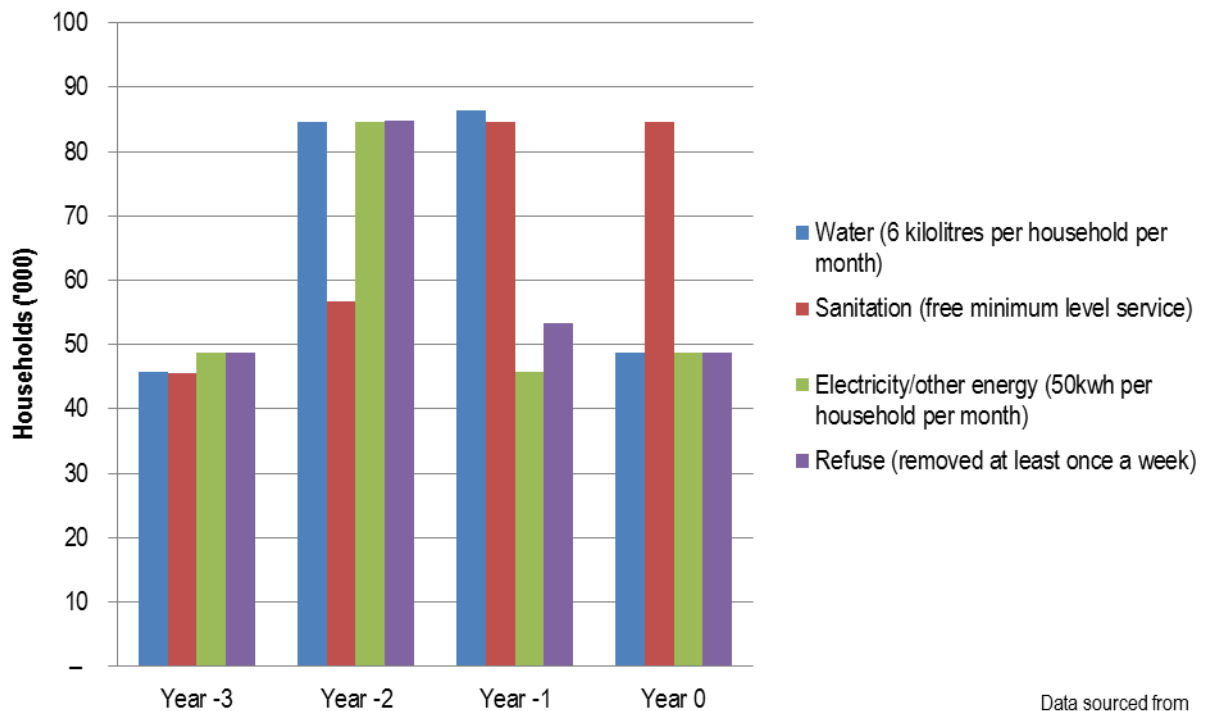
During the 2010/11 financial year, the Provincial Intervention Team reviewed the Indigent Policy to address identified risks. This resulted in a change in the basis of the policy. The policy approved for the 2011/12 financial year provided indigent support on the basis of consumptions and was therefore not application driven. The benefits were granted on the following basis:

Although the policy remained consumption driven in the 2019/20 financial year, for financial reporting purposes, the rebates were identified separately in order to fully reflect the value of the free basic benefit. The total in the table below is based on the fact that Council has a consolidated bill and the number of households would therefore overlap from one service to the other.

T 3.6.1

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Free Basic Household Services



Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
			Access	%	Access	%	Access	%		%
Year -2		28696,0	1097,0	4%	1 412	5%	6 902	24%	1 412	5%
Year -1		28696,0	1097,0	4%	1 412	5%	6 902	24%	1 412	5%
Year 0		28696,0	1097,0	4%	1 412	5%	6 902	24%	1 412	5%
T 3.6.3										

Financial Performance 2019/20: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2018/19	2019/20			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water		1 000	1 000	1 000	0%

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Waste Water (Sanitation)		500	500	500	0%
Electricity		3 500	3 500	1 775	-97%
Waste Management (Solid Waste)					
Total	0	5 000	5 000	3 275	-53%
T 3.6.4					

COMPONENT B: ROAD TRANSPORT

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

3.7 ROADS

INTRODUCTION TO ROADS

For the year under review the municipality Failed to implemented MIG allocations as awarded to the municipality for upgrading of streets from gravel to tar or paving. Delay in procurement process impacted negatively for implementation of the 2019/20 MIG Projects. Procurement processes are affected by non-approval of IDP.

The implementation of storm water is not possible due to the costs as per MIG standards, thus the roads also serves as the storm water channels. See municipal overview for detailed information.

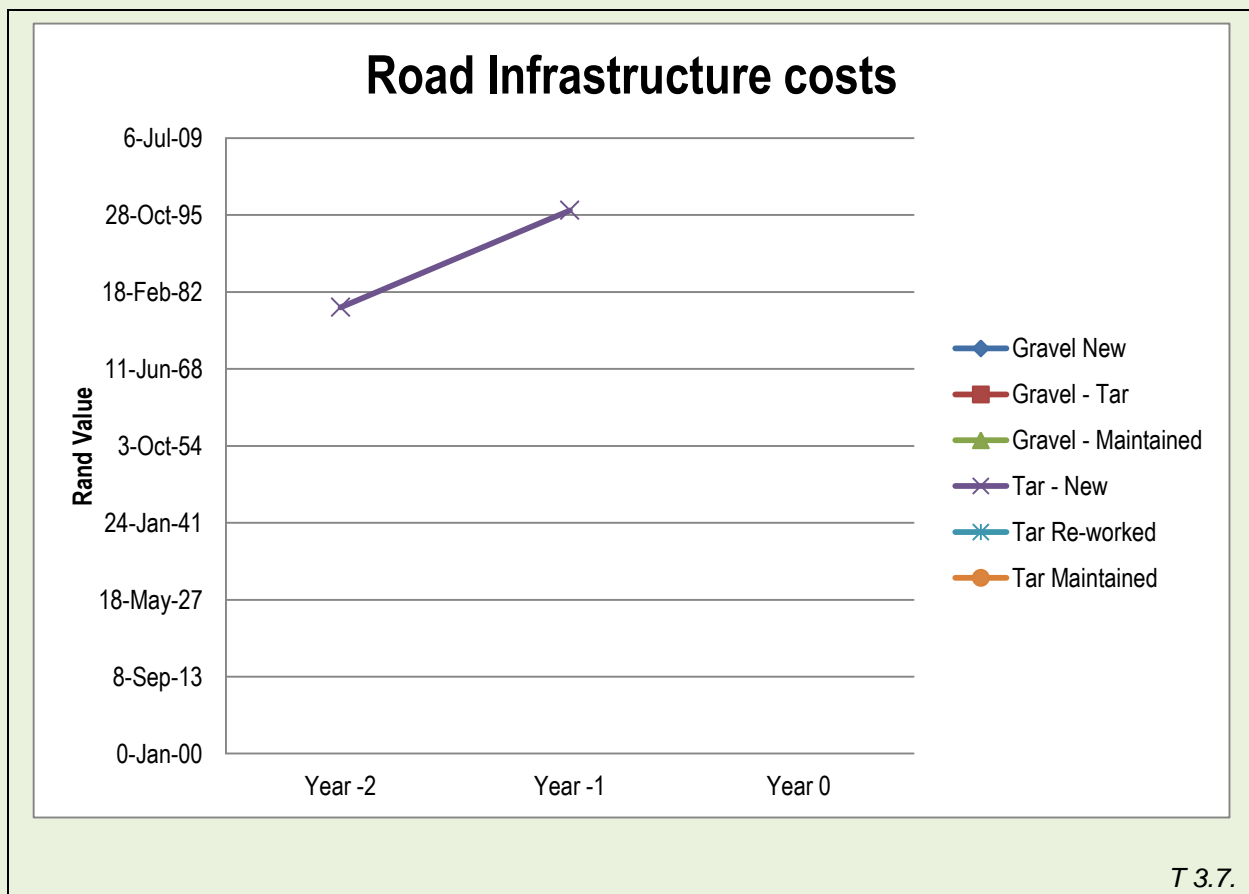
T 3.7.1

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2017/18	4,000	5.5.	4.5.	112
2018/19	4,000	7	8.4.	100
2019/20	4,000	7.2.	7.2.	80
T 3.7.2				

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	640.6	7.5			6,143
Year -1	641	5			6,143
Year 0	0	5.8.			0
T 3.7.3					

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Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
201/18				29000		
2018/19				35300		
2019/20				3000000		
T 3.7.4						



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Financial Performance 2019/20: Road Services					
R'000					
Details	2018/18	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	20 504	21 429	21 429	11 789	-82%
Expenditure:					
Employees	14 978	14 281	14 281	15 540	8%
Repairs and Maintenance	262	850	850	550	-55%
Other	62	540	540	13	-4112%
Total Operational Expenditure	15 302	15 672	15 672	16 102	3%
Net Operational Expenditure	5 202	5 757	5 757	(4 313)	233%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.7.8					

Capital Expenditure 2019/20: Road Services					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	44 230	44 230	39 059	-13%	
All projects	44 230	44 230	39 059	-13%	280
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.7.9					

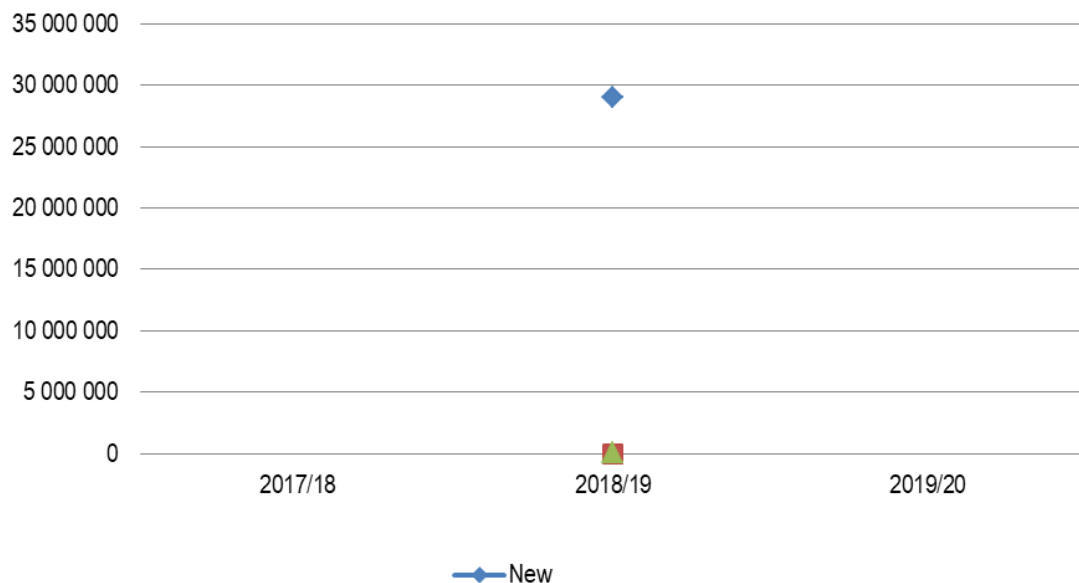
Chapter 3

3.9 WASTE WATER (STORMWATER DRAINAGE)

Stormwater Infrastructure				Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2017/18				10,000
2018/19	6	6	0	16,790
2019/20	6	6	0	10000
				T 3.9.2

Cost of Construction/Maintenance				R' 000
	Storm water Measures			
	New	Upgraded	Maintained	
Year -2				
Year -1				
Year 0	29 000 000	0	16 790	
				T 3.9.3

Stormwater infrastructure costs



Chapter 3

T 3.9.4

Employees: Stormwater Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	3	1	2	67%
7 - 9	2	2	2	0	0%
10 - 12	1	4	1	3	75%
Total	5	10	5	5	50%

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

T 3.9.6

Financial Performance Year 2019/20: Mechanical Workshop					
					R'000
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	12 842	20 458	20 458	30 556	33%
Expenditure:					
Employees	1 874	2 014	2 014	2 042	1%
Repairs and Maintenance	1 493	3 710	3 710	757	-390%
Other	2 176	1 997	1 997	2 416	17%
Total Operational Expenditure	5 543	7 720	7 720	5 215	-48%
Net Operational Expenditure	7 299	12 738	12 738	25 342	50%

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

T 3.9.7

Chapter 3

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

For the year under review the municipality Failed to implemented MIG allocations as awarded to the municipality for upgrading of streets from gravel to tar or paving. Delay in procurement process impacted negatively for implementation of the 2019/20 MIG Projects. Procurement processes are affected by non-approval of IDP.

The implementation of storm water is not possible due to the costs as per MIG standards, thus the roads also serves as the storm water channels. See municipal overview for detailed information. *T3.9.9*

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

- The Department of Municipal Planning and Development comprises of the following units:

- Town Planning Unit;
- Local Economic Development (LED); and
- Housing Unit

The Department aims at working hand in hand with the communities in their attempts to achieve service delivery and make their lives successful within their environment.

T 3.10

Chapter 3

3.10 PLANNING

INTRODUCTION TO PLANNING

The Town Planning Unit is a strategic Division within the municipality mandated to manage the spatial planning and land use management. The Town Planning Division is responsible for the following:

- Town Planning services: Implementation of Spatial Development Framework; provision of zoning information; and processing of various land use applications i.e. rezoning, subdivision, special consent applications etc.
- Building Control: Plan submission, inspection and (dis) approval thereof
- Development Enforcement: Enforcement of land use scheme and bylaws

Town Planning is central to developing and promoting an integrated town committed to addressing spatial injustices and guides development towards vibrant, resilient and sustainable urban and rural areas.

SUCCESS IN 2019/20 FINANCIAL YEAR

The following were successes for the financial under review:

- A challenge the Municipality experienced with transfer and registration of stands for Erf 1702 Zeerust has been resolved and members of the public are able to transfer stands
- The Spatial Development Framework of the Municipality is currently under review with financial assistance from the Department of Rural Development and Land Reform
- The Municipality is awaiting environmental authorization from relevant authority for two pieces of land identified for township establishment. Approval of these townships will expand revenue base for the Municipality.

CHALLENGES IN 2019/20 FINANCIAL YEAR

The Municipality is faced with the following challenges:

- Lack of appointment of service provider to conduct land audit
- Continued increase in illegal occupation of municipal land
- Contravention of Ramotshere Moiloa Land Use Scheme
- Absence of Geographic Information System (GIS)
- Encroachments on Municipal Land in terms of boundary lines
- Building without approved Building Plans

T 3.10.1

Chapter 3

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Planning application received	0.00	0.00	49.00	45	118.00	110
Determination made in year of receipt	0.00	0.00	37.00	40	118.00	90
Determination made in following year	0.00	0.00	12.00	5	0.00	20
Applications withdrawn	0.00	0.00	0.00	0.00	0.00	0.00
Applications outstanding at year end	0.00	0.00	0.00	0.00	0.00	0.00
T 3.10.2						

Employees: Planning Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
7 - 9	5	5	4	0	0%
Total	6	6	6	0	0%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p> <p>T 3.10.4</p>					

Chapter 3

Financial Performance 2019/20: Planning Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 820	9 627	9 627	2 232	-331%
Expenditure:					
Employees	960	1 015	1 015	1 013	0%
Repairs and Maintenance					#DIV/0!
Other	1 708	100	100	686	85%
Total Operational Expenditure	2 668	1 115	1 115	1 699	34%
Net Operational Expenditure	(848)	8 511	8 511	(533)	1696%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.10.5					

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The municipality through the Local Economic Development Unit is committed to ensuring that development of local economy is realized in order to alleviate poverty and create employment for residents of Ramotshere Moiloa Local Municipality.

T 3.11.1

Economic Activity by Sector			
R '000			
Sector	Year -2	Year -1	Year 0
Agric, forestry and fishing	2700	2700	2700
Mining and quarrying			300
Manufacturing	180000	180000	18000
Govt, community and social services			
Total	182700	182700	21000
T 3.11.2			

Chapter 3

Economic Employment by Sector			
Sector	2017/18	2018/19	Jobs
	No.	No.	2019/20 No.
Agric, forestry and fishing	128	61	585
Manufacturing	68	82	96
Wholesale and retail trade	54	54	424
Finance, property, etc.		-	164
Govt, community and social services	2 800	2 800	3 400
Infrastructure services	169	103	225
Total	3219	3100	4 894
			T 3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES:

The economic downturn has seriously affected employment rate in general and Ramotshere Moiloa Local Municipality is no exception. Local businesses are not expanding however it should be stated that private developers have seen potential for development of a shopping centre/mall within Zeerust Town. The development of such will in no doubt increase employment opportunities for local people.

T 3.11.4

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
2017/18				
2018/19	405			
2019/20	248			

Chapter 3

Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				
T 3.11.5				

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -2	7	189
Year -1	7	299
Year 0	5	312
* - Extended Public Works Program		T 3.11.6

Employees: Local Economic Development Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	3	3	3	0	0%
13 - 15	4	4	4	0	0%
Total	9	9	9	0	0%

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

T 3.11.8

Chapter 3

Financial Performance 2019/20: Local Economic Development Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 712	7 316	7 316	7 086	-3%
Expenditure:					
Employees	3 494	5 351	5 351	4 538	-18%
Repairs and Maintenance					#DIV/0!
Other	5 472	1 049	1 049	1 008	-4%
Total Operational Expenditure	10 761	6 399	6 399	5 546	-15%
Net Operational Expenditure	1 701	917	917	1 540	40%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.11.9					

There was no capital expenditure incurred in Local Economic Development

Chapter 3

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

This component includes: library services, waste management, environmental services, public safety, cemeteries, parks, security services, sports and recreation and other social programmes. *T 3.52*

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

The municipality provides accessible community facilities to an acceptable standard for all the people of Ramotshere Moiloa Local Municipality. It provides access library materials for the purposes of education, information, recreation and aesthetic appreciation for all residing within municipal area of jurisdiction. The main objectives of this function are to:

- ensure that the residents have access to up-to-date information through libraries
- ensure that there are libraries in needy areas
- provide acceptable standard of service for all

The municipality rendered these services in partnership with the Department of Culture, Arts and Traditional Affairs (CATA). There was a signed Service Level Agreement for same.

There are library forums that the municipality participated on such as Provincial ICT Stakeholder and District Library forum. *T 3.12.1*

Chapter 3

Financial Performance 2019/20: Libraries; Archives; Museums; Galleries; Community Facilities; Other R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2 373	2 824	2 824	3 245	13%
Expenditure:					
Employees	1 021	1 198	1 198	1 293	7%
Repairs and Maintenance	95	–	–	–	#DIV/0!
Other	90	413	413	418	1%
Total Operational Expenditure	1 206	1 610	1 610	1 711	6%
Net Operational Expenditure	1 167	1 213	1 213	1 534	21%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.12.5</i>

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

The identification of new cemeteries is vital because of the lack of burial space in the existing cemeteries. There are four cemeteries in the urban areas such as Zeerust, Groot Marico, Ikageleng and Lehurutshe.

The function includes continuous monitoring of burials, management of burial registers, mowing of vegetation at gravesides.

CHALLENGES

- Acquisition of land for new cemeteries at Groot Marico, Zeerust and Ikageleng
- Theft of artefacts and metal railings
- Vandalism of tombstones
- Lack of adequate budget to maintain cemeteries
- Lack of cemetery management system

HIGHLIGHTS

- Continuous mowing of vegetation at cemeteries

T 3.13.1

Chapter 3

Employees: Cemeteries and Crematoriums					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
7 - 9	1	1	1	0	0%
10 - 12	1	1	1	0	0%
13 - 15	8	8	4	4	50%
Total	10	10	6	4	40%

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

T 3.13.4

Financial Performance 2019/20: Cemeteries and Crematoriums					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 708	4 268	4 268	3 771	-13%
Expenditure:					
Employees	349	360	360	354	-2%
Repairs and Maintenance	72	150	150	150	0%
Other	31	121	121	35	-250%
Total Operational Expenditure	452	632	632	538	-17%
Net Operational Expenditure	1 256	3 637	3 637	3 233	-12%

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

T 3.13.5

Financial Performance 2019/20: Traffic and Security					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	24 626	25 958	25 958	13 217	-96%
Expenditure:					
Employees	14 737	16 326	16 326	15 894	-3%
Repairs and Maintenance	95	240	240	243	1%
Other	8 701	10 624	10 624	11 930	11%

Chapter 3

Total Operational Expenditure	22 644	27 190	27 190	28 066	3%
Net Operational Expenditure	1 982	(1 232)	1 232	14 850	108%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
<i>T 3.20.5</i>					

COMPONENT H: SPORT AND RECREATION

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

3.23 PARKS, SPORTS FIELD

Financial Performance 2019/20: Sport and Recreation					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 829	8 796	8 796	8 597	-2%
Expenditure:					
Employees	5 267	5 623	5 623	5 528	-2%
Repairs and Maintenance	161	–	–	12	100%
Other	98	68	68	48	-42%
Total Operational Expenditure	5 526	5 690	5 690	5 588	-2%
Net Operational Expenditure	(303)	(3 106)	(3 106)	(3 008)	-3%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
<i>T 3.23.4</i>					

There was no capital expenditure on sports and recreation

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

Chapter 3

3.24 EXECUTIVE AND COUNCIL

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

INTRODUCTION TO EXECUTIVE AND COUNCIL

The Council support as a sub-unit includes all administrative support that is provided to the offices of the Mayor, Speaker and Municipal Manager. This includes, inter alia, meetings of Council and its The Council Support: The main purpose for the existence of this sub-unit is to give administrative support, primarily to Council and its committees and to ensure smoothness of Council's decision-making process.

The sub-unit commits itself to providing efficient printing service to Council & business units; quality minutes and efficient record keeping of all minutes of Council and its committees.

This sub-unit ensures that Council agendas are delivered on time to councillors on time.

T 3.24.1

Employees: The Executive and Council

Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
Total	2	2	2	0	0%

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

T 3.24.4

Financial Performance 2019/20: The Executive and Council

R'000

Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	23 203	53 514	53 514	47 998	-11%
Expenditure:					
Employees	19 533	21 528	24 420	27 727	22%
Repairs and Maintenance					#DIV/0!
Other	2 691	25 721	28 395	31 267	18%
Total Operational Expenditure	22 224	47 250	52 816	58 994	20%
Net Operational Expenditure	979	6 264	699	(10 996)	157%

Chapter 3

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

T 3.24.5

There was no capital expenditure for Executive and Council.

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The overview sets out highlights of the municipality's financial performance in the past year. Full details appear in the Annual Financial Statements.

The municipality has performed relatively well over the past year despite the prevailing market and economic conditions. There has been a monitoring by the municipality of the economic conditions over the finances of the municipality and despite lack of complete verification of its debtors, the municipality is aware of the existence of indigent communities within its jurisdiction and the impact it has on the revenue collection rate which in turn put pressure on the cash flows.

T 3.25.1

Debt Recovery							
							R' 000
Details of the types of account raised and recovered	2018/19		2019/20			2017/18	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	123			40 656	23%	29 211	23%
Electricity - B	61			7 852	25%	6 511	25%
Electricity - C	6			29 692	8%	24 926	8%
Water - B				10 849	10%	–	0%
Water - C	41			1 377	18%	10 382	18%
Sanitation	80			2 084	11%	4 368	11%
Refuse	86			10 417	15%	8 772	15%
Other							
B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.							

T 3.25.2

Chapter 3

Employees: Financial Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	5	5	0	0%
4 - 6	9	9	9	0	0%
7 - 9	20	20	20	0	0%
Total	34	34	34	0	0%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					
					T 3.25.4

Financial Performance 2019/20: Financial Services					
					R'000
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	65,805	62,840	62,840	74,091	15%
Expenditure:					
Employees	3,656	23,312	23,312	22,566	-3%
Repairs and Maintenance		–	–	–	#DIV/0!
Other	26,093	15,931	15,931	26,650	40%
Total Operational Expenditure	29,749	39,243	39,243	49,216	20%
Net Operational Expenditure	36,056	23,597	23,597	24,875	5%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					T 3.25.5

Chapter 3

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources Management encompasses Personnel, Job Evaluation, Employee Relations and occupational Safety. Human Resources Management is responsible for recruitment, selection, placement, remuneration of staff, employee benefits wellness. The Municipality's Human Resources function is aimed at ensuring enhanced service delivery with efficient institutional arrangements by increasing levels of employee morale.

T 3.26.1

Employees: Human Resource Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	6	4	4	0	0%
7 - 9	5	1	1	0	0%
10 - 12	4	10	8	2	20%
Total	16	16	14	2	13%

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

T3.26.4

Financial Performance 2019/20: Human Resource Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	13,213	14,725	14,725	14,481	-2%
Expenditure:					
Employees	8,620	8,231	8,231	5,050	-63%
Repairs and Maintenance		–	–	–	#DIV/0!
Other	5,595	4,705	4,705	3,585	-31%
Total Operational Expenditure	14,215	12,937	12,937	8,636	-50%
Net Operational Expenditure	(1,002)	1,789	1,789	5,845	69%

Chapter 3

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

T 3.26.5

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Our mission is to be a respected internal service provider to all stakeholders of the Municipality in order to enable efficient administration and service delivery using technologies that are proven and cost-effective. We will provide a portfolio of ICT related services to the Municipality and promote ICT as an enabler of technical service delivery. We will further strive to provide citizen-centric ICT offerings to the Community. It is our intentions to reach ensure that we develop an ICT Strategy that is aligned to IDP over a period of 3 years.

T 3.27.1

Employees: ICT Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	2	1	0	0%
7 - 9	2	2	2	0	0%
Total	5	5	4	0	0%

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

T3.27.4

Financial Performance 2019/20: ICT Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3,100	4,993	4,993	4,877	-2%
Expenditure:					

Chapter 3

Employees	1,888	1,801	1,801	2,042	12%
Repairs and Maintenance	15	500	500	13	-3844%
Other	2,913	60	60	39	-53%
Total Operational Expenditure	4,816	2,361	2,361	2,094	-13%
Net Operational Expenditure	1,716	2,631	(2,631)	(2,784)	195%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.27.5</i>

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

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

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Constitutional and other legal imperatives require local government to participate in and develop extensive legal relationships. As social change agents local government interacts with individuals, interest groups, the private sector and other organs of state in a number of ways. Needless to say, Legal Services play a crucial role in such interaction.

Our essential and top priority has always been to minimize legal risk to the Municipality, whether it is on a proactive or reactive basis. This is done in relation to a number of activities, including civil court matters, the supply of sound legal advice and negotiating agreements.

T3.28.1

Chapter 3

Financial Performance 2019/20: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	109	3 037	3 037	3 037	0%
Expenditure:					
Employees	231	1 431	1 502	1 502	5%
Repairs and Maintenance	0	1 027	777	777	-32%
Other	–	79	40	40	-97%
Total Operational Expenditure	231	2 537	2 319	2 319	-9%
Net Operational Expenditure	121	500	(718)	(718)	170%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.28.5</i>

COMPONENT J: MISCELLANEOUS

This component is not applicable

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.

Chapter 4

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

INTRODUCTION

The Corporate and Human Resources functions and responsibilities address many of the IDP requirements to ensure effective service delivery and community development, these include:

1. To Contribute Towards Employability & Self Employability of Youth and Community.
2. To ensure a competent workforce to achieve organizational objectives.
3. Improve Quality and Management Control Processes.
4. To align the organizational culture to the business objectives to improve organizational efficacy and measure.
5. Recruitment, selection and employment;
6. Labour relations management;
7. Pay and leave administration;
8. Staff administration;
9. Grading and remuneration;
10. Sick leave management;
11. Employee wellness
12. Job Evaluation; Employee Relations; Organizational Development; Occupational Health and Safety; and HR Management Services.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2018/19	2019/20			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	30	34	30	4	11.7
Waste Water (Sanitation)	13	52	13	39	75
Electricity	13	23	13	9	39
Waste Management	17	19	17	4	21
Housing	2	2	2	0	0
Waste Water (Stormwater Drainage)	10	10	10	5	50
Roads	21	23	21	9	39
Transport	2	4	2	2	50

Chapter 4

Planning	6	6	6	0	0
Local Economic Development	9	11	9	4	36
Planning (Strategic & Regulatory)	5	6	5	1	16
Local Economic Development	58	68	58	10	14.7
Community & Social Services	3	3	3	0	1
Environmental Protection	28	30	28	2	6
Health	87	92	87	5	5.4
Security and Safety	13	19	13	6	31.5
Sport and Recreation	3	8	3	4	50
Corporate Policy Offices and Other	0	0	0	0	0
Totals	320	410	320	104	26

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.

T 4.1.1

Vacancy Rate: 2019/20			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	5	0	0.00
Senior management: Levels 0-2 (excluding Finance Posts)	28	9	32%
Senior management: Levels 0-2 (Finance posts)	7	1	14%
Highly skilled supervision: levels 3-9 (excluding Finance posts)	134	32	24%
Highly skilled supervision: levels 3-9 (Finance posts)	53	14	26%
Total	229	56	24%

Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 4.1.2

Chapter 4

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2017/18	2	0	
2018/19	4	17	425%
2019/20	0	17	#DIV/0!
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipal Service Act 2000, S68 (1) required municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their power in an economical, effective, efficient and accountable way.

The Municipality through Human Resources Development Unit under the Corporate Services Department is the custodian or champion for skills development on behalf of the Municipality. Various training interventions are conducted through different levels in the organization. There are training programs that are attended to equip the employee in order to improve the quality and standard of service delivery. The Workplace Skills Plan is developed along the LGSETA guideline.

Almost what is due to the municipality in terms of the training rebates is collected on an annual basis in full. Whilst the Human Resources Development Unit is tasked to improve the competency of our employees the unit is also responsible to work in partnership with various departments and training providers and communities to improve the level of skills, knowledge and behavior of our employees and citizens to be active participants in the municipality and the economic development and growth of the municipality.

T 4.2.0

Chapter 4

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action			
2	Attraction and Retention	100%	100%	1-May-15
3	Code of Conduct for employees	100%	100%	Main Collective Agreement
4	Delegations, Authorisation & Responsibility	100%	100%	
5	Disciplinary Code and Procedures	100%	100%	Main Collective Agreement
6	Essential Services	100%	100%	Main Collective Agreement
7	Employee Assistance / Wellness	100%	100%	1-May-15
8	Employment Equity	100%	100%	1-May-15
9	Exit Management	100%	100%	1-May-15
10	Grievance Procedures	100%	100%	Main Collective Agreement
11	HIV/Aids	100%	100%	
12	Human Resource and Development	100%	100%	
13	Information Technology	100%	100%	
14	Job Evaluation	100%	100%	1-May-15
15	Leave	100%	100%	1-May-15
16	Occupational Health and Safety	100%	100%	1-May-15
17	Official Housing	100%	100%	Main Collective Agreement
18	Official Journeys	100%	100%	
19	Official transport to attend Funerals	100%	100%	
20	Official Working Hours and Overtime	100%	100%	1-May-15
21	Organisational Rights	100%	100%	Main Collective Agreement
22	Payroll Deductions	100%	100%	
23	Performance Management and Development	100%	100%	1-May-15
24	Recruitment, Selection and Appointments	100%	100%	1-May-15
25	Remuneration Scales and Allowances	100%	100%	
26	Resettlement	100%	100%	
27	Sexual Harassment	100%	100%	
28	Skills Development	100%	100%	1-May-15
29	Smoking			
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing	100%	100%	1-May-15
33	Other:	100%	100%	
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

Chapter 4

4.3 INJURIES, SICKNESS AND SUSPENSIONS

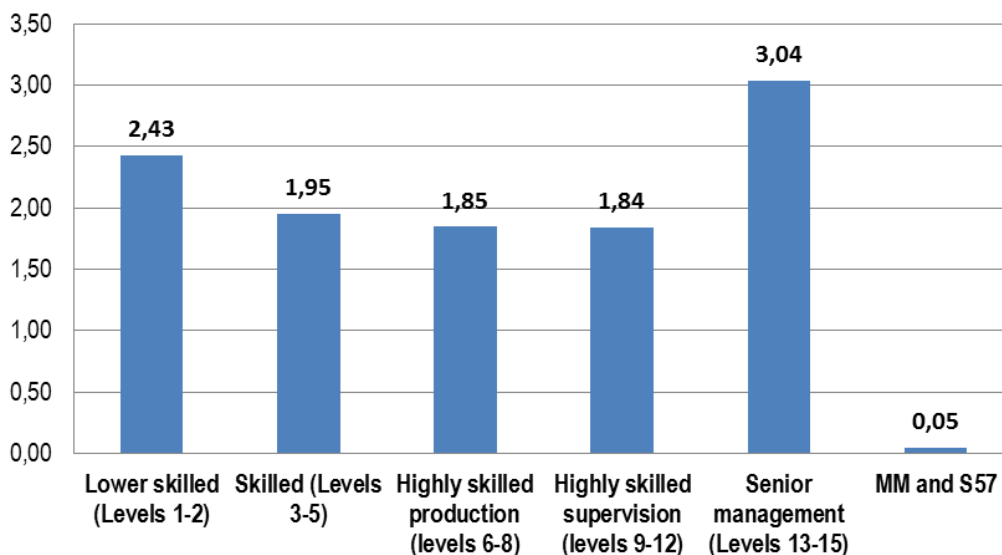
There were no work related injuries

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	411	0%	43	43	2,43	30
Skilled (Levels 3-5)	330			33	1,95	
Highly skilled production (levels 6-8)	312			35	1,85	
Highly skilled supervision (levels 9-12)	311	0%	33	33	1,84	31
Senior management (Levels 13-15)	513			21	3,04	
MM and S57	8			4	0,05	
Total	1885	0%	76	169	11,15	61
* - Number of employees in post at the beginning of the year *Average is calculated by taking sick leave in column 2 divided by total employees in column 5						

T 4.3.2

Chapter 4

Average Number of Days Sick Leave (excluding IOD)



T 4.3.3

COMMENT ON INJURY AND SICK LEAVE:

The following steps were taken during the year to reduce injuries on duty, sick leave management and follow-up action.

