

RAMOTSHERE MOILOA LOCAL MUNICIPALITY



2018/19

ANNUAL REPORT

Contents

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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

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

It is with great pleasure for me to have been given this opportunity once more to communicate with you as Ramotshere Moiloa Local Municipality residents regarding our performance and the way we have travelled thus far, covering the period from the 1st July 2018 to 30th June 2019. This report tracks the operational performance of this Municipality in the context of priorities reflecting in its 2018/19 Integrated Development Plan and the Service Delivery and Budget Implementation Plan. Our municipality has focused on accelerating its approach to resolve varying service delivery backlogs in its municipal jurisdictions.

Our aim is to keep the communities informed with our challenges and successes during the review of the previous financial year. It must be made clear that we assess our municipality based on six pillars of Back to Basics Program which is:

- putting people first,
- service Delivery,
- good governance,
- sound financial management
- Building local government institutions.
- Local Economic Development

I need to highlight that there was a great challenge in implementing the prioritized projects due to the instability in the senior management, the non-functionality of Exco, appointment of Municipal Manager and other senior managers, which delayed the implementations of some projects. It is my pleasure to mention that projects that were abandoned are now in progress; for example; Ntsweletsoku Internal Roads, Ntsweletsoku Stadium/Cover Ground and Borakalalo Stadium are to be completed by the end of the present financial year.

The Extended Public Works Program that used to be a nightmare to the municipality is now under control, we all know that we used to have overstuffed number because of EPWP’s due to the high rate of youth unemployment; now the measures of control have been developed and put in place for that wasteful expenditure previously incurred, we are proud to say that the Local Tourism Association was also launched on 24th April 2019 encouraging our youth to venture in tourism activities.

However, a recovery plan was implemented and the projects kick-started during the last quarter which

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I believe they are now at the finalization stage. Despite the Municipal Infrastructure Grant projects the municipality was successful in providing electricity, waste management services, and water to communities within its jurisdiction. Although service delivery protests were experienced where the District Municipality is the provider for water services our municipality; we tried our best to take charge and account for the problems. Draught is the main problem that cut across the country, many villages are facing a problem of water but these areas are now provided with boreholes as a measure to control /minimize the draught.

During the 2018/19 financial year, the municipality had 19 ward committees which served as a conduit between the municipality and the community. In addition the Service Delivery and the Budget Implementation plan (SDBIP) is made available to the public at 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. Furthermore, in order to promote public accountability and participation members of the public are invited to the meetings of the council.

Another mechanism that is used to promote public participation is conducted through Integrated Development Plan (IDP) and Community Consultative meetings. These meeting are held prior to developing the draft budget in order to provide feedback to the community regarding implementations of projects in the current financial year and to solicit the needs of the community in order to provide inputs for the new financial year.

We are honored to have an agreement for receiving the minimum support from the Office of the Premier, Cooperate Governance Human Settlements & Traditional Affairs, and the Municipal Infrastructure Grant as primary source of funding for capital projects related to infrastructure developments and basic services.

Let me outline that the functionality of the Intergovernmental Retaliations (IGR) is not satisfactory and this is causing delay to delivery of services to our people. Ramotshere Municipality is 60% grant dependent and is not able to render services that lies with the District, Provincial and National Departments. Going forward, the IGR structure should be resuscitated in order to ensure that all the planned projects are achieved and the community protest are minimized.

The municipality has regressed in the audit outcomes and challenges such as high rate of vacancy in Senior Management positions have been dealt with. The said positions are now occupied. We therefore see the Municipality moving towards better audit opinion. We are now strengthening our partnership with our communities and stakeholders in order to make sure that service delivery and developments are prioritized for the best of the Ramotshere Moiloa Local Municipality communities. Let us take 2019/20 financial year as a financial year of unity and recovery.

A re tshwareganeng ka diatla, re dire mmogo, re tle re kgone go isa sechaba sa rona kwa pele.

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Ke a leboga



T 1.0.1

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 lack of resources which affected administration. The municipality has been continuously striving to improve its administration and governance standards, following National benchmarks for Governance excellence. The cause for concern has been the high rate of vacancies among the administrative leadership, which has previously caused instability and lack of direction among our municipal directorates. As an appointed municipal manager I 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.

We have succeeded in filling all the senior management positions and we are now a complete team with all directors in each and every directorate. Like most South African towns and cities, Ramotshere Moiloa Municipality has also experienced an outbreak of service delivery protest other the review period commonly regarding water provision which falls within the competency of Ngaka Modiri Molema District Municipality; however we have always intervened where possible through the supply of water and diesels for pumps in most of the villages.

Our intervention has caused the Municipality a great deal where we incurred debt relating to at least **R13 m** rendering the services of the district municipality in the villages respectively. 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 I town

We are proud to announce that administration is 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.

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

Chapter 1

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.

Together we can, I thank you


D Makhate
Municipal Manager

T 1.1.1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

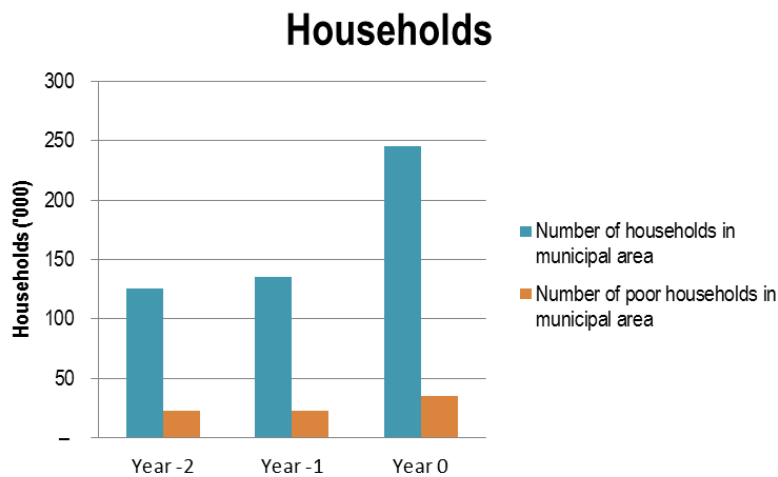
The data provided herein is obtained from the Census 2011 report conducted by Statistics South Africa. RMLM strives to ensure the backlogs in the delivery of Basic Services like Water, Electricity and Housing are reduced on an annual.

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									

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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 Neighborhoods 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
	-	-

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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 2017 to 2019 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.

T 1.2.8

1.3. SERVICE DELIVERY OVERVIEW

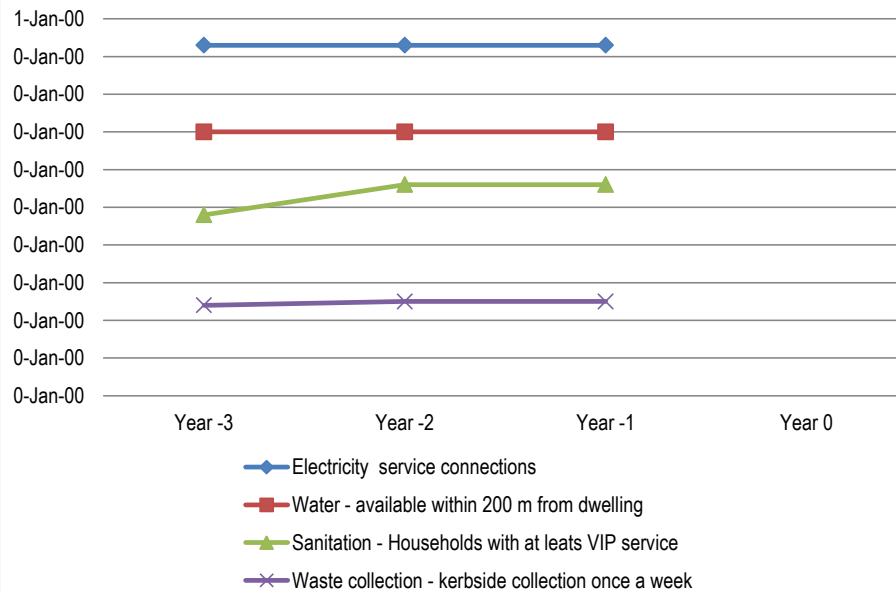
SERVICE DELIVERY INTRODUCTION

Delete Directive note once comment is completed - Provide a brief introduction to basic service delivery achievements and challenges including a brief specific comment on service delivery to indigents.

T 1.3.1

Chapter 1

Proportion of households with access to basic services



T 1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

Delete Directive note once comment is completed - Explain the shortfalls in service contained in the diagram above.

T 1.3.3

1.4. 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

Chapter 1

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 two years

Other legal disputes

Billing challenges as some accounts are billed outside the system

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.

Provide a brief introduction on the financial sustainability of the municipality commenting on key successes and outcomes in Year 0 (Current Year) and those things that were challenging and required rectification – state how such challenges are being addressed. Comment also on the financial health of the municipality as derived from the financial ratios in Chapter 5.

T 1.4.1

Financial Overview: 2018/19			
	R' 000		
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	157 762	64 459	206 259
Taxes, Levies and tariffs	153 818	150 708	109 301
Other	14 110	17 710	20 263
Sub Total	325 690	332 877	335 823
Less: Expenditure	333 943	334 223	312 369
Net Total*	(8 253)	(1 346)	23 455
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	38.8%
Repairs & Maintenance	4.4%
Finance Charges & Impairment	9.8%
T 1.4.3	

COMMENT ON OPERATING RATIOS:

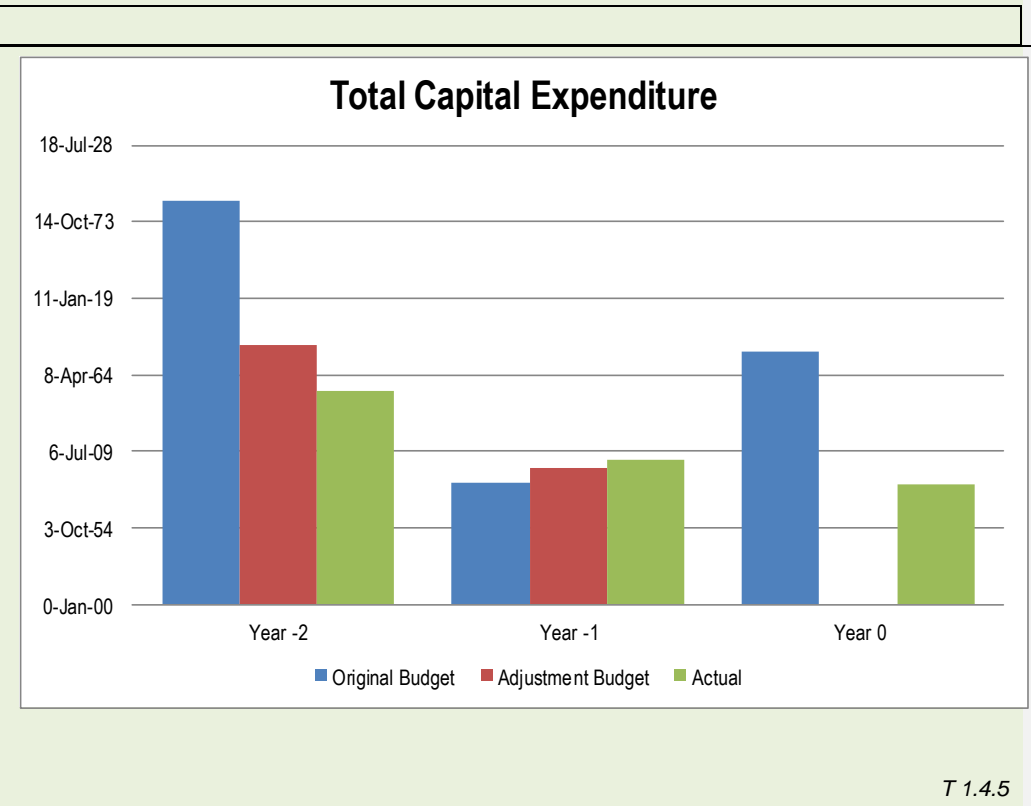
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The National Treasury considers 25-40% of operating expenditure to be the norm for human capital. The Municipality's Employee cost ratio to operating expenditure is at 38.8% for the year under review. Although this is below the norm, the ratio is relatively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

Total Capital Expenditure: 2016/17to Year 2018/19			
	R'000		
Detail	2016/17	2017/18	2018/19
Original Budget	31 914	66 187	55 120
Adjustment Budget	35 460	54 589	48 595
Actual	37 768	35 994	45 513
	T 1.4.4		



Chapter 1

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.

T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2018/19

The Auditor General has performed their Audit on the 2018/19 AFS as well as on Performance Information for the same Financial Year. The Municipality received a qualified audit opinion on the 2016/2017 Annual Financial Statements while the 2017/18 audit was a disclaimer opinion. The municipality received a disclaimer opinion during the 2018/19 audit. The AG Audit Report forms an attachment of the 2018/2019 Annual Report and is included is on page 114 - 128 along with the Audit Recovery Plan on pages 132 - 141.

T 1.6.1

1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July 2019
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 2017/2018 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 2019

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8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated Annual Financial Statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – November 2019
12	Municipalities receive and start to address the Auditor General's comments	
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January 2020
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	
17	Oversight report is made public	January 2020
18	Oversight report is submitted to relevant Provincial Councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January 2020
T 1.7.1		
COMMENT ON THE ANNUAL REPORT PROCESS:		
<p>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 2018/19 Annual Report</p>		
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*

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 Kereng Mothoagae



SPEAKER
Cllr ANNyamane



EXECUTIVE COMMITTEE
Cllr B Cassanga



Cllr B Monamodi



Cllr L Motsokwane



Cllr L Selebogo



Cllr K Manthoko

T 2.1.1

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Cllr K Dryer



Cllr TB Sebolao

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.

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

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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

MUNICIPAL MANAGER

Mr Ditshaba Makhate

Chapter 2



TIERS 2
CHIEF FINANCIAL OFFICER
Miss Morufa Moloto



DIRECTOR: COMMUNITY SERVICES
Mr Tiro Seleka



DIRECTOR: CORPORATE
Mr Bakang Selebogo



DIRECTOR: TECHNICAL SERVICES
Mr Motsumi Mpshe



DIRECTOR: MUNICIPAL PLANNING AND DEVELOPMENT
Mr Ramojakgomo Mojapelo



CHIEF AUDIT EXECUTIVE
Mrs Mpho Mathye

Chapter 2

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

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.

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COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

During the 2018/19 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	MONTLHY	01	None	100	RDP/TOILETS	As provided
WARD 02 PUBLIC MEETINGS	MONTLHY	01	None	100	INDIGENTT	As provided
WARD 03 PUBLIC MEETINGS	MONTLHY	01	None	100	RDP/INDIGENT	As provided
WARD 04 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY	As provided
WARD 05 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY/ RDP	As provided

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WARD 06 PUBLIC MEETINGS	MONTL HY	01	None	100	ELECTRICITY/ RDP	As provided
WARD 07 PUBLIC MEETINGS	MONTL HY	01	None	100	ELECTRICITY/ RDP	As provided
WARD 08 PUBLIC MEETINGS	MONTL HY	01	None	100	ELECTRICITY/ RDP	As provided
WARD 09 PUBLIC MEETINGS	MONTL HY	01	None	100	ELECTRICITY/ RDP	As provided
WARD 10 PUBLIC MEETINGS	MONTL HY	01	None	100	ELECTRICITY/ RDP	As provided
WARD 11 PUBLIC MEETINGS	MONTL HY	01	None	100	ELECTRICITY/ RDP	As provided
WARD 12 PUBLIC MEETINGS	MONTL HY	01	None	100	ELECTRICITY/ RDP	As provided
WARD 13 PUBLIC MEETINGS	MONTL HY	01	None	100	ELECTRICITY/ RDP	As provided
WARD 14 PUBLIC MEETINGS	MONT LHY	01	None	100	ELECTRICITY/ RDP	As provided
WARD 15 PUBLIC MEETINGS	MONT LHY	01	None	+100	ELECTRICITY/ RDP	As provided
WARD 16 PUBLIC MEETINGS	MONT LHY	01	None	+100	ELECTRICITY/ RDP	As provided
WARD 17 PUBLIC MEETINGS	MONT LHY	01	None	+100	ELECTRICITY/ RDP	As provided
WARD 18 PUBLIC MEETINGS	MONT LHY	01	None	+100	ELECTRICITY/ RDP	As provided
WARD 19 PUBLIC MEETINGS	MONT LHY	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:

- Provide annually an assessment on the adequacy and effectiveness of the organisation's processes for controlling its activities and managing its risks;
- 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.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of function resources; and
- 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

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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 2017/18 was adopted by Council in 6th June 2017 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 Act, 2003 effective from March 2017, 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 2017/18 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

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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 2017/2018 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 (2016/2017), in the 2017/2018 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.

☐ 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

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

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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

2.9 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 2018/19 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	2018-10-18
All current budget-related policies	Yes	2018-04-24
The previous annual report (Year -1)	Yes	2018-04-24
The annual report (Year 0) published/t	Yes	2019-02-07
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	2017-08-31
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	N/A	
All supply chain management contracts above a prescribed value (give value) for Year 0	N/A	
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	N/A	

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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	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	2017-07-01
<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>		

T 2.10.1

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

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

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)

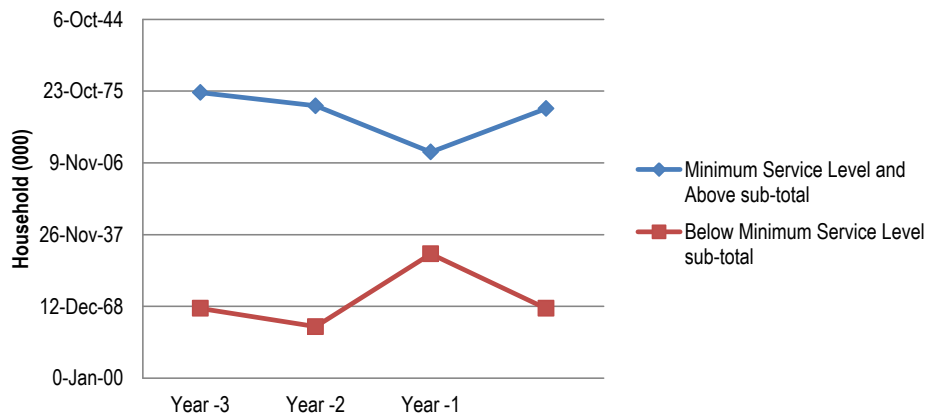
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2017/18	0	0	0	2109168	53
2018/19	0	0	0	2509356	

T 3.1.2

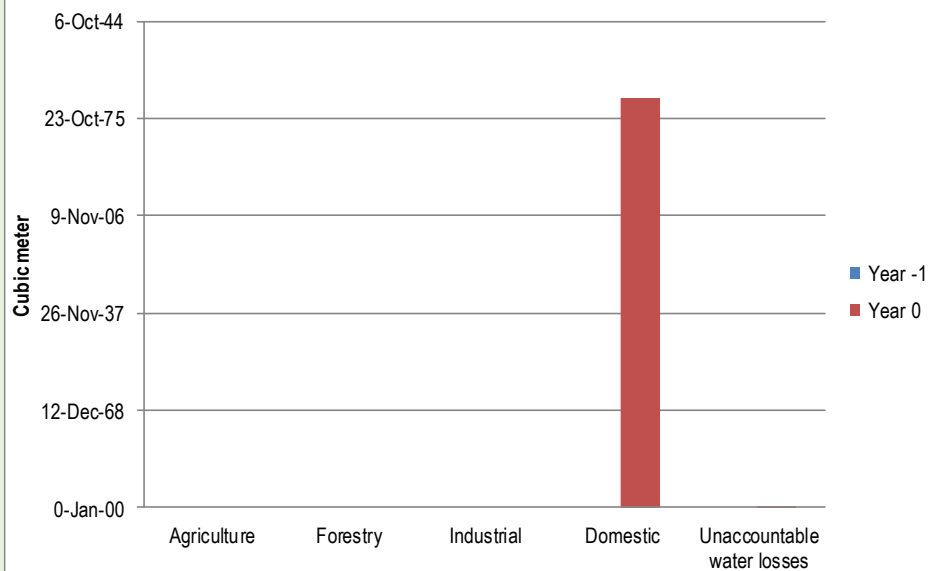
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Data for household service targets is sourced from table A10

Water: (above min level)



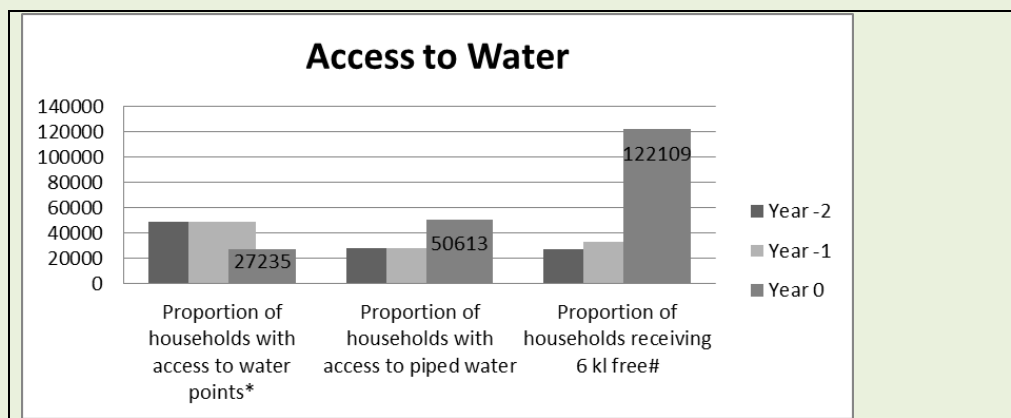
Water use by Sector



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Water Service Delivery Levels				
Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	27	27	27	27
Piped water inside yard (but not in dwelling)	27	27	27	–
Using public tap (within 200m from dwelling)	28	28	28	
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	82	83	83	27
<i>Minimum Service Level and Above Percentage</i>	58%	58%	58%	31%
<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	39
No water supply	21	21	21	21
<i>Below Minimum Service Level sub-total</i>	60	60	61	61
<i>Below Minimum Service Level Percentage</i>	42%	42%	42%	69%
Total number of households*	143	144	144	88
* - To include informal settlements				T 3.1.3

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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 6 kl free#
2016/17	49000	28530	32972
2017/18	27235	50613	122109
2018/19	49000	10984	2908
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	2017/18	2018/19			
	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	100%

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7 - 9	5	5	4	1	20%
10 - 12	6	5	5	1	33%
13 - 15	21	21	19	2	19%
Total	34	34	30	4	24%

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 2018/19: Water Services					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
Total Operational Revenue	10 945	20 325	23 325	12 380	-86%
Expenditure:					
Employees	7 124	7 258	7 258	6 976	-2%
Repairs and Maintenance	391	500	375	327	-28%
Other	1 094	2 428	1 506	115	-122%
Total Operational Expenditure	8 609	10 186	9 139	7 418	-18%
Net Operational Expenditure	2 337	10 139	14 186	4 962	-334%
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.					

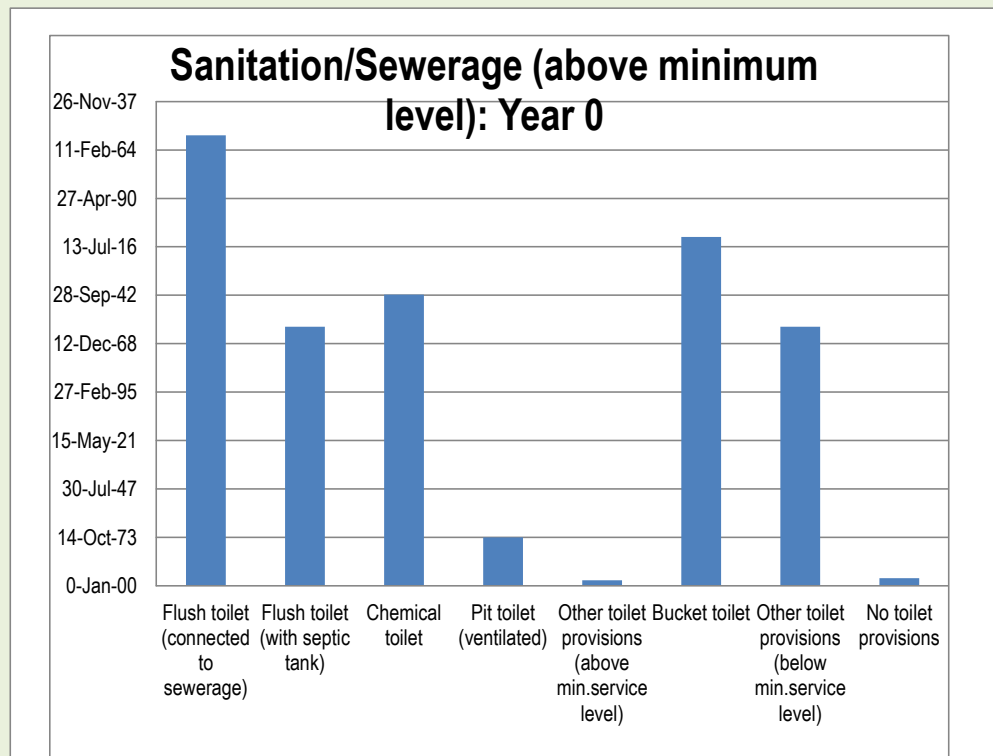
T 3.1.8

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Chapter 3

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

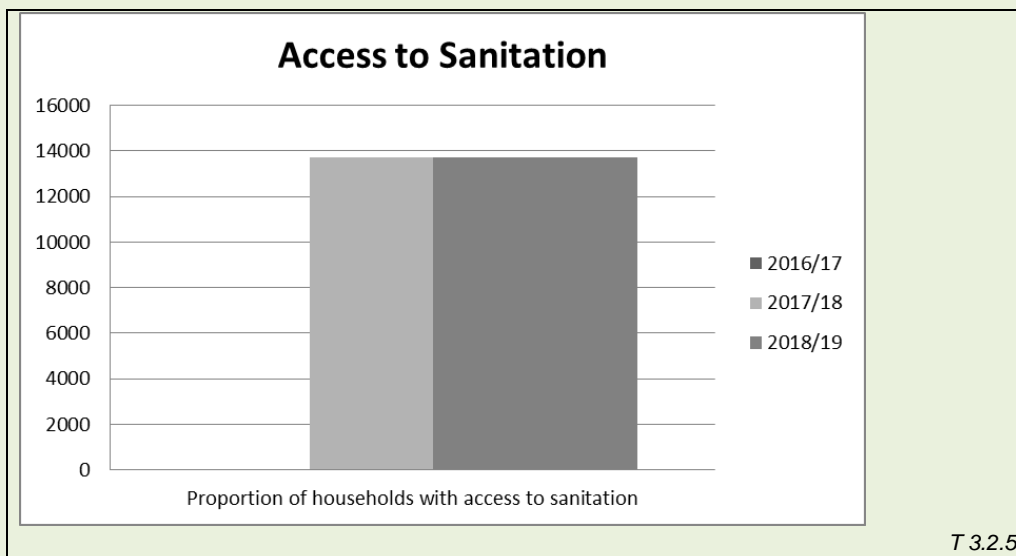


T 3.2.2

Sanitation Service Delivery Levels				
Description	*Households			
	2015/16	2016/17	2017/18	2018/19
	Outcome No.	Outcome No.	Outcome No.	Actual No.
Sanitation/sewerage: (above minimum level)				
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

Chapter 3

Other toilet provisions (above min.service level)	25	–	25	0
<i>Minimum Service Level and</i>				
<i>Above sub-total</i>	60	9	60	195
<i>Minimum Service Level and</i>				
<i>Above Percentage</i>	95.2%	100.0%	9.9%	100.0%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	0	–	0	–
Other toilet provisions (below min.service level)	1	–	535	–
No toilet provisions	2	–	12	–
<i>Below Minimum Service Level</i>				
<i>sub-total</i>	3	–	548	–
<i>Below Minimum Service Level</i>				
<i>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	2017/18	2018/19			
	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	3	6	2	4	67%
10 - 12	6	11	6	5	45%
13 - 15	4	34	3	31	91%
Total	14	52	13	39	77%
<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 3.2.7</p>					

Chapter 3

Financial Performance 2018/19: Sanitation Services					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	965	17 344	17 344	760	-1698%
Expenditure:					
Employees	11 484	11 510	11 510	11 856	0%
Repairs and Maintenance	428	915	495	307	-114%
Other	149	2 480	1 750	151	-1564%
Total Operational Expenditure	12 062	14 905	13 755	12 314	-24%
Net Operational Expenditure	11 097	(2 439)	3 589	11 554	122%
<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 3.2.8					

Chapter 3

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

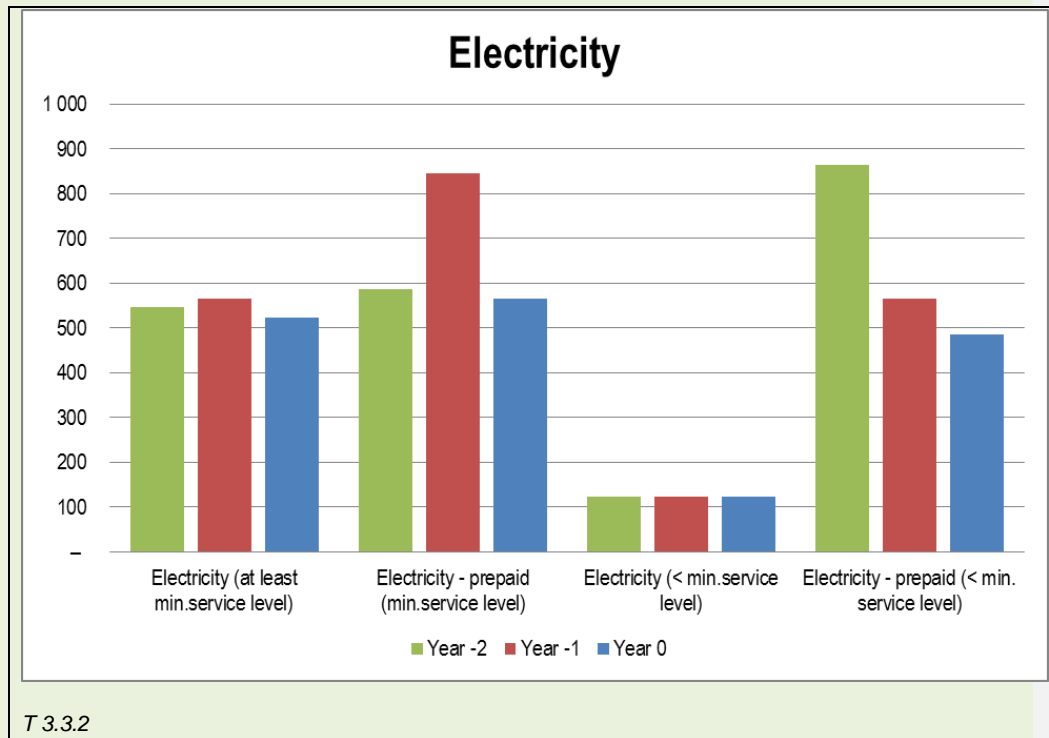
The Municipal Electricity Unit is licensed by the National Electricity Regulator of South Africa (NERSA) to supply electricity to 20% of the total customers in the Municipality's area of jurisdiction and the remainder which is comprised of the rural areas is supplied by Eskom. The Electricity Unit operates 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 2018/2019 financial year.

