



Greater Taung

Local Municipality

2016/2017

GREATER TAUNG LOCAL MUNICIPALITY

ANNUAL REPORT 2016/17

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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 programmes 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 (2015/16);
- Year 0: The financial year of reporting (2016/17);
- Year 1: The following year, mostly requires future targets(2017/18); and
- The other financial years will follow a similar sequence as explained above.

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

Greater Taung Local Municipality’s draft Annual Report for the 2016/2017 financial year gives one an in-depth picture of the breadth of work that was undertaken in the year under review. As required by the Local Government: Municipal Systems Act, 32 of 2000 (Section 46) and Local Government: Municipal Finance Management Act, 56 of 2003 Section 121 & 127(2), we present the 2016/2017 Draft Annual Report to communicate feedback on whether for the year under review, our endeavours as an institution, to deliver services that move our people from the negative socio-economic aspects of their lives to positive acceptable social conditions were successful.

We have taken the opportunity in this Draft Annual Report to endeavour to reflect on what we have achieved and what remains to be done. One is clear as we move into next financial year, the challenge will be ever greater. The economic conditions over the next and beyond will place tremendous burdens on many of our citizens, who will depend on effective public service more than ever.

a. Vision:

**A PROSPEROUS COMMUNITY THAT IS SOCIALLY, CULTURALLY AND ECONOMICALLY
SUSTAINABLE**

**“MORAFE O O ATLEGILENG O O BOTSALANO O O IPELANG KA SETSO LE MORUO O O
TSEPAMENG”**

‘N WELVARENDE GEMEENSAP WAT SOSIAAL, KULTUREEL EN EKONOMIES VOLHOUBAAR IS

b. Key Service Delivery Improvements:

During the period under review, a concerted effort to implement projects and programs that were budgeted for and encapsulated in our IDP was undertaken and the outcomes thereof are evident within our area of jurisdiction. Our imbizos, Community Based Planning (CBP), IDP and Budget Consultation meetings gave us the opportunity to listen to the community’s needs and we to some extent acted on delivering the some of the needed services.

You have entrusted us to serve you and to date the municipality has made inroads and strides in delivering basic services to our communities. We take pride for having achieved the following major success in the year under review:

- Constructed 2 community halls
- Constructed access road in Matlhako
- Installed 25 high mast in various wards

c. Public Participation:

Our collective understanding of all factors and the issues at play in as far as our mandate of delivering quality services to our people is concerned, yielded positive strides when we faced abnormal situations. As

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councillors, our oversight role and monitoring of the implementation of the decisions we take as a Council improved drastically. Through the IDP and Budget Consultation and the monthly Ward Councillors consultation meetings, we listened to the community and acted on delivering services. The new concretes called Setsokotsane and Samtrek Samwerk that were introduced by the fifth administration under the leadership of Premier S.O.R Mahumapelo also improved the level of public participation and IGR in the province.

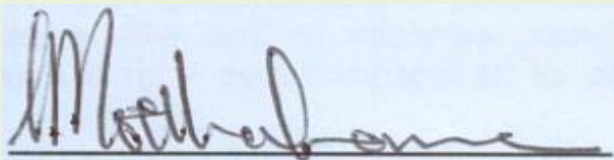
d. Future Actions

Good governance, leadership and good financial management are key issues that councillors will have to prioritise by ensuring that all Portfolio Committees and Municipal Public Accounts Committee are functional and have the capacity to perform their oversight role as prescribed. In terms of service delivery the municipality will strive to achieve more with the approved budget, Community halls will be completed, paving of identified roads will be completed and energised High mast will be installed.

e. Conclusion

In conclusion let me take this opportunity to thank the Administrative leadership of the municipality under the able leadership of Municipal Manager, Mr Katlego Gabanakgosi for their dedication, loyalty that continued to put in every effort to ensure in effectively implementing the political mandate emanating from the 2016-2017 reviewed IDP and that we, individually and collectively, are able to contribute to making a difference in the quality of life in our communities.

The journey of transforming our society and unblocking process of change continues. Commitment by all in this municipality without reservations is on the rise. The political will is evident and will continue to add value to changes.



CIIR N. Motlhabane
Mayor of GTLM

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COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

In the past, annual reports have often been used solely to promote the positive image of the municipality with little focus on comparing actual with promised performance. The MFMA now requires the municipality to report on all aspects of performance providing a true, honest and accurate account of the goals set by council and the success or otherwise in achieving these goals.

Annual reports must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, service delivery and budget implementation plan (SDBIP), in-year reports and annual report should have similar and consistent structures to facilitate understanding and to enable the linkage between plans and actual performance.

This report serves as a tool to provide a record of activities of this municipality, especially to take a wholesome assessment and measurement of the budget and predetermined objectives' performance as approved in the 2016/2017 IDP, Budget and the Service Delivery Budget and Implementation Plan.

The municipality, as a primary point of service delivery, is faced with a tremendous responsibility of ensuring quality of life for its citizen through the provision of basic services in line with constitutional mandate, as well as brings about a balance between the needs of its communities with the resources available at its disposal to execute such mandate.

It is therefore important for the municipality to maintain stability and degree of certainty going forward as the challenges facing the municipality require such conditions in order to deal with its major binding constraints. These includes among other things

1. The higher level of unemployment which place a huge strain on the municipality's financial capacity to provide basic service to certain areas where residents do not have the means to pay for the services. This has strengthened our resolve in ensuring that we rigorously collect our monies in those areas where residents have the means to pay for their services but are findings ways and means to avoid fulfilling their obligation to the municipality.

In the past two years Greater Taung Local Municipality has reached remarkable milestone of realizing the second qualified opinion with less findings two consecutive years. This confirms our commitment to improve the municipal governance on a year to year basis.

Another area that is worth mentioning is the progress made on the audit of predetermined objectives in 2016/17 financial by achieving 100% compliance on the reliability and usefulness of performance information on three or four development priorities. On the same breadth we are confident and very optimistic that the results on the audit of performance information will improve in 2016/17.


At the beginning of the 2015/16 Financial year council took a resolution to rotate Acting section 56 Managers every three month in endeavour to comply with amended Municipal Systems Act of 2011. In 2016 -17 financial year, we continued to rotate acting directors and that to some extend had negative

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impact on service delivery. One must acknowledge that rotation of directors did not work entirely for the benefits of the municipality as performance of department has regressed and capital budget not spent 100%.

In conclusion, it is also crucial to mention that we have tried to adhere to the principles of good governance as we believe that good governance is integral to economic growth, the eradication of poverty and for the sustainable development of the community we serve. We table this report in the spirit of Batho Pele, putting our people and communities first, and this report bears our testimony to our commitment for setting platforms to achieving more desired outcomes for the years ahead.

I would like to thank the Honorable Mayor, Members of the Executive Committee (EXCO) , All Councilors and Staff for their contributions in making 2016/2017 a success.



K. Gabanakgosi
Municipal Manager

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1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

For the purpose of this report GTLM wants to indicate from the on-set that it does not have any entities and is also not the Water and Sanitation Authority, this competency vests with the Dr Ruth S Mompoti District Municipality, but it does not mean that GTLM did not play a facilitation role to ensure that these services are coordinated in GTLM.

Greater Taung Local Municipality (NW 394) is situated in the western part of North West in the area of jurisdiction of Dr Ruth S Mompoti District Municipality. The municipality is one of the five local municipalities in Dr Ruth S Mompoti District Municipality. The municipality covers an area of 5 639 Km², which accounts for 11,8 % of the total area of Dr Ruth S Mompoti District Municipality. The main rural towns/townships in the municipal area are Reivilo, Pudimoe and Taung Central. About 95% of the municipal area is predominantly rural. There are about 106 widely-scattered villages in the municipal area. There are Northern Cape areas that one passes when going from one village to the other within the municipality, namely Pampierstad township and Northern Cape farms. These areas previously formed part of the municipality but were later moved to the Northern Cape during the last demarcation process. The municipality is divided into 24 administration wards and has a total of 48 councillors (both ward and PR councillors).

As the municipality is predominantly rural, villages have been divided under the three tribal authorities under three paramount chiefs, namely Mankuroane, Mothibi and Motlhabane. The agricultural sector, both commercial and subsistence, is the major employer and contributor to the municipal economy.

The municipal population stands at 177 642 (the largest in the district), with a total of 48 612 households. When compared to the 2001 population statistics, the population size has declined from a total of 182 164 to 177 642 in 2011. The average population density stands at 31,5/km².

Living conditions

48,3% of the population is not economically active, and among those who are, 50% are unemployed. Although about 88% of the dwelling units/structures are built from bricks/concrete blocks, and the average household size is only about four people per household, the municipality is faced with challenges such as absence of mail delivery services.

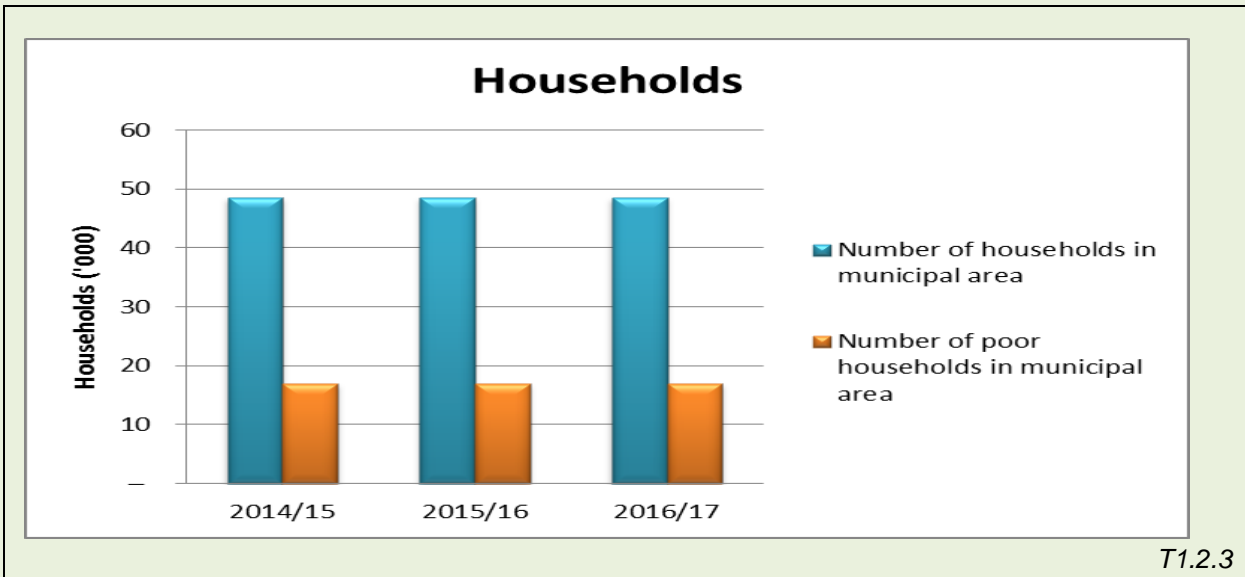
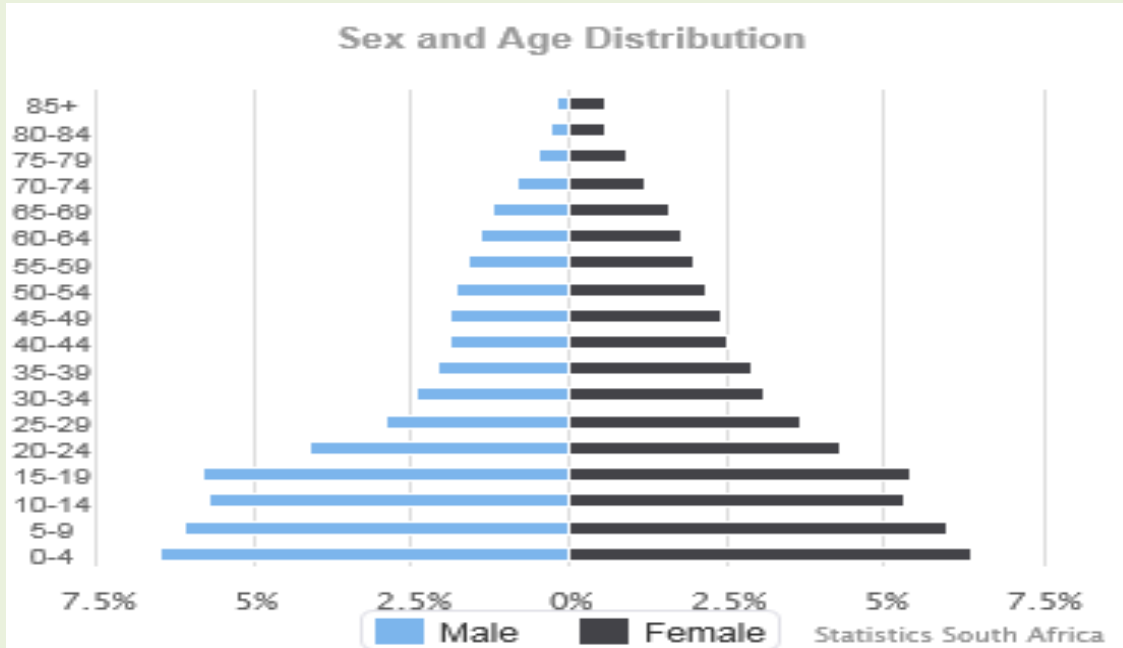
It should be noted that, even though the unemployment rate in 2011 stood at 50%, there has been a significant improvement when compared to 2001, when the municipal unemployment rate stood at 65%. As far as other major services are concerned, the municipality household access to electricity is 89%, compared to 49% in 2001. All of those with access to electricity use it for lighting, 40,3% use it for heating and about 73% for cooking.

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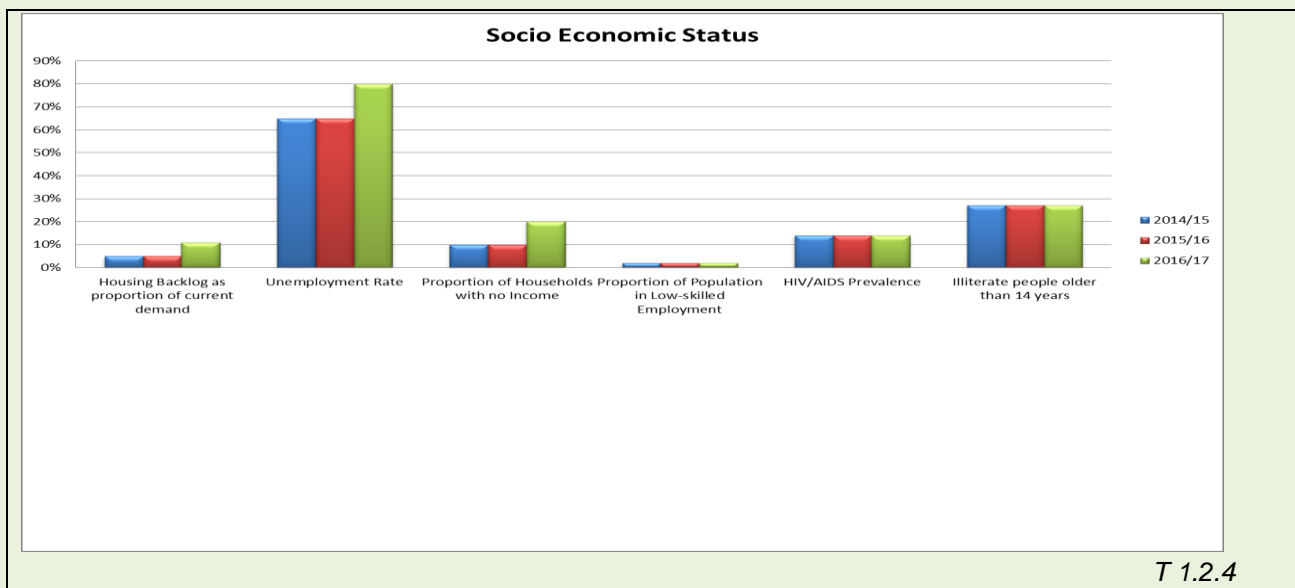
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Population Details			
Age Group	Male	Female	Total
0 - 4	11,476	11,291	22,767
5 - 9	10,755	10,662	21,416
10 - 14	10,103	9,365	19,468
15 - 19	10,254	9,644	19,898
20 - 24	7,288	7,676	14,964
25 - 29	5,181	6,490	11,671
30 - 34	4,293	5,477	9,770
35 - 39	3,720	5,176	8,896
40 - 44	3,414	4,520	7,934
45 - 49	3,301	4,339	7,640
50 - 54	3,230	3,916	7,146
55 - 59	2,765	3,599	6,364
60 - 64	2,518	3,194	5,712
65 - 69	2,075	2,808	4,883
70 - 74	1,449	2,164	3,613
75 - 79	962	1,608	2,571
80 - 84	533	978	1,510
85+	429	979	1,409
Total	83,748	93,886	177,633
Source: Statistics SA - 16 Aug 2013			T.1.1.2.2

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Socio Economic Status						
Year	Housing Backlog (Informal Units %)	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate People Older than 19 Years
2014/15	5%	65%	10%	2%	14%	27%
2015/16	5%	65%	10%	2%	14%	27%
2016/17	11%	80%	20%	2%	14%	27%
						T 1.2.5

Natural Resources	
Major Natural Resource	Relevance to Community
Taung Skull Heritage Site	Close to Buxton were the world famous Taung Child Skull was discovered
Small Heaven	Place of Spiritual Value
Taung Dam	The dam is in the Manthe area and falls within the catchment of the Dryharts River
Spitskop Dam	The dam is in the Kgomotso area and falls within the catchment of the Dryharts River
T 1.2.7	

COMMENT ON BACKGROUND DATA:

The latest Census Statistics shows that the total population of GTLM stands at about total 177 642 people, which is the highest in the entire district. GTLM is rural in nature and was established in 2000 during the introduction of the new local government dispensation with dire socio-economic conditions

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that need to be attended to. The challenge derived from the data that was gathered through the Spatial Development Framework that was compiled in May 2005 which indicated that GTLM does have 80,009 housing units. This figure is a variance of almost 100% to that of STATSSA who indicated that GTLM does have 48,454 households according to the Statistics SA Data of 16th of August 2013.

Key Challenges and Opportunities arising from the demographic data:

The large difference between these two figures always complicates the baseline and backlog data of GTLM. The challenge is to rely on the STATSSA demographic data to determine the baseline data which should be used for future planning and budgeting purposes. If one should consider the Housing Survey or Spatial Development Framework Data to be accurate it means that the backlog with regard to basic service delivery is greater than it appear. The lower STATSSA figures also impact negatively on the Equitable Share that is allocated to GTLM.

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1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The South African constitution state that municipalities have the responsibility to ensure that all citizen residing within municipal area of jurisdiction are provided with service to satisfy their basic needs. These services have a direct and immediate effect on the quality of the lives of the people in that community.

One of the sectors in which GTLM, Department of Minerals and Energy (DME) and Eskom did perform exceptionally was in the sector of energy or electricity provision. More than 30,000 connections were made since December 2000 meaning that less than 10% of the residents do not have acceptable access to electricity. The sector which does cause the biggest reason for concern is sanitation if one should consider the impact that informal sanitation practices does have on the environment especially in the areas where dolomite formations is found like the informal settlement in Boipelo where the lack of proper sanitation facilities can cause a big health risk through contamination of underground water resources.

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The sector which is the biggest challenge for GTLM to deliver on is Roads and Storm Water. An analysis of the Community Based Planning input clearly demonstrates that roads has now over-taken all basic services as the highest priority issue that need to be addressed because of the economic impact that this sector does have on the residents of GTLM, on the hand the lack of proper roads prevent residents to be mobile enough to transport their products economically and on the other hand the bad roads is causing damage to property, plant and equipment.

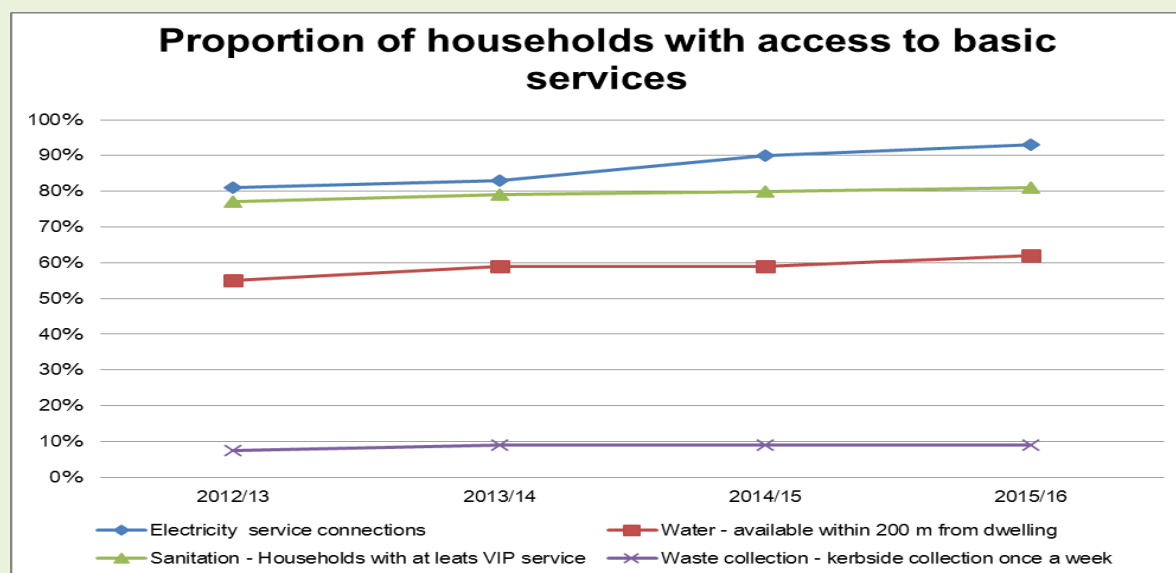
Good progress was also made with regard to water provision and the commitment displayed by the Dr Ruth S Mompati DM and Sedibeng Water must be commended. Waste collection is rendered in the formal towns and at businesses and GTLM are doing well with regard to household refuse collection, but it is recognized that we does have an enormous task facing us to try and keep our towns and CBDs clean. This can only be achieved if GTLM can educate residents and also convince them to become part of the solution of waste management and play their part to ensure refuse is dumped at the proclaimed dumping sites and littering is not socially acceptable.

The following need to be considered to ensure a turn-around with regard to cleaner towns:

- Register all street traders and develop bylaws for street trading;
- Effective and well managed Waste Transfer Stations and Recycling Methods;
- Licensed Solid Waste Management Sites

Service delivery to indigent is rendered through a subsidy scheme that is funded from the Equitable Shares. It is also important to mention that the Provincial Government has introduced Economic and Service Delivery programs such as Setsokotsane, Village, Townships and Small Dorpies (VTSD) to enhance service delivery and endeavour to improve the economy of GTLM. District Integrated Plans were developed at Provincial level to ensure improvement of services in all sectors. In 2015/2016 National Treasury withdrew some of the conditional grant that were meant for service delivery project and that had negative impact on municipal performance.

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COMMENT ON ACCESS TO BASIC SERVICES:

Access to Electricity

The Basic Services Policy adopted by government in 2001 addresses the right of all households, particularly those living in poor areas, to access a minimum amount of free basic electricity. This implies that distribution networks must be extended to ensure that all households are able to access the electricity grid.

Free Basic Electricity (FBE) is provided to all registered indigents at 50kWh per month. FBE is provided to approximately 9034 consumers on a monthly basis (894 consumers supplied by the municipality and 7240 consumers supplied by Eskom)

According to the information gathered from different sources there is a decline in the accessibility to basic services. This decline is a mathematical reflection of Stats SA data set also relevant to the explanation that was given with regard to the change in the data set as well as what is considered to be acceptable access. The sharp drop in sanitation and waste services is because of the interpretation of the data sets. Many households do have pit-latrines without ventilation improvement pipes (VIP) that is now considered not be an acceptable standard of sanitation access.

Access to Refuse Removal

Solid Waste management in Greater Taung Local Municipality is categorized according to the following categories: households, illegal dumps, businesses refuse collection, CBD cleansing, and landfill sites operations and management. Only 8% of households in the Greater Taung LM to receive refuse removal at least once a week.

Access to Water

Greater Taung Local Municipality supplies potable water in Reivilo township in accordance with the National Water Act, 1998 (Act No. 36 of 1998) and Sedibeng for all other areas. The purpose of the National Water Act is to ensure that South Africa's water resources are protected, used, developed, conserved, managed and controlled in ways which take into account factors such as:

- Meeting the basic human needs of present and future generations;
- Promoting equitable access to water
- Promoting the efficient, sustainable and beneficial use of water in the public interest, and
- Providing for growing demand for water use.

Access to Sanitation

The Basic Service Policy of 2001 also guarantees access to a minimum level of sanitation, which is defined as households having access to, at minimum, a ventilated pit latrine also known as a VIP toilet. This standard of service delivery is seemed necessary to ensure human dignity and prevent the spread of disease.

There has been a dramatic improvement in the number of households with a flush toilet during the past decade, from 38% in 2001 of households to 45% in 2011. A constant 10% of households had access to a flush toilet in their households, and this result is still evident 10 years later.

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1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

Municipal Finance Department provide fiscal and financial management support to GTLM. Finance department is committed to providing timely, accurate and complete information with the aim of improving living standard, to ensure that municipality remains financially viable and that sustainable municipal service are provided economically and equitable to all communities.

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Financial Viability highlights

Highlights	Description
Timeous Payment of Service Providers	Suppliers were paid well within 30 days after receipt of valid tax invoice
Production of Valuation Roll	
Timeous submission of Annual Financial statement and the Improvement of audit opinion	The compliance of the submission of Annual Financial statements together with the Draft Annual Report testifies the municipality 's vision to achieve clean audit status
Improved Cash and Cash equivalents management	The overall management of available cash and cash equivalents has improved

National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These KPI is linked to National Key Performance Area: Municipal Financial Viability and Management.

National Key Performance Indicator	2015/16	2016/17
Debt Coverage ((Total operating revenue- operating grant received) debt service payment due within the year	109.98	76.70
Service Debtors to Revenue – (Total outstanding service debtors: revenue received for services)	2.32	1.87
Cost Coverage ((Available cash + Investment) : Monthly fixed operating expenditure	0.75	0.93

Financial Overview: 2016/17			
			R' 000
Details	Original budget	Adjustment Budget	Actual

Chapter 1

Income:			
Grants	214,572,100	222,472,100	222,472,100
Taxes, Levies and tariffs	30,761,000	39,561,000	37,815,895
Other	11,674,000	11,674,000	16,979,677
Sub Total	257,007,00	273,707,000	277,267,572
Less: Expenditure (excl. grants)			
Expenditure (grants)	201,403,478	237,611,131	168,573,192
Net Total*	55,603,522	36,095,869	108,694,380
* Note: surplus/(deficit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	42.3
Repairs & Maintenance	6.85
Finance Charges & Impairment	2.29
	T 1.4.3

COMMENT ON OPERATING RATIOS:

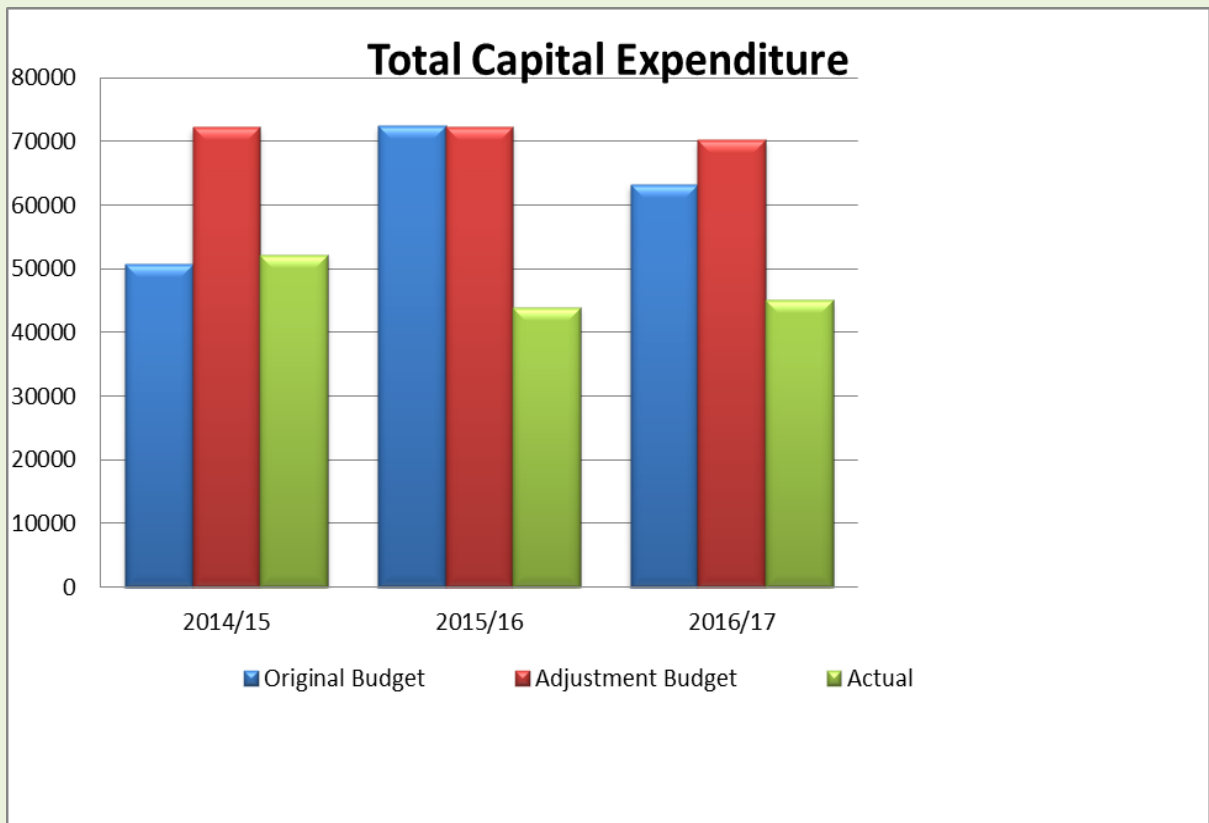
Employee Cost- measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employees cost by the difference between total revenue and capital revenue. The ratio of personnel expenditure to operating expenditure is widely used as an indicator of the sustainability of municipal budget and expenditures. According to MFMA budget circular No. 59 there is no prescribed or recommended benchmark for the ratio personnel expenditure to operating expenditure. Currently among municipalities with electricity function, this ratio is tending to move downward despite fairly large increases in personnel spending. This is because spending on bulk electricity purchases is increasing at a very fast rate, driving the relative share of all expenditure categories down

Repairs and Maintenance – this represent the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance. National Treasury has recommended that repairs and maintenance expenditure budget should be 8 percent of the total value of assets.

T 1.4.3

Total Capital Expenditure: 2014/15-2016/17			
			R'000
Detail	2014/15	2015/16	2016/17
Original Budget	50 746	72 462	63 279
Adjustment Budget	72 234	72 332	70 179
Actual	52 234	43 894	45 056
			T 1.4.4

Chapter 1



T 1.4.5

COMMENT ON CAPITAL EXPENDITURE:

Comments not provided by finance department

T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The organizational development function is a quality driven intervention and support on matters related to design and development of an organizational structure, maintenance of staff establishment and employee health and wellness programmes.

Chapter 1

Human Resources and Training

The Work Place Skills Plan (WSP) for the 2016/2017 financial year report was submitted on the 15 January 2017 to the Local Government Sector Education and Training Authority (LGSETA) on 30th April 2016 as required by the Skills Development Act, 2008 and the Employment Equity Plan report to Department of Labour on the 30th April 2017. A total number of 153 employees were successfully trained in different training interventions during the period under review. A full explanation of training interventions is reflected in Chapter 4.

Employees Assistance Programme

The following forms part of the services offered by the Employee Assistance Programme (EAP):

- Took employees to doctors for medical assistance
- Medically assessed 130 employees as per the Occupational health and safety act
- Provided employees with rehabilitation programmes
- Provided employees with aftercare programmes
- Provided trauma counselling to employees
- Conducted HIV awareness campaigns
- Assisted on debt counselling awareness
- Information workshops on medical aids and other benefits
- Send employees on sport and wellness weeks

Critical Vacancies and Turnover

During 2015/16 and 2016/17 financial years there were four (4) critical vacancies existing in the senior management team of the municipality. These range from the vacant positions of the Director Technical services, Community Services, Corporate services and Land Use & Human Settlement. The municipality for two years survived by appointing acting directors on rotational basis of three months to ensure that service delivery is rendered to the community of Taung. Lack of appointment of directors was caused by long disciplinary action of the directors and moratorium instituted by MEC for Local Government.

T 1.5.1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2016/2017 (CURRENT YEAR)

As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), the responsibility of the Auditor General is to express an opinion on the municipality's financial statements based on conducting an audit in accordance with International Standards on Auditing.

The Auditor General expressed qualified audit opinion on the financial affairs of the Greater Taung Local Municipality in the previous financial year (2015/2016). In 2016/17 a lot of work has been done to clear most of the queries that were raised by the Auditor General in the prior year, and this was done in an effort to improve the audit outcome for the reporting period under review.

Chapter 1

A report from the Auditor General for the financial year under review **will be** contained in chapter 6 of this report.

T 1.6.1

Chapter 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
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft 2016/2017 Annual Report to Internal Audit and Auditor-General	
5	Audit/Performance committee considers draft Annual Report of municipality	August
6	Mayor tables the unaudited draft Annual Report	
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September – November
9	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
10	Municipalities receive and start to address the Auditor General's comments	December
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
12	Audited Annual Report is made public and representation is invited	
13	Oversight Committee assesses Annual Report	February - March
14	Council adopts Oversight report	
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	April
17	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	

T 1.7.1

Chapter 1

COMMENT ON THE ANNUAL REPORT PROCESS:

It is necessary that the municipality derive maximum benefit from its efforts in submitting reports. Such benefits are typically obtained in the form of being able to compare and benchmark against other municipalities and to learn from the feedback mechanisms.

The annual report process flow provides a framework for the municipality to follow in completing various reports within each financial year cycle. It is recommended that municipal manager study this process flow and ensure that reports are submitted timeously. If the process flow is followed, the municipality should be able to provide an unaudited annual report in August of each year, which is consistent with the MFMA.

The annual report of a municipality and every municipal entity must be tabled in the municipal council on or before 31 January each year (MFMA S127). In order to enhance oversight functions of the council, this must be interpreted as an outer deadline; hence the municipality must submit the annual report as soon as possible after year end.

The annual report must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, SDBIP, in-year reports, annual performance report and annual report should have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance.

The above can only occur if the municipality set appropriate key performance indicators and performance targets with regards to the development of priorities and objectives in its IDP and outcomes (MSA S41). This requires an approved budget together with a resolution of approving measurable performance objectives for revenue from each source and each vote in the budget (MFMA, S24).

The annual report content will assist municipal councillors, municipalities, residents, oversight institutions and other users of annual reports with information and progress made on service delivery. It must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in year reports. The contents will also assist with the annual audits. Another key aspect of the reform in combining the relevant information into the new annual report format will assist the municipality to streamline operations and processes through combined committees, reduce costs, time and effort. There will be a limited need for the municipality to have different committees to deal with financial and non-financial related matters.

T 1.7.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Good governance has eight major characteristics. It is participatory; consensus oriented; accountable and transparent; responsive; effective and efficient; equitable; inclusive; and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

To govern is to exercise political, economic and administrative authority to manage the nation's affairs. Governance is the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights and obligations, and mediate their differences.

The political and administrative components of Council maintain a sound working relationship by ensuring respect of procedures and protocols. The Greater Taung Local Municipality (GTLM) as Legal entity relate to the other spheres of Government and Organized Local Government Bodies through the Intergovernmental Policy Framework. Communities as an Interest Group in Municipal Affairs participates through Public Participation Mechanisms and processes in the Decision Making Systems of Council

This includes interaction with the stakeholders in shaping the performance of the municipality in order to enhance a healthy relationship and minimizing conflict.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Executive Committee of Greater Taung Local Municipality is the political governance structure that is established in terms of Section 45 of Local Government: Municipal Structures Act 117 of 1998. Cllr Nyoko Motlhabane is the Mayor of Greater Taung Local Municipality and the public face of the municipality and should be used in big public meetings, municipal stakeholder forums and media. He is the chair of the Executive Committee comprising of eleven (6) Councillors accountable him. The Executive Committee meets regularly to co-ordinate the work of municipality and makes recommendations to Council. The Mayor steers the development and implementation of Integrated Development Plan (IDP) which encapsulates service delivery and performance.

Cllr E.H. Tladi is the Speaker of Greater Taung Local Municipality. The Speaker also carries out the duties of Chairperson of the Municipal Council under the Municipal Structures and Systems Act. He enforces the Code of Conduct and exercises delegated authority in terms of the Municipal Systems Act.

Cllr J. Malepe is the Chief Whip of the municipality. The role of the Chief Whip is to strengthen and maintaining healthy relations between all the parties in Council. The Chief Whip is also responsible for ensuring that portfolio committees are functional and that councillors are allocated appropriately.

Chapter 2

Political governance ensures regular communication with the community at large by means of Imbizo's, IDP and budget consultations. This ensures that the community participates in identifying needs and make inputs on the performance of the municipality. This process ensures healthy relations with the community and minimizes conflict.

Administrative governance ensures transparent administration, regular feedback to the community, compliance to the required rules, processes and laws by which Council is operated, regulated and controlled.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Mayor and the EXCO. Its primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their function as policy makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

A shared Audit and Performance Committee has been established in terms of Section 166 subsection 6(a) of the MFMA. The committee comprises of five (5) and a Chairperson. The purpose of the committee is to advice council and management of the district and local municipalities on matters relating to internal financial control, performance management and comment on the Annual Report.

The Mayor is appointed by council and has executive powers and duties. He provides general political guidance over the fiscal and financial affairs of the municipality and in doing so monitor and oversee the exercise of responsibilities assigned to the accounting officer in terms of MFMA; Act 56 of 2003 without interference. The council appoints members of the Executive committee (EXCO) to chair the portfolio committees indicated below:

- Finance
- ICT/Communication,
- Corporate Service,
- Planning
- Land Use and Human Settlement

Municipal Public Accounts Committee has been established in terms of section 79 of the Municipal Structures Act, No. 117 of 1998. The main purpose of the committee is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality and to consider annual report and submit oversight report on the annual report to council. The committee consists of ten (10) non - executive councillors. The Oversight Report will be published separately in accordance with MFMA guidance.

T 2.1.1

Chapter 2

POLITICAL STRUCTURE	FUNCTIONS
<p>Hon Mayor Cllr. N Motlhabane</p>	<ul style="list-style-type: none"> • Provide political guidance over the fiscal and financial affairs of the municipality • To oversee the preparation of the annual budget • Submit quarterly reports to Council on the implementation of the budget and the financial status of the municipality • Coordinate the annual review of the IDP • To ensure that the Mayoral Committee is perform its functions properly • Promotion of intergovernmental relations • Convene public hearings and meetings • Identifies the needs of the community in terms of the IDP processes. • Reviews those needs in order of priority • Recommend to the municipal council strategies, programmes and services to address priority needs through the IDP, estimates revenues and expenditure, taking into account any applicable National and Provincial Plans • Recommend and determine the best way, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community.
<p>Speaker of Council Cllr. E. Tladi</p>	<ul style="list-style-type: none"> • The Speaker presides over the council meetings and maintains order during council meetings. • Ensure that the council meets at least quarterly. • Ensure that the rules of order are complied with during the proceedings of council meetings. • Execute any other duties as delegated to the speaker in terms of the council delegation systems. • Maintains order during Council meetings • Ensure that Councilors adhere to the Code of Conduct • Support to Councilors • Facilitate public participation coordinate the establishment and functionality of ward committees
<p>Chief Whip:</p>	<ul style="list-style-type: none"> • The role of Chief Whip is to ensure that Councillors are accountable to the communities, that code of conduct is respected and adhered to by all Councillors. • The Chief Whip ensures discipline during Council and Committee Meetings. • He facilitates political debates, workshop for all Councillors.

Chapter 2

COUNCILLORS

Councillors provide a vital link between communities they serve. They are responsible for representing the needs and interests of the people they represent, regardless of whether they voted for them. Although councillors are not usually full time professionals, they are bound by a code of conduct. The Councillors serves for five years.

The Greater Taung Local Municipality comprises of 24 Ward Councillors and 24 PR Councillors. See Appendix A where a full list of Councillors can be found (including committee allocations and attendance at council meetings).

A Ward Councillor has to balance the expectations of his/her ward and that of their political party. The Ward Councillor is the chairperson of the ward committee, responsible for convening the constituency meeting to elect ward committee members, calling ward committee meetings, ensuring that a schedule of meetings is prepared, handling queries and complaints in the ward, resolving disputes and making referrals of unresolved disputes to the municipality, ensuring that the ward committee does what the municipality expects about reporting procedures. See Appendix B which sets out committees and committee purposes.