- Comprehensive Safety Management programme in place
- Facilitation of incident and accident investigation
- Scheduled safety training, and safe work procedures

Medical Surveillance

- Pre-placement, periodic, transfer, and scheduled medical examinations based on occupational risk exposure profiles
- Audiometry and hearing monitoring
- Spirometer and respiratory programme

Preventative Programmes

- Immunization programmes
- Occupational post exposure prophylaxis for needle sticks injuries
- Trauma de-briefing for workers exposed to traumatic events

Incapacity and Medical Board Assessment management

- Return to work assessments
- Disability management

Sick leave Management

- Multidisciplinary approach to sick leave management

Chapter 4

- Profiling sick leave frequency and trends
- Home visits, liaison with treating medical practitioner
- Awareness and liaison with medical practitioners found to issue frequent and generous sick leave
- Medical assessment of employees taking frequent and long episodes of sick leave
- Facilitate medical assessments for incapacity

T 4.3.4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Committee Officer (Acting Manager Records Management)	Unauthorized tempering of bid documents & unauthorised access to the Municipal Registry Unit beyond working hours	17/07/2019	Disciplinary Action taken (Matter Finalised, Dismissed)	02/12/2019
Manager: Electrical	Unauthorized tempering of bid documents & unauthorised access to the Municipal Registry Unit beyond working hours	17/07/2019	Disciplinary Action taken (Matter Finalised, Dismissed)	02/12/2019
Manager: PMU	Unauthorized tempering of bid documents & unauthorised access to the Municipal Registry Unit beyond working hours	17/07/2019	Disciplinary Action taken (Matter Finalised, Dismissed)	02/12/2019
Manager: MPAC	unauthorized disclosure of confidential information relating to the affairs of the Municipality &	/08/2019	Disciplinary Action taken (Matter Finalised, Dismissed)	23/03/2020
Data Capturer (Indigents)	Tempering with municipal system & effecting changes without authority	14/11/2019	Disciplinary Action in progress	Pending outcome of disciplinary action

Chapter 4

	(changing the names and physical addresses)			
Welder Fitter	Financial Misconduct (Illegally obtained goods and money from service provider)	26/11/2019	Investigation in progress	Pending outcome of the investigations/ Disciplinary action
General Worker	Financial Misconduct (Illegally obtained goods and money from service provider)	26/11/2019	Investigation in progress	Pending outcome of the investigations/ Disciplinary action
T 4.3.5				

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Welder Fitter	Financial Misconduct (Illegally obtained goods and money from service provider)	Investigation in progress	Pending outcome of the investigations/ Disciplinary action
General Worker	Financial Misconduct (Illegally obtained goods and money from service provider)	Investigation in progress	Pending outcome of the investigations/ Disciplinary action
T 4.3.6			

Chapter 4

4.4 PERFORMANCE REWARDS

There were no performance rewards during the year

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Municipal Service Act 2000, S68 (1) required municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their power in an economical, effective, efficient and accountable way.

The Municipality through Human Resources Development Unit under the Corporate Services Department is the custodian or champion for skills development on behalf of the Municipality. Various training interventions are conducted through different levels in the organization. There are training programs that are attended to equip the employee in order to improve the quality and standard of service delivery. The Workplace Skills Plan is developed along the LGSETA guideline.

Almost what is due to the municipality in terms of the training rebates is collected on an annual basis in full. Whilst the Human Resources Development Unit is tasked to improve the competency of our employees the unit is also responsible to work in partnership with various departments and training providers and communities to improve the level of skills, knowledge and behavior of our employees and citizens to be active participants in the municipality and the economic development and growth of the municipality.

T 4.5.0

Chapter 4

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2020	Number of skilled employees required and actual as at 30 June 2020											
			Learnerships			Skills programs & other short courses			Other forms of training			Total		
		No.	Actual: End of 2017/18	Actual: End of 2018/19	2018/19 Target	Actual: End of 2017/18	Actual: End of 2018/19	2018/19 Target	Actual: End of 2017/18	Actual: End of 2018/19	2018/19 Target	Actual: End of 2017/18	Actual: End of 2018/19	2018/19 Target
MM and s57	Female		5			0								
	Male		5			0								
Councilors, senior officials and managers	Female		2			7								
	Male		3			6								
Technicians and associate professionals*	Female		4			2								
	Male		8			14								
Professionals	Female		8			9								
	Male		6			8								

Chapter 4

Sub total	Femal e		19			18								
	Male		22			28								
Total		0	82	0	0	92	0	0	0	0	0	0	0	0
*Registered with professional Associate Body e.g. CA (SA)														T 4.5.1

Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated : Total of A and B	Consolidated : Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated : Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated : Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	0	1	1	1
Chief financial officer	1	0	0	1	1	1
Senior managers	5	0	0	5	5	5
Any other financial officials	7	0	0	7	0	7
Supply Chain Management Officials	4			4		4
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	1	0	0	1	0	1
TOTAL	19	0	0	19	7	19
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						
						T 4.5.2

SKILLS DEVELOPMENT EXPENDITURE

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Chapter 4

Managing workplace expenditure is governed by Section 66 of the MFMA Act 56 of 2003. The economic challenges faced by the Municipality include, optimizing productivity and rand value, balancing compensation for performance results, the growing dilemma of providing health care and wellness programs for all employees, hiring and retaining professional staff and raising and addressing the skills levels of all employees.

The strategic and economic challenges are managed through the following programs:

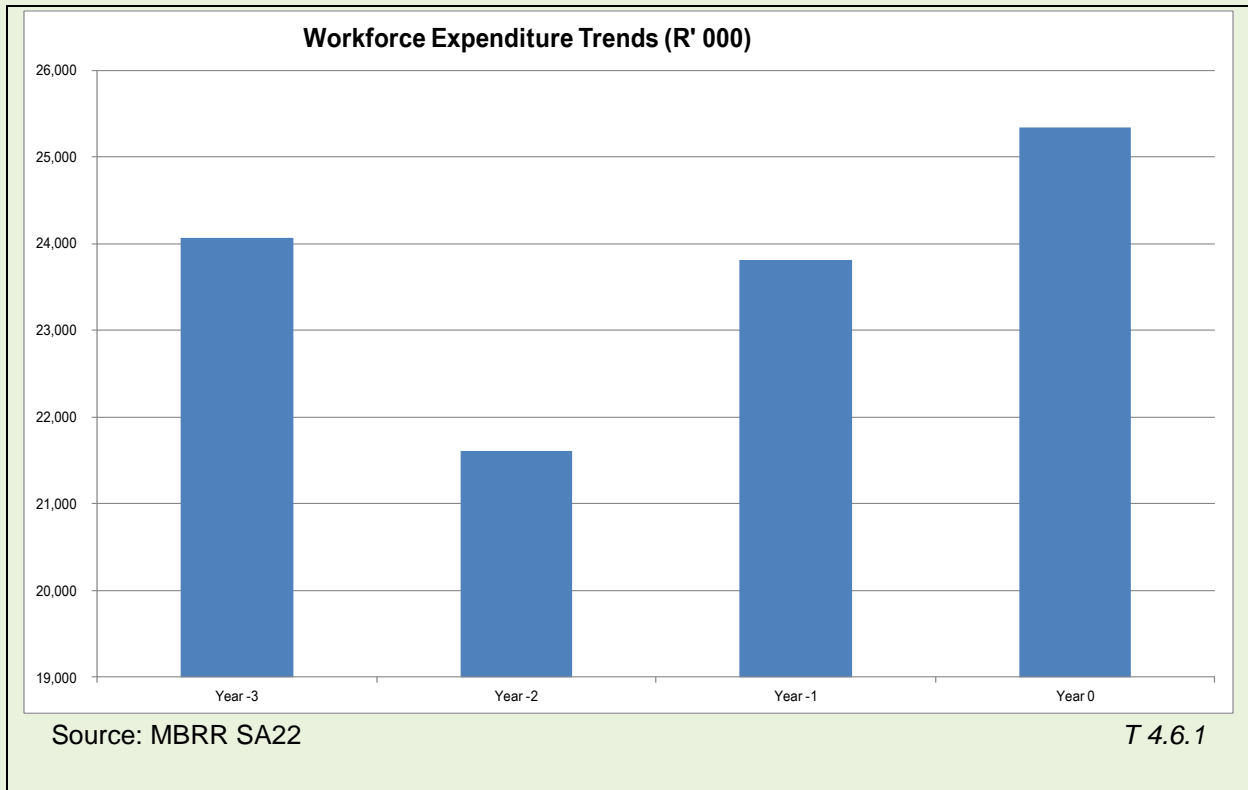
1. Affirmative Action and Employment Equity
2. Code of Conduct of employees
3. Grievances and disciplinary Procedures
4. Skills Development and Study Assistance
5. Occupational Health and safety
6. Working Hours and Overtime
7. Remuneration scales and allowances
8. Recruitment and Appointments
9. Sexual harassment and Employee Assistance
10. Sick Leave monitoring and management
11. Wellness programs
12. Injury on duty management
13. Workplace Skills Plans
14. Management and Supervisory development of staff.

Managing a workforce of about 358 permanent employees is a responsibility of Human Resources together with IT Systems Management, through integrated software, VIP System. Financially all vacancies and programs are approved at the budget period, in line with the strategic focus areas identified in the IDP. Any over expenditure is reviewed and regularized.

T 4.6.0

4.6 EMPLOYEE EXPENDITURE

Chapter 4



Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

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

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Performance of Operational Services						
R '000						
Description	2018/19	2019/20			2019/20 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	7 418				#DIV/0!	#DIV/0!
Waste Water (Sanitation)	12 314				#DIV/0!	#DIV/0!
Electricity	61 719				#DIV/0!	#DIV/0!
Waste Management	128 466				#DIV/0!	#DIV/0!
Housing	180				#DIV/0!	#DIV/0!
Component A: sub-total	180 876	(1 886)	-	-	#DIV/0!	#DIV/0!
Waste Water (Stormwater Drainage)	31 032	(827)		-	#DIV/0!	#DIV/0!
Roads	402 273	(2 713)	-	-	#DIV/0!	#DIV/0!
Transport	123 374	15 528	138 902		#DIV/0!	#DIV/0!
Component B: sub-total	15 562	(592)	14 970		#DIV/0!	#DIV/0!
Planning	51 386	(11 731)			#DIV/0!	#DIV/0!
Local Economic Development	29 041	(566)			#DIV/0!	#DIV/0!
Component B: sub-total	1 500	2 700	-	-	#DIV/0!	#DIV/0!
Planning (Strategic & Regulatory)	66 789	(3 381)			#DIV/0!	#DIV/0!
Local Economic Development	-				#DIV/0!	#DIV/0!
Component C: sub-total	66 108	12 630	-	-	#DIV/0!	#DIV/0!
Community & Social Services	353 760	14 589	153 872	-	#DIV/0!	#DIV/0!
Environmental Protection					#DIV/0!	#DIV/0!
Health	45 449	(166)			#DIV/0!	#DIV/0!
Component C: sub-total	93 963	(17 469)	(153 872)	-	#DIV/0!	#DIV/0!
Kikjj'					#DIV/0!	#DIV/0!
Sport and Recreation	5 526				#DIV/0!	#DIV/0!
Corporate Policy Offices and Other	19 031				#DIV/0!	#DIV/0!
Component D: sub-total	517 728	(3 045)	-	-	#DIV/0!	#DIV/0!
Total Expenditure	781 774	9 807	14 970	-	#DIV/0!	#DIV/0!
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

T 5.1.2

Chapter 5

5.2 GRANTS

Grant Performance						
R' 000						
Description	2018/19	2019/20		2019/20 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	156 482	177 236	173 236	173 236	98%	100%
Equitable share	153 173	174 021	170 021	170 021	98%	100%
Financial Management Grant	2 215	2 215	2 215	2 215	100%	100%
EPWP Grant	1 094	1 000	1 000	1 000	100%	100%
Provincial Government:	1 170	640	640	640	100%	100%
Sports and Recreation	1 170	640	640	640	100%	100%
Financial Management Grant					#DIV/0!	#DIV/0!
Total Operating Transfers and Grants	157 652	177 876	173 876	173 876		
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						
T 5.2.1						

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The municipality has established asset management unit in line with Section 63 of the MFMA and is responsible for:

- Safeguarding of assets and liabilities
- Ensuring that the municipality's assets are valued in accordance with the standards of generally recognised accounting practice
- Ensuring that the municipality has and maintains a system of internal control of assets and liabilities, including as asset and liability register, as may be prescribed.
- Ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality.

CAPACITY OF THE UNIT

- The unit has three permanent employees in financial year 2018/19 comprising of:
 - ☐ Manager Assets and Liabilities
 - ☐
 - ☐ Senior Clerk movable and immovable assets
 - ☐ Senior Clerk Insurance and Liabilities.

The unit is currently receiving support from the provincial treasury through the hiring of the support team (JBFE Consultants).

Chapter 5

The support team is mainly assisting on GRAP 17 and GRAP 16.

T 5.3.1

COMMENT ON ASSET MANAGEMENT:

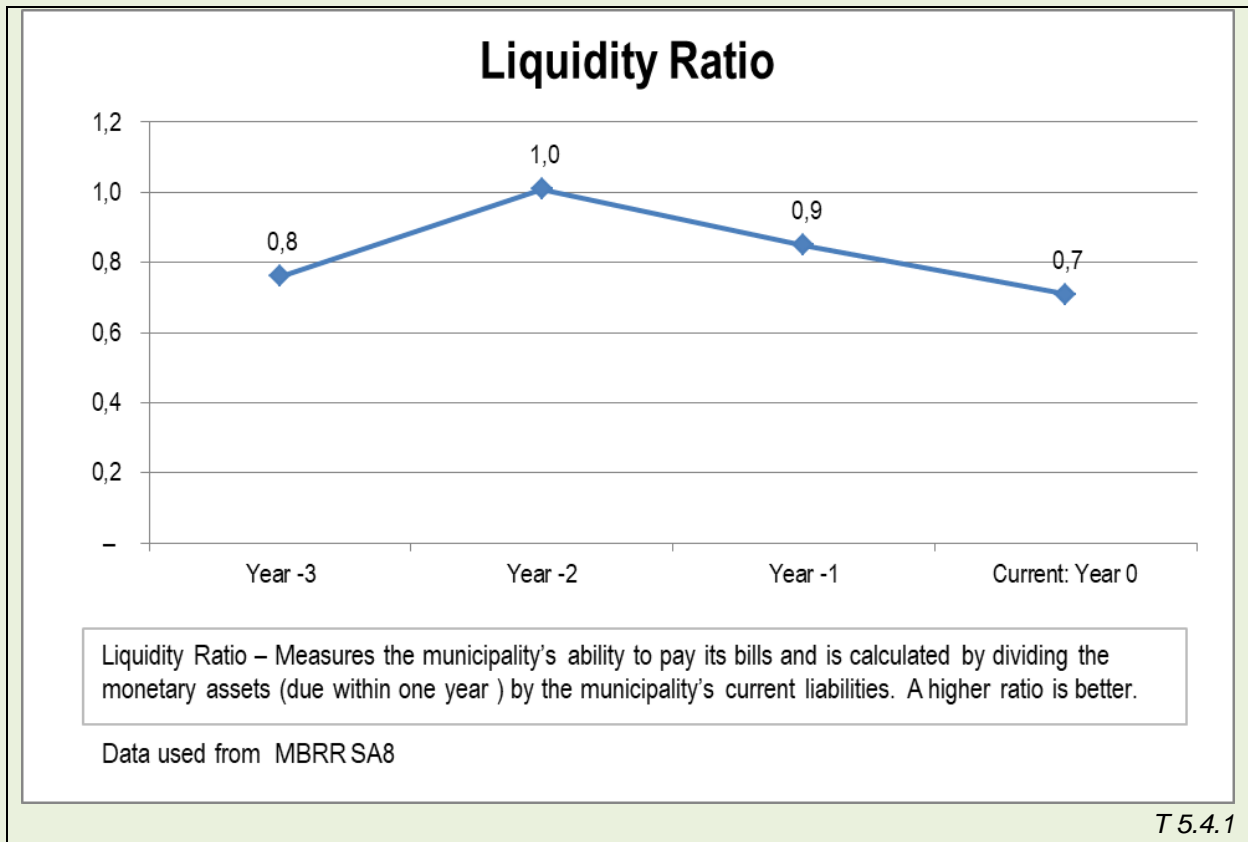
There was no acquisition of new assets during the year.

T 5.3.3

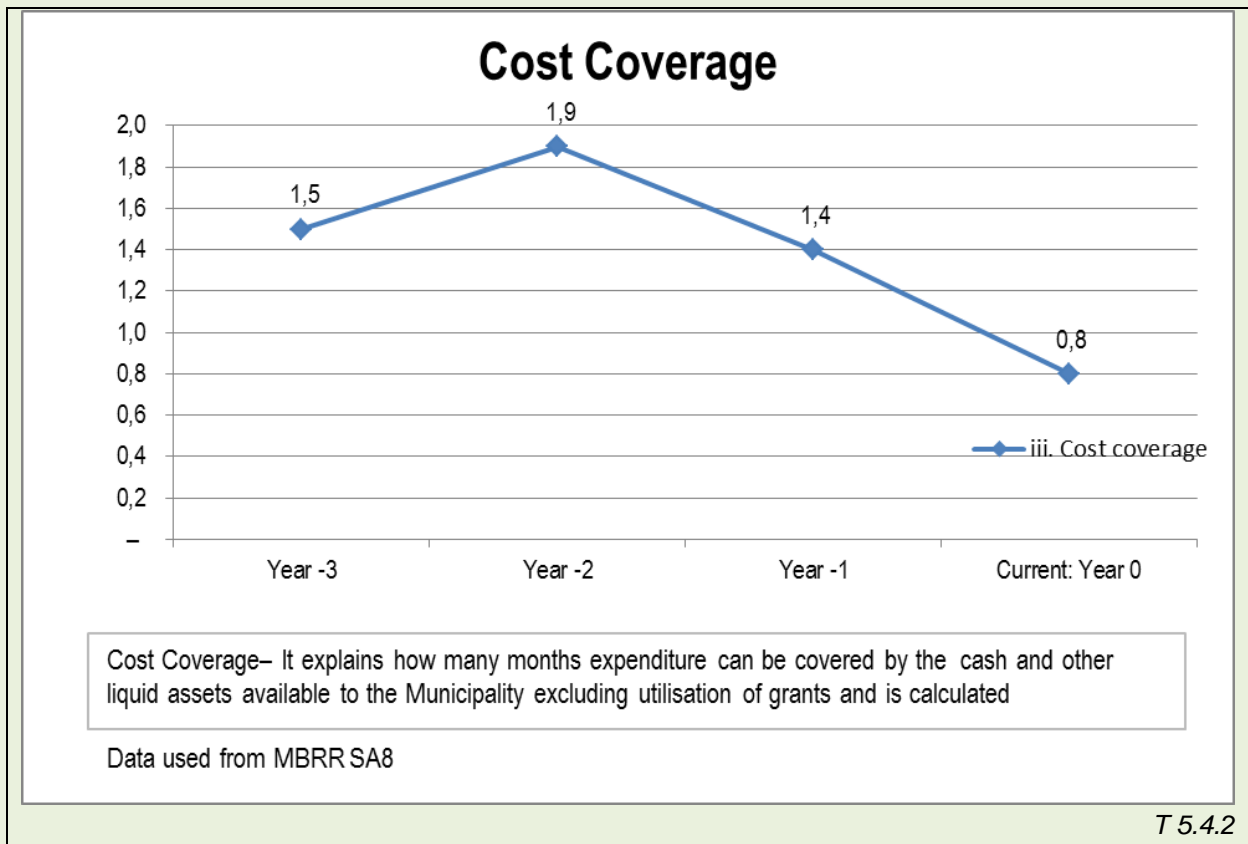
Repair and Maintenance Expenditure: 2019/20				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	12 639	9 348	7 495	41%
				<i>T 5.3.4</i>

Chapter 5

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

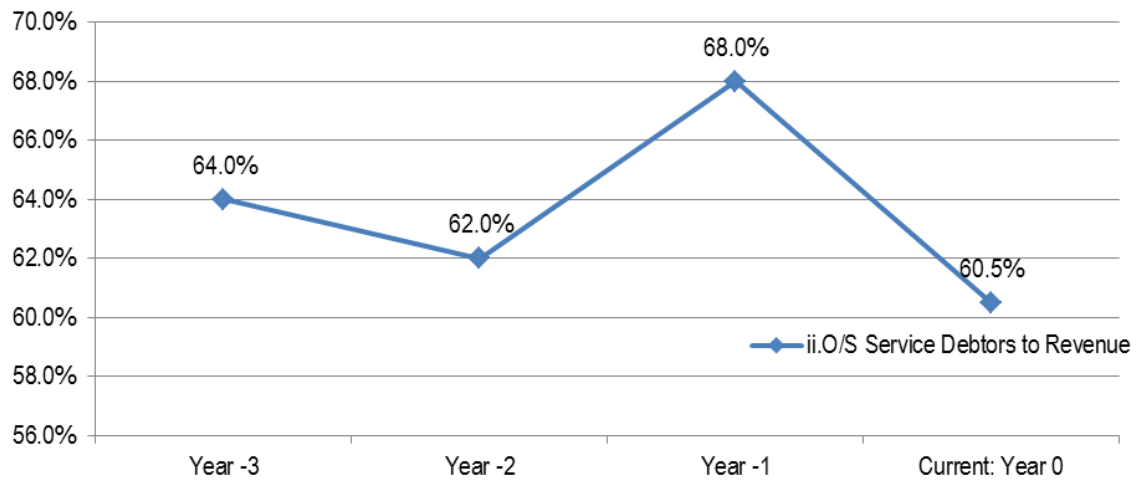


Chapter 5



Chapter 5

Total Outstanding Service Debtors

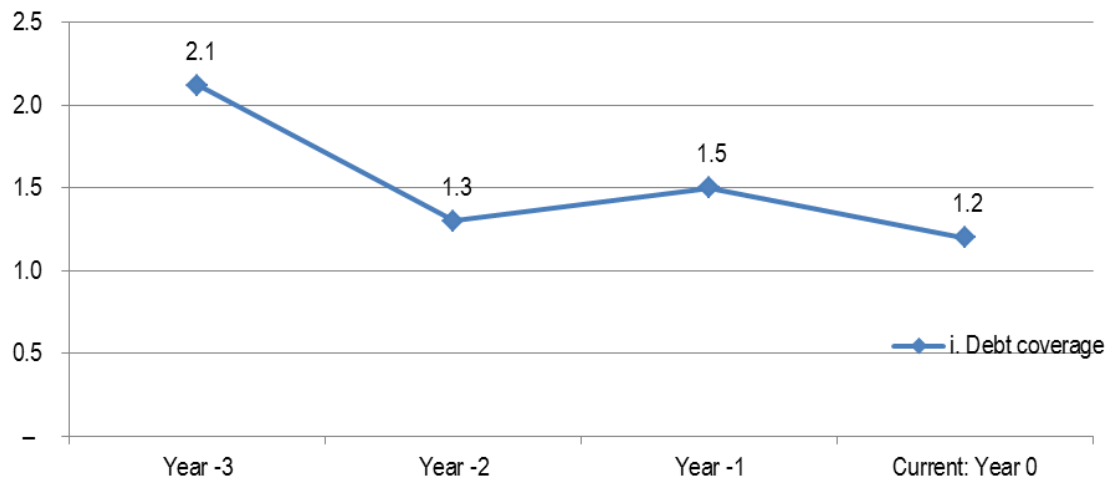


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

T 5.4.3

Chapter 5

Debt Coverage



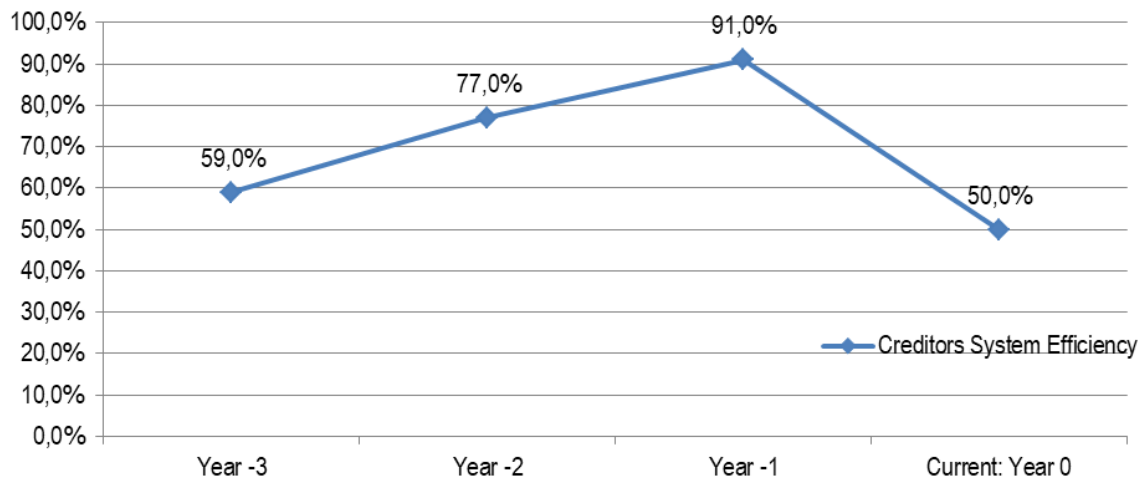
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Chapter 5

Creditors System Efficiency



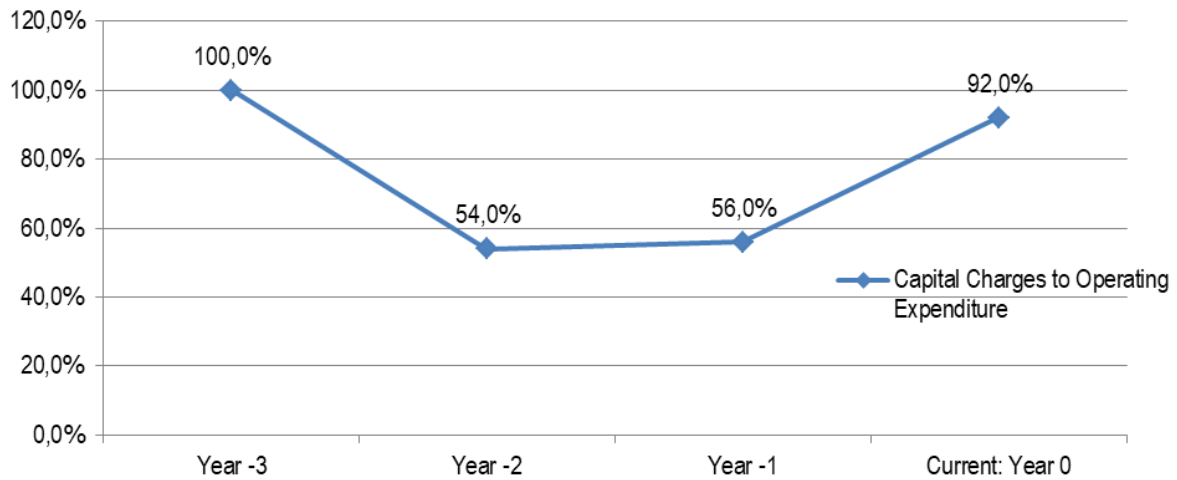
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Chapter 5

Capital Charges to Operating Expenditure



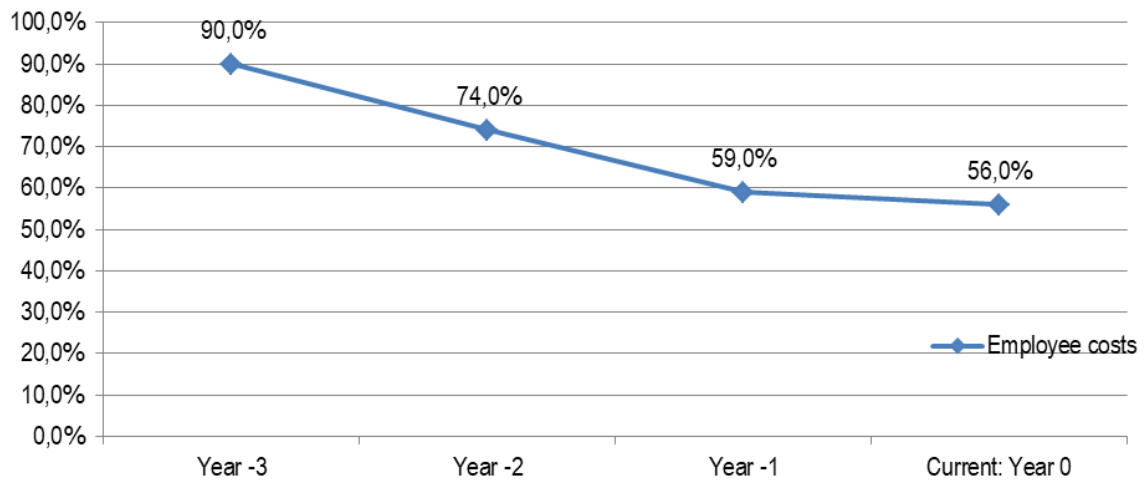
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Chapter 5

Employee Costs



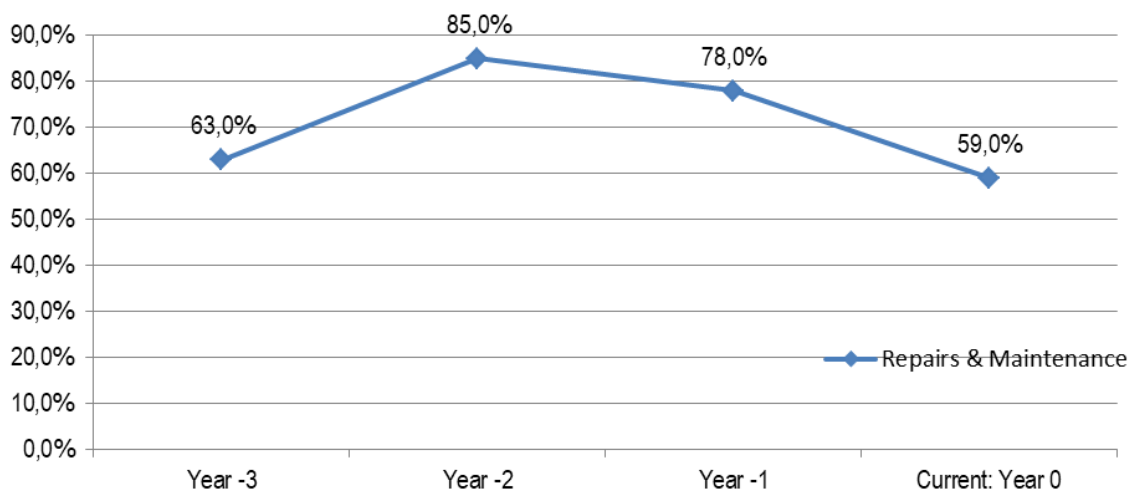
Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

Chapter 5

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

T 5.4.8

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

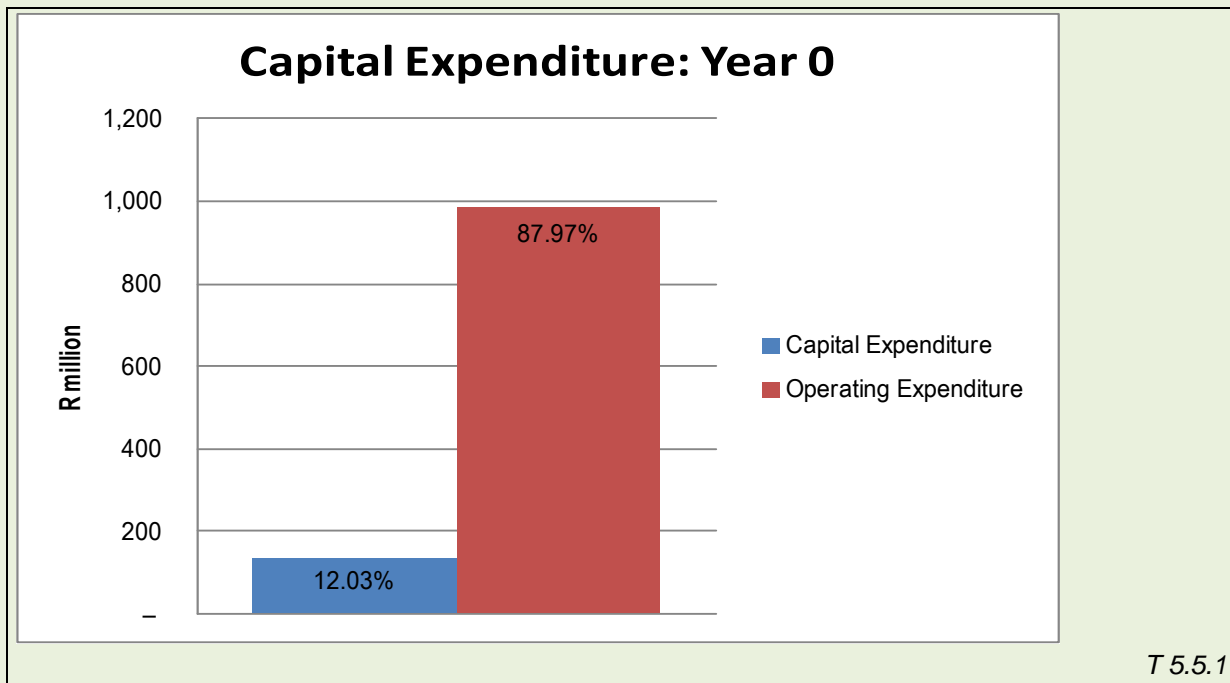
INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

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

T 5.5.0

5.5 CAPITAL EXPENDITURE

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5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2018/19 to 2019/20							
R' 000							
Details		2018/19	2019/20				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans					#DIV/0!	#DIV/0!
	Public contributions and donations					#DIV/0!	#DIV/0!
	Grants and subsidies	40 827	45 393	46 013	46 005	1,37%	1,35%
	Other	107	300	300	142	0,00%	-52,83%
Total		40 934	45 693	46 313	46 146	#DIV/0!	#DIV/0!
Percentage of finance							
	External loans	0,0%	0,0%	0,0%	0,0%	#DIV/0!	#DIV/0!
	Public contributions and donations	0,0%	0,0%	0,0%	0,0%	#DIV/0!	#DIV/0!