Chapter 3



Chapter 3

Electricity Service Delivery Levels				
Description	Households			
	2015/16 Actual No.	2016/17 Actual No.	2017/18 Actual No.	2018/19 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				

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

Chapter 3

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 Zee rust 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 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

Chapter 3

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

Chapter 3

Solid Waste Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	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</i>				
<i>sub-total</i>	2846,00	2235,00	2235,00	8341,00
<i>Minimum Service Level and Above</i>				
<i>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</i>				
<i>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 2018/19: Solid Waste Management Services					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	14	15	15	11	-10%
	073	453	453	863	
Expenditure:	–				
Employees	7	3	3	4	52%
	804	741	741	727	
Repairs and Maintenance	1	1	1		-778%
	171	500	350	19	
Other					-91%
	130	248	248	169	
Total Operational Expenditure	8	5	5	4	32%
	105	489	339	915	
Net Operational Expenditure	5	9	10	6	-67%
	969	964	114	948	

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 3.4.7

Chapter 3

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 end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year - 3	40740	32872	80,7%

Chapter 3

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

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
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

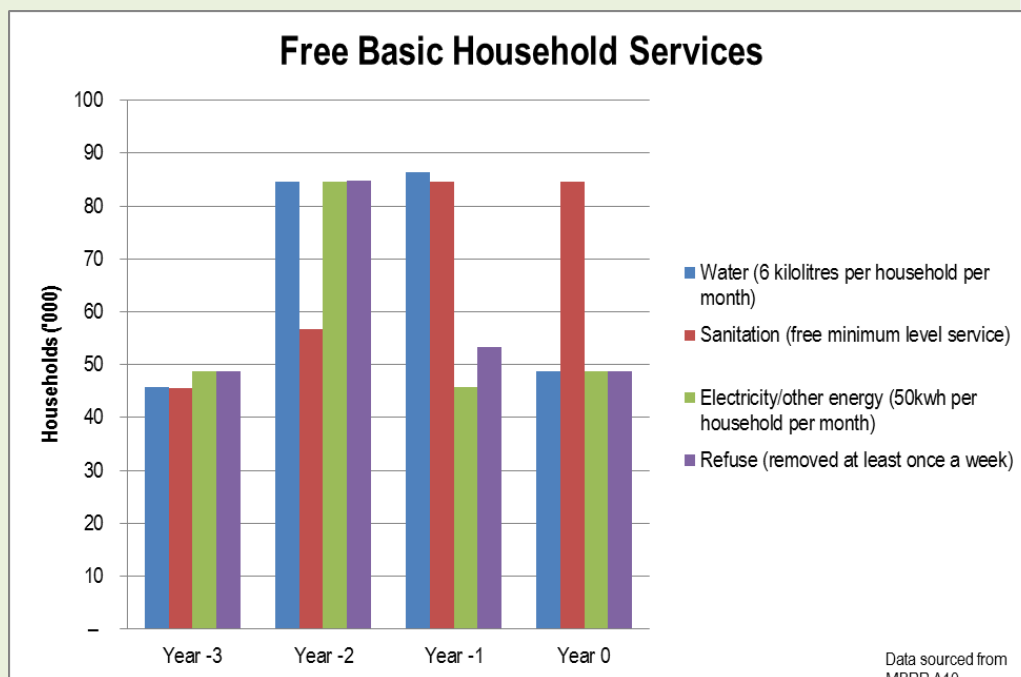
INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

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 2014/2015 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

Chapter 3



Free Basic Services To Low Income Households										
	Number of households									
	Total I	Households earning less than R1,100 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%		%
Year -2		28696,00	1097,00	4%	1 412	5%	6 902	24%	1 412	5%
Year -1		28696,00	1097,00	4%	1 412	5%	6 902	24%	1 412	5%
Year 0		28696,00	1097,00	4%	1 412	5%	6 902	24%	1 412	5%
T 3.6.3										

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	2300	1 300	1 300		-

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Waste Water (Sanitation)	0	2 500	2 500		-
Electricity	2247545	4 830	4 830		-
Waste Management (Solid Waste)		1 500	1 500		-
Total	2249845	10 130	10 130	-	-
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 2017/2018 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

Kilometers

	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2016/17	4 000	5.5.	4.5.	112
2017/18	4 000			
2018/19	3996.69	0	3.31	0
T 3.7.2				

Tarred Road Infrastructure

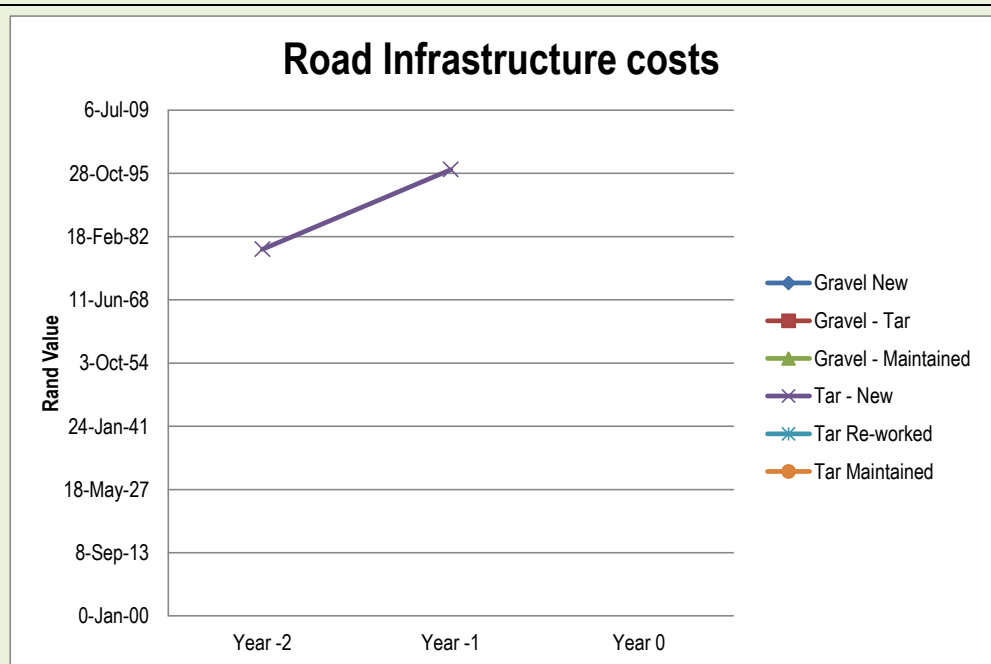
Kilometres

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	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					
T 3.7.3					

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2016/17				29000		
2017/18				35300		
2018/19	0	3.31	0	3.31	0	4454
T 3.7.4						

Chapter 3



T 3.7.

Chapter 3

Employees: Road Services					
Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	1	1	1	0	0%
7 - 9	2	2	2	0	0%
10 - 12	5	5	4	1	20%
13 - 15	14	14	14	0	0%
Total	22	23	21	2	9%

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.

T3.7.7

Financial Performance 2018/19: Road Services					
					R'000
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	58 490	453	453	504	-141%
Expenditure:					
Employees	15 634	438	17 541	978	-16%
Repairs and Maintenance	1 175	800	1 470	262	-1732%
Other	39	326	19 086	62	-31071%
Total Operational Expenditure	16 848	564	097	302	-172%
Net Operational Expenditure	642	889	356	202	-52%

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

Chapter 3

Capital Expenditure 2018/19: Road Services					
R' 000					
Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	R36 453 000.00	R11 050 000.00	R35 378 418.55	#DIV/0!	
All projects	R36 453 000.00	R11 050 000.00	R35 378 418.55	#DIV/0!	
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					

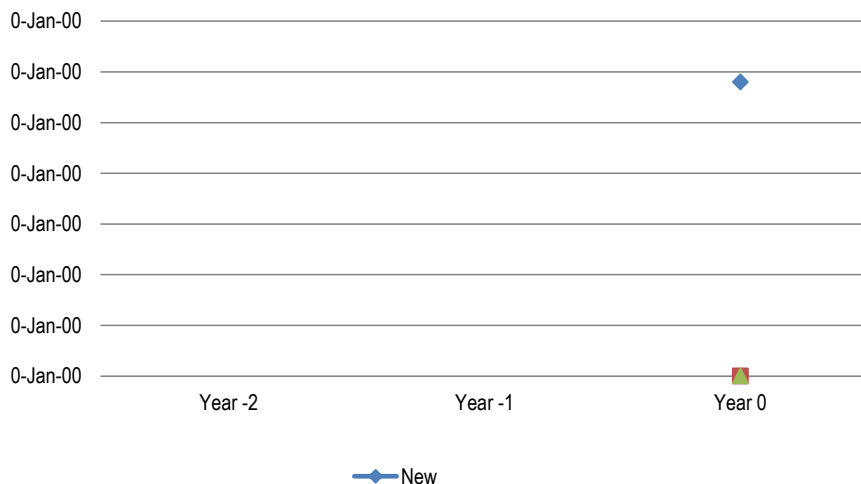
3.9 WASTE WATER (STORMWATER DRAINAGE)

Storm water Infrastructure				
Kilometers				
	Total Storm water measures	New storm water measures	Storm water measures upgraded	Storm water measures maintained
2016/17				10 000
2017/18	6	6	0	16 790
2018/19	6	0	3.31	5653
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			

Chapter 3

Stormwater infrastructure costs



T 3.9.4

Employees: Storm water Services					
Job Level	2017/18	2018/19			
	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

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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 2018/19: Mechanical Workshop					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 933	12 843	12 843	12 842	0%
Expenditure:					
Employees	2 567	2 750	2 750	1 874	-47%
Repairs and Maintenance		7 790	7 790	1 493	-422%
Other	2 094	2 303	2 303	2 176	-6%
Total Operational Expenditure	5 400	12 843	12 843	5 543	-132%
Net Operational Expenditure	(3) 467			7 299	100%
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					

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 2018/2019 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:

Chapter 3

- 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 of various land uses i.e. industrial, institutional, and residential and various businesses. The Town Planning Division is responsible for the following:

- Town Planning services i.e. provision of zoning information and processing of various land use applications i.e. rezoning applications;
- Building Control: Plan submission, inspection and (dis) approval thereof;
- Development Enforcement: Enforcement of town planning scheme regulations.

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.

T 3.10.1

Applications for Land Use Development

Detail	Formalization of Townships		Rezoning		Built Environment	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Planning application received	0.00	0.00	49.00	35.00	118.00	92
Determination made in year of receipt	0.00	0.00	37.00	29.00	118.00	0.00
Determination made in following year	0.00	0.00	12.00	2.00		0.00
Applications withdrawn	0.00	0.00		0.00	0.00	0.00
Applications outstanding at year end	0.00	0.00		4.00	0.00	0.00
						<i>T</i> 3.10.2

Chapter 3

Employees: Planning Services					
Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
7 - 9	5	5	5	0	0%
Total	6	6	6	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.

3.10.4

Financial Performance 2018/19: Planning Services					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 548	14 602	14 602	1 820	-702%
Expenditure:	–				
Employees	1 344	2 906	2 906	960	-203%
Repairs and Maintenance					#DIV/0!
Other	309	11 716	11 716	1 708	-586%
Total Operational Expenditure	1 653	14 622	14 622	2 668	-448%
Net Operational Expenditure	(104)	(20)	(20)	848	102%

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 3.10.5

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Chapter 3

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

Economic Employment by Sector			
			Jobs
Sector	2016/17 No.	2017/18 No.	2018/19 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.

Chapter 3

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)				
2016/17				
2017/18	405			
2018/19	248			
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				

T 3.11.5

Job creation through EPWP* projects		
	EPWP Projects	Jobs created through EPWP projects
Details	No.	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	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)

Chapter 3

	No.	No.	No.	No.	%
0 - 3	1	1	1		0%
4 - 6	1	1	1	0	0%
7 - 9	3	3	3	0	0%
10 - 12	1	1	0	1	100%
13 - 15	8	5	4	3	60%
Total	14	11	9	4	36%

*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 2018/19: Local Economic Development Services					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 968	5 856	5 856	1 712	-242%
Expenditure:					
Employees	2 923	4 137	4 137	3 494	-18%
Repairs and Maintenance	–	–			#DIV/0!
Other	7 839	1 312	1 119	5 472	76%
Total Operational Expenditure	10 761	5 450	5 256	8 966	39%
Net Operational Expenditure	5 957	406	599	(7 254)	106%
<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. T3.12.1

Chapter 3

Financial Performance 2018/19: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 625	6 241	6 241	2 373	-163%
Expenditure:					
Employees	1 262	5 003	5 003	1 021	-390%
Repairs and Maintenance	2	260	260	95	-174%
Other	34	455	405	90	-405%
Total Operational Expenditure	1 299	5 717	5 667	1 206	-374%
Net Operational Expenditure	326	523	573	167	55%
<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 3.12.5					

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	Year -1	Year 0			
	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	8	0	0%
Total	10	10	10	0	0%
T 3.13.4					

Financial Performance 2018/19: Cemeteries and Crematoriums					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 929	1 659	1 659	1 708	3%
Expenditure:					
Employees	300	345	345	349	1%
Repairs and Maintenance	–	450	250	72	-525%
Other	7	795	329	31	-2464%
Total Operational Expenditure	307	1 590	924	452	-252%
Net Operational Expenditure	1 622	69	736	1 256	94%
<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 3.13.5					

Financial Performance 2018/19: Traffic and Security					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	16 034	24 871	28 471	24 626	-1%
Expenditure:	–				

Chapter 3

employees	13 993	14 607	14 607	14 737	1%
Repairs and Maintenance	29	135	128	95	-42%
Other	8 622	14 767	14 637	8 701	-70%
Total Operational Expenditure	22 644	29 508	29 371	23 533	-25%
Net Operational Expenditure	(6 609)	(4 638)	900	(1 092)	-325%

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 3.20.5

Chapter 3

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 2018/2019: Sport and Recreation					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	6 429	5 829	5 829	5 829	0%
Expenditure:					
Employees	4 796	5 309	5 039	5 267	-1%
Repairs and Maintenance	1	500	200	161	-211%
Other	642	20	10	98	80%
Total Operational Expenditure	5 439	5 829	5 249	5 526	-5%
Net Operational Expenditure	(991)	0	(579)	(303)	100%
<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.

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.

Chapter 3

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

Financial Performance 2018/19: The Executive and Council					
					R'000
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	32 135	38 055	38 055	23 203	-64%
Expenditure:					
Employees	221 23	267 26	26 239	19 533	-34%
Repairs and Maintenance	–	–			#DIV/0!
Other	850 9	336 12	12 309	2 691	-358%
Total Operational Expenditure	072 33	38 604	38 548	224 22	-74%
Net Operational Expenditure	(937)	(548)	(493)	979	156%
<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 3.24.5

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	Year -1		Year 0			Year 1	
	Actual for account	Proportion of accounts	Billed in Year	Actual for accounts billed in	Proportion of accounts	Estimated outturn for	Estimated Proportion

Chapter 3

recovered	s billed in year	value billed that were collected in the year %		year	value billed that were collected %	accounts billed in year	n of accounts billed that were collected %
Property Rates				29			
Electricity - B				211	23%		
Electricity - C				511	25%		
Water - B				24	8%		
Water - C				926	0%		
Sanitation				–			
Refuse				10	18%		
Other				382	11%		
				4	15%		
				772			

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

Employees: Financial Services					
Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	6	6	5	1	17%
4 - 6	9	14	9	5	36%
7 - 9	20	20	20	10	50%
Total	35	40	34	16	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 3.25.4

Financial Performance 2018/19: Financial Services					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational	79	88	85 770	65	-35%

Chapter 3

Revenue	982	988		805	
Expenditure:					
Employees	16 069	25 098	25 098	3 656	-586%
Repairs and Maintenance	–				#DIV/0!
Other	19 831	52 328	51 873	26 093	-101%
Total Operational Expenditure	35 900	77 426	76 972	29 749	-160%
Net Operational Expenditure	44 083	562	8 799	36 056	68%
<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					

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

Financial Performance 2018/19: Human Resource Services					
	R'000				
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	17 859	15 288	14 187	13 213	-16%
Expenditure:					
Employees	9 397	8 657	7 820	8 620	0%
Repairs and Maintenance	131				#DIV/0!
Other	4 332	6 631	4 564	5 595	-19%
Total Operational Expenditure	13 860	15 288	12 384	14 215	-8%
Net Operational Expenditure	3 999	–	1 804	(1 002)	100%

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	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	2	2	0	0%
7 - 9	1	2	2	0	0%
Total	4	5	5	0	0%
<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>					

T3.27.4

Financial Performance 2018/19: ICT Services					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4	3	3 100	3	0%
Revenue	452	100		100	
Expenditure:					

Chapter 3

Employees	032 ²	222 ²	2 293	888 ¹	-18%
Repairs and Maintenance	29	–		15	100%
Other	535	969 ¹	1 774	913 ²	32%
Total Operational Expenditure	595²	190⁴	4 068	816⁴	13%
Net Operational Expenditure	(1 856)¹	(1 090)¹	968	716¹	164%

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 3.27.5

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 2018/19: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	109	3 037	3 037	037³	0%
Expenditure:					
Employees	231	1 431	1 502	502 ¹	5%
Repairs and Maintenance	0	1 027	777	777	-32%
Other	–	79	40	40	-97%
Total Operational Expenditure	231	2 537	2 319	319²	-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>					
T 3.28.5					

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	2017/18	2018/19			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	34	34	30	4	%
Waste Water (Sanitation)	26	52	13	39	%
Electricity	13	23	13	9	%
Waste Management	21	19	17	4	%
Housing	2	2	2	0	%
Waste Water (Storm water Drainage)	5	10	10	5	%
Roads	27	23	21	9	%

Chapter 4

Transport	2	4	2	2	%
Planning	3	6	6	0	%
Local Economic Development	5	11	9	4	%
Planning (Strategic & Regulatory)	5	6	5	1	%
Local Economic Development	58	68	58	10	%
Community & Social Services	3	3	3	3	%
Environmental Protection	29	30	28	9	%
Health	88	92	87	5	%
Security and Safety	14	19	13	6	%
Sport and Recreation	7	8	3	4	%
Corporate Policy Offices and Other	0	0	0	0	%
Totals	342	410	320	114	-

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: 2018/19			
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%

Chapter 4

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

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2016/17	0	2	-
2017/18	2	0	
2018/19	4	17	425%
* 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

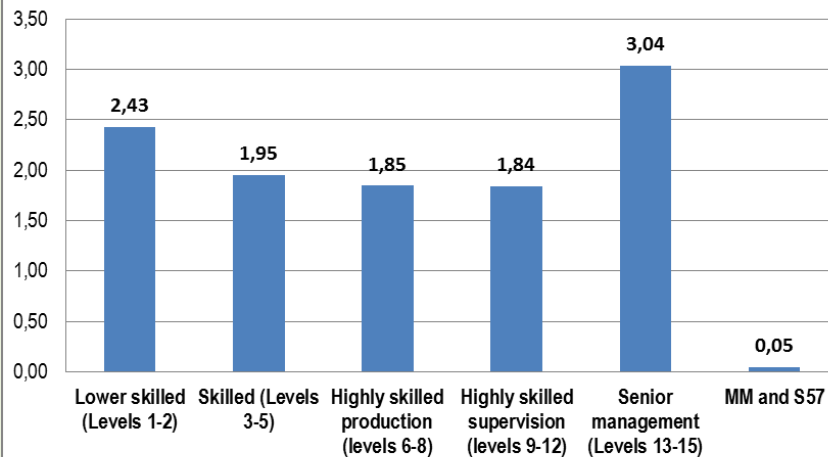
There were no work related injuries

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 Finalized	Date Finalized
Manager in the Office of the Mayor	Dereliction of duties & intimidation	August 2018	Charges level against the alleged accused & opted to resign, charges dropped	22 January 2019 (Resigned)
Executive Manager in the office of the MM	On Special Leave since January 2016	On Special Leave since January 2016	The incumbent served with the notice of the lapse of the employment contract	31 May 2019 (Dismissal)
Security Officer	Abscondment related misconduct	N/A	Charges level against the alleged accused	25 May 2019 (Dismissal)
General Worker	Abscondment related misconduct	N/A	Summary dismissal	17 April 2019 (Dismissal)
Manager in the office of the Speaker	Contract of Employment terminated (Aligned to the term of office of the incumbent Speaker)	N/A	Contract of Employment terminated (Aligned to the term of office of the incumbent Speaker)	04 January 2019 (Contract of Employment terminated)
Secretary in the office of the Speaker	Contract of Employment terminated (Aligned to the term of office of the incumbent Speaker)	N/A	Contract of Employment terminated (Aligned to the term of office of the incumbent Speaker)	04 January 2019 (Contract of Employment terminated)

Chapter 4

	the incumbent Speaker)			
T 4.3.5				

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 2019	Number of skilled employees required and actual as at 30 June 2019											
			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)

T4.5.1

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	2017/18	2018/19		2018/19 Variance		
	Actual	Original Budget	Adjustment s Budget	Actual	Original Budget	Adjustment s Budget
Operating Cost						
Water	8 609	10 186	9 139	7 418	-37.32%	-23.20%
Waste Water (Sanitation)	12 062	14 905	13 755	12 314	-21.04%	-11.70%
Electricity	56 164	63 066	60 021	61 719	-2.18%	2.75%
Waste Management	8 105	5 489	5 339	4 915	-11.68%	-8.63%
Housing						
Component A: sub-total	84 939	93 646	88 254	86 366	-8.43%	-2.19%
Waste Water (Storm water Drainage)						
Roads	16 848	41 564	38 097	15 302	-171.62%	-148.97%
Transport						
Component B: sub-total	16 848					
Planning	309	11 716	11 716	2 668	-339.12%	-339.12%
Local Economic Development	11	5 450	5 256	8 966	39.22%	41.38%
Component B: sub-total	320	17 165	16 972	11 634	-47.55%	-45.88%
Planning (Strategic & Regulatory)						
Local Economic Development						
Component C: sub-total	-	-	-	-		
Community & Social Services	34 825	25 538	25 538	120 527	78.81%	78.81%
Environmental Protection						
Health	22	29		23	-25.39%	-24.81%
Security and Safety	644	508	29 371	533		
Sport and Recreation	5	5		5	-5.47%	5.01%
Corporate Policy	439	829	5 249	526		
Offices and Other	16	22		21	-3.12%	12.08%
	686	015	18 770	350		

Chapter 5

Component D: sub-total	79 593	82 890	78 929	170 936	51.51%	53.83%
Total Expenditure	181 699	193 702	184 154	268 936	27.97%	31.52%

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

5.2 GRANTS

Grant Performance						
R' 000						
Description	2017/18	2018/19		2018/19 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	129 053	156 482	156 482	156 482	0	—
Equitable share	126 139	153 173	153 173	153 173	0	—
Financial Management Grant	1 810	2 215	2 215	2 215	0	—
EPWP Grant	1 104	1 094	1 094	1 094	(0)	—
Provincial Government:	2 310	670	1 170	1 170	(0)	—
Sports and Recreation	500	670	1 170	1 170	0	—
Financial Management Grant	1 810				#DIV/0!	#DIV/0!
Total Operating Transfers and Grants	131 363	157 152	157 652	157 652		
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.						

T 5.2.1

5.3 ASSET MANAGEMENT

Chapter 5

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 an 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).