T 2.1.2

POLITICAL DECISION-TAKING

The Greater Taung is a collective Executive type and has established nine portfolio committees each chaired by a member of the Executive Committee. Section 33 of Local Government: Municipal Structures Act, 1998 which provides for the establishment of committees in terms of Section 79 and 80 of the act. All the committees are chaired by Councillors who are full time and coordinated by relevant senior managers and officials who also serve as technical resource persons. Those are:-

The committees meet monthly to consider items which need to be forwarded to the Executive Committee. Recommendations of the Committees are submitted on quarterly basis to Council's Statutory Sitings for Resolutions and implementation.

Section 80 Committees

Each member of the Executive Committee heads a Portfolio Committee in terms of Section 80 of the Municipal Structures Act of 1998. The Section 80 Committees are set up to deal with oversight roles, support and perform the advisory role to the Mayor and Council.

The Executive Committee of the municipality has the following portfolios:

- Finance
- ICT/Communication,
- Corporate Service,
- Planning
- Land Use and Human Settlement

Chapter 2

Section 79 Committees

(a) The Audit Committee

The Audit Committee is a committee of the Council and performs the statutory responsibilities assigned to it by the Local Government: Municipal Finance MFMA (sections 165 and 166), and other relevant responsibilities delegated to it under its charter by the Council.

The committee is chaired by Mr Ngobeni. It is an independent advisory body that advise Council, the political office-bearers, the accounting officer and the management of the municipality on matters relating to:

- Internal financial control and internal audits;
- Risk management; Accounting policies;
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective governance and compliance with the prescribed laws and regulations.

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE



In terms of part 7 section 82 of the Municipal Structures Act 117 of 1998 as amended the Municipality must appoint the Municipal Manager who is the head of administration and therefore the Accounting Officer. In terms of section 55 of the Municipal Systems Act, 32 of 2000 as amended the Municipal Manager as head of administration is subject to policy directives of the municipal council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with all legislation and policies pertaining to Local Government. In terms of section 50 of the Municipal Systems Act 32 of 2000 as amended, the Council in consultation with the Municipal Manager must appoint managers who are directly responsible to the Municipal Manager who must have relevant and requisite skills and expertise to perform the duties associated with the posts they each occupy.

The Municipal Manager is also accountable for all the income and expenditure and all assets as well as the discharge of liabilities of the municipality including proper and diligent compliance with the Municipal Finance Management Act, 53 of 2003. Each senior manager or director who reports directly to the Municipal Manager are delegated the functions which the Municipal Manager may delegate to them and are responsible for all those matters delegated to them including financial management as well as discipline and capacitating of officials within their areas of responsibility and compliance to all legislation governing Local Government, it's policies and by-laws.

The Municipal Manager and Directors forms the senior management core and all directors are accountable to the Municipal Manager in terms of strategic management and oversight of their departments. All budget expenditures in each directorate are managed by the Director in order to ensure that service delivery matters are handled speedily.

T 2.2.1

Chapter 2

TOP ADMINISTRATIVE STRUCTURE	FUNCTIONS
<p>Municipal Manager MR. K Gabanakgosi</p> 	<ul style="list-style-type: none"> • Forming and developing an economic, efficient and accountable administration; • Implementing and managing the GTLM's performance management system; • Coordinating and implementing the GTLM's IDP; • Managing the Municipality's administration in accordance with the Constitution, the Local Government Structures Act, the Municipal Systems Act, the Municipal Finance Management Act and all other national and provincial legislation applicable to GTLM; • Managing provision of services to the local community in a sustainable and equitable Manner; • Developing and maintaining a system to access community satisfaction with Municipal Services; • Appointing, managing, effectively utilizing and training staff and maintaining staff discipline; • Advising political structures and political office bearers of the GTLM, managing communications between them, administering, implementing council resolutions and carrying out their decisions; • Being responsible for all income and expenditure of the GTLM all assets, the discharge of all liabilities of the GTLM and proper and diligent compliance with applicable Municipal Finance Management legislation.
<p>CFO MR. M. Vermaak</p> 	<ul style="list-style-type: none"> • Reporting directly to the Municipal Manager on key departmental activities. • Implement departmental Service Delivery Budget Implementation Plan (SDBIP). • Develop and implement key strategic / business plans including Supply Chain Management, Revenue Management, Expenditure Management and Budget & Reporting. • Prepare and implement municipal budget. • Prepare Annual Financial Statements and other mandatory financial management reports. • Manage Departmental budget, human resources & other resources in accordance with local government legislation; • Establish, operate and maintain support structures, processes and systems; • Management and monitoring of all income, expenditure, assets and Liabilities; Cash-flow management; • Ensure implementation of GAMAP & GRAP Standards; • Develop and implement Supply Chain Management Policy, specific procedures, systems and controls; • Ensure timely preparation of Budget and Financial Statements; Implement all financial policies and ensure they comply with applicable legislation and National Treasury Regulations.

Chapter 2

<p>Acting Director : Corporate Service</p>	<ul style="list-style-type: none"> • Managing and controlling various line functions within the Directorate which include general administration, Human Resources, Council Support, Corporate strategy; • Leading, directing and managing staff within the Department so that they are able to meet their objectives; • Rendering Support by advising and overseeing all matters of procedures relating to minutes and resolutions of the Council Committees; • Managing and controlling the compilation and execution of the departmental capital and operating budget; • Executing any function delegated by the municipal Manager in terms of powers and delegations in the relevant legislation and related to the functions of this post; • Administering records/archives registry, skills development, legal matters and employment Equity; • Overseeing the execution of the IDP Programmes attached to the Department and monitoring individual performance management; • Developing, implementing Collective Agreements and managing strategic goals, policies, procedures and plans; • Ensuring proper administration of Council delegation System;
<p>Acting Director: Infrastructure Services</p>	<ul style="list-style-type: none"> • Management of the entire Technical Services department. • Compile and manage the Directorate's annual Capital and Operational Budget. • Management of Technical Services including Civil Engineering Services, electrical distribution and maintenance of roads and storm-water drainage. • Planning and maintenance of water reticulation system and sewerage treatment infrastructure. • Developmental strategic planning of infrastructure expansion and co-ordination. • Ensure the sustainable provisioning of engineering services including infrastructure development and maintenance in line with the IDP. • Management of civil engineering, projects and capital construction development
<p>Acting Director : Community Service</p>	<ul style="list-style-type: none"> • Management of the entire Social Services department. • Compile and manage the Directorate's annual Capital and Operational Budget. • Responsible for coordination of disaster management services. • Strategically direct and manage services related to solid waste management. • Provision of sports, recreation, cultural, arts and library information services. • Responsible for setting standards for the maintenance of cemeteries, parks, halls and other community services. • Management of refuse services of the entire Greater Taung area.
<p>Acting Director: Land Use & Human Settlement</p>	<ul style="list-style-type: none"> • Management of the entire Development Land Use and Planning department. • Compile and manage the Directorate's annual Capital and Operational Budget. • Provision of GIS support and analysis and the undertaking of specific GIS related projects and initiatives. • Management, maintenance and implementation of the municipal multi-disciplinary sustainable human settlement policy and framework • Co-ordinate the integration of the multi-sectorial and inter-sphere processes and demands relating to the delivery of sustainable human settlements. • Co-ordination of housing functions in line with the Provincial and National policies, on behalf of the Provincial Department of Developmental Local Government and Housing. • Developing and implementing strategies to meet investment challenges. • Establishing and managing contractual and other relationships with government departments, service providers, organised business and other stakeholder bodies, to ensure sustainability of projects.

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Municipality has the right to govern on its own the affairs of the local community, subject to national and provincial legislation. Municipalities must co-operate with other spheres of government in a manner which fosters friendly relations, consult and be supportive on matter of common interest, adhere to agreed procedures and avoid legal proceedings against each other.

The concept of an intergovernmental system is based on the principle of cooperative governance as contained in chapter 3 of the constitution of the republic of South Africa Act, 1996, between the three spheres of government namely, local, provincial and national. While responsibility for certain functions is allocated to a specific sphere of government, many other functions are shared among the three spheres. To this end the municipality is co-operating with various departments at national, provincial and district levels

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

Currently the Greater Taung Local Municipality (GTLM) is not involved in any National Forum Structures.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Mayor and the Municipal Manager represents and participate in the North West Premiers Coordinating Committee, where issues affecting the Province and the Municipalities are discussed. The Speaker and Officials in the Office of the Speaker attends and participate in the Provincial Speakers Forum. GTLM did attend Mayoral Forum, Municipal Manager's and the CFO Forum during the course of the year where information of mutual interest was shared.

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

GTLM does not have any entities in place.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

The District does have the following structures in place that seeks to coordinate development in the district:

Mayor's Forum

Municipal Manager's Forum

CFO's Forum

Chapter 2

IDP Steering Committee
IDP Rep Forum
Performance Audit Unit
Performance Audit Committee
Inter-Governmental Relations Forum

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Greater Taung Local Municipality values the participation of its residents in governance.

The municipality has established Ward Committees in all 26 wards to assist the municipality to consult with its communities.

In addition, other mechanisms to broaden public participation include publishing four quarterly magazines per annum, notices in local newspapers, public service announcements on radio, key messages on notice boards and posting information on the municipal website.

A Councillors talk show will be held on community radio where residents will be in dialogue with political leadership. By recognizing the importance of the rural poor, children, the aged and people with disabilities, a customer care system will be implemented to ensure access to information and participatory communication.

Provincial government has also deployed community development workers to our municipality, to assist with dissemination of information and mobilisation of communities towards the programmes of government.

Ward Councillors convenes community mass meetings on a monthly basis to discuss matters affecting the community and give feedback on matters reported on a monthly basis. The Mayor engages in Imbizo's which provided a platform for further interaction and engagement with the communities on regular intervals.

T 2.4.0

Chapter 2

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Residents, Communities and Stakeholders (Civil Society)

To represent interests and contribute knowledge and ideas in the planning process by:

✚ Participating in the IDP Representative Forum to:

- Inform interest groups, communities and organisations, on relevant planning activities and their outcomes
- Analyse issues, determine priorities, negotiate and reach consensus
- Participate in the designing of project proposals and/or assess them
- Discuss and comment on the draft IDP
- Ensure that annual business plans and budgets are based on and linked to the IDP
- Monitor performance in implementation of the IDP

✚ Conduct meetings or workshops with groups, communities or organisations to prepare for and follow-up on relevant planning activities.

✚ Mechanisms and Procedures for Public Participation

Process:

- Compilation of a database of all relevant community and stakeholder organisations.
- Informing communities and stakeholders:

Communities and stakeholders must be informed of the municipality's intention to embark on the Integrated Development Planning process.

- Organised and unorganised social groups will be invited to participate in the IDP Process

T 2.4.1

WARD COMMITTEES

The purpose of a ward committee is:

- To solicit improved participation from the community to inform Council decisions;
- To ensure effective communication between the Council and the community; and
- To assist the Ward Councillor with consultation and report-backs to the community.

Ward committees are elected by the community they serve. A ward committee may not have more than ten members and women and youth should be well represented. The committees comprise sector representatives who are identified through a process of public nominations. The Ward Councillor acts as the chairperson of the ward committee. Although ward committees have no formal powers, they advise the Ward Councillor who makes specific submissions directly to the Council. These Committees play a vital role in the development and annual revision of the integrated development plan and budget of the area.

T 2.4.2

Chapter 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
Ward committee Statutory meetings	20-25 of every month.	12	0	3744	Yes	Every month
IDP Rep forum	27.03.2017	35	15	116	Yes	Feedback will be given in 2018
Mayoral Imbizo - Kokomeng MPCC	04.05.2017	14	13	419	Yes	Feedback will be given in 2018
Mayoral Imbizo - Iosasaneng MPCC	05.05.2017	19	12	256	Yes	Feedback will be given in 2018
Mayoral Imbizo Maphoitsile Sports Grounds	09.05.2017	21	20	355	Yes	Feedback will be given in 2018
Mayoral Imbizo Moretele MPCC	16.05.2017	18	20	301	Yes	Feedback will be given in 2018
Mayoral Imbizo (Special) Pudimoe Community Hall	16.05.2017	13	17	189	Yes	Feedback will be given in 2018
Mayoral Imbizo (Special)	18.05.2017	16	12	298	Yes	Feedback will be given in 2018
		13	17	241	Yes	Feedback will be given in 2018
<i>T 2.4.3</i>						

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The GTLM established Ward Committees in all the 24 Wards to enhance public participation and accountability. These structures are a mechanism that the municipality uses to disseminate information and address the challenges of the communities in an effective manner. The Ward Mass Meetings held as well as Imbizo's also provides a platform for effective interaction and accountability for Council and the community.

Council benefits positively as a result of the above systems, in that consultation is done with the broader community of GTLM on matters of service delivery.

T 2.4.3.1

Chapter 2

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
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?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
<i>T 2.5.1</i>	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

Corporate governance does cover a broad spectrum of elements that need to be aligned and integrated to ensure the smooth effective, efficient and economic functionality of municipalities.

In the instance of GTLM it requires cooperation between the political and administrative structures as well as the buy-in and involvement of Traditional Leaders.

The past year was a very challenging year for GTLM regarding Corporate Governance due to the institutional challenges that were experienced at high level management and relationships.

T 2.6.0

2.6 RISK MANAGEMENT

In terms of section 62(1)(c)(i) " the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal controls.

Risk Management plays a crucial role in identifying both risks and opportunities that are present and to take a strategic position in minimizing the said risks and maximizing present opportunities for the benefit of its citizens. The role of the Risk Management in the municipality is to provide the expertise

Chapter 2

and support for institutionalizing Enterprise Risk Management and thereby embedding a risk intelligent culture. This is achieved through various methods including employee training on the principles and practices of risk management, coordinating efforts in determining the municipality's risk exposure and in the development of mitigating actions by management for addressing the identified risks. The municipality's Risk Management, Anti-fraud and Anti-corruption Committee (RMAAC) is functional. During the 2016/17 reporting period the committee held 4 meetings.

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices, section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

Greater Taung Local Municipality contributes to the principles of good governance which requires the conduct of business in an honest and transparent manner. GTLM confirms commitment in fighting fraudulent behavior at all levels within the organisation. Greater Taung Local Municipality submitted the reviewed Fraud and Anti-corruption strategy and policy to Council which include:

- Whistle Blowing Policy
- Ethics policy
- Fraud and anti-corruption policy
- Fraud Prevention Plan

Internal Audit Unit

Greater Taung Local Municipality make use of the internal audit shared services of Dr Ruth S Mompoti District Municipality to advise the Accounting Officer and report to the Audit Committee on the implementation of the internal audit plan and matters as stipulated in section 165 of the MFMA.

Audit Committee

Greater Taung Local Municipality make use of a single audit committee established for the District municipality and its local municipalities to advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters as stipulated in section 166 of the MFMA.

Chapter 2

Human Resources Management

Screening procedures are performed prior to the employment of officials.

All employees signed the code of conduct on appointment.

New employees are inducted to introduce the employees to the culture of the municipality. In the process the employees are provided with the policies and procedures of the municipality to encourage good business conduct in performing the duties.

Senior Managers are trained in the application of conducting disciplinary procedures.

When the employee resigns HR department perform exit procedures for employees and to enforce control over the return of assets.

Financial Control

Greater Taung Local Municipality only incurs expenditure in terms of the approved budget and within limits of the amounts appropriated in votes. A delegation framework is currently reviewed and will be submitted to the new council for adoption to maximize administrative and operational efficiency to provide adequate checks and balances in the municipality financial administration.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Greater Taung Local Municipality approved a supply chain management policy that is fair, equitable, transparent, competitive and cost effective. In case of an abuse of supply chain management system the accounting officer implement the procedures according to the supply chain management policy to combat fraud. Officials and other role players in the supply chain management system of the municipality signs a code of ethical standards as set out in the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management" which is established to promote mutual trust and respect; and an environment where business can be conducted with integrity and in a fair and reasonable manner.

Councillors after being elected or appointed declare in writing to the municipal manager the financial interest held by that councillor. A gift register is maintained for gifts received above R350.00 by councillors and employees.

The supply chain management policy is aimed primarily at promoting uniformity in SCM processes and also in the interpretation of government's preferential procurement legislation and policies, which should themselves be seen in the context of other related legislative and policy requirements.

Essentially, SCM refers to managing the demand of goods and services to their acquisition, managing the logistics processes and finally, after use, to their disposal. It encompasses the procurement, contract management, inventory and asset management, and obsolescence planning processes.

The procurement processes covers:

- Pre-solicitation (need analysis, specification, award criteria)
- Solicitation (bidding process)
- Negotiation (bidding process, drafting of contracts)

Chapter 2

- Performance (change orders, review of completed work and sign-offs compliance assessments of deliverables, release of funding etc.)
- Administration, within the municipal prescripts and policies.

The MFMA expects all municipalities to ensure that they develop and maintain a well-documented, operational procurement system, within a system which is fair equitable, competitive, cost effective and transparent. This process is, and will always remain one of the highest exposures to fraud and corruption in any organization in the government. The process is, by necessity, highly regulated and very complex including a wide array of legislative and procedural requirements and prescripts.

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during 2016/2017					
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
No new By-Laws were Developed	No By-Laws were reviewed				

*Note: See MSA section 13.

T 2.9.1

COMMENT ON BY-LAWS:

Section 11 of the MSA gives municipal council the executive and legislative authority to pass and implement by - laws and policies. Once the by-laws are gazetted, people who are in contravention will be criminally prosecuted in a court of law, and could be sentenced to pay a fine or even to direct imprisonment.

T 2.9.1.1

2.10 WEBSITES

A municipal website should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that municipalities place key documents and information on their website, including the IDP, annual budget, adjustment budget and budget related documents and policies.

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	July 2017
All current budget-related policies	Yes	July 2017
The previous annual report (2015/16)	Yes	March 2016
The Annual Report (2016/17) published/to be published	TBA	N/a
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2016/17) and resulting scorecards	Yes	August 2017

Chapter 2

All service delivery agreements (2016/17)	No	None
All supply chain management contracts above a prescribed value (give value) for 2016/17	No	None
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 2016/17	No	None
Contracts agreed in 2016/17 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	None
All quarterly reports tabled in the council in terms of section 52 (d) during 2016/17	Yes	Quarterly
T 2.10.1		

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

A municipal website should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitate stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that municipalities place key documents and information on their website, including the IDP, annual budget, adjustment budget and budget related documents and policies.

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

For the year under review, the municipality did not conduct the public satisfaction survey.

T 2.11.1

Satisfaction Surveys Undertaken during: 2015/16 and 2016/17

Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:	Not conducted	n/a	None	None
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
Satisfaction with:	Not conducted	n/a	None	None
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Information supplied by municipality to the public				
(f) Opportunities for consultation on municipal affairs				

* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory

T 2.11.2

Chapter 2

Concerning T 2.11.2:

The table is relevant to GTLM but information could not be provided due to the fact that no public satisfaction surveys were conducted.

T 2.11.2.1

COMMENT ON SATISFACTION LEVELS:

Community satisfaction survey was not conducted, and the responsibility should first be delegated to a specific department.

T 2.11.2.2



Mayoral Public Participation in Ward 18

Chapter 3

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

INTRODUCTION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review individual performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

Some of the legislative prescripts include: Section 152 of the Constitution of the Republic (1996), section 152 local government to be “democratic and accountable government”. Section 195 (1) of the Constitution requires the following from local government, inter alia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration,
- to be transparent by providing information,
- to be responsive to the needs of the community, and
- to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In terms of section 46(1)(a) of the Municipal Systems Act a Municipality must prepare for each financial year a performance report reflecting the Municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the Municipality for the following financial year and measures that were or are to be taken to improve performance.

T 3.0.1

Chapter 3

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

GTLM is responsible for water, electricity, refuse removal and sanitation provision in Reivilo and for the remainder of the area the Dr Ruth S Mompati is the service authority for water and sanitation and Eskom is providing electricity.

Refuse removal is rendered by GTLM in the three towns, Taung CBD, Pudimoe and Reivilo.

GTLM still need to address basic services backlogs in all sectors

Good progress was made with regard to electricity and water provision but sanitation provision still need to be addressed in many areas which are using pit latrines which pose a negative environmental impact.

Roads also need to be addressed based on the CBP input that was gathered.

This sector was prioritized as the most critical sector that needs attention.

T 3.1.0

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

One of the major goals of the South African Government is to ensure access to safe and reliable water services to all the communities. Notwithstanding the best possible raw water sources, adequate treatment infrastructure and optimal treatment process can achieve safe and reliable drinking water services to consumers and unexpected incidents can disrupt water supplies. Natural disasters such as floods and manmade incidents can significantly disrupt and impact on the quality of water services thus posing a significant health risk to consumers.

The Water Services Act (No.108 of 1997, section 5(4)) states that in emergency situations, a Water Service Authority (WSA) must take reasonable steps to provide basic water supply to any person within its area of jurisdiction and may do so at the cost of the authority.

Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005

To provide for the rights of access to basic water supply and basic sanitation; to provide for the setting of national standards and of norms and standards for tariffs; to provide for water services development plans; to provide a regulatory framework for water services institutions and water services intermediaries; to provide for the establishment and disestablishment of water boards and water services committees and their powers and duties; to provide for the monitoring of water services and intervention by the Minister or by the relevant Province; to provide for financial assistance to water services institutions; to provide for certain general powers of the Minister; to provide for the gathering of information in a national information system and the distribution of that information; to repeal certain laws; and to provide for matters connected therewith.

Chapter 3

The Water unit has made significant progress in the provision of water services, but some critical challenges remain, i.e. extent ions and internal reticulation. Institutional arrangements and strategies have been put in place to overcome the challenges and to meet key policy as well as legislative requirements. Progress on the objectives as set out in DWA's critical policy document, the National Strategic Framework for Water Services. Through indigents register and policies, the municipality is able to provide basic services to the needy community.

T 3.1.1

COMMENT ON WATER USE BY SECTOR:

The above refer to only Reivilo Town where GTLM has the authority

Reliable, clean supply of drinking water to sustain our health is a high priority in Greater Taung Local Municipality. The municipality also needs water for agriculture, recreation, and manufacturing purposes. Many of these uses put pressure on water resources, stresses that are likely to be exacerbated by climate change. In many areas, climate change is likely to increase water demand despite shrinking water supplies. This shifting balance would challenge water managers to simultaneously meet the needs of growing communities, sensitive ecosystems, farmers, and manufacturers.

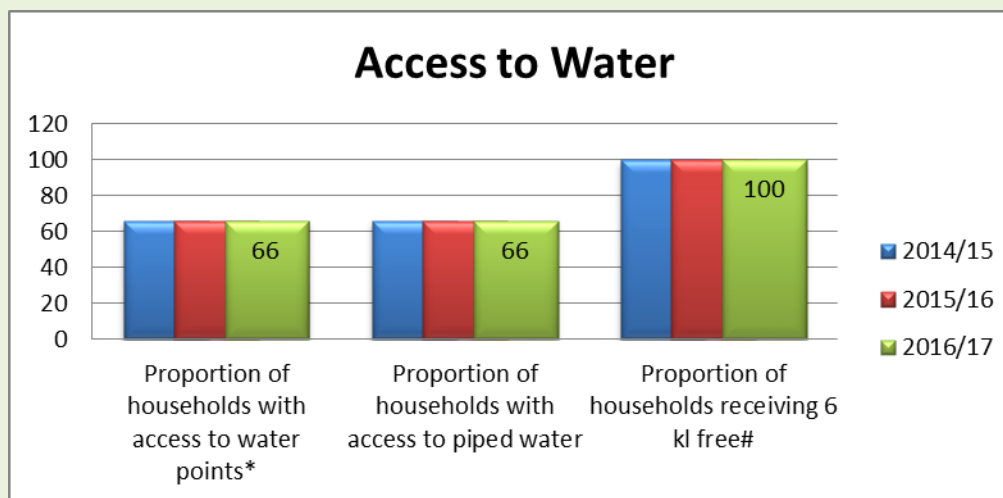
In some areas, water shortages will be less of a problem than increases in runoff, flooding, etc. These effects can reduce the quality of water and can damage the infrastructure that we use to transport and deliver.

T 3.1.2

Water Service Delivery Levels				
Description	Households			
	2013/14 Actual No.	2014/15 Actual No.	2015/16 Actual No.	2016/17 Actual No.
Water: (above min level)				
Piped water inside dwelling	4869	4869	4869	4869
Piped water inside yard (but not in dwelling)	5011	5011	5011	5011
Using public tap (within 200m from dwelling)	24868	24868	24868	24868
Other water supply (within 200m)	8644	8644	8644	8644
<i>Minimum Service Level and Above sub-total</i>	43392	43392	43392	43392
<i>Minimum Service Level and Above Percentage</i>	89%	89%	89%	89%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	2873	2873	2873	2873
Other water supply (more than 200m from dwelling)	1178	1178	1178	1178
No water supply	1169	1169	1169	1169
<i>Below Minimum Service Level sub-total</i>	5220	5220	5220	5220
<i>Below Minimum Service Level Percentage</i>	11%	11%	11%	11%
Total number of households*	48612	48612	48612	48612
* - To include informal settlements				T 3.1.3

Chapter 3

Households - Water Service Delivery Levels below the minimum						
Description	Households					
	2013/14	2014/15	2015/16	2016/17		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	705	705	705		-	705
Households below minimum service level	0	0	0		-	0
Proportion of households below minimum service level	0%	0%	0%		%	0%
Informal Settlements						
Total households	200	235	320		-	400
Households ts below minimum service level	200	235	320		-	400
Proportion of households ts below minimum service level	100%	100%	100%		%	100%
						T 3.1.4



* 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

T 3.1.5

Chapter 3

Employees: Water Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	17	19	17	2	11%
4 - 6	3	6	3	3	50%
7 - 9	3	3	3	0	0%
10 - 12	0	2	0	2	100%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	1	1	1	0	0%
Total	25	32	25	7	22%

T3.1.7

Financial Performance : Water and Sanitation Services						R'000
Details	2015/16	2016/17				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue		13 346 809	13 346 809	13 144 965	201 844	
Expenditure:						
Employees		5 448 589	5 622 589	5 125 460	497 129	
Repairs and Maintenance		1 593 100	2 593 100	3 943 228	1 350 128	
Other						
Total Operational Expenditure						
Net Operational Expenditure						

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 3.1.7

Capital Expenditure 2016/2017: Water Services						R' 000
Capital Projects	2016/2017					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All						
Project A	N/a	N/a	N/a	N/a	N/a	

T 3.1.9

Chapter 3

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The budget of R 2 053 430 million was spent on the maintenance of water and sewer network and about 79% was spent against the budget.

T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Sanitation is the hygienic means of promoting health through prevention of human contact with the hazards of wastes as well as the treatment and proper disposal of sewage wastewater. Hazards can be physical, microbiological, biological or chemical agents of disease. Wastes that can cause health problems include human and animal feces, solid wastes, domestic wastewater (sewage, sullage, and grey water), industrial wastes and agricultural wastes. Hygienic means of prevention can be by using engineering solutions (e.g. sewerage and wastewater treatment), simple technologies (e.g. latrines, septic tanks), or even by personal hygiene practices (e.g. simple hand washing with soap).

To achieve Green Drop status for waste water treatment plants by (2016/17);

- To reduce unaccounted for water to 15% in the next five years;
- To provide basic water to all residents
- To increase productivity levels by 15%
- To achieve 90% customer satisfaction levels in all our services
- To establish an efficient and effective asset management program for the water unit
- To be the reference municipality for water matters in the North West Province;

The strategy for the provision of basic sanitation:

A basic sanitation facility is a sanitation facility which is safe, reliable, private, protected from the weather, ventilated, keeps smells to the minimum, is easy to keep clean and minimizes the risk of the spread of sanitation related diseases by facilitating the appropriate control of disease carrying flies and pests, and enables safe appropriate treatment and/or removal of human waste and black or grey water in a sound environmentally sound manner.

The Free Basic Sanitation strategy is aimed at ensuring that the sanitation backlog is eradicated and ensuring the government meets the 2014 targets for all people to have access to a functional sanitation facility.

T 3.2.1

The information populated in Table 3.2.3 does not make any changes to the graph that was supposed to be in table 3.2.2.

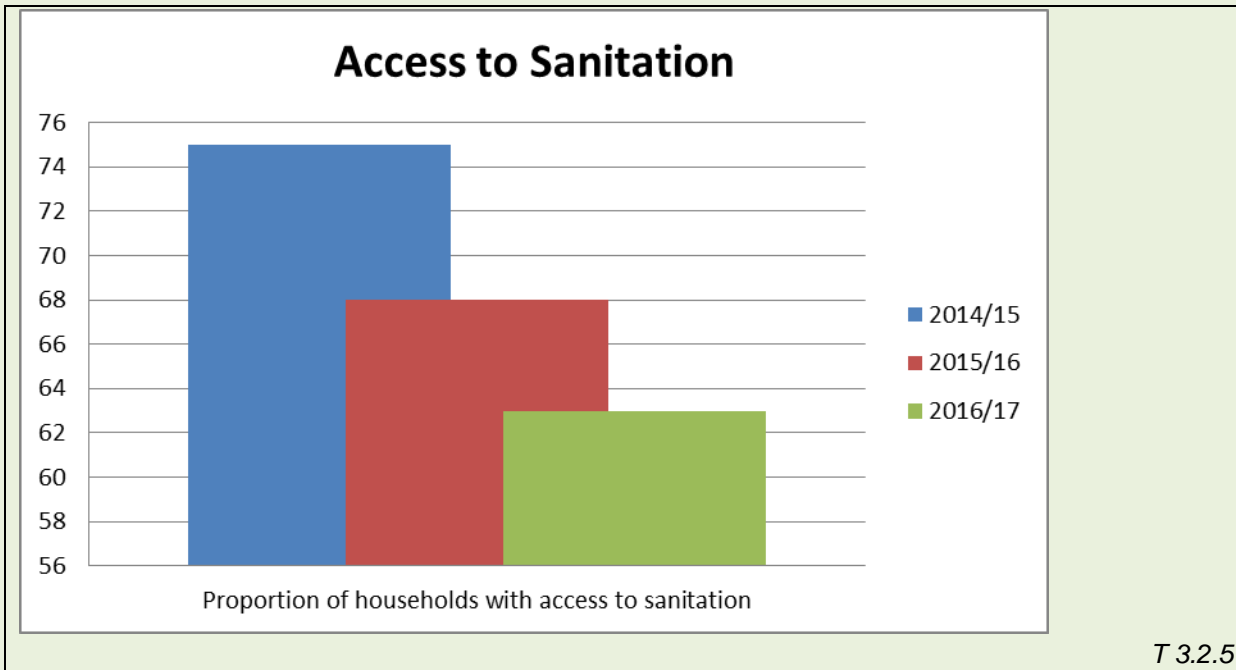
T 3.2.2

Chapter 3

Sanitation Service Delivery Levels				
Description	*Households			
	2013/14	2014/15	2015/16	2016/17
	Outcome No.	Outcome No.	Outcome No.	Actual No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	4394	4394	4394	4394
Flush toilet (with septic tank)	534	534	534	534
Chemical toilet	239	239	239	239
Pit toilet (ventilated)	14112	14112	14112	14112
Other toilet provisions (above min.service level)	480	480	480	480
<i>Minimum Service Level and Above sub-total</i>	19759	19759	19759	19759
<i>Minimum Service Level and Above Percentage</i>	40.6%	40.6%	40.6%	40.6%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	68	68	68	68
Other toilet provisions (below min.service level)	23723	23723	23723	23723
No toilet provisions	5061	5061	5061	5061
<i>Below Minimum Service Level sub-total</i>	28852	28852	28852	28852
<i>Below Minimum Service Level Percentage</i>	59.4%	59.4%	59.4%	59.4%
Total households	48611	48611	48611	48611
*Total number of households including informal settlements				T 3.2.3

Households - Sanitation Service Delivery Levels below the minimum						
Description	Households					
	2014/2015	2015/2016	2016/2017	2016/2017		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	48611	48611	48611	-	-	-
Households below minimum service level	0	0	0	0	-	0
Proportion of households below minimum service level	0%	0%	0%	0%	%	0%
Informal Settlements						
Total households	0	0	0	0	-	0
Households ts below minimum service level	0	0	0	0	-	0
Proportion of households ts below minimum service level	0%	0%	0%	0%	%	0%
						T 3.2.4

Chapter 3



Employees: Sanitation Services				
Job Level	2016/17			
	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	Combined with Water Section 3.1			

T 3.2.6

Financial Performance 2016/17: Sanitation Services					
					R'000
Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		Combined with table 3.1.7 above as is just one unit into the Organogram			
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
<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 3.2.7

Chapter 3

Capital Expenditure 2016/17 : Sanitation Services						R' 000
Capital Projects	2016/2017					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	N/a	.				
Project A	N/a	N/a	N/a	N/a	N/a	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>						T 3.2.8

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

GTLM is rendering full sanitation services at Reivilo town and Boipelo township. There is a sewer network at Boipelo township. Most of the households at Reivilo town are not connected to sewer network and utilizing septic tank. Establishment of sewer network at Reivilo town is needed.

T 3.2.9

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Electricity is one of the most sought after basic services. Local government plays a very important role in the provision of electricity, as an agent for Eskom. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social manner. GTLM provides electricity under licence only in Reivilo and is also responsible for the maintenance of the sub-station, transformers and the reticulation network. At present there is no backlog in the provision of electricity to household.

T 3.3.1

The electricity graph in circular 63 excell reporting template does not change when municipal information is populated.

T 3.3.2

Chapter 3

Electricity Service Delivery Levels				Households
Description	2013/14	2014/15	2015/16	2016/17
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Energy: (above minimum level)</u>				
Electricity (at least min.service level)	43045	43045	43045	43045
Electricity - prepaid (min.service level)	251	251	251	251
<i>Minimum Service Level and Above sub-total</i>	43296	43296	43296	43296
<i>Minimum Service Level and Above Percentage</i>	88.9%	88.9%	88.9%	88.9%
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-
Other energy sources	5415	5415	5415	5415
<i>Below Minimum Service Level sub-total</i>	5415	5415	5415	5415
<i>Below Minimum Service Level Percentage</i>	11.1%	11.1%	11.1%	11.1%
Total number of households	48711	48711	48711	48711
				T 3.3.3

ELECTRIFICATION PROJECTS

• Number of households in the municipality	48612
• Number of households connected to grid	46848
• Number of households not connected to grid	1764
• Number of households provided with electricity by Eskom	48,137
• Number of households in Reivilo provided by GTLM	317

Proposed Electrification Plan for multi years

Approved Electrification Project for 2016/2017 Financial Year (Progress report)

Village Names	Unit Planned	Status
Moretele Ext	60	Complete
Khaukhwe	80	Complete
Ntswanahatshe Ext	105	Complete
Matlapaneng Phase 2	15	Complete
Phola Park Ext	40	Complete
Khibicwane Ext	70	Complete
Maganeng Ext	63	Complete
Choseng	35	In progress (delayed by community)
Myra	40	Shifted to 2017/2018 by DoE due to high cost
Greater Taung DoE Funded Infills	500	Additional infills for above Projects
Total	1 008	

Chapter 3

Electrification Proposed Plan for 2017/2018 Financial year

No.	Village Name	Planned no of connections	Status
1.	Taung Extention 7	110	
2.	Takapori	28	Contractor is appointed and start soon
3.	Myra	40	
4.	Mokgareng	93	
5.	Mokassa 1	50	Contractor is appointed and start soon
6.	Matlhako 1	40	
7.	Manokwane	60	Contractor is appointed and start soon
8.	Lokgabeng	56	Contractor is appointed and start soon
9.	Karelstad	14	
10.	Itireng (TASK)	21	Contractor is appointed and start soon
11.	Gamoduana	30	
12.	Ditshilong	75	
13.	Dikhuting	28	
14.	Cokonyane	35	
15.	Khaukhwe	12	(is going to be done as type 3 infills)

Electrification Proposed Plan for 2018/2019 Financial year

No	Village Names	Unit Planned
1.	Mokgareng two pump	25
2.	Majaneng	30
3.	Manthe ext	65
4.	Mogopela b	80
5.	Dryharts	65
6.	Matlhako 1	45
7.	Matlhako 2	20
8.	Mokassa 2(rdp)	70
9.	Draaihoek	18
10.	Buxton	34
11.	Lokgabeng	15
12.	Mogopela a	20
13.	Diplankeng (robaletheka)	40
14.	Diplankeng	35
15.	Donkerhoek	29
16.	Longaneng	75
17.	Khudutlou	20
18.	Ntswanahatshe	65
19.	Matolong	25
20.	Tlapeng (banksdrift)	3 (Need 300m MV Line to reach those 3 Houses)
21.	Picong	35
22.	Morokweng	40
23.	Matsheng	50
24.	Taung ext 5	25
25.	Rooiwal	15
26.	Tlapeng 2(new stands)	50
27.	Pudumoe(next to pudumoe high)	30
28.	Lower majeakgoro	250(N.B only if it's not approved in 17/18)
29.	Sekhing	65 (N.B only if it's not approved in 17/18)
Total		1 336

Chapter 3

This service is rendered by a Service Provider and therefore this table is not relevant to GTLM

Employees: Electricity Services				
Job Level	2016/17			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	1	1	1	100%
7 - 9	0	0	0	0
10 - 12	2	2	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	1	1	0	0
Total	4	3	1	25%

T 3.3.6

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

GTLM is rendering electricity services at Reivilo only. Infrastructure at Reivilo is dilapidated and need to be upgraded. Municipality is changing from conventional system to prepaid system at Reivilo town.

T 3.3.7

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

INTRODUCTION TO WASTE MANAGEMENT

GTLM is rendering the service in Reivilo, Boipelo, Pudimoe and the Taung CBD where refuse is collected on weekly intervals for domestic households but more often at businesses depending on the scale of activities at the number of waste that is generated.

GTLM is only responsible for the collection of the waste whilst the Dr Ruth S Mompoti is responsible for the management of the Waste Dumping Sites.

T 3.4.1

Chapter 3

Solid Waste Service Delivery Levels				
Description	2013/14	2014/15	2015/16	Households
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Solid Waste Removal: (Minimum level)				
Removed at least once a week	3596	3596	3596	3596
<i>Minimum Service Level and Above sub-total</i>	3596	3596	3596	3596
<i>Minimum Service Level and Above percentage</i>	7.4%	7.4%	7.4%	7.4%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	108	108	108	108
Using communal refuse dump	372	372	372	372
Using own refuse dump	40072	40072	40072	40072
Other rubbish disposal	305	305	305	305
No rubbish disposal	4159	4159	4159	4159
<i>Below Minimum Service Level sub-total</i>	45016	45016	45016	45016
<i>Below Minimum Service Level percentage</i>	92.6%	92.6%	92.6%	92.6%
Total number of households	48612	48612	48612	48612
				T 3.4.2

Households - Solid Waste Service Delivery Levels below the minimum						
Description	2014/15	2015/16	2016/17	Households		
	Actual	Actual	Actual	2016/17		
	No.	No.	No.	Original Budget	Adjusted Budget	Actual
				No.	No.	No.
Total households	48 612	48 612	48 612	NA	NA	NA
Households below minimum service level	3 596	3 596	3 596	-	-	-
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
						T 3.4.3

Chapter 3

Employees: Waste Disposal Services				
Job Level	2016/17			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	42	40	2	4%
4 - 6	17	14	3	17%
7 - 9	2	2	0	0%
10 - 12	3	3	0	0%
13 - 15	1	1	0	0%
16 - 18	0	0	0	0%
19 - 20	1	1	0	0%
Total	66	61	5	7%

T3.4.4

The Greater Taung Local Municipality does not have a dedicated unit responsible for Solid waste management but there are official responsible for waste collection placed under community service department.

T3.4.7

The Greater Taung Local Municipality does not have a dedicated unit responsible for Solid waste management but there are official responsible for waste collection placed under community service department.

T3.4.8

The Greater Taung Local Municipality does not have a dedicated unit responsible for Solid waste management but there are official responsible for waste collection placed under community service department.

T3.4.9

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

GTLM is responsible for refuse removal and Dr Ruth S Mompati DM is responsible for management of dumping sites.

The dumping sites in the GTLM area for Reivilo, Taung and Pudimoe are still not licenced due to budget limitation at district level.

T 3.4.10

Chapter 3

3.5 HOUSING

INTRODUCTION TO HOUSING

The Human Settlements function is committed to facilitate the delivery of diversified habitable houses, with all social amenities in a secure and development friendly environment. This is done by implementing the National Outcome 8 – breaking new grounds and policy to initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in the municipal areas. The municipality upholds the Batho Pele principles by ensuring cost effective and affordable services; being responsive and sensitive to the social and housing needs of our communities and providing a range of affordable shelter options

The delivery of Low cost housing within GTLM is still the competency of Provincial Department of housing and National Department of housing. The role of the municipality is to identify land as well as housing needs for the inhabitants GTLM. In 2016/17 the Department of Local Government and Human Settlement in the province planned to provide 1 740 Unit for GTLM

Challenges:

Department of Local Government and Human Settlement allocated only 119 Units of the 1740 of the planned units as increases backlogs and dissatisfactions of beneficiaries.