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	Grants and subsidies	99,7%	99,3%	99,4%	99,7%	#DIV/0!	#DIV/0!
	Other	0,3%	0,7%	0,6%	0,3%	#DIV/0!	#DIV/0!
Capital expenditure							
	Community & Social Services	570	110	720	461	554,55%	318,89%
	Electricity	6 860	1 053	3 400	1 053	222,89%	0,00%
	Housing						
	Roads and storm water	33 437	44 230	44 230	44 491	0,00%	0,59%
	Other	107	300	300	142	0,00%	-52,83%
Total		40 974	45 693	48 650	46 146	777,43%	266,65%
<i>Percentage of expenditure</i>							
	Water and sanitation	1,4%	0,2%	1,5%	1,0%	71,3%	119,6%
	Electricity	16,7%	2,3%	7,0%	2,3%	28,7%	0,0%
	Housing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Roads and storm water	81,6%	96,8%	90,9%	96,4%	0,0%	0,2%
	Other	0,3%	0,7%	0,6%	0,3%	0,0%	-19,8%
T 5.6.1							

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*						R' 000
Name of Project	Current: Year 0			Variance: Current Year 0		
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)	
Mmutshweu internal roads and stormwater	5,000,000	5,118,224	5,067,768	-1%	-2%	
Matlhase Internal roads and stormwater	5,000,000	5,091,411	5,114,664	-2%	-2%	
Driefontein internal roads and stormwater	5,000,000	5,233,732	5,230,980	-5%	-5%	
Maramage Internal roads and storm water	5,000,000	6,178,251	5,928,175	-19%	-24%	
Borakalalo Bridge and internal road	6,000,000	31,329,991	3,637,576	39%	-422%	
Gopane Bridges and stormwater	5,100,000	27,495,086	3,207,090	37%	-439%	
* Projects with the highest capital expenditure in Year 0						
Name of Project - A	Borakalalo Bridge					
Objective of Project	to build a bridge					

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Delays	environmental issues and approval from DWS
Future Challenges	none
Anticipated citizen benefits	Connectivity
Name of Project - B	Gopane Bridges and stormwater
Objective of Project	To control stormwater
Delays	DWS approval
Future Challenges	none
Anticipated citizen benefits	To protect community against flooding and erosion
T 5.7.1	

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Municipal Infrastructure Grant (MIG)* Expenditure 2019/20 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	26000000	49979192.99	24979193	%	%	
Storm water				%	%	
Total				%	%	
<p>* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>						
T 5.8.3						

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COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

Cash Flow Outcomes				
Description	2018/19	Current: 2019/20		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts	346 938	361 021	352 658	291 301
Ratepayers and other	130 787	132 730	137 378	73 724
Government - operating	158 990	180 876	176 966	170 263
Government - capital	56 773	47 307	38 207	45 544
Interest	388	108	108	1 771
Dividends				–
	(294)	(295)	(294)	(260)
Payments	879	342	330	780
Suppliers and employees	(293)	(293)	(290)	(255)
Finance charges	325	842	130	785
Transfers and Grants	(1 554)	(1 500)	(4 200)	(4 995)
		–		
NET CASH FROM/(USED) OPERATING ACTIVITIES	52 059	65 679	58 329	30 521
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	1 053			2 366
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables	(2 808)			–
Decrease (increase) in non-current investments				
Payments	(1 755)			
Capital assets	(56 001)	(45 693)	(48 570)	(39 059)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(57 756)	(45 693)	(48 570)	(36 692)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	(1 010)			–
Borrowing long term/refinancing	–			(732)
Increase (decrease) in consumer deposits	136			
Payments				
Repayment of borrowing				

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	(762)			(680)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 636)	–	–	(1 412)
NET INCREASE/ (DECREASE) IN CASH HELD	(7 333)	19 986	9 759	(7 583)
Cash/cash equivalents at the year begin:	14 652	11 622	11 622	11 622
Cash/cash equivalents at the year end:	7 319	31 608	21 380	4 038
Source: MBRR A7				T 5.9.1

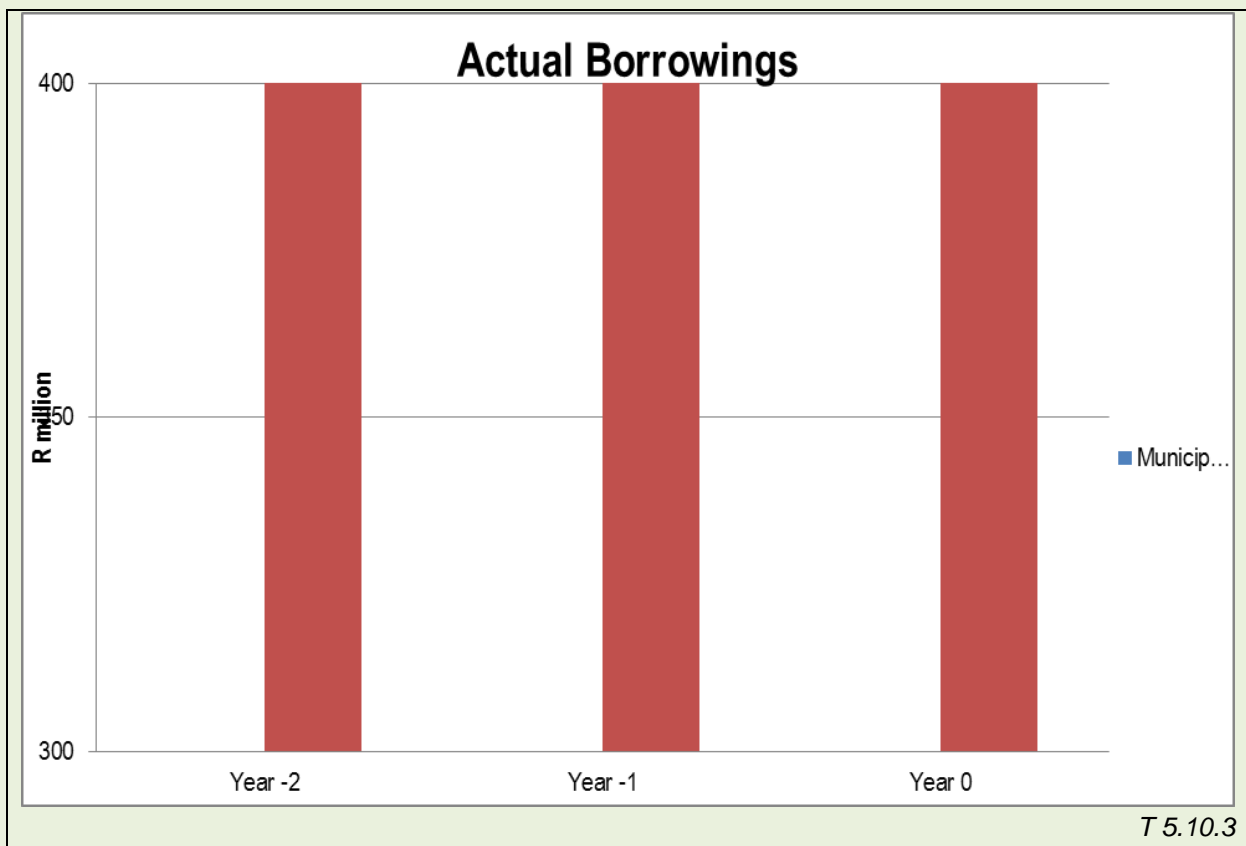
COMMENT ON CASH FLOW OUTCOMES:

The actual cash flow bottom line surpassed the budgeted cash flow balance by about R4m. This is attributable to controls implemented by management and staff awareness about the importance of maintaining a healthy bank balance. Improvement collection from our ratepayers also contributed positively in attaining this. T 5.9.1.1

5.10 BORROWING AND INVESTMENTS

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	Year -2	Year -1	Year 0
<u>Municipality</u>			
Long-Term Loans (annuity/reducing balance)	4697098	3718455	4281015
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	0	2807788	1798136
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	4 697 098	6 526 243	6 079 151

Chapter 5



Chapter 5

5.11 PUBLIC PRIVATE PARTNERSHIPS

Not Applicable

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The supply chain management policy for the year 2019/20 was adopted by Council in June 2020 in term of SCM Regulation 3 (1) (a). The main change made to the policy was to bring it in line with the structure of the SCM regulations. The aim was to establish a credible base from which the business processes can be developed.

The policy is aligned to Preferential Procurement Regulations 2011, issued in terms of the section 5 of the preferential Procurement Policy Framework Act, Number 5 of 2000 (PPPFA). The regulations were published in the Government Gazette on 08 June 2011 the new regulations aims to align the Preferential Procurement Policy Framework Act, 2000 and the Broad – Based Black Economic Empowerment Act, 2003 effective from 7 December 2011, issued by National treasury *T 5.12.1*

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

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

T 5.13.1

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

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

T 6.0.1

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

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: 2017/18	
Audit Report Status*:	Disclaimer Opinion
<i>T 6.1.1</i>	

Auditor-General Report on Service Delivery Performance: 2018/19	
Audit Report Status:	Disclaimer Opinion

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

6.2 AUDITOR GENERAL REPORT YEAR 2019/20

Auditor-General Report on Financial Performance: 2019/20	
Audit Report Status:	Disclaimer Opinion



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to the North West provincial legislature and the council on the Ramotshere Moiloa Local Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Ramotshere Moiloa Local Municipality set out on pages 174 to 235, which comprise the statement of financial position as at 30 June 2020, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to differences between the accounting records and the financial statements and a lack of supporting evidence for the basis or assumptions used to determine useful lives of property plant equipment. I was unable to confirm the property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustments to property, plant and equipment stated at R639 858 564 (2019: R636 869 443) as disclosed in note 9 and the depreciation and amortisation expense of R34 598 353 (2019: R38 924 291) as disclosed in note 27 to the financial statements were necessary.

Investment property

4. The municipality did not appropriately recognise investment property in accordance with GRAP 16, *investment property*, as the municipality recognised land that did not meet the definition of investment property. This resulted in investment property as disclosed in note 8 to the financial statements being overstated by R12 568 930 (2019: R12 568 930). Additionally, there was a consequential impact on the accumulated surplus.

Payables from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for debtors with credit balances and unallocated deposit included in payables from exchange transactions as the municipality did not have an adequate system of internal control to account for these payables. I was unable to confirm these payables by alternative means. Consequently, I was unable to determine whether any further adjustments relating to debtors with credit balances of R12 712 814 (2019: R10 157 390) and unallocated deposits of R14 628 274 (2019: R13 502 222) included in payables from exchange transactions as disclosed in note 14 to the financial statements were necessary. In addition, the municipality did not account for all amount payable which resulted in the payable from exchange transactions being understated by R5 579 174 and vat payable overstated by R2 833 813 and accumulated surplus understated by R2 745 361.

Receivables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions due to the status of the accounting records and non-submission of information. I was unable to confirm these receivables by alternative means. In addition, the municipality did not recognise a receivable from district municipality for the provision of water services on behalf of the district municipality. In the service level agreement the actual cost incurred by the municipality for the provision of free basic water and sanitation services shall be paid by the district municipality. As the municipality did not maintain adequate records of these costs or amounts receivable from the district municipality, I was unable to determine the full extent of the understatement as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustment to receivables from exchange transactions of R7 876 178 (2019: R5 856 363) as disclosed in note 4 to the financial statements was necessary.

Consumer debtors

7. I was unable to obtain sufficient appropriate audit evidence for consumer debtors due to the status of the accounting records. I was unable to confirm these consumer debtors by alternative means. Consequently, I was unable to determine whether any adjustment to consumer debtors of R102 502 054 (2019: R55 973 094) as disclosed in note 6 to the financial statements was necessary.

Receivables from non-exchange transactions

8. I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions, due to the status of the accounting records and non-submission of information. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any adjustment to receivables from

non-exchange transactions of R633 181 (2019: R2 926 766) as disclosed in note 5 to the financial statements was necessary.

Service charges

9. I was unable to obtain sufficient appropriate audit evidence for service charges as the municipality could not reconcile the billing charges per the financial system with the service charges in the financial statements. I was unable to confirm these service charges by alternative means. In addition, the municipality did not account for all service charges in accordance with GRAP 9, *Revenue from exchange transactions* which resulted in the service charges and consumer debtors being understated by R11 295 614 (2019: R20 032 163). Consequently, I was unable to determine whether any further adjustment to service charges of R78 744 299 (2019: R77 904 126) as disclosed in note 20 to the financial statements was necessary.

Property rates

10. I was unable to obtain sufficient appropriate audit evidence for property rates due to the status of the accounting records and non-submission of information in support of this revenue. I was unable to confirm the property rates by alternative means. Furthermore, the municipality did not account for all property rates in accordance with GRAP 23, *Revenue from non-exchange transactions* which resulted in the property rates and consumer debtors being understated by R12 112 664. I was unable to determine whether any further adjustment to property rates of R40 524 933 as disclosed in note 22 to the financial statements was necessary.

Debt impairment

11. I was unable to obtain sufficient appropriate audit evidence for the debt impairment due to the status of the accounting records. I was unable to confirm the debt impairment by alternative means. Consequently, I was unable to determine whether any adjustment to the debt impairment of R6 965 561 (2019: R2 020 180) as presented in the statement of financial performance was necessary.

Commitments

12. I was unable to obtain sufficient appropriate audit evidence for commitments as the municipality did not maintain accurate and complete records of the contractual information used to determine commitments. I was unable to confirm these commitments by alternative means. Furthermore, municipality did not appropriately account for commitments, completed projects were included as part of commitments, which resulted in commitment being overstated by R29 702 611. Consequently, I was unable to determine whether any further adjustment to commitments of R69 853 310 as disclosed in note 34 to the financial statements was necessary.

Distribution losses

13. I was unable to obtain sufficient appropriate audit evidence for electricity distribution losses due to the status of the accounting records. I was unable to confirm these electricity distribution losses by alternative means. I was unable to determine whether any adjustment to electricity losses of R22 725 781 as disclosed in note 43 to the financial statements was necessary.

Accumulated surplus

14. I was unable to obtain sufficient appropriate audit evidence for the accumulated surplus due to unreconciled differences between the financial statements and the underlying accounting records. I was unable to confirm the accumulated surplus by alternative means. Consequently, I was unable to determine whether any adjustment to the accumulated surplus of R579 253 108 (2019: R559 236 843) as presented in the statement of financial position and the statement of changes in net assets was necessary

VAT payable

15. I was unable to obtain sufficient appropriate audit evidence for the VAT payable due to inadequate reconciliations performed between the VAT statements of accounts and the accounting records. I was unable to confirm this VAT payable by alternative means. Consequently, I was unable to determine whether any adjustment to the VAT payable of R6 948 027 (2019: R8 100 260) as disclosed in note 15 to the financial statements was necessary.

General expenses

16. I was unable to obtain sufficient appropriate audit evidence for general expenses due to the status of the accounting records and lack of adequate evidence that the goods and services were actually received at the correct quantity, quality and price. I was unable to confirm these general expenses by alternative means. Consequently, I was unable to determine whether any adjustment to general expenses of R64 666 049 (2019: R59 055 418) as disclosed in note 31 to the financial statements was necessary.

Repairs and maintenance

17. I was unable to obtain sufficient appropriate audit evidence for repairs and maintenance due to the status of the accounting records and non-submission of information in support of the expenditure. I was unable to confirm the repairs and maintenance by alternative means. Consequently, I was unable to determine whether any adjustment to the repairs and maintenance expenses of R7 495 324 as presented in the statement of financial performance was necessary.

Actuarial valuation movement

18. The municipality did not recognise employee benefits actuarial movement in accordance with GRAP 25, *Employee benefits*, as the actuarial movement was set off against the increase in provision of landfill sites and the actuarial gain/loss recognised by municipality not agreeing to that of the independent valuer. Consequently, the actuarial valuation movement presented in the statement of financial performance was overstated by R 7 747 192 and property plant and equipment understated by R5 615 192 and accumulated surplus understated by R2 132 000 .

Provisions

19. The municipality did not correctly disclose the provision for long-service awards in note 19 in accordance with GRAP 25, *Employee benefits*, As long service awards are classified and presented as provision and not employee benefits obligation.

20. The municipality did not adequately disclose change in estimate of the provision in note 19 to the financial statements, as required by GRAP 3, *Accounting policies, estimates and errors*. The nature of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods was not disclosed.

Cash flow statement

21. The municipality did not correctly prepare and disclose the cash flows from operating and investing activities as required GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating and investing activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities of R30 520 666 (2019: R17 237 219) or cash flows from investing activities of R36 692 378 (2019: R18 622 538) presented in the cash flow statement as it was impracticable to do so.

Contingencies

22. I was unable to obtain sufficient appropriate audit evidence for contingencies as the municipality did not have an adequate system of internal control and did not keep proper records to disclose contingencies. I was unable to confirm contingencies by alternative means. Consequently, I was unable to determine whether any adjustment relating to contingencies of R6 307 068 as disclosed in note 35 to the financial statements was necessary.

Irregular expenditure

23. Section 125 of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) requires the disclosure of irregular expenditure incurred. The municipality made payments of R48 331 760 in contravention with the supply chain management requirements which were not included in irregular expenditure disclosed. Furthermore some deviations included in note 47 to the financial statement were not justified thereby understating irregular expenditure. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure of R232 581 462 (2019: R210 852 128) as disclosed in note 40 to the financial statements.

Unauthorised expenditure

24. Section 125 of the MFMA requires the disclosure of unauthorised expenditure incurred. Unauthorised expenditure of the prior year is understated by R25 356 958 as the overspending of individual votes within the budget and the amount spent in a prior year not for its intended purposes. As the municipality did not quantify the full extent of the unauthorised expenditure, it was impracticable to determine the resultant understatement of unauthorised expenditure of R208 318 095 (2019: R195 278 450) as disclosed in note 38 to the financial statements.

Prior-year adjustment

25. The municipality did not correctly disclose all adjustments made relating to prior period errors in note 46 to the financial statements as required by GRAP 3, *Accounting policies, estimates and errors*. Furthermore, the nature, the amount of the correction for each financial statement item affected and the amount of the correction at the beginning of the

earliest prior period were not disclosed for all adjustments made as required. I was unable to quantify the full extent of the misstatement as it was impracticable to do so.

Material uncertainty relating to going concern

26. I draw attention to the matter below. My opinion is not modified in respect of this matter.
27. As described in note 37, the municipality is currently not paying all their creditors within the accepted 30 days and debtors are currently not paying as their debt falls due with most of the debtors sitting in the 180+ days bracket. In addition, the outbreak of COVID-19 and the resultant lock down continue to impact on the municipality's cash flow. These factors indicate the existence of material uncertainty that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matter

28. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Fruitless and wasteful expenditure

29. As disclosed in note 39 to the financial statements, fruitless and wasteful expenditure of R6 724 112 was incurred in the current year and fruitless and wasteful expenditure of R21 323 121 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

Other matter

30. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

31. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

32. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the MFMA and the Division of Revenue Act of South Africa, 2019 (Act No. 16 of 2019) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
33. In preparing the financial statements, the accounting officer is responsible for assessing the Ramotshere Moiloa Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

34. My responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
35. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code), as well as the other ethical requirements that relevant to my audit of the in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

Introduction and scope

36. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. I was engaged to perform procedures to raise findings but not to gather evidence to express assurance.
37. I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected key performance areas presented in the annual performance report of the municipality for the year ended 30 June 2020:

Key performance area	Pages in the annual performance report
Key performance area 2 – Basic service delivery and infrastructure development	274 – 286

38. I performed procedures to determine whether the reported performance information [was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
39. The material findings in respect of the usefulness and reliability of the selected key performance area are as follows:

Key performance area 2 – Basic service delivery and infrastructure development

Number of house hold receiving refuse removals services

40. I was unable to obtain sufficient appropriate audit evidence for the achievement of “8900hh receiving refuse removals services” reported against the target of “8900hh (indigents) receiving refuse removal services” in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement. In addition, the indicator and the target that was planned was not consistent with the reported achievement in 2019-20.

Percentage of water connections completed v/s water connection application received from households

41. I was unable to obtain sufficient appropriate audit evidence for the achievement of “100% connections achieved” reported against the target of “100% of all water connection applications received from households completed by June 2020Y” in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

Number of mass refuse bins purchased

42. I was unable to obtain sufficient appropriate audit evidence for the achievement of “number of mass refuse bins purchased” and the related measures taken to improve performance as reported in the annual performance report for this indicator. Limitations were placed on the scope of my work as the actual level of achievement for the year was not quantified. I was unable to confirm the reported achievement and the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements and the reported measures taken to improve performance.

Other matter

43. I draw attention to the matter below.

Achievement of planned targets

44. Refer to the annual performance report on pages 261 to 305 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 40 to 42 of this report.

Report on audit of compliance with legislation

Introduction and scope

- 45. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 46. The material findings on compliance with specific matters in key legislation are as follows:

Strategic planning and performance management

- 47. A performance management system was not adopted, as required by municipal planning and performance management regulation 8.

Financial statements and annual report

- 48. The oversight report adopted by the council on the 2019-20 annual report was not made public, as required by section 129(3) of the MFMA.
- 49. The council failed to adopt an oversight report containing the council's comments on the 2019-20 annual report, as required by section 129(1) of the MFMA.
- 50. The local community was not invited to submit representations in connection with the 2019-20 annual report, as required by section 127(5)(a) of the MFMA.
- 51. The financial statements were not submitted to the Auditor-General, for auditing, within four months after the end of the financial year, as required by section 126(1)(a) of the MFMA.
- 52. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.

Revenue management

- 53. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.
- 54. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.
- 55. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Expenditure management

- 56. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

57. Withdrawals were made from the municipality's bank accounts without the approval of the accounting officer or a properly authorised official, as required by section 11(1) of the MFMA
58. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred as required by section 65(2)(b) of the MFMA.
59. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by over-spending of the budget.
60. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by not following a competitive bidding process as required by SCM regulation 19(a).
61. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R6 744 467 as disclosed in note 39 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties on late payments to suppliers.

Asset management

62. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

63. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by sections 32 of the MFMA.

Procurement and contract management

64. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements as information could not be submitted for audit due to poor record management.
65. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.
66. Some of the quotations and contract were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
67. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).). Similar non-compliance was also reported in the prior year.

68. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2). Similar non-compliance was also reported in the prior year.
69. Some of the contracts were awarded through a competitive bidding processes that were not adjudicated by the bid adjudication committee as required by SCM regulation 29(1).
70. Some of the competitive bids were adjudication by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).
71. Some of the contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM regulation 29(5)(b).
72. Some of the contracts awarded to and some quotations were accepted from providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.
73. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act.
74. Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
75. Some of the contracts and quotations were awarded to bidders based on functionality criteria that were not stipulated from those stipulated in the original invitation for bidding and quotations, in contravention of Preferential Procurement Regulations.
76. Some of the quotations were awarded to bidders based on pre-qualification criteria that were not stipulated in the original invitation for quotations, in contravention of the 2017 preferential procurement regulations 4(1) and 4(2).
77. Some of the contracts were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
78. Some of the construction contracts were awarded to contractors that were not registered with the CIDB in accordance with section 18(1) of the CIDB Act.
79. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5.
80. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

Internal control deficiencies

81. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for

disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

- Management's inability to address prior year weaknesses regarding proper record keeping and maintaining a reliable filing system to ensure that supporting documents and schedules substantiate amount recorded in the financial statements resulted in scope of limitations being reported during the audit. Furthermore, the post audit action plan was not adequate to address prior year audit findings; consequently, there were numerous instances of repeat audit findings identified during the current year's financial audit
- Leadership failed to adequately exercise in-year monitoring and oversight as decisive actions to address risks pertaining to the achievement of complete and accurate financial and performance reporting and related internal controls were not taken. Failure to ensure properly implemented and monitored action plans and the continuous lack of consequences for poor performance and transgressions resulted in repeat findings that could reasonably have been prevented had adequate oversight been exercised.
- Managements inability to prioritise, develop and implement standard operating procedures to manage performance reporting, including the safeguarding of information and effective monitoring and evaluation of reported performance information resulted in significant findings in annual performance report
- The internal audit unit not functioning during the year under review has resulted in the audit committee not functioning effectively and not able to fulfil their oversight responsibilities.

Rustenburg

30 April 2021



AUDIT IMPROVEMENT PLAN

Area	Finding: Par in the Final Audit Report	Responsible Department/Directorate	Control/ Action Plan
Property, plant and equipment	I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to differences between the accounting records and the financial statements and a lack of supporting evidence for the basis or assumptions used to determine useful lives of property plant equipment. I was unable to confirm the property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustments to property, plant and equipment stated at R639 858 564 (2019: R636 869 443) as disclosed in note 9 and the depreciation and amortisation expense of R34 598 353 (2019: R38 924 291) as disclose in note 27 to the financial statements were necessary.	Chief Financial Officer	<ul style="list-style-type: none"> The adjusted Annual Financial Statement were subsequently provided and differences identified and corrected. The financial statement will be reviewed more than once by management, Internal Audit and the audit committee. Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators. Reconciliation of the General Ledger, Assets Register and the Annual Financial Statement. <p>Asset register will be uploaded on the system to promote valid, accurate and complete accounting records.</p>
Investment property	The municipality did not appropriately recognise investment property in accordance with GRAP 16, investment property, as the municipality recognised land that did not meet the definition of investment property. This resulted in investment property as disclosed in note 8 to the financial statements being overstated by R12 568 930 (2019: R12 568 930). Additionally, there was a consequential impact on the accumulated surplus necessary.	Chief Financial Officer	<ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators. Land audit to be conducted and correct register as a support will be produced.
Payables from exchange transactions	I was unable to obtain sufficient appropriate audit evidence for debtors with credit balances and unallocated deposit included in payables from exchange transactions as the municipality did not have an adequate system of internal control to account for these payables. I was unable to confirm these	Chief Financial Officer	<ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. <p>Management will prepare an Information</p>

	<p>payables by alternative means .Consequently, I was unable to determine whether any further adjustments relating to debtors with credit balances of 2 R12 712 814 (2019: R10 157 390) and unallocated deposits of R14 628 274 (2019: R13 502 222) included in payables from exchange transactions as disclosed in note 14 to the financial statements were necessary. In addition, the municipality did not account for all amount payable which resulted in the payable from exchange transactions being understated by R5 579 174 and vat payable overstated by R2 833 813 and accumulated surplus understated by R2 745 361.</p>		Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators
Receivables from exchange transactions	<p>I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions due to the status of the accounting records and non-submission of information. I was unable to confirm these receivables by alternative means. In addition, the municipality did not recognise a receivable from district municipality for the provision of water services on behalf of the district municipality. In the service level agreement the actual cost incurred by the municipality for the provision of free basic water and sanitation services shall be paid by the district municipality. As the municipality did not maintain adequate records of these costs or amounts receivable from the district municipality, I was unable to determine the full extent of the understatement as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustment to receivables from exchange transactions of R7 876 178 (2019: R5 856 363) as disclosed in note 4 to the financial statements was necessary</p>	Chief Financial Officer	<ul style="list-style-type: none"> • Correction journal shall be processed and reconciliation will be performed regularly. The following has been implemented: • Revenue Task Team • Revenue Enhancement Strategy
Consumer debtors	<p>I was unable to obtain sufficient appropriate audit evidence for consumer debtors due to the status of the accounting records. I was unable to confirm these consumer debtors by alternative means. Consequently, I was unable to determine whether any adjustment to consumer debtors of R102 502 054 (2019: R55 973 094) as disclosed in note 6 to the financial statements was necessary.</p>	Chief Financial Officer	<ul style="list-style-type: none"> • Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. • Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is

			submitted to the audit co- coordinators.
Receivables from non-exchange transactions	I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions, due to the status of the accounting records and non-submission of information. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any adjustment to receivables from non-exchange transactions of R633 181 (2019: R2 926 766) as disclosed in note 5 to the financial statements was necessary.	Chief Financial Officer	<ul style="list-style-type: none"> • Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. • Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.
Service charges	I was unable to obtain sufficient appropriate audit evidence for service charges as the municipality could not reconcile the billing charges per the financial system with the service charges in the financial statements. I was unable to confirm these service charges by alternative means. In addition, the municipality did not account for all service charges in accordance with GRAP 9, Revenue from exchange transactions which resulted in the service charges and consumer debtors being understated by R11 295 614 (2019: R20 032 163) . Consequently, I was unable to determine whether any further adjustment to service charges of R78 744 299 (2019: R77 904 126) as disclosed in note 20 to the financial statements was necessary.	Chief Financial Officer	<ul style="list-style-type: none"> • Correction journal shall be processed and reconciliation will be performed regularly. The following has been implemented: • Revenue Task Team • Revenue Enhancement Strategy • Monthly reconciliation to correct any error occur durin transactions.
Property rates	I was unable to obtain sufficient appropriate audit evidence for property rates due to the status of the accounting records and non-submission of information in support of this revenue. I was unable to confirm the property rates by alternative means. Furthermore, the municipality did not account for all property rates in accordance with GRAP 23, Revenue from non-exchange transactions which resulted in the property rates and consumer debtors being understatement by R12 112 664. I was unable to determine whether any further adjustment to property rates of R40 524 933 as disclosed in note 22 to the financial statements was necessary.	Chief Financial Officer	<ul style="list-style-type: none"> • Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. • Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.
Debt impairment	I was unable to obtain sufficient	Chief Financial Officer	<ul style="list-style-type: none"> • Management will implement 3days

	appropriate audit evidence for the debt impairment due to the status of the accounting records. I was unable to confirm the debt impairment by alternative means. Consequently, I was unable to determine whether any adjustment to the debt impairment of R6 965 561 (2019: R2 020 180) as presented in the statement of financial performance was necessary.		<p>turnaround time to ensure that information requested by auditors is submitted timesioully. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee.</p> <ul style="list-style-type: none"> Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.
Commitments	I was unable to obtain sufficient appropriate audit evidence for commitments as the municipality did not maintain accurate and complete records of the contractual information used to determine commitments. I was unable to confirm these commitments by alternative means. Furthermore, municipality did not appropriately account for commitments, completed projects were included as part of commitments, which resulted in commitment being overstated by R29 702 611. Consequently, I was unable to determine whether any further adjustment to commitments of R69 853 310 as disclosed in note 34 to the financial statements was necessary.	Chief Financial Officer	<ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesioully. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.
Distribution losses	I was unable to obtain sufficient appropriate audit evidence for electricity distribution losses due to the status of the accounting records. I was unable to confirm these electricity distribution losses by alternative means. I was unable to determine whether any adjustment to electricity losses of R22 725 781 as disclosed in note 43 to the financial statements was necessary.	Chief Financial Officer/Technical Director	<ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesioully. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.
Accumulated surplus	I was unable to obtain sufficient appropriate audit evidence for the accumulated surplus due to unreconciled differences between the financial statements and the underlying accounting records. I was unable to confirm the accumulated surplus by alternative means. Consequently, I was unable to determine whether any adjustment to the accumulated surplus of R579 253 108 (2019: R559 236 843) as	Chief Financial Officer	<ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesioully. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. <p>Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted</p>

	presented in the statement of financial position and the statement of changes in net assets was necessary		to the audit co- coordinators.
VAT payable	I was unable to obtain sufficient appropriate audit evidence for the VAT payable due to inadequate reconciliations performed between the VAT statements of accounts and the accounting records. I was unable to confirm this VAT payable by alternative means. Consequently, I was unable to determine whether any adjustment to the VAT payable of R6 948 027 (2019: R8 100 260) as disclosed in note 15 to the financial statements was necessary.	Chief Financial Officer	<ul style="list-style-type: none"> • Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and • Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.
General expenses	I was unable to obtain sufficient appropriate audit evidence for general expenses due to the status of the accounting records and lack of adequate evidence that the goods and services were actually received at the correct quantity, quality and price. I was unable to confirm these general expenses by alternative means. Consequently, I was unable to determine whether any adjustment to general expenses of R64 666 049 (2019: R59 055 418) as disclosed in note 31 to the financial statements was necessary.	Chief Financial Officer	<ul style="list-style-type: none"> • Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. <p>Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.</p>
Repairs and maintenance	I was unable to obtain sufficient appropriate audit evidence for repairs and maintenance due to the status of the accounting records and non-submission of information in support of the expenditure. I was unable to confirm the repairs and maintenance by alternative means. Consequently, I was unable to determine whether any adjustment to the repairs and 4 maintenance expenses of R7 495 324 as presented in the statement of financial performance was necessary.	Chief Financial Officer and Corporate Services	<ul style="list-style-type: none"> • Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. • Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.
Actuarial valuation movement	The municipality did not recognise employee benefits actuarial movement in accordance with GRAP 25, Employee benefits, as the actuarial movement was set off against the increase in provision of landfill sites and the actuarial gain/loss recognised by municipality not agreeing	Chief financial Officer	<ul style="list-style-type: none"> • Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit

	to that of the independent valuer. Consequently, the actuarial valuation movement presented in the statement of financial performance was overstated by R 7 747 192 and property plant and equipment understated by R5 615 192 and accumulated surplus understated by R2 132 000		<p>and Audit and risk Committee.</p> <ul style="list-style-type: none"> Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators. <p>Through review on submission of AFS to correct all errors occurred during preparation of AFS</p>
Provisions	<p>The municipality did not correctly disclose the provision for long-service awards in note 19 in accordance with GRAP 25, Employee benefits, As long service awards are classified and presented as provision and not employee benefits obligation.</p> <p>The municipality did not adequately disclose change in estimate of the provision in note 19 to the financial statements, as required by GRAP 3, Accounting policies, estimates and errors. The nature of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods was not disclosed.</p>	Chief financial Officer	<ul style="list-style-type: none"> Management will ensure regular, accurate and complete financial reports are prepared by management that are supported and evidenced by reliable information. The AFS would be reviewed by Internal Audit and Audit Committee before submission for auditing. Through review on AFS to correct all errors occurred during the preparation of the FAS
Cash flow statement	The municipality did not correctly prepare and disclose the cash flows from operating and investing activities as required GRAP 2, Cash flow statements. This was due to multiple errors in determining cash flows from operating and investing activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities of R30 520 666 (2019: R17 237 219) or cash flows from investing activities of R36 692 378 (2019: R18 622 538) presented in the cash flow statement as it was impracticable to do so.	Chief Financial Officer and all the Directorates within the Municipality	<ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators. <p>Through review on submission of AFS to correct all errors occurred during preparation of AFS</p>
Contingencies	I was unable to obtain sufficient appropriate audit evidence for contingencies as the municipality did not have an adequate system of internal control and did not keep proper records to disclose contingencies. I was unable to confirm contingencies by alternative	Chief Financial Officer	<ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit

	means. Consequently, I was unable to determine whether any adjustment relating to contingencies of R6 307 068 as disclosed in note 35 to the financial statements was necessary.		<p>and Audit and risk Committee.</p> <ul style="list-style-type: none"> Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators. <p>Through review on submission of AFS to correct all errors occurred during preparation of AFS</p>
Irregular expenditure	Section 125 of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) requires the disclosure of irregular expenditure incurred. The municipality made payments of R48 331 760 in contravention with the supply chain management requirements which were not included in irregular expenditure disclosed. Furthermore some deviations included in note 47 to the financial statement were not justified thereby understating irregular expenditure. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure of R232 581 462 (2019: R210 852 128) as disclosed in note 40 to the financial statements.	Chief Financial Officer	<ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators. <p>Circular 68 of MFMA and Consequence Management Framework will be implemented to address the non-compliance section 62(1) (d).</p>
Unauthorised expenditure	Section 125 of the MFMA requires the disclosure of unauthorised expenditure incurred. Unauthorised expenditure of the prior year is understated by R25 356 958 as the overspending of individual votes within the budget and the amount spent in a prior year not for its intended purposes. As the municipality did not quantify the full extent of the unauthorised expenditure, it was impracticable to determine the resultant understatement of unauthorised expenditure of R208 318 095 (2019: R195 278 450) as disclosed in note 38 to the financial statements.	Chief Financial Officer	<ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators. <p>Circular 68 of MFMA and Consequence Management Framework will be implemented to address the non-compliance section 62(1) (d).</p>
Prior-year adjustment	The municipality did not correctly disclose all adjustments made relating to prior period errors in note 46 to the financial	Chief Financial Officer	<ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is

statements as required by GRAP 3, Accounting policies, estimates and errors. Furthermore, the nature, the amount of the correction for each financial statement item affected and the amount of the correction at the beginning of the earliest prior period were not disclosed for all adjustments made as required. I was unable to quantify the full extent of the misstatement as it was impracticable to do so.

submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee.

- Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.
- Audit and risk Committee to review and provide combined assurance on the accuracy and the reliability of the information entailed in the AFS.

GLOSSARY

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

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

Targets:	to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

AUDIT RECOVERY PLAN

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance						
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Number Council Meetings	NUMBER OF ATTENDANCE	Percentage Council Meetings Attendance
	FT/PT					
L SELEBOGO	FT	EXCO	MAYOR	18	14	77,78%
A.N NYAMANE	FT		SPEAKER	18	12	66,67%
K.I MANTHOKO	PT		CHIEF WHIP OF RULING PARTY	18	12	66,67%
BERNARD KENOSI	PT	FINANCE & CORPORATE SERVICES	WARD CLLR	18	8	44,44%
SEITEBALENG RANTWA	PT	FINANCE & CORPORATE SERVICES	WARD CLLR	18	14	77,78%
BUTI MONAMODI	PT	COMMUNITY SERVICES & MUNICIPAL PLANNING	WARD CLLR	18	13	72,22%
DANNY MOABI	PT	ASSETS COMMITTEE, RULES COMMITTEE, FINANCE & CORPORATE SERVICES	WARD CLLR	18	13	72,22%
OTUKILE MODIRWA	PT	TECHNICAL SERVICES	WARD CLLR	18	15	83,33%
JULIUS PULE	PT	MPAC	WARD CLLR	18	15	83,33%
LETLHOGONOLO MOTSOKWANE	PT	FINANCE & CORPORATE SERVICES	WARD CLLR	18	7	38,89%
UTLWANANG MORAKE	PT	COMMUNITY SERVICES & MUNICIPAL PLANNING	WARD CLLR	18	13	72,22%
RICHARD MOGOROSI	PT	TECHNICAL SERVICES	WARD CLLR	18	14	77,78%
LERATO SELEBOGO	PT	TECHNICAL SERVICES	WARD CLLR	18	12	66,67%
PADI MOLEFE	PT	MPAC	WARD CLLR	18	14	77,78%
NURSE MOLOKWANE	PT	COMMUNITY SERVICES & MUNICIPAL PLANNING	WARD CLLR	18	15	83,33%
PATRICK MADISA	PT	COMMUNITY SERVICES & MUNICIPAL PLANNING, RULES COMMITTEE	WARD CLLR	18	12	66,67%
ISRAEL	PT	FINANCE & CORPORATE	WARD CLLR	18	9	50,00%

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MOLOANTOA		SERVICES				
LUCY MOSADI	PT	RULES COMMITTEE	WARD CLLR	18	12	66,67%
JACOB MAFORA	PT	TECHNICAL SERVICES	WARD CLLR	18	15	83,33%
SHIMANE THEMBO	PT	MPAC, RULES COMMITTEE, FINANCE & CORPORATE SERVICES	WARD CLLR	18	14	77,78%
T.R MOILOA	PT	COMMUNITY SERVICES & MUNICIPAL PLANNING, RULES COMMITTEE	PR	18	13	72,22%
T.J MOREBANTWA	PT	COMMUNITY SERVICES & MUNICIPAL PLANNING	PR	18	13	72,22%
S.F NGWEYE	PT	MPAC, TECHNICAL SERVICES	PR	18	8	44,44%
AB CASSANGA	PT	COMMUNITY SERVICES & MUNICIPAL PLANNING	PR	18	10	55,56%
S.F NGWEYE	PT	MPAC, FINANCE & CORPORATE SERVICES	PR	18	10	55,56%
S.I MODIBETSANE	PT	EXCO, TECHNICAL SERVICES	PR	18	13	72,22%
C.DREYER	PT	EXCO, COMMUNITY SERVICES & MUNICIPAL PLANNING	PR	18	13	72,22%
I.S SULIMAN	PT	MPAC	PR	18	14	77,78%
T.N SAPALA	PT	FINANCE & CORPORATE SERVICES, RULES COMMITTEE	PR	18	10	55,56%
B.PHELOANE	PT	FINANCE & CORPORATE SERVICES	PR	18	5	27,78%
M.N TSHIKOVHI	PT	TECHNICAL SERVICES, MPAC	PR	18	6	33,33%
R.S.B PHETWE	PT	MPAC	PR	18	5	27,78%
L SELEBOGO	PT		PR	18	4	22,22%
N.T MOROENG	PT	MPAC, FINANCE & CORPORATE SERVICES	PR	18	7	38,89%
K.VENTER	PT	FINANCE & CORPORATE SERVICES	PR	18	11	61,11%
G.S MOTSWENYANE				18	13	72,22%
T.B SEBOLAO				18	12	66,67%

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APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
FINANCE AND CORPORATE SERVICES	Human Resource, Management and Council Support as well as Financial Management
TECHNICAL SERVICES	Infrastructural Development and Maintenance
COMMUNITY SERVICES AND MUNICIPAL PLANNING	Environmental Management and Public Safety Poverty Alleviation and Job Creation
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)	Oversight Role
RULES COMMITTEE	Maintenance of Order and Compliance
AUDIT AND RISK COMMITTEE	Oversight and advisory role
<i>T B</i>	

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APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Budget and Treasury Office	Leshomo Mariha - Acting CFO
Technical Services	Motsumi Mpshe
Community Services	Director - Tiro Seleka
Corporate Services	Director - Bakang Selebogo
Municipal Planning and LED	Director – Ramojakgomo Mojapelo
Internal Audit	Chief Audit Executive - Mpho Mathye
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	
T C	

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	NO	N/A
Building regulations	NO	N/A
Child care facilities	NO	N/A
Electricity and gas reticulation	NO	N/A
Fire fighting services	NO	N/A
Local tourism	NO	N/A
Municipal airports	NO	N/A
Municipal planning	YES	N/A
Municipal health services	NO	N/A
Municipal public transport	NO	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	YES	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	NO	N/A
Storm water management systems in built-up areas	YES	N/A
Trading regulations	NO	N/A
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	YES	N/A
Beaches and amusement facilities	NO	N/A
Billboards and the display of advertisements in public places	YES	N/A
Cemeteries, funeral parlours and crematoria	YES	N/A
Cleansing	NO	N/A
Control of public nuisances	NO	N/A
Control of undertakings that sell liquor to the public	NO	N/A
Facilities for the accommodation, care and burial of animals	NO	N/A
Fencing and fences	NO	N/A
Licensing of dogs	NO	N/A
Licensing and control of undertakings that sell food to the public	NO	N/A

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Local amenities	YES	N/A
Local sport facilities	YES	N/A
Markets	NO	N/A
Municipal abattoirs	YES	N/A
Municipal parks and recreation	YES	N/A
Municipal roads	YES	N/A
Noise pollution	NO	N/A
Pounds	NO	N/A
Public places	NO	N/A
Refuse removal, refuse dumps and solid waste disposal	YES	N/A
Street trading	NO	N/A
Street lighting	YES	N/A
Traffic and parking	YES	N/A
T D		

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councilor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
01	B. KENOSI	Yes	12	12	3
02	S.J RANTWA	Yes	12	12	5
03	B. MONAMODI	Yes	12	12	2
04	T. MODISANE	Yes	7	7	1
05	D. MOABI	Yes	12	12	2
06	O. MODIRWA	Yes	12	12	1
07	J. PULE	Yes	12	12	3

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08	L. MOTSOKWANE	Yes	12	12	2
09	U. MORAKE	Yes	12	12	4
10	R. MOGOROSI	Yes	12	12	4
11	L. SELEBOGO	Yes	12	12	5
12	P. MOLEFE	Yes	12	12	4
13	N. MOLOKWANE	Yes	12	12	3
14	P. MADISA	Yes	12	12	2
15	I MOLOANTOA	Yes	12	12	2
16	Y. SULIMAN	Yes			2
17	L. MOSADI	Yes	12	12	4
18	R. MAFORA	Yes	12	12	2
19	S. THEMBO	Yes	12	12	2

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APPENDIX F – WARD INFORMATION

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	0		45264		
Households without minimum service delivery	0		985		
Total Households*			46249		
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					T F.2

APPENDIX F1 – CAPITAL PROJECTS: SEVEN LARGEST IN 2018/19 (FULL LIST AT APPENDIX O)

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2018/19 (Full List at Appendix O)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
1	Mmutshweu internal roads and stormwater			5 118 224.43
2	Matlhase Internal roads and stormwater			5 091 410.67
3	Driefontein internal roads and stormwater			5 233 732.23
4	Maramage Internal roads and storm water			6 178 251.49
5	Borakalalo Bridge and internal road			31 329 990.5
6	Gopane Bridges and stormwater			27 495 085.50
				<i>TF.1</i>

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APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

AUDIT & RISK COMMITTEE RESOLUTIONS REGISTER 2019/2020 IN PROGRESS

N o	Resolution No.	Resolution Taken	Target Date	Responsible Official	Progress/Challenges/ Interventions
1.	ARCR 05:25/03/ 15	A compliance Year Plan should be developed for the municipality.	Next ARCOM Quarterly Meeting	Manager Compliance	In Progress
2.	ARC 01:20/07/ 15	ARCOM resolved that the Compliance Manager should start using the Universe and the progress report has to be presented at the next ARCOM meeting	Next ARCOM Quarterly Meeting	Manager Compliance	In progress
3	ARC 06:26/10/ 15	Covering letter be prepared for the Litigation report and a column for amount claimed for exposure be added to the report. 2017/09 - ARCOM also advised the management not to link the person to the institution, referring to	Next ARCOM Quarterly Meeting	MM/Legal Manager	The position is still vacant-No funds

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		the vacancy of the position for the Legal Manager			
4	ARC 08:26/10/ 15	CAE to complete the QAR peer review and also to start reporting on the milestones of combined assurance.	Next ARCOM Quarterly Meeting	CAE	NT has committed to assist the municipality with QAR readiness.
5	ARC 01:12/05/ 16	MSCOA Project champion should prepare a proper report for the next meeting as the progress reported was not documented.	Next ARCOM Quarterly Meeting	CFO	Resuscitate the mSCOA implementation and steering committees. This is yet to be done
6	ARC 05:12/05/ 16	<p>Cumulative reporting should be considered by the PMS manager and the municipality.</p> <p>Targets set are inconsistent and the PMS manager should revisit them.</p> <p>PMS manager should involve PA's in filling and compiling POE's</p> <p>PMS manager should consider developing the KPI manual.</p>	Next ARCOM Quarterly Meeting	AMM/PMS Manager	The matter is still receiving attention.
7	ARC 08:09/04/ 18	Review of Performance Assessment by Internal Audit and report be presented to the committee.	Next meeting	CAE	In progress.

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8	ARC 03:16/10/2018	Leave management report to be compiled and be presented to the committee.	Next meeting	Manager HR	Done
9	ARC 04:16/10/2018	ICT Strategy to be reviewed. Disaster Recovery Plan be reviewed and be aligned with Governance framework.	Next meeting	Manager ICT/Director Corporate services	In progress
10	ARC 05:16/10/2018	Mscoa report be compiled and be presented to the committee	Next meeting	CFO	In progress
11	ARC 06:16/10/2018	ARCOM requested all Directors to compile a report that indicates that they are complying with Legislature.	Next meeting	All Directors	In progress
12	ARC 03:14/12/2018	Performance Assessment be conducted before the end of February 2019.	Next meeting	All Directors	In progress
13	ARC 01:15/04/2019	Investigations: Administrator to share the action plan with the ARCOM Chairperson	18 April 2019	Administrator	In progress The matter to be addressed by MM's office going forward. No handover

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	ARC 01a:15/04/2019	Internal Control deficiencies: All the reconciliations should be performed before year end. Progress to be tracked at all MANCO meetings	Weekly/ monitor weekly	CFO	In progress
14	ARC 03:15/04/2019	Par 5 Consumer Debtors, Par 10 Revenue from exchange transactions, Par 11 Revenue from non-exchange transactions: Submit the summary of challenges and the current status of recons. Indications of Revenue recons not performed. Data world working on the data cleansing. Gaps should be filled. Resolution of BTO Strategic Planning Session to be shared with ARCOM. Prioritising of BTO audit issues and Time should be taken into account in preparing the report, on areas which needs attention.	Weekly/ monitor weekly	Revenue Manager	In progress
15	ARC 05:15/04/	Par 19 Irregular Expenditure:	Immediate effect/	SCM Manager and Directors, CAE	In progress

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	2019	Irregular Register should be assessed for completeness by all the directorates. ARCOM to send a Checklist to be used for review. Audit of the Irregular expenditure should include the 2017/2018 Register	Monitor weekly		
1 6	ARC 08:15/04/ 2019	Par 15 General Expenditure: All directorates to assist manager in reconciling their creditors account.	Immediate effect/ Monitor weekly	Manager Expenditure	In progress
1 7	ARC 09:15/04/ 2019	Par 17 Distribution losses: Revenue and Electrical Units should work together to clear the finding. Management to engage the AGSA on the water losses as it is a competency of the District.	Immediate effect/ Monitor weekly	Revenue and Electrical Manager	In progress Report attached.
1 8	ARC 11:15/04/ 2019	Par 23 Unauthorised and fruitless and wasteful expenditure: Sec32 Committee should use the months of April, May and June to complete the matter on UIF & W investigations.	Immediately /Monitor weekly	Sec32 and AO	In progress

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19	ARC 12:15/04/2019	<p>Report on the audit of the annual performance report:</p> <p>KPA 2 : Audit of cumulative performance</p> <ol style="list-style-type: none"> 1. POE submitted on time - In July 2019 2. AC to consider the report 3. AG must be asked to look at the report before its submitted in August. 4. Director must sign-off on the quality of the report and reliability of the information. 5. Adjusted SDBIP-Has it been reviewed for SMART and whether the inputs have been taken into consideration. 	Immediately /Monitor weekly	PMS Manager	In progress
20	ARC 13:15/04/2019	<p>ARCOM should establish a combined assurance forum that consist of the following: CAE, PMS Manager, ICT Manager, Risk Manager thus ensuring assurance activities are effectively conducted instead of the reports.</p>	Immediately /Monitor weekly	CAE/MM	In progress

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2 1	ARC 14:15/04/ 2019	All non-compliance matters raised by AGSA be cleared as a matter of urgency.	Immediately /Monitor weekly	MANCO/Compliance Manager	In progress
2 2	ARC 16:15/04/ 2019	PMS Steering Committee be resuscitated to work on the adjusted SDBIP 2018/2019 and the implementation of the previous PMS recommendations by ARCOM. Material SDBIP adjustments be tabled to Council	May/July	ARCOM PMS Specialist/PMS Manager/MM/CAE	In progress
2 3	ARC 17:15/04/ 2019	Internal Audit not adequately Resourced audit query to be addressed. Options available for MANCO to consider: <ul style="list-style-type: none"> • Appoint additional staff for the office • Co-source additional resources to supplement the existing team • Ask for assistance from the District and Province 	Immediately /Monitor weekly	MM/Director Corporate Services	No budget to fill the position.

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2 4	ARC 07:14/12/ 2018	LED to prepare and present a report on the mines around RMLM.	Next ARCOM meeting	Manager LED	Done
2 5	ARC 08:25/03/ 2019	Directors should ensure that they present their AIP progress to the Portfolio committees	Directors	Next ARCOM meeting	In progress Compliance Manager tracking the implementation of the AIP
2 6	ARC 01:30/08/ 2019	PMS Report should also include the directorates which are not submitting POE's. Register for POE request to be developed.	Manager PMS	Next ARCOM meeting	In progress
2 7	ARC 02:30/08/ 2019	Internal Audit to be specific on the PMS report on the directorate who are not submitting the PMS report with the POE.	CAE	Quarterly IA report	In progress
2 8	ARC 03:30/08/ 2019	ARCOM to schedule a meeting with Mayor, MM and Management to discuss the impact of none submission of the POE's and their frustrations as Committee.			In progress
2 9	01:01/10/2019	ARCOM to schedule meeting with AGSA, for presentation of the AGSA Audit Strategy	ARCOM/CAE	09/10/2019	Done

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30	02:01/10/2019	Review notes to be included on the AR before the end of November 2019.	MM/PMS Manager		Done
31	03:01/10/2019	A session on PMS to be held, performance assessment to form part of the discussion. Invitation to be extended to IDP Manager.			
32	04:01/10/2019	Signed performance agreements to be placed on the municipal website, a signed copy to be sent to ARCOM	PMS Manager/IC T Manager		In progress
33	05:01/10/2019	Project plan for cascading PMS to lower level be prepared and presented to ARCOM	PMS Manager/M M		In Progress
34	06:01/10/2019	Risk management close-out report for 2018/2019 be prepared and be sent to ARCOM	Risk Manager		Done
35	07:01/10/2019	IA positions to be filed not later than 10/10/2019. CAE to update ARCOM on the progress on weekly basis.	Director Corporate Services		No budget for filling the positions
36	08:01/10/2019	Legal report with figures to be sent to ARCOM	Labour Relations		In progress

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			Manager		
37	09:01/10/2019	MSCOA to be a standing item for ARCOM, Council and Senior Management meetings.			In progress
38	01:10/10/2019	Management was advised to include in the management responses the area which they need adjustment and the proposed journal entries. Management will be required to submit a formal request for adjustment at the end of the audit.			Done
39	02:10/10/2019	Weekly Tracking registers of COF and RFI's should be sent to ACROM	Compliance Manager	Weekly	Done
40	03:10/10/2019	ARCOM commanded management on the implementation of ARCOM recommendations and further more requested management to fast-track the implementation of all other outstanding recommendations.	MANCO		In progress

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4 1	01:11/11/2019	Year plans to be captured on the outlook as they have been outstanding since 2018/2019.	Next ARCOM meeting	Manager Compliance	
4 2	02:11/11/2019	Feedback on the progress of the resuscitation of the Mscoa committee to be presented to ARCOM.	Next ARCOM meeting	CFO	
4 3	03:11/11/2019	Review of performance assessment to be conducted by IA.		CAE	
4 4	04:11/11/2019	Chairperson recommended that Municipal Manager should request the investigation reports from the Administrator.		MM	
4 5	05:11/11/2019	Distribution losses report to be presented to ARCOM.	Next ARCOM meeting	Manager Water and Sanitation	
4 6	06:11/11/2019	Audit tracking board to be sent to AGSA.	12/11/2019	CFO/Manager Compliance	
4 7	07:11/11/2019	UIF+W Expenditure report to be sent to MM and Sec32 committee for investigations.	Next ARCOM meeting	CFO/Manager budget	

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48	01:16/03/2020	Compliance year plan for 2020/2021 and the universe to be developed	Next ARCOM meeting	Manager Compliance	
49	02:16/03/2020	IA should conduct leave audit including registers, CAE should give report to ARCM with regard to audit conducted.	Next ARCOM meeting	CAE	
50	03:16/03/2020	High level report on the impact of load shedding to be compiled by Technical services and LED.	Next ARCOM meeting	Manager Electrical Services/Manager LED	
51	04:16/03/2020	ICT and Budget steering committee to compile report and present to ARCOM	Next ARCOM meeting	ICT/Budget steering committee	
52	05:16/03/2020	Strategic session to be held on 23/03/2020	23/03/2020		
53	06:16/03/2020	PAAP to be sent to ARCOM for review	16/03/2020	CFO/Manager compliance	
54	07:16/03/2020	AGSA recommended to management that AR be tabled together with Oversight report	31/03/2020	MM/Manager PMS	
55	08:16/03/2020	Quarterly report on DBSA to be sent to ARCOM.	Quarterly	CFO	

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56	01:03/06/2020	SDBIP 2019/2020 to be presented to ARCOM in the next meeting.	Next ARCOM meeting	Manager PMS	
57	01:27/07/2020	ARCOM requested a meeting with the executive leadership to discuss the status of the municipality and how the challenges can be resolved.	28/07/2020	ARCOM	
58	02:27/07/2020	The non-payment of salaries and Eskom is a status that the municipality has found it-self in. The AMM and the CFO have had several conversations on how to avoid this situation but could not agree on the process to follow. A report should be sent to ARCOM on why the measures failed.	29/07/2020	AMM	
59	01:18/09/2020	COVID 19 Response Plan & Progress of Implementation should be discussed in the next ARCOM meeting.	Next ARCOM meeting		
		SCM Report – Procurement of PPE and COVID related materials should be discussed in the next ARCOM meeting	Next ARCOM meeting		

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		A meeting should be convened with the Municipal Manager the discuss the issue of the understaffing of IA.	21/09/ 2020	AMM/ARCOM	
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Abbreviations

MM	: Acting Municipal Manager
SALGA	: South African Local Government Association
ARCOM	: Audit and Risk Committee
ARCR	: Audit & Risk Committee Resolution
CAE	: Chief Audit Executive
CFO	: Chief Financial Officer
AFS	: Annual Financial Statements
MANCO	: Management Committee
SDBIP	: Service Delivery and Budget Implementation Plan
ICT	: Information and Communication Technology
QAR	: Quality Assurance Review
RMLM	: Ramotshere Moiloa Local Municipality
MSCOA	: Municipal Standard of Accounts
PMS	: Performance Management System
PA	: Personal Assistant
POE	: Portfolio of Evidence
LED	: Local Economic Development
HR	: Human Resources
AMM	: Acting Municipal Manager

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KPI	: Key Performance Indicator
BTO	: Budget and Treasury Office
AO	: Accounting Officer
AGSA	: Auditor General South Africa
AIP	: Audit Improvement Plan
AR	: Annual Report
IDP	: Integrated Development Plan
RFI	: Request for Information
UIF+W	: Unauthorized, Irregular, Fruitless and Wasteful
IA	: Internal Audit
PAAP	: Post Audit Action Plan
DBSA	: Development Bank of Southern Africa

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APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during 2018/19)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Tshireletso professional services	Security services	01/04/2017	01/04/2020	Unit Manager: security services	R28 619 982.72
Mosokhumo Trading services	Supply and delivery of protective clothing	05/06/2018	30/05/2021	Unit Manager: HR	As and when required
Anaka group	Rental of photocopying machines	26/10/2016	06/10/2020	Unit Manager Records and registry (archives)	R3 754 890.00
Activa valuation services	Compilation of Valuation roll	24/05/2018	30/05/2024	Unit manager revenue	R1 085 064.28
O/S Holding				Chief financial Officer	
Telemasters	Supply of digital direct voice services	06/12/2012	0000/00/00	Unit Manager: IT	As per itemized billing
Lateral unison insurance brokers pty ltd	Provision of insurance services for a period of three years renewable.	27/07/2017	26/07/2020	Unit Manager: Asset management	R399 988.00
Contour technology (Pty) ltd	Provide a Complete vending Solution including municipal offices local shops, major retailers and our	17/02/2017	16/02/20	Unit Manager Revenue	4% of all sales

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	banking app channel for internet ATM and phone vending.				
JBFE Consulting (Pty) LTD	Compilation of the Grap 12, 16, 17 and 21 compliant Assets register.	04/06/2019	14/12//20	Asset Manager	R 3 533 512.92

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule									
Name of Entity & Purpose (i)	(a) Service Indicators	Year 0		Year 1			Year 2	Year 3	
	(b) Service Targets (ii)	Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
world focus: Contstruction of community hall	1 Community Hall	1	1	0	0	0	0	0	0
Tlotlo Tlhago:Upgrading of internal roads in Motswedi	1 km of road constructed in Motswedi Ward 4	1 km	1km	0	0	0	0	0	0
K.P Baikgaki: Upgrading of Swartkop internal roads	1.1 km of road constructed in Swartkopfontein	1,1	1,1	0	0	0	0	0	0
DM Consulting:Electrification	496 house holds electified in Ikageleng Extension 3	496	496	0	0	0	0	0	0
Note: This statement should include no more than the top four priority indicators. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets must be fundable within approved budget provision. In column (ii) set out the Service Indicator (In bold italics) then the Service Target underneath (not in bold - standard type face) to denote the difference.									
T /									

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APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	L J Selebogo	N/A
Member of MayCo / Exco	A N Nyamane	N/A
	G Pule	N/A
	B G Monamodi	La-Confidence beauty pageant primary co-operative limited
	L Motsokwane	N/A
	K I Manthoko	N/A
	A B Cassanga	N/A
	C Dreyer	N/A
	T Sebolao	N/A
Councillor		
	M P Moabi	Pitso Engineering Pty
	A B Cassanga	D. K. Trading
	K venter	Karlien venter skryfbehoeftes
Municipal Manager	D W Makhate	N/A
Chief Financial Officer	M Moloto	Onalerona Consulting (Pty)

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		Thatsofatso Trading Projects
		Lechuene Projects
Deputy MM and (Executive) Directors	N/A	N/A
Other S57 Officials		
Director Community Services	T Seleka	Selaka A Tau Business Enterprise
Chief Internal Audit	M Mathye	Foreveryone
Director Municipal Planning and Development	R Mojapelo	CJL Logistics Enterprise
		Lahlein Resources Enterprise
Director Corporate Services	B Selebogo	N/A
Director Technical Services	M Mpshe	N/A
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A T J		

VOLUME II

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	2018/19	Current: 2019/20		2019/20 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Executive & Council Finance & Administration	23 203	53 514	53 514	47 998	90%	90%
Planning & Development	85 155	95 351	94 524	96 779	101%	102%
Technical Services	35 532	19 254	19 254	10 943	57%	57%
Community & Social Services	97 490	220 508	216 494	149 815	68%	69%
	34 535	61 043	61 233	48 588	80%	79%
Example 6 - Vote 6				–		
Example 7 - Vote 7						
Example 8 - Vote 8						
Example 9 - Vote 9						
Example 10 - Vote 10						
Example 11 - Vote 11						
Example 12 - Vote 12						
Example 13 - Vote 13						
Example 14 - Vote 14						
Example 15 - Vote 15						
Total Revenue by Vote	275 915	449 670	445 019	354 122	0	0
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						
T K.1						

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
Description	R '000					
	2018/19	2019/20			2019/20 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	33 938	68 932	68 932	40 525	-70%	-
Property rates - penalties & collection charges	-			-		70%
Service Charges - electricity revenue	65 310	86 139	86 139	58 763	-47%	-
					-106%	47%
Service Charges - water revenue	123 797	18 360	18 360	8 898	-792%	-
						106%
Service Charges - sanitation revenue	704	3 064	3 064	343		792%
Service Charges - refuse revenue	15 404	20 904	20 904	10 740	-95%	-
					0%	95%
Service Charges - other	389			-		0%
Rentals of facilities and equipment	17	9	9	131	93%	93%
Interest earned - external investments	934	180	180	1 771	90%	90%
Interest earned - outstanding debtors	171	842	15	-	0%	0%
Dividends received	-			-		
Fines	3 752	4 218	4 218	3 022	-40%	-
					-269%	40%
Licences and permits	1 231	4 055	4 055	1 100		269%
Fair Value Adjustment	-			-		
Transfers recognised - operational		180 876	178 990	227 349	20%	21%
					-407%	-
Other revenue		7 196	7 196	1 420		407%
Gains on disposal of PPE	-	7 500	7 500	60	-12485%	-
						124%

APPENDICES

Enviromental Protection	–					85%
Total Revenue (excluding capital transfers and contributions)	245 647	402 273	399 560	354 122	-13,60%	- 12,8 3%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						<i>T K.2</i>

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustment s Budget	Actual	Variance		Major condition s applied by donor (continue below if necessary)
				Budget	Adjustment s Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
<i>Financial Management Grant</i>	2 145	2 215	2 215	3%	0%	
<i>EPWP</i>	1 091	1 094	1 094	0%	0%	
<i>Sports and Recreation</i>	1 150	1 150	1 150	0%	0%	
<i>Other Specify:</i>						
INEP	15 000	9 269	9 269	-62%	0%	
Total						
<i>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</i>						<i>T L</i>

APPENDICES

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

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

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

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	33 000	55 120	47 322	45 313	36 183	49 860	53 246
Infrastructure: Road transport - Total	32 575	43 585	38 053	38 409	35 130	37 060	39 742
<i>Roads, Pavements & Bridges</i>	32 575	43 585	38 053	38 409	35 130	37 060	39 742
<i>Storm water</i>							
Infrastructure: Electricity - Total	–	11 535	9 269	6 904	1 053	12 800	13 504
<i>Generation</i>							
<i>Transmission & Reticulation</i>		11 535	9 269	6 904	1 053	12 800	13 504
<i>Street Lighting</i>							
Infrastructure: Water - Total	–	–		–	–	–	–
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	–	–		–	–	–	–
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	425	–		–	–	–	–
<i>Waste Management</i>							
<i>Transportation</i>							

APPENDICES

Gas						
Other	425					
Community - Total	-	-	1 073	-	410 000 ³	-

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Program by Project: 2019/20					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Ad) %	Variance (Act - OB) %
Mmutshweu internal roads and stormwater	5 000 000	5 118 224.43	5 067 767.51	-1%	-2%
Matlhase Internal roads and stormwater	5 000 000	5 091 410.67	5 114 664.4	-2%	-2%
Driefontein internal roads and stormwater	5 000 000	5 233 732.23	5 230 980.22	-5%	-5%
Maramage Internal roads and storm water	5 000 000	6 178 251.49	5 928 175.09	-19%	-24%
Borakalalo Bridge and internal road	6 000 000	31 329 990.5	3 637 575.78	39%	-422%
Gopane Bridges and stormwater	5 100 000	27 495 085.50	3 207 090.02	37%	439%
T N					

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Program by Project by Ward: 2019/20		
R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
N/A		
N/A		
Sanitation/Sewerage		
ZEERUST WASTE WATER TREATMENT PLANT	16	NO
GROOT MARICO WASTE WATER TREATMENT PLANT	19	NO
Electricity		
IKAGELENG EXTENSION 3 PH1	15	YES
IKAGELENG EXTENSION FEEDER LINE	15	YES
Storm water		
ZEERUST INTERNAL ROADS & STORM-WATER	15	YES
MOTSWEDI INTERNAL ROADS & STORM-WATER	04	YES
LEKGOPUNG SUPINGSTAD INTERNAL ROADS & STORM-WATER PH3	01	YES
Economic development		

APPENDICES

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Not Applicable

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

Not Applicable

APPENDICES

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

There were no loans made

APPENDICES

APPENDIX S – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

All MFMA Sec 71 Returns were made in due time

APPENDIX T – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

Not Applicable as all information has already being covered in other areas of the Annual Report

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

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



Ramotshere Moiloa Local Municipality
Annual Financial Statements
for the year ended 30 June 2020

VOLUME II

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

General Information

Legal form of entity	Local Municipality
Mayor	L Selebogo
Speaker	AN Nyamane
Chief Whip	KI Manthoko
Executive Council	C Dreyer
	L Motsokwane
	J Pule
	B Monamodi
	AB Cassanga
	TB Sebolao
	P Molefe
Councillors	TR Moiloa
	B Pheloane
	MN Tshikovhi
	D Moabi
	B Kenosi
	S Rantwa
	O Modirwa
	K Mothoagae
	U Morake
	R Mogorosi
	P Madisa
	N Molokwane
	IT Moloantoa
	J Mafora
	S Thembo
	TJ Morebantwa
	IS Suliman
	RSB Phetwe
	TN Sapala
	L Selebego
	K Venter
	L Mosadi
	SI Modibetsane
	SF Ngweye
	GS Motswenyane
	NT Moroeng
	T Modisane
	Y Suliman

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

General Information

Grading of local authority	Low capacity
Accounting Officer (Acting)	Ernest Mangope
Chief Finance Officer (Acting)	Leshomo Mariha
Business address	C/o President & Coetzee Street Zeerust 2865
Postal address	P O Box 92 Zeerust 2865
Bankers	First National Bank
Auditors	Auditor General South Africa

VOLUME II

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

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

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Annual Financial Statements for the year ended 30 June 2020

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

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Officer's Responsibilities and Approval

The accounting officers are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officers to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

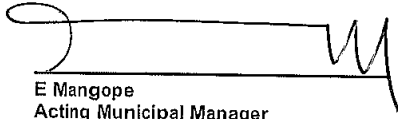
The accounting officers acknowledge that they are ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officers to meet these responsibilities, the accounting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

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

The accounting officers have reviewed the municipality's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 5 to 60, which have been prepared on the going concern basis, were approved by the accounting officers on 04 January 2021 and were signed on its behalf by:



E Mangope
Acting Municipal Manager

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Officer's Report

The accounting officers submit their report for the year ended 30 June 2020.

1. Review of activities

Main business and operations

The municipality main business is the provision of services to the community in line with Part B of Schedule 4 and Part B of Schedule 5 of the Constitution. The municipality provides services in Zeerust, Lehurutse and Groot Marico.

Net surplus of the municipality is R 13 215 905 (2019: surplus R 9 018 490).

2. Going concern

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

3. Subsequent events

The annual financial statements for the municipality were not submitted to Auditor General on the due date. The accounting officer is aware that this conduct will be reported as non-compliance.

The municipality did not receive its second trench of Equitable share, on the scheduled date, due to non-compliance.

There are no other significant events subsequent to the reporting period.

4. Accounting policies

The annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice and the requirements of the Municipal Finance Management Act 2003 (Act NO. 56 of 2003) (MFMA) and the Division of Act South Africa (Act No 2 of 2013) (DoRA).

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

5. Accounting Officers

The accounting officers of the municipality during the year and to the date of this report are as follows:

Name	Nationality	Changes
D Makhate	South African	Suspended Sunday, 7 July 2020
E Mangope	South African	Appointed Tuesday, 07 July 2020

6. Corporate governance

General

The accounting officers is committed to business integrity, transparency and professionalism in all his activities. As part of this commitment, the accounting officers supports the highest standards of corporate governance and the ongoing development of best practice.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Officer's Report

Audit and risk committee

The Audit Committee has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Audit Committee, consisting of independent outside members, has met at least four times per annum as per its approved terms of reference, although additional special meetings were held.

7. Auditors

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

8. COVID-19

There was an outbreak of COVID-19 which was declared an epidemic by the World Health Organisation and following that, the South Africa Government declared 21 days of full lockdown. The municipality adhered to the restrictions and only essential workers reported for duty.