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

T 5.3.1

COMMENT ON ASSET MANAGEMENT:

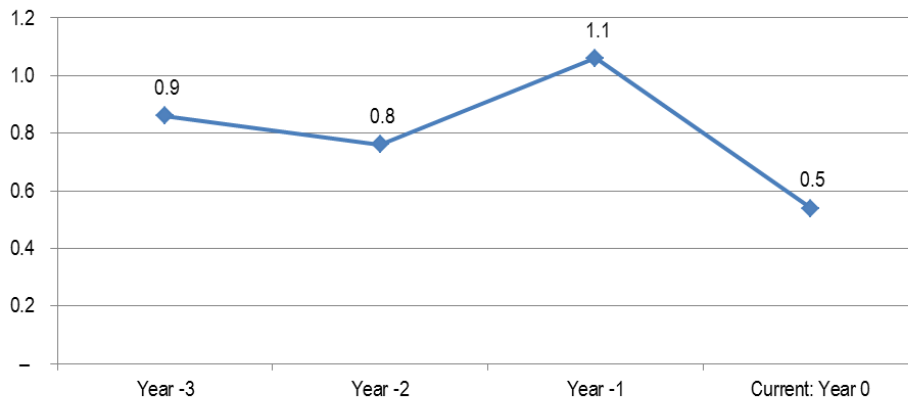
There was no acquisition of new assets during the year.

T 5.3.3

Chapter 5

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Liquidity Ratio



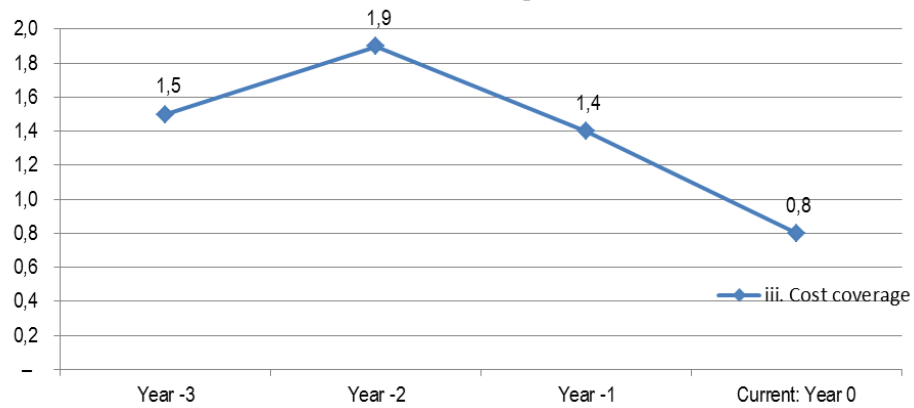
Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

T 5.4.1

Chapter 5

Cost Coverage



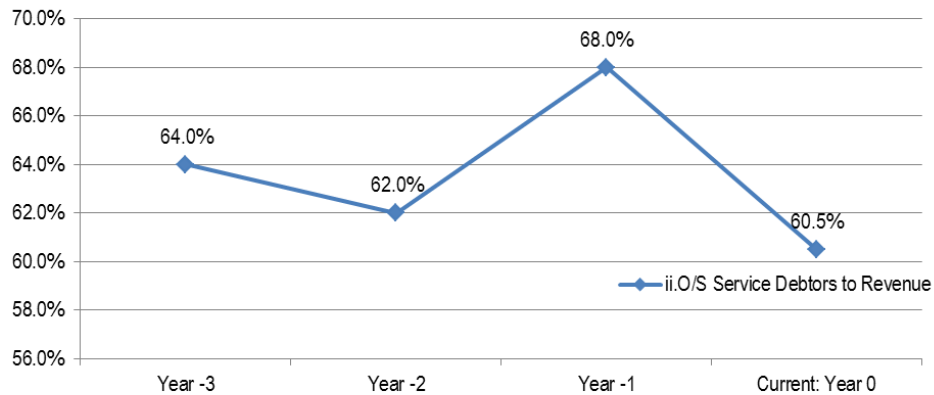
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

Chapter 5

Total Outstanding Service Debtors

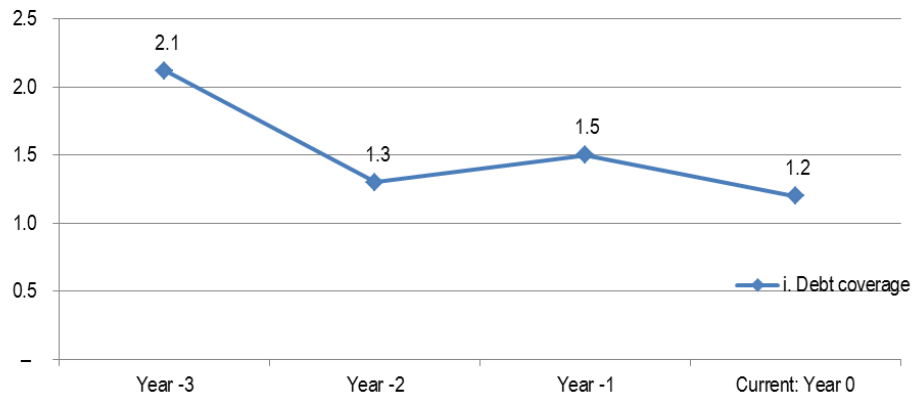


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

T 5.4.3

Chapter 5

Debt Coverage



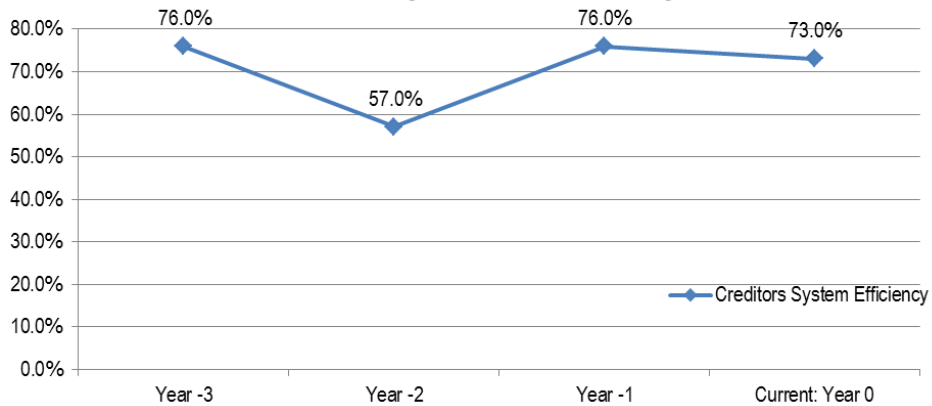
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Chapter 5

Creditors System Efficiency



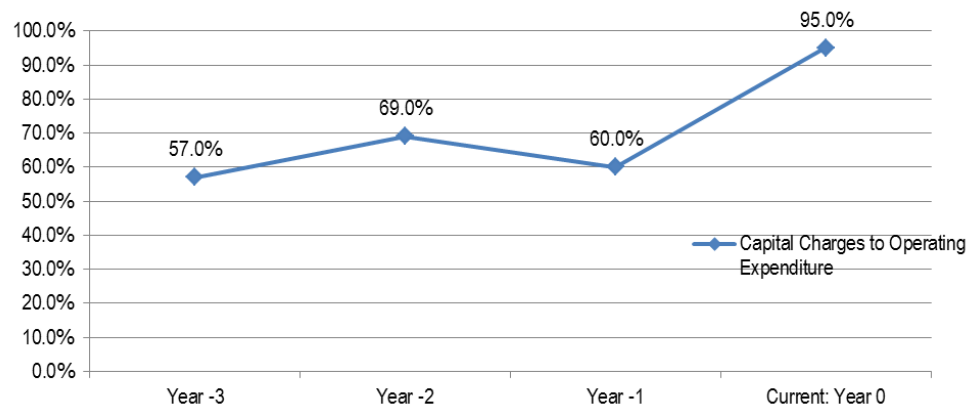
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Chapter 5

Capital Charges to Operating Expenditure



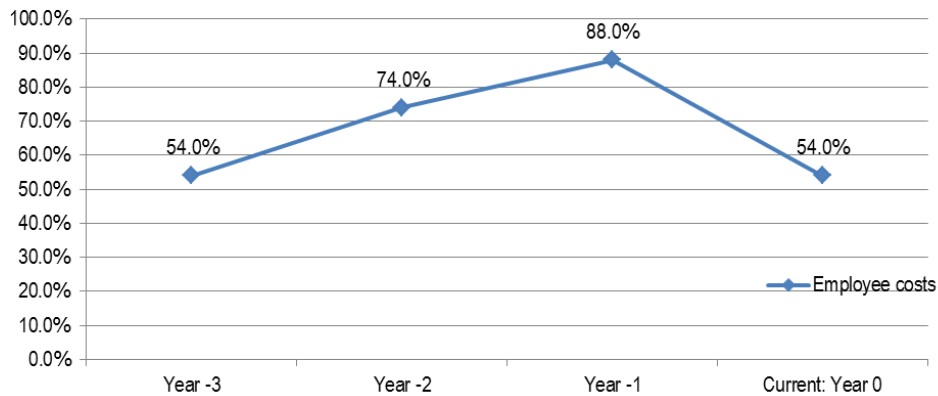
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Chapter 5

Employee Costs

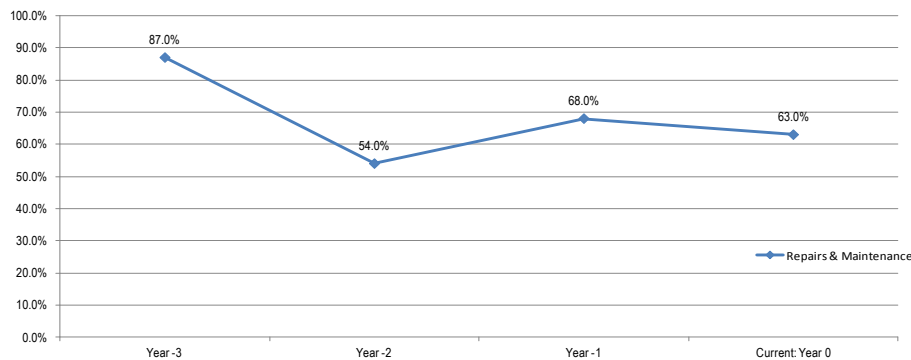


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

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

Chapter 5

T 5.4.8

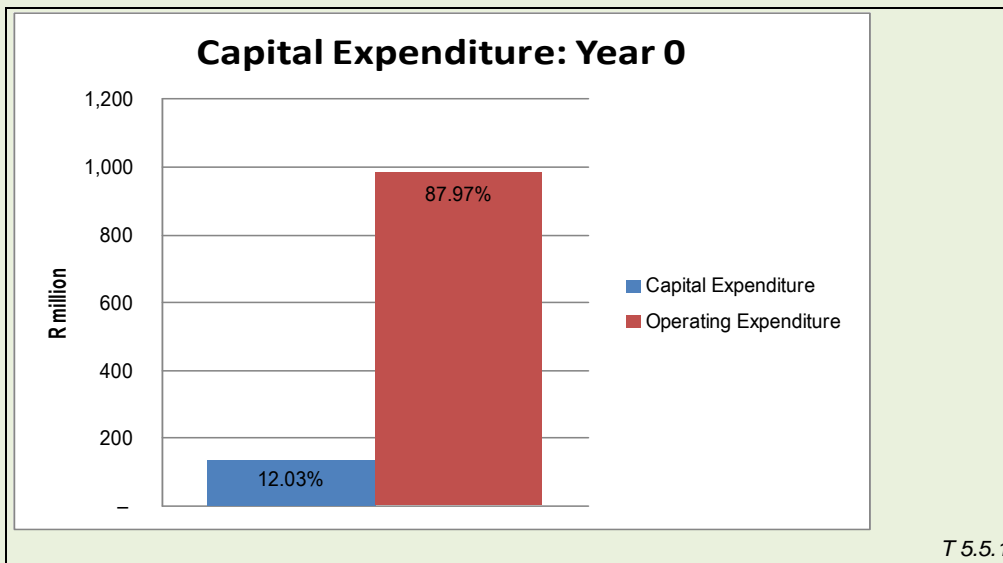
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

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 spend. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal 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



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0

R' 000

Details	Year	Year 0
---------	------	--------

Chapter 5

		-1					
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans						
	Public contributions and donations						
	Grants and subsidies		60 033	374 50	374 50	-16,09%	16,09%
	Other		6 154	215 4	500 3	-31,51%	43,13%
Total		0	66 186 852	992 54 588	53 874 000		
<i>Percentage of finance</i>							
	External loans		0,0%	0,0%	0,0%		
	Public contributions and donations		0,0%	0,0%	0,0%		
	Grants and subsidies		90,7%	92,3%	93,5%		
	Other		9,3%	7,7%	6,5%		
Capital expenditure							
	Water and sanitation		350 2			100,00%	100,00%
	Electricity		000 18	679 6	679 6	-62,89%	62,89%
	Housing						
	Roads and storm water		274 43	274 43	274 43	0,00%	0,00%
	Other		563 2	636 4	500 3	80,89%	36,57%
Total		0	66 186 852	992 54 588	53 453 000		
<i>Percentage of expenditure</i>							

Chapter 5

Water and sanitation		3,6%	0,0%	0,0%		
Electricity		27,2%	12,2%	12,5%		
Housing		0,0%	0,0%	0,0%		
Roads and storm water		65,4%	79,3%	81,0%		
Other		3,9%	8,5%	6,5%		

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 (%)
LEKGOPHUNG SUPINGSTAD INT ROADS & STORM PH 3	6000000.00	0	6000000	100%	0.00
MOTSWEDI INT ROADS & STORM PH 2	4000000.00	0.00	4000000.00	100%	0.00
UPGRADING OF ZEERUST INT ROADS & STORM	6000000.00	R 0.00	6000000.00	100%	0.00
HIGH MAST LIGHTS	6000000.00	1200000	7200000	83%	0.17
LEKUBU COMMUNITY HALL	3000000	1000000	4000000	75%	25%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - B					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - C					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - D					
Objective of Project					
Delays					
Future Challenges					

Chapter 5

Anticipated citizen benefits	
Name of Project - E	
Objective of Project	
Delays	
Future Challenges	
Anticipated citizen benefits	
T 5.7.1	

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Municipal Infrastructure Grant (MIG)* Expenditure 2018/19 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	R38000000.00	-	R37554173.01	%	%	-
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						

Chapter 5

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2017/18	Current: 2018/19		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts	292 349	356 503	351 406	346 938
Ratepayers and other	108 210	142 865	138 399	130 787
Government - operating	142 307	157 762	164 459	158 990
Government - capital	40 950	55 120	48 395	56 773
Interest	882	756	153	388
Dividends				
Payments	(256 246)	(283 195)	(306 197)	(294 879)
Suppliers and employees	(254 108)	(282 716)	(305 718)	(293 325)
Finance charges	(2 137)			(1 554)
Transfers and Grants		–		
NET CASH FROM/(USED) OPERATING ACTIVITIES	36 104	73 308	45 209	52 059
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	1 053			
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	(31 154)	(67 877)	(48 395)	(56 001)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(32 909)	(67 877)	(48 395)	(56 001)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	(1 010)			

Chapter 5

Borrowing long term/refinancing	–			
Increase (decrease) in consumer deposits	136			
Payments				
Repayment of borrowing	(762)			
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 636)	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD	1 559	5 000	5 000	(3 942)
Cash/cash equivalents at the year begin:				14 652
Cash/cash equivalents at the year-end:		5 000	5 000	10 710
Source: MBRR A7		T 5.9.1		

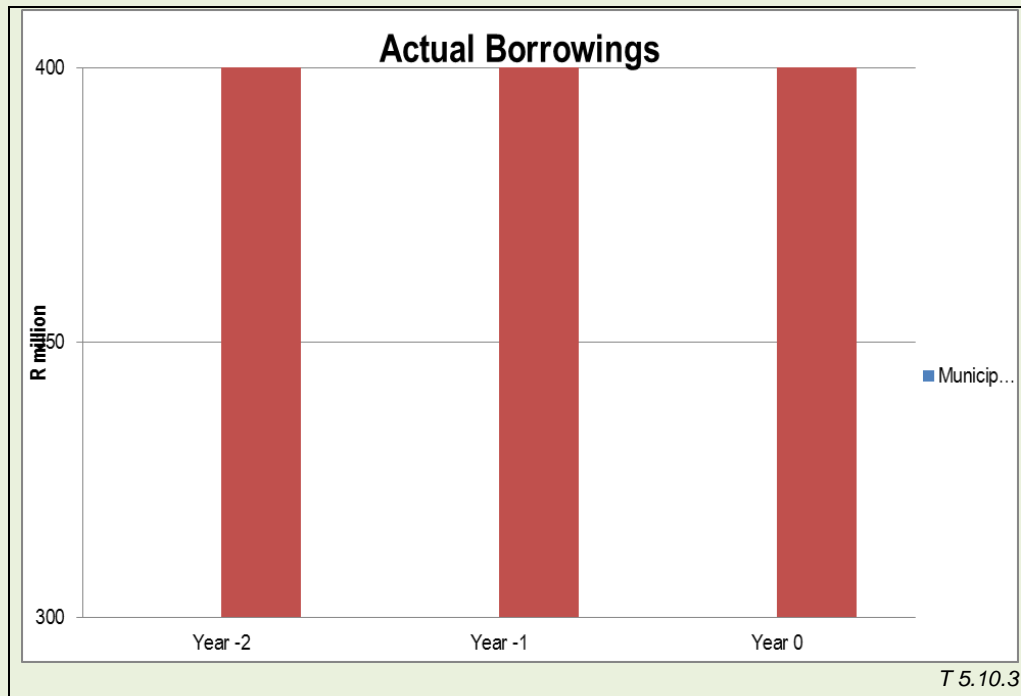
COMMENT ON CASH FLOW OUTCOMES:

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
Municipality			
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 2016/17 was adopted by Council in 31 May 2016 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: 2016/17	
Audit Report Status*:	Qualified Opinion
<i>T 6.1.1</i>	

Auditor-General Report on Service Delivery Performance: 2017/18	
Audit Report Status:	Disclaimer Opinion

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

6.2 AUDITOR GENERAL REPORT YEAR 2018/19

Auditor-General Report on Financial Performance: 2018/19	
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 182 to 232, which comprise the statement of financial position as at 30 June 2019, 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 the status of the accounting records. The municipality could not reconcile the fixed asset register with the property, plant and equipment accounts and did not have adequate systems in place to identify and record all work in progress in accordance with GRAP 17, Property, plant and equipment. I was unable to confirm property, plant and equipment by alternative means. In addition, other assets included in property, plant and equipment were overstated by R4 711 148 (2018: R5 009 301) as accumulated depreciation on these assets were not accounted for. Consequently, I was unable to determine whether any adjustment to property, plant and equipment of R601 336 045 (2018: R586 087 476) disclosed in the statement of financial position and note 9 to the financial statements was necessary.

Investment property

4. The municipality did not recognise all property owned by the municipality for capital appreciation as investment property. Consequently, investment property disclosed in

note 8 to the financial statements was understated by R31 249 500 (2018: R31 249 500). Additionally, there was a consequential impact on the accumulated surplus.

Inventories

5. I was unable to obtain sufficient appropriate audit evidence for inventories due to the status of the accounting records and non-submission of information. I was unable to confirm these inventories by alternative means. Consequently, I was unable to determine whether any adjustment to inventories of R5 915 487 (2018: R7 162 980) disclosed in the statement of financial position and note 2 to the financial statements was necessary.

Receivables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for the sale of land debtors included in receivables from exchange transactions, due to the status of the accounting records and non-submission of information. I was unable to confirm these debtors by alternative means. Consequently, I was unable to determine whether any adjustment to sale of land debtors of R4 093 032 (2018: R4 097 380) included in receivables from exchange transactions 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, including the related disclosures and the allowance for impairment, due to the status of the accounting records. I was unable to confirm these debtors and allowance for impairment by alternative means. Consequently, I was unable to determine whether any adjustments to consumer debtors of R87 695 262 (2018: R62 453 707) disclosed in the statement of financial position and note 6 to the financial statements were necessary.

Payables from exchange transactions

8. I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions due to a lack of proper record keeping and reconciliation of control accounts by the municipality. I was unable to confirm these payables by alternative means. In addition, the municipality did not account for all third party payables, resulting in the third party payables included in payables from exchange transactions and employee related costs being understated by R11 946 316 (2018: R3 526 956). Consequently, I was unable to determine whether any further adjustment to payables from exchange transactions of R111 564 096 (2018: R111 687 351) disclosed in the statement of financial position and note 14 to the financial statements was necessary.

VAT payable

9. I was unable to obtain sufficient appropriate audit evidence for VAT payable due to inadequate reconciliations performed between the VAT statements of accounts and the accounting records. I was unable to confirm this payable by alternative means. Consequently, I was unable to determine whether any adjustment to the VAT payable of R6 216 737 (2018: R3 288 148) disclosed in the statement of financial position and note 15 to the financial statements were necessary.

Employee benefit obligation

10. I was unable to obtain sufficient appropriate audit evidence for the employee benefit obligation due to the status of the accounting records. I was unable to confirm the employee benefit obligation and related actuarial gains and disclosures by alternative means. Consequently, I was unable to determine whether any adjustments to employee benefit obligation of R32 041 000 disclosed in note 17 to the financial statements and the employee benefit actuarial gain of R10 327 270 disclosed in the statement of financial performance were necessary.

Unspent conditional grants and receipts

11. I was unable to obtain sufficient appropriate audit evidence for unspent conditional grants and receipts for the current year and related government grants and subsidies for the current and prior year, as documentation to support selected transactions was not provided for audit. In addition, the municipality, by agreement, was providing water services on behalf of the district municipality. As per the 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 resultant understatement relating to these services. I could not confirm these unspent conditional grants and receipts or related government grants and subsidies and receivable from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments to unspent conditional grants and receipts of R14 078 534 (2018: R3 412 375) disclosed in note 18 to the financial statements, government grants and subsidies of R206 258 841 (2018: R184 542 406) disclosed in note 23 to the financial statements and receivables from non-exchange transactions of R2 872 476 (2018: R1 375 081) disclosed in note 5 to the financial statements, were necessary.

Provisions

12. I was unable to obtain sufficient appropriate audit evidence for the long service award and the environmental rehabilitation provision for the current and prior year included in provisions due to the status of the accounting records. I was unable to confirm these provisions and related corresponding figure for the provision for landfill site movement by alternative means. Consequently, I was unable to determine whether any adjustments relating to provisions of R45 349 131 (2018: R43 741 918) disclosed in the statement of financial position and note 19 to the financial statements and the corresponding figure for the provision for landfill site movement of R12 383 918 disclosed in the statement of financial performance, were necessary.

Accumulated surplus

13. 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 R557 571 443 (2018: R528 666 734) disclosed in the statement of financial position and the statement of changes in net assets, was necessary.

Service charges

14. I was unable to obtain sufficient appropriate audit evidence for service charges as the municipality could not reconcile the billing reports 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 which resulted in the service charges and consumer debtors being understated by R20 032 163 (2018: R11 757 935). Consequently, I was unable to determine whether any further adjustment to service charges of R78 102 791 (2018: R68 840 121) disclosed in the statement of financial performance and note 20 to the financial statements was necessary.

Property rates

15. I was unable to obtain sufficient appropriate audit evidence for the restated corresponding figure for property rates as the municipality could not reconcile the billing reports with the restated property rates in the financial statements. I was unable to confirm these property rates by alternative means. Consequently, I was unable to determine whether any adjustment relating to the property rates corresponding figure of R35 397 279 as presented in the statement of financial performance and disclosed in note 22 to the financial statements was necessary.

Fines, penalties and forfeits

16. I was unable to obtain sufficient appropriate audit evidence for fines, penalties and forfeits as documentation to support selected transactions was not provided for audit. I was unable to confirm these fines, penalties and forfeits by alternative means. Consequently, I was unable to determine whether any adjustment to revenue from fines, penalties and forfeits of R4 274 450 disclosed in the statement of financial performance and note 49 to the financial statements, was necessary.

Debt impairment

17. 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 R2 020 180 (2018: R4 170 325) disclosed in the statement of financial performance was necessary.

Depreciation and amortisation

18. I was unable to obtain sufficient appropriate audit evidence for the restated corresponding figure of R29 505 109 for depreciation and amortisation due to the status of the accounting records. I was unable to confirm this restated depreciation and amortisation by alternative means. Furthermore, depreciation and amortisation of R27 046 552 disclosed in the statement of financial performance was understated by R5 951 780 (2018: R2 595 547) and accumulated depreciation understated with the same amount due to the status of the accounting records.

Employee related costs

19. I was unable to obtain sufficient appropriate audit evidence for acting allowances for the current and prior year and the restated corresponding figure for medical aid company contributions included in employee related costs, due to variances between the

accounting system and the payroll system that could not be supported by management. I could not confirm these employee related costs by alternative means. In addition, the increase in leave pay provision included in the restated employee related cost corresponding figure was overstated by R3 899 882. Consequently, I was unable to determine whether any further adjustment to employee related costs of R130 030 667 (2018: R128 049 711) disclosed in the statement of financial performance and note 28 to the financial statements was necessary.

Loss on disposal of assets and liabilities

20. I was unable to obtain sufficient appropriate audit evidence for the restated corresponding figure for loss on disposal of assets and liabilities due to the status of the accounting records. I was unable to confirm the loss on disposal of assets and liabilities by alternative means. Consequently, I was unable to determine whether any adjustment to the loss on disposal of assets and liabilities corresponding figure of R6 164 835 disclosed in the statement of financial performance was necessary.

General expenses

21. I was unable to obtain sufficient appropriate audit evidence for general expenses as documentation to support selected transactions was not provided for audit. I was unable to confirm these general expenses by alternative means. Consequently, I was unable to determine whether any adjustment to general expenses of R63 808 435 (2018: R48 560 639) disclosed in the statement of financial performance and note 31 to the financial statements was necessary.

Cash flow statement

22. The calculation of the net cash outflow from operating activities and cash flow from investing activities for the prior period did not appropriately account for cash and non-cash items as required by GRAP 2, Cash flow statements. I was unable to determine the extent of this misstatement on the items presented in the cash flow statement or the note thereto as it was impracticable to do so due to the municipality's system.

Commitments

23. The municipality did not have adequate systems to ensure that commitments were correctly recorded and disclosed as required by GRAP 17, Property plant and equipment. Consequently, commitments of R46 904 303 disclosed in note 34 to the financial statements was overstated by R5 658 625.

Risk management

24. The municipality did not disclose the classes of financial instruments held and quantitative data about its exposure to risk arising from these financial instruments as required by GRAP 104, financial instruments. Consequently, the municipality did not disclose all the required information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed to, in note 36 to the financial statements. I was unable to practicably determine the impact of the omitted disclosure.

Going concern

25. The municipality's current liabilities exceeded its current assets by R23 329 599 as at 30 June 2019 which, along with other matters, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern. The aforementioned information has not been correctly disclosed in note 37 to the financial statements.

Unauthorised expenditure

26. Section 125 of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) requires the disclosure of unauthorised expenditure incurred. The municipality incorrectly calculated unauthorised expenditure in the current year by expenditure type and not as the overspending on individual votes within the budget. The municipality did not have adequate systems in place to identify and record expenditure per vote. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to unauthorised expenditure of R18 414 190 for the current year, disclosed in note 38 to the financial statements was necessary.