T 3.5.1

Percentage of households with access to basic housing			
Year end	Total households (formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2013/14	42,953	39,516	92%
2014/15	42,953	39,516	92%
2015/16	42,953	39,516	92%
2016/17	48,454	44,577	92%

T 3.5.2

Chapter 3

Employees: Housing Services				
Job Level	2016/17			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	0	0	0	0%
7 - 9	1	1	0	0%
10 - 12	2	2	0	0%
13 - 15	1	1	0	0%
16 - 18	1	1	0	0%
19 - 20	1	0	1	100%
Total	6	5	1	16%

T 3.5.3

Financial Performance 2016/17: Housing Services					
					R'000
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7 812 556				
Expenditure:					
Employees	4 530 790				
Repairs and Maintenance	8 200				
Other	444 401				
Total Operational Expenditure	4 983 391				
Net Operational Expenditure	2 829 165				

NB: Subject to changes once AFS are completed
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 3.5.4

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

It must be noted that housing project procurement process is currently the competency of the Provincial Department of Human Settlements and as a result issues like budgets are centred at Provincial level. The municipality has since 2011 experienced a good standing in respect of outstanding improvement in number of completed housing units within the district. This can be attributed to mutual cooperation between the affected stake holders and proper monitoring of projects.

T 3.5.5

Chapter 3

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Main sources of income consist of transfers from other spheres of government of which intergovernmental transfers are the most important. A portion of this income (equitable share) is earmarked for indigent relief which will be used to alleviate and address poverty.

Greater Taung Local Municipality (GTLM) being predominately rural, widely and sparsely scattered, historically disadvantaged and having high unemployment is still behind with basic services. This situation of GTLM also contributes to high installation of new services and exhausting the limited funding. Also qualifying the majority of the needy community to afford installing services themselves or paying for rendering of those services, therefore necessitating the Free Basic Services' assistance and to ensure social benefit for indigents is provided to deserving household through indigent support programmes and free basic services and to improve debt collection and implement credit control measures.

GTLM is only facilitating the provision of water, sanitation, waste management and electricity of which ESKOM is implementing the electricity projects and Dr R. S. M District Municipality is an authoritarian of the rest.

T 3.6.1

Information provided in terms of FBS does not automatically develop graph and the assumption is that there is an error on the template as provided by NT.

T 3.6.2

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Access	%	Access	%	Access	%	Access	%	
2016/17	10,404	10,404	671	6%	268	3%	8,134	78%	269	3%
2015/16	13,409	13,409	691	5%	325	2%	8,775	65%	258	2%
2014/15	11,341	11,341	605	5%	154	1%	8,865	78%	160	1%

T 3.6.3

Chapter 3

Services Delivered	2015-2016	2016-2017			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	766 583	750 000	750 000	689 744	60 256
Waste Water (Sanitation)	1 892 872	1 818 000	1 818 000	1 720 638	97 362
Electricity	2 912 792	3 770 000	3 770 000	2 612 976	998 763
Waste Management (Solid Waste)	2 684 652	2 924 000	2 924 000	2 771 237	152 763
Total	8 256 899	9 261 000	9 261 000	7 794 595	1 466 405

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Greater Taung Local Municipality has a large number of indigent households. This gives an indication of the challenges that is faced by GTLM with regard to social services as well as generation to boost income and Socio Economic Investment, therefore remedial actions must be taken to improve livelihood for the poor.

Revenue Unit held meetings with Councillors, relevant Directors and Stakeholders arranging the road shows and campaigns to improve indigent registration process. Awareness campaigns were conducted across most of the municipality wards with different stakeholders, to give people the basket and increase access of free basic services to the poor of the poorest. In 2016 we managed to register 13 409 people to our indigents register, though all of them are not benefiting due to different challenges but most do benefit. The challenges may be some of indigents do not collect their monthly electricity token and they submit incorrect and incomplete information.

Funds are available to subsidise indigents, the support given to them: they receive 50kw of electricity, 6kl of water, 50% subsidy on property rates, 100% refuse and 100% sanitation on a monthly basis.

GTLM Indigent policy states that in order to qualify as an Indigent, the household income should be R2700.00/ less (determined by Council from time to time) or unemployed and/or a pensioner, the more Indigents registered, the more equitable we acquire, the person whose name a property is registered on, the applicant may not be the owner of more than one immovable property and must be a full-time occupant of the residential property and must not own a business.

Registered indigents and the members of the indigent household headed by that registered indigent must be prepared to participate in exit programme verified by Councillors, approved by Revenue Manager and co-ordinated by Municipality collaboration with other government departments and private sectors.

The FBS on electricity is budget for the Reivilo area as well as the residents serviced by Eskom.

T 3.6.5

Chapter 3

COMPONENT B: ROAD TRANSPORT

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

3.7 ROADS

INTRODUCTION TO ROADS

Like the vast majority of local authorities throughout our country, roads remain a challenge due to funding constraints. GTLM comprises of 24 wards with 107 rural villages. Streets within these villages are in a bad conditions and been prioritised as most needed in most wards. GTLM is allocating about 60% of its MIG funding to address the matter.

GTLM has been implementing the blading programme which has been declared unfavourable and ineffective. As a result, GTLM has started a process of re-gravelling programme to rebuild the dilapidated and eroded roads,

T 3.7.1

Gravel Road Infrastructure					Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to Paved	Gravel roads graded/maintained	
2014/15	2200	-	9	750	
2015/16	2191	-	9	700	
2016/17	2182	-	3.7	750	
					T 3.7.2

Paved Road Infrastructure						Kilometres
	Total Paved roads	New Paved roads	Existing paved roads re-paved	Existing paved roads re-sheeted	Paved roads maintained	
2014/15	3	9	-	-	-	
2015/16	12	9	-	-	-	
2016/17	24.7	3.7	-	-	-	
						T 3.7.3

Chapter 3

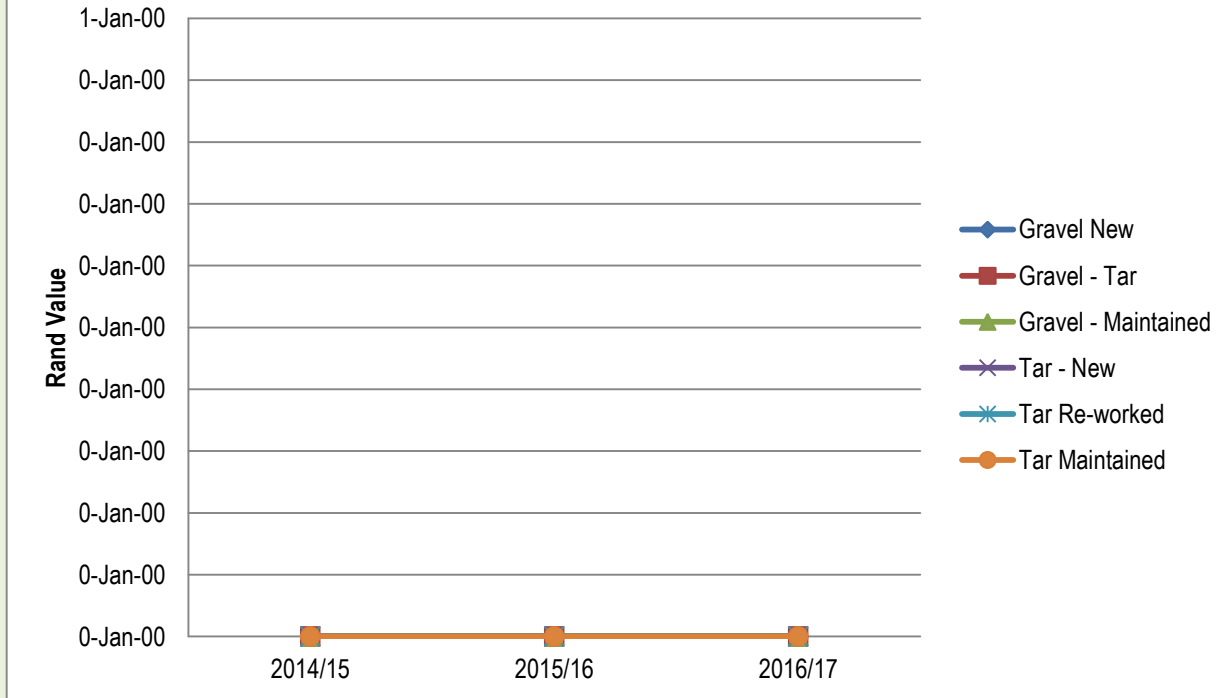
Cost of Construction/Maintenance						
						R 76' 000' 000.00
	Gravel			Paved		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2014/15	-	-	250	R33 000 000.00	-	-
2015/16			700	R33 000 000.00	-	-
2016/17	-	-	800	R13 000 000.00	-	-
						T 3.7.4



Mathhako II village Access Road completed in 2016/17

Chapter 3

Road Infrastructure costs



T 3.7.5



Matsheng village Stormwater channel completed in 2016/17

Chapter 3

Employees: Roads and Storm Water Services				
Job Level	2016/17			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	32	31	1	3%
4 - 6	9	8	1	11%
7 - 9	5	5	0	0%
10 - 12	3	2	1	33%
13 - 15	1	1	0	0%
16 - 18	0	0	0	0%
19 - 20	1	1	0	0%
Total	51	48	3	5%

T3.7.6

Table 3.7.8 will form part of the AFS

T3.7.7

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

This sector was highlighted by the CBP process as the most important sector to be addressed but GTLM does face enormous challenges with regard to budget limitation as well as the unit cost for construction of new roads as well as the limited O&M Budget that is available for maintenance.

T 3.7.8

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

GTLM only renders a service for the renewal of vehicle licenses in Reivilo and does not operate any public transport facility and therefore no project is relevant to this section meaning that this section is not relevant to GTLM and there for it will apply to all the sub-sections that follow.

T 3.8.1

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

This section and all the sub-sections were merged with Section 3.7 that deals with Road Infrastructure.

T 3.9.1

Chapter 3

PERFORMANCE HIGHLIGHTS 2016/17

KPA 1: Basic Service Delivery and Infrastructure Development

- Installed 25 high mast lights in 5 Wards
- Developed Business Plan for removal of N18 Taung Traffic Circle and creation of secondary access to Taung CBD
- Completed construction of 600m of paved road in Reivilo
- Appoint service provider for development of a Roads & Stormwater Master Plan for the whole of GTLM
- Completed construction of 2 drifts in Reivilo
- 6554 household provided with weekly collection of refuse removal
- Hosted housing consumer awareness campaign

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

3.10 PLANNING

INTRODUCTION TO PLANNING

Planning and Development in the municipality is limited to three proclaimed areas (Reivilo and Boipelo; Pudimoe and Taung). The rest of the municipality is characterised by dispersed villages covering the Northern, Eastern and Southern parts of the municipality; and private farms covering the Western side of the municipality. Although, developments do take place in villages there are planning processes that are overlooked. The biggest challenge therefore, is the municipality not administrating the entire municipal area as required by the Spatial Planning and Land Use Management Act, 2013.

The Spatial Planning and Land Use Management Act, 2013 has presented to the municipality the opportunity of administering the entire municipal area with tools such as the Spatial Development Framework; Environmental Development Framework and Land Use Scheme. However, this should be done in partnership with the three Traditional Councils (Ba-Ga Phuduhucwane, Ba-Ga Mothibi and Ba-Ga Maldi).

Each of the tools mentioned play an important role in planning and development of the municipality. The Spatial Development Framework is developed to provide a representation of land development policies, strategies and objectives of the municipality. Whereas, the Land Use Scheme is developed to guide and regulate land uses within the municipality.

T 3.10.1

Chapter 3

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Planning application received	0	0	3	1	17	5
Determination made in year of receipt	0	0	3	1	13	5
Determination made in following year	0	0	0	0	4	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	0	0	0	0

T 3.10.2

Employees: Planning Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9	1	1	1	0	
10 - 12	4	4	4	0	
13 - 15	4	2	2	0	
16 - 18	1	2	2	0	
19 - 20	1	1	0	1	
Total	11	10	9	1	

T 3.10.3

Financial Performance Year : Land Use & Human Settlement					
Details	R'000				
	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7 789 231				
Expenditure:					
Employees	4 671 833	6 255 488	6 255 488	4 596 681	
Repairs and Maintenance	8 200	51 000	51 000	28 211	
Other	832 560	2 186 930	2 186 930	1 389 513	
Total Operational Expenditure	5 512 593	8 493 418	8 493 418	6 014 405	
Net Operational Expenditure	2 276 638				

Nb: Figures provided will be verified once compilation of the AFS is complete

T 3.10.4

Table not relevant as the municipality did not have projects

T3.10.5

Chapter 3

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

The department has managed to build on the relationship between the municipality and the Traditional Councils; although the relation still needs to be strengthened. The drafting of the following tools - Spatial Development Framework; Environmental Framework; Land Use Scheme and Taung Central Precinct Plan is also an achievement for the department. These tools; if used effectively will assist the municipality in its growth and developmental mandate.

There is a challenge of Land Claims that is hindering physical planning performance - not all land claims are registered and boundaries are not well defined; this causes a lot of clashes with the Municipality and the Tribal Authorities. Tribal Authorities have the tendency of allocating land in non-developable areas or areas that are not well serviced. Sometimes even claiming land that is not tribal (leading to illegal invasion). This becomes a great ordeal as there needs to be development in an area to stimulate growth and sustainability.

Future plans for the department include the implementation of the Taung Central Precinct Plan; Implementation of the Spatial Planning and Land Use Management Act, 2013 – establishing a fully functional Municipal Planning Tribunal for the Municipality.

T 3.10.6

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The Local Economic Development (LED) refers to a process by which government, business and civil society work collectively to create better conditions for economic growth and employment generation. These conditions can be brought through the following:

- Improvement to infrastructure and service delivery
- Better access to education, finance and business support
- Creation of an environment that enables and attracts investment
- Implementation of specific programmes and interventions aimed at catalysing growth

The Greater Taung Local Municipality is committed to addressing all these issues through the efficient execution of its municipal functions. This includes the formation and financing of a Municipal LED Unit, which is specifically tasked with the fourth directive: identifying, planning and implementing LED programmes and interventions. To facilitate this process, the LED Unit has identified the need for a holistic LED Strategy, which will serve as a blueprint for project implementation.

The purpose of the Local Economic Development Strategy is to investigate the various options and opportunities available to broaden the economic base in the Greater Taung Local Municipality. This information is then strategically packed to create an environment conducive to economic growth and investment, to facilitate business development, and to create sustainable job opportunities.

The desired outputs of the LED strategy are summarised as follows:

Chapter 3

1. Stimulate economic growth and diversification; especially labour intensive, high growth and sustainable industries.
2. Retain existing industries and small businesses, actively recruit new investment, and encourage entrepreneurship within the local community.
3. Strengthen partnerships between the established industry and new market entrants in order to enhance local supply chains and encourage skills transfer.
4. Reduce unemployment and poverty through the creation of sustainable job opportunities.
5. Encourage greater integration between Taung and the region's townships and rural communities.
6. Coordinate LED with the wider development interventions occurring in the municipality.

T 3.11.1

GTLM does not have accurate baseline information to complete the following table

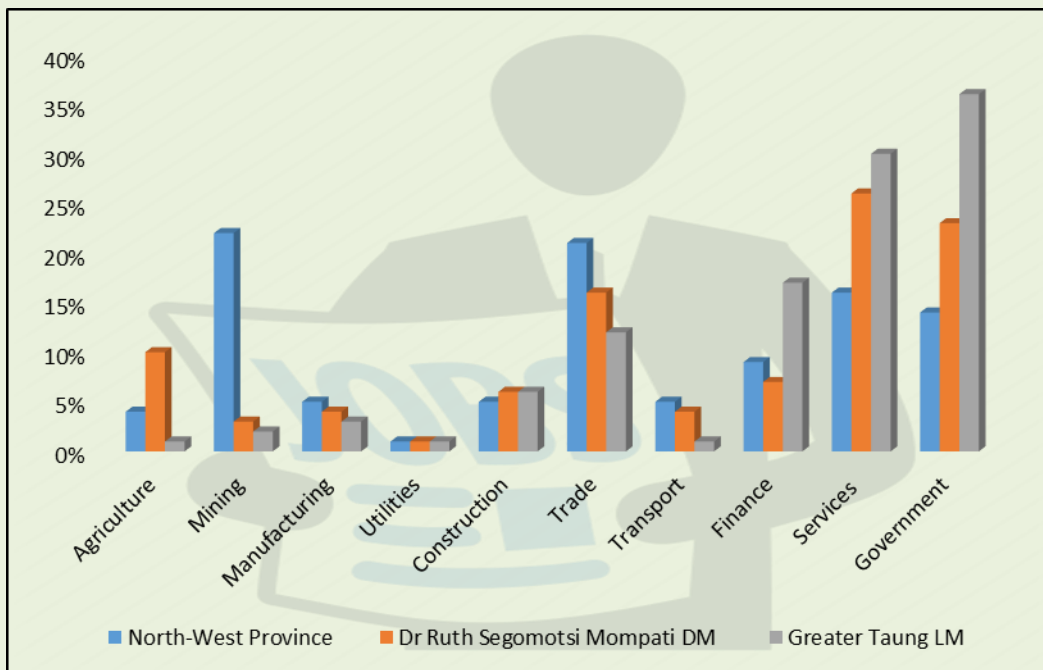
Economic Activity by Sector			
	R '000		
Sector	2014/15	2015/16	2016/17
Agric, forestry and fishing	51,300	None	NS
Mining and quarrying	37,700	None	NS
Manufacturing	Unknown	None	NS
Wholesale and retail trade	191,800	None	NS
Finance,	46,400	None	NS
Govt, community and social services	244,000	None	NS
Infrastructure services	Unknown		

T 3.11.2

Economic Employment by Sector			
	Jobs		
Sector	2014/15 No.	2015/16 No.	2016/17 No.
Agric, forestry and fishing	710	None	NS
Mining and quarrying	331	None	NS
Manufacturing	140	None	NS
Wholesale and retail trade	829	None	NS
Finance, property, etc.	436		NS
Govt, community and social services	5,188		NS
Infrastructure services	Unknown		NS
Total	7,634		

T 3.11.3

Chapter 3



The employment distribution in an economy refers to the proportional level of unemployment in each economic sector. This information allows for the identification of key sectors and labour absorptive industries as well as determining the need for employment diversification. illustrates the distribution of employment in the Greater Taung LM compared to the Dr Ruth Segomotsi Mompoti DM and the North West Province.

Employment in the Greater Taung LM is relatively concentrated, compared to the distribution of output. The key employment industries in the Greater Taung LM are Government (36%); Services (30%), Finance (17%) and Trade (12%). The high level of employment in these industries is consistent with other rural economies across South Africa. These opportunities are identified as having the potential to absorb local labour and thus will be emphasised throughout the Greater Taung LM LED Strategy.

COMMENT ON LOCAL JOB OPPORTUNITIES:

LED strongly support the poverty alleviation projects in order to improve the community livelihood and create sustainable and decent jobs.

GTLM need to give valuable support to the local SMMEs, especially the existing businesses, because they will create collectively the most jobs in the economy. With the increasing number of the street traders, it is critical that we manage this sector efficiently through our monitoring and business support programmes. In the medium to long term it is critical that we complete the integrated sustainable development plans so that we can budget adequately to support the various economic opportunity nodal developments.

T 3.11.4

Chapter 3

Jobs Created during 2015/16 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)				
2014/15	0	0	0	
2015/16	1500	31	1600	Time sheets
2016/17	0	0	0	
T 3.11.5				

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2014/15	7	150
2015/16	11	260
2016/17	11	126
* - Extended Public Works Programme		
T 3.11.6		

Employees: Local Economic Development Services				
Job Level	2016/17			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	0	0	0	0%
7 - 9	0	0	0	0%
10 - 12	3	1	2	80%
13 - 15	0	0	0	0%
16 - 18	1	1	0	0%
19 - 20	0	0	0	0%
Total	4	1	2	20%
T 3.11.7				

Chapter 3

NB: Information not provided by LED Unit

Financial Performance 2015/16 : Local Economic Development Services					
					R'000
Details	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		The budget of LED Unit is in the Office of the Municipal Manager.			
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Exp					
Net Operational Exp					
					T 3.11.8

NB: Information not provided by LED Unit

Capital Expenditure 2015/16: Economic Development Services –					
					R'
Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All		The budget of LED Unit is in the Office of the Municipal Manager			
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
					T 3.11.9

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The strength of the Greater Taung local economy is mainly concentrated in the Services, Agriculture, and Trade and Transport sectors. From a development perspective the Transport and Services sectors are regarded as demand driven. This means that growth in these sectors are a reaction to growth in the other sectors (i.e. demand driven) of the economy and will thus expand if the other sectors in the economy grows

According to the LED strategy, the sectoral data revealed a competitive advantage in the Mining sector during 2004. Since then the Pering mine has closed down. Other operational mining activities in the area are marble, gravel and diamonds. According to the Council for Geosciences (2006) a variety of mineral deposits can be found in the Municipality. Mining in Greater Taung is thus currently classified as small- scale but developing. The local Mining sector revealed good potential for expansion and the creation of more employment opportunities for local people.

The Trade and Agricultural sectors are also regarded as key sectors for development intervention. These sectors indicated strong development potential and are currently the main provider of formal employment opportunities in Greater Taung (excl. government services). It is however of concern that these sectors experienced slow or even negative production growth rates since 2000.

Chapter 3

The potential analysis furthermore revealed the importance of the Tourism sector. This sector is currently regarded as a very small with very little development taking place (apart from a few guest houses). The area does however have growth potential in this sector especially around the Taung Dam and the Skull Fossil site. The importance of growth in the Tourism sector is not only limited to employment creation but also regarded as a central player in the marketing of Greater Taung as an attractive investment environment.

T 3.11.10

PERFORMANCE HIGHLIGHTS 2016/17

KPA: Local Economic Development

- Appointed a consultant for planning and design of Economic hubs
- 141 SMMES & Cooperatives supported through skills development
- 126 temporary jobs created through EPWP and local procurement
- Supported SMMES & Cooperatives through access to market

Chapter 3

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and community halls; cemeteries and crematoria

3.12 LIBRARIES; COMMUNITY FACILITIES; (ETC)

INTRODUCTION TO LIBRARIES;

Greater Taung Library and Information Service is preserving the past and securing the future through providing free access and guidance to information which fulfil the intellectual, educational, social and recreational needs of the people of Greater Taung in order to improve their quality of life.

Community Libraries' intent is to act as development agents providing dynamic Library and Information Services to all the people of Greater Taung in their quest for lifelong learning, literacy, cultural expression, recreation and economic development. Libraries in GTLM is managed and controlled under various legislation guides of whom the following two is the most important. The Constitution of the Republic of South Africa: According to schedule 5A Public Libraries are the competency of Provincial Government and for the fact that this is an unfunded mandate. This situation is addressed by receiving conditional grants and equitable share transfers from Provincial Government. South African Public Library and Information Services Bill (Draft). The draft bill will set uniform minimum norms and standards, principles for Library and Information Services, Institutional arrangements, Inter Governmental arrangements and Assignment of functions

The following are the three top service delivery priorities for 2016/2017 financial year:

1. EARLY CHILDHOOD LEARNING OPPORTUNITY

Among the service standards and successes, GTLM established Early Childhood Development Program presented at Crèches and Primary Schools, where story-telling sessions, Toy-play sessions and Puppet-Shows are conducted. The toy library section is equipped with a collection of education toys that is relevant for support of early childhood development programmes. The educational toys range from building blocks, games and aids to puzzles that support the various development phases of the cognitive, motor- and sensory skills of children using their fine and large muscles.

Educational toys assist in the development of:

- Social skills
- Literacy and numeric skills
- Language skills
- Physical development

The Department of Culture, Arts and Traditional Affairs also provides make-believe toy furniture and shelves for story books for the children to cultivate a reading culture from a young age.

Chapter 3

2. FREE PUBLIC INTERNET ACCESS/ ICT IN GTLM LIBRARIES

ICT has become an indispensable tool in world poverty reduction, basic healthcare, education and research, far more effectively than before in all GTLM libraries. Free Public Internet Access have a positive impact on lives of GTLM communities. The library assisted job seekers in finding or applying for jobs on-line. Others uses free library internet for on-line banking. Teenagers are the most active users of library computers, primarily for homework and on-line gaming. Youth use free library internet to research for their assignment, access university prospectus and on-line application to further their studies.

3. SERVICE FOR VISUALLY IMPAIRED / DISABLED PEOPLE

The Department entered into an agreement with South African Library for the Blind to support community libraries and roll out services for People with Visual Disabilities. The Greater Taung Local Municipality will be in the 2nd phase of the project which will start in this financial year. Space is available in the library to accommodate equipment for Visually Disable People.

T3.12.1

COMMENT ON THE PERFORMANCE OF LIBRARIES

The objectives of Greater Taung Local Municipality – Community Social Service Amenities Unit are to maintain and Control public amenities in order to promote a safe and healthy environment.

The municipality has a total number of 19 community halls, 5 Cover Grounds, 5 Thusong Service Centers, 5 Community Libraries, 1 Training center, 4 admin buildings, 29 units Reivilo Hostel, Reivilo High School rental hostels and 3 Units Pudimoe old office rental housing.

1. The unit also provide facilities for free to NGO's, NPO's and Pensioners.
2. Amenities unit has compiled maintenance plan to assist in attending to all building defects.

The main responsibility of the unit is to regularly maintain municipal buildings in order to provide a healthy and safe environment to communities and to prolong the lifespan of the Buildings.

T 3.12.2

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

The GTLM is only responsible for cemeteries in Taung, Reivilo and Pudumoe

T 3.13.1

Chapter 3

SERVICE STATISTICS FOR CEMETORIES & CREMATORIIUMS

Not applicable

T 3.13.2

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIIUMS OVERALL:

No comment provided as the function is not performed by the municipality.

T 3.13.3

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

This function is not relevant to GTLM.

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

3.15 POLLUTION CONTROL

This function is not relevant to GTLM.

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

This function is not relevant to GTLM.

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

3.17 CLINICS

This function is not relevant to GTLM.

3.18 AMBULANCE SERVICES

This function is not relevant to GTLM.

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

Chapter 3

This function is not relevant to GTLM.

COMPONENT G: SECURITY AND SAFETY

3.20 POLICE

This function is not relevant to GTLM.

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

Fire Fighting Service - it is not Local Municipality Function

The District Municipality is also responsible for provision of fire fighting service to Kagisano/Molopo, Mamusa and Greater Taung local Municipalities in terms of Section 84 (1) j of the Municipal Systems

Act, Act 32 of 2002. The Act further describes the local function as:

- Preventing the outbreak or spread of a Fire Fighting or extinguishing a fire
- The protection of life or property against a fire or other threatening danger
- The rescue of life or property from a fire or other danger”

T 3.21.1

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

This function is a shared service between GTLM and The Dr Ruth S Mompati DM.

COMPONENT H: SPORT AND RECREATION

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

3.23 SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

The Sport and Recreation section is responsible to establish a positive attitude in the community, towards sport and recreation and to encourage greater community involvement and interest in sport and recreation.

This section forms part of the Community and Social Services Department in GTLM

Sport and Recreation are important to ensure an environment is created for the residents of Greater Taung to practice a healthy life style and to ensure the youth can entertain themselves with activities that is beneficial for their balanced development.

Chapter 3

GTLM do manage and maintain the following facilities:

Thota-Ya-Tau Sport Ground;
 Mathe Sport Ground;
 Boipelo Sport Ground
 Reivilo Golf Course and Rec Club;
 Taung Sport Ground;
 Taung Park and Combi Court;
 Reivilo Tennis Court;

T 3.23.1

Employee: Parks, Sport and Recreation				
Job level	2016/17			
	Posts No	Employees No	Vacancies (fulltime Equivalent) No	Vacancies (as a % of total posts)
0 - 3	17	16	1	5%
4 - 6	7	5	2	28%
7 - 9	2	1	1	50%
10 - 12	3	3	0	0%
13 - 15	2	2	0	0%
16 - 18	0	0	0	0%
19 - 20	1	1	0	0%
Total	32	28	4	12%

T 3.23.2

Chapter 3

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

Parks and Recreation Division are dedicated to enhancing the quality of life of Greater Taung residence by providing recreational and leisure time opportunities. The division is also responsible for the planning, development and maintenance of the municipal parks, landscape maintenance and other public properties owned by the municipality.

Our Park division preserves and maintains the municipal investment in the community park, sport facilities and amenities. A key element in the Parks and amenities Division is periodic and preventive maintenance of these assets. The workforce is assigned regularly scheduled maintenance activities, in addition to managing the inevitable unforeseen or emergency repair.

These assignments ensure that all parks, sport field and amenities are inspected, maintained, repaired and in operable condition for the community to utilized. The parks and recreation Division is furthermore accountable for the design and construction of the parks and the restoration and renovation of some of the municipal mature parks and amenities. Additional, the division works with PMU, Spatial Planning and Development staff on forecasting, comprehensive planning and for implementation of large scale projects.

- A. The Division is divided into six phases :
1. Nursery
 2. Recreational facilities (Sport/close Grounds
 3. Municipal Gardens
 4. Parks
 5. Landscape and horticulture learner-ship.
 6. New landscape and Garden design at 4 Thusong Services Center

T 3.23.3

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

INTRODUCTION TO CORPORATE POLICY OFFICES

Chapter 7 of the Constitution of the Republic of South Africa states that the municipality comprise of Councillors, Officials and the Community. In order for the municipality to govern its affairs correctly it must consult with the community to ensure that needs are correctly determined, explained and included in the IDP for service delivery purposes.

Policies must be put in place which will address the needs of the community in terms of how service delivery matters will be addressed.

In order for the municipality to be able to address the service delivery matters the municipality must within limitation approve a budget that will be commensurate with the needs/projects identified for the particular year. This budget must also address matters of staff and this can only be achieved through the costed organogram that must be cost effective but also providing sufficient management and other position in order to be able to render effective and satisfactory delivery of services

T 3.23.4

Chapter 3

3.24 EXECUTIVE AND COUNCIL

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

INTRODUCTION TO EXECUTIVE AND COUNCIL

In accordance with chapter 7 section 151 (2) of the Constitution of the Republic of South Africa, 1996, the Executive and Legislative authority of a municipality is vested in its Municipal Council.

The Municipality is an EXCO type and comprises 24 Wards. It is led by a Council made up of 48 members, the Speaker, Mayor and the Executive Committee. The Mayor is the Head of Executive Committee (EXCO) which comprises of 6 Councillors who head various departments and serve in portfolio committees. Section 152 of the Constitution spells out categorically clear, the objectives of Local Government and the powers and functions of municipalities are determined in section 156 of the Constitution.

The executive authority of the Council is vested with the Mayor who must however report to Council and is assisted by the members of the Executive Committee established by the Mayor and can take decision. However there are certain matters on which the Mayor as the Head of the municipality cannot take decisions i.e. the approval of the Budget, IDP and By-Laws, as these matters cannot be delegated and must be approved by Council.

In terms of delegation of powers certain matters may be delegated to the Mayor by Council who will in turn also sub-delegate to the Municipal Manager. The Municipal Manager may also sub-delegate to Directors who may in turn further sub-delegate to other officials.

Section 152 of the Constitution sets among others the following objectives for Local Government:

- (a) to provide democratic and accountable government for local communities
- (b) to ensure the provision of services to communities in a sustainable manner
- (c) to promote social and economic development

T 3.24.1

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

This department deals with the administration of finances of the municipality i.e. own budget as well as the money received from Government Fiscal i.e. allocation by Government to the municipality to enhance service delivery as in MIG and equitable shares. In order for the municipality to have effective service delivery, budget and IDP processes must be followed in order to ensure public participation to cover all community proposals in terms of projects. The department must develop budget related policies and by-laws which will govern consistent charging of moneys for services rendered to the communities.

Collection of moneys owed to Council as revenue must also be covered in terms of the approved policy. There will be internal and external audits in order to ensure management of risk and curbing corruption while encouraging effecting customer care service.

T 3.25.1

Chapter 3

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	Year -2015/16		2016/17			2017/18	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	16 711 633.93	193%	25,929,623.97	22,741,154.05	88%	37,513,236.77	70%
Electricity - B(conventional)	614,091.55	98%	1,833,592.50	1,902,488.79	104%	1,864,296.72	68%
Electricity - C (prepaid)	1,948,795.55	76%	1,261,733.66	1,261,703.03	100%	1,864,296.72	68%
Water - B (conventional)	15,267.99	31%	710,095.41	380,269.54	54%	432,981.72	48%
Water - C (prepaid)	297,651.04	39%	103,827.90	2,085.10	2%	432,981.72	48%
Sanitation	1,164,178.06	54%	1,886,462.44	1,175,251.72	62%	1,004,333.47	57%
Refuse	2,063,621.08	67%	3,784,048.68	2,285,872.88	60%	1,559,262.78	74%
Other	1,058,300.76	20%	7,455,831.68	1,710,176.65	23%	5,621,612.51	33%
<i>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.</i>							T 3.25.2

Concerning T 3.25.2

The low collection rate of 40% on property rates is due to the fact that the municipality is rural and majority of people are indigent.

T 3.25.2.1

Employees: Financial Services					
Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	0	0	0	
4 - 6	3	5	0	0	0%
7 - 9	19	18	17	1	6%
10 - 12	6	8	7	1	13%
13 - 15	1	1	1	0	0%
16 - 18	4	4	4	0	0%
19 - 20	1	1	1	0	0%
Total	35	37	29	3	8%
					T 3.25.3

Chapter 3

Financial Performance 2016/17: Financial Services					
					R'000
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	226 098 508	257 006 966	265 806 966	267 104 024	(2 295 963)
Expenditure:					
Employees	89 289 412	98 797 299	98 979 299	88 608 879	10 188 420
Repairs and Maintenance	7 857 182	12 057 574	12 996 574	14 335 284	(1 338 710)
Other	68 068 618	77 287 423	113 374 423	106 262 898	7 111 525
Total Operational Expenditure	165 215 212	188 142 296	225 208 000	209 207 061	16 143 235
Net Operational Expenditure	60 883 296	68 864 670	40 456 670	57 896 963	17 440 293
<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 3.25.4

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

Comment to be provided once the annual financial statement is completed.

T 3.25.6

Chapter 3

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The main priorities in Human resources services were the following:

- To provide Training to 120 officials by 30 April 2017 as per WSP
- Submit EEP report to DoL by 15 January 2017
- Development and submission of WSP to LGSETA by 30/04/2017
- Awarding of 80 higher educational study bursaries to unemployed youth
- To provide Training for 40 Councillors by 30 April 2017 as per WSP
- Implement Learnerships for unemployed
- To hold one LLF Meeting every quarter
- Implement Employee Assistance Programmes throughout the year to all employees
- Recruit and fill in vacancies on an ad hoc basis with EE targets as priority-
- Recruit people with disability
- Ensuring a functional OHS programme

To ensure that these major priorities were achieved deadlines were set to achieve priorities, and weekly follow ups were done to ensure they were achieved.

After implementing all measure to achieve the targets as set out some major achievements was the following:

- Human resources received a clean audit report for the Audit general for Human resource matters.
- More than the planned amount of 120 officials was trained namely 153 officials
- 48 Councillors were trained
- 102 educational bursaries were awarded to unemployed youth
- 129 unemployed youth partaking in learnerships
- 4% of the staff component is currently disabled
- Greater Taung was only one of 7 Municipalities in the North West who submitted the Employment Equity plan to Department of Labour and who have a functional EE plan in place
- The Employment equity equality changed a lot with the equality balancing out more as can be seen underneath, thus adhering to Employment Equity legislation's.

T 3.26.1

Chapter 3

Employees: Human Resource Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9	2	2	2	0	0
10 - 12	1	3	3	0	0
13 - 15					
16 - 18	1	1	1	0	0
19 - 20					
Total	4	6	6	0	0

T3.26.4

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

HR is only support service and has no capital projects to deal with.

T 3.26.3

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

ICT Unit is the backbone of communication in this institution but without proper resources it is difficult to reach maximum performance on in-house service delivery also externally. Efforts have been made to upgrade and update the ICT systems and so far the municipality managed to make minor changes. The ICT services in GTLM are mainly to ensure that new technology is introduced to the municipality and that the current systems are maintained and updated.

The rural nature of the municipality requires GTLM to explore opportunities with regard to the latest satellite technology to improve communications as well as utilizing the internet “cloud” to improve service delivery:

The following are challenges that impedes maximum performance of IT unit

- ICT Portfolio Committee
- Internet Service Provider
- Network monitoring tool
- Dedicated budget for ICT purposes
- Upgrade to current physical and logical network infrastructure
- Availability of transport to junior IT staff
- ICT Staff training on SEBATA Technical Support

T 3.27.1

Chapter 3

Employees: ICT and Communications Services				
Job Level	2016/17			
	Posts	Employees	Vacancies/ (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
7 - 9	0	0	0	0%
10 - 12	2	3	2	25%
13 - 15			1	0%
16 - 18	1	1	1	25%
19 - 20	0	0	0	0%
Total	3	4	4	50%

T3.27.2

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

Legal

The aim of Legal Services is to ensure a proper legal service to Council and the Accounting Officer, as well as the Mayor and his Executive Committee and other structures in Council. Prepare and ensure approval of legal documents relating to Council.

RISK MANAGEMENT

The Dr Ruth Segomotsi Mompati District Municipality (DRRSMDM) is providing support to GTLM and the newly established PMS unit is responsible for the coordination and facilitation of risk management in the municipality.

Procurement Service

Supply Chain Management Unit is responsible for the procurement of goods and services in the municipality.

T3.28.1

Chapter 3

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

INTRODUCTION TO MISCELLANEOUS

None.