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

	Note(s)	2020 R	2019 Restated* R
Assets			
Current Assets			
Inventories	2	6 376 922	5 915 487
Receivables from exchange transactions	4	7 876 178	5 856 363
Receivables from non-exchange transactions	5	633 181	2 926 766
Consumer debtors	6	102 502 054	55 973 094
Other assets		-	2 022 728
Cash and cash equivalents	7	4 038 163	11 621 579
		121 426 498	84 316 017
Non-Current Assets			
Investment property	8	53 497 333	53 593 805
Property, plant and equipment	9	639 858 564	636 869 443
Intangible assets	10	387 563	1 899 986
Heritage assets	11	404 550	404 550
Other financial assets	3	-	2 171 236
		694 148 010	694 939 020
Total Assets		815 574 508	779 255 037
Liabilities			
Current Liabilities			
Other financial liabilities	12	331 632	837 077
Finance lease obligation	13	-	679 992
Payables from exchange transactions	14	147 240 045	114 477 161
VAT payable	15	6 948 027	8 100 260
Consumer deposits	16	2 218 022	2 106 857
Employee benefit obligation	17	880 000	897 000
Unspent conditional grants and receipts	18	2 535 915	14 078 534
		160 153 641	141 176 881
Non-Current Liabilities			
Other financial liabilities	12	2 121 915	2 348 182
Employee benefit obligation	17	32 049 000	31 144 000
Provisions	19	41 996 844	45 349 131
		76 167 759	78 841 313
Total Liabilities		236 321 400	220 018 194
Net Assets		579 253 108	559 236 843
Accumulated surplus		579 253 108	559 236 843

Rar

See Note 46

VOLUME II

Ramotshere Moiloa Local Municipality Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

	Note(s)	2020 R	2019 Restated* R
Revenue			
Revenue from exchange transactions			
Service charges	20	78 744 299	77 904 126
Licences and permits		1 099 943	1 230 714
Connections and disconnections		686 859	782 911
Rental income		130 971	113 263
Sundry Income		675 836	775 042
Sale of Land		59 595	440 833
Interest received - investment	21	1 770 825	1 024 901
Fair value adjustments		57 664	-
Total revenue from exchange transactions		83 225 992	82 271 790
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	22	40 524 933	31 198 346
Transfer revenue			
Government grants & subsidies	23	227 349 119	206 258 841
Fines, Penalties and Forfeits	48	3 022 100	4 274 450
Total revenue from non-exchange transactions		270 896 152	241 731 637
Total revenue	24	354 122 144	324 003 427
Expenditure			
Bulk purchases	25	(56 172 898)	(49 907 187)
Contracted services	26	(10 187 069)	(9 700 011)
Debt Impairment		(6 965 561)	(2 020 180)
Depreciation and amortisation	27	(34 598 527)	(38 924 291)
Employee related costs	28	(139 444 353)	(130 019 052)
Finance costs	29	(11 367 404)	(12 703 339)
Lease rentals on operating lease	49	(2 011 709)	(24 151)
Remuneration of councillors	30	(13 829 417)	(13 240 917)
Loss on disposal of assets and liabilities		(3 002 120)	(5 313 913)
Fair value adjustments		-	(25 006)
General Expenses	31	(64 666 049)	(59 055 418)
Repairs and maintenance		(7 495 324)	(5 840 315)
Total expenditure		(349 740 431)	(326 773 780)
Surplus (deficit) for the year from continuing operations		4 381 713	(2 770 353)
Actuarial valuation movement		8 834 192	11 788 843
Surplus for the year		13 215 905	9 018 490

* See Note 46

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Ramotshere Moiloa Local Municipality Annual Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance at 01 July 2018	550 218 353	550 218 353
Changes in net assets		
Surplus for the year	9 018 490	9 018 490
Total changes	9 018 490	9 018 490
Restated* Balance at 01 July 2019	559 236 843	559 236 843
Changes in net assets		
Surplus for the year	13 215 905	13 215 905
Adjustments	6 800 360	6 800 360
Total changes	20 016 265	20 016 265
Balance at 30 June 2020	579 253 108	579 253 108

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Ramotshere Moiloa Local Municipality Annual Financial Statements for the year ended 30 June 2020

Cash Flow Statement

	Note(s)	2020 R	2019 Restated* R
Cash flows from operating activities			
Receipts			
Service charges & rates		70 488 401	76 704 465
Grants		215 806 500	216 925 000
Interest income		1 770 825	923 404
Other receipts		3 235 296	5 357 639
		<u>291 301 022</u>	<u>299 910 508</u>
Payments			
Employee costs		(151 483 049)	(136 547 108)
Suppliers		(104 302 052)	(133 332 842)
Finance costs		(4 995 255)	(12 703 339)
		<u>(260 780 356)</u>	<u>(282 583 289)</u>
Net cash flows from operating activities	32	30 520 666	17 327 219
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(39 058 678)	(18 665 312)
Proceeds from sale of property, plant and equipment	9	-	42 774
Proceeds from sale of investment property	8	137 400	-
Net movements in financial assets		2 228 900	-
		<u>(36 692 378)</u>	<u>(18 622 538)</u>
Cash flows from financing activities			
Repayment of long term liabilities		(731 712)	(1 243 420)
Finance lease payments		(679 992)	(1 118 144)
		<u>(1 411 704)</u>	<u>(2 361 564)</u>
Net increase/(decrease) in cash and cash equivalents		(7 583 416)	(3 656 883)
Cash and cash equivalents at the beginning of the year		11 621 579	15 278 462
Cash and cash equivalents at the end of the year	7	4 038 163	11 621 579

* See Note 46

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Budget and Actual Amounts

	Original budget		Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)		Final adjustments (i.t.o. s28 and budget s31 of the MFMA)		Shifting of funds (i.t.o. s31 of the MFMA)		Virement (i.t.o. council approved policy)		Final budget		Actual outcome		Unauthorised expenditure		Variance		Actual outcome as % of final budget		Actual outcome as % of original budget		
	R		R		R		R		R		R		R		R		R		R		R		
2020																							
Financial Performance																							
Property rates	68 931 629		-	68 931 629	-		-		-		68 931 629	40 524 933					(28 406 696)		59 %		59 %		
Service charges	128 466 112		-	128 466 112	-		-		-		128 466 112	78 744 299					(49 721 813)		61 %		61 %		
Investment revenue	1 021 484	(826 883)		194 601	(826 883)		-		-		194 601	1 770 825					1 576 224		910 %		173 %		
Transfers recognised - operational	180 876 000	(1 886 000)		178 990 000	(1 886 000)		-		-		178 990 000	174 021 000					(4 969 000)		97 %		96 %		
Other own revenue	22 977 670		-	22 977 670			-		-		22 977 670	14 567 160					(8 410 510)		63 %		63 %		
Total revenue (excluding capital transfers and contributions)	402 272 895	(2 712 883)		399 560 012			-		-		399 560 012	309 628 217					(89 931 795)		77 %		77 %		
Employee costs	(123 373 992)	(17 577 606)		(140 951 598)			-		-		(140 951 598)	(139 444 353)					1 507 245		99 %		113 %		
Remuneration of councillors	(15 551 589)	591 518		(14 970 071)			-		-		(14 970 071)	(13 829 417)					1 140 654		92 %		89 %		
Debt impairment	(51 386 000)	11 730 510		(39 655 490)			-		-		(39 655 490)	(6 965 561)					32 689 929		18 %		14 %		
Depreciation and asset impairment	(29 040 996)	565 956		(28 475 040)			-		-		(28 475 040)	(34 598 527)					(6 123 487)		122 %		119 %		
Finance charges	(1 500 000)	(2 700 000)		(4 200 000)			-		-		(4 200 000)	(11 367 404)					(7 167 404)		271 %		758 %		
Materials and bulk purchases	(54 150 000)	90 000		(54 060 000)			-		-		(54 060 000)	(56 172 898)					(2 112 898)		104 %		104 %		
Other expenditure	(78 747 111)	(8 649 468)		(87 396 579)			-		-		(87 396 579)	(87 362 271)					34 308		100 %		111 %		
Total expenditure	(353 759 688)	(15 949 090)		(369 708 778)			-		-		(369 708 778)	(349 740 431)					19 968 347		95 %		99 %		
Surplus/(Deficit)	48 513 207	(18 661 973)		29 851 234			-		-		29 851 234	(40 112 214)					(69 963 448)		(134)%		(83)%		

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Appropriation Statement

	Original budget		Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)		Final adjustments budget		Shifting of funds (i.t.o. s31 of the MFMA)		Virement (i.t.o. council approved policy)		Final budget		Actual outcome		Unauthorised expenditure		Variance		Actual outcome as % of final budget		Actual outcome as % of original budget	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Transfers recognised - capital	45 449 300		(166 300)		45 283 000		-				45 283 000		53 328 119				8 045 119		118 %		117 %	
Surplus (Deficit) after capital transfers and contributions	93 962 507		(18 828 273)		75 134 234		-				75 134 234		13 215 905				(61 918 329)		18 %		14 %	
Surplus/(Deficit) for the year	93 962 507		(18 828 273)		75 134 234		-				75 134 234		13 215 905				(61 918 329)		18 %		14 %	
Capital expenditure and funds sources																						
Total capital expenditure	(45 693 000)		(2 877 000)		(48 570 000)		-				(48 570 000)		10 050 868				58 620 868		(21)%		(22)%	

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revisions affects only that period of the revision and future periods if the revision affects both the current and future periods. The nature and reasons of the uncertainty, judgement made and the impact to the amounts presented in the financial statements are disclosed in the notes to the annual financial statements. Significant judgements include:

Impairment of trade receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This was performed per service identifiable category across all debtor classes. The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives and residual values of assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

The municipality reviews residual values of assets to determine if there is a change in the amount that the municipality would obtain from disposal of the asset, after deducting the estimated costs of disposal, if that asset was already of the age and condition expected at the end of its useful life.

Management has determined that none of its infrastructure assets have any active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

Post retirement benefits

The present value of the post employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for post employment medical benefits are based on current market conditions. Additional information is disclosed in Note 17.

Going Concern

Management considers key financial metrics and approved budgets, together with the municipality's dependency on grants from National Government and the North West Provincial Government ("Province"), to conclude that the going concern assumption used in the compiling of its annual financial statements, is appropriate.

Distribution losses

The municipality recognizes electricity distribution losses. Management calculates the distribution losses based on energy that was not recovered after deducting internal usage.

The municipality recognizes water distribution losses too.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.3 Investment property (continued)

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	50 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment 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, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.4 Property, plant and equipment (continued)

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.4 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	20 - 100 years
Plant and machinery	Straight line	3 - 10 years
Furniture and fixtures	Straight line	3 - 10 years
Motor vehicles	Straight line	5 - 10 years
Office equipment	Straight line	3 - 10 years
Computer equipment	Straight line	3 - 10 years
Infrastructure	Straight line	20 - 100 years
Community	Straight line	20 - 100 years
Other property, plant and equipment	Straight line	3 - 10 years
Roads & stormwater assets	Straight line	20 - 100 years
Electricity assets	Straight line	20 - 100 years
Other assets	Straight line	3 - 10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate unless expectations differ from previous estimates.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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 from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.5 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

Ramotshere Moiloa Local Municipality Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.6 Intangible assets

An intangible asset is recognised 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.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.7 Heritage assets (continued)

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assesses at each reporting date whether there is an indication that the asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

1.8 Cash and cash equivalents

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Classification

The entity has the following types of financial assets and liabilities as reflected on the face of the statement of financial position or in the notes thereto:

- Financial instruments at amortised cost;
- Financial instruments cost; and
- Financial instruments at fair value.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.9 Financial instruments (continued)

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Finance leases - lessee

The municipality leases certain property, plant and equipment. Leases of property, plant and equipment where the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance lease assets and liabilities are recognised at the inception of the lease at the lower of the fair value of the leased assets and the present value of the future minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges are included in other long term payables. The interest element of the finance cost is charged to the Statement of Financial Performance over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term. The municipality will not incur a finance lease liability other than that allowed by the MFMA Act (Act 56 of 2003).

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.11 Inventories (continued)

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Unsold properties are measured at the lower of cost and net realisable value. Cost is primarily determined by reference to the valuation roll or total cost of servicing the land such as direct costs and portion of overhead costs that relates to the development.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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Accounting Policies

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

The municipality and its employees contribute to various pension, provident and retirement funds and its councillors contribute to the Pension Fund for Municipal Councillors. The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed by the relevant funds on a regular basis as per the requirements of the various funds. Current contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The municipality provides certain post retirement medical benefits by funding the medical aid contributions for retired members of the municipality. According to the rules of the medical aid fund associated with the municipality, when a member who joined the municipality under the current conditions of service retires, she/he is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. These funds are classified as defined benefit plans. The cost of providing the benefits is determined using the projected unit credit method prescribed by IAS 19. Future benefit values are projected using specific assumptions, and the liability for in service members is accrued over the expected lifetime. No plan assets exist and any actuarial gains or losses are recognised immediately.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Current service costs and interest costs are recognised as a period expense in the statement of financial performance and is matched to the benefit received during the working life of the employee. The current service costs include the expense for the benefits received by the employee currently in service and the cost of funding the employee when no longer in service. The expense for the year is included in the employee benefit expense in the statement of financial performance.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.14 Employee benefits (continued)

Other long term employee benefits

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality.

The municipality's net obligation in respect of long service awards is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value.

1.15 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 35.

Illegal dumping: The municipality has an obligation to rehabilitate any contaminated land through illegal dumping. A provision has been established and recognised at the present value of the expenditure expected to settle the obligation and is carried at amortised cost.

Landfill sites: The municipality has an obligation to rehabilitate its landfill sites in terms of its licensing stipulations. A provision has been established from 2008/9. The amount of the provision is recognised at the present value of the expenditure expected to settle the obligation and is carried at amortised cost.

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.16 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually 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 costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all 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 municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Service charges relating to electricity, water and sanitation are based on consumption. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimated consumptions are made monthly when meters have not been read. The estimates of consumption are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period.

Income from agency services: Income from agency services is recognised on a monthly basis once the income collected/received on behalf of agents has been quantified. The income is recognised in terms of the agency agreement.

Interest

Revenue arising from the use by others of municipal assets yielding interest or similar distributions is recognised when:

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Government grants and subsidies

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.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available, which in most cases is on receipt.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.18 Value Added Tax

The municipality accounts for Value Added Tax (VAT) on a cash basis. The municipality is liable to account for VAT at the standard rate of 15% (14% for periods before 1 April 2018) in terms of section 7(1)(a) of the VAT Act in respect of supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.19 Prepaid electricity

Revenue from the sale of electricity using pre-paid meter cards is recognised based on consumption.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.20 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.21 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Comparative figures

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

Where accounting errors have been identified in the current financial year, the correction is made retrospectively as far as it is practical 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 it is practical and the prior year comparatives are restated accordingly.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.23 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

1.27 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.27 Events after reporting date (continued)

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.28 Budget information

Variances between budget and actual are regarded as material when there is a variance of:

- 10% in the statement of financial position, statement of financial performance and the cash flow statement.
- 5% in capital expenditure.

1.29 Services in kind

The municipality does not recognise services in kind as revenue or assets, but are disclosed as a note to the annual financial statements.

1.30 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.31 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2019/07/01 to 2020/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
2. Inventories		
Consumable stores	6 376 922	5 915 487
3. Other financial assets		
Designated at fair value		
Unit trusts	-	2 171 236
Listed Fund - Sanlam		
Non-current assets		
Designated at fair value	-	2 171 236
4. Receivables from exchange transactions		
Third party vendors	2 431 210	804 537
Creditors with debit balances	1 411 547	1 019 005
Sale of land debtors	3 984 500	3 984 500
Rental debtors	48 921	48 321
	7 876 178	5 856 363
Third party vendors		
The municipality has a system for prepaid electricity whereby customers can purchase electricity through third party vendors, the money from the customers is received by the third party whom in turn pay over to the municipality the amount received net of commission and transaction fees.		
The prepaid electricity vendor, Contour, was replaced by Pamodzi during the current reporting period.		
5. Receivables from non-exchange transactions		
Fines	596 428	2 581 773
Till shortages	-	6 140
Employee advances	-	6 799
Sundry debtors	36 753	332 054
	633 181	2 926 766
Fines		
Traffic fines	27 193 252	25 163 062
Provision for impairment	(26 596 824)	(22 581 289)
	596 428	2 581 773
6. Consumer debtors		
Gross balances		
Rates	87 944 119	63 455 326
Electricity	76 437 579	66 319 093
Water and sanitation	12 391 551	8 291 298
Sewerage	11 499 088	9 613 408
Refuse and other	29 991 329	24 037 734
Other services	324 686	342 533
	218 588 352	172 059 392

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
6. Consumer debtors (continued)		
Less: Allowance for impairment		
Rates	(58 651 677)	(58 651 677)
Electricity	(31 884 079)	(31 884 079)
Water and sanitation	(7 355 903)	(7 355 903)
Refuse and other	(18 194 639)	(18 194 639)
	(116 086 298)	(116 086 298)
Net balance		
Rates	29 292 442	4 803 649
Electricity	44 553 500	34 435 014
Water and sanitation	5 035 648	935 395
Sewerage	11 499 088	9 613 408
Refuse and other	11 796 690	5 843 095
Other services	324 686	342 533
	102 502 054	55 973 094
Rates		
Current (0 -30 days)	3 474 412	2 439 069
31 - 60 days	3 057 089	1 876 987
61 - 90 days	2 785 907	1 674 765
91 - 120 days	2 367 171	1 418 883
121 - 150 days	3 341 865	1 552 528
> 150 days	72 917 675	54 493 094
	87 944 119	63 455 326
Electricity		
Current (0 -30 days)	2 554 417	2 813 835
31 - 60 days	1 710 369	1 627 985
61 - 90 days	1 474 658	1 059 456
91 - 120 days	1 151 045	879 623
121 - 150 days	1 085 302	566 970
> 150 days	68 461 788	59 371 224
	76 437 579	66 319 093
Water		
Current (0 -30 days)	845 697	615 737
31 - 60 days	575 596	458 548
61 - 90 days	565 433	545 449
91 - 120 days	543 964	473 920
121 - 150 days	686 783	420 805
> 150 days	9 174 078	5 776 839
	12 391 551	8 291 298
Sewerage		
Current (0 -30 days)	278 971	259 955
31 - 60 days	255 476	189 875
61 - 90 days	242 769	205 213
91 - 120 days	237 373	182 716
121 - 150 days	229 239	177 160
> 150 days	10 255 260	8 598 489
	11 499 088	9 613 408

Ramotshere Moiloa Local Municipality

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Notes to the Annual Financial Statements

	2020 R	2019 R
6. Consumer debtors (continued)		
Refuse		
Current (0 -30 days)	835 352	791 657
31 - 60 days	769 206	653 336
61 - 90 days	728 473	614 592
91 - 120 days	705 341	564 563
121 - 150 days	681 255	540 266
> 150 days	26 271 702	20 873 320
	29 991 329	24 037 734
Other		
Current (0 -30 days)	-	140
91 - 120 days	2 734	-
> 150 days	321 952	342 393
	324 686	342 533
Reconciliation of allowance for impairment		
Balance at beginning of the year	(116 086 297)	(116 086 297)

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 440 968	908 843
Bank balances	1 503 089	3 842 695
Short-term deposits	1 094 106	6 870 041
	4 038 163	11 621 579

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
FNB Bank - 62200495960	28 035	521 375	8 668	28 035	521 375	8 668
FNB Bank - 62224998023	363 705	447 563	161 250	363 705	447 563	161 250
FNB Bank - 54351140693	55 763	112 456	232 508	55 763	112 456	232 508
FNB Bank - 62063144431	1 055 586	2 761 301	2 554 343	1 055 586	2 761 301	2 554 343
Total	1 503 089	3 842 695	2 956 769	1 503 089	3 842 695	2 956 769

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R			2019 R		
8. Investment property						
	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	55 839 834	(2 342 501)	53 497 333	55 917 639	(2 323 834)	53 593 805

Reconciliation of investment property - 2020

	Opening balance	Disposals	Depreciation	Total
Investment property	53 593 805	(77 804)	(18 667)	53 497 334

Reconciliation of investment property - 2019

	Opening balance	Disposals	Depreciation	Total
Investment property	53 647 537	(35 064)	(18 667)	53 593 806

The municipality entered into a joint arrangement with ABSA Bank for the construction of a building for leasing purposes. The terms of the arrangement were as follows:

- The municipality contributed a piece of land, which was valued at R700,000 whilst ABSA contributed R6 300 000 for the construction of building.
- The municipality's contribution was deemed to be worth 10% and ABSA 90%.
- On completion of the building, ABSA occupied the building and leased additional rental space.
- Building operating costs are deducted from the rental income.
- ABSA is responsible for management of the building and in return compensated with 5% of rental income plus a management fee which will be agreed between the parties.
- The residue is shared in terms of the venturers' contribution.

In terms of GRAP 8 (Interest in Joint Ventures), the municipality's component/share of the building was recognised as Investment property. The nature of this jointly controlled asset is investment property as it is leased to tenants and the municipality earns rentals from it.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Ramotshere Moiloa Local Municipality Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020			2019		
	R			R		
9. Property, plant and equipment						
	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	30 506 108	-	30 506 108	30 506 108	-	30 506 108
Buildings	75 623 088	(56 269 799)	19 353 289	75 623 089	(54 255 442)	21 367 647
Plant and machinery	925 154	(827 035)	98 119	900 154	(810 824)	89 330
Furniture and fixtures	475 809	(426 947)	48 862	475 809	(415 506)	60 303
Motor vehicles	13 132 318	(11 092 894)	2 039 424	12 824 072	(10 725 682)	2 098 390
Office equipment	379 410	(289 875)	89 535	379 410	(271 672)	107 738
Computer equipment	5 076 753	(2 943 500)	2 133 253	4 948 994	(2 292 057)	2 656 937
Community	141 483 172	(81 014 742)	60 468 430	133 902 944	(76 803 657)	57 099 287
Leased Assets	2 823 539	(2 823 539)	-	2 823 539	(2 294 125)	529 414
Work in progress	27 817 392	-	27 817 392	28 498 433	-	28 498 433
Landfill sites	12 488 000	(6 493 952)	5 994 048	12 488 000	(5 594 938)	6 893 062
Roads & stormwater assets	802 195 283	(352 494 333)	449 700 950	777 765 140	(334 460 331)	443 304 809
Electricity assets	75 611 782	(34 812 834)	40 798 948	75 611 782	(32 951 509)	42 660 273
Wastewater network	509 942	(411 787)	98 155	509 942	(379 064)	130 878
Other assets	5 336 361	(4 624 310)	712 051	5 336 361	(4 469 527)	866 834
Total	1 194 384 111	(554 525 547)	639 858 564	1 162 593 777	(525 724 334)	636 869 443

Ramotshere Moiloa Local Municipality
Annual Financial Statements for the year ended 30 June 2020
Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	30 506 108	-	-	-	-	30 506 108
Buildings	21 367 647	-	-	-	(2 014 358)	19 353 289
Plant and machinery	89 330	25 000	-	-	(16 211)	98 119
Furniture and fixtures	60 303	-	-	-	(11 441)	48 862
Motor vehicles	2 098 390	460 870	(654)	-	(519 182)	2 039 424
Office equipment	107 738	-	-	-	(18 203)	89 535
Computer equipment	2 656 937	148 477	(14 962)	-	(657 199)	2 133 253
Community	57 099 287	-	(350 234)	8 486 219	(4 766 842)	60 468 430
Leased Assets	529 414	-	-	-	(529 414)	-
Work in progress	28 498 433	38 424 327	-	(39 105 368)	-	27 817 392
Landfill sites	6 893 062	-	-	-	(899 014)	5 994 048
Roads & stormwater assets	443 304 809	-	(2 636 265)	30 619 149	(21 586 743)	449 700 950
Electricity assets	42 660 273	-	-	-	(1 861 325)	40 798 948
Wastewater network	130 878	-	-	-	(32 723)	98 155
Other assets	866 834	-	-	-	(154 783)	712 051
	636 869 443	39 058 674	(3 002 115)	-	(33 067 438)	639 858 564

Ramotshere Moiloa Local Municipality
Annual Financial Statements for the year ended 30 June 2020
Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)
Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	30 506 108	-	-	-	-	30 506 108
Buildings	24 677 315	-	(499 328)	-	(2 810 340)	21 367 647
Plant and machinery	104 190	-	-	-	(14 860)	89 330
Furniture and fixtures	71 744	-	-	-	(11 441)	60 303
Motor vehicles	2 337 225	172 000	-	-	(410 835)	2 098 390
Office equipment	94 418	31 650	-	-	(18 330)	107 738
Computer equipment	3 203 987	124 968	(16 813)	-	(655 205)	2 656 937
Community	51 679 486	-	(2 780 444)	12 842 126	(4 641 881)	57 099 287
Leased Assets	1 470 593	-	-	-	(941 179)	529 414
Work in progress	53 818 522	21 135 733	-	(46 455 822)	-	28 498 433
Landfill sites	9 647 079	-	-	-	(2 754 017)	6 893 062
Roads & stormwater assets	437 495 764	-	(1 534 813)	30 432 863	(23 089 005)	443 304 809
Electricity assets	41 341 286	-	-	3 180 833	(1 861 846)	42 660 273
Wastewater network	163 601	-	-	-	(32 723)	130 878
Other assets	993 873	24 500	-	-	(151 539)	866 834
	657 605 191	21 488 851	(4 831 398)	-	(37 393 201)	636 869 443

Pledged as security

None of the assets of the municipality have been pledged as security.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Repairs and maintenance

7 457 165	5 741 091
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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
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10. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4 671 609	(4 284 046)	387 563	4 671 609	(2 771 623)	1 899 986

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software	1 899 986	(1 512 423)	387 563

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software	3 412 409	(1 512 423)	1 899 986

Pledged as security

No Intangible assets have been pledged as security.

11. Heritage assets

	2020			2019		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Other	404 550	-	404 550	404 550	-	404 550

Reconciliation of heritage assets 2020

	Opening balance	Total
Other	404 550	404 550

Reconciliation of heritage assets 2019

	Opening balance	Total
Other	404 550	404 550

Pledged as security

No Heritage Asset has been pledged as security.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
12. Long-term liabilities		
At amortised cost		
DBSA Loan 100121/3 The loan has a fixed interest rate of 15.15% per annum and is repayable in 30 equal half-yearly instalments. The loan period is 15 years and redemption date is 30 June 2019. The loan was paid off during the year.	-	503 655
DBSA Loan 102400/1 The loan has fixed interest rate of 5% per annum and is repayable in 40 equal instalments. The loan period is 20 years expiring in 30 September 2028.	1 650 148	1 800 290
DBSA Loan 100702/1 The loan has a fixed interest rate of 11.73% per annum and is repayable in 40 equal half-yearly instalments. The loan period is 20 years and redemption date is 30 June 2026.	803 398	881 314
	2 453 546	3 185 259
Total other financial liabilities	2 453 546	3 185 259
Non-current liabilities		
At amortised cost	2 121 915	2 348 182
Current liabilities		
At amortised cost	331 632	837 077
13. Finance lease obligation		
Minimum lease payments due		
- within one year	-	703 626
less: future finance charges	-	703 626
Present value of minimum lease payments	-	(23 634)
Present value of minimum lease payments due		
- within one year	-	679 992
14. Payables from exchange transactions		
Trade payables	75 088 748	50 658 102
Payments received in advance	1 143 439	887 327
Other payables	572 955	154 163
Unallocated deposits	14 628 274	13 502 222
Accrued leave pay	10 589 809	8 981 030
Accrued bonus	3 244 842	3 062 900
Other deposits	182 070	165 426
Third party payables	17 135 372	16 500 087
Motor fees control	8 116 585	7 737 972
Retentions	3 819 003	2 613 622
Sundry payables	2 605	2 605
Debtors with credit balances	12 712 814	10 157 390
Net clearing salary	3 529	54 315
	147 240 045	114 477 161

Ramotshere Moiloa Local Municipality
Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
15. VAT payable		
Net balance	6 948 027	8 100 260
The municipality is registered for VAT on a payments basis.		
16. Consumer deposits		
Electricity	1 342 834	1 336 366
Water	875 188	770 491
	2 218 022	2 106 857
17. Employee benefit obligations		
Defined contribution plan		
The municipality has a policy to subsidise post-employment health care costs of employees that belonged to medical scheme on their retirement. The subsidy covers the employee as well as the spouse or dependent.		
Category		
Current (In Service) Members	239	239
Continuation Members (Pensioners)	17	16
	256	255
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	32 929 000	32 041 000
Non-current liabilities	32 049 000	31 144 000
Current liabilities	880 000	897 000
	32 929 000	32 041 000
The municipality has no further obligation to cover unfunded benefits.		
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	32 041 000	38 221 000
Net expense recognised in the statement of financial performance	888 000	(6 180 000)
	32 929 000	32 041 000
Net expense recognised in the statement of financial performance		
Current service cost	2 107 000	2 446 000
Interest cost	3 588 000	4 130 000
Actuarial (gains) losses	(3 960 695)	(11 999 962)
Settlement	(846 305)	(756 038)
	888 000	(6 180 000)

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
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17. Employee benefit obligations (continued)

Valuation method

Sensitivity analysis

The valuation is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables. In order to illustrate the sensitivity of the valuation results to changes in certain key variables, the liabilities have been recalculated using the following assumptions:

- 20% increase/decrease in the assumed level of mortality;

- 1% increase/decrease in the Medical Aid inflation.

Mortality rate

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Municipality. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Municipality in the form of subsidies will reduce and vice versa. The effect of higher and lower mortality rates has been illustrated by increasing and decreasing the mortality rates by 20%. The effect is as follows:

	-20% Mortality rate R	Valuation assumption R	+20% Mortality rate R
Total Accrued Liability	35 738 000	32 929 000	30 604 000
Interest Cost	5 273 000	4 852 000	4 504 000
Service Cost	2 138 000	1 957 000	1 806 000

Medical Aid Inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees. The effect of a 1% p.a. change in the medical aid inflation assumption is as follows:

	-20% Mortality rate	Valuation assumption	-20% Mortality rate
Total Accrued Liability	28 381 000	32 929 000	38 525 000
Interest Cost	4 168 000	4 852 000	5 694 000
Service Cost	1 618 000	1 957 000	2 384 000

Valuation Assumptions

In estimating the liability for post-employment medical aid benefits a number of assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary. APN 301 states that the assumptions should be realistic and mutually compatible. The difference between the assumptions drives the valuation and it is very important to monitor how this difference changes from one valuation to the next. The most relevant actuarial assumptions used in this valuation are discussed below.

Financial Variables

The two most important financial variables used in our valuation are the discount- and medical aid inflation rates. We have assumed the following values for these variables:

	Current Valuation at 30 June 2020	Preceding Valuation 30 June 2019
Discount Rate	Yield Curve	Yield Curve
Consumer Price Inflation (CPI)	Difference between nominal and yield curve	Difference between nominal and yield curve
Medical Aid Contribution Inflation	CPI+1%	CPI+1%
Net Effective Discount Rate	Yield curve based	Yield curve based

Discount Rate

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
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17. Employee benefit obligations (continued)

GRAP 25 defines the determination of the Discount rate assumption to be used as follows: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

We used the nominal and real zero curves as at 30 June 2020 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, we use the prevailing yield at the time of performing our calculations. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

Medical Aid Inflation

The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period. South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. We do not consider these increases to be sustainable and have assumed that medical aid contribution increases would out-strip general inflation by 1% per annum over the foreseeable future.

Average Retirement Age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements.

Normal Retirement Age

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

Spouses and Dependants

We assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

Post-employment Medical Aid Liabilities

The expected value of each employee and their spouse's future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). We also allowed for mortality, retirements and withdrawals from service as set out below. The accrued liability is determined on the basis that each employee's medical aid benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. We assumed that 100% of all active members on medical aid will remain on medical aid once they retire. We also assumed that all active members will remain on the same medical aid option at retirement.

Valuation of Assets

As at the valuation date, the medical aid liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not consider any assets as part of our valuation.

Ramotshere Moiloa Local Municipality Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
18. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant	1 789 929	10 731 628
Library Grant	-	500 000
LGSETA	745 986	437 855
INEP	-	2 409 051
	2 535 915	14 078 534

See note 23 for reconciliation of grants from National/Provincial Government.

19. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Additions/Reductions	Utilised during the year	Actuarial gain/loss	Change in discount factor	Total
Environmental rehabilitation	37 961 131	(5 615 192)	-	-	2 063 905	34 409 844
Long service award	7 388 000	697 000	(579 000)	(637 000)	718 000	7 587 000
	45 349 131	(4 918 192)	(579 000)	(637 000)	2 781 905	41 996 844

Reconciliation of provisions - 2019

	Opening Balance	Additions/Reductions	Utilised during the year	Actuarial gain/loss	Change in discount factor	Total
Environmental rehabilitation	36 633 918	(1 461 573)	-	-	2 788 786	37 961 131
Long service award	7 108 000	727 000	(1 008 751)	(164 249)	726 000	7 388 000
	43 741 918	(734 573)	(1 008 751)	(164 249)	3 514 786	45 349 131

Environmental rehabilitation provision

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act, 28 of 2002). The provision was determined by an independent expert as at 30 June 2020 and approximates the discounted expected future cash flows using reasonable estimation techniques.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
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19. Provisions (continued)

Long service award

An actuarial valuation has been performed of the Municipality for vested long-service leave benefits awarded in the form of a number of leave days awarded once an employee has completed a certain number of years in service. The awarded leave days have been converted to a percentage of annual salary by assuming there are 250 working days per year. The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth. The table below contains a summary of the benefit policy.

Completed years of service	Total Long Service Benefit Award (% of Annual Salary)	Formula used to Long Service Benefit Award
Ten (10)	4%	(10/250)* Annual Salary
Fifteen (15)	8%	(20/250)* Annual Salary
Twenty plus (20+)*	12%	(30/250)* Annual Salary

* Twenty(20), twenty-five (25), thirty(30), thirty-five(35), forty(40) and forty-five(45)

The calculated award values are then discounted at the assumed discount interest rate to the date of calculation. We also allowed for mortality, retirements and withdrawals from service as set out in the next section of this report.

The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable. Further it is assumed that the current policy for awarding long service awards remains unchanged in the future.