Irregular expenditure

27. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R24 102 135 (2018: R38 769 925) in contravention with the supply chain management requirements and salary overpayments of R1 882 534 in the prior year to councillors in excess of the upper limits as determined by the Remuneration of Public Office Bearers Act, 1998 (Act no.20 of 1998) which were not included in irregular expenditure disclosed. 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 R194 383 359 (2018: R153 138 291) disclosed in note 40 to the financial statements.
28. SCM regulation 36(2) requires the disclosure of deviations from inviting competitive bids. The municipality made payments of R11 036 465 by deviating from inviting competitive bids. These deviations were not disclosed in note 48 to the financial statements as required.

Distribution losses

29. During 2018, I was unable to obtain sufficient appropriate audit evidence for distribution losses due to the status of the accounting records. I was unable to determine whether any adjustment to distribution losses of R11 446 915 as disclosed in note 43 to the financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. I was still unable to confirm these distribution losses by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Prior-year adjustment

30. The municipality did not correctly disclose all adjustments made relating to prior period errors in note 47 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. I was unable to quantify the full extent of the misstatement as it was impracticable to do so.

Emphasis of matters

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

Material uncertainty relating to contingencies

32. With reference to note 35 to the financial statements, the municipality is the defendant in a number of lawsuits. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Fruitless and wasteful expenditure

33. As disclosed in note 39 to the financial statements, fruitless and wasteful expenditure of R5 484 008 was incurred in the current year and fruitless and wasteful expenditure of R16 244 338 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

Material losses - electricity

34. As disclosed in note 43 to the financial statements, material distribution losses for electricity of R15 547 444 was incurred due to heat dissipation when electricity flows through conductors, illegal connections, meter tempering and incorrect metering.

Other matter

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

Unaudited disclosure notes

36. 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

37. 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, 2018 (Act No. 1 of 2018) (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.
38. 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

39. 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.
40. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants, parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA codes) and the ethical requirements that are relevant to my audit of the financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

Report on the audit of the annual performance report

Introduction and scope

41. 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 areas presented in the annual performance report. I was engaged to perform procedures to raise findings but not to gather evidence to express assurance.
42. 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 2019:

Key performance area	Pages in the annual performance report
Key performance area 2 – Basic service delivery and infrastructure development	270 – 276

43. 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.

44. The material findings in respect of the usefulness and reliability of the selected key performance are as follows:

Key performance area 2 – Basic service delivery and infrastructure development

Various indicators – Supporting documentation not provided

45. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of the indicators listed below. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of the indicators listed below:

Indicator description	Reported achievement
Number of households energized (Henryville Phase 1 – 72HH, IKageleng Ext 3 – 496HH, Kruisrivier phase 2-230HH)	Achieved
Percentage of paid electrical connections completed	Achieved
Percentage of water connections completed	Achieved
Number of high-mast lights installed	Achieved
Number of households with access to refuse removal by 30 June 2019	Achieved

Number of sports fields rehabilitated

46. I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against the target of 2 sports fields rehabilitated by 30 June 2019 as reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance of “include them in new budget” as reported in the annual performance report.

Various indicators – Reported achievement do not agree with the supporting documentation provided

47. The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievements of these indicators were as follows:

Indicator description	Reported achievement	Audited value
Number of roads upgraded	Achieved – 6 roads upgraded	5 roads upgraded
Number of quarterly maintenance for community	Achieved – 4 parks	2 parks maintained

parks	maintained	
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Various indicators – Not well defined and verifiable

48. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement in the annual performance report for the indicators listed below. This was due to a lack of proper performance management systems and processes that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of these indicators by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement as reported in the annual performance report.

Indicator description	Reported achievement
Turnaround time in responding to disasters during the financial year 2018/19	Achieved
Square meters of roads patched	Achieved

Square metres of storm water maintained

49. I was unable to obtain sufficient appropriate audit evidence for the reported achievement and the related measures taken to improve performance. This was due to a lack of proper performance management systems and processes that predetermined how the achievement would be measured, monitored and reported. 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 achievement and the measures taken to improve performance of “request send to HR” as reported in the annual performance report.

Percentage of sewer connections completed

50. The reported achievement against the target of “100% sewer connections completed as and when applications are received” was not reliable as the municipality did not have an adequate performance management system to maintain records to enable reliable reporting on achievement of targets. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances while in other cases the supporting evidence provided did not agree to the reported achievement. I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

Various indicators – Not well defined and verifiable and measures taken to improve performance not disclosed

51. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement in the annual performance report for the indicators listed below. This was due to a lack of proper performance management systems and processes that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of these indicators by alternative means. Consequently, I was unable to determine whether any adjustments were required to the

achievement as reported in the annual performance report. In addition, the measures taken to improve performance against the reported targets were not included in the annual performance report for these indicators.

Indicator description	Reported achievement
Number of households with access to water	Not reported
Number of households with access to electricity	Not reported
Number of households with access to sanitation	Not reported

Other matter

52. I draw attention to the matter below.

Achievement of planned targets

53. Refer to the annual performance report on pages 225 to 292 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 44 to 50 of this report.

Report on audit of compliance with legislation

Introduction and scope

54. 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.
55. The material findings on compliance with specific matters in key legislation are as follows:

Strategic planning and performance management

56. Performance targets were not set for each of the key performance indicators (KPIs) for the financial year, as required by section 41(1)(b) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) and regulation 12(1) of the Municipal Planning and Performance Management Regulations.

Annual financial statements

57. 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 of revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.

Revenue management

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

Expenditure management

- 61. Money owed by the municipality was not always paid within 30 days, as required by section 65(2) (e) of the MFMA.
- 62. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval and payment of funds, as required by section 65(2)(a) of the MFMA.
- 63. 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.
- 64. 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).
- 65. Reasonable steps were not taken to prevent fruitless and wasteful expenditure 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

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

Conditional grants

- 67. I was unable to obtain sufficient appropriate audit evidence that the Municipal Infrastructure Grant (MIG) and the Integrated National Electrification Programme (INEP) Grant was spent for its intended purposes in accordance with the applicable grant framework, as required by section 17(1) of the Dora.
- 68. Performance in respect of programmes funded by the MIG, the Financial Management Grant, the INEP Grant and the Expanded Public Works Programme (EPWP) Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the DoRA.

Human resource management

- 69. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1) (d) of the MSA.
- 70. I was unable to obtain sufficient appropriate audit evidence that financial interests were disclosed by senior managers within 60 days from the date of appointment, as required by regulation 36(1)(a) on appointment and conditions of employment of senior managers.

Consequence management

- 71. 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 section 32 of the MFMA.
- 72. Appropriate action was not taken against officials of the municipality where investigations proved financial misconduct, as required by section 171(4) (b) of the MFMA and regulation 6(8) of the Municipal regulations on financial misconduct procedures and criminal proceedings.
- 73. Cases of financial misconduct which constitute a crime committed by officials were not always reported to the South African Police Service, as required by the regulation 10(1) of the Municipal regulations on financial misconduct procedures and criminal proceedings.
- 74. Allegations of fraud, forgery or uttering a forged document which exceeded R100 000 were not reported to the South African Police Service as required by section 34(1) of the PRECCA.

Procurement and contract management

- 75. 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 SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.
- 76. Some of the quotations and contracted 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.
- 77. 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). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.
- 78. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulations 22(1) and 22(2). Similar non-compliance was also reported in the prior year.
- 79. Sufficient appropriate audit evidence could not be obtained that contracts were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.

80. 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.
81. Sufficient appropriate audit could not be obtained that the performance of some of the contractors or providers were monitored on a monthly basis, as required by section 116(2) (b) of the MFMA. Similar non-compliance was also reported in the prior year.

Internal control deficiencies

82. 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 disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
- 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.
 - Management did not design and implement internal controls to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable legislation. 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.
 - The audit committee and internal audit had limited impact in ensuring the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations. Internal audit was not adequately resourced in order to identify internal control deficiencies and recommend effective corrective action. Furthermore, the audit committee did not adequately monitor the work performed by internal audit which resulted in inadequate oversight over the effectiveness of the internal control environment.

Other reports

83. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

84. A forensic investigation that was conducted by an independent consulting firm into various irregularities relating to the sale of land, procurement and other matters was finalised on 16 September 2016 and issued to the acting municipal manager and submitted to the council on 31 March 2017. The findings of the report has not yet been addressed as at 30 June 2019.
85. The municipal public accounts committee conducted an investigation into irregularities which involved a councillor. The investigation was finalised and report tabled in council on 31 January 2019. The recommendations contained in the report have not yet been implemented.
86. The municipal public accounts committee conducted an investigation into irregularities on the implementation of provisions for the learnership programmes. The investigation was finalised and report tabled in council on 7 August 2018. The recommendations contained in the report have not yet been implemented.

Rustenburg

30 November 2019



GLOSSARY

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

	Area	Finding: Par in the Final Audit Report	Responsible Department/Directorate	Control/ Action Plan
1	Property, plant and equipment	I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to the status of the accounting records. The municipality could not reconcile the fixed asset register with the property, plant and equipment accounts and did not have adequate systems in place to identify and record all work in progress in accordance with GRAP 17, <i>Property, plant and equipment</i> . I was unable to confirm property, plant and equipment by alternative means. In addition, other assets included in property, plant and equipment were overstated by R4 711 148 (2018: R5 009 301) as accumulated depreciation on these assets were not accounted for. Consequently, I was unable to determine whether any adjustment to property, plant and equipment of R601 336 045 (2018: R586 087 476) disclosed in the statement of financial position and note 9 to the financial statements was necessary.	Manager Assets /CFO	<ul style="list-style-type: none"> The adjusted Annual Financial Statement was 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-ordinators. Reconciliation of the General Ledger, Assets Register and the Annual Financial Statement will be performed quarterly. Asset register will be uploaded on the system to promote valid, accurate and complete accounting records.
2	Investment property	The municipality did not recognize all property owned by the municipality for capital appreciation as investment property. Consequently, investment property disclosed in note 8 to the financial statements was understated by R31 249 500 (2018: R31 249 500). Additionally, there was a consequential impact on the accumulated surplus.	Manager Assets /CFO	<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 audits co- coordinators.

				<ul style="list-style-type: none"> Service Provider will be appointed to conduct land audit, correct register as a support will be produced
3	Inventories	I was unable to obtain sufficient appropriate audit evidence for inventories due to the status of the accounting records and non-submission of information. I was unable to confirm these inventories by alternative means. Consequently, I was unable to determine whether any adjustment to inventories of R5 915 487 (2018: R7 162 980) disclosed in the statement of financial position and note 2 to the financial statements was necessary.	Manager SCM/ CFO	<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.
4	Receivables from exchange transactions	I was unable to obtain sufficient appropriate audit evidence for the sale of land debtors included in receivables from exchange transactions, due to the status of the accounting records and non-submission of information. I was unable to confirm these debtors by alternative means. Consequently, I was unable to determine whether any adjustment to sale of land debtors of R4 093 032 (2018: R4 097 380) included in receivables from exchange transactions as disclosed in note 4 to the financial statements was necessary.	Manager Revenue/ CFO	<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.
5	Consumer debtors	I was unable to obtain sufficient appropriate audit evidence for consumer debtors, including the related disclosures and the allowance for impairment, due to the status of the accounting records. I was unable to confirm these debtors and allowance for impairment by alternative means. Consequently, I was unable to determine whether any adjustments to consumer debtors of R87 695 262 (2018: R62 453 707) disclosed in the statement of financial position and note 6 to the financial statements were necessary.	Manager Revenue/ CFO	<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.

6	Payables from exchange transactions	I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions due to a lack of proper record keeping and reconciliation of control accounts by the municipality. I was unable to confirm these payables by alternative means. In addition, the municipality did not account for all third party payables, resulting in the third party payables included in payables from exchange transactions and employee related costs being understated by R11 946 316 (2018: R3 526 956). Consequently, I was unable to determine whether any further adjustment to payables from exchange transactions of R111 564 096 (2018: R111 687 351) disclosed in the statement of financial position and note 14 to the financial statements was necessary.	Manager Expenditure/ CFO	<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-ordinators.
7	VAT payable	I was unable to obtain sufficient appropriate audit evidence for VAT payable due to inadequate reconciliations performed between the VAT statements of accounts and the accounting records. I was unable to confirm this payable by alternative means. Consequently, I was unable to determine whether any adjustment to the VAT payable of R6 216 737 (2018: R3 288 148) disclosed in the statement of financial position and note 15 to the financial statements were necessary.	Manager Expenditure/ CFO	<ul style="list-style-type: none"> Monthly Vat reconciliation will be done and reviewed by the CFO Quality Annual Financial Statement will be prepared and subjected to Internal Audit and audit committee review.
8	Employee benefit obligation	I was unable to obtain sufficient appropriate audit evidence for the employee benefit obligation due to the status of the accounting records. I was unable to confirm the employee benefit obligation and related actuarial gains and disclosures by alternative means. Consequently, I was unable to determine whether any adjustments to employee benefit obligation of R32 041 000 disclosed in note 17 to the financial statements and the employee benefit actuarial gain of R10 327 270 disclosed in the statement of financial performance were necessary.	Manager Expenditure/ CFO	<ul style="list-style-type: none"> Management will ensure that a year – end process plan is developed and monitored. 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.
9	Unspent	I was unable to obtain sufficient appropriate audit evidence for	Manager	<ul style="list-style-type: none"> Management will ensure month-end procedures and reports are performed

	conditi onal grants and receipt s	<p>unspent conditional grants and receipts for the current year and related government grants and subsidies for the current and prior year, as documentation to support selected transactions was not provided for audit. In addition, the municipality, by agreement, was providing water services on behalf of the district municipality. As per the 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 resultant understatement relating to these services. I could not confirm these unspent conditional grants and receipts or related government grants and subsidies and receivable from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments to unspent conditional grants and receipts of R14 078 534 (2018: R3 412 375) disclosed in note 18 to the financial statements, government grants and subsidies of R206 258 841 (2018: R184 542 406) disclosed in note 23 to the financial statements and receivables from non-exchange transactions of R2 872 476 (2018: R1 375 081) disclosed in note 5 to the financial statements, were necessary.</p>	Budget /CFO	<p>(e.g. monthly reconciliation).</p> <ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiouly. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee.
1 0	Provisi ons	<p>I was unable to obtain sufficient appropriate audit evidence for the long service award and the environmental rehabilitation provision for the current and prior year included in provisions due to the status of the accounting records. I was unable to confirm these provisions and related corresponding figure for the provision for landfill site movement by alternative means. Consequently, I was unable to determine whether any adjustments relating to provisions of R45 349 131 (2018: R43 741 918) disclosed in the</p>	Chief Financ ial Officer	<ul style="list-style-type: none"> Proper reconciliation will be performed at year-end with supporting documents that support figures disclosed in the annual financial statement. Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiouly. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee.

		statement of financial position and note 19 to the financial statements and the corresponding figure for the provision for landfill site movement of R12 383 918 disclosed in the statement of financial performance, were necessary.		
1	Accumulated surpluses	I was unable to obtain sufficient appropriate audit evidence for the accumulated surplus due to un-reconciled 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 R557 571 443 (2018: R528 666 734) disclosed in the statement of financial position and the statement of changes in net assets, was necessary.	Chief Financial Officer	<ul style="list-style-type: none"> • Proper reconciliation will be performed at year-end with supporting documents that support figures disclosed in the annual financial statement. • 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.
1	Service charges	I was unable to obtain sufficient appropriate audit evidence for service charges as the municipality could not reconcile the billing reports 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 which resulted in the service charges and consumer debtors being understated by R20 032 163 (2018: R11 757 935). Consequently, I was unable to determine whether any further adjustment to service charges of R78 102 791 (2018: R68 840 121) disclosed in the statement of financial performance and note 20 to the financial statements was necessary.	Chief Financial Officer	<ul style="list-style-type: none"> • Proper reconciliation will be performed at year-end with supporting documents that support figures disclosed in the annual financial statement. • 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.
1	Property rates	I was unable to obtain sufficient appropriate audit evidence for the restated corresponding figure for property rates as the municipality could not reconcile the billing reports with the restated property rates in the financial statements. I was unable to confirm these property rates by alternative means. Consequently, I was unable to determine whether any adjustment relating to the property rates corresponding figure of R35	Manager Revenue/CF O	<ul style="list-style-type: none"> • Management will ensure that property rates are monitored during the year and special audit by internal audit is conducted

		397 279 as presented in the statement of financial performance and disclosed in note 22 to the financial statements was necessary.		
1 3	Fines, penalties and forfeits	I was unable to obtain sufficient appropriate audit evidence for fines, penalties and forfeits as documentation to support selected transactions was not provided for audit. I was unable to confirm these fines, penalties and forfeits by alternative means. Consequently, I was unable to determine whether any adjustment to revenue from fines, penalties and forfeits of R4 274 450 disclosed in the statement of financial performance and note 49 to the financial statements, was necessary.	Revenue Manager/CF O	<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-ordinators.
1 4	Debt impairment	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 R2 020 180 (2018: R4 170 325) disclosed in the statement of financial performance was necessary.	Chief Financial Officer	<ul style="list-style-type: none"> • Management will ensure that there is adherence to the debt impairment policy, and impairment of debtors is correctly recognised as an expense in the statement of financial performance.
1 5	Depreciation and amortisation	I was unable to obtain sufficient appropriate audit evidence for the restated corresponding figure of R29 505 109 for depreciation and amortization due to the status of the accounting records. I was unable to confirm this restated depreciation and amortization by alternative means. Furthermore, depreciation and amortization of R27 046 552 disclosed in the statement of financial performance was understated by R5 951 780 (2018: R2 595 547) and accumulated depreciation understated with the same amount due to the status of the accounting records.	Manager Assets /CFO	<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-ordinators. • Reconciliation of the General Ledger, Assets Register and the Annual Financial Statement will be performed quarterly. • Asset register will be uploaded on the system to promote valid, accurate and complete accounting records.
1 6	Employee related	I was unable to obtain sufficient appropriate audit evidence for acting allowances for the current and prior year and the restated corresponding	Chief Financial	<ul style="list-style-type: none"> • Management will ensure that a correct data is collected and submitted to for analysis.

	costs	figure for medical aid company contributions included in employee related costs, due to variances between the accounting system and the payroll system that could not be supported by management. I could not confirm these employee related costs by alternative means. In addition, the increase in leave pay provision included in the restated employee related cost corresponding figure was overstated by R3 899 882. Consequently, I was unable to determine whether any further adjustment to employee related costs of R130 030 667 (2018: R128 049 711) disclosed in the statement of financial performance and note 28 to the financial statements was necessary.	Officer	<ul style="list-style-type: none"> 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-ordinators. Monthly, quarterly and yearly end checklist to be implemented to ensure GRAP compliance.
17	Loss on disposal of assets and liabilities	I was unable to obtain sufficient appropriate audit evidence for the restated corresponding figure for loss on disposal of assets and liabilities due to the status of the accounting records. I was unable to confirm the loss on disposal of assets and liabilities by alternative means. Consequently, I was unable to determine whether any adjustment to the loss on disposal of assets and liabilities corresponding figure of R6 164 835 disclosed in the statement of financial performance was necessary.	Manager Assets /CFO	<ul style="list-style-type: none"> Management will ensure that any loss on disposal in correctly accounted according to the requirements of GRAP
18	General expenses	I was unable to obtain sufficient appropriate audit evidence for general expenses as documentation to support selected transactions was not provided for audit. I was unable to confirm these general expenses by alternative means. Consequently, I was unable to determine whether any adjustment to general expenses of R63 808 435 (2018: R48 560 639) disclosed in the statement of financial performance and note 31 to the financial statements was necessary.	Manager Expenditure/ CFO	<ul style="list-style-type: none"> Management will ensure that original documents regarding all transaction selected for audit are provided to the auditors
19	Cash flow statement	The calculation of the net cash outflow from operating activities and cash flow from investing activities for the prior period did not appropriately account for cash and non-cash items as required by GRAP 2, <i>Cash flow</i>	Chief Financial Officer	<ul style="list-style-type: none"> 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

		statements. I was unable to determine the extent of this misstatement on the items presented in the cash flow statement or the note thereto as it was impracticable to do so due to the municipality's system.		and make sure that all outstanding information is submitted to the audit co-ordinators
20	Commitments	The municipality did not have adequate systems to ensure that commitments were correctly recorded and disclosed as required by GRAP 17, <i>Property plant and equipment</i> . Consequently, commitments of R46 904 303 disclosed in note 34 to the financial statements was overstated by R5 658 625.	Chief Financial Officer	<ul style="list-style-type: none"> 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-ordinators
21	Risk management	The municipality did not disclose the classes of financial instruments held and quantitative data about its exposure to risk arising from these financial instruments as required by GRAP 104, <i>Financial instruments</i> . Consequently, the municipality did not disclose all the required information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed to, in note 36 to the financial statements. I was unable to practicably determine the impact of the omitted disclosure.	Manager Risk/MM	<ul style="list-style-type: none"> Management will ensure that regular risk assessment is conducted
22	Going concern	The municipality's current liabilities exceeded its current assets by R23 329 599 as at 30 June 2019 which, along with other matters, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern. The aforementioned information has not been correctly disclosed in note 37 to the financial statements.	Chief Financial Officer /Municipal Manager	<ul style="list-style-type: none"> The municipality is in process of enhancing the revenue collection strategy to enable more effective and efficient collection.
23	Unauthorized expenditure	Section 125 of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) requires the disclosure of unauthorized expenditure incurred. The municipality incorrectly calculated unauthorized expenditure in the current year by expenditure type and not as the overspending on individual votes within the budget. The municipality did not have	Manager Budget /CFO	<ul style="list-style-type: none"> The registers to be monitored to enhance quality of the AFS

		adequate systems in place to identify and record expenditure per vote. I was unable to confirm the unauthorized expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to unauthorized expenditure of R18 414 190 for the current year, disclosed in note 38 to the financial statements was necessary.		
2 4	Irregular expenditure	<p>Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R24 102 135 (2018: R38 769 925) in contravention with the supply chain management requirements and salary overpayments of R1 882 534 in the prior year to councilors in excess of the upper limits as determined by the Remuneration of Public Office Bearers Act, 1998 (Act no.20 of 1998) which were not included in irregular expenditure disclosed. 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 R194 383 359 (2018: R153 138 291) disclosed in note 40 to the financial statements.</p> <p>28. SCM regulation 36(2) requires the disclosure of deviations from inviting competitive bids. The municipality made payments of R11 036 465 by deviating from inviting competitive bids. These deviations were not disclosed in note 48 to the financial statements as required.</p>	Manager Supply Chain/ CFO	<ul style="list-style-type: none"> The decimal board was established and will be inducted and trained by SALGA
2 5	Distribution losses	During 2018, I was unable to obtain sufficient appropriate audit evidence for distribution losses due to the status of the accounting records. I was unable to determine whether any adjustment to distribution losses of R11 446 915 as disclosed in note 43 to the financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. I was still unable to	Manager Water/ Director Technical	<ul style="list-style-type: none"> Exception report will be done on monthly basis.

		confirm these distribution losses by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.		
2 6	Prior-year adjustment	The municipality did not correctly disclose all adjustments made relating to prior period errors in note 47 to the financial statements as required by GRAP 3 <i>Accounting policies, estimates and errors</i> . 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. I was unable to quantify the full extent of the misstatement as it was impracticable to do so.	Chief Financial Officer	<ul style="list-style-type: none"> The financial statement will be reviewed more than once by management, Internal Audit and the audit committee.

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	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
K. P MOTHOGAE	FT	EXCO	MAYOR		
A.N NYAMANE	FT		SPEAKER		
K.I MANTHOKO	FT	TECHNICAL SERVICES,RULES COM	PR		
B. KENOSI	FT	FINANCE	WARD CLLR		
S.J RANTWA	FT	COMMUNITY SERVICES	WARD CLLR		
B. MONAMODI	FT	COMMUNITY SERVICES, RULES COM	WARD CLLR		
T. MODISANE	FT		WARD CLLR		
D. MOABI	FT	CORPORATE SERVICES	WARD CLLR		
O MODIRWA	FT	TECHNICAL SERVICES	WARD CLLR		
J. PULE	FT	TECHNICAL SERVICES, MPAC	WARD CLLR		
L MOTSOKWANE	FT	FINANCE, RULES COM	WARD CLLR		

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U. MORAKE	FT	COMMUNITY SERVICES	WARD CLLR		
R. MOGOROSI	T	TECHNICAL SERVICES	WARD CLLR		
L SELEBOGO	FT	CORPORATE SERVICES, RULES COM	WARD CLLR		
P. MOLEFE	FT	MPAC	WARD CLLR		
N. MOLOKWANE	FT	CORPORATE SERVICES	WARD CLLR		
P. MADISA	FT		WARD CLLR		
I.MOLOANTWA	FT	FINANCE	WARD CLLR		
Y. SULIMAN	FT	FINANCE	WARD CLLR		
L MOSADI	FT	COMMUNITY SERVICES	WARD CLLR		
R.J. MAFORA	FT	TECHNICAL SERVICES	WARD CLLR		
S. THEMBO	FT	MPAC, CORPORATE SERVICES	WARD CLLR		
T. MOILOA	FT	FINANCE	PR		
T. MOREBANTWA	FT	CORPORATE SERVICES, RULES COM, MPAC	PR		
A.B CASSANGA	FT	FINANCE	PR		
S.FNGWEYE	FT	TECHNICAL SERVICES, MPAC	PR		
S.I MODIBETSANE	FT	CORPORATE SERVICES	PR		

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C. DREYER	FT	FINANCE	PR		
I.S SULIMAN	FT	MPAC	PR		
B. PHELOANE	FT		PR		
M.N TSHIKOVHI	FT	FINANCE	PR		
R.S.B PHETWE	FT	MPAC	PR		
T.N SAPALA	FT		PR		
L SELEBOGO	FT	COMMUNITY SERVICES	PR		
N.T MOROENG	FT	MPAC	PR		
K. VENTER	FT	MPAC	PR		
T.B SEBOLAO	FT	MPAC	PR		
G.S MOTSWENYANE	FT	MPAC	PR		

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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	Morufa Moloto - Chief Financial Officer
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	

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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	
02	S.J RANTWA	Yes	12	12	
03	B. MONAMODI	Yes	12	12	
04	T. MODISANE	Yes	7	7	
05	D. MOABI	Yes	12	12	
06	O. MODIRWA	Yes	12	12	
07	J. PULE	Yes	12	12	

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

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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	LEKGOPHUNG SUPINGSTAD INT ROADS & STORM PH 3	24-08-2018	31-01-2019	R6000000.00
2	MOTSWEDI INT ROADS & STORM PH 2	11-02-2019	12-04-2019	R4000000.00
3	UPGRADING OF ZEERUST INT ROADS & STORM	11-02-2019	16-05-2019	R6000000.00
4	HIGH MAST LIGHTS	24-08-2018	15-12-2018	R7200000.00
5	LEKUBU COMMUNITY HALL	24-08-2018	28-06-2019	R4000000.00
				<i>T F.1</i>

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APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

No	Resolution No.	Resolution Taken	Target Date	Responsible Official	Progress/Challenges/Interventions
	ARC 04:12/05/16	The IDP wish list to be discussed with the Mayor Manager IDP to prioritize projects and discuss them with the Mayor. IDP Manager should give feedback to communities on the prioritized projects and an annexure for prioritized project be attached to the IDP.	Next ARCOM Quarterly Meeting	MM/IDP Manager/ Manager Mayor's Office	Matter has been resolved.
	ACR 01:13/12/17	The detailed assessment report will be sent to the ARCOM member's mid-January after the pronouncement by the Municipal Manger to adjust the budget.	Next ARCOM Meeting	CFO	Resolved
	ACR 04:13/12/17	Asset Management Audit to be conducted focus on the Stores Item	Next ARCOM Meeting	CAE	Concluded.
	ACR 05:13/12/17	Adjustment of the Internal Audit Pan based on the Risk emerging risks.	Next ARCOM Meeting	CAE	Concluded.