T 3.29.0

Chapter 3

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2016/2017

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

PLANNING 2016 – 2017 FINANCIAL YEAR												ANNUAL REPORTING 2016 -2017			
REF	Strategic Objective (IDP framework)	Key Performance Indicator (MSA sec 26(i))	Unit of Measurement	Baseline	Wards	KPI Target type (MSA sec 41(1)(a))	Means of verification/ POE	Total Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual Target	Revised Annual Target	Annual Actual Performance	Expenditure	Reason for under-performance / deviation	Measures Taken/ to be taken to improve performance (MSA sec 46(1)(c))
National KPA 1 : Basic Service Delivery and Infrastructure Development: Infrastructure Department															
TL01	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Install high mast lights in 5 Wards by end June 2017	Number of high mast lights installed in 5 Wards by end June 2017	New KPI for 2016/17	7,9,11,12, 14	Number	Completion Certificate	R4 000 000	R6 900 000	13	25	25	R6,524,933.99	None	None
TL02	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete Chiefs court Bridge project by end June 2017	Completion of the Chiefs court Bridge project by end June 2017	2015/16 KPI	13	Number	Completion Certificate	R7 289 662	R10 000 000	1	Target not revised	51% of the target achieved	R 7,351,212.73	Late approval of designs by DWA. Inclement weather	An increase of labourers on site to speed up progress
TL03	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete Taung Taxi Rank roof structure and alterations project by end September 2016	Completion of the Taung Taxi Rank roof structure and alterations project by end September 2016	Completed	11	Number	Completion Certificate	R 1,420,677	Budget not Revised	1	Target not revised	1	R0.00	None	None
TL 04	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete Matsheng Community Hall project by end December 2016	Completion of the Matsheng Community Hall project by end December 2016	2015/16 KPI	26	Number	Completion Certificate	R 4,711,820	R 6,000,000	1	Target not revised	1	R 4,647,239.23	None	None

Chapter 3

PLANNING 2016 – 2017 FINANCIAL YEAR												ANNUAL REPORTING 2016 -2017			
REF	Strategic Objective (IDP framework)	Key Performance Indicator (MSA sec 26(i))	Unit of Measurement	Baseline	Wards	KPI Target type (MSA sec 41(1)(a))	Means of verification/ POE	Total Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual Target	Revised Annual Target	Annual Actual Performance	Expenditure	Reason for under-performance / deviation	Measures Taken/ to be taken to improve performance (MSA sec 46(1)(c))
TL05	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete construction of Seoding Community Hall by end June 2017	Completion of the Seoding Community Hall project by end June 2017	New KPI for 2016/17	13	Number	Completion certificate	R 3,000,000	R 6,000,000	50%	1	1	R 3,220,630.58	None	None
TL06	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete construction of Maphoitsile Community Hall by end June 2017	Completion of the Maphoitsile Community Hall project by end June 2017	New KPI for 2016/17	17	Number	Completion certificate	R 3,000,000	R 6,000,000	50%	1	65% completion achieved	R 2,326,148.74	Inclement weather	To be completed August
TL07	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete construction of Lower Majaekgoro Storm water channel project by end June 2017	Completion of Lower Majaekgoro Stormwater channel project by end June 2017	2015/16 KPI	19	Number	Completion certificate	R 1,500,000	R 8,400,000	1	Target not revised	1	R 9,491,076.81	None	None
TL08	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete construction of 3km Moretele access road project by end March 2017	Number of kilometres of the Moretele access road project completed by end March 2017	2015/16 KPI	2	Number	Completion certificate	R 7,711,820	R 11,000,000	3	Target not revised	3	R10,050,605.31	None	None
TL09	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete 70% construction of 2kms of access road in Matlhako II by end June 2017	Percentage of kilometres of access road constructed in Matlhako II by end June 2017	2015/16 KPI	5	Percentage	Progress report	R 7,289,662	R 10,500,000	70%	Target not revised	95%	R 7,408,519.35	None	None

Chapter 3

PLANNING 2016 – 2017 FINANCIAL YEAR												ANNUAL REPORTING 2016 -2017			
REF	Strategic Objective (IDP framework)	Key Performance Indicator (MSA sec 26(i))	Unit of Measurement	Baseline	Wards	KPI Target type (MSA sec 41(1)(a))	Means of verification/ POE	Total Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual Target	Revised Annual Target	Annual Actual Performance	Expenditure	Reason for under-performance / deviation	Measures Taken/ to be taken to improve performance (MSA sec 46(1)(c))
TL10	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Upgrade water mainline in Reivilio/ Boipelo by end June 2017	Water mainline in Reivilio/Boipelo upgraded by end June 2017	New KPI for 2016/17	1	Number	Completion Certificate	R 2,300,000	R 1,300,000	1	Target not revised	Target not achieved	R237 474.79	The money was spent on maintenance instead of upgrading	The unit will plan properly and spend budget accordingly
TL11	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Upgrade sewerage mainline and ponds in Reivilio/ Boipelo by end June 2017	Sewerage mainline and ponds in Reivilio/Boipelo upgraded by end June 2017	New KPI for 2016/17	1	Number	Completion Certificate	R 2,000,000	Not Revised	1	Target not revised	Target not achieved	R2 029 365.22	The money was spent on maintenance instead of upgrading	The unit will plan properly and spend budget accordingly
TL12	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Develop Business Plan for removal of N18 Taung Traffic Circle and creation of secondary access to Taung CBD (subject to approval from SANRAL) by end June 2017	Number of Business Plans developed for removal of the N18 Taung Traffic Circle and creation of secondary access to Taung CBD by end June 2017	New KPI for 2016/17	11	Number	Final Draft Business Plan	R 2,200,000	Not Revised	1	Target not revised	1	R 463,670.00	None	None
TL 13	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Procure Grid Roller by end June 2017	Number of Grid Roller machinery procured by end June 2017	New KPI for 2016/17	All	Number	Delivery Note/ Invoice	R 1,500,000	R 900,000	1	Target not revised	1	R817 000.00	None	None

Chapter 3

PLANNING 2016 – 2017 FINANCIAL YEAR												ANNUAL REPORTING 2016 -2017			
REF	Strategic Objective (IDP framework)	Key Performance Indicator (MSA sec 26(i))	Unit of Measurement	Baseline	Wards	KPI Target type (MSA sec 41(1)(a))	Means of verification/ POE	Total Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual Target	Revised Annual Target	Annual Actual Performance	Expenditure	Reason for under-performance / deviation	Measures Taken/ to be taken to improve performance (MSA sec 46(1)(c))
National KPA 1 : Basic Service Delivery and Infrastructure Development: Infrastructure Development Department															
TL49	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Procure Road Marking machine by end June 2017	Number of Road Marking machinery procured by end June 2017	New KPI for 2016/17	All	Number	Delivery Note/ Invoice	New KPI after budget adjustment	R 600,000	0	1	1	R 387,360.00	None	None
TL14	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete construction of 2 drifts in Reivilio by end June 2017	Number of drifts constructed in Reivilio by end June 2017	New KPI for 2016/17	All	Number	Completion Certificate	R 200,000	Not Revised	2	Target not revised	2	R57 498	None	None
National KPA 1 : Basic Service Delivery and Infrastructure Development: Community Service Department															
TL15	To maintain and manage all council buildings and facilities	Complete the Molelema and Pudimoe Community Hall renovation projects by end March 2017	Number of Molelema and Pudimoe Community Hall renovation projects completed by end March 2017	New KPI for 2016/17	15,5	Number	Completion Certificate	R 120,000	Not Revised	2	Target not revised	1	R153, 416.70	None	None
								R 300 000					R368,193.10		
TL16	To maintain and manage all council buildings and facilities	Complete kitchen construction project at Boipelo Community Hall by end May 2017	Number of kitchen construction projects completed at Boipelo Community Hall by end May 2017	New KPI for 2016/17	1	Number	Completion Certificate	R 150,000	Not Revised	1	Target not revised	Target not achieved	R70 000	specification and plan were returned for corrections and the project started late	The project started late and will be completed in August. R70 000 is committed for the project
TL17	To maintain and manage all council buildings and facilities	Complete security guard room construction project at Taung Ext. 6 Park by end February 2017	Number of security guard room construction projects completed at Taung Ext. 6 Park by end February 2017	New KPI for 2016/17	11	Number	Completion Certificate	R 150,000	Not Revised	1	Target not revised	1	R21 800	None	None

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PLANNING 2016 – 2017 FINANCIAL YEAR												ANNUAL REPORTING 2016 -2017			
REF	Strategic Objective (IDP framework)	Key Performance Indicator (MSA sec 26(i))	Unit of Measurement	Baseline	Wards	KPI Target type (MSA sec 41(1)(a))	Means of verification/ POE	Total Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual Target	Revised Annual Target	Annual Actual Performance	Expenditure	Reason for under-performance / deviation	Measures Taken/ to be taken to improve performance (MSA sec 46(1)(c))
TL18	Improve library infrastructure and services that reflect the specific needs of the communities they serve	Complete steel carport construction project at Taung and Pudimoe Libraries by end June 2017	Number of steel carport construction projects completed at Taung and Pudimoe Libraries by end June 2017	New KPI for 2016/17	8,5	Number	Completion Certificate	R 150,000 R 150,000	Not Revised	2	Target not revised	2	R 90,110 R 72,369	None	None
TL19	Improve library infrastructure and services that reflect the specific needs of the communities they serve	Complete irrigation system installation project at Pudimoe Library by end June 2017	Number of irrigation system installation projects completed at Pudimoe Library by end June 2017	New KPI for 2016/17	5	Number	Installation Certificate / Invoice / Delivery Note	R 150,000	Not Revised	1	Target not revised	1	R 100,000	None	None
National KPA 1: Basic Service Delivery & Infrastructure Development : Land Use & Human Settlement Department															
TL20	Promoting a wall to wall of management of all land development activities	Submit quarterly reports to Council on the preliminary studies for the Township establishment in Boipelo by end June 2017	Number of quarterly reports submitted to Council on the preliminary studies for the Township establishment in Boipelo by end June 2017	New KPI for 2016/17	1	Number	Council Minutes / Resolutions	R 850,500	R 1,210,500	4	Target not revised	3	R 646,916	None	None
National KPA 1: Basic Service Delivery and Infrastructure Development: Infrastructure Development Department															
TL21	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Provide free basic electricity to 8 775 households in GTLM by end June 2017	Number of households that received free basic electricity in GTLM by end June 2017	New KPI for 2016/17	N/a	Number	Expenditure Report	R 3,006,700	R 6,006,700	8775	Target not revised	8 756	R4 779 109	Indigents not collecting free tokens	List to council and outreach program

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PLANNING 2016 – 2017 FINANCIAL YEAR												ANNUAL REPORTING 2016 -2017			
REF	Strategic Objective (IDP framework)	Key Performance Indicator (MSA sec 26(i))	Unit of Measurement	Baseline	Wards	KPI Target type (MSA sec 41(1)(a))	Means of verification/ POE	Total Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual Target	Revised Annual Target	Annual Actual Performance	Expenditure	Reason for under-performance / deviation	Measures Taken/ to be taken to improve performance (MSA sec 46(1)(c))
TL22	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Provide free basic water to 591 households in GTLM by end June 2017	Number of households that received free basic water in GTLM by end June 2017	New KPI for 2016/17	N/a	Number	Expenditure Report	R 26,100	Not revised	591	Target not revised	606	R6 587	None	None
TL23	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Provide free basic sanitation to 324 households in GTLM by end June 2017	Number of households that received free basic sanitation in GTLM by end June 2017	New KPI for 2016/17	N/a	Number	Expenditure Report	R 152,000	Not revised	324	Target not revised	265	R113 861	No of households registered at beginning of year lower than expected	New registration at start of financial year
TL24	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Provide free basic refuse removal to 348 households in GTLM by end June 2017	Number of households that received free basic refuse removal in GTLM by end June 2017	New KPI for 2016/17	N/a	Number	Expenditure Report	R 192,000	Not revised	348	Target not revised	259	R144 305	No of households registered at beginning of year lower than expected	New registration at start of financial year
National KPA 2: Municipal Institutional Development and Transformation: Corporate Service Department															
TL 25	Improve organisational cohesion effectiveness	Number of people from employment equity target groups appointed in the three highest levels of management in accordance with approved Municipal Employment Equity Plan by end June 2017	Number of people from EE target groups employed in the three highest levels of management in accordance with approved Municipal Employment Equity Plan by end June 2017	New KPI for 2016/17	N/a	Number	Employment Equity Plan / Appointment Letters	Opex	Opex	2	Target not revised	1	Opex	Re-advertisment due to candidates not meeting the requirements	Re-advertisement
TL 26	Improve organisational cohesion effectiveness	Percentage of municipality's budget actually spent on implementing its workplace skills plan	Total expenditure on training/total operational budget x 100 by end June 2017	None	N/a	Percentage	Expenditure Report	R 650,000	Not revised	90%	Target not revised	97%	R 632,651	None	None

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PLANNING 2016 – 2017 FINANCIAL YEAR												ANNUAL REPORTING 2016 -2017			
REF	Strategic Objective (IDP framework)	Key Performance Indicator (MSA sec 26(i))	Unit of Measurement	Baseline	Wards	KPI Target type (MSA sec 41(1)(a))	Means of verification/ POE	Total Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual Target	Revised Annual Target	Annual Actual Performance	Expenditure	Reason for under-performance / deviation	Measures Taken/ to be taken to improve performance (MSA sec 46(1)(c))
		measured as (Total Actual Training Expenditure/ Total Operational Budget)x100) by end June 2017													
TL 27	Improve organisational cohesion effectiveness	Provide financial support to students that adhere to the relevant requirements by end March 2017	Number of students financially supported by end March 2017	83	All	Number	Signed off Bursary Letters	R 700,000	R 1,000,000	60	80	102	R 1,014,687	None	None
TL 28	Improve organisational cohesion effectiveness	Facilitate training of Municipal Officials by end of April 2017	Number of Municipal officials trained by end April 2017	None	all	Number	Proof of Registration/ Attendance Register/ Results	R 800,000	R 650,000	120	Target not revised	158	R 632,651	None	None
TL 29	Improve organisational cohesion effectiveness	Facilitate training of Municipal Councillors by end April 2017	Number of Municipal Councillors trained by end April 2017	None	all	Number	Proof of Registration/ Attendance Register/ Results			40	Target not revised	40		None	None
TL 30	Improve organisational cohesion effectiveness	Upgrade Communication s Network by end June 2017	Number of Communication Networks upgraded by end June 2017	Outdated	N/a	Number	New Network / Sign Off Letter	R 4,240,000	Not revised	1	Target not revised	1		None	None
National KPI 3 : Local Economic Development : Municipal Manager's Office															
TL 31	Create an environment that promotes development of local economy and facilitate job creation	Create 101 temporary work opportunities through EPWP by end June 2017	Number of temporary work opportunities created through EPWP by end June 2017	New KPI for 2016/17	All	Number	Temporary Employment Contracts	R 1,352,000	Not revised	4	101	111	R1 460 511.00	None	None
TL 32	Create an environment that promotes development of local economy	Create temporary job opportunities through EPWP & local	Number of temporary jobs created through EPWP & local procurement	1500	All	Number	Appointment Contracts / Register	Opex	Opex	1500	500	111	Opex	The target was set very high because it included jobs created	When setting target for this KPI in 2017/18 CWP will not be

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PLANNING 2016 – 2017 FINANCIAL YEAR												ANNUAL REPORTING 2016 -2017			
REF	Strategic Objective (IDP framework)	Key Performance Indicator (MSA sec 26(i))	Unit of Measurement	Baseline	Wards	KPI Target type (MSA sec 41(1)(a))	Means of verification/ POE	Total Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual Target	Revised Annual Target	Annual Actual Performance	Expenditure	Reason for under-performance / deviation	Measures Taken/ to be taken to improve performance (MSA sec 46(1)(c))
	and facilitate job creation	procurement projects by end June 2017	projects by end June 2017											through CWP	included so that realistic targets based on the baseline of the previous year is set
TL 33	Create an environment that promotes development of local economy and facilitate job creation	Support SMMES and Cooperatives through skills development by end May 2017	Number of SMMES and Cooperatives supported through skills development by end May 2017	100	All	Number	Attendance Register	R 106,000	Not revised	100	Target not revised	115	Opex	None	None
TL 34	Create an environment that promotes development of local economy and facilitate job creation	Support SMMES and Cooperatives through funding by end June 2017	Number of SMMES and Cooperatives supported through funding by end June 2017	25	all	Number	Attendance Register/ Invoices/ Attendance Certificate	R 700,000	Not revised	25	Target not revised	1	No expenditure reported	Non-responsive tender/ quotation	Procurement process should be done in time
TL 35	Create an environment that promotes development of local economy and facilitate job creation	To support Cooperatives in GTLM with Business Infrastructure by end June 2017	Number of Cooperatives in GTLM supported with Business Infrastructure by end June 2017	New KPI for 2016/17	All	Number	Invoices	R 1,000,000	Not revised	15	Target not revised	0	R0, 00	Delay in the appointment of service provider	Procurement process should be done in time
TL 38	Create an environment that promotes development of local economy and facilitate job creation	Complete design and construction of 4 economic hubs in GTLM by end June 2017	Number of economic hubs designed and constructed in GTLM by end June 2017	New KPI for 2016/17	All	Number	Completion Certificate	R 1,800,000	R 2,300,000	4	Target not revised	Design of 4 economic hubs completed	Expenditure not reported	Identification of the site was not done in time	Prioritisation of the Nodal points should be taken into consideration
National KPI 3: Municipal Financial Viability and Administration: Finance Department															
TL 39	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Submit 2016/17 draft Adjustment Budget to Council for approval by end February 2017	Number of 2016/17 draft Adjustment Budgets submitted to Council for approval by end February 2017	1	N/a	Number	Council Resolution / Minutes	Opex	Opex	1	Target not revised	1	Opex	None	None
TL 40	To improve overall financial management in	Prepare and submit the 2017/18 final	Number of 2017/18 final Budgets	1	N/a	Number	Council Resolution / Minutes	Opex	Opex	1	Target not revised	1	Opex	None	None

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PLANNING 2016 – 2017 FINANCIAL YEAR												ANNUAL REPORTING 2016 -2017			
REF	Strategic Objective (IDP framework)	Key Performance Indicator (MSA sec 26(i))	Unit of Measurement	Baseline	Wards	KPI Target type (MSA sec 41(1)(a))	Means of verification/ POE	Total Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual Target	Revised Annual Target	Annual Actual Performance	Expenditure	Reason for under-performance / deviation	Measures Taken/ to be taken to improve performance (MSA sec 46(1)(c))
	the municipality by developing and implementing appropriate Financial Management	Budget to Council by 31 May 2017	submitted to Council by 31 May 2017												
TL 41	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Submit the Annual Financial Statements to AGSA by 31 August 2016	Number of Annual Financial Statements submitted to AGSA by 31 August 2016	1	N/a	Number	Acknowledgement of Receipt	Opex	Opex	1	Target not revised	1	Opex	None	None
TL 42	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Submit quarterly progress report on the implementation of MSCOA to Council by end June 2017	Number quarterly progress report on the implementation of MSCOA submitted to Council by end June 2017	New KPI for 2016/17	N/a	Number	Council Minutes / Resolution	R 2,000,000	R 4,000,000	4	Target not revised	3	R 2,233,076	None	None
TL 43	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure (Available cash + investments / Monthly fixed operating expenditure) by end December 2016	Financial viability measured in terms of the available cash to cover fixed operating expenditure (Available cash + investments / Monthly fixed operating expenditure) by end December 2016	None	N/a	Percentage	Annual Financial Statement	Opex	Opex	1.5	Target not revised	7.98	Opex	None	None
TL 44	To improve overall financial management in the municipality by developing and implementing appropriate	Financial viability measured in terms of the municipality's ability to meet its service debt obligations by	Debt to Revenue Short Term Lease + Long Term Lease / Total Operating Revenue - Operating Conditional Grant	None	N/a	Percentage	Annual Financial Statement	Opex	Opex	2.1	Target not revised	0.005	Opex	None	None

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PLANNING 2016 – 2017 FINANCIAL YEAR												ANNUAL REPORTING 2016 -2017			
REF	Strategic Objective (IDP framework)	Key Performance Indicator (MSA sec 26(i))	Unit of Measurement	Baseline	Wards	KPI Target type (MSA sec 41(1)(a))	Means of verification/ POE	Total Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual Target	Revised Annual Target	Annual Actual Performance	Expenditure	Reason for under-performance / deviation	Measures Taken/ to be taken to improve performance (MSA sec 46(1)(c))
	Financial Management	end December 2016	by end December 2016												
KPA : 5 Good Governance and Public Participation : Office of the MM															
TL 45	Promote a culture of participatory & good governance	Submit Oversight Report on 2015/16 Annual Report to Council by end March 2017	Oversight Report on 2015/16 Annual Report submitted to Council by end March 2017	New KPI for 2016/17	N/a	Number	Oversight Report / Council Minutes / Resolution	Opex	Opex	1	Target not revised	1	Opex	None	None
TL 46	Promote a culture of participatory & good governance	Submit Final Reviewed IDP to Council by the end May 2017	Number of Final Reviewed IDP Documents submitted to Council by end May 2017	1	N/a	Number	Council Resolution / Minutes	Opex	Opex	1	Target not revised	1	Opex	None	None
TL 47	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Submit Mid-Year Budget & Performance Assessment Report in terms of Section 72 of the MFMA to the Mayor by 25 of January 2017	Mid-term budget report submitted to the Mayor by 25 January 2017	1	N/a	Number	Acknowledgement of Receipt	Opex	Opex	1	Target not revised	1	Opex	None	None
TL 48	Promote a culture of participatory & good governance	Submit the draft Annual Report to Council by end January 2017	Draft Annual Report submitted to Council by end January 2017	1	N/a	Number	Council Resolution / Minutes	Opex	Opex	1	Target not revised	1	Opex	None	None

Chapter 3

Service Providers Strategic Performance

Section 76(b) of the MSA state that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. A service provider:

- Means a person or institution or any combination of person and institution which provide to or for the benefit of the local community.
- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in term of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the municipality did appoint service providers who provided municipal services to or for the benefit of the local community on behalf of the municipality and below is performance assessment of some of the service provider appointed to render service for the benefit of the local community on behalf of the Municipality. All these projects were regularly monitored by Project Management Unit.

ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2016/17 FINANCIAL YEAR											
Project name	Name of Service provider (Consultant & Contractor)	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				Assessment comments
							Q 1	Q2	Q3	Q4	
Moretele Access Road	Kipp Consulting	MIG	09/04/16	18/11/16	Completed	None	4	4			Even though there were minor challenges, the project progressed well.
Moretele Access Road	Tlotlo Tlhago Plant Hire	MIG	09/04/16	18/11/16	Completed	None	4	4			Even though there were minor challenges, the project progressed well.
Matsheng Community Hall	Kgomo Sekgabo Architects	MIG	03/05/16	30/11/16	Completed	None	4	4			The project had no significant challenges and was concluded timeously
Matsheng	Ls Dolls /	MIG	03/05/16	30/11/16	Completed	None	4	4			The project had no

Chapter 3

ANNUAL PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS 2016/17 FINANCIAL YEAR

Project name	Name of Service provider (Consultant & Contractor)	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				Assessment comments
							Q 1	Q2	Q3	Q4	
Community Hall	Lematshe JV										significant challenges and was concluded timeously
Implementation of high mast lights	Afrika Related	MIG	31/05/16	30/11/16	Completed	None	4	4			Even though there were minor challenges, the project progressed well.
Maphoitsile Community Hall	Kgomo Sekgabo Architects	MIG	18/10/16	17/06/16	On Going	None	4	4	4	4	The project is currently delayed and may have to overlap to the next financial year
Maphoitsile Community Hall	Demora / Ohn Badi	MIG	18/10/16	17/06/16	On Going	The contractor has had difficulty in financially managing the project. The municipality resolved to assist the contractor by signing cession agreements		1	1	1	The contractor's poor performance has resulted in the project being significantly delayed.
Seoding Community Hall	Kgomo Sekgabo Architects	MIG	18/10/16	17/06/16	On Going	None	4	4	4	4	The project has had no significant challenges and it is anticipated to be concluded timeously
Seoding Community Hall	Thoriso Ya Me / Dee'k Logistics	MIG	18/10/16	17/06/16	On Going	None	4	4	4	4	The project has had no significant challenges and it is anticipated to be concluded timeously

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ANNUAL PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS 2016/17 FINANCIAL YEAR

Project name	Name of Service provider (Consultant & Contractor)	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				Assessment comments
							Q 1	Q2	Q3	Q4	
Matlhako 2 Access Road	Themak Consulting	MIG	25/01/17	12/09//17	On Going	The community had requested that the road length be increased.		4	4	4	The project has had no significant challenges and it is anticipated to be concluded timeously
Matlhako 2 Access Road	Khoisan Roads	MIG	25/01/17	12/09//17	On Going	The community had requested that the road length be increased.		4	4	4	The project has had no significant challenges and it is anticipated to be concluded timeously
Chiefscourt Bridge	Battleshield / Seedi JV	MIG	21/01/16	30/06/17	On Going	Delayed approval by DWA	3	3	3	3	Late approval by DWA resulted in the project being delayed by over 8 months
Provision of actuarial services	Arch Consulting	Revenue	1/7/16	30/11/16	Completed	N/A	5	5			No AG exceptions
Calculation of Provision for Rehabilitation of Landfill Sites	North West University Centre for Environmental Studies	Revenue	1/7/16	30/11/16	Completed	N/A	5	5			No AG exceptions
GRAP 16 Assets Register	JBFE	Revenue	1/6/16	30/11/16	Completed	N/A	5	5			No AG exceptions
AFS and audit support	SEBATA	Revenue	1/6/16	30/11/16	Completed	N/A	4	4			Improved AG report
MSCOA Implementation	SEBATA	Revenue	1/10/16	30/9/17 estimated	In progress	N/A		4	4		All indications that GTLM be MSCOA compliant 1/7/17

Chapter 3

ANNUAL PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS 2016/17 FINANCIAL YEAR

Project name	Name of Service provider (Consultant & Contractor)	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				Assessment comments
							Q 1	Q2	Q3	Q4	
							EMS	SEBATA	Revenue	1/8/16	
Security Services	Tshireletso Professional Services	Operational Budget (own Funds)	November 2014	November 2017	Still guarding Municipality Premises	Guards leaving workstation in some areas. Reported to their Senior	4	4	4	3	The Service Provider pays Municipal Council if there had been a loss of some kind.
LW Mahura/GTLM	Kgomo Incorporated Attorneys	GTLM	12 th March 2014	27 th November 2015	Concluded but awaiting execution of writ by the Sheriff	To report the Sheriff to the Board of Sheriffs for the delay in executing the writ.	4	4	4	4	
T.Bloem//GTLM	Kgomo Attorneys Incorporated	GTLM	05 th May 2015	17 th November 2016	Concluded		5	5	5	5	
Thalami Lekhotla//GTLM	Kgomo Attorneys Incorporated	GTLM	20 th February 2017		Matter removed from the Court Roll		4	4	4	4	
Cedar Point Joint Venture//GTLM	Kgomo Attorneys Incorporated	GTLM	17 th April 2015		Awaiting trial date		4	4	4	4	
Mabe & Others//GTLM	Kgomo Attorneys Inc	GTLM	28 th April 2017		Matter removed from the Court Roll				5	5	
M. Vermaak//GTLM	Mokhetle Incorporated	GTLM	30 th September	30 th January	Concluded		5	5	5	5	

Chapter 3

ANNUAL PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS 2016/17 FINANCIAL YEAR

Project name	Name of Service provider (Consultant & Contractor)	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				Assessment comments
							Q 1	Q2	Q3	Q4	
								Attorneys		r 2015	
M. Vermaak//GTLM.	Mokhetle Attorneys	GTLM	13 th February 2017	09 th March 2017	Concluded		4	4	4	4	

Chapter 4

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

INTRODUCTION

This component represents the role that HRM&D plays in deciphering, defining, developing and rewarding an organizational culture that is conducive to achieving business objectives. This includes:

- Culture transformation and change management;
- The development of individuals and teams with a systems view;
- Review and design of organizational structures.
- Training that related to job and personal growth equipping all employees with the necessary knowledge, skills and competencies to perform their work effectively, in pursuit of the vision and mission of Council as well as the employee's vision.
- Enabling employees to deal effectively and pro-actively with change and to the challenges of dynamic work and external environment.
- Enabling employees to acquire development orientated professionalism and the appropriate competencies.
- Helping employees to address issues of diversity whilst promoting a common organization culture so as to or in doing support unity at the workplace.
- Assisting employees in developing a better understanding of the needs of the communities that they are serving, as well as the capability to respond to these needs.
- Creating an enabling environment for the training and development of present and future incumbents. Creating a pool of suitably qualified individuals to be identified and developed in terms of a succession planning program.
- By providing job security to competent individuals.
By providing equitable access and participation in properly structured training and appraisal processes that will ensure that every employee's work performance is maximized, and, that his/her potential is fully developed.

T 4.0.1

Chapter 4

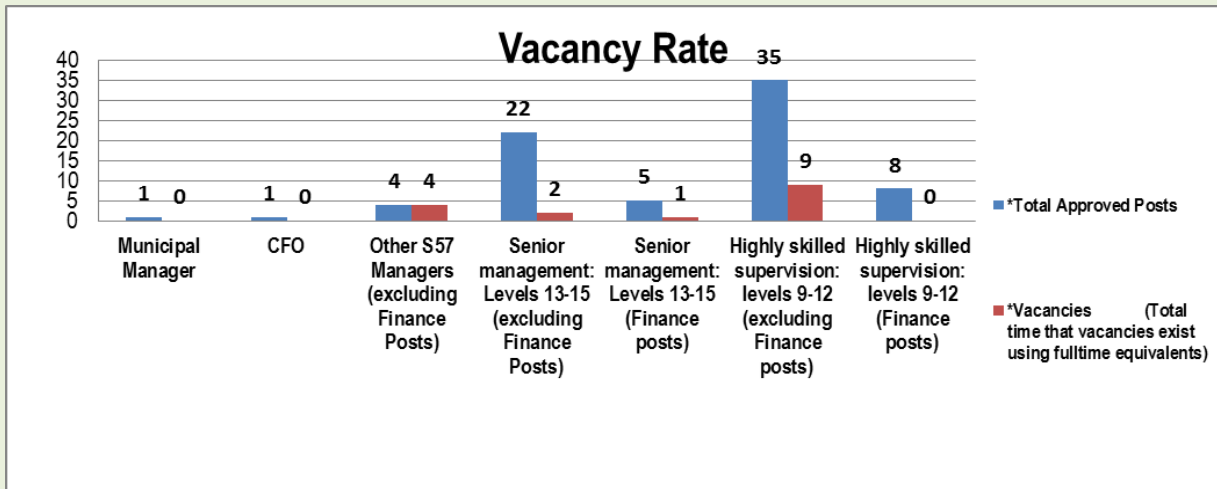
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2015/2016		2016/2017		
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water					%
Waste Water (Sanitation)	29	31	28	2	6.7%
Electricity	3	3	3	0	0 %
Waste Management	62	63	59	5	7.8%
Housing	6	7	5	2	28.5%
Waste Water (Stormwater Drainage)	0	0	0	0	0 %
Roads	52	58	50	8	15.5 %
Planning	0	0	0	0	0 %
Local Economic Development	2	2	3	0	0 %
Planning (Strategic & Regulatory)	6	8	7	1	14.2 %
Corporate policy offices and others	84	89	82	13	13.2 %
Community & Social Services	7	7	9	0	0 %
Environmental Protection	0	0	0	0	0 %
Security and Safety	0	0	0	0	0 %
Sport and Recreation	23	23	22	1	4.3 %
Totals	281	299	268	32	10.6%
					<i>T 4.1.1</i>

Vacancy Rate: 2016/2017			
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)	4	4	100.00
Senior management: Levels 13-15 (excluding Finance Posts)	22	2	9.09
Senior management: Levels 13-15 (Finance posts)	5	1	20.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	9	25.71
Highly skilled supervision: levels 9-12 (Finance posts)	8	0	0.00
Total	76	16	21.05
			<i>T 4.1.2</i>

Chapter 4



Turn- over Rate			
Details	Total Appointment as of beginning of financial year No.	Termination during the financial year No.	Turn- over Rate No.
2014/15	79	12	4%
2015/16	21	19	6%
2016/17	12	22	7.8%

T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

The Major reason there is staff turnover is high mortality rates under staff, and the Municipality had 31 disciplinary cases since February 2015 in which many employees resigned or were dismissed. Also several employees went on retirement, and some also passed away, and others contract expired at the end of term of Council. What made it difficult to fill posts was the moratorium on filling of vacancies by the MEC for Local Government.

The section 56 Managers was all advertised, but due to the lack of applications which meet the criteria as legislated, the posts was re-advertised, and the Director infrastructure was even advertised for a third time, thus making filling of vacancies very difficult.

T 4.1.4

Chapter 4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Greater Taung was only one of 7 Municipalities in the North West who submitted the Employment Equity plan to Department of Labour and who have a functional EE plan in place

The Employment equity equality changed a lot with the equality balancing out more as can be seen underneath, thus adhering to Employment equity legislation's.

Fair:

To be fair in all processes of discipline, recruitment, grievance, training, benefits and salaries

Effective and Efficient:

To ensure effective personnel admin to ensure efficiency in the execution of HR functions

Transparent: To be transparent in all processes of discipline, recruitment, grievance, training, benefits and salaries by applying the legislations, procedures and policies in the prescribed manner.

T 4.2.0

OCCUPATIONAL LEVELS	Male					Female				
	African	Colour	Indian	White	Total	African	Colour	Indian	White	Total
Senior Management	1	0	0	1	2	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	10	0	0	3	13	4	1	0	2	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	19	1	0	0	20	15	0	0	1	16
Semi-skilled and discretionary decision making	48	1	0	0	49	43	0	0	0	40
Unskilled and defined decision making	81	3	0	0	84	32	2	0	0	34
TOTAL EMPLOYEES/POSTS	159	5	0	4	167	94	3	0	3	100
AS % OF THE TOTAL NUMBER OF EMPLOYEES/POSTS	56.9%	1.8%	0.0%	2.1%		36.4%	1.1%	0.0%	1.1%	
CURRENT MALE TO FEMALE RATIO	Male					Female				
TOTAL NUMBER OF MALE & FEMALE EMPLOYEES	172					109				
CURRENT % MALE TO FEMALE RATIO	63%					37%				

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	100%	100%	31 May 2017
2	Attraction and Retention	100%	100%	31 May 2017
3	Code of Conduct for employees	100%	100%	31 May 2017
4	Delegations, Authorisation & Responsibility	100%	100%	29 May 2012
5	Disciplinary Code and Procedures	100%	100%	Collective agreement & Act
6	Essential Services	100%	100%	31 May 2017
7	Employee Assistance / Wellness	100%	100%	31 May 2017
8	Employment Equity	100%	100%	31 May 2017
9	Exit Management	100%	100%	31 May 2017
10	Grievance Procedures	100%	100%	Collective agreement
11	HIV/Aids	100%	100%	31 May 2017
12	Human Resource and Development	100%	100%	31 May 2017
13	Information Technology	100%	100%	29-May-12
14	Job Evaluation	100%	100%	31 May 2017
15	Leave	100%	100%	31 May 2017
16	Occupational Health and Safety	100%	100%	31 May 2017
17	Official Housing	NA	NA	NA
18	Official Journeys	100%	100%	31 May 2017
19	Official transport to attend Funerals	NA	NA	NA
20	Official Working Hours and Overtime	100%	100%	31 May 2017
21	Organisational Rights	100%	100%	Collective agreement
22	Payroll Deductions	100%	100%	Collective agreement
23	Performance Management and Development	100%	NA	NA
24	Recruitment, Selection and Appointments	100%	100%	31 May 2017
25	Remuneration Scales and Allowances	100%	100%	31 May 2017
26	Resettlement	100%	100%	31 May 2017
27	Sexual Harassment	100%	100%	31 May 2017
28	Skills Development	100%	100%	31 May 2017
29	Smoking	NA	NA	
30	Special Skills	100%	100%	31 May 2017
31	Work Organisation	NA	NA	
32	Uniforms and Protective Clothing	100%	100%	31 May 2017
33	Other:			
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

Chapter 4

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

All policies were in place and adopted by Council.

The supply chain policy and tariff policy are reviewed annually and adopted by Council.

All Human Resource policies have been workshopped with all staff and the Local Labour forum has also approved the new draft policies for Council adoption.

T 4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	0	0	0	0	0

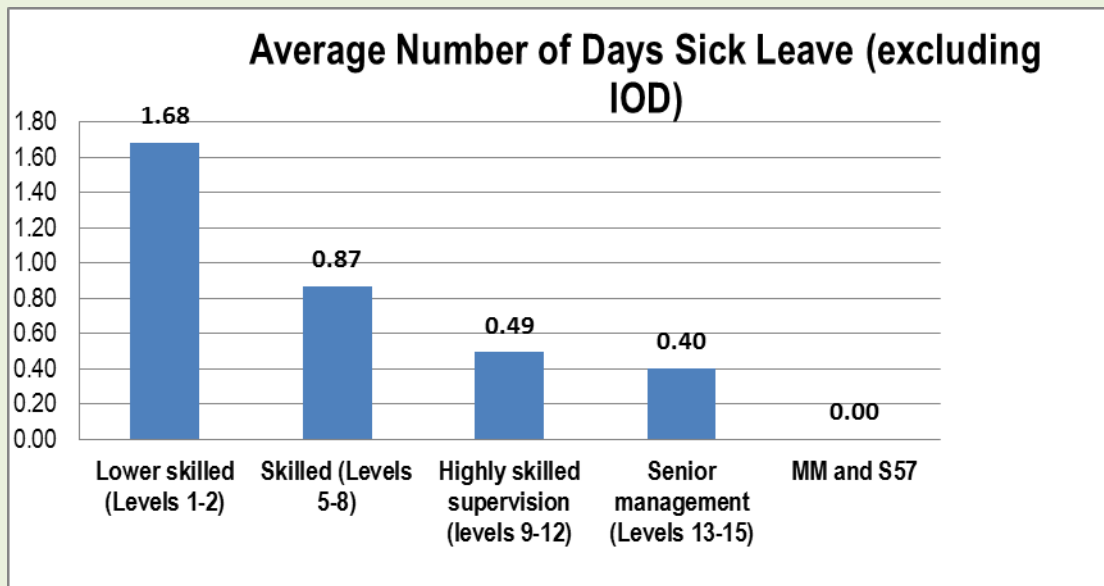
T 4.3.1

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)	451	0%	54	116	1.68	
Skilled (Levels 5-8)	232	0%	44	34	0.87	
Highly skilled supervision (levels 9-12)	132	0%	19	96	0.49	
Senior management (Levels 13-15)	107	0%	20	20	0.40	
MM and S57	0			2	0.00	
Total	922	0%	137	268	3.44	0

* - 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



T 4.3.3

COMMENT ON INJURY AND SICK LEAVE:

Injuries have been reduced to a bare minimum in the Municipality and when an employee gets injured they are sending to a doctor paid by the Municipality. When an employee is on long instances of sick leave the Municipality takes that person to its own doctor to get an opinion on that person health and that information is kept on the file of the employee.

T 4.3.4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Senior housing officer	Gross insubordination	October 2016	NA	18 April 2017
Director Infrastructure	Gross dishonesty	15 June 2015	NA	27 Sept 2016
Customer care coordinator	Gross dishonesty, financial misconduct	1 August 2016	NA	10 November 2016

T 4.3.5

Chapter 4

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Customer care coordinator	financial misconduct fraudulent travel allowance- R 168 000- Money recovered	1 August 2016	10 November 2016
			<i>T 4.3.6</i>

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

There had been some corrupt activities and the forensic investigation was undertaken. Recommendations were made by the investigators and had been implemented. Disciplinary hearings are held and Criminal cases are opened. (i.e. about 72% of disciplinary cases are finalized)

T 4.3.7

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS:

No performance rewards were paid out during the year under review.

T 4.4.1.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Human Resource Section is the custodian for capacity building of employees within the Municipality and contributes to the building and creation of a capable service delivery organization. The Skills Development Act No 97 of 1998 as Amended in 2008 sets clear guidelines and requirements for the organization to implement capacity building initiatives for employees.

In response to the quoted legislative framework and related regulations such as the National Skills Development Strategy (NSDSIII) and the Local Government Sector Education and Training Authority (LGSETA), GTLM acquitted itself well under the circumstances prevailing.

The Workplace Skills Plan (WSP) for 2016/17 financial year with its attended Training Plan was submitted to the Sector Education and Training Authority for Local Government (LGSETA) by 30 April 2016 as per requirement.

Chapter 4

Emphasis has been on encouraging Municipal compliance with the Skills Development legislation, we continue to encourage compliance but we also emphasise on quality, in 2006 LGSETA began to issue completeness checks to Municipalities, in 2008 a quality criterion was developed, in 2009 evaluating the WSP/ATR in detail started to check if the WSP/ATR submitted is of required standards, feedback emanating from the evaluation is also given to the Municipalities in order to ensure that the gaps identified are addressed in future WSP & ATR,

The Municipality are ensuring that we are complying with the Skills Development Legislation and we will continue with our endeavour to have quality WSP/ATR, which will expose core IDP objectives of the Municipality

T 4.5.0

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

The Skills Development Act (1998) and the Municipal Systems Act, (2000) requires employees to supply employees with the necessary training in order to develop its human resource capacity. Section 55 (i)(f) state that as head of the administrator the Municipal Manager is responsible for the management, utilisation

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 2017	Number of skilled employees required and actual as at 30 June Year 2017											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of 2015/16	Actual: End of 2016/2017	2016/2017 Target	Actual: End of 2015/16	Actual: End of 2016/2017	2016/2017 Target	Actual: End of 2015/16	Actual: End of 2016/2017	2016/2017 Target	Actual: End of 2015/16	Actual: End of 2016/2017
MM and s57	Female	0	0	0	0							0	0	0
	Male	2	1	0	0							1	0	0
Councillors, senior officials and managers	Female	29	30	25	25							30	25	25
	Male	34	24	32	32			1				25	32	32
Technicians and associate professionals*	Female	0	1	1	1							1	1	1
	Male	4	0	0	0							0	0	0
Professionals	Female	12	12	3	3							12	3	3
	Male	18	10	3	3							10	3	3
Sub total	Female	41	43	29	29							43	29	29
	Male	58	36	35	35							36	35	35
Total		99	79	64	64	-	-	-	1			79	64	64

*Registered with professional Associate Body e.g CA (SA)

T 4.5.1

Chapter 4

4.5.2 MFMA Competencies

In terms of section 83(1) of the MFMA, the Accounting Officer, Senior Managers, the Chief Financial Officer, Non-financial Managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, NT, with the collaboration of various stakeholders and role players in the Local Government sphere, developed an outcome based NQF level 6 qualifications in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No Municipality or municipal entity may, with effect 1 January employ a person as a financial official if that person does not meet the competency level prescribed for the relevant position in terms of these Regulation".