20. Service charges

Sale of electricity	58 762 845	58 474 164
Sale of water	8 897 815	9 376 489
Sewerage and sanitation charges	343 432	185 835
Refuse removal	10 740 207	9 867 638
	78 744 299	77 904 126

21. Investment revenue

Interest revenue		
Bank	1 770 825	1 024 901

22. Property rates

Rates received

Residential	23 340 766	13 205 090
Commercial	15 511 436	9 408 645
State	757 562	561 109
Agriculture	915 169	8 023 502
	40 524 933	31 198 346

Property rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2019. Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions. Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
23. Government grants and subsidies		
Operating grants		
Equitable share	174 021 000	153 173 000
Capital grants		
Municipal infrastructure grant	44 490 750	38 408 936
Financial management grant	2 215 000	2 215 000
INEP	1 053 000	6 859 949
LGSETA	71 369	837 956
NMMDM water grant	3 000 000	3 000 000
Library grant	1 230 000	670 000
Extended public works programme	1 000 000	1 094 000
Disaster Management Grant	268 000	-
	53 328 119	53 085 841
	227 349 119	206 258 841
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	10 731 628	1 636 564
Current-year receipts	37 154 000	47 504 000
Conditions met - transferred to revenue	(44 490 750)	(38 408 936)
Roll over declined	(1 604 949)	-
	1 789 929	10 731 628
Conditions still to be met - remain liabilities (see note 18).		
Financial management grant		
Current-year receipts	2 215 000	2 215 000
Conditions met - transferred to revenue	(2 215 000)	(2 215 000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		
Library Grant		
Balance unspent at beginning of year	500 000	500 000
Current-year receipts	730 000	670 000
Conditions met - transferred to revenue	(1 230 000)	(670 000)
	-	500 000
Conditions still to be met - remain liabilities (see note 18).		
EPWP		
Current-year receipts	1 000 000	1 094 000
Conditions met - transferred to revenue	(1 000 000)	(1 094 000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
23. Government grants and subsidies (continued)		
LGSETA		
Balance unspent at beginning of year	437 855	437 855
Current-year receipts	379 500	-
Conditions met - transferred to revenue	(71 369)	-
	745 986	437 855
Conditions still to be met - remain liabilities (see note 18).		
INEP		
Balance unspent at beginning of year	2 409 051	-
Current-year receipts	1 053 000	9 269 000
Conditions met - transferred to revenue	(1 053 000)	(6 859 949)
Roll over declined	(2 409 051)	-
	-	2 409 051
Conditions still to be met - remain liabilities (see note 18).		
NMMDM Water Grant		
Current-year receipts	3 000 000	3 000 000
Conditions met - transferred to revenue	(3 000 000)	(3 000 000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		
Disaster Management Grant		
Current-year receipts	268 000	-
Conditions met - transferred to revenue	(268 000)	-
	-	-
Conditions still to be met - remain liabilities (see note 18).		
24. Revenue		
Service charges	78 744 299	77 904 126
Licences and permits	1 099 943	1 230 714
Royalties received	686 859	782 911
Rental income	130 971	113 263
Sale of tender documents	675 836	775 042
Sale of Land	69 596	440 833
Gain on sale of other financial assets	57 664	-
Interest received - investment	1 770 825	1 024 901
Property rates	40 524 933	31 198 346
Government grants & subsidies	227 349 119	206 258 841
Fines, penalties and forfeits	3 022 100	4 274 450
	354 122 144	324 003 427

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
24. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	78 744 299	77 904 126
Licences and permits	1 099 943	1 230 714
Royalties received	686 859	782 911
Rental income	130 971	113 263
Sale of tender documents	675 836	775 042
Sale of land	59 595	440 833
Other income	57 664	-
Interest received - investment	1 770 825	1 024 901
	83 225 992	82 271 790
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	40 524 933	31 198 346
Transfer revenue		
Government grants & subsidies	227 349 119	206 258 841
Fines, penalties and forfeits	3 022 100	4 274 450
	270 896 152	241 731 637
25. Bulk purchases		
Electricity	56 092 120	49 826 862
Water	80 778	80 325
	56 172 898	49 907 187
26. Contracted services		
Outsourced Services		
Meter Management	278 876	241 999
Security Services	9 908 193	9 458 012
27. Depreciation and amortisation		
Property, plant and equipment	33 067 437	37 393 201
Investment property	18 667	18 667
Intangible assets	1 512 423	1 512 423
	34 598 527	38 924 291

Ramotshere Moiloa Local Municipality

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Notes to the Annual Financial Statements

	2020 R	2019 R
28. Employee related costs		
Basic	83 626 146	78 116 561
13th Cheque	6 197 551	5 944 892
Medical aid - company contributions	9 330 403	8 354 182
UIF	591 309	588 691
SDL	928 331	1 041 442
(Decrease) / Increase in leave pay provision charge	1 608 779	1 205 915
Pension fund contributions	16 061 522	15 251 292
Travel, motor car, accommodation, subsistence and other allowances	6 787 572	6 312 805
Overtime payments	8 675 217	8 423 225
Long-service awards	596 496	562 751
Acting allowances	605 097	322 731
Arbitration payout	-	122 734
Housing benefits and allowances	886 313	841 360
Cellphone allowance	400 321	377 889
Bargaining council	35 258	34 055
Leave payout	506 066	680 867
Standby allowance	2 426 030	1 881 833
(Decrease) / Increase in bonus provision	181 942	(44 173)
	139 444 353	130 019 052
Remuneration of Director Technical Services		
Annual Remuneration	860 020	382 231
Car Allowance	286 673	95 558
Contributions to UIF, Medical and Pension Funds	1 785	744
SDL and Bargain Council	9 228	4 662
Cellphone Allowance	18 000	7 200
	1 175 706	490 395

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
28. Employee related costs (continued)		
Remuneration of Director Community Services		
Annual Remuneration	860 020	382 231
Car Allowance	286 673	95 558
Contributions to UIF, Medical and Pension Funds	1 785	744
SDL and Bargain Council	9 228	4 671
Cellphone Allowance	18 000	7 500
	1 175 706	490 704
Remuneration of Director Local Economic Development		
Annual Remuneration	860 020	286 673
Car Allowance	286 673	95 558
Contributions to UIF, Medical and Pension Funds	1 785	595
SDL and Bargain Council	7 866	3 147
Cellphone Allowance	18 000	6 000
	1 174 344	391 973
Remuneration of Chief Audit Executive		
Annual Remuneration	772 483	810 394
Car Allowance	120 000	120 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
SDL and Bargain Council	8 508	9 349
Cellphone Allowance	10 500	18 000
Leave Payout	107 925	-
	1 021 201	959 528
Remuneration of Municipal Manager		
Annual Remuneration	1 402 824	693 668
Car Allowance	-	10 000
Contributions to UIF, Medical and Pension Funds	1 785	744
SDL and Bargain Council	11 890	5 945
Cellphone Allowance	24 000	-
	1 440 499	710 357
Chief Finance Officer		
Annual Remuneration	860 020	143 337
Car Allowance	286 673	47 779
Contributions to UIF, Medical and Pension Funds	1 785	297
SDL and Bargain Council	9 228	1 846
Cellphone Allowance	18 000	3 000
	1 175 706	196 259
Director Corporate Services		
Annual Remuneration	864 922	815 965
Car Allowance	271 980	271 980
Contributions to UIF, Medical and Pension Funds	1 785	1 785
SDL and Bargain Council	9 897	11 565
Cellphone Allowance	18 000	18 000

Ramotshere Moiloa Local Municipality
Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
28. Employee related costs (continued)		
Backpay	9 791	-
	1 176 375	1 119 295
Remuneration of Executive Manager		
Annual Remuneration		
Car Allowance	520 404	543 994
Contributions to UIF, Medical and Pension Funds	-	220 000
SDL and Bargain Council	1 338	1 785
Cellphone Allowance	4 131	9 006
Leave Payout	-	11 000
	-	160 022
	525 873	945 807
The Executive manager was appointed on 1 October 2019.		
29. Finance costs		
Long-term liabilities		
Trade and other payables	177 965	442 108
Landfill site	4 819 534	4 616 445
Employee benefits	2 063 905	2 788 786
	4 306 000	4 856 000
	11 367 404	12 703 339
30. Remuneration of councillors		
Mayor		
Speaker	911 492	879 661
Chief Whip	737 900	720 725
Executive Council	407 286	392 431
Councillors	2 840 732	2 651 141
	8 932 007	8 596 959
	13 829 417	13 240 917
In-kind benefits		

The Mayor and Speaker are full time. Each is provided with an office and secretarial administration support at the cost of the Council. The Mayor and the Speaker each have the use of separate Council owned vehicles for official duties. The Mayor has one full-time bodyguard.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
31. General expenses		
Advertising	219 398	157 841
Commission paid	1 478 207	1 224 152
Auditors remuneration	5 156 143	2 651 252
Bank charges	1 014 437	806 124
Cleaning	1 384 212	470 080
Community development and training	228 962	514 286
Conferences and seminars	403 671	1 072 260
Consulting and professional fees	32 056 360	23 508 148
Consumables	218 453	104 772
Discount allowed	-	(1 546)
Electricity	72 639	71 411
Entertainment	30 000	138 151
Extended public works program	512 896	5 443 824
Fines and penalties	2 086 997	-
Fuel and oil	2 211 598	2 046 961
Funeral costs	643 190	182 608
Hire	642 367	256 211
IT expenses	477 052	352 178
Indigent subsidy	579 509	-
Insurance	1 636 284	461 398
Other expenses	4 789 935	8 316 947
Pest control	-	29 870
Postage and courier	-	1 709
Printing and stationery	559 844	3 338 168
Research and development costs	235 155	-
Software expenses	959 337	1 209 099
Staff welfare	65 413	1 500
Inventory adjustment	69 741	255 428
Subscriptions and membership fees	1 742 926	1 281 260
Telephone and fax	681 534	657 772
Title deed search fees	8 256	-
Training	627 777	353 945
Travel - local	940 058	952 351
Uniforms	30 670	508 658
Sitting allowance	2 903 949	2 688 600
	64 666 970	59 055 418

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
32. Cash generated from operations		
Surplus	13 215 905	9 018 490
Adjustments for:		
Depreciation and amortisation	34 598 527	38 924 291
Gain on sale of assets and liabilities	3 002 120	5 313 913
Fair value adjustments	(57 664)	25 006
Debt impairment	6 965 561	2 020 180
Actuarial gains/losses	(8 834 192)	(6 180 000)
Actuarial financial costs	6 369 905	1 607 213
Inventory adjustment	69 741	255 428
Sale of land	(59 595)	-
Errors adjusted	6 800 360	6 621 982
Leave and bonus accrual	1 790 721	1 485 884
Changes in working capital:		
Inventories	(531 176)	992 065
Receivables from exchange transactions	(2 645 014)	(24 953 087)
Consumer debtors	(46 528 960)	(27 632 754)
Other receivables from non-exchange transactions	(2 024 049)	(3 517 575)
Payables from exchange transactions	30 972 163	(1 609 139)
VAT	(1 152 233)	4 211 698
Unspent conditional grants and receipts	(11 542 619)	10 666 159
Consumer deposits	111 165	77 465
	30 520 666	17 327 219
33. Auditors' remuneration		
Fees	5 156 143	2 651 252

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
34. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	69 853 310	4 422 859
Not yet contracted for and authorised by accounting officers		
• Property, plant and equipment	-	34 832 041
Total capital commitments		
Already contracted for but not provided for	69 853 310	4 422 859
Not yet contracted for and authorised by accounting officers	-	34 832 041
	69 853 310	39 254 900
Authorised operational expenditure		
Already contracted for but not provided for		
• Professional fees	19 358 744	5 996 653
• Security	39 261 030	6 973 680
	58 619 774	12 970 333
Total operational commitments		
Already contracted for but not provided for	58 619 774	12 970 333
This committed expenditure relates to projects and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.		
35. Contingencies		
Various contractual claims are by contractors/suppliers, customers, community members and previous employees are currently in dispute and are subject to mediation. The potential extent of the liability cannot be determined, since its subject to litigation however, an estimate for the expected outflow is as per below. A list of all case files are kept within the municipality.		
Litigation and claims		
Breach of contract	-	190 000
Unfair conduct	2 988 000	2 988 000
Other matters	3 319 068	4 008 125
	6 307 068	7 186 125

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R		
36. Risk management				
Financial risk management				
<p>The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.</p> <p>Council has overall responsibility for the establishment and oversight of the entity's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.</p> <p>The Budget and Treasury Office monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities, and compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.</p> <p>Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.</p>				
Liquidity risk				
<p>Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.</p> <p>The following are contractual liabilities :</p>				
At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	-	-	-	2 453 546
Trade payables	73 813 453	-	-	-
At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	-	-	-	3 185 259
Trade payables	48 514 028	-	-	-

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
36. Risk management (continued)		
Credit risk		
Credit risk is the risk of financial loss to the municipality if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the municipality's investments, receivables, and cash and cash equivalents.		
Financial instrument	2020	2019
Investments	-	2 171 236
Consumer debtors	218 588 352	172 059 392
Cash and cash equivalents	2 385 249	11 621 579
Traffic fines	27 193 252	25 163 062

Investments, and cash and cash equivalents

The municipality limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the municipality does not consider there to be any significant exposure to credit risk.

Consumer debtors

Consumer debtors are amounts owing by consumers, and are presented on the Statement of Financial Position net of impairment losses. The municipality has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in its objectives, policies and processes for managing and measuring the risk during the year in review. The municipality's strategy for managing its risk includes encouraging residents to install prepaid electricity meters. A deposit is required for new service connections.

The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The municipality has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest debtors represent 5,08% (2019:xxx%) of the total outstanding balance. The average credit period on services rendered is 30 days from date of invoice. No interest is raised on overdue accounts. The Entity has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 6.

Traffic fines

Traffic fines are disclosed net of impairment loss on the Statement of financial position. Impairment calculation is based on expected recovery rate calculated from averaged prior year recovery rates. Traffic fines can be contested in writing and can lead to a renegotiated fine.

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Price risk

The Entity is not exposed to commodity price risk.

37. Going concern

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

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
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37. Going concern (continued)

As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Non-compliance (30 days) - The municipality is currently not paying all their creditors within the accepted 30 days. This also resulted in fruitless and wasteful expenditure due to interest on overdue creditors account. Debtors are currently not paying as their debt falls due with most of the debtors sitting in the 180+ days bracket

There was an outbreak of COVID-19 which was declared an epidemic by the World Health Organisation and following that, the South Africa Government declared 21 days of lockdown which will continue to have impact on municipality cash flow. These factors indicate the existence of material uncertainty that may cast significant doubt on the municipality's ability to continue as a going concern. Despite of the COVID-19 outbreak, the municipality will continue as a going concern as it is part of the institutions that supply critical services to the communities it serves. The President of South Africa also pledged support for all institutions that supply critical services and a fund has also been set up to support these institutions. Unemployment Insurance Fund (UIF) will also be used to support salaries during this period.

Despite the above negative indicators, the municipality is a going concern because of the following: It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution.

In addition, the municipality collects revenue for services rendered and this will augment their cash flows in subsequent years. Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

38. Unauthorised expenditure

Opening balance	195 278 450	153 788 882
Current year	13 039 645	41 489 568
	208 318 095	195 278 450

No steps have been taken as a consequence of above expenditure

39. Fruitless and wasteful expenditure

Opening balance	21 323 121	16 244 338
Current year	6 744 467	5 078 783
Interest credit note	(20 355)	-
	28 047 233	21 323 121

Fruitless and wasteful expenditure has been reported to Council and the matter is still under investigation by Sec 32 Committee. The information required per MFMA s125(2)(d)(i)-(iii) is not available.

Eskom	2 749 731	1 996 762
Auditor general	237 693	80 293
Telkom	25 213	38 015
Municipal Gratuity Fund	4 032	273 365
SARS	3 084 579	2 230 181
DBSA	944	12 453
Department of Transport	642 275	447 714
	6 744 467	5 078 783

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
40. Irregular expenditure		
Opening balance	210 852 128	153 138 291
Add: Irregular Expenditure - current year	21 729 334	57 713 837
	232 581 462	210 852 128
Analysis of irregular expenditure - current year		
Tenders/Quotations not advertised	-	14 311 852
SCM procedures not followed	18 827 088	28 108 984
Gaps in SCM process	-	9 107 939
Expired contracts	-	2 093 444
Evaluation criteria inconsistent	2 902 246	2 873 166
Not registered on CSD	-	1 218 452
	21 729 334	57 713 837
41. Additional disclosure in terms of Municipal Finance Management Act		
41.1. Contributions to organised local government		
Current year subscription / fee	1 717 710	1 276 260
Amount paid - current year	(1 372 420)	(1 276 260)
	345 290	-
41.2. Audit fees		
Opening balance	494 735	141 326
Current year subscription / fee	5 157 621	3 589 536
Amount paid - current year	(2 359 424)	(3 236 127)
	3 292 932	494 735
41.3. PAYE, SDL and UIF		
Opening balance	12 740 699	5 743 922
Current year subscription / fee	23 004 984	22 046 771
Amount paid - current year	(26 151 939)	(15 049 994)
Other	2 981 463	-
	12 575 207	12 740 699
41.4. Pension and Medical Aid Deductions		
Opening balance	3 139 111	2 996 299
Current year subscription / fee	38 728 274	36 063 142
Amount paid - current year	(38 686 593)	(35 920 330)
	3 180 792	3 139 111
41.5. VAT		
VAT payable	6 948 027	8 100 260

All VAT returns have been submitted by the due date throughout the year.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
41. Additional disclosure in terms of Municipal Finance Management Act (continued)		
41.6. Councillors' arrear consumer accounts		
The following Councillors had arrear accounts outstanding as at 30 June 2020:		
30 June 2020		
	Outstanding less than 90 days R	Outstanding more than 90 days R
		Total R
Modibetsane SI	835	-
Mothoagae PK	1 010	-
Phetwe RSB	446	-
Sapala TN	937	-
Suliman IS	2 488	-
Moloantsoa IT	593	-
Thembo S	2 072	40 188
Suliman Y	1 258	232
Cassanga AB	6 292	26 950
	15 931	67 370
		83 301
30 June 2019		
	Outstanding less than 90 days R	Outstanding more than 90 days R
		Total R
Dreyer R	1 885	-
Mothoagae PK	333	-
Moloantsoa IT	493	-
Suliman Y	5 173	7 129
Sapala TN	841	-
Phetwe RSB	367	-
	9 092	7 129
		16 221

42. Service in kind

During the current year, the municipality received assistance from the North West Provincial Government - Treasury. This took the form of appointment consultants to assist the municipality with the preparation of the audit and also audit support.

43. Distribution Losses

Electricity losses

kWH	19 594 051	15 520 253
Cost of loss	22 725 781	15 547 444

Water losses

m3/HA	535 611	446 916
Cost of loss	25 424	21 094

The main reason for incurring water losses relates to burst water pipes, leaks and unmetered water sites. Average cost per m3/HA R0.04746

The main reason for incurring electricity losses relates to heat dissipation when electricity flows through the conductors, illegal connections, meter tampering and incorrect metering. Average cost per kWH R1.15983 (2019: R1.00175).

44. New standards and interpretations

44.1 Standards and interpretations effective and adopted in the current year

In the current year, there were no new standards and interpretations that are effective for the current financial year and that are relevant to the municipality's operations.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020 R	2019 R
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45. Related parties

Key management and councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

List of all councillors is available on the information page and list of all directors is as per Note 28.

The councillors that have outstanding debt have been included as part of the MFMA disclosure.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

46. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2019

	Note	As previously reported	Correction of error	Re-classification	Restated
Receivables from exchange		4 945 890	(108 531)	1 019 004	5 856 363
Receivables from non-exchange		2 872 476	54 290	-	2 926 766
Consumer debtors		87 695 262	(29 699 440)	(2 022 728)	55 973 094
Other assets		-	-	2 022 728	2 022 728
Investment Property		53 930 538	(336 733)	-	53 593 805
Property, plant and equipment		601 336 045	35 533 398	-	636 869 443
Payables from exchange transactions		(111 564 095)	(1 894 062)	(1 019 004)	(114 477 161)
VAT Payable		(6 216 737)	(1 883 523)	-	(8 100 260)
Effect on accumulated surplus		632 999 379	1 665 399	-	634 664 778

Statement of financial performance

2019

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges		(78 102 791)	198 665	-	(77 904 126)
Sundry Income		(556 023)	(219 019)	-	(775 042)
Sale of land		(475 897)	35 064	-	(440 833)
Interest received		(1 041 295)	16 394	-	(1 024 901)
Contracted services		8 610 415	1 089 596	-	9 700 011
Depreciation and amortization		27 046 552	11 877 739	-	38 924 291
Employee costs		130 030 666	(11 614)	-	130 019 052
Finance costs		12 840 504	(137 165)	-	12 703 339
Loss on disposal of assets		4 814 585	499 328	-	5 313 913
General expenditure		63 808 435	1 087 298	(5 840 315)	59 055 418
Repairs and maintenance		-	-	5 840 315	5 840 315
Employee benefit actuarial gain		(10 327 270)	-	10 327 270	-
Provision for landfill site movement		(1 461 573)	-	1 461 573	-
Actuarial valuation movement		-	-	(11 788 843)	(11 788 843)
Effect on profit or loss		155 186 308	14 436 286	-	169 622 594

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand

47. Deviations

Deviations less than 200, 000	4 037 003	12 650 139
Deviations greater than 200,000	6 806 094	822 707
	10 843 097	13 472 846

The register is available at the main office of the municipality.

Analysis of deviations

Sole providers	987 425	1 096 405
Emergencies	5 426 673	723 405
Impractical	2 046 220	616 571
Other	2 382 779	11 036 465
	10 843 097	13 472 846

48. Fines, Penalties and Forfeits

Municipal Traffic Fines	3 022 100	4 274 450
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49. Lease rentals on operating lease

Equipment

Contingent amounts	2 011 709	24 151
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RAMOTSHERE MOILOA LOCAL MUNICIPALITY



ANNUAL PERFORMANCE REPORT 2019/20

Abbreviations

AG	Auditor-General
AFS	Annual Financial Statement
CFO	Chief Financial Officer
CoGTA	Department of Cooperative Governance and Traditional Affairs
DMR	Department of Mineral Resources
DoRA	Division of Revenue Act
DTS	Director: Technical Services
DWA	Department of Water Affairs
EE	Employment Equity
EIA	Environmental Impact Assessment
EID	Economic and Infrastructure Development
EMP	Environmental Master Plan
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FAR	Fixed Asset Register
GRAP	Generally Recognised Accounting Practice
HH	Household
HR	Human Resources
IAS	International Accounting Standards
ICT	Information and Communications Technology
IDP	Integrated Development Plan
IGR	Inter-Governmental Relations
IT	Information Technology
ITP	Integrated Transport Plan
IWMP	Integrated Waste Management Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LGTAS	Local Government Turnaround Strategy

LLF	Local Labour Forum
MEC	Member of the Provincial Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MS	Municipal Scorecard
MSA	Municipal Systems Act
MTAS	Municipal Turnaround Strategy
MTREF	Medium Term Revenue and Expenditure Framework
NMMDM	Ngaka Modiri Molema District Municipality
NT	National Treasury
PM	Performance Management
PMS	Performance Management System
RDP	Reconstruction and Development Programme
RMLM	Ramotshere Moiloa Local Municipality
SAMWU	South African Municipal Workers' Union
SAPS	South African Police Service
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprises
SPF	Sector Policing Forum
VAT	Value Added Tax
WSDP	Water Services Development Plan
WSP	Workplace Skills Plan

Introduction

The Annual Performance Report of the Ramotshere Moiloa Local Municipality (RMLM) for the 2018/19 financial year has been compiled in accordance with the provisions of the Municipal Systems Act, 2000 and the Municipal Finance Management Act, 2003 and reflects the actual performance of the municipality against its pre-determined objectives contained in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP).

The Council approved the RMLM's Framework for Institutional Performance Management (PMS) in December 2013 which is reviewed on an annual basis. The salient features of the approved framework are included in this report.

The 2019/20 Annual Performance Report, which will be incorporated into the 2019/20 Annual Report in accordance with section 46 of Municipal Systems Amendment Act of 2003, therefore:

- covers the requirements of the legislative provisions in regard to performance management,
- reports on the municipality's actual performance against the service delivery targets contained in the approved 2018/19 SDBIP for each function and directorate per municipal key performance area (KPA) and IDP priority, and
- reflects on measures that were taken or are to be taken to improve performance in cases of non- or under-performance, and

It is expected that this report will assist all stakeholders to objectively assess the overall performance of the RMLM for the year under review and further clearly demonstrate the municipality's unwavering commitment to the principles of improved service delivery, good governance and accountability.

MUNICIPAL MANDATE, POWERS AND FUNCTIONS

Municipal Mandate

The mandate (itemised below) is contained in Section 152 of the Constitution and serves as **focus areas** of the municipality:

- 1.1.1 To provide democratic and accountable government for local communities;
- 1.1.2 To ensure the provision of services to communities in a sustainable manner;
- 1.1.3 To promote social and economic development
- 1.1.4 To promote a safe and healthy environment;
- 1.1.5 To encourage the involvement of communities and community organisations in the matters of local government

Allocated Powers and Functions

Powers and Functions allocated to the municipality

Child Care Facilities (Childhood care and development that fall outside the National and Provincial competency)

Cemeteries, Funeral Parlors and Crematoria

Cleansing

Control of public nuisance

Control of undertakings that sell liquor to the public

Facilities for the accommodation, care and burial of animals

Fencing and Fences

Licensing and control of undertakings that sell food to the public

Local Amenities

Local Tourism

Local Sports Facilities

Markets

Municipal Abattoirs

Municipal Parks and Recreation

Municipal Planning

Municipal Public Transport

Noise pollution

Refuse Removal, Refuse Dumps and Solid Waste Disposal

Trading Regulations

Traffic and Parking

Powers and Functions that the municipality perform

Billboards and the Display of Advertisements

Cemeteries, Funeral Parlors and Crematoria

Cleansing

Control of public nuisance

Electricity Reticulation

Local Sport Facilities

Licensing and control of undertakings that sell food to the public

Municipal Planning

Municipal Parks and Recreation

Municipal Roads

Public Places

Refuse removal, Refuse dumps, and Solid Waste disposal

Storm Water

Municipal Abattoir

Street Trading

Street Lighting

Traffic and parking

LEGISLATIVE PROVISIONS

The relevant legal provisions regarding the performance management system and annual performance report as contained in the following laws and regulations are outlined below:

- Local Government: Municipal Systems Act, 2000 (Act No. 32 of 200)
- Local Government: Municipal Planning and Performance Regulations, 2001 (Regulation No. R796 of 2001)
- Local Government: Municipal Systems Amendment Act, 2003 (Act No. 44 of 2003)
- Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

The following sections from Chapter 6 of the Municipal Systems Act, 2000 relate to the performance management system.

Establishment of performance management system

38. A municipality must—

(a) establish a performance management system that is—

(i) commensurate with its resources;

(ii) best suited to its circumstances; and

(iii) in line with the priorities, objectives, indicators and targets contained in its integrated development plan;

(b) promote a culture of performance management among its political structures, political office bearers and councillors and in its administration; and

(c) administer its affairs in an economical, effective, efficient and accountable manner.

Development of performance management system

39. *The executive committee or executive mayor of a municipality or, if the municipality does not have an executive committee or executive mayor, a committee of councillors appointed by the municipal council must-*

(a) manage the development of the municipality's performance management system:

(b) assign responsibilities in this regard to the municipal manager, and

(c) submit the proposed system to the municipal council for adoption

Monitoring and review of performance management system

40. *A municipality must establish mechanisms to monitor and review its performance management system.*

Core components

- 41. (1)** *A municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed—*
- (a) set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact. with regard to the municipality's development priorities and objectives set out in its integrated development plan;*
 - (b) set measurable performance targets with regard to each of those development priorities and objectives;*
 - (c) with regard to each of those development priorities and objectives and against the key performance indicators and targets set in terms of paragraphs (a) and (b)*
 - (i) monitor performance; and*
 - (ii) measure and review performance at least once per year;*
 - (d) take steps to improve performance with regard to those development priorities and objectives where performance targets are not met: and*
 - (e) establish a process of regular reporting to—*
 - (i) the council, other political structures, political office bearers and staff of the municipality; and*
 - (ii) the public and appropriate organs of state.*
- (2)** *The system applied by a municipality in compliance with subsection (1)(c) must be devised in such a way that it may serve as an early warning indicator of under-performance.*

Notification of key performance indicators and performance targets

- 44.** *A municipality, in a manner determined by its council, must make known both internally and to the general public, the key performance indicators and performance targets set by it for purposes of its performance management system*

Audit of performance measurements

- 45.** *The results of performance measurements in terms of section 41 (1)(c) must be audited-*

- (a) *as part of the municipality's internal auditing processes: and*
- (b) *annually by the Auditor General*

MUNICIPAL PLANNING AND PERFORMANCE REGULATIONS, 2001

The paragraphs below from Chapter 3 of the Municipal Planning and Performance Regulations, 2001 stipulate the following in respect of the municipality's performance management system.

Nature of performance management system

- 7.** (1) *A municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players.*
- (2) *In developing its performance management system, a municipality must ensure that the system-*
- (a) *complies with all the requirements set out in the Act;*
 - (b) *demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;*
 - (c) *clarifies the roles and responsibilities of each role-player, including the local community, in the functioning of the system;*
 - (d) *clarifies the processes of implementing the system within the framework of the integrated development planning process;*
 - (e) *determines the frequency of reporting and the lines of accountability for performance;*
 - (f) *relates to the municipality's employee performance management processes; and*
 - (g) *provides for the procedure by which the system is linked to the municipality's integrated development planning processes.*

Adoption of performance management system

- 8.** *A performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan.*

Monitoring, measurement and review of performance

13. (1) *A municipality must, after consultation with the local community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the key performance indicators and performance targets set by it.*

(2) The mechanisms, systems and processes for monitoring in terms of subregulation (1) must-

- (a) provide for reporting to the municipal council at least twice a year;*
- (b) be designed in a manner that enables the municipality to detect early indications of under-performance; and*
- (c) provide for corrective measures where under-performance has been identified.*

(3) Performance measurement in terms of subregulation (1) must include the measurement of –

- (a) costs, resources and time used to produce outputs in accordance with the input indicators referred to in regulation 9;*
- (b) the extent to which the municipality's activities or processes produced outputs in accordance with the output indicators referred to in regulation 9; and*
- (c) the total improvement brought by outputs in accordance with the outcome indicators referred to in regulation 9.*

(4) The mechanisms, systems and processes for review in terms of subregulation (1) must at least –

- (a) identify the strengths, weaknesses, opportunities and threats of the municipality in meeting the key performance indicators and performance targets set by it, as well as the general key performance indicators prescribed by regulation 10;*
- (b) review the key performance indicators set by the municipality in terms of regulation 9; and*
- (c) allow the local community to participate in the review process.*

MUNICIPAL SYSTEMS AMENDMENT ACT, 2003

Section 46 of the Municipal Systems Amendment Act, 2003 (Act No. 44 of 2003), provides for the following in relation to the annual performance report of a municipality.

(1) A municipality must prepare for each financial year a performance report reflecting—

- (a) the performance of the municipality and each external service provider during that financial year;*
- (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and*
- (c) measures taken to improve performance.*

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Section 121 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states, *inter alia*, the following in regard to the preparation and tabling of annual reports:

Section 121(2): The purpose of the annual report is –

- (a) To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;*

- (b) To provide a report on the performance against the budget of the municipality or municipal entity for that financial year; and
 (c) To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

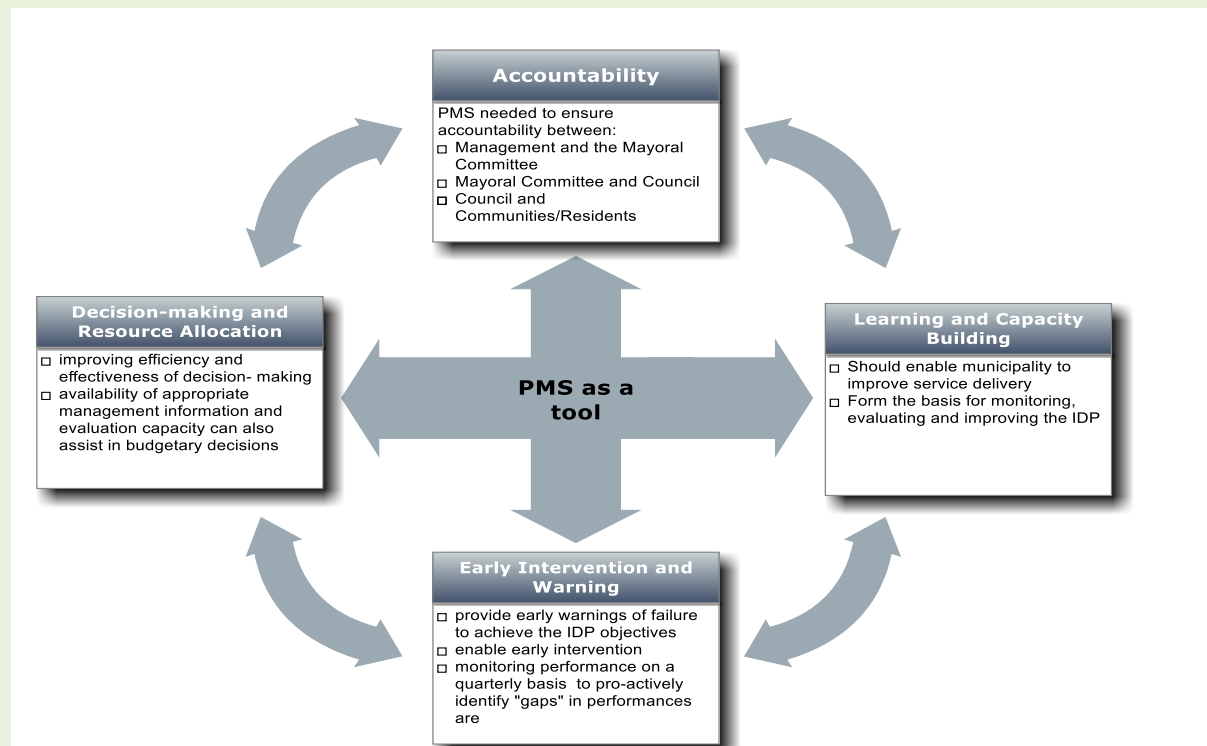
Section 121(3)(c) further states that *the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.*

MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM (PMS)

The RMLM's Approved Performance Management Framework regulates the performance management system in the municipality and provides guidelines on the development and implementation of the organisational and employee performance management system.