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	ACR 06:13/12/17	Orientation for Councillors	Next ARCOM Meeting	MM	Concluded.
	ARC 07:09/04/18	Scheduling of special meeting with ARCOM, Mayor, EXCO and MPAC	17/04/2018	CAE	Concluded.
	ARC 08:30/08/2018	MANCO to submit the portfolio of evidence that support the achieved targets to IA for further verification	30/08/2018	MM/MANCO/CAE	Concluded.
	ARC 01:21/08/15	Report on Employees Contract Management to be prepared	Next ARCOM meeting	Manager HR	Concluded.
	ARC 01:11/09/17	Report on the section 71 report and its interpretation on a timely basis	Next ARCOM meeting	CFO	Concluded.
10	ARC 01:13/12/17	The detailed assessment report will be sent to the ARCOM members mid-January after the pronouncement by the Municipal Manager to adjust the budget	Next ARCOM meeting	CFO	Concluded.
11	ARC 04:13/12/17	Asset Management Audit to be conducted focus on the Store Item	Next ARCOM meeting	CAE	Concluded

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1 2	ARC 05:13/12/17	Adjustment of the Internal Audit Plan based on the Risk emerging risks	Next ARCOM meeting	CAE	Concluded
1 3	ARC 06:13/12/17	Orientation for Councillors	Next ARCOM meeting	MM	Concluded
1 4	ARC 07:09/04/18	Scheduling of special meeting with ARCOM, Mayor ,EXCO and MPAC	17/04/2018	CAE	Concluded
	ARC 08:30/08/2018	MANCO to submit the portfolio of evidence that support the achieved targets to IA for further verification	30/08/2018	MM/MANCO/CAE	Concluded.
	ARCR 04: 25/11/2014	The support plan to be presented as a priority to be discussed at a level of EXCO and the plan to be work in progress.	August 2015	EM/AMM	Concluded.
	ARCR29:2 5/06/14	Technical SDBIP for the municipality to be finalized for the municipality.	Next ARCOM Quarterly Meeting	MANCO/EM	Concluded.
1 8	ARC 02:21/08/15	ARCOM resolved that IT risk register and report must form part of the standing agenda items	Next ARCOM Meeting	Manager IT/ Manager Risk	Concluded.

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ARC 02:26/10/15	IT Risk Assessment to be completed	Next ARCOM Quarterly Meeting	Risk Manager/ICT	Concluded.
ARC 04:26/10/15	ARCOM requested a report on the progress and activities of the Risk Management Committee	Next ARCOM Quarterly Meeting	Risk Manager/Risk Management Committee	Concluded.
ARC 05:26/10/15	Institutional Environmental scanning on emerging risk be performed	Next ARCOM Quarterly Meeting	Risk Manager/Community Services	Concluded.
ARC 02:12/05/16	Strategic Risk Register will be finalized by the person appointed to replace the position of the Risk Manager.	Next ARCOM Quarterly Meeting	MM/Risk Manager	Concluded.
ACR 03: 13/12/17	Assessment of risk relating to the additional litigations.	Next ARCOM Meeting	Director Corporate Service	Concluded.
ARC 07:30/08/2018	CFO to update the 2017/2018 AFS with the ARCOM recommendations prior to submission to AGSA	31/08/2018	CFO	Concluded.
ARC 01:16/10/2018	ARCOM PMS Specialist to conduct the engagement sessions with MANCO to uproot PMS Challenges for the municipality. Report to serve in the next ARCOM meeting	15/10/2018	Manager PMS	Concluded.

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ARC 02:10/2018	RFI Tracking and Issue Monitoring registers to be submitted to the Committee	16/10/2018	AMM	Concluded.
ARC:03/10/2018	Draft Audit Report and Management Report to be submitted to the Committee	16/10/2018	MM/ACFO	Concluded.
ARC 02:16/10/2018	Risk Assessment workshop be conducted.	Next meeting	Manager Risk	Concluded.
08:16/10/2018	QAR Request letter for support to be sent to SALGA	Next meeting	CAE	Done-Request letter was sent on 29/10/2018
01:14/12/2018	Item on Performance Management be prepared and submitted to Council January/February 2019.	Next meeting	Director Corporate Services	Concluded.
06:14/12/2018	06:14/12/2018			Concluded

No	Resolution No.	Resolution Taken	Target Date	Responsible Official	Progress/Challenges/Interventions
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	ARCR 05:25/03/ 15	A compliance Year Plan should be developed for the municipality.	Next ARCOM Quarterly Meeting	Manager Compliance	Compliance year plan compilation in progress and outlook will be used to capture the important dates. 2018/2019
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	Compliance Universe still a work in progress.2018/2019
3	ARC 03:26/10/ 15	Plan should be compiled between the Speaker's office and the Risk Management unit on Fraud and Anti-Corruption matters.	Next ARCOM Quarterly Meeting	Risk Manager	The Municipality is in the process of reviewing the Fraud and Anti-Corruption Strategy to be aligned with provincial Anti-Fraud and Corruption Strategy launched by the minister December 2018. Fraud and Anti-corruption workshop conducted for the municipality.
4	ARC 06:26/10/ 15	Covering letter is prepared for the Litigation report and a column for amount claimed for exposure is added to the report. 2017/09 - ARCOM also advised the management not to link the person to the institution, referring to the vacancy of the position for the Legal Manager	Next ARCOM Quarterly Meeting	MM/Legal Manager	Legal Manager position still vacant. The position will be re-advertised.

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5	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	SALGA has been engaged to visit the municipality for the Quality Assurance review during the month of March 2019. A date to be confirmed .On-going
6	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
7	ARC 05:12/05/ 16	Cumulative reporting should be considered by the PMS manager and the municipality. Targets set are inconsistent and the PMS manager should revisit them. PMS manager should involve PA's in filling and compiling POE's PMS manager should consider developing the KPI manual.	Next ARCOM Quarterly Meeting	AMM/PMS Manager	The matter is still receiving attention.
8	ARC 05: 29/10/201 4	Reviews of the Whistle blowing policy has been done by ARCOM.	Next ARCOM meeting	MANCO	Anti-fraud and prevention strategy and related policies (whistle blowing policy) will be reviewed to be aligned with the Provincial Anti-Fraud and Corruption Strategy launched by the Minister in November 2017. In-progress

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9	ACR 02:13/12/ 17	The reports to ARCOM will be required to be on the Template for Accounting Officer's report which will be circulated on to all attendees for inputs. Inputs to be submitted within 7 days.	Next ARCOM Meeting	MM	Report using the Framework for Accounting Officer's report shared with Accounting Officer for future reporting.
10	ARC 08: 09/04/18	Review of Performance Assessment by Internal Audit and report is presented to the committee.	Next meeting	CAE	The performance assessments not yet conducted. Senior Managers 2017/18 contracts ended.
11	ARC9: 09/04/18	Request will be sent to SALGA to assist with performance evaluation. Performance Evaluation to form part of the agenda for the next ARCOM meeting	Next meeting	MM	On-going- The matter is still receiving attention
12	ARC 03:16/10/ 2018	Leave management report to be compiled and be presented to the committee.	Next meeting	Manager HR	In progress
13	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
14	ARC 05:16/10/ 2018	Mscosa report be compiled and be presented to the committee	Next meeting	CFO	In progress

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15	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
16	02:14/12/ 2018	Progress Report on the implementation of the ARCOM Resolutions is compiled and item be submitted to council.	Next meeting	All Directors	In progress
17	03:14/12/ 2018	Performance Assessment is conducted before the end of February 2019.	Next meeting	All Directors	On-going
18	04:14/12/ 2018	Strategic Planning Session to be conducted before the end of January 2019	Next meeting	All Directors	On-going
19	05:14/12/ 2018	ARCOM Self Evaluation to be conducted.	Next meeting	All Directors	On-going
20	07:14/12/ 2018	LED to prepare and present a report on the mines around RMLM.	Next ARCOM meeting	Manager LED	The status quo investigations in progress.
21	01:25/03/ 2019	ARCOM requested MM to prepare a formal quarterly overview report to the Committee.	Next ARCOM meeting	MM	Quarterly report prepared.

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22	02:25/03/2019	Audit Steering Committee to be resuscitated, MM to chair at least two sessions in a month, Mayor to chair at least one session in a month.	Next ARCOM meeting	MM/CFO	Audit Steering Committee has been resuscitated and is scheduled to sit very Thursday at 10H00.
23	03:25/03/2019	Performance assessment of Directors and MM to be conducted in April.	April 2019-MM	Next ARCOM meeting	Performance assessments conducted on the 01 July 2019.
24	04:25/03/2019	Evaluation of ARCOM and Internal Audit to be conducted.	CAE	June 2019	Evaluation completed and awaiting results to be presented to council.
25	05:25/03/2019	Assessment Report on the impact of load shedding to be prepared	Management	Next ARCOM meeting	
26	06:25/03/2019	Financial Management Plan to be compiled and be included in the Performance Agreements of Directors	Directors	Next ARCOM meeting	CFO prepared a comprehensive report on the status of Finances in the Municipality.
27	07:25/03/2019	Risk Assessment workshop to be conducted to all employees.	Risk Manager		Risk Assessment conducted on the 12 th June 2019.
28	08:25/03/2019	Directors should ensure that they present their AIP progress to the Portfolio committees	Directors	Next ARCOM meeting	Compliance Manager tracking the implementation of the AIP

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No	Resolution No.	Resolution Taken	Target Date	Responsible Official	Progress/Challenges/Interventions
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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	Compliance Universe still a work in progress. 2018/2019
3	ARC 03:26/10/15	Plan should be compiled between the Speaker's office and the Risk Management unit on Fraud and Anti-Corruption matters.	Next ARCOM Quarterly Meeting	Risk Manager	<p>The Municipality is in the process of reviewing the Fraud and Anti-Corruption Strategy to be aligned with provincial Anti-Fraud and Corruption Strategy launched by the minister December 2018.</p> <p>Fraud and Anti-corruption workshop conducted for the municipality.</p>

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4	ARC 06:26/10/15	Covering letter is prepared for the Litigation report and a column for amount claimed for exposure is added to the report. 2017/09 - ARCOM also advised the management not to link the person to the institution, referring to the vacancy of the position for the Legal Manager	Next ARCOM Quarterly Meeting	MM/Legal Manager	Legal Manager position still vacant. The position will be re-advertised.
5	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	SALGA has been engaged to visit the municipality for the Quality Assurance review during the month of March 2019. A date to be confirmed .On-going
6	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
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8	ARC 05: 29/10/2014	Reviews of the Whistle blowing policy has been done by ARCOM.	Next ARCOM meeting	MANCO	Anti-fraud and prevention strategy and related policies (whistle blowing policy) will be reviewed to be aligned with the Provincial Anti-Fraud and Corruption Strategy launched by the Minister in November 2017. In-progress
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10	ARC 08: 09/04/18	Review of Performance Assessment by Internal Audit and report is presented to the committee.	Next meeting	CAE	The performance assessments not yet conducted. Senior Managers 2017/18 contracts ended.
11	ARC9: 09/04/18	Request will be sent to SALGA to assist with performance evaluation. Performance Evaluation to form part of the agenda for the next ARCOM meeting	Next meeting	MM	On-going- The matter is still receiving attention
12	ARC 03:16/10/2018	Leave management report to be compiled and be presented to the committee.	Next meeting	Manager HR	In progress

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13	ARC 04:16/10/20 18	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
14	ARC 05:16/10/20 18	Mscosa report be compiled and be presented to the committee	Next meeting	CFO	In progress
15	ARC 06:16/10/20 18	ARCOM requested all Directors to compile a report that indicates that they are complying with Legislature.	Next meeting	All Directors	In progress
16	02:14/12/20 18	Progress Report on the implementation of the ARCOM Resolutions is compiled and item be submitted to council.	Next meeting	All Directors	In progress
17	03:14/12/20 18	Performance Assessment is conducted before the end of February 2019.	Next meeting	All Directors	On-going
18	04:14/12/20 18	Strategic Planning Session to be conducted before the end of January 2019	Next meeting	All Directors	On-going
19	05:14/12/20 18	ARCOM Self Evaluation to be conducted.	Next meeting	All Directors	On-going

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20	07:14/12/2018	LED to prepare and present a report on the mines around RMLM.	Next ARCOM meeting	Manager LED	The status quo investigations in progress.
21	01:25/03/2019	ARCOM requested MM to prepare a formal quarterly overview report to the Committee.	Next ARCOM meeting	MM	Quarterly report prepared.
22	02:25/03/2019	Audit Steering Committee to be resuscitated, MM to chair at least two sessions in a month, Mayor to chair at least one session in a month.	Next ARCOM meeting	MM/CFO	Audit Steering Committee has been resuscitated and is scheduled to sit very Thursday at 10H00.
23	03:25/03/2019	Performance assessment of Directors and MM to be conducted in April.	April 2019-MM	Next ARCOM meeting	Performance assessments conducted on the 01 July 2019.
24	04:25/03/2019	Evaluation of ARCOM and Internal Audit to be conducted.	CAE	June 2019	Evaluation completed and awaiting results to be presented to council.
25	05:25/03/2019	Assessment Report on the impact of load shedding to be prepared	Management	Next ARCOM meeting	
26	06:25/03/2019	Financial Management Plan to be compiled and be included in the Performance Agreements of Directors	Directors	Next ARCOM meeting	CFO prepared a comprehensive report on the status of Finances in the Municipality.

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27	07:25/03/2019	Risk Assessment workshop to be conducted to all employees.	Risk Manager		Risk Assessment conducted on the 12 th June 2019.
28	08:25/03/2019	Directors should ensure that they present their AIP progress to the Portfolio committees	Directors	Next ARCOM meeting	Compliance Manager tracking the implementation of the AIP

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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

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APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

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	P K Mothoagae	N/A
Member of MayCo / Exco	A N Nyamane	N/A
	L J Selebogo	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
Councilor		
	M P Moabi	Pitso Engineering Pty
	A B Cassanga	D. K. Trading

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	K venter	Karlien venter skryfbehoeftes
Municipal Manager	D W Makhate	N/A
Chief Financial Officer	M Moloto	Onalerona Consulting (Pty)
		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
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A T J		

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APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						R '000
Description	2017/18	2018/19			2018/19 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	47 568	42	49 549	938	-24%	-46%
Property rates - penalties & collection charges	-	191	-	-	#DIV/0!	#DIV/0!
Service Charges - electricity revenue	40 855	75 675	61	65	-16%	6%
Service Charges - water revenue	8 946	16	17	123	86%	85%
Service Charges - sanitation revenue	965	4	6	704	-573%	-
Service Charges - refuse revenue	10 824	14	15	15	7%	0%
Service Charges - other	-	368	368	404	82%	82%
Rentals of facilities and equipment	142	69	69	389	51%	51%
Interest earned - external investments	882	9	9	17	82%	82%
Interest earned - outstanding debtors	-	170	170	934	-366%	-
	-	799	799	171		366%

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Dividends received	–		–	–	#DIV/0!	#DIV/0!
Fines	882	402	4	3	89%	-7%
Licences and permits	1 100	147	4	1	-237%	-
Fair Value Adjustment	–	–	–	–	#DIV/0!	#DIV/0!
Transfers recognised		157	164	164	4%	0%
- operational	139 562	762	5	5	#DIV/0!	#DIV/0!
Other revenue	8 298	883	883	–	#DIV/0!	#DIV/0!
Gains on disposal of		700	700	–	#DIV/0!	#DIV/0!
PPE	–					
Environmental						
Protection	–					
Total Revenue (excluding capital transfers and contributions)	260 024	325 690	332 878	410 106	20.58%	18.83%

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.

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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)
				Budge t	Adjustment s Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
Financial Management Grant	2 145	2 215	215	3%	0%	
EPWP	1 091	1 094	1 094	0%	0%	
Sports and Recreation	1 150	1 150	150	0%	0%	
Other Specify:						
INEP	15 000	9 269	269	-62%	0%	
Total						
<p>* 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.</p>						T L

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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	Adjustment 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
Roads, Pavements & Bridges	32 575	43 585	38 053	38 409	35 130	37 060	39 742
Storm water							
Infrastructure: Electricity - Total	–	11 535	9 269	6 904	1 053	12 800	13 504
Generation							
Transmission & Reticulation		11 535	9 269	6 904	1 053	12 800	13 504
Street Lighting							
Infrastructure: Water - Total	–	–		–	–	–	–
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	–	–		–	–	–	–
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	425	–		–	–	–	–
Waste Management							
Transportation							
Gas							

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

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Program by Project: 2018/19					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Ad) %	Variance (Act - OB) %
LEKGOPHUNG SUPINGSTAD INT ROADS & STORM PH 3	6000000.00	0	6000000	100%	0.00
MOTSWEDI INT ROADS & STORM PH 2	4000000.00	0.00	4000000.00	100%	0.00
UPGRADING OF ZEERUST INT ROADS & STORM	6000000.00	R 0.00	6000000.00	100%	0.00
HIGH MAST LIGHTS	6000000.00	1200000	7200000	83%	0.17
LEKUBU COMMUNITY HALL	3000000	1000000	4000000	75%	25%
T N					

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APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Program by Project by Ward: 2018/19		
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
Housing		
N/A		
N/A		
Refuse removal		
N/A		
N/A		
Storm water		
ZEERUST INTERNAL ROADS & STORM-WATER	15	YES

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MOTSWEDI INTERNAL ROADS & STORM-WATER	04	YES
LEKGOPUNG SUPINGSTAD INTERNAL ROADS & STORM-WATER PH3	01	YES
Economic development		
N/A		
N/A		
Sports, Arts & Culture		
N/A		
N/A		
Environment		
N/A		
N/A		
Health		
N/A		
N/A		
Safety and Security		
N/A		
N/A		
ICT and Other		
N/A		
N/A		
T O		

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Not Applicable

APPENDICES

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 – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

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.

APPENDICES



Ramotshere Moiloa Local Municipality
Annual Financial Statements
for the year ended 30 June 2019

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2019

General Information

Mayor	K Mothoagae
Speaker	AN Nyamane
Chief Whip	KI Manthoko
Executive Council	C Dreyer
	L Motsokwane
	L Selebogo
	B Monamodi
	AB Cassanga
	TB Sebolao
	P Molefe
Councillors	TR Moiloa
	B Pheloane
	MN Tshikovihi
	D Moabi
	B Kenosi
	S Rantwa
	O Modirwa
	J Pule
	U Morake
	R Mogorosi
	P Madisa
	N Molokwane
	IT Moloantsoa
	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 (appointed 12 December 2018)
	Y Suliman (appointed 12 December 2018)
	B Rajan (resigned 31 October 2018)
	B Mooketsi (resigned 20 September 2018)

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2019

General Information

Grading of local authority	Grade 3
Accounting Officer	Ditshaba W Makhate
Chief Finance Officer	Morufa Moloto
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

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2019

Index

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 2019

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are 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 officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or 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 officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, she is 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 50, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2019 and were signed on its behalf by:



D Makhele
Municipal Manager

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2019

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2019.

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 23 454 776 (2018: surplus R 2 281 940).

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

There are no 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 Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality	Changes
R.T Phakalane	South African	1 July 2018 to 11 July 2018
B.G Selebogo	South African	19 July 2018 to 19 January 2019
D Makhate	South African	appointed 1 February 2019

6. Corporate governance

General

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

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.

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

	Note(s)	2019 R	2018 Restated* R
Assets			
Current Assets			
Inventories	2	5 915 487	7 162 980
Receivables from exchange transactions	4	4 945 890	4 888 406
Receivables from non-exchange transactions	5	2 872 476	1 375 081
Consumer debtors	6	87 695 262	62 453 707
Cash and cash equivalents	7	11 621 579	15 278 462
		113 050 694	91 158 636
Non-Current Assets			
Investment property	8	53 930 538	54 014 422
Property, plant and equipment	9	601 336 045	586 087 476
Intangible assets	10	1 899 986	3 412 409
Heritage assets	11	404 550	404 550
Other financial assets	3	2 171 236	2 196 241
		659 742 355	646 115 098
Total Assets		772 793 049	737 273 734
Liabilities			
Current Liabilities			
Other financial liabilities	12	837 077	1 346 891
Finance lease obligation	13	679 992	1 118 144
Payables from exchange transactions	14	111 564 095	111 687 352
VAT payable	15	6 216 737	3 288 148
Consumer deposits	16	2 106 857	2 029 393
Employee benefit obligation	17	897 000	1 008 000
Unspent conditional grants and receipts	18	14 078 534	3 412 375
		136 380 292	123 890 303
Non-Current Liabilities			
Other financial liabilities	12	2 348 182	3 081 788
Finance lease obligation	13	-	679 992
Employee benefit obligation	17	31 144 000	37 213 000
Provisions	19	45 349 131	43 741 918
		78 841 313	84 716 698
Total Liabilities		215 221 605	208 607 001
Net Assets		557 571 444	528 666 733
Accumulated surplus		557 571 444	528 666 733

* See Note 47

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Performance

	Note(s)	2019 R	2018 Restated* R
Revenue			
Revenue from exchange transactions			
Service charges	20	78 102 791	68 840 121
Licences and permits		1 230 714	1 100 121
Connections and disconnections		782 911	480 887
Rental income		113 263	149 268
Sundry Income		556 023	250 776
Sale of Land		475 897	1 111 881
Interest received - investment	21	1 041 295	1 716 519
Fair value adjustments		-	84 491
Total revenue from exchange transactions		82 302 894	73 734 064
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	22	31 198 346	35 397 279
Transfer revenue			
Government grants & subsidies	23	206 258 841	184 542 406
Fines, Penalties and Forfeits	49	4 274 450	5 573 635
Total revenue from non-exchange transactions		241 731 637	225 513 320
Total revenue	24	324 034 531	299 247 384
Expenditure			
Bulk purchases	25	(49 907 187)	(44 853 817)
Contracted services	26	(8 610 415)	(8 625 960)
Debt Impairment		(2 020 180)	(4 170 325)
Depreciation and amortisation	27	(27 046 552)	(29 505 109)
Employee related costs	28	(130 030 666)	(128 049 712)
Finance costs	29	(12 840 504)	(5 615 708)
Lease rentals on operating lease	50	(24 151)	(538 024)
Remuneration of councillors	30	(13 240 917)	(13 610 114)
Loss on disposal of assets and liabilities		(4 814 585)	(6 164 835)
Fair value adjustments		(25 006)	-
General Expenses	31	(63 808 435)	(48 560 639)
Total expenditure		(312 368 598)	(289 694 243)
Surplus for the year from operations		11 665 933	9 553 141
Employee benefits actuarial gain		10 327 270	5 112 717
Provision for landfill site movement		1 461 57	(12 383 91)
Surplus for the year		23 454 776	2 281 940

* See Note 47

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2019

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Restated* Balance at 01 July 2017	526 384 793	526 384 793
Changes in net assets		
Surplus for the year	2 281 940	2 281 940
Total changes	2 281 940	2 281 940
Opening balance as previously reported	524 498 191	524 498 191
Adjustments		
Prior year adjustments	9 618 477	9 618 477
Restated* Balance at 01 July 2018 as restated*	534 116 668	534 116 668
Changes in net assets		
Surplus for the year	23 454 776	23 454 776
Total changes	23 454 776	23 454 776
Balance at 30 June 2019	557 571 444	557 571 444

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Ramotshere Moiloa Local Municipality Annual Financial Statements for the year ended 30 June 2019

Cash Flow Statement

	Note(s)	2019 R	2018 Restated* R
Cash flows from operating activities			
Receipts			
Service charges & rates		76 704 465	84 147 801
Grants		216 925 000	182 829 066
Interest income		923 404	1 875 591
Other receipts		5 357 639	4 887 522
		<u>299 910 508</u>	<u>273 739 980</u>
Payments			
Employee costs		(141 785 700)	(136 547 108)
Suppliers		(108 711 010)	(78 059 328)
Finance costs		(5 195 718)	(5 615 708)
		<u>(255 692 428)</u>	<u>(220 222 144)</u>
Net cash flows from operating activities	32	44 218 080	53 517 836
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(45 513 399)	(35 994 409)
Proceeds from sale of property, plant and equipment	9	-	42 774
Purchase of other intangible assets	10	-	(2 459 898)
Net cash flows from investing activities		(45 513 399)	(38 411 533)
Cash flows from financing activities			
Repayment of long term liabilities		(1 243 420)	(852 935)
Finance lease payments		(1 118 144)	(1 009 652)
Net cash flows from financing activities		(2 361 564)	(1 862 587)
Net increase/(decrease) in cash and cash equivalents		(3 656 883)	13 243 716
Cash and cash equivalents at the beginning of the year		15 278 462	2 034 746
Cash and cash equivalents at the end of the year	7	11 621 579	15 278 462

* See Note 47

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

Statement of Financial Performance

Revenue from exchange transactions

Service charges	101 159 397	-	101 159 397	78 102 791	(23 056 606)	46.1
Sale of land	5 883 385	-	5 883 385	475 897	(5 407 488)	46.2
Interest received (trading)	798 750	-	798 750	-	(798 750)	
Licences and permits	4 147 152	-	4 147 152	1 230 714	(2 916 438)	46.3
Sundry Income	3 042 600	-	3 042 600	782 911	(2 259 689)	46.15
Rental income	8 516	-	8 516	113 263	104 747	
Other Income	2 475 000	-	2 475 000	556 023	(1 918 977)	46.15
Interest received - investment	170 400	-	170 400	1 041 295	870 895	
Total revenue from exchange transactions	117 685 200	-	117 685 200	82 302 894	(35 382 306)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	49 549 096	-	49 549 096	31 198 346	(18 350 750)	46.4
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Transfer revenue

Government grants & subsidies	212 853 614	-	212 853 614	206 258 841	(6 594 773)	46.5
Fines, Penalties and Forfeits	4 002 126	-	4 002 126	4 274 450	272 324	

Total revenue from non-exchange transactions	266 404 836	-	266 404 836	241 731 637	(24 673 199)	
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Total revenue	384 090 036	-	384 090 036	324 034 531	(60 055 505)	
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Expenditure

Employee Related Costs	(129 084 736)	-	(129 084 736)	(130 030 666)	(945 930)	
Remuneration of councillors	(15 967 227)	-	(15 967 227)	(13 240 917)	2 726 310	46.6
Depreciation and amortisation	(30 744 640)	-	(30 744 640)	(27 046 552)	3 698 088	46.7
Finance costs	(1 770 089)	-	(1 770 089)	(12 840 504)	(11 070 415)	46.8
Lease rentals on operating lease	-	-	-	(24 151)	(24 151)	
Debt impairment	(21 300 000)	-	(21 300 000)	(2 020 180)	19 279 820	46.9
Bulk purchases	(43 558 500)	-	(43 558 500)	(49 907 187)	(6 348 687)	46.10
Contracted Services	(23 041 000)	-	(23 041 000)	(8 610 415)	14 430 585	46.11
General Expenses	(68 756 636)	-	(68 756 636)	(63 808 435)	4 948 201	46.12

Total expenditure	(334 222 828)	-	(334 222 828)	(307 529 007)	26 693 821	
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Operating surplus

Gain/(Loss) on disposal of assets and liabilities	2 700 000	-	2 700 000	(4 814 585)	(7 514 585)	46.13
Fair value adjustments	-	-	-	(25 006)	(25 006)	

	2 700 000	-	2 700 000	(4 839 591)	(7 539 591)	
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Surplus before taxation	52 567 208	-	52 567 208	11 665 933	(40 901 275)	
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Surplus for the year from continuing operations	52 567 208	-	52 567 208	11 665 933	(40 901 275)	
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Movement in actuarial valuations	(267 131)	267 131	-	11 788 843	11 788 843	
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Surplus/(Deficit)	52 300 077	267 131	52 567 208	23 454 776	(29 112 432)	
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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2019

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:

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

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

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.