The table below provides details of the financial competency development progress as required by the regulation:

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		1		1	1
Chief financial officer	1		1		1	1
Senior managers	3		3		1	3
Any other financial officials	29		29		NA	14
Supply Chain Management Officials						
Heads of supply chain management units	0		0		1	1
Supply chain management senior managers	1		1		NA	1
TOTAL	34		35		4	20

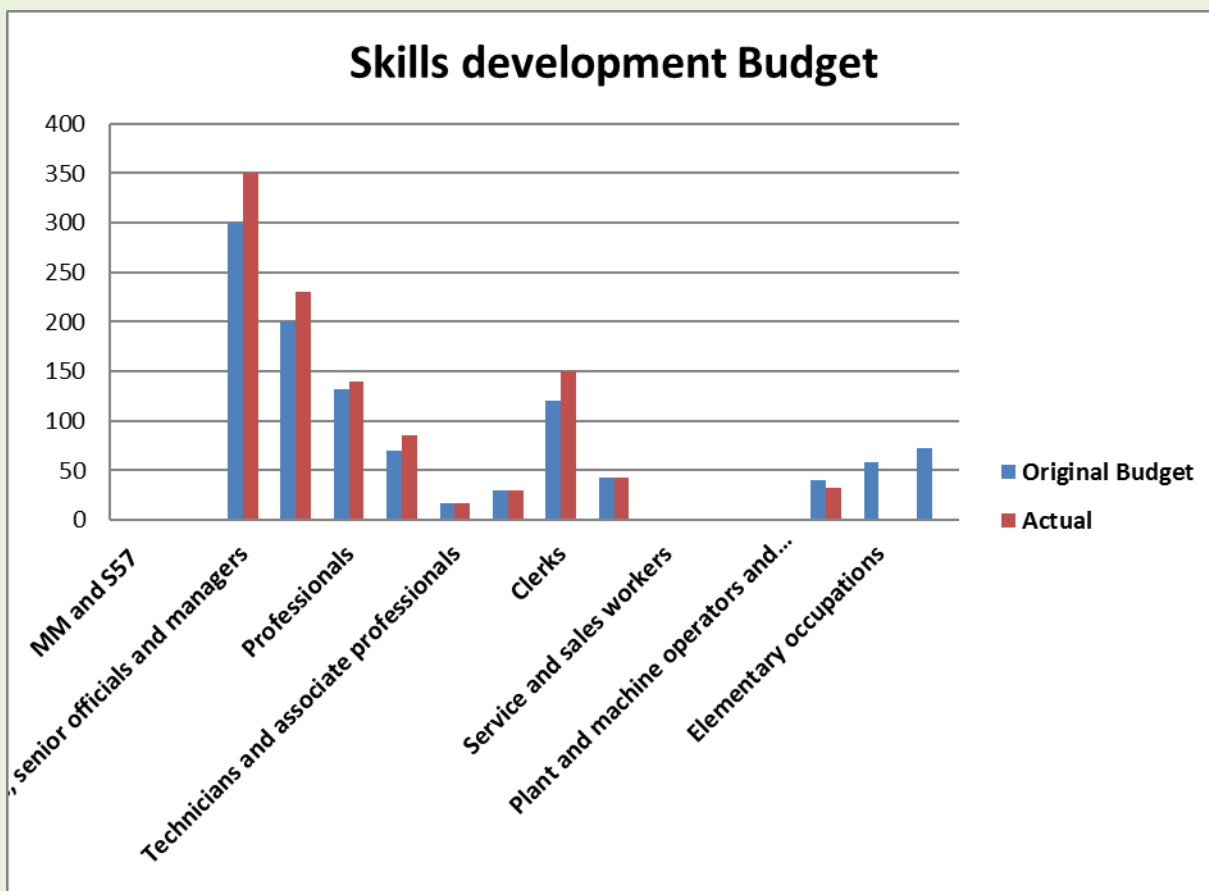
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

T 4.5.2

Chapter 4

Skills Development Expenditure: 2016-2017							R 800,000
Management level	Gender	Employees as at the beginning of the financial year	Skills Development				
			Learnerships	Skills programmes & other short courses	Other forms of learning/ training	Total	
		No.					
MM and S57	Female	0	0	0	0	-	
	Male	0	0	0	0	-	
Legislators, senior officials and managers	Female	1	0	0	1	2,420	
	Male	1	0	0	1	14,250	
Professionals	Female	7	0	3	4	66,923	
	Male	5	0	2	3	63 214.16	
Technicians and associate professionals	Female	0	0	0	0	-	
	Male	1	0	0	1	23,523	
Clerks	Female	9	0	1	8	31,557	
	Male	8	0	0	8	56,658	
Plant and machine operators and assemblers	Female	0	0	0	0	-	
	Male	3	0	1	2	9,082	
Elementary occupations	Female	27	0	19	8	113,762	
	Male	30	0	26	4	248,870	
Sub total	Female	44	0	0	0	-	
	Male	48		0	0	-	
Total		92	0	52	40	R567 045	
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.						*	
						Councillors *R48 871	
NB. Portion of the allocation was used in profile searching, purchasing study books, catering and also for accommodation							

Chapter 4



COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

Training and skills development interventions are mainly aimed at increasing the knowledge, proficiency, ability and skills of ELM Human Capital to improve bottom line performance. GTLM Training Plan is informed by key strategic documents such as IDP and internal Skills Audit Results as well as the National Treasury Minimum Competency Regulations of 2007. September 2015 was set by National Treasury as the final deadline by which compliance at the various sectorial and professional work levels must be achieved.

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, nonfinancial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

Chapter 4

The training plans specifically focus on the underneath aspects:

- **NEEDS ORIENTATED:**

It is important to align all training and development programs with needs based on post requirements, the tasks to be performed, and based on the performance gaps of the incumbent. The primary objective is to improve skills, knowledge, attitudes and values. These are to be specific and must at all-time indicate what the staff member should be able to demonstrate. At all times must individual, department needs and Municipality objectives be aligned in order to achieve the maximum.

- **OUTCOME BASED ORIENTATED:**

Here the emphasis is on outcomes, i.e. what the employee becomes and understands. The direct aim is to develop analytical thinking, improved attitudes, understanding and mastering skills. The main focus therefore is on the results expected at the end of a learning process, called the outcomes and the processes that will take the employee to these ends.

- **COMPETENCY BASED ORIENTATED:**

This is based on the identification of operational training and development needs, emanating from the strategic plan and the objectives of the Municipality. These learning modules, with specific training and development objectives, can subsequently be combined to determine if the employees met the training and development needs, and if the employees have the competency to apply the skill effectively.

T 4.5.4

Chapter 4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Section 66 of the MSA states that the Accounting Officer of a Municipality must report to the Council on all expenditure incurred by the Municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

The Municipality is in a rural area thus it is difficult to attract and retain qualified staff. Moreover, with the small income as most people in the municipal jurisdiction are indigents the salary bill ratio is high.

Thus the Organisational structure must be carefully managed. It is against this that many posts have been frozen as not to put unnecessary financial pressure on the budget.

The Vacancy rate is only 10% mostly due to the moratorium as pronounced by the MEC for Local Government, but when posts are filled it's in compliance with section 66 of the Municipal systems act. The Municipality had a high turnover due to stringent consequence management being applied but other than that staff turnover has been consistent.

T 4.6.0

4.6 EMPLOYEE EXPENDITURE

Source: MBRR SA22

T 4.6.

COMMENT ON WORKFORCE EXPENDITURE:

Workforce expenditure is a major part of the operational expenditure of the Greater Taung Local Municipality. As it is mostly a fixed cost, proper planning and assessment of post requirements are necessary to make sure that the best available personnel is employed to meet the mandate of the municipality in service delivery to the community as well as obtaining its objectives.

The remuneration part of the employment costs is determined through the bargaining council and therefore out of our hands. Three variables that we have to keep monitoring and control are the vacancy rate, employee performance and overtime paid.

The Municipality has workshopped a new Performance management policy, and will cascade it down after Council approval, thus that will ensure performance assessments and evaluate if value for money is achieved by officials.

T 4.6.1.1

Chapter 4

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).

T 4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	N/A			

T 4.6.3

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None	N/a	-	-	-

T 4.6.4

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:
 No posts were upgraded during the year under review.

T 4.6.5

Chapter 4

DISCLOSURES OF FINANCIAL INTERESTS

The Municipality requires employees and Councillors to disclose financial interest annually. These disclosure forms are recorded and kept at Supply chain, and all these disclosure forms were requested by the AG and submitted as such.

T 4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

This financial overview presents the brief summary of the financial performance of the municipality for the financial year under review. The detailed financial performance, financial position and cash flow activities of the municipality are presented in the annual financial statements for the year ended 30 June 2017. The municipality has during the financial year, strived to comply with the requirements of the relevant legislative prescripts and the guidelines set by the National Treasury in as far as financial management is concerned.

The municipality managed the budget process effectively and adhered to the timeframes as set out by the Municipal Finance Management Act. The Budget Steering Committee was established and meetings of the committee were effectively held. Other success factors for the financial year 2016-2017 are amongst others being able to monitor and report effectively on the budgets as well as the submission of the Annual Financial Statements on time.

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

The total budget for the 2016-2017 was **R273 707 000** as per adjustment budget approved by council. A total of **R45 056 431** was spent on the capital projects that were identified by the municipality with the main aim of enhancing service delivery.

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The financial statements presented in this report are presented on the basis that the municipality is a going concern. The principles of GRAP have been taken into consideration when preparing these annual financial statements. The annual financial statements have been prepared in-house and have been submitted on time as prescribed in the Municipal Finance Management Act to the Auditor General.

Analysing the financial position of the municipality as outlined in the statement of financial position, in the annual financial statements, the municipality is still financially viable. The municipality has maintained a sustainable and sufficient asset base.

The total assets of the municipality are adequate to ensure that the liabilities of the municipality are cared and covered should anything happen to the municipality's continuity. The asset base of the municipality which is above the liabilities of the municipality as well as other factors that are presented

Chapter 5

in the financial position of the municipality shows that the municipality is still solvent and therefore still financially healthy.

The statement of financial performance as included in the annual financial statements presented a positive net result. This means that the total revenues of the municipality were still more than the total expenditures at the end of the financial year ended 30 June 2017. The detailed statement of financial performance **will** be included in the financial statements. The highest cost driver for the municipality remains to be personnel costs at R70m.

T 5.1.0

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Statement of Financial Performance will form part of the Audited Financial Statement

Chapter 5

COMMENT ON FINANCIAL PERFORMANCE:

The municipality's total expenditure was within the approved budget during the year under review but there was over expenditure on bulk purchase of electricity due to distribution losses.

T5.1.3

5.2 GRANTS

COMMENT ON OPERATING TRANSFERS AND GRANTS:

Conditional grant such as MIG is the grants allocated to the municipality to implement the projects to deliver services to the community. GTLM did not receive any grants from other sources such as semi-state, private sector or foreign government.

T 5.2.2

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

Comments not provided by finance department.

T 5.2.4

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The purpose of asset management in the Greater Taung Local Municipality (GTLM) is to ensure the effective and efficient control, utilization, safeguarding and management of the GTLM's property, plant and equipment and to make managers aware of their responsibilities in regard of property, plant and equipment.

It also set out the standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss or utilisation and to prescribe the accounting treatment for property, plant and equipment in the GTLM include the following the cost of assets and the calculating of depreciation and capitalising of PPE and to the classification if different types of Assets.

Asset Department is in place with 4 full time employees and one financial intern (FMG). Unbundling were done successfully and the asset register is currently in an excel format. The current financial system (SEBATA) does have an asset module which will be used after the audit to ensure that the audited and correct information be merged to the system.

The service provider (SEBATA) will do the merge from excel to the financial system and will provide on-site training to employees in the relevant department.

Chapter 5

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2016/17				
Asset 1				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	2013//14	2014/15	2015/16	2016/17
	NA	R 13 573 420.72	NA	N/a
Capital Implications				
Future Purpose of Asset	Community Activities			
Describe Key Issues	NA			
Policies in Place to Manage Asset	Yes (Policy was adopted by council during the 2014/2015 financial year) Objective is to maximise the service potential of existing assets by ensuring that they are			
Asset 2				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities	Clean and look after the hall			
Asset Value	2013//14	2014/15	2015/16	2016/17
	NA	R 5307829.93	NA	N/a
Capital Implications				
Future Purpose of Asset	Community activities			
Describe Key Issues	To host community meeting, for pensioner to receive their money			
Policies in Place to Manage Asset	Yes (Policy was adopted by council during the 2014/2015 financial year) Objective is to maximise the service potential of existing assets by ensuring that they are appropriately used, maintained, safeguarded and that risk is mitigated			
Asset 3				
Name	Diphitshing Community Hall			
Description	400m2 hall with office, boardroom			
Asset Type	Land and Building			
Key Staff Involved	Care Takers			
Staff Responsibilities	Clean and look after the hall			
Asset Value	2013//14	2014/15	2015/16	2016/17
	NA	R 8 937 562.46	NA	N/a
Capital Implications				
Future Purpose of Asset	Community activities			
Describe Key Issues	To host community meeting, for pensioner to receive their money			

Chapter 5

Policies in Place to Manage Asset	Yes (Policy was adopted by council during the 2014/2015 financial year) Objective is to maximise the service potential of existing assets by ensuring that they are appropriately used, maintained, safeguarded and that risk is mitigated
<i>T 5.3.2</i>	

COMMENT ON ASSET MANAGEMENT:

The evaluation of the success rate of the unbundling process will only be possible after the audit.

T 5.3.3

Repair and Maintenance Expenditure: 2016/17				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	12,057,574	12,996,574	8,942,754.00	26%
				<i>T 5.3.4</i>

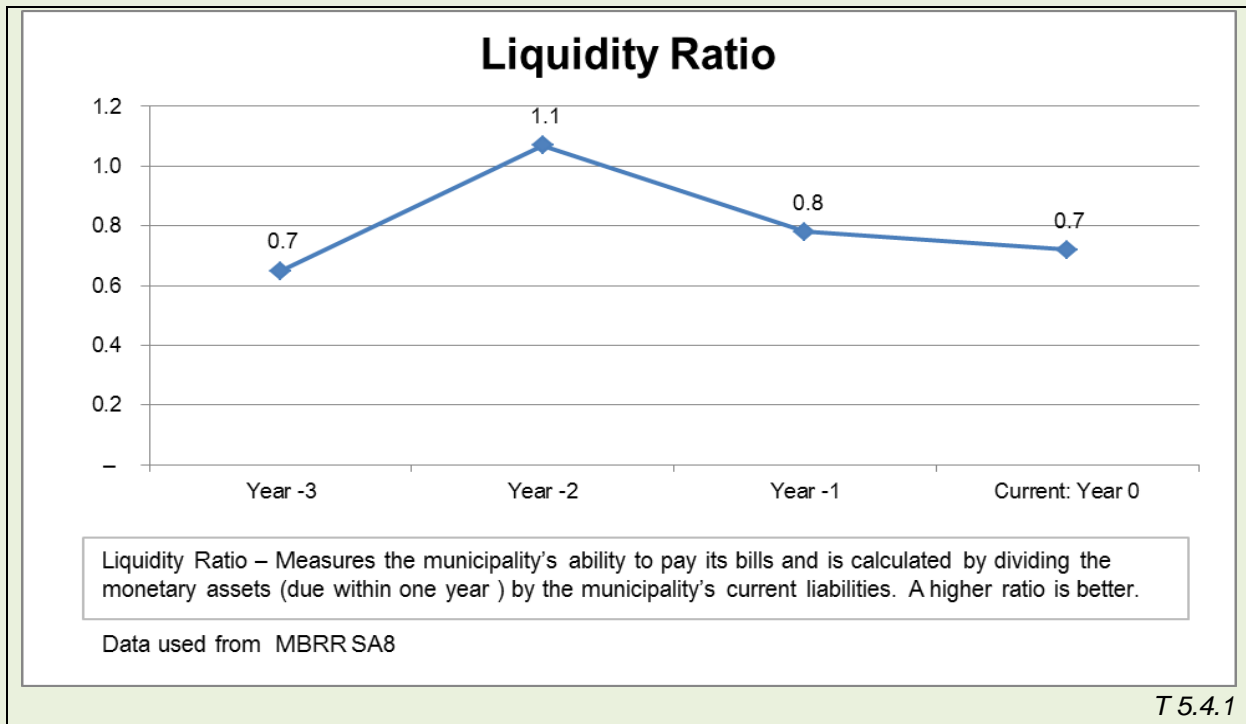
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

There is under expenditure on repairs and maintenance

T 5.3.4.1

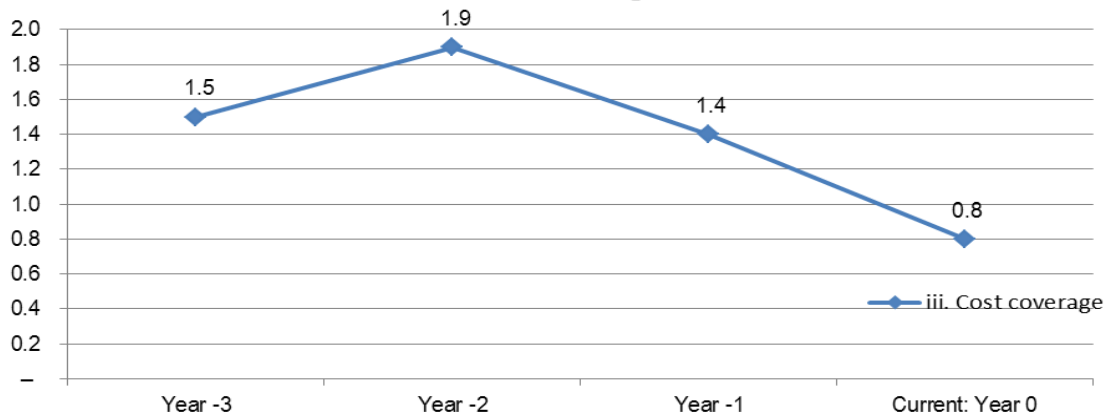
Chapter 5

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Chapter 5

Cost Coverage

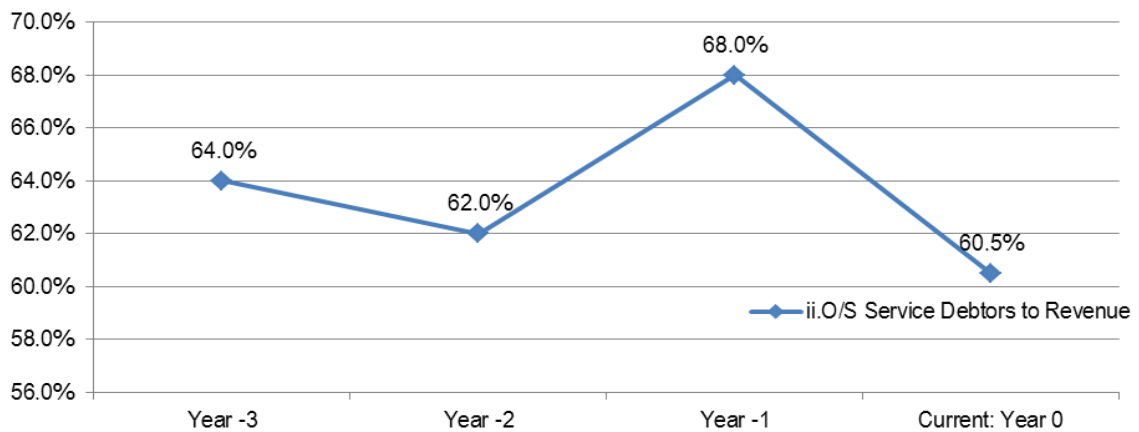


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

Total Outstanding Service Debtors

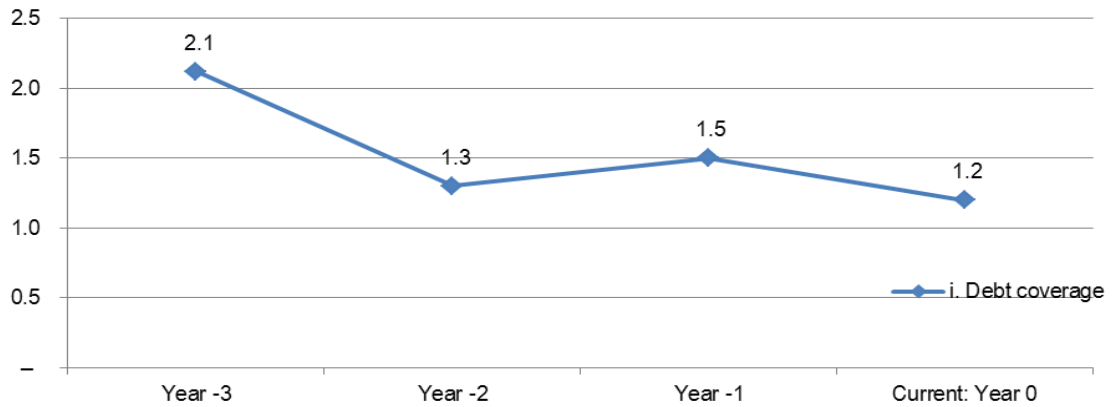


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

T 5.4.3

Chapter 5

Debt Coverage

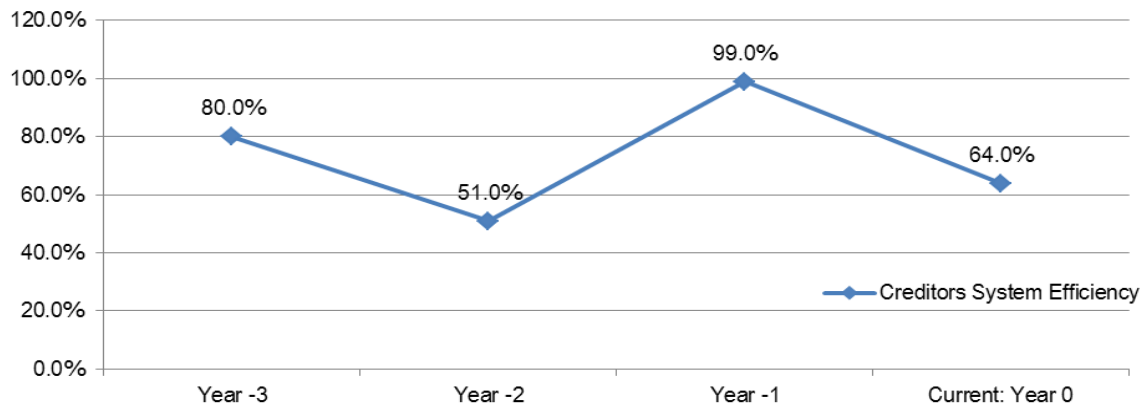


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Creditors System Efficiency



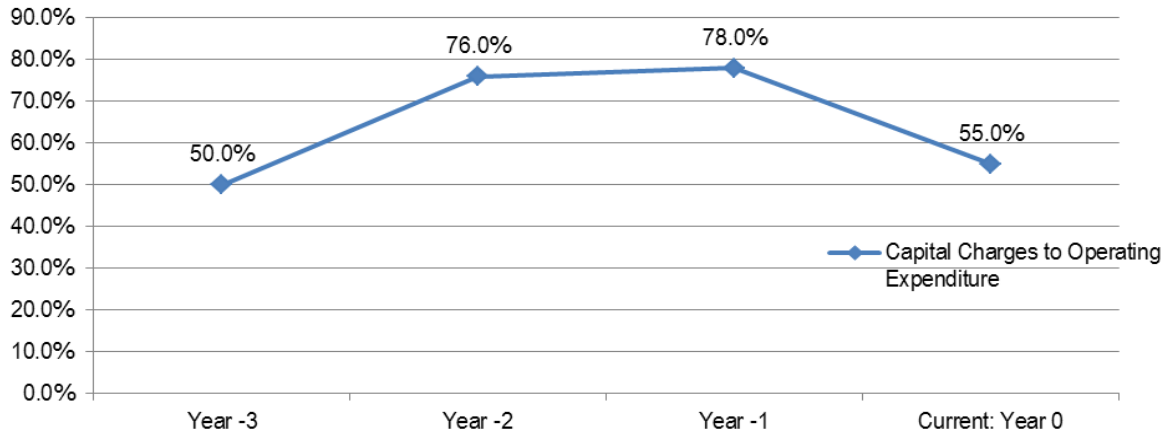
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Chapter 5

Capital Charges to Operating Expenditure

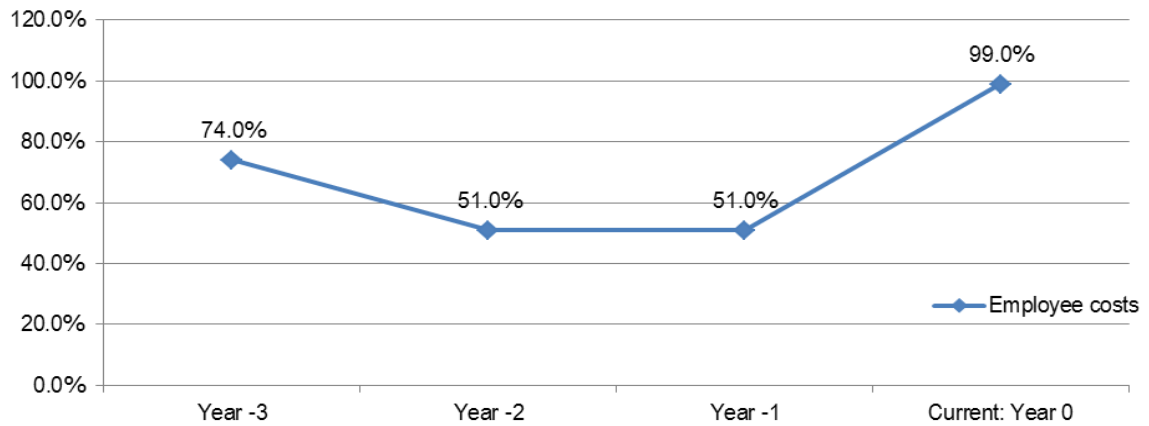


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Employee Costs

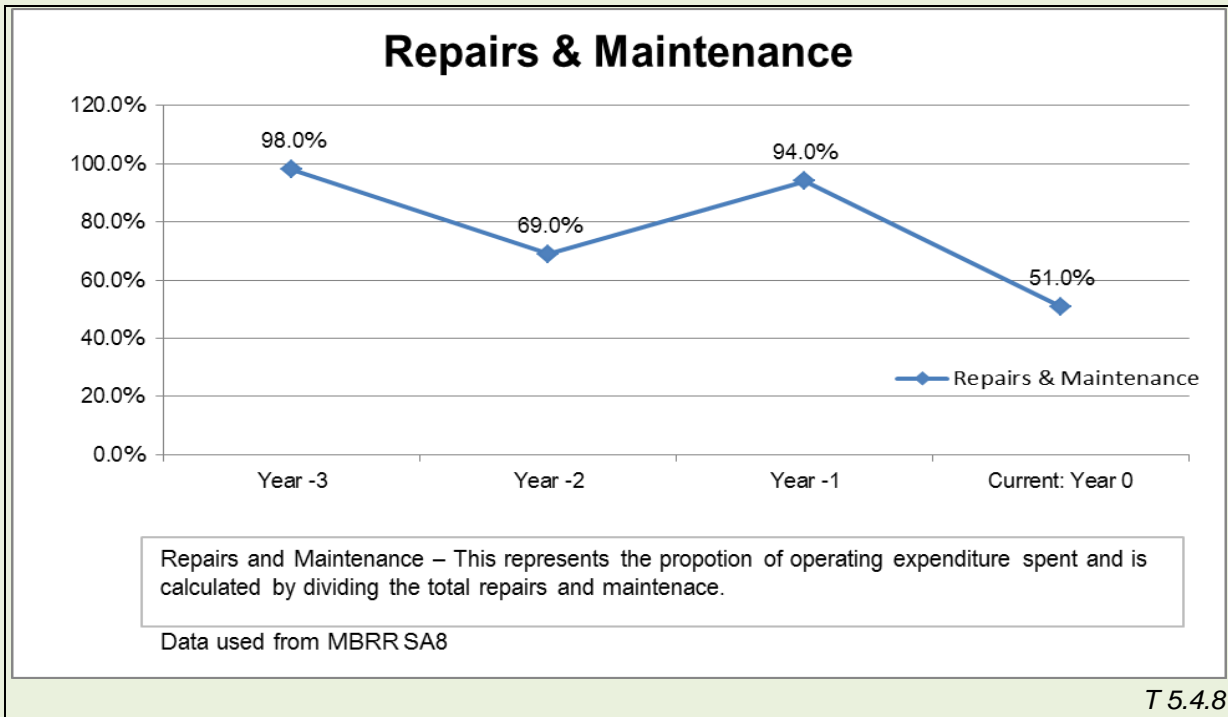


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

Chapter 5



COMMENT ON FINANCIAL RATIOS:
Comments not provided by finance Department

T 5.4.9

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

T 5.5.0

5.5 CAPITAL EXPENDITURE

Information will form part of the Annual Financial Statement.

T 5.5.1

5.6 SOURCES OF FINANCE

Chapter 5

COMMENT ON SOURCES OF FUNDING:

Greater Taung Local Municipality is mostly reliant on government funding.

T 5.6.1.1

Chapter 5

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: 2016/2017			Variance: 2016/17	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A – Moretele Access Road	R 11 000 000.00		R 10 050 605.31	91.37%	%
B – Chiefs court Bridge	R 10 000 000.00		R 7 351 212.73	73.51%	%
C – Matlhako 2 Access Road	R 10 500 000.00		R 7 408 519.35	70.56%	0%
D – Maphoitsile Community	R 6 000 000.00		R 2 326 148.74	38.77%	%
E – Seoding Community	R 6 000 000.00		R 3 220 630.58	53.68%	%
* Projects with the highest capital expenditure in 2016/2017					
Name of Project - A	Construction of Moretele Access Road				
Objective of Project	Construction of 3 km paved road, edge beams and kerbs				
Delays	Community involvement				
Future Challenges	None as the project has been practically completed				
Anticipated citizen benefits	2156				
Name of Project - B	Construction of Chiefs court Bridge				
Objective of Project	Construction of 300m bridge				
Delays	The issuing of an approval by Department of Water Affairs				
Future Challenges	None anticipated				
Anticipated citizen benefits	4286				
Name of Project - C	Construction of Matlhako 2 Access Road				
Objective of Project	Construction of 2.8 km paved road, edge beams and kerbs				
Delays	None				
Future Challenges	None anticipated				
Anticipated citizen benefits	2961				
Name of Project - D	Construction of Maphoitsile Community Hall				
Objective of Project	Provision of 300 m ² , ablution facility, parking space and office.				
Delays	Poor cashflow management by the contractor resulted in slow progress on site and inclement weather				
Future Challenges	None anticipated				
Anticipated citizen benefits	3698				
Name of Project - E	Construction of Seoding Community Hall				
Objective of Project	Provision of 300 m ² , ablution facility, parking space and office.				
Delays	Inclement weather				
Future Challenges	None				
Anticipated citizen benefits	3154				

COMMENT ON CAPITAL PROJECTS:

Capital projects are implemented through Municipal Infrastructure Grant.

T 5.7.1.1

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5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

No comments provided

T 5.8.1

Service Backlogs as at 30 June 2016				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	705	64%	400	36%
Sanitation	705	64%	400	36%
Electricity	281	42%	400	58%
Waste management		%		%
Housing		%		%

*% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.*

T 5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure 2015/16 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				%	%	
<i>Roads, Pavements, Storm water & Bridges</i>	R 46 052 000.00	(-) R 15 000 000.00	R 31 052 000.00	67.43%	32.57%	
<i>Storm water</i>				%	%	
*						T 5.8.3

COMMENT ON BACKLOGS:

The GTLM's annual budget for infrastructure development is un able to address backlogs.

T 5.8.4

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COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Overall the municipality's financial viability assessment indicates that the municipality is in a healthy financial position. The municipality pays its creditors well within the required 30 days. The municipality is also able to easily cover all its creditors with the cash and cash equivalents available at year end. The cash and cash equivalents are high because of unused money that is invested on which interest is earned. The municipality's liquidity is very healthy as the current assets greatly exceed the current liabilities. The current assets are boosted by the high amount of cash and cash equivalents as mentioned above, while the current liabilities are kept low by the fact that creditors are not long outstanding.

The only negative indication in the financial viability assessment is the debt collection period, which indicates that the municipality waits more than a year to collect money from its debtors. Although the ratio improved from the previous financial year, it is still a risk that the money is not received for services rendered. This risk is, now, mitigated by the fact that the municipality has high amounts of cash and cash equivalents available and the high amount of equitable share received each year, and is therefore not likely to experience cashflow problems now

T 5.9

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5.9 CASH FLOW

Cash Flow Outcomes				
Description	2015/16	Current: 2016/17		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	28,351	24,508	31,068	
Government - operating	175,285	170,808	170,808	
Government - capital	36,303	43,764	43,764	
Interest	5,057	5,867	6,597	
Dividends	-	-	-	
Payments				
Suppliers and employees	(185,768)	(154,310)	(154,310)	
Finance charges	(167)	(161)	(161)	
Transfers and Grants	-	(9,261)	(12,261)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	59,061	81,215	85,505	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	-			
Decrease (increase) in non-current investments	-			
Payments				
Capital assets	(45,068)	(63,279)	(63,279)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(45,068)	(63,279)	(63,279)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	-	-	-	
Borrowing long term/refinancing	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(699)			
NET CASH FROM/(USED) FINANCING ACTIVITIES	(699)	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	13,294	17,936	22,226	-
Cash/cash equivalents at the year begin:	102,753	19,547	116,038	116,038
Cash/cash equivalents at the year end:	116,038	37,483	138,264	116,038
Source: MBRR A7				T 5.9.1

COMMENT ON CASH FLOW OUTCOMES:

No borrowings

T 5.9.1.1

Chapter 5

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Non borrowings

T 5.10.1

COMMENT ON BORROWING AND INVESTMENTS:

No new loans were taken up in the financial year under review.

T 5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

GTLM does not have any PPP in place.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Supply Chain Management Unit is established according to Section 111 of the MFMA that states that the municipality has to adopt and implement SCM Policy. Supply Chain Management System of the municipality provides a mechanism to ensure fair, equitable, transparent, competitive and cost effective procurement whilst promoting black economic empowerment.

The SCM Unit consists of four officials plus one intern. All officials are registered and yet to reach competency levels in Supply Chain Management.

Key Findings from previous Auditor General's Report:

1. Invitations for competitive bidding were not always advertised for a required minimum period of days, as required by SCM regulation 22(1) & 22(2)
2. Contracts were extended without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.

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3. The performance of contractors or providers was not monitored on a monthly basis, required by section 116(2)(b) of the MFMA.
4. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116 (2) (c) of the MFMA.
5. Awards were made to providers whose directors are in the service of the other state institution in contravention of MFMA 112(J) and SCM regulations 44. Similar awards were identified on the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38 (1).
6. Construction projects were not always registered with the Construction Industry Development Board (CIDB) as required by section 22 of the CIDB Act and CIDB regulation 18.

Remedial Actions

1. Currently we have no such awards but in future we will apply the minimum days for advertising.
2. in the current financial year we did not have projects that were extended but in future we will ensure that its tabled to council if there is any extension.
- 3 & 4 PMU will do monthly site visit to monitor performance of contractors.
5. Service providers declare every time.
6. The municipality has created an account with CIDB so in future our adverts will appear on their website.

T 5.12.1

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

The GTLM applies GRAP in the compilation of its financial statements. Although every effort is made to comply fully to the GRAP standards applicable, documented issues exist specifically in applying GRAP 17 in relation to assets due to lack of available resources.

T 5.13.1

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CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The 2016/17 Financial Statements and 2016/17 Annual Performance Report will be submitted to the Auditor General on 31 August 2017, as per legislative requirement.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2016/17

6.1 AUDITOR GENERAL REPORTS 2015/16 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance 2015/2016	
Status of audit report:	Qualified Opinion
Non-Compliance Issues	Remedial Action Taken
Cash flow statement recalculations performed and differences identified	<ul style="list-style-type: none"> • Corrections will be done during compilation of 2016/2017 Annual Financial Statements. • 2016/2017 Annual Financial Statements to be reviewed by the Audit & Performance Committee and the CFO. • Emphasis will also be placed on the timeous submission of information by all parties during the compilation of the AFS
Commitments - Adjustment to restated commitments incorrectly calculated <p>*Some retention amounts from the 2014/15 financial year which were not deducted from the restated commitment amount as reflected in the current year's financial statements. *Commitment amounts of the below listed projects were omitted in the restated commitment amount as reflected in the current year's financial statements. (The construction of Thusong Centre in Inyaneng & Madipelesa Stormwater)</p>	<ul style="list-style-type: none"> • The commitments register will be revisited and the necessary adjustments will be done. Contract register is implemented and updated daily. • Commitments register AND supporting documentation presented on a monthly basis to SCM Manager and CFO for review.
Commitments - Inadequate disclosure of restated amounts <p>There is no disclosure about the nature of the restatement made to the comparative amount for commitments disclosed under Note 36 of the Annual Financial Statements.</p>	<ul style="list-style-type: none"> • The commitments register will be revisited and the necessary adjustments will be done. • Contract register is implemented and updated daily. • Commitment register AND supporting documentation presented on a monthly basis to SCM Manager and CFO for review. • The AFS will be reviewed by the AC and CFO
Irregular expenditure - Irregular expenditure prior year not corrected	<ul style="list-style-type: none"> • The balance of R8 540 620 was disclosed in the adjusted Annual Financial Statements.