The objectives of institutionalising a Performance Management System, 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:

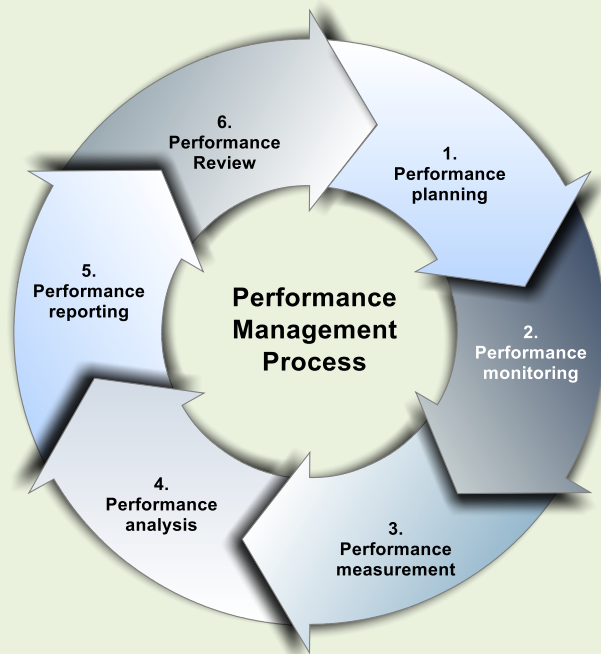
- Promoting accountability
- Decision-making and resource allocation
- Guiding development of municipal capacity-building programmes
- Creating a culture for best practice, shared-learning within the municipality
- Develop meaningful intervention mechanisms and early warning system



- Create pressure for change at various levels

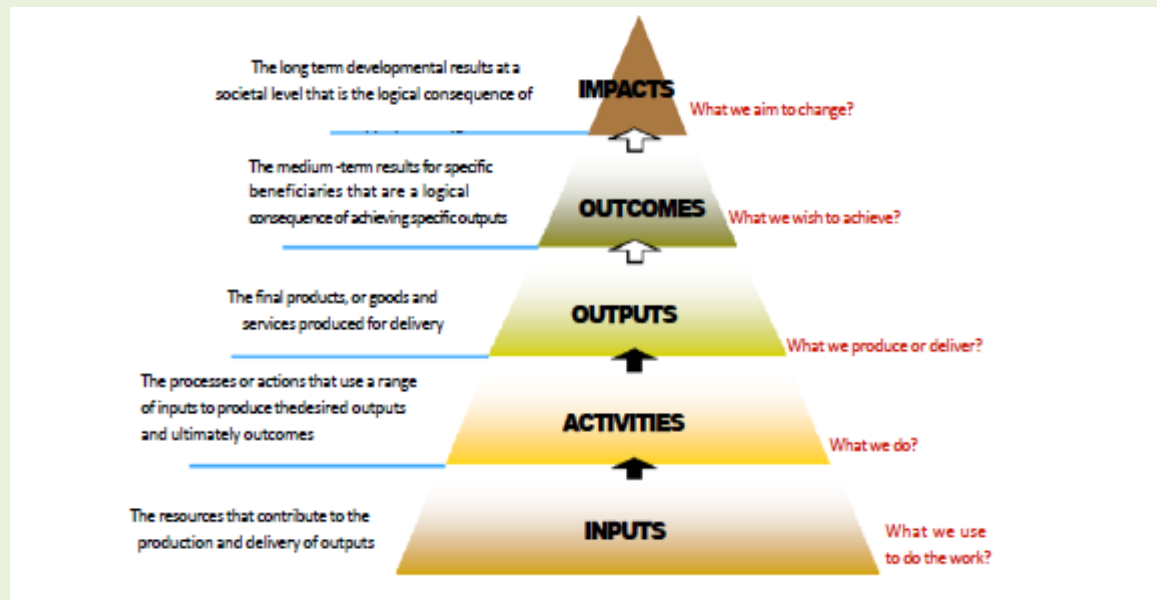
- Contribute to the overall development of the Local Government System

The annual process of managing performance at institutional level in the Municipality involves the steps as set out in the diagram below.



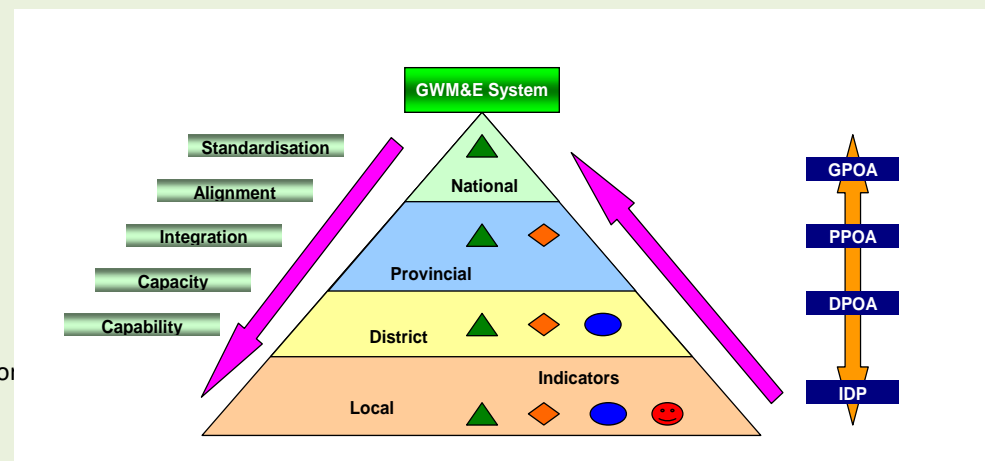
- 1. Performance planning** - The performance of the Municipality is to be managed in terms of its IDP and the process of compiling an IDP and the annual review thereof therefore constitutes the process of planning for performance.
- 2. Performance monitoring** - ongoing process by which a Director accountable for a specific indicator as set out in the institutional scorecard or SDBIP continuously monitors current performance against targets set to ensure that appropriate and immediate interim (or preliminary) action is taken in case of under-performance.
- 3. Performance measurement** - formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator.
- 4. Performance analysis** - interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been met and exceeded and to project whether future targets will be met or not.
- 5&6. Performance reporting and review** – these two steps deal with both the in-year reporting (monthly, quarterly and mid-year) and annual reporting requirements.

The approved PMS is also aligned to the new **outcomes approach to performance management in government** which is designed to ensure that government is focused on achieving the expected real improvements in the life of all South Africans. The outcomes approach clarifies what we expect to achieve, how we expect to achieve it and how we will know whether we are achieving it. It will help spheres of government to ensure that results improve the lives of citizens rather than just carrying out our functions. This approach involves management using a logic model which links inputs, activities, outputs, outcomes and impacts. The diagram below demonstrates these links more clearly.



According to the *Monitoring and Evaluation Framework in support of Cooperative Governance*¹, a new set of national Key Performance Indicators (KPIs) have been developed and all provinces and key sector departments were consulted during this process. Although there is a need to have indicators for the different levels of the results chain, that is, inputs, activities, outputs, outcomes and impacts. There is however a need to have a set of national KPIs that address the reporting requirements for the local government sector at national level. The national KPIs will enable the reporting of local government performance at a strategic level. Line function departments will still need to continue to monitor their programmes as required by their mandate. Similarly, provinces and municipalities may still develop their own set of indicators which help measure the projects or programmes which are unique to their situation.

The diagram below illustrates this process, with the green triangles representing the national KPIs, the orange diamonds representing provincial KPIs, the blue circles representing district and circle with a smile representing local municipality KPIs.



¹ Draft Monitoring and Evaluation Framework

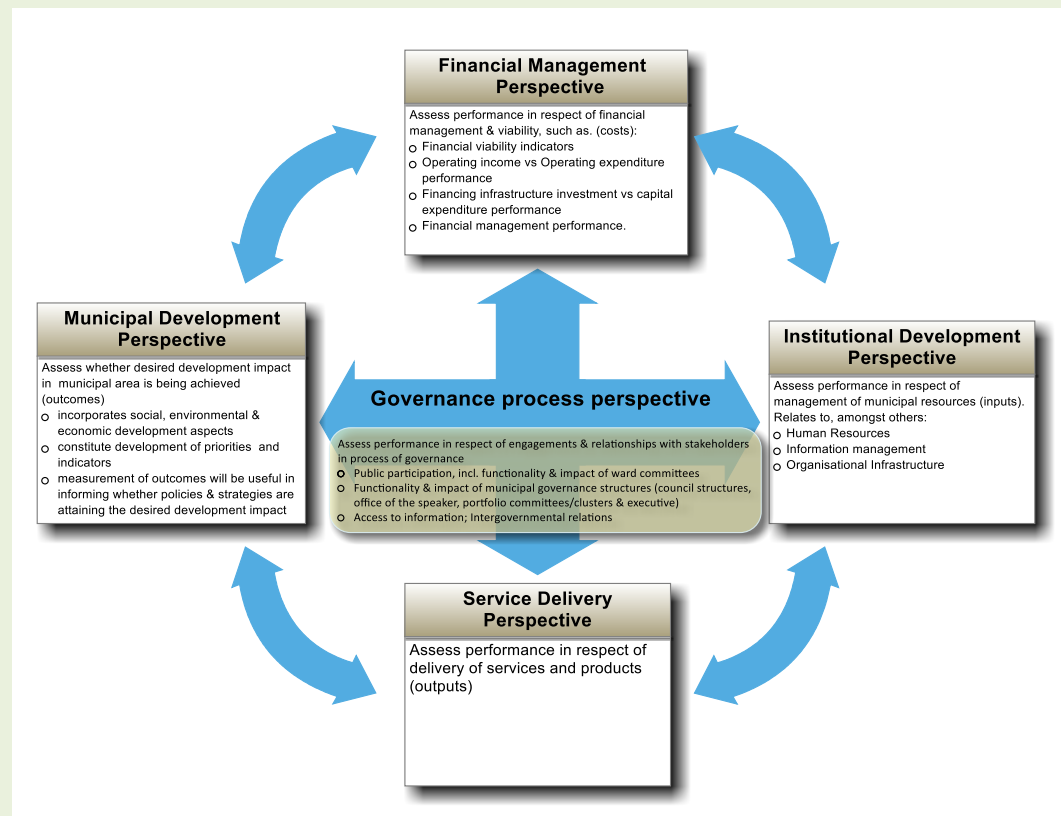
The draft national set of KPIs addresses both the reporting requirements in terms of existing legislation, the various programmes within the department including the LGTAS, the Ten Point Plan and the Minister's Performance Agreement. Once approval is granted by the Minister, this set of national KPIs will be legislated to replace the seven currently found in the Municipal Planning and Performance Management Regulations of 2001. The reporting in terms of section 46, 47 and 48 of the Municipal Systems Act, 32 of 2000 (Act No. 32 of 2000) (MSA) will be informed by these national KPIs.

Municipal Scorecard

The RMLM has chosen the Municipal Scorecard (MS) as its preferred performance management model. In terms of the MS model all indicators are grouped together into five perspectives as depicted in the figure below e.g. inputs, process, outputs and outcomes.

A Municipal Scorecard Model is a balanced scorecard adapted for measuring key performance on developmental areas that are relevant to municipal service delivery and the public sector. This municipal scorecard model groups indicators together under the 5 Year Local Govt Strategic Agenda Key Performance Areas (KPA's). There are five KPA's that municipalities are required to align their strategic planning on and these cut across every functional area of a municipality. The municipal scorecard measures a municipality's performance through grouping the municipal indicators under these perspectives:

- I. The Municipal Development Perspective
- II. The Service Delivery Perspective
- III. The Institutional Development Perspective
- IV. The Financial Management Perspective
- V. Governance Process Perspective



2018/19 REPORT OF THE AUDITOR-GENERAL

The table below indicates the issues that were raised in the final report of the Auditor-General for the 2018/19 financial year on predetermined objectives and the management actions taken during 2018/19 to address the findings.

Clarification on FMPPPI applicability:

The Framework for Managing Programme and Performance Information (FMPPPI) issued by the National Treasury in 2007 was in accordance with the PFMA, Chapter 5 of the Treasury Regulations and the Regulations on Programme and Performance Information which are applicable to

National and Provincial Department, Public Entities and Constitutional Institutional Institutions. The FMPPPI is therefore not applicable to the performance management of municipalities, which are governed by the provisions of the MSA and MFMA.

The performance management processes of municipalities are regulated by Chapter 6 of the Municipal Systems Act (2000), the Municipal Planning and Performance Regulations (2001), section 46 of the Municipal Systems Amendment Act (2003) and section 121 of the Municipal Finance Management Act (2003). Further, in terms of the section 7 of the Municipal Planning and Performance Regulations (2001), the RMLM developed a Performance Management Framework, *that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players.*

Audit Finding	Management actions taken to resolve findings
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Audit Finding	Management actions taken to resolve findings
Supporting documentation could not be provided for various indicators which had been reported as achieved.	Supporting portfolio of information files have been prepared for the current financial year and ready to be submitted for audit.
Reported achievements did not agree with supporting documentation provided.	While the lockdown caused many activities into a halt, management has tried to match POE with reported achievements

ASSESSMENT OF SERVICE PROVIDERS**Assessment of service providers 2019/20**

PROJECT NAME	NAME OF SERVICE PROVIDER	SOURCE OF FUNDING	START DATE	COMPLETION DATE	PROGRESS TO DATE	CHALLENGES AND INTERVENTIONS	Assessment of service provider			
							(Scale 1-5) 1 - Poor, 2 - Fair, 3 - Average 4, - Good, 5 - Excellent			
							Quarter 1	Quarter 2	Quarter 3	Quarter 4
Upgrading of Ntsweletsoku Sports Facility(Turnkey)	Consultant/Contractor: Maruapula Engineers	MIG	20/11/2019	29/06/2020	100%	None	N/A	N/A	3	4
Upgrading of Ntsweletsoku internal roads and storm water	Consultant: Baitseanape Contractor: Shwings	MIG	03/06/2019	28/02/2020	100%	The contractor was underperforming	2	2	2	3
Upgrading of Borakalalo internal roads and Bridge(Turnkey)	NME	MIG	24/03/2020	24/03/2023	Design	Project at design phase, contract not yet begun	N/A	N/A	N/A	N/A
Upgrading of Gopane Bridges and Storm water(Turnkey)	NME	MIG	03/06/2020	03/06/2023	Design	Project at design phase, contract not yet begun	N/A	N/A	N/A	N/A
Upgrading of Maramage internal roads and storm	Consultant: Godimong Consulting Engineers	MIG	28/10/2019	30/06/2020	100%	Contract begun in the second quarter.	N/A	3	3	4

water	Contractor:Alutek									
Upgrading of Mmutshweu internal roads and storm water	Consultant : Maruapula Engineers Contractor K.P Baikgaki	MIG	16/08/2019	20/02/2020	100%	None	4	4	4	4
Upgrading of Matlhase internal roads and stormwater	Consultant:Maruapula Engineers Contractor: Mafoko Brothers	MIG	16/08/2019	20/02/2020	100%	None	3	3	4	4
Upgrading of Driefontein internal roads and stormwater	Consultant:Maruapula Engineers Contractor: Mafoko Brothers	MIG	16/08/2019	20/02/2020	100%	None	3	3	3	4
Upgrading of Water services in Venture	Aobakwe Consulting Engineers	MIG	04/05/2020	31/08/2020	95%	None	N/A	N/A	N/A	4
Upgrading of Sandvlagte Sewer Pump Station	Aobakwe Consulting Engineers	MIG	04/05/2020	15/07/2020	100%	None	N/A	N/A	N/A	5
Upgrading of Rietpoort water supply	Aobakwe Consulting Engineers	MIG	04/05/2020	30/08/2020	50%	Drill bit stuck in the hole. The contractor to get a special device to				3

						remove the drill bit and drill another bore hole				
Supply and installation of VIP Toilets in Venture	Aobakwe Consulting Engineers	MIG	04/05/2020	31/07/2020	100%	None				5
Provision of environmental services for the Reminder of Portion 5 of Farm Hazia JP No. 240 (Corner Kort & Buiten Street)	EOH Coastal & Environmental Services	Own funding	03 April 2017	30 June 2020	Awaiting environmental authorization	Processes could not be concluded in the 4 th quarter due to National Lockdown and also late payment of service providers hinders the progress as projects are put on hold awaiting payments	5	5	5	5
Provision of environmental services for the Reminder of Portion 5 of Farm Hazia JP No. 240 (Corner Berg & Drooge Street)	EOH Coastal & Environmental Services	Own funding	03 April 2017	30 June 2020	Awaiting environmental authorization	Processes could not be concluded in the 4 th quarter due to National Lockdown and also late payment of service providers	5	5	5	5

						hinders the progress as projects are put on hold awaiting payments				
Township establishment on Reminder of Portion 5 of Farm Hazia JP No. 240 (Corner Kort & Buiten Street)	K.V Development Group	Own funding	01 July 2019	30 June 2020	Awaiting public participation on processes	Processes could not be concluded in the 4 th quarter due to National Lockdown and also late payment of service providers hinders the progress as projects are put on hold awaiting payments.				
Township establishment on Reminder of Portion 5 of Farm Hazia JP No. 240 (Corner Berg & Drooge Street)	K.V Development Group	Own funding	01 July 2019	30 June 2020	Awaiting public participation on processes	Processes could not be concluded in the 4 th quarter due to National Lockdown and also late payment of service providers hinders the progress as	5	5	5	5

						projects are put on hold awaiting payments.				
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Summary of overall performance per department

	Office of the MM	Corporate Services	Financial Viability	Community Services	Technical Services	Municipal Planning and Development	Internal Audit	Office of the Mayor	Office of the Speaker	Overall Performance	%
Number of planned indicators	26	18	24	22	14	9	6	7	5	131	
Number of achieved planned indicators	16	9	22	10	7	4	0	6	3	77	59
Number of not achieved planned indicators	10	9	2	12	7	5	6	1	2	54	41

OFFICE OF THE MM														
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2018/19			KEY PERFORM ANCE INDICATO R	KPI TYPE	ANNUAL TARGET	Q4 TARGET	CURRENT EXPENDITURE	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)									
Office of the Municipal Manager	Efficient and Effective Administrati on	1	IDP Review Process Plan 2019/2020 approved by 31 August 2018	Annual approval of the IDP Review Process Plan on 31 August 2019	None	Approved 2020/21 IDP and Budget Process Plan	Output	Approved 2020/21 IDP and Bu0dget Process Plan by 31 August 2019	Approved 2020/21 IDP and Budget Process Plan by 31 August 2019	OPEX	Approved 2020/21 IDP and Budget Process Plan on 30 August 2019	N/A	N/A	Approved IDP Process Plan and Council Resolution
Office of the Municipal Manager	Efficient and Effective Administrati on	2	2 meetings	4 meetings	None	Number of IDP rep forum meetings held.	Output	4 meetings by 30 June 2020	4 Meeting	OPEX	0 Meetings	N/A	N/A	Attendance Registers, meeting agenda and signed registers.
Office of	Efficient	3	2 meetings	12	None	Number of	Output	12 meetings	12 Meetings	OPEX	0 Meetings	N/A	N/A	Attendance

the Municipal Manager	and Effective Administrati on			meetings		IDP steering Committee meetings held.		by 30 June 2020						Registers, meeting agenda and signed registers.
Office of the Municipal Manager	Efficient and Effective Administrati on	4	2019/2020 Review Adopted on 30 June 2019	Reviewed 2020/2021 IDP	None	Reviewed 2020/2021 IDP	Output	Reviewed 2020/2021 IDP by 31 May 2020	Reviewed 2020/2021 IDP by 31 May 2020	OPEX	Achieved	N/A	N/A	2020/2021 Reviewed IDP, council Resolution
Office of the Municipal – Manager	Efficient and Effective Administrati on	5	2019/2020 SDBIP Approved	Annual approval of the SDBIP	None	Approved 2020/21 SDBIP	Output	Approved 2020/21 SDBIP by 28 June 2020	Approved 2020/21 SDBIP by 28 June 2020	OPEX	Not Achieved	Delayed caused by Covid19 lockdown	SDBIP to be complete d by 30 Septemb er 2020	Approved 2020/21 SDBIP
Office of the Municipal Manager	Efficient and Effective Administrati on	6	2018/2019 Mid-Year Term Performance Reports compiled	2019/20 Mid-Year Performanc e Assessmen t Report	None	2019/20 Mid-Year Performance Assessment Report compiled approved	Output	2019/20 Mid-Year Performance Report approved by 25 January 2020	2019/20 Mid- Year Performance Report approved by 25 January 2020	OPEX	Mid-Year Performanc e Report approved on 25 Jan 2020	N/A	N/A	Council Resolution and 2019/20 Mid-Year Performance Report compiled
Office of	Efficient	7	2018/2019	2019/2020	None	Number of	Output	7	7	OPEX	7	N/A	N/A	Signed

the Municipal Manager	and Effective Administrati on		Performance Agreements signed	Performanc e Agreement s		Performance Agreements signed		Performance Agreements signed by senior managers by 31 st July 2019	Performance Agreements signed by senior managers by 31 st July 2019		Performanc e Agreement s signed			Performance Agreements
Office of the Municipal Manager	Efficient and Effective Administrati on	8	2018/2019 Amended Performance Agreements signed	2018/2019 0 Amended Performanc e Agreement s	None	Number of Amended Performance Agreements signed	Output	7 Amended Performance Agreements signed by senior managers by 31 st March 2020	7 Amended Performance Agreements signed by senior managers by 31 st March 2020	OPEX	Not Achieved,	The SDBIP was not revised	Will be corrected in 2020/21 with the Amendm ent of SDBIP and PA's	Amended Signed PA's
Office of the Municipal Manager	Efficient and Effective Administrati on	9	2018/2019 Performance Reviews with senior managers held	2 2019/2020 Performanc e Reviews with senior managers	None	Number of Performance Reviews with senior managers	Output	2 Performance Assessments held with senior managers by 30 June 2020	2 Performance Assessments held with senior managers by 30 June 2020	OPEX	Assessmen t's not completed	N/A	N/A	Performance Assessments Reports
Office of the Municipal Manager	Efficient and Effective Administrati on	10	PMS Policy not in place	PMS Policy approval	PMS policy approval	Approved PMS Policy	Output	Approved PMS Policy by 31 May 2020	Approved PMS Policy by 31 May 2020	OPEX	Not Achieved	Covid19 Lockdow n	To be submitte d for approval by 30 Septemb er 2020	Approved PMS Policy + Council Resolution

Office of the Municipal Manager	Efficient and Effective Administration	11	2017/2018 Annual Report Tabled	2018/2019 Annual Report Tabling	None	Tabled 2018/19 Annual Report	Output	Tabled 2018/2019 Annual Report by 31 st January 2020	Draft Annual Report by 31 Aug 2019	OPEX	Annual Report Tabled at Council on 31 January 2020	N/A	N/A	Annual Report + Council Resolution for tabling
Office of the Municipal Manager	Efficient and Effective Administration	12	2018/19 Work plan approved	2020/2021 Work plan Approval	None	Approved 2020/21 MPAC Annual Work plan	Output	Approved MPAC Annual Work plan by 31 May 2020	Approved MPAC Annual Work plan by 31 May 2020	OPEX	Not achieved	Covid19 lockdown	The Work plan will be submitted for approval by 30 September 2020	Approved Work plan and Council Resolution
Office of the Municipal Manager	Efficient and Effective Administration	13	NEW	Implementation of the MPAC Annual Work plan	None	Number of Reports on Implementation of the MPAC Annual Work plan	Output	4 quarterly reporting on the Implementation by 30 June 2020	4 Implementation Report	OPEX	2 Reports	Reports not submitted to Council due to covid lockdown	The reports will be submitted for the fourth quarter	Annual Work plan + Council Resolution
Office of the Municipal Manager	Efficient and Effective Administration	14	Oversight Report approved by Council	Oversight on 2018/19 Annual Report	None	Approved 2018/19 Oversight Report	Output	Approved 2018/19 Oversight Report by 31 March 2020	Approved 2018/19 Oversight Report by 31 March 2020	OPEX	Not Achieved,	Delays caused by Covid19 lockdown	Treasury has given all municipalities an extension	Reports and Council Resolution

													to table and approve Oversight reports	
Office of the Municipal Manager	Efficient and Effective Administration	15	NEW	Annual Work plan or Risk Management	None	Approved 2020/21 Annual Work plan for Risk Management	Output	Approved 2020/21 Annual Work plan for risk management by 30 June 2020	Approved 2020/21 Annual Work plan for risk management	OPEX	Not Achieved	Delays caused by Covid19 lockdown	The Plan will be approved in the first quarter of 2020	Annual Work plan, signed off by MM
Office of the Municipal Manager	Efficient and Effective Administration	16	Risk Management Policy Frameworks not reviewed	Risk Management Policy Frameworks Review	None	Reviewed Risk Management Policy Framework	Output	Reviewed Risk Management Policy Frameworks Reviewed by 31 May 2020	Reviewed Risk Management Policy Frameworks Reviewed by 31 May 2020	OPEX	Not Achieved	Covid19 lockdown caused delays	To be considered in Next final year	Reviewed Risk Management Policy Frameworks & Council Resolution
Office of the Municipal Manager	Efficient and Effective Administration	17	Strategic Risk Assessment conducted	Annual Strategic Risk Assessment	None	Strategic Risk Assessment	Output	Strategic Risk Assessment 30-Apr 2020	Strategic Risk Assessment 30-Apr 2020	OPEX	Not Achieved	Covid19 lockdown caused delays	The assessment will be completed by 30 September	Strategic Risk Assessment with Sign off by the Municipal Manager
Office of the Municipal	Efficient and Effective	18	1 Operational Risk	2 Operational Risk	None	Operational Risk Assessment	Output	Operational Risk assessment	None	OPEX	Not Achieved	Covid19 lockdown caused	The assessment will be	Operational Risk Assessment

Manager	Administrati on		Assessment conducted	Assessmen t Sessions				Sessions held by 30 June 2020				delays	complete d in the new financial year	with Sign off by the Municipal Manager
Office of the Municipal Manager	Efficient and Effective Administrati on	19	NEW	4 Quarterly Meetings	None	Number of meetings of the Risk Committee	Output	4 quarterly meetings by 30 June 2020	4 Meetings	OPEX	2 Meeting	Covid19 lockdown	New Plan in developm ent for the new Financial Year	Attendance Registers and Agenda
Office of the Municipal Manager	Efficient and Effective Administrati on	20	NEW	1 Annual awareness Session	None	Number of Risk Training Sessions held	Output	1 training Session by 30 June 2020	Training Session	OPEX	Training Session conducted	N/A	N/A	Attendance Registers, Agendas
Office of the Municipal Manager	Efficient and Effective Administrati on	21	1 Awareness campaign held	1 annual awareness campaign	None	Number of awareness campaigns on anti- corruption and fraud	Output	1 Anti- corruption and fraud awareness campaign held by 31 January 2020	1 Anti- corruption and fraud awareness campaign held by 31 January 2020	OPEX	Not conducted	Budget constrain s	The campaign s will be conducte d in the new year when adequate budget is allocated	Attendance Registers, Agendas
Office of	Improved	22	4 reports	Regular	None	Number of	Output	12 Reports	12 report	OPEX	No back to	N/A	N/A	4 reports

the Municipal Manager	stakeholder satisfaction			reporting on back to basics		reports submitted on Back to Basics		on back to basics by 30 June 2020			basics report submitted to Council			and Acknowledge ment of Receipt
Office of the Municipal Manager	Improved stakeholder satisfaction	23	Approved Communicat ion Strategy 2016-2020	Approved Communicat ion Strategy 2016-2020	None	Approved Communicat ion Strategy 2017-2022	Output	Approved Communicati on Strategy 2017-2022 by 30 June 2020	Approved Communicati on Strategy 2017-2022 by 30 June 2020	OPEX	Not Achieved	All policies and strategic documen ts are awaiting to be work- shopped to Council	Will be done in the new financial year.	Proof of Council Resolution on the approved Communicati on Strategy 2017-2022
Office of the Municipal Manager	Improved stakeholder satisfaction	24	NEW	Communic ation Policy	None	Approved Communicat ion Policy	Output	Approved Communicati on Policy by 30 June 2020	Approved Communicati on Policy by 30 June 2020	OPEX	Not Achieved	All policies and strategic documen ts are awaiting to be work- shopped to Council	Will be done in the new financial year.	Council Resolution and Communicati on Policy
Office of the Municipal Manager	Improved stakeholder satisfaction	25	0	4	None	Number of external Municipal newsletters	Output	4 Copies external newsletters by 30 June	4 newsletters	OPEX	0 newsletters	No budget allocation	Request budget allocation in the	Newsletters

								2020					new financial year	
Office of the Municipal Manager	Improved stakeholder satisfaction	26	NEW	External publications	None	Number of external Publications contributions	Output	12 external Publications contributions	12 publications	OPEX	9 publications	Covid19 lockdown	More publications to be issued in the new financial year	External Publications

CORPORATE SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2018/19			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	Q4 TARGET	CURRENT EXPENDITURE	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)									
Corporate Services	Efficient and Effective Administration	27	Compiled Council Agenda's and minutes for 10 Council meetings.	Compilation of Council Agenda's and minutes for 7 Council meetings	None	Number of compiled Council Agenda's and minutes	Output	7 compiled Council Agenda's and minutes by June 2020.	7 Council meetings	OPEX	9 meetings held	N/A	N/A	Copies of Council Agenda's and minutes.
Corporate Services	Efficient and Effective Administration	28	2018/2019 File Plan reviewed	2019/2020 File Plan review	None	Reviewed File Plan	Output	Reviewed File Plan by 30 September 2019	Reviewed File Plan by 30 September 2019	OPEX	Reviewed File Plan by 30 September 2019	N/A	N/A	Reviewed File plan, Council Resolution and inspection reports.
Corporate services+	Efficient and Effective Administration	29	5 litigations	Handle grievances as and when received.	Nil	Number of reports on litigations handled.	Output	4 reports on litigations handled by the Municipality by 30 June 2020	4 Reports	5 000 000	2 Reports	N/A	N/A	Litigation Reports signed off by the MM

Corporate Services	Efficient and Effective Administration	30	5 grievances received	Handle grievances as and when received.	None	Percentage of grievances handled.	Output	100% handling of all grievances reported by 30 June 2020	100%	OPEX	100%	N/A	N/A	Grievance Reports
Corporate Services	Attract and Retain best human Capital	31	20 critical positions vacant.	20 vacant positions filled	20 critical positions vacant	Number of critical vacant positions filled by 30 June 2019	Output	20 Critical positions filled by June 2020	20 critical positions filled by 30 September 2019	OPEX	8 positions filled	Covid19 delayed most activities	To be reconsidered in the new financial year	Appointment letters and recruitment reports
Corporate Services	Efficient and Effective Administration	32	Municipal facilities not adequately maintained	Municipal Facilities to be maintained	None	Number of reports on Municipal Facilities maintained	Output	4 Reports on Municipal facilities maintained by 30 June 2020	4 Report	OPEX	4 reports	N/A	N/A	Reports on maintenance
Corporate Services	Efficient and Effective Administration	33	4 disciplinary matters resolved	4 reports to Council	One	Number of reports on disciplinary matters resolved	Output	4 reports by 30 June 2020	4 Report on disciplinary matters	OPEX	4 Reports	N/A	N/A	Reports on disciplinary matters resolved

Corporate Services	Efficient and Effective Administration	34	2 Meeting held	4 Meetings	None	Number of Local Labour Forum meetings held	Output	4 Meetings by 30 June 2020	4 Meetings	OPEX	3 Meetings	Lockdown period, resultantly No meetings were permitted as per Regulation	Await the regulation to enable the meetings to converge	Attendance Registers and Minutes of meeting
Corporate Services	Efficient and Effective Administration	35	10 learning interventions conducted	10 learning interventions to be conducted	None	Number of learning interventions conducted	Output	10 learning interventions conducted by 30 June 2020	10 learning interventions	OPEX	9 learning interventions	N/A	N/A	Training Reports
Corporate Services	Attract and Retain best human Capital	36	2018/2019 employment equity plan submitted	Review of employment equity plan	None	Reviewed employment equity plan	Output	1 Reviewed employment equity plan submitted to Dept of Labour and Cogta by 15 December 2019	1 Reviewed employment equity plan submitted to Dept of Labour and Cogta by 15 December 2019	1 000 000	Reviewed employment equity plan submitted to Dept of Labour and Cogta	N/A	N/A	Approved EE plan, LLF minutes and Management meeting minutes AND Council Resolution

Corporate Services	Attract and Retain best human Capital	37	New	Completion of Job evaluation	Audit of Job evaluation by SALGA	Percentage of Audited job description and post levels by 30 June 2020	Output	100% by 30 June 2020	100%	OPEX	Not Achieved	Awaiting schedule from PAC to finalise audited job description	N/A	Submission report (job evaluation committee)Job Evaluation Report
Corporate Services	Attract and Retain best human Capital	38	Organisational structure in place	Review of the Organizational Structure	None	Reviewed Organizational Structure	Output	Reviewed Organizational Structure by 30 September 2019	Reviewed Organizational Structure	OPEX	Structure not yet finalised	Reduce the high number of positions in the structure	Engagement with OD Specialist to finalise structure	Reviewed Organizational Structure
Corporate Services	Efficient and Effective Administration	39	No OHS Plan in place	Compliance to OHS Act	OHS plan	Developed OHS Plan	Output	OHS Plan developed by 31 December 2019	OHS Plan developed by 31 December 2019	OPEX	Covid19 plan submitted	N/A	N/A	Approved OHS Plan (sign off by MM)
Corporate Services	Efficient and Effective Administration	40	NEW	safety awareness campaigns	none	Number of safety awareness		4 safety awareness campaigns	4 campaigns	OPEX	2 awareness campaigns	N/A	N/A	Attendance Registers and agendas

						campaigns held		held by 30 June 2020			held on Covid19 safety			
Corporate Services	Efficient and Effective Administration	41	Employees provided with PPE	246 Employees provided with uniform	None	Number of employees provided with PPE	Output	145 employees to be provided with PPE by 30 June 2020	145 employees to be provided with PPE by 30 June 2020	R 1 200 000	145 employees to be provided with PPE	N/A	N/A	Signed acknowledgement of receipt (employees)
Corporate Services	Efficient and Effective Administration	42	IT Master Systems Plan in place	IT Master System Review	None	Reviewed ICT Master Systems Plan	Output	Reviewed ICT Master Systems Plan by 30 June 2020	Reviewed ICT Master Systems Plan by 30 June 2020	R300K	Review the As-Is, Develop the To-Be and the Road map In line with the AG Recommendations.	N/A	N/A	Appointment letter, ICT, Progress Report, Master Systems Plan Council Resolution
Corporate Services	Efficient and Effective Administration	43	Operational Disaster Recovery (ODR) & Business Continuity Plan (BCP) in place	Operational Disaster Recovery (ODR) & Business Continuity Plan (BCP) in place	None	Reviewed Operational Disaster Recovery (ODR) & Business Continuity Plan (BCP)	Output	1 Disaster Recovery (ODR) & Business Continuity Plan (BCP) by 30 June 2020	1 Disaster Recovery (ODR) & Business Continuity Plan (BCP) by 30 June 2020	R 450 000	Review the DR Plan in line with Recommendations of the AG which includes costing of the plan to achieve objectives	N/A	N/A	Appointment letter, ICT, Progress Report, Disaster Recovery (ODR) & Business Continuity Plan (BCP)

Corporate Services	Attract and Retain best human Capital	44	2018/2019 WSP submitted to LGSETA	Timeous submission of the WSP to LGSETA	None	WSP submitted to LGSETA	Output	WSP submitted to LGSETA by 30 April 2020	WSP submitted to LGSETA by 30 April 2020	OPEX	WSP submitted to LGSETA	N/A	N/A	Proof of submission/acknowledgement of Receipt.
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TECHNICAL SERVICES														
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2018/19			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	Q4 TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)									
SERVICE DELIVERY	Improved Access to Electricity	45	NEW	Grid Connection in Ikageleng and Machatara	None	Number of households connected to grid in ikageleng ext 3 and machatara	Output	85 households energized (Ikageleng ext 3 phase 2 – 65 HH, Machatara 20HH) by June 2020	Completion and Handover	R1,053,000	Ikageleng Ext 3 100% Complete Machatara 99% Complete	One pole of the 11Kv Feeder line was found to be within the Eskom power line servitude, and moving the pole away to the clearance of	The only viable solution is to do away with the pole and replace the entire span with an MV cable, thus increasing the initial cable length	Advert, appointment letter, Design Report, Progress Report and Completion Certificate