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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.

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.

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	20 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.

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.4 Property, plant and equipment (continued)

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, it's 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.

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.

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2019

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.

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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.

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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 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.

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1.8 Financial instruments (continued)

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.

Cash and cash equivalents

These are initially and subsequently recorded at fair value. For cash flow purposes, cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. These are subject to an insignificant risk of changes in value.

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.

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.

1.9 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.

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1.9 Leases (continued)

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.

1.10 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.

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.

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1.10 Inventories (continued)

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.

1.11 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.

1.12 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.

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1.12 Impairment of non-cash-generating assets (continued)

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.

1.13 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.

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1.13 Employee benefits (continued)

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.

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.

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1.14 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.

1.15 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.

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.

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1.15 Revenue from exchange transactions (continued)

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.

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1.16 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 arises 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.

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1.16 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.

1.17 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.

1.18 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.

1.19 Investment income

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

1.20 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.

1.21 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.

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1.22 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.

1.23 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.

1.24 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.25 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.

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Accounting Policies

1.25 Related parties (continued)

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.

1.26 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.

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.

1.27 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.

1.28 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.

1.29 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.

1.30 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 an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2018/07/01 to 2019/06/30.

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.

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Notes to the Annual Financial Statements

	2019 R	2018 R
2. Inventories		
Consumable stores	5 915 487	7 162 980
3. Other financial assets		
Designated at fair value		
Unit trusts	2 171 236	2 196 241
Terms and conditions		
Non-current assets		
Designated at fair value	2 171 236	2 196 241
4. Receivables from exchange transactions		
Third party vendors	804 537	744 305
Sale of land debtors	4 093 032	4 097 380
Rental debtors	48 321	46 721
	4 945 890	4 888 406
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 Contour whom in turn pay over to the municipality.		
5. Receivables from non-exchange transactions		
Fines	2 581 773	1 024 506
Till shortages	6 140	-
Employee advances	(47 491)	18 521
Sundry debtors	332 054	332 054
	2 872 476	1 375 081
6. Consumer debtors		
Gross balances		
Rates	51 354 794	42 205 021
Electricity	72 231 232	61 970 220
Water and sanitation	61 278 642	59 042 919
Sewerage	5 569 833	4 666 054
Refuse and other	13 347 058	10 655 791
	203 781 559	178 540 005
Less: Allowance for impairment		
Rates	(26 928 610)	(27 441 607)
Electricity	(37 875 464)	(40 292 894)
Water and sanitation	(41 362 886)	(38 389 569)
Sewerage	(2 920 620)	(2 751 598)
Refuse and other	(6 998 718)	(7 210 630)
	(116 086 298)	(116 086 298)

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Notes to the Annual Financial Statements

	2019 R	2018 R
6. Consumer debtors (continued)		
Net balance		
Rates	24 426 184	14 763 414
Electricity	34 355 768	21 677 326
Water and sanitation	19 915 757	20 653 350
Sewerage	2 649 213	1 632 197
Refuse and other	6 348 340	3 727 420
	87 695 262	62 453 707
Rates		
Current (0 -30 days)	696 218	537 812
31 - 60 days	506 340	445 283
61 - 90 days	397 839	384 579
91 - 120 days	371 316	367 321
121 - 365 days	256 184	347 212
> 365 days	3 341 845	3 810 589
	5 569 742	5 892 796
Electricity		
Current (0 -30 days)	675 824	426 488
31 - 60 days	491 508	353 111
61 - 90 days	386 185	304 973
91 - 120 days	360 439	291 288
121 - 365 days	248 680	275 341
> 365 days	3 243 954	3 080 529
	5 406 590	4 731 730
Water		
Current (0 -30 days)	2 128 514	54 158
31 - 60 days	1 548 010	14 919
61 - 90 days	1 216 294	3 824
91 - 120 days	1 135 207	72 242
121 - 365 days	783 220	35 439
> 365 days	10 216 867	70 602
	17 028 112	251 184
Waste water		
Current (0 -30 days)	1 165 177	195 277
31 - 60 days	847 401	358 924
61 - 90 days	665 815	421 012
91 - 120 days	621 427	521 369
121 - 365 days	428 745	423 659
> 365 days	5 592 847	2 414 283
	9 321 412	4 334 524
Sewerage		
> 365 days	1 768 678	1 768 678

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	2019 R	2018 R
6. Consumer debtors (continued)		
Refuse		
Current (0 -30 days)	635 042	154 158
31 - 60 days	461 848	127 638
61 - 90 days	362 881	110 238
91 - 120 days	338 689	105 291
121 - 365 days	233 673	99 525
> 365 days	3 048 199	3 780 911
	5 080 332	4 377 761

Reconciliation of allowance for impairment

Balance at beginning of the year	(116 086 297)	(116 086 297)
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7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	908 843	798 909
Bank balances	3 842 695	2 956 769
Short-term deposits	6 870 041	11 522 784
	11 621 579	15 278 462

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
FNB BANK - 62200495960	521 375	8 668	90 443	521 375	8 668	90 443
FNB BANK - 62224998023	447 563	161 250	196 909	447 563	161 250	196 909
FNB BANK - 54351140693	112 456	232 508	56 452	112 456	232 508	56 452
FNB BANK - 62063144431	2 761 301	2 554 343	844 744	2 761 301	2 554 343	844 744
Total	3 842 695	2 956 769	1 188 548	3 842 695	2 956 769	1 188 548

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019 R	2018 R
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8. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	56 253 235	(2 322 697)	53 930 538	56 253 235	(2 238 813)	54 014 422

Reconciliation of investment property - 2019

	Opening balance	Depreciation	Total
Investment property	54 014 423	(83 884)	53 930 539

Reconciliation of investment property - 2018

	Opening balance	Depreciation	Total
Investment property	54 098 307	(83 884)	54 014 423

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.

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Notes to the Annual Financial Statements

	2019 R			2018 R		
9. Property, plant and equipment						
	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	29 982 310	(2 840 921)	27 141 389	29 844 150	(2 840 921)	27 003 229
Buildings	81 827 081	(57 787 369)	24 039 712	59 663 538	(42 545 931)	17 117 607
Plant and machinery	897 970	(810 824)	87 146	1 289 504	(795 478)	494 026
Furniture and fixtures	256 597	(231 453)	25 144	475 978	(404 234)	71 744
Motor vehicles	13 043 284	(10 909 735)	2 133 549	12 652 072	(10 314 847)	2 337 225
Office equipment	3 202 949	(2 565 797)	637 152	3 607 573	(1 578 700)	2 028 873
Computer equipment	4 965 807	(2 292 057)	2 673 750	4 860 221	(1 665 258)	3 194 963
Infrastructure	-	-	-	3 749 990	-	3 749 990
Community	137 363 048	(76 463 793)	60 899 255	117 399 028	(63 301 264)	54 097 764
Roads & stormwater assets	700 074 115	(283 304 674)	416 769 441	673 566 066	(266 528 134)	407 037 932
Electricity assets	94 533 131	(32 939 985)	61 593 146	94 531 175	(30 735 563)	63 795 612
Other assets	5 336 361	-	5 336 361	5 158 511	-	5 158 511
Total	1 071 482 653	(470 146 608)	601 336 045	1 006 797 806	(420 710 330)	586 087 476

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				2019 R	2018 R
10. Intangible assets					
	2019			2018	
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment
Computer software	4 671 609	(2 771 623)	1 899 986	4 671 609	(1 259 200)
					3 412 409
Reconciliation of intangible assets - 2019					
				Opening balance	Amortisation
Computer software				3 412 409	(1 512 423)
					1 899 986
Reconciliation of intangible assets - 2018					
				Opening balance	Additions
Computer software				1 967 100	2 459 898
					(1 014 589)
					3 412 409
Pledged as security					
No Intangible assets have been pledged as security.					
11. Heritage assets					
	2019			2018	
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses
Other	404 550	-	404 550	404 550	-
					404 550
Reconciliation of heritage assets 2019					
				Opening balance	Total
Other				404 550	404 550
Reconciliation of heritage assets 2018					
				Opening balance	Total
Other				404 550	404 550
Pledged as security					
No Heritage Asset has been pledged as security.					

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	2019 R	2018 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 has subsequently been paid	-	468 066
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.	1 630 459	1 780 865
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.	717 723	832 857
Short term portion of DBSA Loans	837 077	1 346 891
	3 185 259	4 428 679
Total other financial liabilities	3 185 259	4 428 679
Non-current liabilities		
At amortised cost	2 348 182	3 081 788
Current liabilities		
At amortised cost	837 077	1 346 891
13. Finance lease obligation		
Minimum lease payments due		
- within one year	703 626	1 250 891
- in second to fifth year inclusive	-	703 626
	703 626	1 954 517
less: future finance charges	(23 634)	(156 381)
Present value of minimum lease payments	679 992	1 798 136
Present value of minimum lease payments due		
- within one year	679 992	1 118 144
- in second to fifth year inclusive	-	679 992
	679 992	1 798 136
Non-current liabilities	-	679 992
Current liabilities	679 992	1 118 144
	679 992	1 798 136

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Notes to the Annual Financial Statements

	2019 R	2018 R
14. Payables from exchange transactions		
Trade payables	46 922 841	59 176 135
Payments received in advance	864 897	555 385
Other payables	95 414	95 414
Unallocated deposits	13 502 222	7 860 305
Accrued leave pay	8 981 030	7 775 115
Accrued bonus	3 387 042	3 107 073
Deposits received	164 875	160 770
Third party payables	17 102 093	13 313 091
Motor fees control	7 737 972	7 490 258
Retentions	2 613 622	2 052 565
Sundry payables	34 697	34 697
Debtors with credit balances	10 157 390	10 066 544
	111 564 095	111 687 352

15. VAT payable

Net balance	6 216 737	3 288 148
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The municipality is registered for VAT on a payments basis.

16. Consumer deposits

Electricity	1 336 366	1 339 716
Water	770 491	689 677
	2 106 857	2 029 393

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.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	32 041 000	38 221 000
Non-current liabilities	31 144 000	37 213 000
Current liabilities	897 000	1 008 000
	32 041 000	38 221 000

The municipality has no further obligation to cover unfunded benefits.

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	2019 R	2018 R		
18. Unspent conditional grants and receipts				
Unspent conditional grants and receipts comprises of:				
Unspent conditional grants and receipts				
Municipal Infrastructure Grant	10 731 628	1 636 564		
Library Grant	500 000	500 000		
LGSETA	437 855	437 855		
INEP	2 409 051	-		
Local Government	-	837 956		
	14 078 534	3 412 375		
See note 23 for reconciliation of grants from National/Provincial Government.				
19. Provisions				
Reconciliation of provisions - 2019				
	Opening Balance	Additions	Total	
Environmental rehabilitation	36 633 918	1 327 213	37 961 131	
Long service award	7 108 000	280 000	7 388 000	
	43 741 918	1 607 213	45 349 131	
Reconciliation of provisions - 2018				
	Opening Balance	Additions	Reversed during the year	Total
Environmental rehabilitation	24 250 000	12 383 918	-	36 633 918
Performance bonus	586 505	-	(586 505)	-
Long service award	7 108 000	-	-	7 108 000
	31 944 505	12 383 918	(586 505)	43 741 918
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 2018 and approximates the discounted expected future cash flows using reasonable estimation techniques.				
20. Service charges				
Sale of electricity	58 672 829	50 318 992		
Sale of water	9 376 489	8 881 669		
Sewerage and sanitation charges	185 835	463 909		
Refuse removal	9 867 638	9 175 551		
	78 102 791	68 840 121		
21. Investment revenue				
Interest revenue				
Bank	1 041 295	1 716 519		

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Notes to the Annual Financial Statements

	2019 R	2018 R
22. Property rates		
Rates received		
Residential	13 205 090	11 467 829
Commercial	9 408 645	9 191 901
State	561 109	522 541
Agriculture	8 023 502	14 215 008
	31 198 346	35 397 279

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 2014. 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.

23. Government grants and subsidies

Operating grants

Equitable share	153 173 000	137 071 000
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Capital grants

Municipal infrastructure grant	38 408 936	35 067 436
Financial management grant	2 215 000	2 145 000
INEP	6 859 949	7 167 970
LGSETA	837 956	-
NMMDM water grant	3 000 000	2 000 000
Library grant	670 000	-
Extended public works programme	1 094 000	1 091 000
	53 085 841	47 471 406
	206 258 841	184 542 406

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	1 636 564	-
Current-year receipts	47 504 000	36 704 000
Conditions met - transferred to revenue	(38 408 936)	(35 067 436)
Other	-	-
	10 731 628	1 636 564

Conditions still to be met - remain liabilities (see note 18).

Financial management grant

Current-year receipts	2 215 000	2 145 000
Conditions met - transferred to revenue	(2 215 000)	(2 145 000)
	-	-

Conditions still to be met - remain liabilities (see note 18).

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Notes to the Annual Financial Statements

	2019 R	2018 R
23. Government grants and subsidies (continued)		
Library Grant		
Balance unspent at beginning of year	500 000	500 000
Current-year receipts	670 000	-
Conditions met - transferred to revenue	(670 000)	-
	500 000	500 000
Conditions still to be met - remain liabilities (see note 18).		
EPWP		
Current-year receipts	1 094 000	1 091 000
Conditions met - transferred to revenue	(1 094 000)	(1 091 000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		
LGSETA		
Balance unspent at beginning of year	437 855	437 855
Conditions still to be met - remain liabilities (see note 18).		
INEP		
Current-year receipts	9 269 000	7 167 970
Conditions met - transferred to revenue	(6 859 949)	(7 167 970)
	2 409 051	-
Conditions still to be met - remain liabilities (see note 18).		
Local Government		
Balance unspent at beginning of year	837 956	837 956
Conditions met - transferred to revenue	(837 956)	-
	-	837 956
Conditions still to be met - remain liabilities (see note 18).		
NMMDM water grant		
Current-year receipts	3 000 000	2 000 000
Conditions met - transferred to revenue	(3 000 000)	(2 000 000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		

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Notes to the Annual Financial Statements

	2019 R	2018 R
24. Revenue		
Service charges	78 102 791	68 840 121
Licences and permits	1 230 714	1 100 121
Royalties received	782 911	480 887
Rental income	113 263	149 268
Sale of tender documents	556 023	250 776
Other income 2	475 897	1 111 881
Interest received - investment	1 041 295	1 716 519
Property rates	31 198 346	35 397 279
Government grants & subsidies	206 258 841	184 542 406
Fines, penalties and forfeits	4 274 450	5 573 635
	324 034 531	299 162 893
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	78 102 791	68 840 121
Licences and permits	1 230 714	1 100 121
Royalties received	782 911	480 887
Rental income	113 263	149 268
Sale of tender documents	556 023	250 776
Other income 2	475 897	1 111 881
Interest received - investment	1 041 295	1 716 519
	82 302 894	73 649 573
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	31 198 346	35 397 279
Transfer revenue		
Government grants & subsidies	206 258 841	184 542 406
Fines, penalties and forfeits	4 274 450	5 573 635
	241 731 637	225 513 320
25. Bulk purchases		
Electricity	49 826 862	44 773 492
Water	80 325	80 325
	49 907 187	44 853 817
26. Contracted services		
Outsourced Services		
Meter Management	241 999	257 544
Security Services	8 368 416	8 368 416
27. Depreciation and amortisation		
Property, plant and equipment	25 450 246	28 490 520
Investment property	83 883	-
Intangible assets	1 512 423	1 014 589
	27 046 552	29 505 109

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	2019 R	2018 R
28. Employee related costs		
Basic	78 170 041	74 143 875
13th Cheque	5 917 219	8 643 492
Medical aid - company contributions	8 339 731	7 796 096
UIF	588 491	598 422
SDL	1 009 589	957 533
(Decrease) / Increase in leave pay provision charge	1 205 915	197 270
Pension fund contributions	15 251 292	14 980 002
Travel, motor car, accommodation, subsistence and other allowances	6 312 805	4 208 416
Overtime payments	8 313 679	7 537 040
Long-service awards	562 751	1 252 524
Acting allowances	311 664	448 166
Housing benefits and allowances	841 360	863 335
Cellphone allowance	321 700	263 735
Bargaining council	34 055	34 023
Leave payout	601 360	921 223
Standby allowance	1 969 045	2 374 106
(Decrease) / Increase in bonus provision	279 969	2 830 454
	130 030 666	128 049 712
Remuneration of Municipal Manager		
Annual Remuneration	693 668	749 841
Car Allowance	10 000	60 000
Leave Payout	-	42 777
Contributions to UIF, Medical and Pension Funds	744	9 026
SDL and Council Bargain	5 945	8 841
Housing Allowance	-	40 000
Cellphone Allowance	-	8 000
	710 357	918 485
Remuneration of Chief Finance Officer		
Annual Remuneration	143 337	635 764
Car Allowance	47 779	40 000
Contributions to UIF, Medical and Pension Funds	297	1 190
SDL and Bargain Council	1 846	7 603
Cellphone Allowance	3 000	12 504
Housing Allowance	-	80 000
	196 259	777 061
Remuneration of Director Technical Services		
Annual Remuneration	382 231	697 796
Car Allowance	95 558	-
Contributions to UIF, Medical and Pension Funds	744	1 338
SDL and Bargain Council	4 662	9 495
Cellphone Allowance	7 200	13 500
Leave payout	-	230 738
	490 395	952 867

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	2019 R	2018 R
28. Employee related costs (continued)		
Remuneration of Director Community Services		
Annual Remuneration	382 231	460 263
Car Allowance	95 558	160 000
Contributions to UIF, Medical and Pension Funds	744	1 338
SDL and Bargain Council	4 671	7 483
Cellphone Allowance	7 500	12 000
Leave Payout	-	141 420
	490 704	782 504
Remuneration of Director Local Economic Development		
Annual Remuneration	286 673	98 856
Car Allowance	95 558	20 000
Contributions to UIF, Medical and Pension Funds	595	-
SDL and Bargain Council	3 147	-
Cellphone Allowance	6 000	1 500
	391 973	120 356
Remuneration of Chief Audit Executive		
Annual Remuneration	810 394	810 394
Car Allowance	120 000	120 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
SDL and Bargain Council	9 349	9 343
Cellphone Allowance	18 000	18 000
	959 528	959 522
Director Corporate Services		
Annual Remuneration	815 965	682 809
Car Allowance	271 980	145 990
Contributions to UIF, Medical and Pension Funds	1 785	1 338
SDL and Bargain Council	11 565	7 618
Cellphone Allowance	18 000	13 500
Housing allowance	-	20 000
	1 119 295	871 255
Remuneration of Executive Manager		
Annual Remuneration	543 994	593 448
Car Allowance	220 000	240 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
SDL and Bargain Council	9 006	8 073
Cellphone Allowance	11 000	12 000
Leave Payout	160 022	-
	945 807	855 306

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	2019 R	2018 R
29. Finance costs		
Other interest	442 108	689 348
Trade and other payables	4 753 610	4 926 360
Interest on landfill site	2 788 786	-
Post retirement interest cost	4 856 000	-
	12 840 504	5 615 708
30. Remuneration of councillors		
Mayor	879 661	847 560
Speaker	720 725	687 018
Chief Whip	392 431	370 852
Executive Council	2 651 141	1 903 558
Councillors	8 596 959	8 745 952
	13 240 917	12 554 940

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.

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	2019 R	2018 R
31. General expenses		
Advertising	137 486	206 642
Commission paid	1 224 152	1 122 251
Auditors remuneration	2 651 252	230 350
Bank charges	806 124	865 070
Cleaning	470 080	106 051
Community development and training	514 286	259 700
Conferences and seminars	1 072 260	46 350
Consulting and professional fees	22 199 472	13 569 554
Consumables	104 772	132 696
Discount allowed	(1 546)	4 662 886
Electricity	71 411	1 039 327
Entertainment	138 151	136 705
Extended public works program	5 443 824	7 467 153
Fuel and oil	2 046 961	1 753 459
Funeral costs	165 795	211 600
Hire	256 211	214 812
IT expenses	352 178	193 604
Insurance	461 398	364 839
Other expenses	8 484 231	3 012 174
Pest control	29 870	29 500
Postage and courier	1 709	258 198
Printing and stationery	3 338 168	712 983
Repairs and maintenance	5 867 988	5 047 442
Software expenses	1 209 099	395 053
Staff welfare	1 500	199 363
Inventory adjustment	255 428	(660 610)
Subscriptions and membership fees	1 281 260	1 222 196
Telephone and fax	721 361	1 591 816
Training	353 945	160 522
Travel - local	952 351	839 312
Uniforms	508 658	592 934
Sitting allowance	2 688 600	2 576 706
	63 808 435	48 560 638

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	2019 R	2018 R
32. Cash generated from operations		
Surplus	23 454 776	2 281 940
Adjustments for:		
Depreciation and amortisation	27 046 552	29 505 109
Gain on sale of assets and liabilities	4 814 585	6 164 835
Fair value adjustments	25 005	(84 491)
Debt impairment	2 020 180	4 170 325
Movements in retirement benefit assets and liabilities	(6 180 000)	(4 905 000)
Movements in provisions	1 607 213	12 594 413
Inventory adjustment	255 428	-
Errors adjusted	5 449 932	(1 188 053)
Leave and bonus accrual	1 485 884	-
Changes in working capital:		
Inventories	992 065	730 622
Receivables from exchange transactions	(57 484)	(27 759)
Consumer debtors	(25 241 555)	(32 194 449)
Other receivables from non-exchange transactions	(3 517 575)	3 375 023
Payables from exchange transactions	(1 609 139)	29 923 470
VAT	2 928 589	1 827 109
Unspent conditional grants and receipts	10 666 159	1 208 871
Consumer deposits	77 465	135 871
	44 218 080	53 517 836
33. Auditors' remuneration		
Fees	2 651 252	230 350
34. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	4 422 859	20 408 078
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	34 832 041	-
Total capital commitments		
Already contracted for but not provided for	4 422 859	20 408 078
Not yet contracted for and authorised by accounting officer	34 832 041	-
	39 254 900	20 408 078
Authorised operational expenditure		
Already contracted for but not provided for		
• Professional fees	5 996 653	5 510 230
• Security	6 973 680	15 342 096
	12 970 333	20 852 326
Total operational commitments		
Already contracted for but not provided for	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.

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	2019 R	2018 R
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		
Litigation and claims		
Breach of Contract	490 000	-
Contempt of court	176 978	-
Unfair Conduct - employees and ex -employees	2 850 000	2 430 151
Other matters	1 040 000	857 861
	4 556 978	3 288 012

36. Risk management

Financial risk management

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.

The municipality's Finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

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.

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.

Liquidity risk

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.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019 R	2018 R
37. Going concern		
<p>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.</p> <p>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.</p> <p>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.</p> <p>Debtors are currently not paying as their debt falls due with most of the debtors sitting in the 180+ days bracket</p> <p>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.</p> <p>There is no indication of a possibility of default by the government in paying grants under the act. This is also corroborated by experience where National Treasury has met its obligations year on year and has therefore created a constructive obligation. Part of the grants tabled in DORA have already been paid in July 2019.</p> <p>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.</p>		
38. Unauthorised expenditure		
Opening balance	153 788 882	130 520 575
Current year	18 414 190	23 268 307
	172 203 072	153 788 882
39. Fruitless and wasteful expenditure		
Opening balance	16 244 338	8 766 373
Current year movement	5 484 008	7 477 965
	21 728 346	16 244 338
<p>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.</p> <p>A detailed breakdown of the fruitless and wasteful expenditure incurred in the current year is disclosed in detail as below:</p>		
Eskom - Electricity	2 117 533	2 687 718
Auditor General - Audit fees	80 293	55 848
Telkom - Telephone	38 015	72 278
Municipal Gratuity Fund	273 365	48 480
SARS - Salaries	2 230 181	3 834 743
Interest on DBSA	296 907	108 186
Department of transport interest	447 714	670 713
	5 484 008	7 477 966

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019 R	2018 R
40. Irregular expenditure		
Opening balance	153 138 291	140 616 963
Add: Irregular Expenditure - current year	33 611 702	12 521 328
	186 749 993	153 138 291
Analysis of irregular expenditure - current year		
Tenders/Quotations not advertised	14 311 852	7 390 928
SCM procedures not followed	4 006 849	924 811
Deviation form not filled	-	423 750
Gaps in SCM process	9 107 939	-
Expired contracts	2 093 444	14 636
Evaluation criteria inconsistent	2 873 166	3 205 818
Not registered on CSD	1 218 452	34 000
BEE points incorrectly captured	-	527 385
	33 611 702	12 521 328
41. Additional disclosure in terms of Municipal Finance Management Act		
41.1. Contributions to organised local government		
Current year subscription / fee	1 276 260	1 181 890
Amount paid - current year	(1 276 260)	(1 181 890)
	-	-
41.2. Audit fees		
Opening balance	586 357	2 822 958
Current year subscription / fee	3 589 536	423 351
Amount paid - current year	(3 236 127)	(2 659 952)
	939 766	586 357
41.3. PAYE, SDL and UIF		
Opening balance	5 985 060	2 931 634
Current year subscription / fee	22 046 771	19 752 393
Amount paid - current year	(15 049 994)	(16 698 967)
	12 981 837	5 985 060
41.4. Pension and Medical Aid Deductions		
Opening balance	2 885 113	3 505 124
Current year subscription / fee	36 063 142	35 293 188
Amount paid - current year	(35 920 330)	(35 913 199)
	3 027 925	2 885 113
41.5. VAT		
VAT payable	6 216 737	3 288 148

All VAT returns have been submitted by the due date throughout the year.

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019 R	2018 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 2019:		
30 June 2019	Outstanding less than 90 days R	Outstanding more than 90 days R
Dreyer C	2 763	884
Mothoagae PK	329	-
Moloantoa IT	514	-
Suliman Y	3 347	9 608
Sapala NT	880	-
Phetwe RSB	327	-
	8 160	10 492
		18 652
30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R
Dreyer C	3 009	-
Mothoagae PK	311	-
Moloantoa IT	1 674	4 084
Rajan MF	15 484	235 379
Sapala NT	736	-
Phetwe RSB	346	-
Motladile LK	571	743
	22 131	240 206
		262 337
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		
Kilowatt Hours	15 520 253	12 176 215
Total loss	15 547 444	11 446 915
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 R1.00175 (2017: R0.8341).		
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.		
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.		

Annual Financial Statements for the year ended 30 June 2019

2019	2018
R	R

The councillors that have outstanding debt have been included as part of the MFMA disclosure.

46. Budget differences

46.1 The actual service charges in the current year are less than the budgeted amount. The anticipated increase in revenue due to expected developments which did not happen

46.2 Expected land sale delayed to subsequent year.

46.3 The actual licences and permits income was less than the budgeted amount. This is mainly due to the testing station being set alight during the service protests.