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	<ul style="list-style-type: none"> • Continuous updates of irregular expenditure register and reviewed by the CFO on a monthly basis.
Irregular expenditure - Amount duplicated in the irregular expenditure register	<ul style="list-style-type: none"> • The duplicated amount of R124 524.27 has been removed from the irregular expenditure register. • The irregular expenditure register will be reviewed by the SCM manager on a monthly basis to verify accuracy thereof. • Irregular expenditure register updated on an on-going basis and reviewed monthly by CFO before submission to Council and Council Committees
Unauthorised expenditure - Unauthorised expenditure amount disclosure not complete Management did not adjust the adjusted financial statements with the correct amount. Unauthorised is understated by R683 146.	<ul style="list-style-type: none"> • Restate the amount of R683 146 during the compilation of the Annual Financial Statements. • CFO and Budget Manager to ensure that journals are passed timeously and the Unauthorised Expenditure Register be updated before finalisation of the AFS
Supply chain management - Awards to a person in the service of the state	<ul style="list-style-type: none"> • The process of appointing the Service provider to perform verification on directors of companies (Prospective suppliers) to ensure that they are not in the service of the state prior to being appointed has been started.
Supply chain management - Incorrect BEC calculations	<ul style="list-style-type: none"> • SCM to verify formulas used to calculate the scores prior to the appointment of a service provider.
Supply chain management - There are no individual BEC score sheets	<ul style="list-style-type: none"> • Every evaluation committee member to prepare their own score sheets where functionality is used.
Supply chain management - There is no proof that construction tenders were advertised on the CIDB website	<ul style="list-style-type: none"> • All tenders awarded in 2016/2017 financial year have been advertised on the CIDB website and proof thereof is kept at SCM office.
Supply chain deviations not disclosed in the annual financial statements	<ul style="list-style-type: none"> • All supply chain deviations will be timeously disclosed in the 2016/2017 AFS. • The AFS to be reviewed by the CFO and the Audit Committee.
Procurement process not followed for the purchase of goods and services	<ul style="list-style-type: none"> • Engage with the District about the prospects of renewing the contract with business engineering. • Procurement processes are be followed for all goods and services and all contracts monitored through a contract register.
Supply chain management - Three quotations not sourced for accommodation	<ul style="list-style-type: none"> • Proper planning and budget allocations. All tenders will be advertised timeously. • No last minute arrangements will be accepted except in cases of emergencies.
Budget Compliance: Section 71 reports do not include explanations for material variances	<ul style="list-style-type: none"> • Since December 2016, the excel spread sheet utilised to report to the Mayor has been amended with a column for explanations, however, the same amendment cannot be made to the standard NT template. BTO Manager has requested guidance from the AG in this regard, however, no response has been received from the AG.
Expenditure - Failure to certify that goods/ services were received in accordance with the	<ul style="list-style-type: none"> • All Invoices received will be verified against the quotation submitted to certify that good and services were received in accordance with the quotation/contract. The requester of the

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contract/quotation	services will append his/her signature on the invoice as proof of verification
Expenditure - Expenditure incorrectly classified	<ul style="list-style-type: none"> • The entire population was revisited and necessary adjustments have been made in the Annual Financial Statements. • All expenditure payments are being reviewed by the expenditure manager to prevent misallocations and correcting journals are being passed if any misallocations occur
Expenditure - Payments made without approval of the CFO	<ul style="list-style-type: none"> • Management will ensure that payment vouchers are approved by the CFO prior to any payments being made.
VAT receivable - Journals not approved and deficiency on the Sebata system	<ul style="list-style-type: none"> • Management will prepare the relevant correcting paper trial as supporting documents that will be signed by the Chief Financial Officer. • The correction that was used is a Systems Administrator function that was used to cancel half posted journals in the case of a power failure. It should not have been used in this case. All journals on the system is supported by a paper journal and supporting documentation, approved by the CFO.
No monthly or year-end reconciliations prepared for investments	<ul style="list-style-type: none"> • Reconciliation between bank statements and the bank control account is being performed on a monthly basis. • Monthly reconciliations will be reviewed by the CFO
Receivables - Trial balance not agreeing to the Annual Financial Statements Amount for receivables	<ul style="list-style-type: none"> • Management to ensure that the trial balance and financial statements are reconciled and agree to the underlying supporting documents • The Annual Financial Statements, together with the trial balance and the audit file will be submitted to IA, AC and PT for review prior to submission to the AG for audit. • All debtors control accounts to be reconciled on a monthly basis by 31 January 2017
Revenue - Property Rates (Second supplementary valuation roll not displayed on Municipal website)	<ul style="list-style-type: none"> • Communications unit to ensure that the municipal website is functioning as intended by 28 February 2017 • Revenue Manager will timeously furnish communications unit with all the information that is required to be uploaded onto the website.
Revenue - Property Rates (Valuation Roll not complete)	<ul style="list-style-type: none"> • Management to engage with the valuer to ensure that all possible properties that were not included in the 2nd supplementary roll will be included in the 3rd supplementary roll. • Revenue manager to ensure that all properties to be valued be provided to valuer for valuation and verify on receipt of the relevant supplementary roll to ensure that all the relevant properties were indeed valued and included in the valuation roll. • The Revenue Manager will also sign the supplementary roll off.
Revenue - Failure to reconcile income registers to the General Ledger and non-review of direct income registers	<ul style="list-style-type: none"> • Monthly reconciliations will be performed between the GL and direct income registers • Direct income registers to be compiled by the Senior revenue clerk and reviewed by the Revenue Manager
Property Rates - Rates on the system	<ul style="list-style-type: none"> • Revenue Manager to verify the update and completeness of

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different from the ones on the supplementary valuation roll	<p>the rates captured on both of the latest market valuation roll(s) against those on the system.</p> <ul style="list-style-type: none"> • Both the Revenue Manager and CFO to sign off the printout as proof of review.
	<ul style="list-style-type: none"> •

Auditor-General Report on Service Delivery Performance: 2015/16	
Status of audit report**:	Qualified
Non-Compliance Issues	Remedial Action Taken
AoPO - No alignment between the SDBIP, IDP and the Annual performance report	PMS Office to engage BTO during preparation of the budget and will devise mechanisms to ensure that the budget on the excel spree sheet is aligned to the SDBIP of the municipality. The SDBIP will also be aligned to the IDP and ample time will be spent on reviewing both documents to ensure consistency.
AoPO - Integrated development plan amended without following legislative requirements	The 4th generation IDP is a new 5 year plan will be submitted to the district for inputs and approval.
AoPO - The IDP does not include indicators and target for the five year plan	The 4th generation IDP will inform the top layer SDBIP. The IDP Manager will ensure that the IDP includes all indicators and targets
AoPO - Reported performance not adequately supported	The system of collecting performance information has improved. On a quarterly basis prior to the review of organisational performance, PMS will verify actual performance reported against the portfolio of evidence and if evidence submitted is not relevant or is inadequate, the manager responsible will be engaged, then once that is done performance report will be submitted to Internal Audit for purpose of validating actual performance and POE.
AoPO - Inconsistency between planned and reported objectives	PMS Office will immediately after development of planning documents review to ensure alignment and consistency. Quarterly performance information audit by internal will assist in detecting inconsistencies between SDBIP's and performance reports.
AoPO - Deficiencies identified on the adopted 2015/16 (Integrated Development Plan) IDP	The New SDF has already been approved by Council. The 5 year capital investment programme will be developed at management level
AoPO - Indicator not verifiable	PMS Office will include only budgeted Key Performance Indicator in the Top Layer SDBIP of the municipality.
Local Government Support: Lack of a performance management information system	As from 2017/18 Financial year GTLM will implement automated performance management through MSCOA
AoPO - Indicators not in line with the objective	PMS Office will review the SDBIP to ensure alignment and consistency before approval by Council. Internal Audit will also perform a consistency review on the SDBIP prior submission to Council.
HR Compliance - No performance	PMS Office will have a One on One session with managers to confirm

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agreements for non-section 57 employees	the correctness of the performance plans developed for them. Once that is done PMS Office will ensure that they sign their Performance Agreements with their supervisors.
AoPO - Target not achieved by the planned dates	PMS Office will ensure that managers and directors set realistic targets and are achieved as planned. Performance will be monitored on monthly basis and poor performance will be reported to the Accounting Officer
HR Compliance - Municipal Manager's performance agreement not in accordance with legislation	Duties conferred on the accounting officer, as per section 62 (1) of the MFMA will be incorporated in the Performance Agreement of the Accounting Officer
HR Compliance - Performance evaluation not performed during the year	2015/16 Annual performance evaluation and 2016/17 mid-term performance evaluation of directors and municipal manager will be done before the end of Feb 2016.
	<i>T 6.2.2</i>

COMPONENT B: AUDITOR-GENERAL OPINION 2016/17 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2016/17

Status of audit report:	Opinion
Non-Compliance Issues	Remedial Action Taken
<p>1. Other organs of state The following providers had related individuals which are employed at other organs of state and as the connection between these two parties was not declared, it is regarded as a prohibited award and the total amount will be irregular expenditure (R1,637,795).</p> <p>2. Suppliers in which spouses/partners has an interest For the following suppliers and related employees indicated next to the supplier, no connections were declared and therefore it is regarded as a prohibited award and the total amount paid being irregular expenditure (R1, 875,729.92).</p>	<ol style="list-style-type: none"> 1. CIPC searches to be performed as per AG recommendation. 2. For items that are raised on this finding where supporting documents were not submitted, SCM Manager will ensure that such support is obtained and copies thereof will be kept in a file which will be readily available for the AG during 2017/18 audit when work is performed on prior year exceptions. 3. Population of 2016/2017 to be revisited. 4. Items identified from this exception and those that will be identified after 16/17 population has been revised will be added on irregular expenditure register. 5. The municipality has procured the services for vetting of all tenders awarded, quotations and municipal officials

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<p>Quotation Process Non-Compliance & Irregular Expenditure</p> <p>1. We identified the following SCM process differences for the quotation process (R2000.00 - R200 000.00): *i.e. No declarations, no proof of advertisement etc (Taung Tusk, Sebata and Robert Edwin Con cleared). Irregular amount: R446,011.35.</p> <p>2. We also inspected the deviation register for the 2016/2017 financial year and identified that Urban-Ex Concesso Development Economists (Pty) Ltd was not included in the deviation register.</p>	<ol style="list-style-type: none"> 1. CIPC searches to be performed as per AG recommendation. 2. For items that are raised on this finding where supporting documents were not submitted, SCM Manager will ensure that such support is obtained and copies thereof will be kept in a file which will be readily available for the AG during 2017/18 audit when work is performed on prior year exceptions. 3. The SCM unit to ensure that each quotation is supported by a declaration before an order is issued. 4. All tenders above R30 000 will be advertised and only deviations which meet all the requirements for deviation will be captured as such and all the reasons for deviations will be reviewed. 5. Population of 2016/2017 to be revisited. 6. Items identified from this exception and those that will be identified after 16/17 population has been revised will be added on irregular expenditure register.
<p>Competitive Bid Non-Compliance & Irregular Expenditure</p> <p>1. We identified the following SCM process differences for the competitive bidding process: (service providers i.e. Enigma Chartered Accountants (Section 32 appointment from Kagisano Molopo), Aobakwe Consulting etc) Irregular amount: R18 344 675. 2.</p> <p>2. In addition, Tshireletso professional Services were not included in the deviations register.</p>	<ol style="list-style-type: none"> 1. For items that are raised on this finding where supporting documents were not submitted, SCM Manager will ensure that such support is obtained and copies thereof will be kept in a file which will be readily available for the AG during 2017/18 audit when work is performed on prior year exceptions. 3. Population of 2016/2017 to be revisited. 4. Items identified from this exception and those that will be identified after 16/17 population has been revised will be added on irregular expenditure register. 5. All regulation 32 applications will be reviewed by the SCM manager and the CFO. 6. All tenders above the minimum threshold must be advertised
<p>Segregation of duties for cash receipts not sufficient</p> <p>The segregation of duties between the person who receives the cash and the person who records the receipt is not sufficient as the same person who receives the cash, also records the receipt. Iris (cashier) and Maletsatsi (debtors clerk) both receive cash and record the receipt for the cash received on the Sebata System.</p>	<p>Management does not agree with the practicality of AG's recommendation.</p> <p>Existing controls:</p> <ol style="list-style-type: none"> 1. Senior Revenue Officer reconciles the cash received and thereafter it is recorded by the financial clerks on the financial system every Tuesday and Thursday. and 2. Senior Revenue officer records Direct Banking(from the 1st - 10th ; 11th - 20th and 21st - 30th/31st of every month. This is verified by the Accountant and reviewed by the Revenue Manager.
<p>Debtor's age analysis not reviewed</p> <p>The debtors age analysis is not reviewed to ensure that it is accurate, complete and agrees to the general ledger, as confirmed through discussion with the revenue manager, Boitumelo Maselwa. Further inspection also proved that the general ledger and age analysis did not agree at 30 June 2017.</p>	<p>Provision will be made on the already existing template for the clerk, revenue manager, and CFO to sign off on a monthly basis. Differences that might be identified will be resolved on a monthly basis and supporting evidence will be filed with regards to reconciling items.</p>
<p>Indigent Subsidy understate</p> <p>Through inspection of Eskom documentation, a difference amounting to R 296 241.06 was noted between the amount payable according to list of households and the actual amount paid over to Eskom.</p>	<ol style="list-style-type: none"> 1. A standard template will be used by Revenue Manager to perform monthly reconciliation between the Eskom register and billing report. 2. Differences identified will be followed up on immediately after reconciliation has been performed and support thereof will be filed. Reconciliation will be signed off by the preparer (revenue manager) and the CFO.

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<p>Indigent subsidies not correct The following application forms for indigents were not handled correctly:</p> <ol style="list-style-type: none"> 1. Form was not approved but the person/household received indigent subsidy 2. Form was approved but the person/household did not receive indigent subsidy 	<ol style="list-style-type: none"> 1. Revenue Manager will ensure that only indigent subsidies with approved application forms receive monthly rebate. 2. All indigent forms to be revisited in 2017/18 financial year to ensure that the correct households receive the indigents as approved. For those receiving the subsidy without approval, the subsidy will be stopped.
<p>Over-accrual of revenue The municipality accrued for electricity and water revenue for the consumption in June 2017 that was only billed in July when the meter readings were taken. The accrual recognised for both water and electricity revenue was based on the consumption for the whole month of June, but meter readings are taken up until the 15th of each month. This consumption up to the 15th of June 2017 would have been billed in June and therefore this should not have been accrued as well.</p>	<ol style="list-style-type: none"> 1. Revenue Manager will ensure that accrued revenue for water and electricity is only be based on 15 days, as portion of revenue is already billed in June. Only the portion between 15-30 June will be included in accrual. Since figures as per July report can be used, the sum will be made as: Figure July x 15/30. 2. For the 16/17 year the difference of R156 705.03 will be shown as prior period error.
<p>Unknown Deposits Account The unknown deposits accounts date back for many years. According to general law, debt prescribes after 3 years. Therefore unknown deposits older than 3 years cannot be claimed by the consumer as a payment of an account, and most likely such an old account would have been written off already, and therefore unknown deposits older than 3 years should be recognised as sundry income. The balance older than 3 years amounts to R221 522.14</p>	<ol style="list-style-type: none"> 1. A register of unknown deposits will be developed and all deposits older than 3 years will be recognized as revenue. 2. The register will be signed off by the preparer (Revenue Manager) and the reviewer (CFO).
<p>Negative debtors - Rates not charged on accounts and allocation errors Rates not charged: Through inspection of the negative debtors it was noted that some of the debtors are in credit because payment was received but no rates were charged even though the properties are on the valuation roll.</p> <p>Wrong classification causing negative debtors Through inspection of the negative debtors it was noted that some of the debtor's accounts reflects payments for property rates but the properties are not on the valuation roll. This means that the payments reflected on these accounts are most likely allocation errors and should have been reflected on other accounts.</p>	<ol style="list-style-type: none"> 1. This finding will be addressed through the data cleansing process and work on the valuation roll. 2. Furthermore, Revenue Manager will ensure that if the debtor has more than one account, payment is allocated to the correct account. 3. The Senior Revenue officer will ensure payments are allocated to the correct account. Where there will be a 2nd level review that will be done by the Accountant and 3rd level review by the Revenue Manager.

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<p>Interest incorrectly charged while debtor is in credit The consumer's rates account was in a credit while the accounts for sewerage and refuse was not in credit. The consumer did not pay the amounts outstanding on his sewerage and refuse accounts because the credit on the rates account is large enough to cover the amounts outstanding on the other 2 accounts. The municipality however, did not allocate the credit to the other accounts.</p>	<ol style="list-style-type: none"> 1. This finding will be addressed through the data cleansing process and work on the valuation roll. 2. Furthermore, Revenue Manager will ensure that if the debtor has more than one account, payment is allocated to the correct account. 3. The Senior Revenue officer will ensure payments are allocated to the correct account. Where there will be a 2nd level review that will be done by the Accountant and 3rd level review by the Revenue Manager.
<p>Limitation of scope - Exchange and Non-Exchange Debtors The following information requested in RFI 33 on Exchange and Non-Exchange Transactions was not received/insufficient information was received, which creates a limitation of scope on the existence of receivables: (Verification of debtors - Signed statements and ID's by debtors as confirmation of debts)</p>	<p>Data cleansing will be performed on debtors. This process will be done on an on-going basis throughout the year.</p> <ol style="list-style-type: none"> 1. The municipality will perform physical verification through physically submitting warning letters to defaulters at the place their residence. 2. Furthermore, as and when individuals come to the municipality to pay their accounts, they will be requested to provide the latest personal /contact details i.e. ID no, cell no, etc. of the property owner. 3. Poe's of the above processes will be submitted to the CFO for review twice in a quarter.
<p>Indigent Debtors - Indigents debtors could not be verified 1. Indigent subsidy for the following individuals could not be verified against supporting evidence because the supporting evidence was not submitted. 2. The necessary documentation to qualify as an indigent debtor was not attached with the application form and therefore the debtor should not have received the indigent subsidy. This is a disagreement misstatement.</p>	<ol style="list-style-type: none"> 1. Revenue Manager will ensure that indigent forms are obtained for 10 debtors as stated on the exception to ensure that the finding is cleared in 2017/18 financial year. 2. Revenue Manager will ensure that only indigent subsidies with approved application forms receive the monthly rebate. Furthermore, Revenue Manager will revisit the whole population to ensure approved that application forms are readily available for all indigent debtors.
<p>Trade receivables - unresolved difference between AFS and age analysis 1. There is a difference of R6 665 277 between the debtors as per the 2016/17 AFS and the age analysis as at 30 June 2017. The age analysis is more than the AFS with the R6 665 277. Management says that the difference related to a journal that was posted against the control account during a prior year, but no corroborating evidence could be provided for this. 2. Included in the difference is an amount of R1 077 111 which relates to a prior year journal which was processed again in the current year. The journal was processed against the debtors control account and debt impairment.</p>	<ol style="list-style-type: none"> 1. Provision will be made on the template for the clerk/revenue manager/CFO to sign off on the age analysis and where differences are identified, they will be resolved on a monthly basis. 2. Supporting evidence to be filed with regards to reconciling items. The proposed journal for ex.89 and ex. 22 will be processed against debtor control account in order to ensure that the difference does not occur again in 2017/18 financial year. 3. Journal 10000095 to be reversed in the GL for 2017/18 (Debit debtor/Credit acc surplus). Correction on journal 10000095 to be disclosed on the prior period error.

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<p>Property rates - error in recalculation</p> <p>1. When recalculating a sample of property rates, the difference of 2,785,858.41 was noted.</p> <p>2. Furthermore, when reconciling the valuation roll as contained in the Sebata system and the valuation roll as compiled by the valuator, the difference of 63,347,298.00 was noted.</p>	<ol style="list-style-type: none"> 1. Reconciliation will be performed between valuation roll and supplementary rolls. 2. Standard electronic templates provided will be used. 3. Revenue Manager will ensure that latest value as per supplementary roll 4 is updated on system. Then attention will be given to problem areas that were highlighted for reconciliation performed by Altimax for 16/17 year. Update of values will be completed by end of November 4. The reconciliation will be performed every time new supplementary roll or general valuation roll is provided by expert. 5. There is also properties for which revenue is billed that do not appear on the valuation roll of expert. These are properties that have been surveyed but not yet registered at the deeds office. This will be followed up with deeds office as the municipality can only charge property rates which appear on the experts' valuation roll. 6. Revenue Manager will perform the electronic reconciliation in Dec/Jan to ensure that enough time is available.
<p>Provision for bad debts - Difference on calculation of provision</p> <p>1. The municipality did not calculate a present value of the future cash flows to determine the recoverable amount.</p> <p>2. Furthermore, other errors in principle in the calculation were identified.</p> <p>3. There is a difference between the recalculated provision (as per GRAP 104) and that disclosed in the AFS.</p> <p>4. There is a difference between the total of the provision that management provided to the auditors and the provision amount that was recognised in the AFS.</p>	<ol style="list-style-type: none"> 1. Calculation to be performed on year end (2017/18) as per standard template provided by AG. 2. Management will ensure that debt control policy is updated to incorporate the paragraph as stated in ISS.55. 3. Debt impairment for 2016/17 will be corrected as a prior period error when 2017/18 AFS is compiled.
<p>PAYE not calculated and paid over on correct tax rates</p> <p>*During the year, Council took a decision not be taxed at the 26% as set out in the Fourth Schedule to the Income Tax Act, because it is a non-standard income. Instead they decided to be taxed as per the normal tax tables. SARS conducted an audit and found this practice to be unlawful.</p> <p>*SARS issued an assessment with penalties and interest of R2 147 690, which the municipality paid to SARS. After the audit, the payroll manager decided to deduct the correct amounts as per the Fourth Schedule from the councillors' remuneration. *The councillors again decided that they do not want to be taxed at the higher rate and insisted that the municipality pay back the amounts they feel have been wrongly deducted. The total</p>	<ol style="list-style-type: none"> 1. Payments with total value of R190 458 to be added on 2016/17 irregular register as SARS legislation not followed. Applicable payment vouchers were submitted with communication 7 (vouchers 15000147, 15000148, 15000150, 15000152) 2. *The councillors' debt as reported on the irregular expenditure register will be submitted to SCOPA for investigation. Should SCOPA approve that the money be recovered, the following processes can be implemented: <ul style="list-style-type: none"> *the debt owed per councillor can be deducted from the monthly salary. (current councillors) *the debt owed by previous councillors can be obtained with a submission of a court order to them. Should the debt not be recovered, the SARS receivable should be included in the debt impairment calculation.

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<p>amounts paid back to the councillors in this regard is R654 297. This amount should be disclosed as irregular expenditure as these payments are in contravention with a law. However only R463 839 is disclosed.</p>	
<p>PROVISIONS Errors on Employee benefit obligation There is a difference between the liability according to the expert's report and the amount disclosed in the annual financial statement</p>	<p>The Payroll manager will ensure that when support is provided to the experts at year end, liability calculated does not exceed the cap on the medical aid contribution.</p>
<p>Fringe Benefit on the right of use of vehicles, not declared as Output VAT We identified that the output VAT on the fringe benefit for the right of use of vehicles was not declared in the VAT 201 returns. The following table lists the vehicles on which the fringe benefit is applicable: 1. Mercedes-Benz ML 350: R 3,689.40 output vat on fringe benefit for a year. 2. Nissan X-Trail 1.6: R 1,962.36 output vat on fringe benefit for a year.</p>	<p>Fringe benefit for use of vehicle will be declared on VAT201 form. Assistance to be obtained from Sebata by the Budget Manager.</p>
<p>PAYABLE Difference on retention certificate and register The following differences between the retentions on the certificates and retention use by JBFE was found. Certificate indicate retention amount of R15 971.00 and R40 098.81 for 2 halls respectively, however, it was stated as R0 on the register.</p>	<p>Retentions as per retention/commitment register will be compared to WIP asset register to ensure that there are no differences. This will be done beginning of August once the asset register is complete.</p>
<p>Balance per the retentions list does not agree to the balance as per the AFS 1. Difference between the retentions list and the AFS (R169 905.07). 2. Difference between the retentions on the certificates and the retention on the register (R132 360.81)</p>	<p>1. Reconciliation will be performed between the retention register and GL. 2. PMU Manager will ensure that the retention register is kept for the full balance under vote 7210/7231/7201, not only list of current year retentions. 3. PMU to inspect invoices of prior years to identify retentions that have been paid. In this vote it should only be retention of projects that are still going to be paid, as the projects would not yet be finished.</p>
<p>PRIOR PERIOD ERROR Prior period error (disclosure note 42)</p>	<p>*The journal relating to R6.3 million was incorrectly processed. Therefore applicable journals will be reversed. This will be disclosed under prior period error. Reference will be made to Annexure C submitted with letter for audit adjustments (correction to be made against accumulated surplus). *Furthermore, management will ensure that asset registers are completed by end of July to ensure that there is efficient time to compare register to AFS.</p>

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<p>Journals - Limitation of scope</p> <p>1. Journal 10000318 The amount on the WIP additions Excel document differs from that on the Sebata generated journal. Supporting documents indicates R2,475,074.43 while the amount on the GL is R2,457,997.65. Assets will be overstated by R17,076.78 and retentions with the same amount.</p> <p>2. Journal 10000365 No supporting documentation provided. Assets will be overstated by R2,362,836.68 and retention with the same amount.</p> <p>3. Journal 10000377 & 10000378 Referring to the asset register, this journal was incorrectly posted against accumulated surplus. A correcting journal has been processed on CaseWare to fix the error. But has not been processed on the GL. Therefore, no effect on financial statements, and therefore control related.</p>	<p>*Management to ensure that all journals are approved by the respective manager and the CFO prior being passed for the purpose of ensuring that errors are timeously detected. *Furthermore, valid support to all passed journals will be filed.</p> <p>1. JNL 10000318: The difference was immaterial. No action needed.</p> <p>2. JNL 10000365: *Journal was incorrectly processed and will be reversed.(AFS). *PMU Manager will ensure that the retention register is kept for the full balance under vote 7210/7231/7201, not only on the retention list of the current year retentions. *PMU Manager will inspect invoices of prior years to identify retentions that have been paid. In this vote it will only be retention of projects that are still going to be paid, as the projects are not yet finished.</p> <p>3.JNL10000377 & 10000378: Refer to Ex.22</p>
<p>CASH & CASH EQUIVALENTS</p> <p>Petty Cash Control issues</p> <p>1. Petty cash exceeded the limit of R2000 in the months of February (R2017.45) and March 2017 (R2186.85). 2. The Municipality does not make use of requisition forms which is approved by the CFO before petty cash cheques are issued. 3. The Municipality does not separately capture petty cash expenses on the GL. The petty cash cheque is divided among votes, and no VAT is claimed on valid tax invoices.</p>	<p>1. Expenditure Manager to ensure that petty cash is limited to R2000 a month. 2. Expenditure Manager to implement pre-requisition forms which will be approved by the CFO prior to petty cash cheques being issued. 3. Petty cash expenditure will be recorded separately onto the general ledger and VAT will be claimed for valid tax invoices.</p>
<p>VAT</p> <p>Turnover reconciliation difference</p> <p>We identified that not all the Municipality's income was declared on the VAT201 returns</p>	<p>Monthly reconciliation to be performed BY the expenditure manager between VAT201 and income votes as per GL. On VAT 201 property rates to be declared as zero rated and interest received as exempt income.</p>
<p>VAT</p> <p>Value Added Tax - Incorrect Apportionment</p> <p>The municipality did not apply any apportionment for the 2016/2017 financial year. The 2015/2016 financial statement figures were used to calculate the apportionment.</p>	<p>1. Management will ensure that the apportionment calculation is done correctly based on the specific turnover-based apportionment method. 2. Once the calculation has been done, it will be reviewed by the CFO.</p>
<p>CASH & CASH EQUIVALENTS</p> <p>Bank accounts disclosed in AFS</p> <p>There are bank accounts on the Nedbank confirmation that does not appear on the AFS. (6 accounts with the total of R 7,865.13).</p>	<p>Regular intervention with bank to be done to ensure that they send supporting documentation for all bank accounts.</p>

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<p>VAT Input VAT not claimed on the transaction or input VAT claimed wrongfully 1. Input VAT not claimed on transactions (General exp, S&T, R&M); 2. Input VAT wrongfully claimed on transactions (Bulk purchases, general exp, Expenses accruals)</p>	<p>1. The whole population of suppliers will be revised BY SCM to ensure that their VAT status is correct on the system as there were suppliers loaded as "not registered" however is registered for VAT. Thus the municipality is losing out on input VAT that can be claimed when VAT201 is completed. 2. Expenditure will ensure that the VAT status of the supplier is correct by checking the VAT number on the invoice before invoice is paid.</p>
<p>TRADE & OTHER PAYABLES Supplier reconciliation not reviewed Inspected the creditor's reconciliation performed by Tshenolo (Expenditure Accountant) for the creditor Quality Engineering on 15/12/2016. The balance as per the system agrees to the balance on the creditor's statement. The reconciliation was not signed by the supervisor as proof that the reconciliation was reviewed by the supervisor.</p>	<p>Management will ensure that the creditor's reconciliation is signed off by preparer and reviewer (Accountant) in addition to the signatures on the condensed report as proof of review.</p>
<p>IMMOVABLE ASSETS Carrying Value Reconciliation Differences Journals proposed by JBFE as reclassification between Land and Buildings and Infrastructure has been incorrectly processed to accumulated surplus. To correct the error in the general ledger, journals was processed on Caseware on depreciation and impairment. The total value of journals incorrectly processed amounts to R6 396 317. Infrastructure carrying amount at 30 June 2017 is correct, but the opening balance of infrastructure is incorrect by the amount, as well as depreciation and impairment processed on Caseware in the current year.</p>	<p>*The journal relating to R6.3 million was incorrectly processed. Therefore applicable journals will be reversed. This will be disclosed under prior period error. Reference will be made to Annexure C submitted with letter for audit adjustments (correction to be made against accumulated surplus). *Furthermore, management will ensure that asset registers are completed by end of July to ensure that there is efficient time to compare register to AFS.</p>
<p>IMMOVABLE ASSETS Zero useful life We identified that there are 100 movable assets with R10 or lower useful lives, which are still being used by the Municipality.</p>	<p>Items as listed on exception will be removed from the assets register. Management will perform monthly reviews to see whether no items with zero useful lives appear on the register. The only time this will be applicable is if the assets are disposed and not in use anymore. (SCM manager to assist asset manager just to clear 16/17 items).</p>
<p>IMMOVABLE ASSETS Transfers and additions of work in progress in note 10 is misstated by R610 393. The R610 393 was initially updated in the asset register. Inspection of the captured documents revealed the item transferred in the GL was accounted from the supporting documents and the asset register was adjusted to its original state. The AFS drafters preparing interim notes used the adjusted asset register but failed to update the PPE note for WIP once the asset register schedule was updated following the document recon that confirmed the balance to</p>	<p>1. Management will ensure that all work in progress transfers and additions are reviewed and verified. 2. Reconciliation between the immovable asset register and general ledger will be performed. 3. The PPE Note for WIP will be updated with the stated amount and be recorded as prior year error.</p>

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<p>be accounted. This resulted in a disclosing error due to human oversight as the result of the balance did not affect either opening or closing balance but only the additions and transfer balances.</p>	
<p>MOVABLE ASSETS Difference between asset register and AFS</p>	<p>Correction will be made on asset register. In order to provide support to AG with the next audit, a list will be kept of all assets affected that make up the balance of R670 476.35.(SCM manager to assist asset manager just to clear 16/17 items).</p>
<p>MOVABLE ASSETS Errors on the asset register The following item was identified on the floor, could not be traced to the asset register. These items were traced to the redundant assets register. The asset seems to be in a working condition.</p>	<p>To ensure completeness, spot checks on assets will be done on a quarterly basis and traced to the asset register.</p>
<p>INTANGIBLE ASSETS Intangible Assets Register - Opening balance difference The difference of R46 600.00 was computer software (Anti Virus). It was allocated under moveable assets which was move to intangible asset. It was correctly done in the AFS 2016/17 but the intangible asset register was not updated.</p>	<ol style="list-style-type: none"> 1. Quarterly reconciliations between the assets register and the GL will be performed. 2. Reconciliations will be signed by preparer, asset manager and the reviewer, CFO.
<p>OPERATING EXPENDITURE Capital Library Grant Expenditure Not capitalized The capital expenditure incurred with regards to the grant received from the Department of Sport - Library Grant (specifically the capital portion of the grant) has been included in the Library Grant Expenditure in the Statement of Financial Performance, instead of the capital expenditure being capitalised. (The remaining error is therefore R517 485 expenditure overstated and assets understated).</p>	<ol style="list-style-type: none"> 1. For items remaining on exception of R517 485, invoices will be obtained and confirmed that these were assets. 2. Thereafter, they will be added to the 2016/17 asset register for movable and infrastructure assets depending on the type of assets. 3. This will be shown as prior period error on 2017/18 AFS. 4. During compilation of 2017/18 AFS, the vote for capital portion (043/6214) will be inspected to ensure that items relating to assets are transferred to PPE. Copy of invoices recorded under this vote will be kept for the purpose of confirming whether it is an asset or not.
<p>FINANCE LEASES & INTANGIBLE ASSETS No reconciliations for finance leases and intangible assets There are no reconciliations done for finance leases and intangible assets in the 2016/17 financial year.</p>	<ol style="list-style-type: none"> 1. Reconciliation between register and GL will be performed on quarterly basis. 2. Reconciliation will be signed by the preparer, asset manager and the reviewer, CFO.
<p>INVENTORY Inventory - Misstatement of inventory 1. Compared the final stock count listing to the inventory register of consumables. The register differs from the actual stock count and this has a valuation error of R37,871.43. 2. Also identified a difference to the fuel disclosed in the AFS and the actual fuel</p>	<ol style="list-style-type: none"> 1. Management will ensure that the register for consumable and fuel is reconciled to the general ledger on year end, after stock count has been performed. 2. Stock adjustment journals will be performed on year end and If variances are identified between stock count and GL, stock adjustment journal will be processed to ensure that GL agrees to stock count listing. 3. Management will ensure that supporting documents for fuel

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register to the amount R34,624.80.	purchases are readily available.
<p>Infrastructure Carrying Value Reconciliation Differences Journals proposed by JBFE as reclassification between Land and Buildings and Infrastructure has been incorrectly processed to accumulated surplus.</p> <p>To correct the error in the general ledger, journals was processed on CaseWare to depreciation and impairment. The total value of journals incorrectly processed amounts to R6 396 317. Infrastructure carrying amount at 30 June 2017 is correct, but the opening balance of infrastructure is incorrect by the amount, as well as depreciation and impairment processed on CaseWare in the current year.</p>	<p>*The journal relating to R6.3 million was incorrectly processed. Therefore applicable journals will be reversed. This will be disclosed under prior period error. Reference will be made to Annexure C that was submitted with the letter for audit adjustments (correction to be made against accumulated surplus).</p> <p>*Furthermore, the assets manager will ensure that the asset registers are completed by end of July 2018 to ensure that there is efficient time to compare the registers to the AFS.</p>
<p>Difference on recalculation of cash flow statement</p> <p>The following items included in the cash flow statement could not be recalculated successfully and the reason being could not be determined. (Cash flows from financing activities: *AFS = (51,654,939)</p> <p>*Recalculated = (51,849,140.00). Difference of R194,201.00.</p>	Management will ensure that the 2017/18 AFS are reviewed by the CFO subsequent preparation and thereafter submitted to PT, IA and AC for review prior submission to the AG for audit.

Auditor-General Report on Service Delivery Performance: 2016/17

Status of audit report**:	Qualified
Non-Compliance Issues	Remedial Action Taken
<p>Strategic Budgeting and Planning</p> <p>1. The IDP does not contain a financial plan, which includes a budget projection for at least the next three years.</p> <p>2. IDP does not contain a spatial development framework which includes the provision of basic guidelines for a land use management system for the municipality.</p>	<p>1. All directors will be requested to submit a 3 year plan as part of the budget planning process.</p> <p>2. The Spatial Development, Land Use Scheme & Environmental Management Plan were referred to in the IDP, which was an acceptable practice in the past, the only remedy will be to include these documents in the IDP, taking into account the large volume of copies.</p>
<p>Difference between Quarterly Reports and Annual Performance Report</p> <p>The following difference were identified between the reported achievements per quarterly reports and annual performance report: (Seoding Hall & Maphoitsile Hall)</p>	<p>1. Management will be encouraged to plan properly and to timeously submit procurement plans to SCM unit so that all projects are implemented as early as possible.</p> <p>2. Monthly monitoring of projects will be done by PMS unit through performance reporting in order to be able to detect underperformance and to address it immediately.</p>
<p>Measures taken to improve performance are not supported by corroborating evidence</p> <p>The following Kip's measures taken to improve performance are not supported by corroborating evidence</p>	PMS unit will regularly ensure and monitor that realistic and effective measures taken to improve performance are provided and implemented and portfolio of evidence to corroborate such measures will be available.

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<p>Actual performance is not compared to prior year performance in the Annual Performance Report</p> <p>The following Kip's actual performance is not compared to prior year performance in the Annual Performance Report: *Completion of Chiefs court Bridge *Completion of Matsheng Community Hall *Construction of Lower Majaekgoro Stormwater channel project *Construction of 3km Moretele access road *70% construction of 2kms of access road in Matlhako II</p>	<p>PMS unit will ensure that actual performance of the prior is clearly captured on the Revised Service Delivery Budget implementation Plan of 2017/18 financial year. That will only be done Key Performance indicators that were not completed in the previous year or multiyear projects.</p>
<p>Indicator not correctly reported</p> <p>*Install high mast lights in 5 Wards by end June 2017 *Complete construction of Seeding Community Hall by end June 2017 *Provide free basic water to 591 households in GTLM by end June 2017</p>	<p>Install high mast lights: PMS Unit will revise this KPI by replacing the word "install" to "construct".</p> <p>Construction of Seeding Community hall and FBW: PMS unit will ensure that actual performance reported is supported by the correct, adequate and reliable portfolio of evidence.</p>
<p>Indicators not consistent</p> <p>The following indicators was not consistent as the planned target was reported as an absolute value and the reported target as a percentage:</p> <p>*Complete Chiefs court Bridge project by end June 2017 - Planned target: 1 - Reported target : 51%</p> <p>*Complete construction of Maphoitsile Community Hall by end June 2017 - Planned target: 1 - Reported target : 65%</p>	<p>Management will ensure that where targets are not met, progress will be reported in percentages and briefly explain the progress made.</p>
<p>Rental income - Limitation of scope</p> <p>RFI 32 for Revenue was issued on Friday 29/09/2017 and the due date of the information was on Wednesday 04/10/2017. By close of business on the day of the due date the following information on the RFI was still outstanding: (rental agreement for unit 415)</p>	<p>1. Rental agreement for unit 415 to be obtained and filed to ensure that exception is resolved in the next audit. 2. Furthermore, for all rental agreements of 2017/18, a copy of the rental agreement will be kept in the Revenue office and originals will be kept at housing unit. This is for all rentals as recorded under rental income votes. Applicable rental votes: 0409/0701, 0409/0703, 0409/0707, 0601/0705. The support will also be filed for monthly rental reconciliations performed. (Confirm vote numbers with budget)</p>
<p>IT Manager: Position vacant</p> <p>The entity did not have a IT Manager. However, the functions of the IT Manager were performed by the IDP Manager (Acting IT Manager).</p>	<p>The position of IT Manager was advertised, and applications were received. The recruitment process is underway.</p>
<p>Roads infrastructure - Incomplete</p> <p>During the inspection of the Road Maintenance Plan the following was noted: 1. The meters of road as per the asset</p>	<p>1. Management will ensure that a priority list is included in road maintenance plan. 2. Furthermore, inputs made to the plan will be checked against the asset register through reviews done by the Acting Director:</p>

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<p>register is 404 695.3m and the meters of road included in the Roads Maintenance Plan is 298 400.00m, there is a difference of 106 295.3m</p> <p>2. The municipality does not have a priority list that is also included in the Roads Maintenance Plan</p>	<p>Infrastructure and the CFO.</p>
<p>Internal Control weaknesses</p> <p>1. There's no process in place for employees who are directly involved in carrying out the entity's internal control to communicate breakdowns in the system of internal control. 2. No control in place to address: Physical access restriction to backups made on hard drives. Backups are made on external hard drives and not stored off site, nor are the backups safeguarded.</p> <p>3. During the substantive testing of revenue it was noted that output VAT is not declared on cemetery fees received. The projected error due to this is R2 371.</p>	<p>1. Develop Standard Operating Procedures stating procedures to follow when there is a breakdown in internal control. Procedures will include steps detailing who the breakdown should be reported to.</p> <p>2. EMS backups are done through the EMS at Vodacom Park and is managed by a 3rd party as previously recommended by the AG. The backups run automatically on a daily basis and transactions are duplicated in real time. With regard to end-users - the Cibecs Backup System license and setup need to be extended to cater for all 150 ICT users.</p> <p>3. A request will be sent to Sebata to make provision for calculation of VAT on the revenue module so that the system automatically calculates and include VAT when cemetery fees are paid and captured on the system.</p>

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AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2016/17



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 Greater Taung Local Municipality

Report on the financial statements

Qualified opinion

1. I have audited the financial statements of the Greater Taung Local Municipality set out on pages 186 to 273, which comprise of the statement of financial position as at 30 June 2017, and 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. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Greater Taung Local Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for qualified opinion

Receivables from exchange and non-exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange and non-exchange transactions as the municipality did not have an adequate system of internal control to account these receivables and did not keep proper records. In addition, the municipality did not correctly assess these receivables for impairment as required by GRAP 104 Financial instruments, resulting in the allowance for impairment provision disclosed in note 6 and the allowance for impairment in the statement of financial performance being understated by R27 569 702. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any further adjustments relating to receivables from exchange transactions

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of R24 540 565 and non-exchange transactions of R21 422 179 as disclosed in notes 4, 5 and 6 to the financial statements respectively, were necessary.

Property rates

4. The municipality did not correctly bill revenue from property rates as required by GRAP 23 Revenue from non-exchange transactions and the Municipal Property Rates Act, 2004 (Act No. 6 of 2004) due to material differences between the property values as per the approved valuation roll and the property values used for billing. Consequently, revenue from property rates and receivables from non-exchange was understated by R25 366 843. Additionally, there was a resultant impact on the surplus for the year and the accumulated surplus.

Expenditure

5. The municipality did not correctly account for a restatement in the opening balances of infrastructure assets and land and buildings as required by GRAP 3 Accounting policies, changes in accounting estimates and errors as the movement was incorrectly processed in the current year against depreciation. Consequently, the depreciation and amortisation expense for the year was overstated by R6 396 317 and accumulated surplus was understated by the same amount. In addition, this restatement was incorrectly disclosed in the prior period error note 42.
6. Contrary to the requirements of GRAP 1 Presentation of financial statements and GRAP 17 Property, plant and equipment, the municipality incorrectly recognised retentions on capital projects and recognised capital expense as operational expenditure. Consequently, general expenses was overstated by R2 831 029, the retentions included in payables from exchange transactions disclosed in note 13 was overstated by R2 362 837 and property, plant and equipment was understated by R468 193.

Irregular expenditure

7. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R16 785 372 in contravention of the supply chain management requirements that were not included in irregular expenditure disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm that awards of R3 824 567 were made in terms of the supply chain management requirements. The municipality's records did not permit the application of alternative procedures. As the municipality, did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure disclosed in note 47 to the financial statements.

Context for the opinion

8. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

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9. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to my audit. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
10. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Unauthorised and fruitless and wasteful expenditure

12. As disclosed in note 45 to the financial statements, unauthorised expenditure of R4 826 318 was incurred in the current year and the unauthorised expenditure of R26 042 893 in respect of prior years had not yet been dealt with in accordance with section 32 of the MFMA.
13. As disclosed in note 46 to the financial statements, fruitless and wasteful expenditure of R2 232 130 was incurred in the current year.

Restatement of corresponding figures

14. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2016 have been restated because of an error in the financial statements of the municipality at, and for the year ended, 30 June 2017.

Other matters

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

Unaudited disclosure notes

16. 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.

Unaudited supplementary schedules

17. The supplementary information set out on pages 192 to 193 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

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Responsibilities of the accounting officer for the financial statements

18. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA standards of GRAP and the requirements of the MFMA and the 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.
19. In preparing the financial statements, the accounting officer is responsible for assessing the 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 there is an intention either 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

20. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
21. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.
22. I am independent of the municipality in accordance with the IESBA code together with the ethical requirements that are relevant to my audit of the financial statements. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

Introduction and scope

23. 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 (KPAs) presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
24. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned

Chapter 6

performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

25. I evaluated 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 KPAs presented in the annual performance report of the municipality for the year ended 30 June 2017:

Key performance area	Pages in the annual performance report
Basic service delivery and infrastructure development - Infrastructure department	85 – 88
Basic service delivery and infrastructure development - Community service department	88 – 89

26. I performed procedures to determine whether the reported performance information 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.
27. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

KPA: Basic service delivery and infrastructure development - Infrastructure department

Indicator: Install high mast lights in Ward 5 by end June 2017

28. The reported achievement with regards to the installation of high mast lights that the target of 25 lights was achieved was misstated as the evidence provided indicated that the high mast lights was not in operation as at 30 June 2017, therefore not installed.

Indicator: Complete construction of Seoding Community Hall by end June 2017

29. The reported achievement with regards to the construction of the Seoding Community Hall was misstated as the evidence provided indicated 80% completed and not 100% as reported.

Indicator: Provide free basic water to 591 households in GTLM by end June 2017

30. The reported achievement with regard to the provision of free basic water was misstated as the evidence provided indicated 529 households and not 606 households as reported.

KPA: Basic service delivery and infrastructure development: Community service department

31. I did not identify any material findings on the usefulness and reliability of the reported performance information for this KPA.

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Other matter

32. I draw attention to the matter below.

Achievement of planned targets

33. Refer to the annual performance report on pages 85 to 94 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 28 to 30 of this report.

Report on audit of compliance with legislation

34. 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.

35. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Annual financial statements and performance reports

36. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

37. The annual performance report for the year under review did not include a comparison of the performance with set targets and comparison with the previous financial year and measures taken to improve performance, as required by section 46(1)(b) and (c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Budget

38. Reasonable steps were not taken to prevent unauthorised expenditure of R4 826 318, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by capital expenditure which was expensed and not transferred to assets.