												13 meters put the pole structure right into the borrow pit.	by the whole 120 meters of the span resulting in a VO of R125 000. 00	
SERVICE DELIVERY	Improved Access to Electricity	46	NEW	Refurbishment of Municipal substation	None	Refurbished municipal substation	Output	Refurbished Municipal Substation by 30 June 2020	Completion and Handover	R1.5M	Not achieved	Budget was allocated however there are no available funds in the vote.	The municipality to prioritise budget for the refurbishment	Advert, appointment letter, Design Report, Progress Report and Completion Certificate
SERVICE DELIVERY	Improved Access to Roads	47	3.5km's of roads paved in the municipal area during 2018/2019(Zeerust =1.4km Motswedi= 600m Lekgophung =1.4Km)	8.4km of Road to be paved	None	Number of Kilometres of roads paved in the municipal area	Output	8.4km of roads to be paved in the municipal area (Matlhase =1.6km, Mmutswedu=1.2km, Driefontein = 1.6km Maramage=1.2km, Ntsweletsoku 1.6km & Borakalalo=1.2km internal roads) by June 2020	Completion and Handover	R28M	100% Complete	N/A	N/A	Advert, appointment letter, Design Report, Progress Report and Completion Certificate

SERVICE DELIVERY	Improved Access to Roads	48	Community facility in Lekubu Completed	Sports Facility in Ntsweletsoku	None	Completed Sports Facility in Ntsweletsoku	Output	Sports Facility Completed in Ntsweletsoku by 30 June 2020	Completion and Handover	R3M	100% Complete	N/A	N/A	Advert, appointment letter, Design Report, Progress Report and Completion Certificate
SERVICE DELIVERY	Improved Access to Roads	49	NEW	Construction of a bridge in Gopane	None	Constructed Bridge in Gopane	Output	Completed construction of Gopane Bridge by 30 June 2020	Completion and Handover	R22M	Consultant Appointed on Turnkey basis	EIA Regulation on going	Follow the EIA process to ensure consideration of environmental factors and to avoid delays, defer to next FY for implementation	Advert, appointment letter, Design Report, Progress Report and Completion Certificate
SERVICE DELIVERY	Improved Access to Water	50	NEW	Repairs and maintenance	None	Number reports on repairs and maintenance of water infrastructure	Output	4 reports on repairs and maintenance of water infrastructure by 30 June 2020	4 report	R2.250M	4 Reports submitted	N/A	N/A	Reports and Council Resolution

SERVICE DELIVERY	Improved Access to Water	51	Water connections not done	Water connections	None	Percentage of water connections completed v/s water connection applications received from households	Output	100% of all water connection applications received from households completed by June 2020.	100%	OPEX	100% Connections achieved	N/A	N/A	Job Cards, applications, receipts and Council Resolution
SERVICE DELIVERY	Improved Access to Roads	52	40km of road bladed	20km of Road to be bladed	None	Number of kilometres of roads bladed	Output	20km of roads bladed in the municipal area by June 2020	5KM	R1.5M	2.3km	Vehicle Breakdown and inadequate equipment and material Covid-19 Lockdown	Municipality to source parts for broken machines	Job Card and Council Resolution
SERVICE DELIVERY	Improved Access to Roads	53	0 km of road re-gravelled	4km of road to be re-gravelled	None	Number of kilometres of roads re-gravelled	Output	4km's of roads re-gravelled in the municipal area by June 2020	4km's of roads re-gravelled in the municipal area by June 2020 1 km		0km	Vehicle Breakdown and inadequate equipment and material	Municipality to source parts for broken machines	Job Card and Council Resolution

SERVICE DELIVERY	Improved Access to Roads	54	2000 Of square meter of road patched	3000 m2 of road patched	None	Square meters of roads patched in the municipal area	Output	3000m2 of roads patched in the municipal area by June 2020	3000m2 of roads patched in the municipal area by June 2020		2095m ²	Covid-19 Lockdown inadequate material	Procurement of more material	Job Card and Council Resolution
SERVICE DELIVERY	Improved Access to Roads	55	2000 Square meter of storm water maintained	4000 m2 storm water to be maintained	None	Square meters of storm-water maintained in the municipal area during 2019/2020 cleaning culverts, de-silting, stone pitching, wing walls, kerbs)	Output	4 000m2 of storm-water maintained in the municipal area by June 2020	4 000m2 of storm-water maintained in the municipal area by June 2020		0m ²	Vehicle Breakdown and inadequate equipment and shortage of staff	Procurement of equipment and working tools, filling of vacant posts	Job Card and Council Resolution

SERVICE DELIVERY	Improved Access to Electricity	56	100 of paid applications connected	100% Connections for all paid applications	None	Percentage of electricity connections done vs electricity connections applications submitted during 2019/2020	Output	100% of all electricity connection applications received from households completed by June 2020	100% of all electricity connection applications received from households completed by June 2020	OPEX	100% Connections achieved	N/A	N/A	Job Cards, applications, receipts and Council Resolution
SERVICE DELIVERY	Improved Access to Water	57	Maintenance Plan in place	Review Maintenance Plan for infrastructure	None	Reviewed Maintenance plan	Output	Reviewed Maintenance plan by 30 Sept 2019	Reviewed Maintenance plan by 30 Sept 2019	OPEX	Signed maintenance plan	N/A	N/A	Maintenance plan signed off by the MM
SERVICE DELIVERY	Facilitate the provision of Electricity	58	NEW	Repairs and maintenance	None	Number of reports on repairs and maintenance of electricity	Output	4 reports on repairs and maintenance of electricity by 30 June 2020	4 reports on repairs and maintenance of electricity by 30 June 2020	R2.250M	4 Report submitted	N/A	N/A	Reports and Council Resolution

COMMUNITY SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2018/19			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	QUARTER4 TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)									
Community Services	Improved public safety	59	4 CCTV cameras not in place	4 CCTV Cameras	None	Number of CCTV Cameras Installed at DLTC	Output	4 CCTV Cameras Installed at DLTC by October 2019	4 CCTV Cameras Installed at DLTC by October 2019	OPEX	4 CCTV Cameras Installed at DLTC by October 2019	N/A	N/A	Advert, Appointment letter. Completion Certificate
Community Services	Improved public safety	60	Personnel Suitability Checks conducted	Percentage of Personnel Suitability Checks	None	Percentage of Personnel Suitability Checks conducted	Output	100% by 30 June 2020	100%	OPEX	100%	N/A	N/A	Security Screening Reports.
Community Services	Improved public safety	61	12 meetings	12 joint security Operational Meeting	None	Number of Joint Security Operational meetings held.	Output	12 meetings by 30 June 2020	12 Meetings	OPEX	6 meetings	Scheduled meetings interrupted by COVID 19 Regulations	Easing of lockdown regulations	Attendance Registers, and signed minutes.

Community Services	Improved public safety	62	New	4 Community Safety Forum Meetings	None	Number of Community Safety Forum Meetings held.	Output	4 Community Safety Forum Meetings by 30 June 2020	4 meeting	OPEX	2 meetings	Scheduled meetings interrupted by COVID 19 Regulations	Easing of lockdown regulations	Attendance Registers and Minutes
Community Services	Improved public safety	63	New	Palisade Perimeter Fencing	None	Number of Perimeter Palisade to be installed.	Output	1 Palisade Perimeter Fencing installed by October 2019	1 Palisade Perimeter Fencing installed by October 2019	OPEX	1 Palisade Perimeter Fencing installed	N/A	N/A	Completion Certificate.
Community Services	Improved public safety	64	16 Joint traffic Operation Conducted during 2018/2019	16 Joint traffic Operations	None	Number of Joint traffic Operations Conducted	Output	16 Joint traffic Operations Conducted by 28 June 2020	16 Joint traffic Operations Conducted by 28 June 2020	OPEX	66 joint Operations conducted	N/A	N/A	Joint Operations Reports
Community Services	Improved public safety	65	New	Integrated Locking System.	None	Number of Integrated Locking System installed.	Output	1 Integrated Locking System to be installed by December	1 Integrated Locking System to be installed by	OPEX	Zero (No) Integrated Locking System to be installed	Budget allocated, however no cash flow in the bank	Reconsider project in the new financial year	Completion Certificate

								2019.	December 2019.			account.		
Community Services	Improved public safety	66	New	4 Disaster Management Consultative Forum Meetings	None	Number of Disaster Management Consultative Forum Meetings held.	Output	4 Disaster Management Consultative Forum Meetings by 30 June 2020	4 Disaster Management Consultative Forum Meetings by 30 June 2020	OPEX	1 meeting	Scheduled meetings interrupted by COVID 19 Regulations	Easing of lockdown regulations	Attendance registers and Minutes
Community Services	Improved public safety	67	New	2x Calibration of speed machines and VTS Equipment	None	Number of Calibration of speed machines and VTS Equipment	Output	2x Calibration of speed machines and VTS Equipment by 30 June 2020	2x Calibration of speed machines and VTS Equipment by 30 June 2020	OPEX	No Calibration of speed machines and VTS Equipment conducted	Expired in COVID-19 Level 4	Machines to be calibrated end of September 2020	Calibration certificates
Community Services	Improved public safety	68	New	Fire arms for traffic officers	None	Number of firearms purchased for traffic officers	Output	13 firearms purchased for traffic officers by June 2020	13 firearms purchased for traffic officers by June 2020	250 000	Not achieved	Budget allocated, however no cash flow in the bank account.	Reconsider project in the new financial year	Delivery note
Community Services	Improved public safety	69	4 reports submitted to council on	Reports on provision of traffic control services	none	Number of reports submitted to council on	Output	4 reports submitted to council on provision of	4 reports submitted to council on	OPEX	4 reports	N/A	N/A	4 reports and council resolutions

			provision of traffic control services			provision of traffic control services		traffic control services by June 2020	provision of traffic control services by June 2020					
Community Services	Improved public safety	70	New	Uniforms for traffic officers	None	Number of uniforms purchased for traffic officers	Output	2 pairs of uniforms purchased for each traffic officer by June 2020	2 pairs of uniforms purchased for each traffic officer by June 2020	320 000	Achieved	N/A	N/A	Delivery note
Community Services	Improved public safety	71	New	4 Quarterly reports submitted to Council on the enforcement of municipal by-laws	none	Number of reports submitted to Council on the enforcement of municipal by-laws	Output	4 reports by June 2020	4 reports by June 2020	OPEX	4 reports	N/A	N/A	Quarterly reports and Council Resolutions
Community Services	Enhanced Sustainable Environmental Management and Social development	72	New KPI	8900 HH Provided with refuse removal services	None	Number of hh receiving refuse removal service	Output	8900(current number of indigents) by 30 June 2020	8900(current number of indigents) by 30 June 2020	OPEX	Achieved	N/A	N/A	Billing report from BTO

Community Services	Enhanced Sustainable Environmental Management and Social development	73	15 illegal dumping sites cleansed in the municipal areas during 2018/2019	20 illegal dumping sites cleansed in the municipal areas by June 2020	Three illegal dumping serviced	Number of illegal dumping sites cleansed in the municipal areas by June 2020	Output	20 illegal dumping sites cleansed in the municipal areas by June 2020	20 illegal dumping sites cleansed in the municipal areas by June 2020	OPEX	12 illegal dumping sites cleansed	No sufficient machinery to remove illegal dumps	Allocate enough budget to fix all TLBs and Tipper Trucks	Illegal dumping cleansing report
Community Services	Enhanced Sustainable Environmental Management and Social development	74	4 anti-littering and clean up campaigns conducted	4 anti-littering and clean up campaigns conducted by June 2020	Three campaigns conducted	Number of anti-littering and clean up campaigns conducted	Output	4 anti-littering and clean up campaigns conducted by June 2020	4 anti-littering and clean up campaigns conducted by June 2020	350 000	15 campaigns conducted	Scheduled campaigns interrupted by COVID 19 Regulations	Easing of lockdown regulations	Acknowledgement letter or attendance register
Community Services	Enhanced Sustainable Environmental Management and Social development	75	New	20 mass refuse bins	None	Number of mass refuse bins purchased	Output	20 mass refuse bins purchased by June 2020	20 mass refuse bins purchased by June 2020	500 000	No mass refuse bins purchased	Budget allocated, however no cash flow in the bank account.	Reconsider project in the new financial year	Delivery note
Community Services	Enhanced Sustainable Environment	76	New	Upgrading of Ikageleng park	None	upgrading of Ikageleng park	Output	upgrading of Ikageleng park by	upgrading of Ikageleng	619,996	No Ikageleng Park	Budget allocated, however	Reconsider project in the new	Completion certificate

	ntal Managem nt and Social developme nt							June 2020	park by June 2020		was ugraded	no cash flow in the bank account.	financial year	
Communi ty Services	Enhanced Sustainable Environme ntal Managem nt and Social developme nt	77	No cemeteries fenced	Fencing of 8 rural cemeteries	None	Number of rural cemeteries fenced by June 2020	Output	3 rural cemeteries fenced by June 2020	3 rural cemeteries fenced by June 2020	250	No rural cemeteri es fenced	The process was further affected by COVID 19 Lockdown	To assist with actual fencing by EPWP members in the next financial year	Completion certificate
Communi ty Services	Enhanced Sustainable Environme ntal Managem nt and Social developme nt	78	New	Jobs created through EPWP	None	Number of jobs created through EPWP by June 2020	Output	130 jobs created through EPWP by June 2020	130 jobs created through EPWP by June 2020	1,000,000	95 EPWPs recruited(44 RMLM +14L.G+ 20Senzo and 21 YES)	No meetings held in this quarter for new recruitment due to COVID 19	Easing of lockdown regulations	Appointme nt letters
Communi ty Services	Enhanced Sustainable Environme ntal Managem nt and Social developme nt	79	New	Upgrading of Zeerust landfill site	None	Number of Zeerust landfill sites upgraded	Output	1 Zeerust landfill site upgraded by June 2020	1 Zeerust landfill site upgraded by June 2020	340000	No upgradin g of Zeerust landfill site conducte d	Budget allocated, however no cash flow in the bank account.	Reconsider project in the new financial year	Completion certificate

Community Services	Enhanced Sustainable Environmental Management and Social development	80	4 reports on utilization of library services submitted to council	Utilization of library services reports submitted to council	none	Number of reports on utilization of library services submitted to council	Output	4 reports on utilization of library services submitted to council by June 2020	4 reports on utilization of library services submitted to council by June 2020	OPEX	4 Reports	N/A	N/A	4 reports and council resolution
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BUDGET AND TREASURY

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2018/19			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	Q4 TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)									
Budget and Treasury	Increased financial viability	81	2017/18 AFS submitted by 31 Aug 2018	2018/19 AFS submission to the Ag	None	2018/19 AFS submitted to the AGSA	Output	2018/19 AFS submitted to the AGSA by 31 August 2019	AFS submitted to the AGSA by 31 August 2019	OPEX	AFS submitted to the AGSA	N/A	N/A	2018/19 AFS, Acknowledgement from AG

Budget and Treasury	Increased Financial Viability	82	Adjustment budget for 2017/18 tabled on 28 February 2018	2019/20 Adjustment Budget	None	2019/20 adjustment budget developed and approved	Output	2019/20 adjustment budget developed and approved by 28 February 2020	2019/20 adjustment budget developed and approved by 28 February 2020	OPEX	Achieved	N/A	N/A	2019/20 Adjusted Budget and Council Resolution
Budget and Treasury	Increased Financial Viability	83	2018/19 draft Budget on 28 March 2019	2020/21 Draft Budget	None	2020/21 draft budget tabled	Output	2020/21 draft budget tabled by 31 March 2020	2020/21 draft budget tabled by 31 March 2020	OPEX	Draft Budget tabled at Council on 11 June 2020			2020/21 Draft Budget and Council Resolution.
Budget and Treasury	Increased Financial Viability	84	2019/20 budget approved on 14 June 2019	2019/20 Budget	None	2020/21 Budget approved	Output	2020/21 Budget approved by 31 May 2020	2020/21 Budget approved by 31 May 2020	OPEX	Final Budget 30 June 2020			2020/21 Budget and Council Resolution
Budget and Treasury	Increased Financial Viability	85	Reporting on MSCOA	Reporting on MSCOA	None	Number of reports on implementation of MSCOA	Output	4 reports on implementation of MSCOA by 30 June 2020	4 reports on implementation of MSCOA by 30 June 2020	OPEX	4 reports	N/A	N/A	4 Reports and Council Resolution

Budget and Treasury	Increased Financial Viability	86	12 reports on Sec 71	12 Reports on Sec 71	None	Number of Sec 71 reports submitted to the Mayor, FEED and PT (Within 10 days after the end of the Month)	Output	12 Sec 71 reports submitted to the Mayor, FEED and PT by 30 June 2020	12 Sec 71 reports submitted to the Mayor, FEED and PT by 30 June 2020	OPEX	12 reports	N/A	N/A	12 Sec 71 Reports, Acknowledgement of Receipt and proof of submission
Budget and Treasury	Increased Financial Viability	87	4 physical verification of assets conducted	4 physical verifications	None	Number of physical verification of assets to be conducted	Output	4 physical verification of assets to be conducted by 30 June 2020	4 physical verification of assets to be conducted by 30 June 2020	OPEX	4 physical verification of assets conducted	N/A	N/A	Physical verification reports
Budget and Treasury	Increased Financial Viability	88	6 MFMA sec 66 Reports submitted	12 MFMA Sec Reports	None	Number of MFMA Sec 66 reports to be submitted to the Mayor and council	Output	12 Monthly MFMA Section 66 Reports submitted to the Mayor and Council by 30 June 2020	12 Monthly MFMA Section 66 Reports submitted to the Mayor and Council by 30 June 2020	OPEX	12 Reports	N/A	N/A	12 MFMA Sec 66 Reports

Budget and Treasury	Increased Financial Viability	89	NEW	4 MFMA Sec 11 reports	None	Number of MFMA Sec 11 reports submitted to Council and PT % NT	Output	4 reports on MFMA Sec 11 reports submitted to Council and PT % NT	4 reports on MFMA Sec 11 reports submitted to Council and PT % NT	OPEX	4 Reports	N/A	N/A	Reports, proof of submission and Council Resolution
Budget and Treasury	Increased Financial Viability	90	4 SCM Reg 6(3)&(4) submitted	4 SCM Reg 6(3)&(4) submitted	None	Number of SCM Reg 6(3)&(4) submitted to Council	Output	4 SCM Reg 6(3)&(4) submitted to Council by 30 June 2020	4 SCM Reg 6(3)&(4) submitted to Council by 30 June 2020	OPEX	4 Reports	N/A	N/A	Reports and Council Resolution
Budget and Treasury	Increased Financial Viability	91	2019/20 Procurement Plan approved	2020/21 Procurement Plan	None	Approved 2020/21 Procurement Plan	Output	Approved 2020/21 Procurement Plan by 30 June 2020	Approved 2020/21 Procurement Plan by 30 June 2020	OPEX	Approved procurement plan	N/A	N/A	Approved Procurement Plan

Budget and Treasury	Increased Financial Viability	92	4 reports on contract management	Reporting on contract management and maintenance of contract register	None	Number of reports to be submitted to council on contracts management and maintenance of contract register	Output	4 reports to be submitted to council on contracts management and maintenance of contract register by 30 June 2020	4 reports to be submitted to council on contracts management and maintenance of contract register by 30 June 2020	OPEX	4 Reports	N/A	N/A	Reports and Council Resolution
Budget and Treasury	Increased Financial Viability	93	60% Implementation	100%	None	Percentage implementation of the AIP	Output	100% by 30 June 2020	100% by 30 June 2020	OPEX	100%	N/A	N/A	Signed AIP Progress Report
Budget and Treasury	Increased Financial Viability	94	NEW	Reporting on Compliance with MPRA	None	Number of Reports submitted to Council on Compliance with Municipal Property Rates Act	Output	12 reports to be submitted by 30 June 2020	12 reports to be submitted by 30 June 2020	OPEX	12 Reports	N/A	N/A	Reports and Council Resolution

						(MPRA)								
Budget and Treasury	Increased Financial Viability	95	NEW	Reporting on Billing	None	Number of Billing reports submitted to Council	Output	12 reports to be submitted b 30 June 2020	12 reports to be submitted b 30 June 2020	OPEX	12 Reports	N/A	N/A	Reports and Council Resolution
Budget and Treasury	Increased Financial Viability	96	NEW	Number of indigents - Free Basic water	None	Number Indigent households receiving Free Basic Water	Output	1077(maintain current supply) hh by 30 June 2020	1077(maintain current supply) hh by 30 June 2020	OPEX	1077	N/A	N/A	Reports on Free Basic Water
Budget and Treasury	Increased Financial Viability	97	NEW (National Key Indicators)	Number of indigents - Free Basic Electricity	None	Number Indigent households provided with Free Basic Electricity	Output	3287 (maintain current supply) hh by 30 June 2020	3287 (maintain current supply) hh by 30 June 2020	OPEX	3287	N/A	N/A	Reports on Free Basic Electricity
Budget and Treasury	Increased Financial Viability	98	NEW (National Key Indicators)	Number of indigents - Free Basic Refuse Removal	None	Number of Indigent households receiving Free Basic	Output	1392 (maintain current supply) hh by 30 June 2020	1392 (maintain current supply) hh by 30 June	OPEX	1392	N/A	N/A	Reports on free Basic Refuse Removal Services

						Refuse Removal Services			2020					
Budget and Treasury	Increased Financial Viability	99	NEW (National Key Indicators)	Number of indigents - free basic sewer	None	Number of Indigent households provided with Free Basic Sewer Services	Output	1392 (maintain current supply) hh by 30 June 2020	1392 (maintain current supply) hh by 30 June 2020	OPEX	1392	N/A	N/A	Reports on free Basic Sewer Services
Budget and Treasury	Increased Financial Viability	100	4 reports	4 Reports on management of UIF	None	Number of reports submitted to Council on Management of (UIF), and subsequent reporting per MFMA s32	Output	4 reports submitted to Council on Management of (UIF), and subsequent reporting per MFMA s32 by 30 June 2020	4 reports submitted to Council on Management of (UIF), and subsequent reporting per MFMA s32 by 30 June 2020	OPEX	4 Reports	N/A	N/A	Reports and Council Resolution
Budget and Treasury	Increased Financial Viability	101	2 Reports submitted	12 Reports on debtors management	None	Number of reports on debtors management submitted to Council	Output	12 reports on debtors management submitted to Council by 30 June 2020	12 reports on debtors management submitted to Council by 30 June	OPEX	12 Reports	N/A	N/A	Reports and Council Resolution

									2020					
Budget and Treasury	Increased Financial Viability	102	NEW	4 MFMA Sec 52 Reports	None	Number of reports submitted to Council MFMA Sec 52	Output	4 reports submitted to Council MFMA Sec 52 by 30 June 2020	4 reports submitted to Council MFMA Sec 52 by 30 June 2020	OPEX	4 Reports	N/A	N/A	Reports and Council Resolution
Budget and Treasury	Increased Financial Viability	103	NEW (National Key Indicators)	NT Norm	None	Annual Outstanding Service Debtors to revenue	Output	30 days by 30 June 2020	30 days by 30 June 2020	OPEX	N/A	N/A	N/A	Financial Viability Reports
Budget and Treasury	Increased Financial Viability	104	NEW	Own Target	None	Percentage revenue collection growth	Output	85% by 30 June 2020	85% by 30 June 2020	OPEX	N/A	N/A	N/A	Financial Viability Reports

MUNICIPAL PLANNING AND DEVELOPMENT

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2018/19			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	Q4 TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)									
Municipal Planning and Development	Enhanced Sustainable Environmental Management and Social development	105	2 Township Established Not completed	2 Township Establishment	2 townships (1 in Zeerust and 1 in Sandvalkte)	Number of townships established (1 in Sandvalgte and 1 in Zeerust Town)	Output	2 townships established by 30 June 2020	2 townships established by 30 June 2020	R1M	Final Basic Assessment Report was submitted for authorization to be issued and town planning processes were not concluded	Processes could not be concluded in the 4 th quarter due to National Lockdown and also late payment of service providers hinders the progress as projects are put on hold awaiting payments	The project must be prioritized in the first quarter of 2020/21 financial year	Tender adverts, appointment letters, attendance register, Environmental Authorization

Municipal Planning and Development	Enhanced Sustainable Environmental Management and Social development	106	Land Audit not done	Land Audit to be conducted	Land Audit to be conducted	Number of Land Audits done	Output	1 Land Audit conducted by 30 June 2020	1 Land Audit conducted by 30 June 2020	R800K	The tender was advertised and appointment was not made due to non-responsiveness of bidders. Subsequently the budget was adjusted and the activity was not budgeted for due to cash constraints	Non-responsiveness of bidders and financial constraints	The activity must be budgeted for in the 2020/21 financial year	Complete Land Audit Report and Council Resolution
Municipal Planning and Development	Enhanced Sustainable Environmental Management and Social development	107	2 Meetings held	2 Meetings	None	Number of Municipal Planning and Tribunal Sitzings	Output	2 Municipal Planning and Tribunal Sitzings by 30 June 2020	2 Municipal Planning and Tribunal Sitzings by 30 June 2020	R200K	2 Municipal Planning Tribunal sittings were held by 30 June 2020	None	None	Agenda and Attendance Register –

Municipal Planning and Development	Increased Access to Housing	108	NEW	Facilitation of upgrading of informal settlements	None	Number of reports on the Facilitation of upgrading of informal settlements	Output	4 Reports to Council on Facilitation of upgrading of informal settlements by 30 June 2020	4 Reports to Council on Facilitation of upgrading of informal settlements by 30 June 2020	None	4 Reports to Council on facilitation of upgrading of informal settlements were prepared. However no progress on projects recorded for 4 th quarter due national lockdown	None	None	Reports on facilitation work done and Council Resolution
Municipal Planning and Development	Increased Access to Housing	109	NEW	Facilitation of implementation of ongoing and new projects within the Municipality	None	Number of reports on the Facilitation of implementation of ongoing and new projects within the Municipality	Output	4 Reports on facilitation on implementation of ongoing and new projects within the Municipality by 30 June 2020	4 Reports on facilitation on implementation of ongoing and new projects within the Municipality by 30 June 2020	None	4 Reports to Council on facilitation of housing projects were prepared. However no progress on projects recorded for 4 th quarter due national lockdown	None	None	Reports on facilitation work done and Council Resolution

Municipal Planning and Development	Increased Access to Housing	110	NEW	Facilitate the process of issuing of Title Deeds	None	Number of reports on facilitation of issuing of Title Deeds	Output	4 Reports on the facilitation of issuing of title deeds by 30 June 2020	4 Reports on the facilitation of issuing of title deeds by 30 June 2020	None	4 Reports to Council on facilitation of issuing of title deeds were prepared. However no progress on projects recorded for 4 th quarter due national lockdown	None	None	Reports on facilitation work done and Council Resolution
Municipal Planning and Development	Increased Investment into the economy	111	NEW	Facilitate the Development of the Liberation Heritage Route	None	Number of reports on the facilitation of the Liberation Heritage Route	Output	4 Reports on the facilitation of the Liberation Heritage by 30 June 2020	4 Reports on the facilitation of the Liberation Heritage by 30 June 2020	None	2 reports on development and establishment of the committee. Heritage Route Development Plan not met as secondary phase	Activity requires funding and there is no funding provision. The was no allocation made for the activity during adjustment	Source funding for the activity in the next budget cycle. Source external funding to meet financial needs of project	Report to Council Attendance register, agenda Registered beneficiaries
Municipal Planning and Development	Increased Investment into the economy	112	4 LED Forum	4 LED Forum	None	Number of LED Forum meetings held	Output	4 LED Forum meetings held by 30 June 2020	4 LED Forum meetings held by 30 June 2020	None	3 forum meetings held by 30 June 2020.	4 forum meeting unable to sit due to covid19 lock	Encourage use of technology on meetings by the	Minutes, Attendance, Registers and Report

												down restrictions on gathering of persons	Municipality	to Council
Municipal Planning and Developme nt	Increased Investment into the economy	113	Monitoring of Social Labor Plan from 3 mines	Monitoring of Social Labor Plan from 3 mines	None	Number of reports on monitoring of Social Labour Plans from 3 mines (Vitkop Mine, Swartkop Manganese mine and Marico Crome mine)	Output	4 reports to council by 30 June 2020	4 reports to council by 30 June 2020	None	3 SLP report by 30 June 2020.	4 SLP visits not conducted due to covid19 lock down restrictions on gathering of persons. Resumption of operations delayed at some mine. Emphasis put on compliance.	To schedule monitoring and verification visits on the Q 1 of 20/21	Report to Council , submit report to DMR,

OFFICE OF THE MAYOR														
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2018/19			KEY PERFORMANCE INDICATOR	Kpi Type	ANNUAL TARGET	Q4 TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)									
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	114	NEW	Establishment of Special Projects Committee	None	Approved Special Projects Committee	Output	Approved Special Projects Committee by 30 June 2020	Approved Special Projects Committee by 30 June 2020	OPEX	3			Council Resolution
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	115	NEW	Heritage Resource Development	None	Established Heritage Resource Development	Output	Established Heritage Resource Development by 30 June 2020	Established Heritage Resource Development by 30 June 2020	OPEX	1			Minutes and Developed Plan
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	116	Special Projects implement	Implementation of Special Projects of	None	Implementation of the Special Projects of the	Output	Implementation of the Special	Implementation of the Special	OPEX	1			Reports and Council Resolution

			ed during 2018/19	the Mayor		Mayor		Projects of the Mayor by 30 June 2020	Projects of the Mayor by 30 June 2020					
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	117	Mayoral Imbizo Held	Mayoral Imbizo for 2019/20	None	Number of Mayoral Imbizos held	Out put	6 Mayoral Imbizo by 30 June 2020	6 Mayoral Imbizo by 30 June 2020	OPEX	3			Reports of the Imbizos helped, attendance register
OFFICE OF THE MAYOR	Efficient and Effective Administration	118	8 Exco Meetings	8 Exco Meetings	None	Number of Exco meetings held	Out put	8 Exco Meetings held by 30 June 2020	8 Exco Meetings held by 30 June 2020	OPEX	7			Exco Agenda and Attendance Register
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	119	Dikgosi Forum held	4 Dikgosi Forum Meetings	None	Number of Dikgosi Forum Meetings held	Out put	4 Dikgosi Forum Meetings held by 30 June 2020	4 Dikgosi Forum Meetings held by 30 June 2020	OPEX	1			Attendance Registers
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	120	NEW	IGR Meetings	None	Number of IGR Meetings held	Out put	4 IGR Meetings held by 30	4 IGR Meetings held by 30	OPEX	1			Attendance Registers

							June 2020	June 2020					
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OFFICE OF THE SPEAKER

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2018/19			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	Q4 TARGET	CURRENT EXPENDITURE	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)									
OFFICE OF THE SPEAKER	Improved stakeholder satisfaction	121	Ward Committees Established	Ward Committee Meetings	None	Number of Ward Committee meetings held	Output	12 Ward Committee Meetings by 30 June 2020	12 Ward Committee Meetings by 30 June 2020	OPEX	12			Attendance Registers
OFFICE OF THE SPEAKER	Improved stakeholder satisfaction	122	Complaints Registered	Ward Committee Meetings	None	Number of Ward Committee meetings held	Output	12 Ward Committee Meetings by 30 June 2020	12 Ward Committee Meetings by 30 June 2020	OPEX	12			Attendance Registers
OFFICE OF THE SPEAKER	Improved stakeholder satisfaction	123	2 public Participation campaigns held	4 public participation	None	Number of public participation campaigns held	Output	4 public participation by 30 June 2020	4 public participation by 30 June 2020	OPEX	4			Attendance Registers and Report

OFFICE OF THE SPEAKER	Improved stakeholder satisfaction	124	Community Satisfaction survey not done	1 Community satisfaction survey	1	Number of Community Satisfaction surveys conducted	Output	1 Community Satisfaction Surveys conducted by 30 June 2020	1 Community Satisfaction Surveys conducted by 30 June 2020	OPEX	N/A			Results of the survey
OFFICE OF THE SPEAKER	Improved stakeholder satisfaction	125	Community Meetings held	Community meetings	None	Number of community meetings conducted	Output	228 community meetings held by 30 June 2020	228 community meetings held by 30 June 2020	OPEX	228			Attendance Registers, Minutes

INTERNAL AUDIT

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2018/19			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	Q4 TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)									
INTERNAL AUDIT	Efficient and	126	Approved 2017/18 Risk Based	2018/19 Risk Based Internal	None	Approved Risk based internal audit plan	Output	Approved Risk based internal audit	Approved Risk based internal	OPEX	Not achieved	Covid19 Lock-down	The plan will be approved in the 1 st	Minutes of Audit Committee

	Effective Administration		Internal Audit Plan	Audit Plan				plan by 30 June 2020	audit plan by 30 June 2020				quarter of 2020/21.	approving the plan. Approved Plan
INTERNAL AUDIT	Efficient and Effective Administration	127	2019/20 Risk Based plan implemented	2020/21 plan	None	Number of Reports on the Implementation of the Internal Audit plan	Output	4 reports by 30 June 2020	4 reports by 30 June 2020	OPEX	Not achieved	Covid19 Lock-down	Audit will be performed on the emerging risks as a result of the lockdown.	4 reports signed off by MM
INTERNAL AUDIT	Efficient and Effective Administration	128	2019/20 Reviewed Internal Audit Charter	2020/21 Reviewed Internal Audit Charter	None	Reviewed 2020/21 Internal Audit Charter	Output	Reviewed 2020/21 Internal Audit Charter by 30 June 2020	Reviewed 2020/21 Internal Audit Charter by 30 June 2020	OPEX	Not achieved	Covid19 Lock-down	The plan will be approved in the 1 st quarter of 2020/21.	Reviewed Internal Audit Charter
INTERNAL AUDIT	Efficient and Effective Administration	129	2019/20 Reviewed ARCOM Charter	2020/21 Reviewed 2020/21 ARCOM Charter	None	Reviewed 2020/21 ARCOM Charter	Output	Reviewed 2020/21 ARCOM Charter by 30 June 2020	Reviewed 2020/21 ARCOM Charter by 30 June 2020	OPEX	Not achieved	Covid19 Lock-down	The plan will be approved in the 1 st quarter of 2020/21.	ARCOM Charter. Minutes of ARCOM for the review
INTERNAL	Efficient	130	2 reports	4 ARCOM	None	Number of	Output	4 reports by	4 reports	OPEX	Not achieved	Covid19	The reports	4 Reports

AUDIT	nt and Effect ive Admi nistra tion		submitted to Council	reports to Council		ARCOM Reports submitted to Council	put	30 June 2020	by 30 June 2020			Lock-down	will be presented to council in the 1 st quarter of 2020/21.	and Council Resolution
INTERNAL AUDIT	Efficie nt and Effect ive Admi nistra tion	131	NEW	Investigation of irregular expenditure by Municipal Financial Board	None	Number of reports on Investigation of Irregular Expenditure by MDB	Out put	4 reports by 30 June 2020	4 reports by 30 June 2020	OPEX	Not achieved	Not Functiona l	The reports will be presented to council in the 1 st quarter of 2020/21.	4 Reports and Council Resolution