46.4 Changes to valuation roll resulted in decrease.

46.5 Projects budgeted for not completed.

46.6 Expected increase in councillors did not happen.

46.7 Depreciation was under budgeted as more projects were completed earlier than anticipated.

46.8 Interest cost on retirement benefits and provisions not budgeted for

46.9 Debt impairment for consumer debtors not calculated.

46.10 Increase in Eskom tariff not budgeted for.

46.11 Professional fees budgeted as contracted services included in general expenses instead.

46.12 Budgeted expenditure not incurred due to cashflow issues

46.13 More assets disposed than initially budgeted for.

46.14 Expenditure on retinemet and provision movement not budgeted for..

46.15 Other income anticipated not received

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019 R	2018 R
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47. 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

2018

	Note	As previously reported	Correction of error	Restated
Inventories		7 020 503	142 477	7 162 980
Receivables from exchange properties		11 542 020	(6 653 614)	4 888 406
Receivables from Non Exchange		698 072	677 009	1 375 081
Consumer Debtors		58 247 095	4 206 612	62 453 707
Cash & Cash Equivalents		14 651 208	627 254	15 278 462
Property, Plant & Equipment		581 584 006	4 503 470	586 087 476
Investment Property		53 836 358	178 064	54 014 422
Intangible Assets		1 636 043	1 776 366	3 412 409
Other Financial Assets		2 325 089	(128 849)	2 196 240
Other Financial Liabilities		(5 937 624)	1 508 945	(4 428 679)
Payables from Exchange		(105 449 999)	(6 237 352)	(111 687 351)
Vat Payable		(1 229 377)	(2 058 771)	(3 288 148)
Consumer Deposits		(1 994 904)	(34 489)	(2 029 393)
Unspent Conditional Grant		(3 412 376)	1	(3 412 372)
Employee Benefit Obligation		(38 230 714)	9 714	(38 221 000)
Provisions		(45 025 000)	1 283 082	(43 741 918)
Effect on accumulated surplus		530 260 400	(200 081)	530 060 322

Errors

Errors were identified during the current year which pertained to the prior year. These were corrected and the impact on accumulated is as per above.

48. Deviations

Analysis

Deviations less than R200 000	1 613 674	1 617 331
Deviations greater than R200 000	822 707	2 467 257
	2 436 381	4 084 588

49. Fines, Penalties and Forfeits

Municipal Traffic Fines	4 274 450	5 573 635
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50. Lease rentals on operating lease

Equipment

Contingent amounts	24 151	538 024
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VOLUME III: 2018/19 ANNUAL PERFORMANCE REPORT

RAMOTSHERE MOILOA LOCAL MUNICIPALITY



ANNUAL PERFORMANCE REPORT 2018/19

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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 Program
EXCO	Executive Committee
FAR	Fixed Asset Register
GRAP	Generally Recognized 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 Program
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 2018/19 Annual Performance Report, which will be incorporated into the 2018/19 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 (itemized 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 organizations 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 performs

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 2000)
- 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)

MUNICIPAL SYSTEMS ACT, 2000

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 councilors 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 councilors 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 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, organized 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 sub regulation (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 sub regulation (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 sub regulation (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.

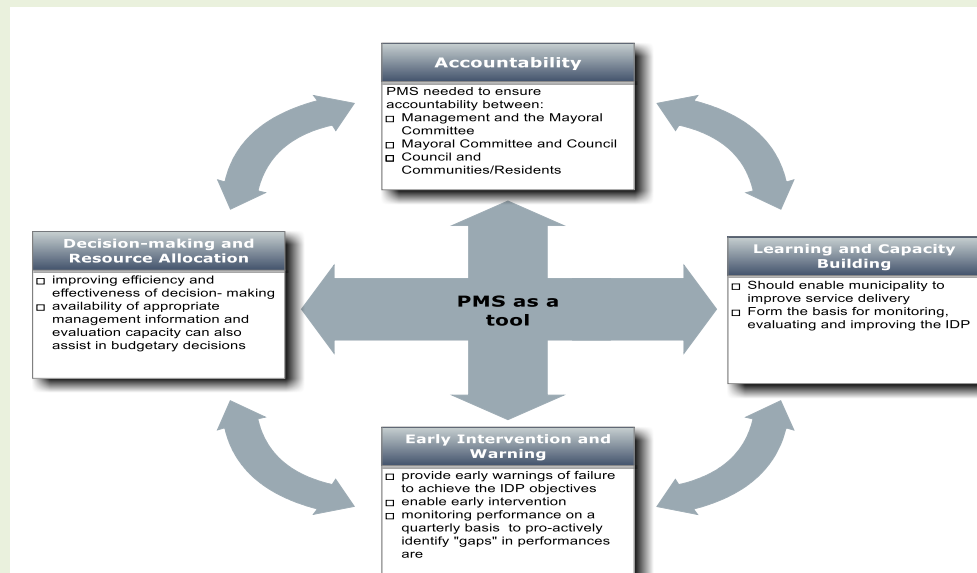
Section 121(3)(c) further states that *the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.*

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 organizational and employee performance management system.

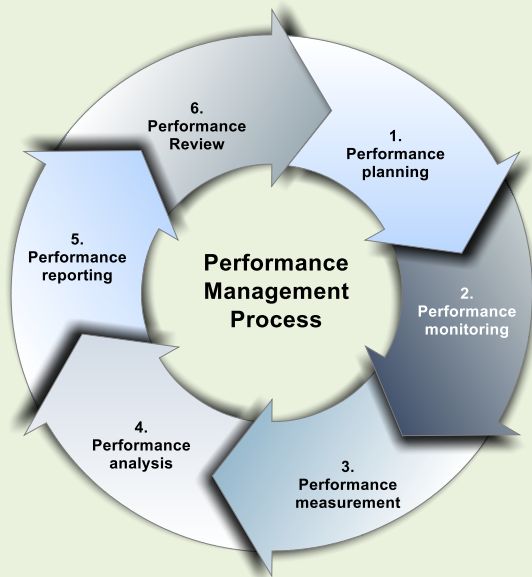
The objectives of institutionalizing a Performance Management System, beyond the fulfilling of legislative requirements, is to serve as a primary mechanism to monitor, review and improve the implementation of the municipality's IDP. In doing so, it should fulfill the following functions:

- 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



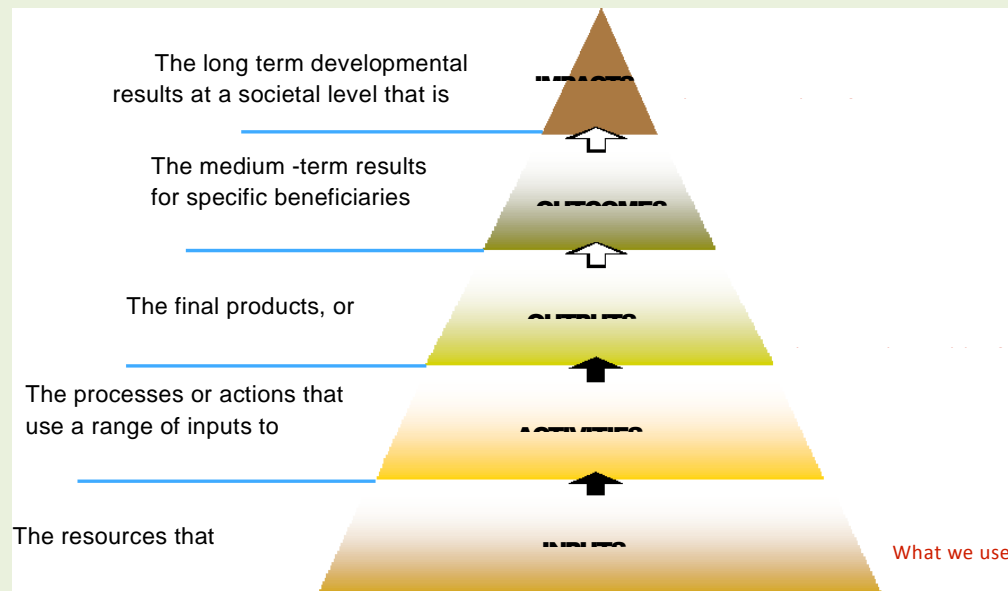
Adapted from the Balanced Scorecard by Robert S. Kaplan and Dave P. Norton. Harvard Business School Press. 1996.

The annual process of managing performance at institutional level in the Municipality involves the steps as set out in the diagram below.



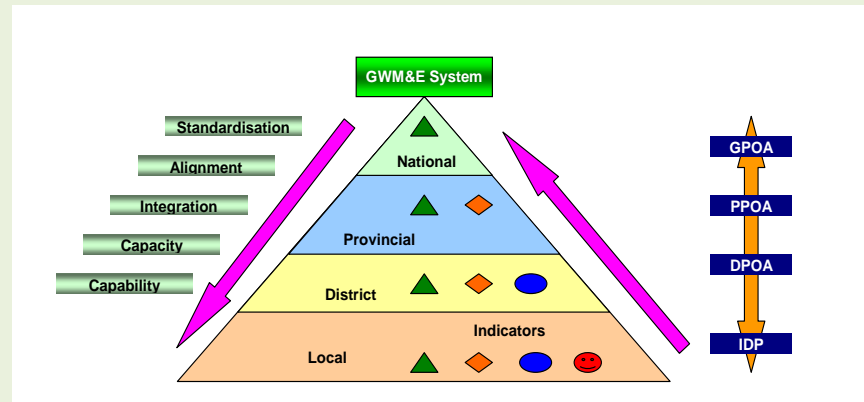
1. **Performance planning** - The performance of the Municipality is to be managed in terms of its IDP and the process of compiling an IDP and the annual review thereof therefore constitutes the process of planning for performance.
2. **Performance monitoring** - ongoing process by which a Director accountable 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

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.



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

¹ [Draft Monitoring and Evaluation Framework in support of Cooperative Governance. Department of Cooperative Governance. October 2010](#)

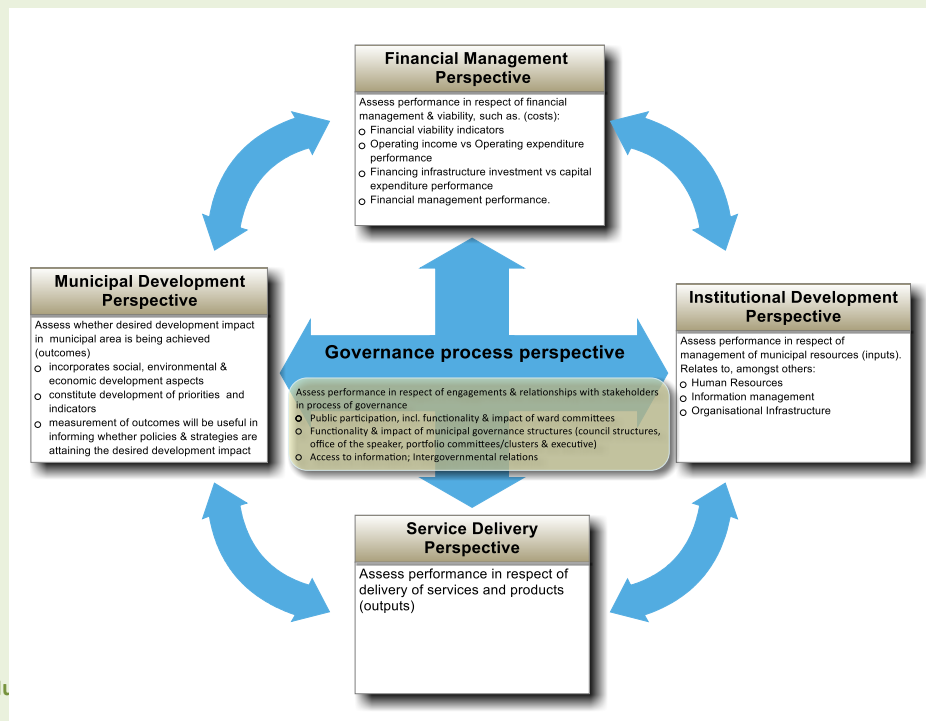
be legislated to replace the seven currently found in the Municipal Planning and Performance Management Regulations of 2001. The reporting in terms of section 46, 47 and 48 of the Municipal Systems Act, 32 of 2000 (Act No. 32 of 2000) (MSA) will be informed by these national KPIs.

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



2017/18 REPORT OF THE AUDITOR-GENERAL

The table below indicates the issues that were raised in the final report of the Auditor-General for the 2017/18 financial year on predetermined objectives and the management actions taken during 2017/18 to address the findings.

Clarification on FMPPI applicability:

The Framework for Managing Program and Performance Information (FMPPI) issued by the National Treasury in 2007 was in accordance with the PFMA, Chapter 5 of the Treasury Regulations and the Regulations on Program and Performance Information which are applicable to National and Provincial Department, Public Entities and Constitutional Institutional Institutions. The FMPPI 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, organized and managed, including determining the roles of the different role-players.*

Audit opinion	Management actions taken to resolve findings

Audit opinion	Management actions taken to resolve findings
The 2016/2017 Annual report was tabled in councilors meetings 01/02/2018 on 26th February 2018, which 7 months and 26 days after 2017 financial year end.	The 2017/18 Annual Report has been subsequently tabled within the 7 months on the 31 st of January 2019
The municipality did not revise its SDBIP during the financial year.	The 2017/18 SDBIP has been subsequently revised, following an adjustment of the Budget.
The Annual Performance Report for the 2017/18 financial year, did not include: - a comparison of the performances with performances in the previous financial year(2016/17); - The measures taken to improve the actual performance of each indicator.	The 2018/19 Annual Performance Report includes the required information as legislated.
Management did not provide supporting documentation for reported indicators.	Portfolio of evidence for achieved indicators has been compiled for the 2018/19 Performance Reports.

ASSESSMENT OF SERVICE PROVIDERS

Assessment of service providers 2018/19										
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 Motswedi Internal Roads and Storm water Phase2	Consultant :TMS Consulting Contractor: Tlotlo Tlhago Transport and Plant Hire	MIG	11/02/2019	12/04/2019	Practical completion	No challenges			5	5
Upgrading of Zeerust internal roads and storm water	Consultant : Maruapula Engineers Contractor : K.P Baikgaki Trading	MIG	11/02//2019	15/05/2019	Practical completion	No challenges			5	5
Upgrading of Lekgophung-Supingstad internal roads and storm water phase3	Consultant : Maruapula Engineers Contractor : Tlotlo Tlhago Transport and Plant Hire	MIG	21/08/2019	31/01/2019	Practical completion	No challenges	4	4	5	
Supply and Delivery of High Mast Lights(Ward 1,2,3,10,11 and 12)	Contractor: Mayivuthe Contractors	MIG	27/08/2018	12/12/2018	Practical completion	We had challenges with Eskom quotations.	4	4	5	5

						MIG intervened by approving additional funding for the project.				
Construction of Lekubu Community Hall	Consultant: Sido Consulting Contractor : Mafoko JJ	MIG	24/08/2018	28/06/2019	Practical Completion	Contractor not being productive and behind the schedule. Penalties were imposed.	3	3	4	4
Appointment of service provider for BID No: RMLM: SCM 2016/2017 – 0034T, provision of professional environmental services for the Remiander of Portion 5 of Farm Hazia JP 240 (Corner Berg & Drooge Street)	EOH Coastal & Environmental Services	Own	May 2019	August 2017	Specialist studies have been completed. Currently the Basic Assessment Report is underway	The challenge encountered was the delay in signing of Service Level Agreement between the service provider and the Municipality which delayed the commencement of the project. Also non timeous payment of invoices is a challenge as	3	3	3	3

						the service provider often put the project on hold				
Appointment of service provider for BID No: RMLM: SCM 2016/2017 – 0035T, provision of professional environmental services for the Remiander of Portion 5 of Farm Hazia JP 240 (Corner Kort & Buiten Street)	EOH Coastal & Environmental Services	Own	May 2017	August 2017	Specialist studies have been completed. Currently the Basic Assessment Report is underway	The challenge encountered was the delay in signing of Service Level Agreement between the service provider and the Municipality which delayed the commencement of the project. Also non timeous payment of invoices is a challenge as the service provider often put the project on hold	3	3	3	3
Provision of advisory services as and when required.	MRL Accounting and Consulting services Incorporated.	Own	15/08/2018	30/12/2018	Completed		1	1		

Unbundling of infrastructure assets in terms of GRAP 17 and related standards. Compilation of fixed asset register.	JBFE Consulting (Pty) LTD	Own	01/07/2018	31/12/2018	Completed	None	3	3		
VAT Review Consulting	PK Financial Services	Own	01/12/2017	30/06/2019	In progress	None	3	3	3	3
Compilation of valuation roll	Activa Valuation Services	Own	24/05/2018	30/05/2024	In progress	None	3	3	3	3
Compilation of supplementary valuation roll	Activa Valuation Services	Own	01/2018	06/2019	Completed	None	3	3	3	3
Provision and support with mSCOA implementation plan	OS. Holdings	Own	01 06/2018	15/12/2019	In progress		2	2	2	2
Provision of payroll and related services	SAGE Pastel International	Own	01/05/2012	On-going	In progress	None	4	4	4	4
Provision of insurance services for a period of three years.	Lateral Unison insurance brokers (Pty) LTD	Own	27/07/2017	26/07/2020	In progress	None	5	5	5	5
Compilation of valuation roll 2013 2019	Northwest Valuation Services cc	Own	06/06/201	22/01/2018	Completed	Company Liquidated and not in business.	1	1	1	1
Provide and run a complete vending	Contour Pty LTD	Own	17/02/2017	16/02/2020	In progress	None	5	5	5	5

solution including, municipal offices, local shops, major retailers and our banking channel (WIREIT™)* for internet, ATM and phone vending.										
Continued Supply of Power Cloud Services and Vending of electricity on a month-to-month basis	Conlog Pty LTD	Own	06/08/2013	30/08/2016	Completed	None	5	5	5	5
Provision of continued support for the compilation of Annual Financial Statements and Audit Support for 2017/2018 financial year.	Grant Thornton	Own	26/02/2015	25/02/2018	Completed	None	6	6	6	6
Supply and delivery of Diesel, Petrol and oil	Tipublox Petroleum	Own	01/03/2017	28/02/2019	In progress (Extended contract)	None	3	3	3	3
Guarding Services/ Physical Security	Tshireletso Professional Services	Internal Funding	08 May 2017	April 2020	Achieved	Late Payments To Service Provider/ Ensure Proper Cash Flow For Payments	5	5	5	5

Cit/ Cash Management	Nivinco T/A Art Cit	Internal Funding	01 May 2017	23 July 2019	Achieved	None	5	5	5	5
Installation Of Cctv Cameras	Reatlegile Electronic Solutions	Internal Funding	10 June 2019	26 June 2019	Achieved	None	5	5	5	5
Provision Of Back Office For Traffic Fines System	Traffic Contravention Services	Internal Funding	August 2016	September 2019	Achieved	None	5	5	5	5
Calibration Of Speed Machines	Truvelo	Internal Funding	25 April 2019	October 2019	Achieved	None	5	5	5	5
Calibration Of Vehicle Testing Machines	Workshop Electronics	Internal Funding	25 May 2018	25 May 2019	Achieved	None	5	5	5	5
Installation Of Perimeter Palisade Fencing	Hil Sol Construction And Projects	Internal Funding	April 2019	June 2019	Achieved	None	5	5	5	5

A summary of the performance of each Directorate for the year

	Office of the MM	Corporate Services	Financial Viability	Community Services	Technical Services	Municipal Planning and Developmen t	Internal Audit	Office of the Mayor	Office of the Speaker	Overall Performance	Percentage
Number of planned indicators	17	15	20	13	14	9	5	8	11	111	
Number of achieved planned indicators	9	7	20	9	9	3	5	7	2	70	
Number of not achieved planned indicators	8	8	0	4	5	6	0	1	9	41	

OFFICE OF THE MUNICIPAL MANAGER

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2017/18			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL 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 Municipal Manager	Provide planning and performance management	1	IDP Review and process Plan approved on time	Annual approval of the IDP Review Process Plan	None	Number of IDP Review Process Plan	Output	1 IDP Review Process Plan approved by 31 August 2018	OPE X	1 IDP Review Process Plan approved achieved on 31 August 2018	-	-	Approved IDP Review Process Plan and Council Resolution
Office of the Municipal Manager	Provide planning and performance management	2	2018/2019 Review Adopted on 30 June 2018	Reviewed 2018/2019 IDP	None	Reviewed 2019/2020 IDP	Output	Reviewed 2019/2020 IDP by 31 May 2019	OPE X	Tabled 2019/2020 Reviewed IDP on 30 March 2019	-	-	2019/2020 Reviewed IDP, council Resolution
Office of the Municipal Manager	Provide planning and performance management	3	New	2 meetings	None	Number of IDP rep forum meetings held.	Output	4 meetings b 30 June 2019	OPE X	0 meetings held	The process plan was not adhered to	To stick to the dates on the process plan	Attendance Registers, meeting agenda and signed registers.
Office of the Municipal	Provide planning and performance	4	New	Meetings	None	Number of IDP steering Committee	Output	6 meetings	OPE X	0 meetings held	The process plan was	To stick to the dates on the process	Attendance Registers, meeting

Manager	managemen t					meetings held.					not adhered to	plan	agenda and signed registers.
Office of the Municipal -Manager	Provide planning and performance managemen t	5	2017/2018 SDBIP Approved timeously	Annual approval of the SDBIP	None	Approved SDBIP	Output	Approved SDBIP by 28 July 2018	OPE X	SDBIP Approved on 10 July 2019	-	-	Approved 2018/2019 SDBIP
Office of the Municipal Manager	Provide planning and performance managemen t	6	2017/2018 Mid-Year Term Performanc e Reports compiled	2017/18 Mid- Year Performance Assessment Report	None	2018/19 Mid- Year Performance Assessment Report compiled approved	Output	2018/19 Mid- Year Performance Report approved by 25 January 2019	OPE X	2018/19 Mid-Year Performanc e Assessmen t Report approved	-	-	Council Resolution and 2018/19 Mid-Year Performance Report compiled
Office of the Municipal Manager	Provide planning and performance managemen t	7	2017/2018 Performanc e Agreement s signed	2017/2018 Performance Agreements	None	Number of Performance Agreements signed	Output	7 Performance Agreements signed by senior managers by 31 st July 2018	OPE X	Achieved, 7 Performanc e Agreements signed by senior managers	-	-	Signed Performance Agreements
Office of the Municipal Manager	Provide planning and performance managemen t	8	2017/2018 Performanc e Reviews with senior managers	4 2017/2018 Performance Reviews with senior managers	2017/2018 Performanc e Reviews with senior manager	Number of Performance Reviews with senior managers	Output	4 Quarterly Performance Assessments held with senior managers by 30 June 2018	OPE X	0 Assessmen ts held	Postponem ent due to unavailabili ty of panel members	Mid-term assessment confirmed to be held on the 1 st of July 2019	Performance Assessment s Reports

Office of the Municipal Manager	Provide planning and performance management	9	PMS Policy not in place	PMS Policy approval	PMS policy approval	Approved PMS Policy	Output	Approved PMS Policy by 30 September 2018	OPE X	Not achieved	Deferred to the first quarter on 2019/20	PMS Policy to be submitted for approval during the first quarter of 2019/20	Approved PMS Policy + Council Resolution
Office of the Municipal Manager	Provide Planning and performance management	10	2017/2018 Annual Report Tabled	2017/2018 Annual Report Tabling + 2014/2015 Annual Report Tabling	2017/2018 Annual Report Tabling	Tabled Annual Report	Output	Tabled 2017/2018 Annual Report by 31 st January 2019	OPE X	Tabled 2017/2018 Annual Report	-	-	Annual Report + Council Resolution for tabling
Office of the Municipal Manager	Provide Planning and performance management	11	2016/2017 Oversight Report not adopted	2016/2017 Oversight Report	2016/2017 Oversight Report	Approved 2017/2018 Oversight Report	Output	Approved 2017/2018 Oversight Report by 30 March 2019	OPE X	Adopted 2017/2018 Oversight Report	-	-	Adopted Oversight Report and Council Resolution
Office of the Municipal Manager	Promote Good Governance, Promote Public Participation	12	2017/2018 Risk Assessment not done	2017/2018 Risk Assessment	None	Number of Risk Assessments done	Output	2 Risk Assessment conducted by 30 June 2019	OPE X	Achieved, 2 risk assessments conducted	-	-	Risk Assessment Register, Attendance Registers
Office of the Municipal Manager	Promote Good Governance, Promote Public Participation	13	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 2019	OPE X	Risk Management Policy not received	Policy to be reviewed in the new F/Y	Policy to be reviewed in the new F/Y	Reviewed Risk Management Policy Frameworks & Council Resolution

Office of the Municipal Manager	Promote Good Governance, Promote Public Participation	14	New	4 reports on anti-corruption and fraud (Disciplinary cases, UIF &W)	None	Number of reports on anti-corruption and fraud (incl disciplinary cases, UIF&W)	Output	4 reports on anti-corruption and fraud (incl disciplinary cases, UIF&W) by 30 June 2019	OPE X	Not Achieved	Reports not submitted	Reports to be submitted by the risk management unit.	4 reports and Council Resolution
Office of the Municipal Manager	Promote Good Governance, Promote Public Participation	15	New	Regular reporting on back to basics	None	Number of reports submitted on Back to Basics	Output	Number of Reports submitted on Back to Basics by 30 June 2018	OPE X	4 report	-	-	4 reports and Acknowledgment of Receipt
Office of the Municipal Manager	Promote Good Governance, Promote Public Participation	16	Approved Communication Strategy 2016-2020	Approved Communication Strategy 2016-2020	None	Approved Communication Strategy 2017-2022	Output	Approved Communication Strategy 2017-2022	OPE X	Not Achieved	Communication Strategy to be approved in the new F/Y	Communication Strategy to be approved in the new F/Y	Proof of Council Resolution on the approved Communication Strategy 2017-2022
Office of the Municipal Manager	Promote Good Governance, Promote Public Participation	17	4	4	None	Number of external Municipal newsletters	Output	4 Copies external newsletters by 30 June 2019	150 000	Not Achieved	No budget allocated to communication unit	Budget to be allocated in the new F/Y year to produce newsletters	Newsletters

CORPORATE SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2017/18			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL 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)								
Corporate Services	Good Governance and Public Participation	18	21 Council Meetings held	8 Council Meetings	None	Number of Council Meetings held by 30 June 2019	Output	8 Council Meetings held by 30 June 2019	OPEX	8 Council Meetings	N/A	N/A	Minutes of the Meetings , Council Agenda/ Notice and Attendance Register
Corporate Services	Good Governance and Public Participation	19	8 EXCO planned meetings	10 EXCO Meetings held	None	Number of EXCO Meetings held	Output	10 EXCO Meetings held	OPEX	7 meetings held	EXco was dysfunctional in the first quarter	New schedule to be prepared for the new F/Y	Minutes of the Meetings , Council Agenda/ Notice and Attendance Register
Corporate Services	Good Governance and Public	20	New	Development of records management	None	Development of records management procedure	Output	Records management procedure manual by 31	OPEX	Not Achieved	Awaiting Provincial	Further engagements with	Approved records management

	Participation			nt procedure manual		manual		December 2019			Archives for the draft procedure manual	the Department	procedure manual
Corporate Services	Provide Records Management services	21	2017/2018 File Plan not reviewed	2017/2018 File Plan review	None	Reviewed File Plan	Output	Reviewed File Plan by 30 September 2018	OPEX	File Plan Reviewed in December 2018	N/A	N/A	Reviewed File plan and Council Resolution
Corporate Services+	Provide legal services	22	Number of litigations	4 reports submitted to Council	Nil	Number of reports on litigations and claims for and against the Municipality	Output	4 reports by 30 June 2019	R5 500 000	4 reports	N/A	N/A	Legal correspondence and reports
Corporate Services	Sound Labour Practice	23	Number of grievances received	30 days in responding to grievances	None	30 Days Turnaround time in handling grievances	Output	30 days	OPEX	Achieved	N/A	N/A	Grievance Reports
Corporate Services	To Recruit and retain talented employees	24	4 senior managers positions vacant	Number of vacant positions filled	4 senior management positions	Number of S57/56 vacant posts filled 2018	Output	Senior managers posts filled	OPEX (Salaries)	4 senior managers positions filled	N/A	N/A	Recruitment report and appointment letters.