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Expenditure management

39. Effective 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. Most of the disclosed irregular expenditure was caused by not following the competitive bidding process, not ensuring tax matters of suppliers are in order and missing declarations. Irregular expenditure of R5 058 671 was incurred on the key projects selected for Lower Majeakgoro/Chiefscourt stormwater channels and Lokaleng access road.
40. Effective steps were not taken to prevent fruitless and wasteful expenditure of R2 232 130, as disclosed in note 46 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. There is an amount of R2 147 690 which consists of interest and penalties paid to SA Revenue Service on non-compliance of the Income Tax Act No 58 of 1962 as a result of council resolving not to have the correct pay as you earn tax (PAYE) deducted from their salaries.

Revenue management

41. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Strategic planning and performance management

42. The integrated development plan (IDP) did not include a financial plan as required by section 26(h) of the MSA and regulation 2(3) of the Municipal planning and performance management regulations.

Procurement and contract management

43. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements as appropriate documentation could not be provided for audit.
44. Some of the quotations were accepted from 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 supply chain management (SCM) regulation 13(c). Similar non-compliance was also reported in the prior year.
45. Sufficient appropriate audit evidence could not be obtained that the 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.
46. Measures to combat the abuse of the SCM system were not implemented as per the requirements of SCM regulation 38(1), because some of the contracts were awarded to providers who abused the SCM system of the municipality.
47. Awards were made to providers who were in the service of other state institutions or whose directors or principal shareholders were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44.

Chapter 6

48. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).

Other information

49. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
50. My opinion and findings do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
51. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
52. I did not receive the other information prior to the date of the auditor's report. When I do receive this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to re-issue my auditor's report amended as appropriate. I have nothing to report in this regard.

Internal control deficiencies

53. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report:
- There was a high vacancy rate at senior management level. Thus the necessary senior management was not in place during the period to ensure effective implementation and regular monitoring of policies and procedures as well as the related controls. This affected the accuracy and completeness of financial and performance information as well as compliance with laws and regulations.
 - The review of financial and performance information, including daily, weekly and monthly reconciliations was not effective which resulted in material misstatements in the submitted financial statements only identified during the audit.

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- The audit committee's oversight responsibility was ineffective as the risk assessment and strategy are more focused on business risks instead of financial, performance and compliance related risks.
- Inadequate follow ups by the audit committee and the internal audit unit that recommendations made by both internal as well as external audit to management were being implemented.



Potchefstroom
30 November 2016



Annexure – Auditor-general's responsibility for the audit.

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the Municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
 - Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
- Conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the [name of the auditee] [and its subsidiary]'s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

T 6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION 2016/2017:

Chapter 6

Greater Taung Local Municipality has again received a qualified audit opinion for the 2016/17 financial year.

The municipality was qualified on

- Receivables from exchange and non-exchange transactions,
- Property rates
- Expenditure and;
- Irregular expenditure

In total, 50 findings were reported in the final management report. In comparison to the previous three financial years, the numbers of findings issued have decreased from 107 in 2014/15, 67 in 2015/16 and then 50 in 2016/17 financial year.

In pursuit of addressing all the findings raised by the Auditor General during 2016/17 audit, management has developed a comprehensive audit action plan that has been reviewed by the Auditor General for quality assurance purposes. Implementation of the audit action plan will be monitored on a monthly basis by the Accounting Officer and evidence thereof will be verified by Internal Audit.

Through 100% implementation of the audit action plan by process owners and dedicated political and administrative leadership to ensure good governance, financial management and compliance, Greater Taung Local Municipality will be well on its way to achieving an unqualified audit opinion in 2017/18 financial year.

T 6.2.5

GLOSSARY

GLOSSARY

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

GLOSSARY

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 Targets:	The level of performance that municipalities and its employees strive 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.

GLOSSARY

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>

APPENDICES

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APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Number Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr Nyoko Motlhabane	Full Time	Mayor	PR	98%	2%
Cllr Ebusang Tladi	Full Time	Speaker	Ward	100%	0%
Cllr Joyce Malepe	Full Time	Whip / Corporate Governance	Ward	99%	1%
Cllr Mothohela Motshabi	Part Time	Infrastructure & HS	Ward	97%	3%
Cllr Masego Lepedi	Part Time	Finance	Ward	97%	3%
Cllr Mosiemang Babuseng	Part Time	ICT / Planning	Ward	99%	1%
Cllr Tumisang Gaoraelwe	Part Time	ICT	Ward	100%	0%
Cllr Oageng Seleke	Full Time	MPAC Chairperson	Ward	100%	0%
Cllr Dithogako G Totong	Part Time	MPAC	Ward	97%	3%
Cllr Boitumelo Sedupane	Part Time	Corporate Governance	Ward	100%	3%
Cllr Nosi Ntasi	Full Time	EXCO / Finance	Ward	97%	3%
Cllr Tladinyane Pitso	Part Time	Community Service & LED	Ward	100%	0%
Cllr Obakeng Balebanye	Part Time	Infrastructure & HS	Ward	99%	1%
Cllr Otsile Mongale	Part Time	Corporate Governance	Ward	94%	6%
Cllr Thapelo Matshwe	Part Time	MPAC	Ward	99%	1%
Cllr Itumeleng Maribe	Part Time	Planning	Ward	96%	4%
Cllr Keamogetse Moipolai	Full Time	EXCO / Corporate Gov.	Ward	97%	3%
Cllr Lekgotla Menyatso	Full Time	EXCO / Community Services		94%	6%
Cllr Keabetswe Mocumi	Part Time	Planning	Ward	94%	6%
Cllr Kegomoditswe Sebolai	Part Time	Corporate Governance	Ward	98%	2%
Cllr Toloki thaganyane	Part Time	ICT	Ward	98%	2%
Cllr Lopang Tokwe	Part Time	ICT	Ward	100%	0%
Cllr Gaesite Gaobusiwe	Part Time	MPAC	Ward	100%	0%
Cllr Masego Ncweng	Part Time	Community Services & LED	Ward	98%	2%

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Cllr Martinus Leshoe	Part Time	Infrastructure & HS	Ward	98%	2%
Cllr Matlhomola Mokgobo	Part Time	ICT	Ward	99%	1%
Cllr Kegomoditswe De Koker	Part Time	MPAC	PR	99%	1%
Cllr Gaolathwe Tshipo	Part Time	MPAC	PR	96%	4%
Cllr Moreotsile Olifant	Part Time	Finance	PR	98%	2%
Cllr Tebogo Morweng	Part Time	Infrastructure & HS	PR	98%	2%
Cllr Lebogang Gaoboibe	Full Time	EXCO / Community Services	PR	99%	1%
Cllr Boitumelo Gezane	Part Time	MPAC	PR	95%	5%
Cllr Kegomoditswe Mamapula	Part Time	Finance	PR	94%	6%
Cllr Gabonewe Diphoko	Part Time	Community Services & LED	PR	100%	0%
Cllr Mosetsanagape Mosinkiemang	Part Time	Community Services & LED	PR	99%	1%
Cllr Thandiwe Sebe	Part Time	Infrastructure & HS	PR	98%	2%
Maadimo Ratake	Part Time	Community Services & LED	PR	100%	1%
Lesego Maila	Part Time	Finance	PR	97%	3%
Hluphekile Semeelo	Part Time	MPAC	PR	98%	2%
Amogeleang Matuane	Part Time	MPAC	PR	92%	8%
Aobakwe R Mongale	Full Time	EXCO / ICT	PR	94%	6%
Margaret Mmokwa	Part Time	Community Services & LED	PR	95%	5%
Seanokeng Mothibedi	Part Time	Corporate Governance	PR	94%	6%
Keletso R Molale	Part Time	Planning	PR	93%	7%
Kabelo Seisho	Part Time	Planning	PR	93%	7%
Dipuo A Itumeleng	Part Time	Finance	PR	98%	2%
Mothusi K Montwedi	Full Time	EXCO / Planning	PR	94%	6%
Foleni Gasetlolwe	Part Time	MPAC	PR	100%	0%

Note: * Councillors appointed on a proportional basis do not have wards allocated to them

T A

Executive Committee Meetings				
Executive Committee Members	Total No of Meetings held	Attendance	Non attendance	
			With apology	Without apology

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Executive Committee Meetings				
Executive Committee Members	Total No of Meetings held	Attendance	Non attendance	
			With apology	Without apology

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
1. Finance Committee	Income, Expenditure, Budget and all other financial matters.
2. Community Services & LED Committee	Deals with all issues relating to community (refuse removal, Land fill sites, cemeteries, Libraries and recreational facilities) and all LED matters
3. Infrastructure , Land Use and Human Settlement Committee	Roads & Storm water, Sewerage, Sanitation, Electricity and Housing.
4. Planning Committee	Municipal Council Planning 7& Related matters
5. HR & Corporate Governance Committee	All HR matters, by-laws, policies, Council supports.
6. ICT Committee	Responsible for all IT related matters

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APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager	Mr. Katlego Gabanakgosi
Chief Financial Officer	Mr. Martin Vermaak
Corporate Services	Mr.Edwin Morule (Acting)
Land Use Planning And Human Settlements	Mr. Steyn de Jager Director (Acting)
Community Social Services	Mr. Paballo Ntlharapane Director (Acting)
Infrastructure	Mr. Matenyane Keohitlhetse Director (Acting)

TC

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

New No	Function As Per Government Gazette No 6847 - 24 Dec 2010	Function Assigned	Done By GTLM
1	Air Pollution	LM/DM Function	No
2	Amusement Facilities	Local Function	No
3	Billboards & Display of Advertisements in Public Places	Local Function	Yes
4	Building Regulations	Local Function	Yes
5	Cemeteries, Funeral Parlours and Crematoria	Local Function	Yes
6	Child Care Facilities	Local Function	No
7	Cleansing	Local Function	Yes
8	Control of Public Nuisances	Local Function	Yes
9	Control of Undertakings that Sell Liquor to the Public	Local Function	No
10	Facilities for the Accommodation, Care and Burial of Animals	Local Function	No
11	Fencing and Fences	Local Function	No
12	Fire Fighting Service	LM/DM Function	No
13	Integrated (IDP) Municipal Planning	Local Function	Yes
14	Levying of fees for Services Provided by LM	Local Function	Yes
15	Levying of Rates on Property	Local Function	Yes
16	Levying of Surcharges on Fees for Services Provided for or on behalf of the LM	Local Function	Yes
17	Licensing and control of undertakings that sell food to the public	Local Function	No
18	Licensing of Dogs	Local Function	No
19	Local Amenities	Local Function	Yes
20	Local Roads and Streets	Local Function	Yes
21	Local Sport Facilities	Local Function	Yes
22	Local Markets	Local Function	Yes
23	Municipal Abattoirs	LM/DM Function	No
24	Municipal Airports	LM/DM Function	Yes
25	Municipal Health Service	LM/DM Function	No
26	Municipal Parks & Recreation	Local Function	Yes
27	Municipal Planning (Town Planning)	Local Function	Yes
28	Municipal Public Transport	LM/DM Function	No
29	Municipal Public Works relating to any Functions of the LM	LM/DM Function	No
30	Noise Pollution	LM/DM Function	No
31	Pontoons, Ferries, Jetties, Piers & Harbours	LM/DM Function	NA
32	Pounds	LM/DM Function	Yes
33	Promotion of Local Tourism for the Area	Local Function	Yes

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New No	Function As Per Government Gazette No 6847 - 24 Dec 2010	Function Assigned	Done By GTLM
34	Public Places	Local Function	Yes
35	Refuse Removal, Refuse Dumps and Solid Waste Disposal Sites	Local Function	Yes
36	Retail Potable Water Supply Systems and Domestic Waste-Water and Sewerage Disposal Systems Serving the Area of the Municipality	Local Function	Yes
37	Retail Supply of Electricity and Gas	Local Function	Yes
38	Street Lighting	LM/DM Function	Yes
39	Street Trading	Local Function	Yes
40	Storm Water Management in Build Areas	Local Function	Yes
41	Trading Regulations	Local Function	Yes
42	Traffic and Parking	Local Function	No

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APPENDIX E – WARD REPORTING

Nu	Ward Councillor	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
1		Yes	NS	NS	NS
2		Yes	NS	NS	NS
3		Yes	NS	NS	NS
4		Yes	NS	NS	NS
5		Yes	NS	NS	NS
6		Yes	NS	NS	NS
7		Yes	NS	NS	NS
8		Yes	NS	NS	NS
9		Yes	NS	NS	NS
10		Yes	NS	NS	NS
11		Yes	NS	NS	NS
12		Yes	NS	NS	NS
13		Yes	NS	NS	NS
14		Yes	NS	NS	NS
15		Yes	NS	NS	NS
16		Yes	NS	NS	NS
17		Yes	NS	NS	NS
18		Yes	NS	NS	NS
19		Yes	NS	NS	NS
20		Yes	NS	NS	NS
21		Yes	NS	NS	NS
22		Yes	NS	NS	NS
23		Yes	NS	NS	NS

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24		Yes	NS	NS	NS
25		Yes	NS	NS	NS
26		Yes	NS	NS	NS

APPENDIX F – WARD INFORMATION

Full information provided in Appendix Q

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	28,861	11,699	37,066	42,593	
Households without minimum service delivery	13,732	30,894	5,527	0	
Total Households*					
Houses completed in year					
Shortfall in Housing units					
<i>*Including informal settlements</i>					<i>TF.2</i>

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APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2016/17

GREATER TAUNG LOCAL MUNICIPALITY ANNUAL REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

We are pleased to present our report for the financial year ended 30 June 2017.

1. Audit and Performance Committee Responsibility

The Audit and Performance Committee (APC) report that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The APC also reports that it has adopted appropriate formal terms of reference as its Audit and Performance Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

2. Audit and Performance Committee members and attendance

The APC, consisting of independent outside members, met at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises.

Initials and Surname	Position	Meetings Attended
SAB Ngobeni	APC Chairperson	4 of 5
G. Ramorwesi	APC Chairperson (Resigned on 19 May 2017)	2 of 5
T. Berend	APC Member	5 of 5
O. Jacobs	APC Member	4 of 5
D. Mongwaketse	APC Member	5 of 5
F. Mudau	APC Member	4 of 5

3. The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the municipality revealed certain weaknesses, which were then raised with the municipality.

There are several deficiencies in the system of internal control and/or deviations there were reported by the internal auditors and the Auditor-General South Africa (AGSA). In certain instances, the

APPENDICES

matters reported previously have not been fully and satisfactorily addressed. The APC notes management's commitment to correct the deficiencies. During the year under review there was consistent monitoring of action plans and progress.

4. In-Year Management and Monthly/Quarterly Report

The municipality has monthly and quarterly reporting system to the Council as required by the Municipal Finance Management Act (MFMA). Monitoring and reviews of performance information were periodically in the year under review.

5. Performance Management

The APC reviewed the functionality of the performance management system and it appears to be functional, however there is a room for improvement in so far as the misstatement of achievement of planned targets is concerned and increasing capacity within the performance management unit.

6. Risk Management

The APC is of the opinion that municipality's risk management appears to be effective for the better of the year and material respect, and the municipality did implement a comprehensive risk management strategy and related policies. Management has a sound and effective approach that has been followed in developing strategic risk management plans and there is a sense of appreciation of the impact of the municipality's risk management framework on the control environment.

Furthermore, the APC did review the municipality's fraud prevention plan so as to be satisfied that the municipality has appropriate processes and systems in place to capture, monitor and effectively investigate fraudulent activities.

7. Compliance with laws and regulations

A number of non-compliance with the enabling laws and regulations were revealed by Internal Audit during the year. Thus there is room for improvement in so far as establishing an effective system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

8. Internal Audit

The APC is satisfied with the effectiveness of Internal Audit, and commend Management and Council for capacitating this unit. The above conclusion is based on:

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- Reviewable with management and approval of the Internal Audit Charter, strategic and operational plans, internal audit activities, staffing (including competence and qualifications), and organisational structure of the Internal Audit activity;
- Implementation of the approved annual internal audit plan and all major changes to the plan.
- There were no unjustified restrictions or limitations on work of the internal audit activity.
- Review with the Chief Audit Executive the internal audit budget, resource plan, activities, and organisational structure of the internal audit activity;
- Compliance with the International Standards for the Professional Practice of Internal Auditing by the internal audit activity.
- Implementation of remedial action plan on internal audit findings by management.

9. External Audit

The APC did review AGSA's proposed audit scope and approach, including coordination of audit effort with internal audit in respect of the 2016/17 financial year; and on a regular basis, met separately with AGSA to discuss any matters that the committee or auditors believe should be discussed privately. Furthermore, the APC evaluated management responses to the reports or findings of the AGSA on a quarterly basis.

10. Audit Outcome

The APC concurs with the qualified audit opinion. The APC urges Management to develop clean audit strategy with the objective of attainment of sustainable clean audit opinion supported by high impact service delivery. Furthermore, the said clean audit strategy should focus mainly on root-causes, findings, consequence management and recommendations as proposed by the AGSA.

11. Progress in implementation of AGSA findings from prior year

Not all of the prior year audit findings were addressed by management. There is room for improvement in this regard and APC recommend to the municipality to fast-track the implementation of recommendations by AGSA.

12. Progress on implementations of Internal audit recommendations

Not all of the internal audit recommendations were implemented by management. There is room for improvement in this regard and thus, APC recommend to the municipality to fast-track the implementation of recommendations by Internal Audit.

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13. Implementations of Audit and Performance Committee Recommendations by management

Not all of the APC recommendations were implemented by management. There is room for improvement in this regard and thus, APC recommend to the municipality to fast-track the implementation of recommendations by APC.

14. Progress on implementations of Risk Mitigation Actions

A number of risk mitigation actions were implemented by management satisfactorily. There is room for improvement in this regard and thus, APC recommend to the municipality to fast-track the implementation of risk mitigations measures.

15. Progress on implementations of Risk Management Committee (RMC) recommendations

Not all of the RMC recommendations were implemented by management. There is room for improvement in this regard and thus, APC recommend to the municipality to fast-track the implementation of recommendations by the Risk Management Committee.

16. Review of the Draft Annual Financial statements

The APC did review the draft annual financial statements before submission to the external auditors for audit.

17. Review of Draft Annual Performance Report

The APC did review the draft annual performance report before submission to the external auditors for audit.

18. Consequence Management

The APC urged management to develop a consequence management framework for implementation.

19. Combined Assurance Framework

The APC urged management to develop a combined assurance framework.

20. Conclusion

The Audit and Performance Committee wishes to acknowledge the commitment from Council, management and staff of the municipality. The stability in terms of the political and administrative leadership of the municipality has contributed to these improvements reported above. We would also like to thank the Mayor for his support, Councillors, senior management for their efforts and internal audit for their contribution.

A handwritten signature in black ink, consisting of the letters 'SAB' followed by a flourish, all enclosed within an oval shape.

SAB Ngobeni (Mr)

APPENDICES

Chairperson of the Audit and Performance Committee Greater Taung Local Municipality

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

None

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

None

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APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of 2017 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
Mayor	Cllr Nyoko Motlhabane	Nil
Member of Exco		
MMC Infrastructure and Spatial Planning	Cllr Lekgotla Menyatso	Nil
	Cllr Rojer Mongale	1. Mongale Taxi 2. Dikutu Business Enterprise
	Cllr Grace Moipolai	Nil
MMC Finance	Cllr Nosi Ntasi	Nil
MMC MPAC	Cllr Oageng Seleke	Nil
MMC Community Services	Cllr Lebogang Gaoboibe	RSM Arts and Media Productions
	Cllr Mothusi Montwedi	1. Ntlhalosetse Construction and Projects 2. Baahola Logistics 3. Bapoo ba Montwedi Primary Co – Operative Limited 4. Youth in Food Security Primary Co-Operative Limited 5. Guesthouse Montwedi KB Wife
MMC Planning		
Councillor		
Councillor	Cllr Ebusang Tladi	1. Keora Transport and Catering 2. Western Region Transport Co-Operative (Chairperson)
Councillor	Cllr Kegomoditswe Mamapula	1.Kolong Mining Investment
Councillor	Cllr Thandiwe Sebe	1. Omphile Services
Councillor	Cllr Masego Ncweng	Tshwaragano Trading Enterprise
Councillor	Cllr Martinus Leshoe	Tau Thusa Enterprise
Councillor	Cllr Mothohela Motshabi	Babelegile Projects
Councillor	Cllr Mosiemang Babuseng	1. Boipelo and Lorato Conctruction and Projects 2. Keineetse Services
Councillor	Cllr Tumisang Gaoraelwe	1. Creative Puzzles (PTY) LTD 2. Tumisang Tebogo Trading and Projects

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Councillor	Cllr Tebogo Morweng	1. M.M.Morweng Transport 2. Tshwetso and Tebogo Trading Enterprise
Councillor	Cllr Obakeng Balebanye	1. Kopano Wood Making 2. Gamoduana Development Trust
Councillor	Cllr Dorcas Seemelo	1. Katlego Bosdam Bakery Multipurpose Co-Operative
Councillor	Cllr Kabelo Seisho	Mokgathala Pty Ltd
Councillor	Cllr Conelius Gasetlolwe	1. Ketapele Trading Projects 2. Bosele Co-Operative Farming Pivot
Municipal Manager	Katlego Gabanakgosi	1. Bone Lwaabo Properties 2. La Pater Café – Mompoti Gabanakgosi (Brother) 3. Gabana Supplier Services (T Ganakgosi – Wife)
Chief Financial Officer	Martin Vermaak	Nil
Infrastructure	Matenyana Keohithetse	Nil
Social Services	Paballo Ntlharapane	Nil
	Tshepang Baloyi	Nil
Corporate Services	Keodihile Mokhasi	Nil
Other S57 Officials		
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A T J		

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Incorporated in the AFS

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Incorporated in the AFS

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

None

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APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2016/17

Capital Programme by Project by Ward: 2016/17		
Capital Project	Ward(s) affected	Works completed (Yes/No)
R' 000		
Water		
Stormwater		
Construction of Lower Majeakgoro Stormwater Channel	Ward 9/19	No
Roads		
Construction of Lokaleng Access Road	Ward 25	Yes
Construction of Rietfontein Access Road	Ward 22	Yes
Construction of Moretele Access Road	Ward 2	No
Construction of the Chiefscourt Bridge	Ward 13	No
Buildings(Halls)		
Construction of Matsheng Community Hall	Ward 26	Yes

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

No information

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

No information

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

No information

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

No information

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENT

VOLUME II



Greater Taung Local Municipality
Annual Financial Statements for the year 30 June 2017

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Greater Taung Local Municipality is a local municipality performing functions as set out in the constitution of the Republic of South Africa (Act no 108 of 1996)
Mayoral committee	
Executive Mayor	Motlhabane NC
Executive Committee Members	Gaoboibe LJ Menyatso L Moipolai KG Mongale RA Montwedi MK Ntatsi NE
Councilors not on EXCO	Babuseng MC Balebanye OJ Bathalefi KS Chalmans KG De Koker KS

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

General Information

Diphoko GS
Ditshakane PM
Galodikwe GP
Gaobusiwe GW
Gaoraelwe TR
Gasetlolwe FC
Gezane BG
IHalenyane LJ
Hermanus M
Itumeleng DA
Lepedi MC
Kanyane MS
Kodisang K
Leshoe MF
Lobelo K
Mahura LE
Mahura LW
Maila LE
Makgalemane EI
Malepe M
Malepe TV
Mamapula KL
March ZB
Maribe IN
Maseng
Matshwe T
Matuane JA
Menyatso A
Mmokwa M
Moagi K
Mocumi KB
Mohitlheng BK
Mokgobo MR
Mokoto R
Molale KR
Molifi KP
Mongale OV
Motshabi DN
Morweng TS
Mosinkiemang MV
Mothibedi SD
Motshabi MI
Mpopolai KG
Ncweng ME
Olifant MKI
Olifant OP
Pitso JT
Phacwane AS
Ratake MJ
Sebe TP
Sebolai KL
Sedupane BJ
Seemelo HD
Seisho KG
Seokamo
Scholts AP
Sebe TP
Seepamere KJ
Seleke OR
Sethi DJ
Sibinda EV
Thaganyane T
Tokwe LC
Tong

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

General Information

	Totong DG Tshipo GJ Wesi LC
Grading of local authority	Grade 3 local municipality
Capacity of local authority	High capacity
Municipal demarcation code	NW394
Accounting Officer	Gabanakgosi KT
Chief Finance Officer (CFO)	Vermaak MP
Registered office	Municipal Offices Station Street Taung 8580
Business address	Municipal Offices Station Street Taung 8580
Postal address	Private Bag X1048 Taung Station 8580
Bankers	ABSA Bank (Primary) First National Bank Nedbank Limited Standard Bank of South Africa
Auditors	Auditor General of South Africa
Attorneys	Bojansinyane Attorneys Du Plessis Viviers Inc Kgomo Attorneys Inc Mokhetle Attorneys Inc Shuping Attorneys
Chief WIP	Malepe J
MPAC Chairperson	Seleke OR
Speaker	Tladi EH

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Index

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

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Statement of Comparison of Budget and Actual Amounts	190-191
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Abbreviations

FMG Local Government Financial Management Grant
GRAP Generally Recognised Accounting Practice
MEC Member of the Executive Council
MFMA Municipal Finance Management Act
MIG Municipal Infrastructure Grant
MISG Municipal System Improvement Grant
PAYE Pay As You Earn
UIF Unemployment Insurance Fund
VAT Value Added Tax

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

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 judgments and estimates.

The Accounting Officer acknowledges that he 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 annual financial statements set out on page 186-273, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2017.



Gabanakgosi KT
Accounting Officer

31 August 2017

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Officer's Report

The Accounting Officer submits his report for the year ended 30 June 2017.

1. Review of activities

Main business and operations

The municipality is an organ of state within the local sphere of government exercising legislative and authority within an area determined in terms of the local government municipal demarcation act, 1998.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the municipality was R 57 933 097 (2016: surplus R 82 008 293).

2. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated surpluses of R 666 834 977 and that the municipality's total assets exceed its liabilities by R 666 834 977.

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.

3. Subsequent events

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements have been prepared 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:
Gabanakgosi KT

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

	Note(s)	2017	2016 Restated
Assets			
Current Assets			
Inventories	3	7 103 882	7 119 106
Receivables from exchange transactions	4&6	24 540 565	14 281 591
Receivables from non-exchange transactions	5&6	21 422 179	20 038 687
VAT receivable	7	7 423 348	6 486 022
Cash and cash equivalents	8	161 944 715	116 037 909
		222 434 689	163 963 315
Non-Current Assets			
Investment property	9	21 534 000	21 534 000
Property, plant and equipment	10	493 228 687	475 076 739
Intangible assets	11	645 015	275 233
		515 407 702	496 885 972
Total Assets		737 842 391	660 849 287
Liabilities			
Current Liabilities			
Finance lease obligation	12	523 267	341 154
Payables from exchange transactions	13	33 218 900	26 717 460
Consumer deposits	14	105 069	123 734
Employee benefit obligation	15	888 501	248 126
Unspent conditional grants and receipts	16	12 162 342	2 514 630
Provisions	17	1 556 074	1 536 267
		48 454 153	31 481 371
Non-Current Liabilities			
Finance lease obligation	12	1 171 686	-
Employee benefit obligation	15	10 600 746	10 035 279
Provisions	17	10 780 829	10 430 757
		22 553 261	20 466 036
Total Liabilities		71 007 414	51 947 407
Net Assets		666 834 977	608 901 880
Accumulated surplus		666 834 977	608 901 880

* See Note 42

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Greater Taung Local Municipality Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

		2017	2016 Restated
	Note(s)		
Revenue			
Revenue from exchange transactions			
Service charges	20	7 794 595	8 256 899
Rental of facilities and equipment	21	483 985	361 042
Other income	23	1 420 364	1 340 010
Investment income	24	14 479 043	10 863 603
Total revenue from exchange transactions		24 177 987	20 821 554
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	26 848 632	14 277 978
Property rates - penalties imposed	25	3 153 005	3 271 460
Transfer revenue			
Other income	23	100 112	84 650
Government grants and subsidies	26	212 824 288	208 464 420
Total revenue from non-exchange transactions		242 926 037	226 098 508
Total revenue	19	267 104 024	246 920 062
Expenditure			
Employee related costs	27	(72 956 147)	(71 598 247)
Remuneration of councillors	28	(15 652 732)	(17 691 165)
Depreciation and amortisation	29	(32 038 636)	(17 853 567)
Finance costs	30	(1 595 142)	(1 634 831)
Allowance for impairment	31	(3 209 291)	7 143 997
Repairs and maintenance	32	(14 335 284)	(7 857 182)
Bulk purchases	33	(3 301 956)	(3 208 721)
Contracted services	34	(17 250 364)	(13 696 915)
General expenses	35	(48 867 509)	(38 818 581)
Total expenditure		(209 207 061)	(165 215 212)
Operating surplus		57 896 963	81 704 850
Actuarial gains / (losses)	15	512 846	344 207
Loss on disposal of property, plant and equipment		(476 712)	(40 764)
		36 134	303 443
Surplus for the year		57 933 097	82 008 293

* See Note 42

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
Balance at 01 July 2015	526 893 587	526 893 587
Changes in net assets		
Surplus for the year	82 008 293	82 008 293
Total changes	<u>82 008 293</u>	<u>82 008 293</u>
Opening balance as previously reported	600 154 593	600 154 593
Adjustments		
Prior year adjustments	8 747 287	8 747 287
Restated* Balance at 01 July 2016 as restated*	608 901 880	608 901 880
Changes in net assets		
Surplus for the year	57 933 097	57 933 097
Total changes	<u>57 933 097</u>	<u>57 933 097</u>
Balance at 30 June 2017	666 834 977	666 834 977
Note(s)		

* See Note 42

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Cash Flow Statement

	2017	2016 Restated
Note(s)		
Cash flows from operating activities		
Receipts		
Grants	222 472 000	179 889 999
Sale of goods and service	23 409 795	21 924 573
Other receipts	1 520 476	1 424 660
Interest income from investing activities	14 479 043	10 863 603
	<u>261 881 314</u>	<u>214 102 835</u>
Payments		
Employee costs	(86 520 312)	(87 184 372)
Cash paid to suppliers and employees	(77 238 450)	(57 284 352)
Finance costs	(1 595 142)	(1 634 831)
Other payments	(937 326)	(5 144 498)
	<u>(166 291 230)</u>	<u>(151 248 053)</u>
Net cash flows from operating activities	38 <u>95 590 084</u>	<u>62 854 782</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	10 (51 654 939)	(48 917 095)
Proceeds from sale of property, plant and equipment	10 1 038 886	-
Purchase of other intangible assets	11 (421 024)	(12 218)
	<u>(51 037 077)</u>	<u>(48 929 313)</u>
Net cash flows from investing activities		
Cash flows from financing activities		
Finance lease payments	1 353 799	(640 458)
	<u>1 353 799</u>	<u>(640 458)</u>
Net increase/(decrease) in cash and cash equivalents	<u>45 906 806</u>	<u>13 285 009</u>
Cash and cash equivalents at the beginning of the year	116 037 909	102 752 899
Cash and cash equivalents at the end of the year	8 <u>161 944 715</u>	<u>116 037 908</u>

* See Note 42

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	9 261 400	-	9 261 400	7 794 595	(1 466 805)	50
Rental of facilities and equipment	561 100	-	561 100	483 985	(77 115)	50
Other income	2 382 000	-	2 382 000	1 420 364	(961 636)	50
Interest received	8 380 466	-	8 380 466	14 479 043	6 098 577	
Total revenue from exchange transactions	20 584 966	-	20 584 966	24 177 987	3 593 021	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	18 000 000	8 800 000	26 800 000	26 848 632	48 632	
Property rates - penalties imposed	3 500 000	-	3 500 000	3 153 005	(346 995)	
Transfer revenue						
Government grants & subsidies	214 572 000	-	214 572 000	212 824 288	(1 747 712)	
Other transfer revenue	350 000	-	350 000	100 112	(249 888)	50
Total revenue from non-exchange transactions	236 422 000	8 800 000	245 222 000	242 926 037	(2 295 963)	
Total revenue	257 006 966	8 800 000	265 806 966	267 104 024	1 297 058	
Expenditure						
Employee related cost	(80 284 000)	-	(80 284 000)	(72 956 147)	7 327 853	
Remuneration of councillors	(18 513 299)	-	(18 513 299)	(15 652 732)	2 860 567	
Depreciation and amortisation	(6 088 605)	(18 510 600)	(24 599 205)	(32 038 636)	(7 439 431)	50
Finance costs	(229 900)	-	(229 900)	(1 595 142)	(1 365 242)	
Debt impairment	(2 000 000)	(6 000 000)	(8 000 000)	(3 209 291)	4 790 709	
Repairs and maintenance	(12 057 574)	(939 000)	(12 996 574)	(14 335 284)	(1 338 710)	50
Bulk purchases	(3 900 000)	-	(3 900 000)	(3 301 956)	598 044	50
Contracted services	(19 611 805)	(4 974 500)	(24 586 305)	(17 250 364)	7 335 941	50
General expenses	(45 457 113)	(6 783 900)	(52 241 013)	(48 867 509)	3 373 504	
Total expenditure	(188 142 296)	(37 208 000)	(225 350 296)	(209 207 061)	16 143 235	
Operating surplus	68 864 670	(28 408 000)	40 456 670	57 896 963	17 440 293	
Loss on disposal of assets and liabilities	-	-	-	(476 712)	(476 712)	
Actuarial gains/losses	-	-	-	512 846	512 846	
	-	-	-	36 134	36 134	
Surplus before taxation	68 864 670	(28 408 000)	40 456 670	57 933 097	17 476 427	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	68 864 670	(28 408 000)	40 456 670	57 933 097	17 476 427	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	22 203 000	6 160 000	28 363 000	23 409 795	(4 953 205)	
Grants	214 572 000	-	214 572 000	222 472 000	7 900 000	
Interest income from investing activities	5 867 000	729 698	6 596 698	14 479 043	7 882 345	
Other receipts	2 305 000	400 000	2 705 000	1 520 476	(1 184 524)	
	244 947 000	7 289 698	252 236 698	261 881 314	9 644 616	
Payments						
Employee costs	-	-	-	(86 520 312)	(86 520 312)	
Cash paid to suppliers and employees	(154 310 000)	-	(154 310 000)	(77 238 451)	77 071 549	
Finance costs	(161 000)	-	(161 000)	(1 595 142)	(1 434 142)	
Other payments	(9 261 000)	(3 000 000)	(12 261 000)	(937 326)	11 323 674	
	(163 732 000)	(3 000 000)	(166 732 000)	(166 291 231)	440 769	
Net cash flows from operating activities	81 215 000	4 289 698	85 504 698	95 590 083	10 085 385	
Cash flows from investing activities						
Purchase of property, plant and equipment	(63 279 000)	1 000 000	(62 279 000)	(51 654 939)	10 624 061	
Proceeds from sale of property, plant and equipment	-	-	-	1 038 886	1 038 886	
Purchase of other intangible assets	-	-	-	(421 024)	(421 024)	
Net cash flows from investing activities	(63 279 000)	1 000 000	(62 279 000)	(51 037 077)	11 241 923	
Cash flows from financing activities						
Finance lease payments	-	-	-	1 353 799	1 353 799	
Net increase/(decrease) in cash and cash equivalents	17 936 000	5 289 698	23 225 698	45 906 807	21 327 308	
Cash and cash equivalents at the beginning of the year	19 547 000	96 490 909	116 037 909	116 037 909	-	
Cash and cash equivalents at the end of the year	37 483 000	101 780 607	139 263 607	161 944 716	21 327 308	
Reconciliation						

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Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2017											
Financial Performance											
Property rates	21 500 000	8 800 000	30 300 000	-	-	30 300 000	30 001 637	-	(298 363)	99 %	140 %
Service charges	9 261 400	-	9 261 400	-	-	9 261 400	7 951 300	-	(1 310 100)	86 %	86 %
Investment income	8 380 466	-	8 380 466	-	-	8 380 466	14 479 043	-	6 098 577	173 %	173 %
Transfers recognised	214 572 000	-	214 572 000	-	-	214 572 000	212 824 288	-	(1 747 712)	99 %	99 %
Other own revenue	3 293 100	-	3 293 100	-	-	3 293 100	2 004 461	-	(1 288 639)	61 %	61 %
Total revenue (excluding capital transfers and contributions)	257 006 966	8 800 000	265 806 966	-	-	265 806 966	267 260 729	-	1 453 763	101 %	104 %
Employee related cost	(80 284 000)	-	(80 284 000)	-	-	(80 284 000)	(72 956 147)	-	7 327 853	91 %	91 %
Remuneration of councillors	(18 513 299)	-	(18 513 299)	-	-	(18 513 299)	(15 652 732)	-	2 860 567	85 %	85 %
Allowance for impairment	(2 000 000)	(6 000 000)	(8 000 000)	-	-	(8 000 000)	(3 209 291)	-	4 790 709	40 %	160 %
Depreciation and asset impairment	(6 088 605)	(18 510 600)	(24 599 205)	-	-	(24 599 205)	(32 038 636)	-	(7 439 431)	130 %	526 %
Finance costs	(229 900)	-	(229 900)	-	-	(229 900)	(1 595 142)	-	(1 365 242)	694 %	694 %
Bulk purchases	(3 900 000)	-	(3 900 000)	-	-	(3 900 000)	(3 301 956)	-	598 044	85 %	85 %
Transfers and grants	(9 630 700)	(3 000 000)	(12 630 700)	-	-	(12 630 700)	-	-	12 630 700	- %	- %
Other expenditure	(67 495 792)	(9 697 400)	(77 193 192)	-	-	(77 193 192)	(80 453 157)	-	(3 259 965)	104 %	119 %
Total expenditure	(188 142 296)	(37 208 000)	(225 350 296)	-	-	(225 350 296)	(209 207 061)	-	16 143 235	93 %	111 %
Surplus/(Deficit)	68 864 670	(28 408 000)	40 456 670	-	-	40 456 670	58 053 668	-	17 596 998	143 %	84 %
Actuarial gains/(losses)	-	-	-	-	-	-	512 846	-	512 846	DIV/0 %	DIV/0 %
Loss on disposal of assets	-	-	-	-	-	-	(476 712)	-	(476 712)	DIV/0 %	DIV/0 %
Surplus for the year	68 864 670	(28 408 000)	40 456 670	-	-	40 456 670	58 089 802	-	17 560 864	144 %	84 %

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Appropriation Statement

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2016				
Financial Performance				
Property rates				17 549 438
Service charges				8 256 899
Investment revenue				10 863 603
Transfers recognised				208 464 420
Other own revenue				1 785 702
Total revenue (excluding capital transfers and contributions)				246 920 062
Employee costs	-	-	-	(71 598 247)
Remuneration of councillors	-	-	-	(17 691 165)
Debt impairment	-	-	-	7 143 997
Depreciation and asset impairment	-	-	-	(17 853 567)
Finance charges	-	-	-	(1 634 831)
Materials and bulk purchases	-	-	-	(3 208 721)
Other expenditure	-	-	-	(60 372 678)
Total expenditure	-	-	-	(165 215 212)
Surplus/(Deficit)				81 704 850
Transfers recognised - capital				-
Surplus (Deficit) after capital transfers and contributions				81 704 850
Loss on disposal of property, plant and equipment				(40 764)
Actuarial gains/(losses)				344 207
Surplus/(Deficit) for the year				82 008 293

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Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

Note(s)

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. All figures are rounded to the nearest rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

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. Significant judgements include:

Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality 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 for receivables is calculated on a portfolio basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Allowance for slow moving, damaged and obsolete inventory

An assessment is made of net realisable value at the end of each reporting period. A write down of inventory to the lower of cost or net realisable value is subsequently provided. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the surplus or deficit.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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 interest rate assumption may change which may then impact our estimations and may then impact our estimations and may require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating 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. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as exchange rates, inflation and interest rates.

Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norms and on the pattern in which an asset's future economic benefits or service potential is expected to be consumed by the municipality. Management will increase the depreciation charge where the useful lives are less than previously estimated useful lives and decrease depreciation charge where useful lives are more than previously estimated useful lives.

Employee benefit obligation

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of employee benefits obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the municipality considers the market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension or other long-term liability. Where there is no market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for post-retirement and other long-term employee obligations are based on current market conditions. Additional information is disclosed in note 22.

Effective interest rate

The municipality uses the prime interest rate to discount future cash flows.

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Allowance for impairment

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition. Government debtors are not impaired.

Fair value determination of investment properties

In determining the fair value of investment properties the municipality applies a valuation methodology to determine the fair value of the properties based on any one of or a combination of the following factors:

- The market related selling price of similar properties in the area or
- The replacement cost of the investment property.

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 is 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.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same class of asset previously recognised in surplus or deficit

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.

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.3 Investment property (continued)

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

- Managements' intended usage of the property; and
- The extent to which it is owner occupied

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 or fair value of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

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

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

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the municipality 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 except for land which is deemed to have an indefinite life. Landfill sites and borrowing pits are considered to be operational facilities that deteriorate the condition of the land. In such cases the legally restoration costs of land is capitalised to the assets and carried at cost less accumulated depreciation and impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. The depreciation charge for each period is recognised in surplus and deficit.