Corporate Services	Maintain halls and Buildings	25	Maintenance plan of municipal facilities	Number of Municipal Facilities maintained	None	Reviewed maintenance plan for Municipal facilities	Output	Reviewed maintenance plan Municipal facilities by 30 September 2019	OPEX	Not Achieved	Maintenance Plan not in place	Develop plan and submit to Council	Reviewed maintenance plan and Council Resolution
Corporate Services	Promote Sound Labour Climate	26	% of disciplinary matters resolved	4 reports to Council	One	Number of reports on disciplinary matters resolved	Output	4 posts by 30 June 2019	OPEX	Achieved	N/A	N/A	Reports on disciplinary matters resolved
Corporate Services	Promote Sound Labour Climate	27	1 Meeting held	4 Meetings	None	Number of Local Labour Forum meetings held	Output	4 Meetings by 30 June 2019	OPEX	Not achieved	Awaiting nominations of LLF members (councilors)	Composition not in line with terms of reference	Attendance Registers and Minutes of meeting
Corporate Services	Promote Learning and innovation	28	Number of learning interventions conducted	39 learning interventions conducted	None	Number of learning interventions conducted	Output	39 learning interventions conducted d by 30 June 2019	OPEX	Not achieved	7 interventions conducted	To be conducted in the next quarter	Training Reports
Corporate Services	Human Resource and administration	29	2017/2018 employment equity plan submitted	Review of employment equity plan	None	1 Reviewed employment equity plan	Output	1 Reviewed employment equity plan by 15 December 2018	OPEX	Achieved	N/A	N/A	Recruitment Reports and Appointment letter, Contract of employment

Corporate Services	Human Resource and administration	30	New	Completion of Job evaluation	Audit of Job evaluation by SALGA	Audited job description and post levels by 30 June 2019	Output	100% by 30 June 2019	OPEX	Not achieved	Results not yet released as a result of Non-sitting of PAC	Regular follow-up with PAC to fast track the process	Reports and Council Resolution
Corporate Services	Human Resource and administration	31	New	Review of the Organizational Structure	None	Reviewed Organizational Structure	Output	Reviewed Organizational Structure by December 2018	OPEX	Not achieved	Consultation not finalized	To be finalized in the next quarter	Reviewed Organizational Structure and Council Resolution
Corporate Services	Human Resource and administration	32	New	4%	None	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved EE plan	Output	4% by 30 June 2019	OPEX	Not achieved	Non-adherence to employment equity targets	To align advertisements to be in line EE plan	Recruitment reports

Community Services

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPA NUMBER	BASELINE 2017/2018			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)									
Community Services	To provide public safety	33	Not responding to the Disaster	Prompt response to the disasters	None	Turnaround time in responding to disasters during the financial year 2018/2019		24 hours in responding to disasters during the financial year 2018/2019	OPEX	ACHIEVED	None	None	Call out register. Register of disasters to be signed by the family and Councilors)
Community Services	To provide public safety	34	CCTV cameras not in place	4 CCTV Cameras	None	Number of CCTV Cameras installed	Output	4 CCTV Cameras installed in main building by 30 March 2019	30 000	ACHIEVED	None	None	Attendances register for Spec committee and Agenda. Completion certificate
Community Services	To provide public safety	35	4 environmental awareness	12 Environmental awareness campaign	Nil	Number of environmental awareness campaigns held	Output	12 environmental awareness campaigns held by 30 June 2019	OPEX	Partially achieved	Participants who were conducting awareness campaigns their contracts expired	acquire new beneficiaries for awareness campaigns	Attendance Register
Community	Provide	36	No	3	Nil	Number of	Output	3 Cemeteries	250 000	NOT		INCLUDE	Picture and

y Services	community facilities		Cemeteries fenced during the 2017/2018	cemeteries		Cemeteries fenced		fenced by 30 June 2019		ACHIEVED	FINANCIAL CONSTRAINTS	THEM IN NEW BUDGET	reports
Community Services	Provide community facilities	37	New	Sports Facilities	Nil	Number of Sports fields rehabilitated	Output	2 Sports fields rehabilitated by 30 June 2019	150 000	NOT ACHIEVED	FINANCIAL CONSTRAINTS	INCLUDE THEM IN NEW BUDGET	Completion Certificate
Community Services	Provide public safety	38	16 Operations conducted	16 Operations	Nil	Number of joint public safety operations conducted	Output	16 joint public safety operations conducted BY 30 June 2019	OPEX	ACHIEVED	None	None	Joint Operations Reports
Community Services	Provide community facilities	39	No Maintenance of park	1 park maintenance	None	Number of quarterly maintenance for community parks	Output	4 park maintained quarterly by 30 June 2019	50 000	ACHIEVED	None	None	Maintenance Reports
Community Services	Provide Public Safety	40	New	4 Pest control	None	Number of pest control conducted	Output	4 pest control conducted by 30 June 2019	95 850	ACHIEVED	None	None	Completion Certificate
Community Services	Provide community facilities	41	NEW	Renovation of Groot Marico Library		Number of Libraries Renovated at Groot Marico	Output	1 Library Renovated at Groot Marico by 30 April 2019	249 996	NOT ACHIEVED	COULD NOT GET BUILDING DESIGNS	TO BE INCLUDED IN NEXT BUDGET	Completion Certificate
Community Services	Provide community facilities	42	New	1 Carport to be erected	Nil	Number of carports erected at the main Building	Output	1 carport erected at the main Building by 30 April 2019	49 992	ACHIEVED	None	None	Completion Certificate

Communit y Services	Provide public safety	43	New	Personal Suitability checks	Non e	Percentage of Personal Suitability Checks made	Output	100% checks per quarter (as and when request is made) by 30 June 2019	OPEX	ACHIEVED	None	None	Screening Reports
Communit y Services	Provide public safety	44	New	12 Meetings	Non e	Number of joint Operational(tshi reletso security+Rmlm) meetings	Output	12 Meetings by 30 June 2019	OPEX	ACHIEVED	None	None	Attendance Register and Minutes of Meetings
Communit y Services	Provide community facilities	45	1801	1801	Non e	Number of hh with access to refuse removal b 30 June 2019	Output	2000 hh with access to refuse removal services. B 30 June 2019	OPEX	ACHIEVED	None	None	System generated reports

TECHNICAL SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPA NUMBER	BASELINE 2017/2018			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL 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)								
Technical Services	To upgrade Roads	46	3 Roads upgraded during 2017/2018	7 Roads to be upgraded	2 Roads (Number of roads upgraded	Output	5 Roads (Supingstaad lekgopung internal roads and storm water, Motswedi internal roads and storm water, Zeerust internal roads and storm water, MMutswew Internal Roads and storm water, Maramage Internal Roads and storm water, Driefontein internal roads and storm water) upgraded by 30 June 2019	Supingstaad lekgopung, R6M	Achieved	none	none	Attendance, register and agenda for specification. Completion certificate
									Motswedi R4 000 000	Achieved	-	-	
									Zeerust R 6 000 000	Achieved	-	-	
									MMutswew R5000,000	Achieved	none	none	
									Maramage R5000,000	Achieved	none	none	
									Driefontein, R500,000	Achieved	none	none	

Technical Services	To Provide Community Facilities	47	0	2 halls	1 hall	Number of Community Halls constructed at Lekubu	Output	1 Community Halls constructed at Lekubu Village by 30 June 2019	4 000 000	Achieved			Attendance, register and agenda for specification. Completion certificate
Technical Services	Maintaining Roads	48	3634m2 of roads patched during 2017/2018	4366m2 of road needing patching	366m2	Square meters of roads patched	Output	4366m2 of Road patched by 30 June 2019	OPEX	Achieved			Road patching report, job cards.
Technical Services	Maintaining Roads	49	6790m2 of storm water maintained	6000m2 storm water maintenance	Nil	Square meters of storm-water maintained	Output	6000m2 storm-water maintained by 30 June 2019	OPEX	Not achieved	Shortage of personnel	Request send to HR	Storm water maintenance report
Technical Services	Provision of electrical Infrastructure	50	260 Houses connected with electricity in Kruisrivier Phase 1	798 Households	0	Number of households energized (Henryville Phase 1 – 72HH, IKageleng Ext 3 – 496HH, Kruisrevier phase 2- 230HH)	Output	798 households energized (Henryville Phase 1 – 72HH, IKageleng Ext 3 – 496HH, Kruisrevier phase 2- 230HH) by 30 June 2019	R9M (INEP)	Achieved			Completion Certificate

Technical Services	Provision of electrical infrastructure	51	Switching station currently at 85% completion	Completion of the Zeerust substation	None	Completion of the Zeerust substation	Output	Constructed of the Zeerust switching station by 31 December 2019	OPEX	Achieved			Completion Certificate
Technical Services	Provision of electrical infrastructure	52	80 electrical connections completed	100% of connections of all applications received	0	Percentage of paid electrical connections (as and when applications are received) completed	Output	100%	OPEX	Achieved			Connection report, application registers, job cards, payment receipt
Technical Services	To maintain water infrastructure	53	27 water connections done during 2017/2018	100% of connections of all applications received	0	Percentage of water connections (as and when applications are received) completed	Output	100%	OPEX	Achieved			Connection report, application registers. Job cards
Technical Services	To maintain water infrastructure	54	15 sewer connections done during 2017/2018	100% of connections of all applications received	0	Percentage of sewer connections (as and when applications are received) completed by 30 June 2019	Output	100%	OPEX	Achieved			Connection report, application registers, job cards

Technical Services	To maintain water infrastructure	55	Maintenance Plan in place	Review of maintenance plan	None	Reviewed Water and Sanitation services maintenance plans reviewed	Output	Water and Sanitation services maintenance plans reviewed by 30 September 2019	OPEX	Not reported			Approved Water and Sanitation maintenance plan
Technical Services	To provide water	56	9120 Households	10 stand pipes @ RDP Standard	None	Number of households with access to water	Output	275 households (served by 10 standpipes) with access to Water by 30 June 2019	OPEX	Not reported			System generated reports
Technical Services	Provide Electricity	57	9120 Households	275 households	None	Number of households with access to Electricity	Output	275 Households with access to electricity by 30 June 2019	OPEX	Not reported			System generated reports
Technical Services	Electricity	58	high-mast lights installed by 30 June 2018	high-mast lights installed by 30 June 2018	None	Number of high-mast lights installed	Output	3 high-mast lights installed in moshana, lekgopung, donokana villages by 30 June 2019	MIG	Achieved			Completion certificate

BUDGET AND TREASURY OFFICE

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPA NUMBER	BASELINE 2017/2018			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL 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	To achieve clean audit	61	1 AFS submitted by 31 Aug 2017	1 AFS to be submitted by 31 Aug 2017	Nil	Number of AFS submitted to the AGSA	Output	1 AFS submitted to the AGSA by 31 August 2018	5000 K	Achieved	-	-	Acknowledgment of Receipt by the AGSA
Budget and Treasury	To achieve clean audit	62	Adjustment budget for 2016/17 tabled on 31 January 2017	2017/18 adjustment budget	Nil	2018/19 adjustment budget developed and approved	Output	2018/19 adjustment budget developed and approved by 28 February 2018	OPE X	Achieved	-	-	Council resolution and 2018/19 Adjustment Budget
Budget and Treasury	To achieve clean audit	63	2017/2018 tabled draft Budget on 07 April 2017	2019/2020 draft Budget Tabled	None	2019/20 draft budget tabled	Output	2019/20 draft budget tabled b 31 march 2019	OPE X	Achieved	-	-	Tabled adjustment budget and Council Resolution.
Budget and Treasury	To achieve clean audit	64	2017/18 budget approved on 06 June 2017	2018/19 budget to be approved by 31 May 2018	Nil	2019/2020 budget approved	Output	Approved 2019/2020 budget by 31 May 2019	OPE X	Achieved	-	-	Council Resolution and Approved 2019/2020

													budget
Budget and Treasury	To achieve clean audit	65	New	4 Reports on Implementation of MSCOA	Nil	Number of reports on implementation of MSCOA	Output	4 reports on implementation of MSCOA by 31 June 2019	3000 K	Achieved	-	-	4 Reports on Implementation of MSCOA
Budget and Treasury	To provide financial excellence	66	12 monthly Section 71 (MBS) Reports submitted to Mayor, FEED and NT	12 monthly Section 71 (MBS) Reports submitted to Mayor, FEED and NT	None	Number of monthly Section 71 (MBS) Reports submitted to Mayor, FEED and NT	Output	12 monthly of Section 71 (MBS) Reports submitted to Mayor, FEED and NT	OPE X	Achieved	-	-	Acknowledgment of Receipt and reports
Budget and Treasury	Clean Audit	67	2 physical verification of assets conducted during 2017/2018	2 physical verification of assets to be conducted by 30 June 2019	Nil	Number of physical verification of assets to be conducted	Output	4 physical verification of assets to be conducted by 30 June 2019	OPE X	Achieved	-	-	Physical Verification Report
Budget and Treasury	To provide financial excellence	68	12 Monthly MFMA Section 66 Reports	30 days	None	Number of MFMA Sec 66 reports to be submitted to the Mayor and council	Output	12 Monthly MFMA Section 66 Reports	OPE X	Achieved	-	-	Reports and Council Resolution
Budget and treasury	To achieve Clean audit	69	2 quarterly reports submitted during 2017/2018	2 SCM Reg 6(3)&(4)	None	Number of reports to be submitted to council on implementation of SCM	output	4 quarterly SCM Reg 6 (3)& (4)	OPE X	Achieved	-	-	Reports and Council Resolution

						Policy.							
Budget and treasury	To achieve Clean audit	70	Demand management plan in place 2017/2018		None	Number of Demand Management Plan	output	1 Demand management plan b 30 June 2019.	OPE X	Achieved	-	-	Approved demand management plan
Budget and Treasury	To achieve Clean Audit	71	4 quarterly reports submitted during 2017/2018		None	Number of reports to be submitted to council on contracts management and maintenance of contract register	Output	4 reports	OPE X	Achieved	-	-	Reports and Council Resolution
Budget and Treasury	To achieve Clean Audit	72	60%	100%	None	Percentage implementation of the AIP	Output	100%	OPE X	Achieved	-	-	Signed AIP Progress Report
Budget and Treasury	To achieve Clean Audit	73	New	4 reports	0	Number of Reports submitted to Council on Compliance with Municipal Property Rates Act (MPRA)	Output	2 reports to be submitted b 30 June 2019	OPE X	Achieved	-	-	Reports and Council Resolution
Budget and Treasury	To achieve Clean Audit	74	new	4 reports	0	Number of quarterly Billing reports submitted to	Output	2 reports to be submitted b 30 June 2019	OPE X	Achieved	-	-	Reports and Council Resolution

						Council							
Budget and Treasury	To achieve Clean Audit	75	new	4 reports	0	Number Indigent households receiving Free Basic Water	Output	2 reports to be submitted b 30 June 2019	OPE X	Achieved	-	-	Reports and Council Resolution
Budget and Treasury	To achieve Clean Audit	76	new	4 reports	0	Number Indigent households provided with Free Basic Electricity	Output	2 reports to be submitted b 30 June 2019	OPE X	Achieved	-	-	Reports and Council Resolution
Budget and Treasury	To achieve Clean Audit	77	new	4 reports	0	Number of Indigent households receiving Free Basic Refuse Removal Services	Output	2 reports to be submitted b 30 June 2019	OPE X	Achieved	-	-	Reports and Council Resolution
Budget and Treasury	To achieve Clean Audit	78	new	4 reports	0	Number of Indigent households provided with Free Basic Sewer Services	Output	2 reports to be submitted b 30 June 2019	OPE X	Achieved	-	-	Reports and Council Resolution
Budget and Treasury	To achieve Clean Audit	79	new	4 reports	0	Number of reports submitted to Council on Management of (UIF), and subsequent reporting per MFMA s32	Output	2 reports to be submitted b 30 June 2019	OPE X	Achieved	-	-	Reports and Council Resolution

Budget and Treasury	To achieve Clean Audit	80	new	4 reports	0	Number of reports on debtors management submitted to Council	Output	2 reports to be submitted b 30 June 2019	OPE X	Achieved	-	-	Reports and Council Resolution
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MUNICIPAL PLANNING AND DEVELOPMENT

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPA NUMBER	BASELINE 2015/16			REVISED KEY PERFORMANCE INDICATOR	KPI TYPE	REVISED ANNUAL 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	Provide Town Planning Services	81	2 Township Establishments in progress (Ikageleng Ext 3)	2 Townships to be established	2 township in Sandflacht	Number of townships established (Sandvalgte and Zeerust Town)	Output	2 townships established by June 2019	R 500 000	Not Achieved	The time lag between advertising of the Bid, evaluation and adjudication took place over an extended period of time. Service providers to undertake town planning service was only appointed in 4 th Quarter.	Procurement of service must be fast tracked	Tender adverts, appointment letters, attendance signed register of specification and agenda Environmental Authorization
Municipal Planning and Development	Provide Town Planning Services	82	Subdivisions not done	3 subdivisions to be conducted	3 subdivisions in Zeerust	Number of sites subdivided in Zeerust Town	Output	3 sites subdivided in Zeerust Town by 30 June 2019	R1 200 000	2 sites have been subdivided	Unavailability of municipal owned land to subdivide	Land audit must be conducted	Subdivision report and report to Council, Diagrams

Municipal Planning and Development	Provide Town Planning Services	83	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 2019	R 200 000	Not Achieved	The time lag between advertising of the Bid, evaluation and adjudication took place over an extended period of time. No appointment was made and the tender has been re-advertised.	Procurement of service must be fast tracked	Land Audit Report, signed register of specification and agenda and Council Resolution
Municipal Planning and Development	Provide Town Planning Services	84	4 Meetings held	4 Meetings	Nil	Number of Municipal Planning and Tribunal Sitzings	Output	4 Municipal Planning and Tribunal Sitzings by 30 June 2019	R 35 000	2 meetings held	Non availability of land use applications to be considered by Municipal Planning Tribunal	Reduce number of yearly planned meetings in the 2019/20 SDBIP	Minutes of Meetings and Attendance Register –
Municipal Planning and Development	Promote Local Economic Development	85	890 JOBS CREATED	200 Jobs to be created	NIL	Number of jobs created through EPWP	Output	200 jobs created during by 30 June 2019	1 094 000	Not achieved	Non availability of enterprise development funds (Start-up). Cancellation of EPWP.	Allocate internal funding (budget) for enterprise development	Report on jobs created, appointment letters.
Municipal Planning	Promote Local	86	Monitoring of Social		Nil	Number of reports on	Output	4 reports to council	Opex	Achieved	-	-	SLP report and Council

and Developmen t	Economic Developmen t		Labour Plan from 3 mines			monitoring of Social Labour Plan from 3 mines.							Resolution
Municipal Planning and Developmen t	Provide Town Planning Services	87	New	100%	None	Percentage of land use applications attended to	Out put	100% by 30 June 2019	Opex	Achieve d	-	-	Register(app lication, per of application, name of company, contact person) of applications
Municipal Planning and Developmen t	Promote Local Economic Developmen t	88	New	4 quarterly meetings	None	Number of led forum meetings held.	Out put	2 quarterly meetings b 30 June 2019	Opex	Achieve d	-	-	Minutes of Meetings and Attendance Register –

OFFICE OF THE SPEAKER

OFFICE OF THE SPEAKER													
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPA NUMBER	BASELINE			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			2017/18										
			Current status (Progress to date)	Demand New IDP	Backlog								
Office of the Speaker	Governance and Public Participation	89	(term of office expired ward committees forums)	Forum meeting held once every quarter	4	Number of ward committee forums held	Output	4 Ward Committee forum held by 30 June 2019	OPEX	None			Report on functionality of ward committee Forum-Council Resolution.
Office of the Speaker	Governance and Public Participation	90	08 capacity building programs for councilors	08 capacity building programs	0	Number of capacity building programs	Output	4 capacity building programs by 30 June 2019	OPEX	None			Capacity building Program Reports
Office of the Speaker	Governance and Public Participation	91	0(term of office expired ward committees forums)	Forum meeting held once every quarter	4	Number of reports on the functionality of ward committee Forum	Output	4 Reports on the functionality of Ward Committee Forum by 30 June 2019	OPEX	None			Report on functionality of ward committee Forum-Council Resolution.

Office of the Speaker	Governance and Public Participation	92	830 Complains	830 complaints	5	Number of Quarterly Reports submitted to Council on the management of Complaints Handling System	Output	4 Quarterly Reports submitted to Council on the management of Complaints Handling System by 30 June 2019	OPE X	None			Copy of the report and Acknowledgment letter from DLGHS and Council Resolution
Office of the Speaker	Governance and Public Participation	93	0	2	2	Number of Community Satisfaction surveys conducted by the municipality	Output	2 Community Satisfaction Surveys conducted by the municipality by 30 June 2019	OPE X	None			Reports On the survey conducted
Office of the Speaker	Governance and Public Participation	94	03 Public Participation Campaigns conducted	At least 4 public participation campaigns	None	Number of public participation campaigns conducted	Output	4 Public Participation Campaigns conducted by 30 June 2019	150 000	None			Reports and Attendance Registers
Office of the Speaker	Governance and Public Participation	95	NEW KPI	Establishment of Dikgosi forum and holding of meetings	None	Number of Dikgosi forum Meeting hosted by the municipality	Output	03 Dikgosi forum Meeting held by 30 June 2019	25 000	None			Invitations, minutes ,Attendance Registers and Reports
Office of the Speaker	Promote good Governance and public participation	96	151 Community Meetings held	228 Community Meetings	None	Number of community Meetings held (per Ward)	Output	228 community Meetings held (per Ward) by 30 June 2019	OPE X	143 community meetings			Minutes of meetings and Attendance Register

Office of the Speaker	Promote good Governance and public participation	976	21 Council Meetings held	8 Council meetings	None	Number of Council meetings held	Output	8 Council meetings held by 30 June 2019	OPE X	16 council sitting			Minutes of meetings and Attendance Register
Office of the Speaker	Good Governance and Public Participation	98	10 Meetings held per portfolio committee	8 Portfolio committee meetings held	None	Number of Portfolio Committee meetings held		8 Portfolio Committee meetings held by 30 June 2019	OPE X	8 sittings			Minutes of meetings and Attendance Register
Office of the Speaker	Good Governance and Public Participation	99	13 MPAC Meetings Held	17 MPAC Meetings	None	Number of MPAC meetings held	Output	17 MPAC Meetings by June 2019	OPE X	13 Meetings			Minutes of meetings and Attendance Register

OFFICE OF THE MAYOR

OFFICE OF THE MAYOR													
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPA NUMBER	BASELINE			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			2017/18										
			Current status (Progress to date)	Demand New IDP	Backlog								
Office of the Mayor	Good Governance and Public Participation	100	10 EXCO Meetings Held	8 Planned EXCO meetings	None	8 EXCO Meetings held	Output	8 EXCO Meetings held by 30 June 2019	OPEX	9	-	-	Minutes of meetings and Attendance Register
Office of the Mayor	Social Cohesion	101	25 food parcels distributed	67 As per indigent register	None	Number of food parcels distributed to indigent households	Output	67 food parcels distributed to indigent households by 30 June 2019	OPEX	Distribution of food parcels to early learning centers.	-	-	Signed register of beneficiaries
Office of the Mayor	Promote Good Governance and Public Participation	102	1	1	0	Number of events to celebrate Nelson Mandela Day	Output	1 event to celebrate Nelson Mandela Day	OPEX	Mandela Day Celebration in collaboration with SANDF, Cleaning of Zee rust Town			Reports on event held
Office of the Mayor	Promote Good Governance and Public Participation	103	6	6	None	Number of Mayoral Imbizo's.	Output	6 Mayoral Imbizo's by 30 June 2019	120 000	One held	Cash constrains	Implement when cash becomes available	Attendance Register and Minutes

Office of the Mayor	Promote Good Governance and Public Participation	104	New	1 support program	None	Number of Support Programs to the War Veterans	Output	1 Support Programs to the War Veterans by 30 June 2019	25 000	Transporting War Veterans to Health Institutions and to the meetings			Attendance Register and Minutes
Office of the Mayor	Promote Good Governance and Public Participation	105	New	1 support program	None	Number of Youth Development Programs supported	Output	2 Youth Development Programs supported 30 June 2019	150 000	Nietverdiend secondary school Career Expo and Ramotshere High School, Safer South Africa Foundation.			Attendance Register and Minutes
Office of the Mayor	Promote Good Governance and Public Participation	106	New	1 support program	None	Number of programs to support older persons	Output	2 programs by 30 June 2019	150 000	Launch of Older Persons Forum. Transport and Catering assistance			Attendance Register and Minutes
Office of the Mayor	Promote Good Governance and Public Participation	107	New	1 support program	None	Number of programs to support the disabled	Output	2 programs by 30 June 2019	45 000	Launch of Disability Forum, Transport and catering assistance.			Register and Minutes

INTERNAL AUDIT

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPA NUMBER	BASELINE			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand New IDP	Backlog								
Internal Audit	Promote accountable ,Efficient and Transparent Administration	108	1 Reviewed Audit & Risk Committee Charters	1 Reviewed Audit & Risk Committee Charters	Nil	Number of Reviewed Audit & Risk Committee Charters	Output	1 Reviewed Audit & Risk Committee Charters by June 2019	OPE X	Achieved	-	-	Copy of ARCOM Charter and Council Resolution
Internal Audit	Promote accountable ,Efficient and Transparent Administration	109	4 Reports submitted to council	1 Reports submitted to council deferred items of 1 st and 2 nd quarter reports	Nil	Number of Audit and Risk Committee Reports submitted to Council	Output	4 Reports (quarterly)	OPE X	Achieved	-	-	Copy of the report and Council Resolution
Internal Audit	Promote accountable ,Efficient and Transparent Administration	110	1 Plan developed Risk based Internal Audit Plan 3 years	1 Plan developed Risk based Internal Audit Plan 3 years	Nil	Reviewed Risk based Internal Audit Plan	Output	19-Jun	OPE X	Achieved	-	-	Copy of Plan Signed AC Recommendation

Internal Audit	Promote accountable, Efficient and Transparent Administration	111	1 Reviewed Internal Audit Charters	1 Reviewed Internal Audit Charters	Nil	Number of Reviewed Internal Audit Charters	Output	1 Reviewed Internal Audit Charters by 30 June 2019	Opex	Achieved	-	-	Signed AC Recommendation Copy of Approved IA Charter
Internal Audit	Promote accountable, Efficient and Transparent Administration	112	1 Reviewed Internal Audit Methodology	1 Reviewed Internal Audit Methodology	Nil	Number of Reviewed Internal Audit Methodology	Output	1 Reviewed Internal Audit Methodology by 30 June 2019	OPEX	Achieved	-	-	ARCOM Approved Internal Audit Methodology

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