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

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.4 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Land	Straight line	N/A
Buildings	Straight line	
• Municipal offices		5-100 years
• Stores		15-100 years
• Workshops/depots/yards		15-100 years
• Social housing		7-100 years
• Outdoor recreational facilities		5-100 years
• Outdoor sport facilities		12-100 years
• Staff housing		15-100 years
Infrastructure	Straight line	
• Storm water assets		20-50 years
• Distribution		10 years
• Waste processing facilities		15-100 years
• Electricity network		10-45 years
• Roads/roadside assets		5-100 years
• Road reserves		N/A
• Road bridges		45-55 years
• Capital spares		45-55 years
Community facilities	Straight line	
• Cemeteries/crematoria		15-100 years
• Creches/care centres		5-100 years
• Halls/centres/libraries		5-100 years
• Parks		15-100 years
Finance leased assets	Straight line	3 years
Movable assets	Straight line	
• Office equipment		3-5 years
• Furniture and fittings		7 years
• Bins and containers		5-10 years
• Emergency equipment		5-15 years
• Motor vehicles		3-20 years
• Aircraft		15 years
• Plant and equipment		2-15 years

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate in terms of the Standard of GRAP on Accounting Policies, Change in Estimates and Errors.

Assets of the municipality 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.

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9)

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Greater Taung Local Municipality

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Accounting Policies

1.5 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore certain items of property, plant and equipment. Such obligations are referred to as 'decommissioning, rehabilitation 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 which the 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.

The related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) 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 non-cash-generating assets.

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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.

Intangible assets are initially measured at cost.

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.

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.

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.

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Greater Taung Local Municipality

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Accounting Policies

1.6 Intangible assets (continued)

Amortisation is provided to write down the intangible assets to their residual values. The amortisation charge for each period is recognised in surplus or deficit.

Intangible assets are depreciated on the straight line method.

The useful lives of intangible assets have been assessed as follows:

Item	Useful life
Licenses (Caseware)	1 year
Computer software - Antivirus	3 years
Computer software (Accounting and town planning system)	indefinite

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 an intangible assets are included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 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.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligations	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality 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.

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Greater Taung Local Municipality

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Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following category:

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

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

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectability of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.7 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - derecognises the asset; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expired or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.8 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.

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1.8 Inventories (continued)

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

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

When inventories are sold, the carrying amount 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.

1.9 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follows
The extent to which an asset is used in service delivery.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

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1.9 Impairment of cash-generating assets (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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.

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.

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1.9 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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1.9 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, 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.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.10 Impairment of non-cash-generating assets

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

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follows:

The extent to which an asset is used in service delivery.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset is initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

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1.10 Impairment of cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

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.

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.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, 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.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

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1.11 Value-added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

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

1.12 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

1.13 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of the municipality after deducting all of its liabilities.

1.14 Leases

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

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

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.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

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1.15 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered a service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

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1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses;
- past service cost

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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 municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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Greater Taung Local Municipality

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1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post-retirement obligations

The municipality has an obligation to provide other long-term service allowance benefits to all of its employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to determine the present value of the obligations.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses;

1.16 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.

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1.16 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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 surpluses.

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 40.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, are accounted for as follows:

Where the related asset is measured using the cost model:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- the amount deducted from the cost of the asset does not exceed its carrying amount. 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 there is such an indication, the municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.9 and 1.10.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability are recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.17 Revenue from exchange transactions

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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1.17 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 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 surveys of work performed.

Interest received

Revenue arising from the use by others of municipal assets yielding interest 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.

Interest is received on short term investments and bank accounts.

1.18 Revenue from non-exchange transactions

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

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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1.18 Revenue from non-exchange transactions (continued)

Property rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in-kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period.

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Concessionary loans received

A concessionary loan is a loan granted to or received by the municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

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 Grant in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events given raise to the transfer occurred.

1.22 Commitments

Items are classified as commitments when the municipality 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 are disclosed in a note to the financial statements, if both the following criteria are met:

- contracts should be non-cancelable or only cancelable 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 municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 42 for detail.

1.24 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.

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1.24 Unauthorised expenditure (continued)

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.

1.25 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.

1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27 Budget information

Municipalities 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 the 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 2016/07/01 to 2017/06/30.

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.

1.28 Related parties

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

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.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.29 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).

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.29 Events after reporting date (continued)

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

The municipality discloses 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.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 16 (as revised 2015) Investment Property

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- the encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements is now required.

The effective date of the amendment is for years beginning on or after 1 April 2016.

The municipality has adopted the amendment for the first time in the 2017 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

GRAP 17 (as revised 2015) Property, Plant and Equipment

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements are now required.

The effective date of the amendment is for years beginning on or after 1 April 2016.

The municipality has adopted the amendment for the first time in the 2017 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2017 or later periods:

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers: definitions, preparation of separate financial statements, disclosure, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

2. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers: definitions, preparation of separate financial statements, disclosure, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers: definitions, preparation of separate financial statements, disclosure, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers: definitions, preparation of separate financial statements, disclosure, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

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2. New standards and interpretations (continued)

It furthermore covers: definitions, disclosing information about interests in other entities, significant judgements and assumptions, investment entity status, interests in controlled entities, interests in joint arrangements and associates, interests in structured entities that are not consolidated, non-qualitative ownership interests, controlling interests acquired with the intention of disposal, transitional provisions and effective date

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 110: Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers: definitions, recognition, measurement, depreciation, impairment, compensation for impairment, transfers, derecognition, disclosure, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date.

The impact of this interpretation is currently being assessed.

GRAP 12 (as amended 2016): Inventories

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

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2. New standards and interpretations (continued)

- General improvements: to clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12).
- IPSASB amendments: to align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 16 (as amended 2016): Investment Property

Amendments to the Standard of GRAP on Investment Property resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IAS 40 on Investment Property (IAS 40) as a result of the IASB's amendments on Annual Improvements to IFRSs 2011 – 2013 Cycle issued in December 2013.

The most significant changes to the Standard are:

- General improvements: to clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IASB amendments: to clarify the interrelationship between the Standards of GRAP on Transfer of Functions Between Entities Not Under Common Control and Investment Property when classifying investment property or owner-occupied property.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 17 (as amended 2016): Property, Plant and Equipment

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: to clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

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2. New standards and interpretations (continued)

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in the budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

This Standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

The adoption of this amendment is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 21 (as amended 2016): Impairment of non-cash-generating assets

Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 26 (as amended 2016): Impairment of cash-generating assets

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: to update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

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2. New standards and interpretations (continued)

GRAP 31 (as amended 2016): Intangible Assets

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015.

The most significant changes to the Standard are:

- General improvements: to add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: to clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and to clarify acceptable methods of depreciating assets

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 103 (as amended 2016): Heritage Assets

Amendments to the Standard of GRAP on Heritage Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard are:

- General improvements: to clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 106 (as amended 2016): Transfers of functions between entities not under common control

Amendments to the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control resulted from changes made to IFRS 3 on Business Combinations (IFRS 3) as a result of the IASB's amendments on Annual Improvements to IFRSs 2010 – 2012 Cycle issued in December 2013.

The most significant changes to the Standard are:

- IASB amendments: To require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting period.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

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2. New standards and interpretations (continued)

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is not yet set by the Minister of Finance.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

GRAP 27 (as amended 2016): Agriculture

Amendments to the Standard of GRAP on Agriculture resulted from changes made to IPSAS 27 on Agriculture (IPSAS 27) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard:

- IPSASB amendments: To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27. In addition to the changes made by the IPSASB, a consequential amendment has been made to GRAP 103 on Heritage Assets. The IPSASB currently does not have a pronouncement on this topic.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2017

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2. New standards and interpretations (continued)

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that 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.

The standard elaborates on the definitions and identification of:

- close member of the family of a person;
- management;
- related parties;
- remuneration; and
- significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- control;
- related party transactions; and
- remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

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2. New standards and interpretations (continued)

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers: definitions, identifying whether an entity is a principal or agent, accounting by a principal or agent, presentation, disclosure, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

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	2017	2016
3. Inventories		
Consumable stores	164 832	142 325
Water	492	492
Land held for sale	6 838 050	6 838 050
Fuel (diesel, petrol)	100 508	138 239
	7 103 882	7 119 106
Inventories recognised as an expense	4 796 072	4 587 375
Inventory pledged as security		
Inventories were not pledged as security for any financial liability of the municipality.		
4. Receivables from exchange transactions		
Accrued revenue	313 410	420 786
Consumer debtors - Electricity	2 077 521	1 106 061
Consumer debtors - Water	1 289 737	691 565
Consumer debtors - Sewerage	6 253 817	2 732 581
Consumer debtors - Refuse	5 925 224	4 255 678
Consumer debtors - Other	8 680 856	5 074 920
	24 540 565	14 281 591
Pledged as security		
None of the trade and other receivables from exchange transactions are pledged as security for any financial liability of the municipality.		
None of the financial assets that are fully performing have been renegotiated in the last year.		
5. Receivables from non-exchange transactions		
Consumer debtors - Rates	21 422 179	20 038 687
Government grant and subsidies consist of:		
Opening balance	-	514 533
Housing Grant	-	-
Write down of receivable (refer to note 24)	-	(514 533)
	-	-
Pledged as security		
None of the receivables from non-exchange transactions are pledged for security for any financial liability of the municipality.		
None of the financial assets that are fully performing have been renegotiated in the last year.		
6. Consumer receivables disclosure		
Gross balances		
Consumer debtors - Electricity	2 123 815	2 251 910
Consumer debtors - Water	2 109 556	2 144 166
Consumer debtors - Sewerage	6 932 815	6 535 736
Consumer debtors - Refuse	9 307 624	8 026 736
Consumer debtors - Other	9 162 082	5 849 733
Consumer debtors - Rates	35 110 624	27 445 651
	64 746 516	52 253 932

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	2017	2016
6. Consumer receivables disclosure (continued)		
Less: Allowance for impairment		
Consumer debtors - Electricity	(46 294)	(1 145 849)
Consumer debtors - Water	(819 819)	(1 452 601)
Consumer debtors - Sewerage	(678 998)	(3 803 155)
Consumer debtors - Refuse	(3 382 400)	(3 771 058)
Consumer debtors - Other	(481 226)	(774 813)
Consumer debtors - Rates	(13 688 445)	(7 406 964)
	(19 097 182)	(18 354 440)
Net balance		
Consumer debtors - Electricity	2 077 521	1 106 061
Consumer debtors - Water	1 289 737	691 565
Consumer debtors - Sewerage	6 253 817	2 732 581
Consumer debtors - Refuse	5 925 224	4 255 678
Consumer debtors - Other	8 680 856	5 074 920
Consumer debtors - Rates	21 422 179	20 038 687
	45 649 334	33 899 492
Included in above is receivables from exchange transactions		
Electricity	2 077 521	1 106 061
Water	1 289 737	691 565
Sewerage	6 253 817	2 732 581
Refuse	5 925 224	4 255 678
Other	8 680 856	5 074 920
	24 227 155	13 860 805
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	21 422 179	20 038 687
	45 649 334	33 899 492
Rates		
Current (0 -30 days)	374 245	573 831
31 - 60 days	895 359	714 613
61 - 90 days	782 973	701 327
91 - 120 days	773 157	698 410
>120 days	18 596 445	17 350 506
	21 422 179	20 038 687
Electricity		
Current (0 -30 days)	212 720	250 466
31 - 60 days	129 296	158 077
61 - 90 days	54 635	132 227
91 - 120 days	1 680 870	168 666
>120 days	-	396 625
	2 077 521	1 106 061

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	2017	2016
6. Consumer receivables disclosure (continued)		
Water		
Current (0 -30 days)	70 135	70 343
31 - 60 days	69 367	77 998
61 - 90 days	97 891	76 401
91 - 120 days	56 994	89 088
>120 days	995 350	377 735
	1 289 737	691 565
Sewerage		
Current (0 -30 days)	195 575	225 457
31 - 60 days	168 974	169 439
61 - 90 days	154 777	173 132
91 - 120 days	149 315	151 286
>120 days	5 585 176	2 013 267
	6 253 817	2 732 581
Refuse		
Current (0 -30 days)	328 600	328 010
31 - 60 days	281 432	244 091
61 - 90 days	255 043	220 722
91 - 120 days	195 376	226 357
>120 days	4 864 773	3 236 498
	5 925 224	4 255 678
Other (sundry)		
Current (0 -30 days)	69 714	57 469
31 - 60 days	61 047	53 071
61 - 90 days	55 743	41 403
91 - 120 days	54 380	115 436
121 - 365 days	8 439 972	4 807 541
	8 680 856	5 074 920

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	2017	2016
6. Consumer receivables disclosure (continued)		
Summary of debtors by customer classification		
Industrial/Commercial		
Current (0 -30 days)	222 764	170 743
31 - 60 days	319 669	160 195
61 - 90 days	206 912	168 029
91 - 120 days	188 493	156 693
>120 days	7 464 155	4 652 394
	8 401 993	5 308 054
Consumers (households)		
Current (0 -30 days)	532 305	555 309
31 - 60 days	635 773	651 950
61 - 90 days	638 891	632 747
91 - 120 days	596 099	652 018
>120 days	24 444 915	26 961 650
	26 847 983	29 453 674
National and provincial government		
Current (0 -30 days)	495 808	779 524
31 - 60 days	649 924	605 073
61 - 90 days	601 430	544 436
91 - 120 days	491 790	640 534
>120 days	27 257 588	14 922 639
	29 496 540	17 492 206
Reconciliation of allowance for impairment		
Balance at beginning of the year	(18 354 440)	(26 607 981)
Contributions to allowance	(742 742)	8 253 541
	(19 097 182)	(18 354 440)
Consumer receivables pledged as security		
None of the consumer receivables were pledged as security.		
None of the financial assets that are fully performing have been renegotiated in the last year.		
7. VAT receivable		
Value Added Tax (VAT)	7 423 348	6 486 022
The municipality is registered on the cash basis for VAT purposes. Thus output VAT is declared on receipt once cash is received and input VAT is claimed on payments when actual payments are made.		
All VAT returns have been submitted timeously to SARS by the due date throughout the year.		
VAT receivable at year end consists of:		
VAT input on payables	443 537	313 699
VAT output on receivables	(1 148 298)	(908 408)
VAT receivable on SARS	8 128 109	7 080 731
	7 423 348	6 486 022

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	2017	2016
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	8 977 096	9 018 443
Short-term deposits	152 967 619	107 019 466
	161 944 715	116 037 909

Cash and cash equivalents are measured at amortised cost. The municipality does not have a bank overdraft facility.

The short term deposit relates to short term deposits held at local banks for no longer than 90 days and bears interest at market related terms.

No items of cash and cash equivalents have been pledged as security.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
ABSA - Fixed Deposit (206 381 3884)	11 663 227	10 812 086	10 137 327	11 663 227	10 812 086	10 137 327
ABSA - Fixed Deposit (206 350 7897)	6 254 685	5 798 241	5 436 385	6 254 685	5 798 241	5 436 385
ABSA - Fixed Deposit (20 6460 1519)	2 655 078	2 461 320	2 307 714	2 655 078	2 461 320	2 307 714
ABSA - Housing (206 509 865)	58 856	54 561	51 156	58 856	54 561	51 156
FNB - Fixed Notice (740 8902 8507)	2 886 226	2 699 360	2 537 547	2 886 226	2 699 360	2 537 547
Nedbank - Investment (160 7777 69921)	616 848	574 247	539 189	616 848	571 622	539 189
Nedbank - SDL Fund (160 1777 69925)	78 736	73 176	68 708	78 736	72 841	68 708
Nedbank - Eco Green (160 7777 69928)	63 422	58 943	55 124	63 422	58 673	55 344
Standard Bank - Notice Deposit (048 5600 65004)	782 644	733 904	692 426	782 644	733 904	692 426
ABSA - Cheque Account (26 5056 0046)	8 925 791	9 047 202	3 710 304	8 973 780	9 015 258	3 632 410
ABSA Fixed Deposit (20 6381 3842)	3 802 613	3 525 111	3 305 117	3 802 613	3 525 111	3 305 117
ABSA Fixed Deposit (20 6348 4566)	8 010 058	7 425 512	6 962 102	8 010 058	7 425 512	6 962 102
ABSA Fixed Deposit (20 6598 6332)	2 017 375	1 870 154	1 753 441	2 017 375	1 870 154	1 753 441
ABSA Fixed Deposit (20 6602 3614)	109 906 723	67 077 026	61 630 783	109 906 723	67 077 026	61 630 783
Nedbank Fixed Notice (16077776 9922)	1 914 295	1 779 102	1 670 487	1 914 295	1 774 024	1 670 487
Nedbank Fixed Notice (16077776 9923)	2 133 488	1 982 815	1 861 764	2 133 488	1 970 692	1 861 764
Nedbank Fixed Notice (16077776 9924)	106 678	99 116	93 065	106 678	98 663	93 065
Nedbank Call Deposit (37667500223)	16 668	15 726	14 937	16 668	15 677	14 937
Standard Bank Notice Deposit (248685880001)	3 316	3 184	2 995	3 315	3 184	2 997
Total	161 896 727	116 090 786	102 830 571	161 944 715	116 037 909	102 752 899

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	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and Buildings	21 534 000	-	21 534 000	21 534 000	-	21 534 000

Reconciliation of investment property - 2017

	Opening balance	Total
Land and Buildings	21 534 000	21 534 000

Reconciliation of investment property - 2016

	Opening balance	Total
Land and Buildings	21 534 000	21 534 000

Pledged as security

None of the above investment property have been pledged as security.

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.

Details of valuation

The valuation was based on open market value for existing use. These assumptions are based on current market conditions. The investment properties were valued in terms of the requirements of GRAP 16 and the details of the valuation is available for inspection at the registered office of the municipality.

Properties were individually investigated to confirm classification as investment properties. Investment properties are identified under GRAP 16. The following criteria was used to determine whether a property should be classified as an investment property:

- Land or buildings held for long-term capital appreciation:
- A building owned by the municipality and leased out to third parties under one or more operating leases
- Land held for a current undeterminable future use
- Property being constructed or developed for future use as investment property

Amounts recognised in surplus and deficit for the year.

Amounts recognised in surplus or deficit

Rental revenue from investment property	70 500	62 600
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10. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	59 914 415	-	59 914 415	59 852 623	-	59 852 623
Buildings	247 699 159	(101 551 217)	146 147 942	207 779 594	(88 674 495)	119 105 099
Infrastructure	397 539 465	(179 178 664)	218 360 801	385 190 764	(168 918 565)	216 272 199
Work in process	40 883 126	-	40 883 126	52 250 262	-	52 250 262
Finance leased asset	3 541 059	(1 890 996)	1 650 063	1 846 106	(1 535 893)	310 213
Moveable assets	46 997 417	(20 725 077)	26 272 340	48 325 274	(21 038 931)	27 286 343
Total	796 574 641	(303 345 954)	493 228 687	755 244 623	(280 167 884)	475 076 739

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Accumulated depreciation	Total
Land	59 852 623	61 792	-	-	-	-	-	-	59 914 415
Buildings	119 105 099	37 603 798	(215 529)	-	452 497	(10 783 059)	(14 864)	-	146 147 942
Infrastructure	216 272 199	18 201 837	-	-	(36 304)	(9 848 200)	(6 228 731)	-	218 360 801
Work in process	52 250 262	45 110 685	-	(56 477 821)	-	-	-	-	40 883 126
Finance lease asset	310 213	1 694 952	-	-	-	(355 102)	-	-	1 650 063
Moveable assets	27 286 343	5 043 503	(6 382 979)	-	-	(4 757 437)	-	5 082 910	26 272 340
	475 076 739	107 716 567	(6 598 508)	(56 477 821)	416 193	(25 743 798)	(6 243 595)	5 082 910	493 228 687

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10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	59 852 623	-	-	-	-	-	-	59 852 623
Buildings	96 191 697	30 437 773	(40 764)	-	1 744 497	(9 228 104)	-	119 105 099
Infrastructure	201 038 635	29 006 906	-	-	-	(9 936 202)	(3 837 140)	216 272 199
Work in progress	74 124 000	37 386 225	-	(59 259 963)	-	-	-	52 250 262
Finance leased assets	927 267	-	-	-	-	(617 054)	-	310 213
Movable assets	25 373 335	7 705 956	-	-	-	(5 792 948)	-	27 286 343
	457 507 557	104 536 860	(40 764)	(59 259 963)	1 744 497	(25 574 308)	(3 837 140)	475 076 739

Pledged as security

None of the above property, plant and equipment have been pledged as security.

Assets subject to finance lease (net carrying amount)

Leased Assets	<u>1 650 063</u>	<u>310 213</u>
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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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11. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Software	857 613	(212 598)	645 015	448 208	(172 975)	275 233

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Software	275 233	421 024	(51 242)	645 015

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Software	435 990	46 600	(34 382)	(172 975)	275 233

Pledged as security

None of the above intangible assets have been pledged as security.

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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	2017	2016
12. Finance lease obligation		
Minimum lease payments due		
- within one year	707 647	349 662
- in second to fifth year inclusive	1 343 129	-
	<u>2 050 776</u>	<u>349 662</u>
less: future finance charges	(355 823)	(8 508)
Present value of minimum lease payments	<u>1 694 953</u>	<u>341 154</u>
Present value of minimum lease payments due		
- within one year	523 267	341 154
- in second to fifth year inclusive	1 171 686	-
	<u>1 694 953</u>	<u>341 154</u>
Non-current liabilities	1 171 686	-
Current liabilities	523 267	341 154
	<u>1 694 953</u>	<u>341 154</u>

It is municipal policy to lease certain computer equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 11% (2016: 9%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 10

13. Payables from exchange transactions

Trade payables	1 001	2
Payments received in advanced	1 477 385	1 294 530
Accrued leave pay	12 464 645	9 278 934
Accrued bonus	1 619 655	1 469 212
Accrued expense	5 254 354	4 638 595
Deposits received	231 347	212 147
Retentions	12 170 513	9 824 040
	<u>33 218 900</u>	<u>26 717 460</u>

14. Consumer deposits

Electricity	<u>105 069</u>	<u>123 734</u>
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Deposits are paid by consumers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account balance

No interest is paid to consumers on deposits held.

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	2017	2016
15. Employee benefit obligations		
The municipality has the following employee benefit obligations:		
Post retirement medical aid plan		
<p>The municipality operates an unfunded post-employment health care defined benefit plans for qualifying employees. Employees of the municipality are members of Bonitas, Hosmed, Samwumed, Key health and LA Health medical schemes. The most recent actuarial valuations of plan assets as the present value of the defined benefit obligation were carried out at 30 June 2017 by Mr C Weiss (BSc FFA), Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The municipality does not have long term assets set aside off-balance sheet in respect of the post employment health care liability.</p>		
Long Service Awards		
<p>Long service awards are provided to employees for every five years of service completed, from ten years of service to 45 years of services, inclusive.</p>		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Post retirement benefits: medical aid	(8 192 420)	(10 035 279)
Present value of long service awards	(3 355 018)	(248 126)
	(11 547 438)	(10 283 405)
Non-current liabilities	10 600 746	10 035 279
Current liabilities	888 501	248 126
	11 489 247	10 283 405
The change in the carrying values of the employee benefit obligations are as follows:		
Medical aid subsidy plan		
Opening balance	7 145 206	6 205 577
Current service cost - included in employee related costs (Note 25)	729 374	651 449
Finance Charges - included in finance cost (Note 28)	668 400	592 468
Actuarial gain/ losses	(302 511)	(267 985)
Benefits paid during the year	(48 048)	(36 303)
Closing balance	8 192 421	7 145 206
Long service awards		
Opening balance	3 138 199	2 782 927
Current service cost - included in employee related costs (Note 25)	366 661	321 701
Finance charges - included in finance cost (Note 28)	260 571	220 685
Actuarial gain / losses	(210 335)	(76 222)
Benefit paid during the year	(200 078)	(110 892)
Closing balance	3 355 018	3 138 199
Total Employee benefit obligation		
Opening balance	10 035 279	8 988 504
Current service cost	1 344 161	973 150
Finance charges	928 971	813 153
Actuarial gain / losses	(512 846)	(344 207)
Benefits paid during the year	(248 126)	(147 195)
Less: current portion of liability	-	(248 126)
Closing balance	11 547 439	10 035 279

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	2017	2016
15. Employee benefit obligations (continued)		
Current portion of the liability consist of:		
Post retirement benefits: medical aid	134 272	48 048
Long service awards	754 229	200 078
	888 501	248 126

Net expense recognised in the statement of financial performance

Current service cost	1 096 035	973 150
Finance charges	928 971	813 153
Actuarial (gains) losses	(512 846)	(344 207)
Benefits paid during the year	(306 318)	(147 195)
	1 205 842	1 294 901

Post Retirement Benefits: Medical Aid

The post retirement benefit plan is classified as a defined benefit plan, of which the members are made up of the following:

In-service (employee) members	161	168
In-service (employee) non-members	83	91
Continuation (retiree and widow) members	4	3
Total	248	262

The liability in respect of the periods commencing prior to the comparative year has been estimated as follows:

In-service (employee) members	4 828 838	5 073 644
In-service (employee) non-members	1 348 884	1 398 132
Continuation (retiree and widow) members	2 014 698	673 430
	8 192 420	7 145 206

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas;
- Hosmed;
- Samwumed
- Key Health
- LA Health

Key actuarial assumptions used:

Rates of interest used:

Discount rates	9,91 %	9,39 %
Health care cost inflation rate	8,17 %	8,43 %
Net effective discount rate	1,60 %	0,88 %

Mortality Rates:

The PA 90 ultimate table, rated down 1 year of age was used by the actuaries, for post retirement employees.
The SA 85-90 ultimate table was used by the actuaries, for employees during employment.

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15. Employee benefit obligations (continued)

Normal Retirement Age:

It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and ill health retirement.

Continuation of membership at retirement:

It has been assumed that the percentage of employees that will continue on the medical aid after retirement is 40%.

Marital status at retirement:

It has been assumed that the percentage of employees married at retirement is 90%.

Eligible current non-member employees:

It has been assumed that the percentage of employees joining the scheme at retirement is 30%

Total amount recognised in the statement of financial position are as follows:

Present value of funded obligation	-	-
Present value of unfunded obligation	8 192 420	7 145 206
Less: Fair value of plan assets	-	-
Present value of obligation in excess of plan assets	8 192 420	7 145 206

Sensitivity analysis on the accrued liability

The liability at the valuation date was recalculated to show the effect of:

- (i) A 1% increase and decrease in the assumed rate of health care cost inflation;
- (ii) A 1% increase and decrease in the discount rate;
- (iii) A one-year age reduction in the assumed rates of post-retirement mortality;
- (iv) A one-year decrease in the assumed average retirement age; and
- (v) A 10% decrease in the assumed proportion of in-service members that continue to receive the subsidy after retirement.

The effect of movements in the assumptions for the year ended **30 June 2017** the obligation are as follows:

Assumptions	Change in assumption	In-Service members liability	Continuation members liability	Total liability	% Change
Central assumptions	-	6 178 000	2 015 000	8 192 000	-
Health care inflation	1 %	7 642 000	2 236 000	9 877 000	21 %
Health care inflation	-1 %	5 034 000	1 825 000	6 859 000	-16 %
Discount rate	1 %	5 059 000	1 829 000	6 888 000	-16 %
Discount rate	-1 %	7 631 000	2 234 000	9 865 000	20 %
Post retirement mortality	- one year	6 391 000	2 084 000	8 475 000	3 %
Average retirement age	- one year	6 739 000	2 015 000	8 753 000	7 %
Continuation of membership retirement	-10 %	4 722 000	2 015 000	6 737 000	-18 %

The effect of movements in the assumptions for the year ended **30 June 2017** on the interest and service costs are as follows:

Assumption	Change in assumption	Current service cost	Interest cost	Total	% Change
Central assumptions	-	729 400	668 400	1 397 800	-
Health care inflation	1 %	915 000	818 300	1 733 300	24 %
Health care inflation	-1 %	587 200	551 100	1 138 300	-19 %
Discount rate	1 %	594 700	611 800	1 206 500	-14 %
Discount rate	-1 %	906 800	731 200	1 638 000	17 %
Post retirement mortality	- one year	755 500	693 300	1 448 800	4 %
Average retirement age	- one year	799 900	717 400	1 517 300	9 %

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			2017	2016
15. Employee benefit obligations (continued)				
Continuation of membership at retirement	-10 %	560 800	529 500	1 090 300
				-22 %

The effect of movements in the assumptions for the year ended **30 June 2016** on the obligation are as follows:

Assumption	Change in assumption	In-Service members liability	Continuation members liability	Total liability	% Change
Central assumptions	-	6 472 000	673 000	7 145 000	-
Health care inflation	1 %	8 005 000	738 000	8 743 000	22 %
Health care inflation	-1 %	5 278 000	617 000	5 895 000	-17 %
Discount rate	1 %	5 296 000	618 000	5 914 000	-17 %
Discount rate	-1 %	8 006 000	738 000	8 744 000	22 %
Post retirement mortality	- one year	6 710 000	701 000	7 411 000	4 %
Average retirement age	- one year	6 994 000	673 000	7 667 000	7 %
Withdrawal rate	-10 %	4 992 000	673 000	5 665 000	-21 %

The effect of movements in the assumptions for the year ended **30 June 2016** the interest and service costs are as follows:

Assumption	Change in assumption	Current service cost	Interest cost	Total	% Change
Central assumptions	-	651 400	571 600	1 223 000	-
Health care inflation	1 %	817 400	699 800	1 517 200	24 %
Health care inflation	-1 %	524 300	471 100	995 400	-19 %
Discount rate	1 %	531 000	523 900	1 054 900	-14 %
Discount rate	-1 %	810 100	624 000	1 434 100	-17 %
Post retirement mortality	- one year	675 000	593 000	1 268 000	4 %
Average retirement age	- one year	705 900	615 300	1 321 200	8 %
Continuation of membership at retirement	-10 %	498 900	439 900	938 800	-23 %

Long service awards

The long service awards are defined benefit plans.

Eligible employees	244	259
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Key actuarial assumptions used:

Rate of interest

Discount rate	8,49 %	8,57 %
General salary inflation	6,31 %	7,22 %
Net effective discount rate applied to salary related long service awards	2,05 %	1,26 %

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15. Employee benefit obligations (continued)

Mortality Rate:

The SA 85-90 ultimate table was used by the actuaries.

Average retirement age

It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and ill health retirement.

Expected remaining working lifetime

It has been assumed that the expected remaining working lifetime of eligible employees is 21.9 years.

Additional text

Total amount recognised in the statement of financial position are as follows:

Present value of funded obligation	-	-
Present value of unfunded obligation	3 355 018	3 138 199
Less: Fair value of plan assets	-	-
Present value of obligation in excess of plan assets	3 355 018	3 138 199

Sensitivity analysis on the accrued liability

The liability at the valuation date was recalculated to show the effect of:

- (i) A 1% increase and decrease in the assumed general salary inflation rate;
- (ii) A 1% increase and decrease in the discount rate;
- (iii) A two-year increase and decrease in the assumed average retirement age of employees; and
- (iv) A 50% decrease in the assumed withdrawal rate.

The effect of movements in the assumptions for the year ended **30 June 2017** on the obligation are as follows:

Assumption	Change in assumption	Total liability	% Change
Central assumptions	-	3 355 000	-
General salary inflation	1 %	3 581 000	7 %
General salary inflation	-1 %	3 152 000	-6 %
Discount rate	1 %	3 143 000	-6 %
Discount rate	-1 %	3 595 000	7 %
Average retirement age	- two years	3 020 000	-10 %
Average retirement age	+ two years	3 611 000	8 %
Withdrawal rate	-50 %	3 970 000	18 %

The effect of the movement in the assumptions for the year ended **30 June 2017** in the current service and the interest cost are as follows:

Assumption	Change in assumption	Current service cost	Interest cost	Total	% Change
Central assumptions	-	366 700	260 600	627 300	-
General salary inflation	1 %	401 900	280 400	682 300	9 %
General salary inflation	-1 %	335 600	242 800	578 400	-8 %
Discount rate	1 %	337 700	270 200	607 900	-3 %
Discount rate	-1 %	400 000	248 800	648 800	3 %
Average retirement age	- two years	334 400	232 700	567 100	-10 %
Average retirement age	+ two years	392 100	283 200	675 300	8 %
Withdrawal rate	-50 %	482 700	312 300	795 000	27 %

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15. Employee benefit obligations (continued)

The effect of movements in the assumptions for the year ended **30 June 2016** in the obligation are as follows:

Assumption	Change in assumptions	Total liability	% Change
Central assumptions	-	3 138 199	-
General salary inflation	1 %	3 370 000	7 %
General salary inflation	-1 %	2 931 000	-7 %
Discount rate	1 %	2 921 000	-7 %
Discount rate	-1 %	3 385 000	8 %
Average retirement age	+ two years	2 814 000	-10 %
Average retirement age	- two years	3 402 000	8 %
Withdrawal rate	-50 %	3 741 000	19 %

The effect of the movement in the assumptions for the year ended **30 June 2016** in the current service and the interest cost are as follows:

Assumption	Change in assumption	Current service cost	Interest cost	Total	% Change
Central assumptions	-	321 701	220 685	542 386	-
General salary inflation	1 %	353 900	238 000	591 900	9 %
General salary inflation	-1 %	293 300	205 100	498 400	-8 %
Discount rate	1 %	295 000	229 400	524 400	-3 %
Discount rate	-1 %	352 500	210 000	562 500	4 %
Average retirement age	+ two years	292 000	197 300	489 300	-10 %
Average retirement age	- two years	346 400	245 800	592 200	9 %
Withdrawal rate	-50 %	430 400	265 900	696 300	28 %

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant	9 656 960	-
Local Government Financial Management Grant	18 494	-
Local Government - Disaster Fund	505 700	505 700
Department of Sports - Library Grant	1 981 188	2 008 930
	12 162 342	2 514 630

See note 26 for reconciliation of grants from National / Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

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	2017	2016		
17. Provisions				
Reconciliation of provisions - 2017				
	Opening Balance	Utilised during the year	Unwinding of interest	Total
Environmental rehabilitation	11 967 024	(228 690)	598 569	12 336 903
Reconciliation of provisions - 2016				
	Opening Balance	Utilised during the year	Unwinding of interest	Total
Environmental rehabilitation	11 501 093	(188 707)	654 638	11 967 024
Non-current liabilities			10 780 829	10 430 757
Current liabilities			1 556 074	1 536 267
			12 336 903	11 967 024

The municipality operates on five landfill sites. The in year actual operational costs is expensed in the statement of financial performance. The provision is calculated in order to finance the rehabilitation cost of each site when it reaches 100% capacity.

The provision for each landfill site was determined with reference to the operational status of the site. If the site would still be in operation in the future, the present value of the future cash flows were determined using a discounting rate of 8%.

If the site is currently not in use and thus would need to be closed immediately, the immediate closure cost as determined by engineer was used.

To determine the immediate closure cost the engineer considered the following:

1) The average CPI rate (6.78%). The CPI rate is used to calculate the contract price adjustment.

2) The maximum life span of the landfill site. For each landfill site it was determined as:

New Pudimoe landfill site: Unknown

Interim operational Pudimoe landfill site: 2 years

Abandoned Pudimoe landfill site: Not active

Taung landfill site: 3 years

Reivilo landfill site: 5 - 6 years

3) The size of the landfill site. For each landfill site it was determined as:

New Pudimoe landfill site: 2.25 hectares

Interim operational Pudimoe landfill site: 0.7 hectares

Abandoned Pudimoe landfill site: 0.4 hectares

Taung landfill site: 2.5 hectares

Reivilo landfill site: 2.5 hectares

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17. Provisions (continued)

Environmental rehabilitation provision

The provision for rehabilitation of landfill and waste disposal sites relates to the legal obligation to rehabilitate landfill sites and waste disposal sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).

The landfill sites are registered as official dumping sites and are therefore operated without a permit. As disclosed in the Government Gazette no 10747 dated 24 July 2015, the maximum fine applicable for operating a waste disposal site under section 24G Fine Regulations of NEMA, rounds up to R10 million per site and a contingent liability has been disclosed.

Section 24G (1) of the NEMA also stipulates that the landfill site be closed with immediate effect if no objection has been made by the municipality, therefore the provision for rehabilitation has been calculated as a current liability at 30 June 2017.

Management has included the best estimated amount as the actual amount is uncertain. The payment of total closure and rehabilitation dates are uncertain.

The provision has been determined by an independent firm of consultants through investigation to determine the best estimated rehabilitation costs for the waste disposal sites at the end of its useful life.

The maximum life span of the landfill sites is between 2 to 5 years.

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	2017	2016
18. Financial instruments disclosure		
Categories of financial instruments		
2017		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	24 540 565	24 540 565
Cash and cash equivalents	161 944 715	161 944 715
	186 485 280	186 485 280
Financial liabilities		
	At amortised cost	Total
Finance lease obligation	1 694 953	1 694 953
Payables from exchange transactions	33 218 900	33 218 900
Consumer deposits	105 069	105 069
Unspent conditional grants and receipts	12 162 342	12 162 342
	47 181 264	47 181 264
2016		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	14 281 591	14 281 591
Cash and cash equivalents	116 037 909	116 037 909
	130 319 500	130 319 500
Financial liabilities		
	At amortised cost	Total
Finance lease obligation	341 154	341 154
Consumer deposits	123 734	123 734
Payables from exchange transactions	26 717 460	26 717 460
Unspent conditional grants and receipts	2 514 630	2 514 630
	29 696 978	29 696 978
19. Revenue		
Service charges	7 794 595	8 256 899
Rental of facilities and equipment	483 985	361 042
Other income from exchange transactions	1 420 364	1 340 010
Investment income	14 479 043	10 863 603
Property rates	26 848 632	14 277 978
Property rates - penalties imposed	3 153 005	3 271 460
Government grants and subsidies	212 824 288	208 464 420
Other income from non-exchange transactions	100 112	84 650
	267 104 024	246 920 062

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	2017	2016
19. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	7 794 595	8 256 899
Rental of facilities and equipment	483 985	361 042
Other income	1 420 364	1 340 010
Investment income	14 479 043	10 863 603
	24 177 987	20 821 554
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	26 848 632	14 277 978
Property rates - penalties imposed	3 153 005	3 271 460
Transfer revenue		
Government grants and subsidies	212 824 288	208 464 420
Other income	100 112	84 650
	242 926 037	226 098 508
20. Service charges		
Sale of electricity	2 612 976	2 912 792
Sale of water	689 744	766 583
Sewerage and sanitation charges	1 720 638	1 892 872
Refuse removal	2 771 237	2 684 652
	7 794 595	8 256 899
21. Rental of facilities and equipment		
Rental of facilities and equipment consist of:		
Premises	70 500	62 600
Community hall	94 781	18 490
Other	318 704	279 952
	483 985	361 042
22. Other revenue		
Other income	1 420 364	1 340 010
23. Other income		
Other income from exchange transactions	1 420 364	1 340 010
The amount included in other income arising from non-exchange transactions is as follows:		
Taxation revenue	-	-
Subsidy from SETA	100 112	84 650
	100 112	84 650

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	2017	2016
24. Investment income		
Interest revenue		
Cash and cash equivalents	12 441 897	9 010 678
Interest charged on consumer debtors	2 037 146	1 852 925
	14 479 043	10 863 603
The amount included in investment income arising from exchange transactions amounted to R 2037 146 (2016: R1 852 925)		
The amount included in investment revenue arising from non-exchange transactions amounted to R 12 441 897 (2016: R9 010 678)		
25. Property rates		
Rates received		
Residential	31 460 210	17 073 971
Less: Income forgone	(4 611 578)	(2 795 993)
	26 848 632	14 277 978
Property rates - penalties imposed	3 153 005	3 271 460
	30 001 637	17 549 438
Valuations		
Residential	561 925 400	324 333 700
Commercial	264 202 900	260 082 600
State	842 192 101	825 082 195
Municipal	9 042 200	19 615 000
Small holdings and farms	1 547 810 715	1 450 572 960
Other	45 689 700	44 534 100
	3 270 863 016	2 924 220 555

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 September 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The new general valuation was implemented on 01 July 2014.

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	2017	2016
26. Government grants and subsidies		
Operating grants		
Equitable share	164 554 000	171 557 000
Local Government Financial Management Grant (FMG)	1 991 506	1 875 768
Department of Minerals and Energy (EPWP)	1 352 000	1 852 251
	167 897 506	175 285 019
Capital grants		
Municipal Systems Improvement Grant (MSIG)	-	930 914
Department of Sport - Library	1 247 742	1 196 487
Municipal infrastructure grant (MIG)	43 679 040	31 052 000
	44 926 782	33 179 401
Revenue recognised per vote as required by section 123(c) of the MFMA		
Executive and Council	50 999 029	53 067 259
Corporate Services	32 974 206	33 200 068
Planning and Development	7 096 818	7 673 446
Community and Social Services	6 957 321	4 885 357
Budget and Treasury	3 526 700	7 984 668
Sport and Recreation	8 121 497	9 403 480
Waste water management	8 130 789	7 987 401
Solid waste management	11 405 086	16 844 039
Road and Transport	19 704 614	16 972 793
Water Distribution	2 596 120	4 461 421
Electricity Distribution	13 041 820	9 077 068
	164 554 000	171 557 000
	212 824 288	208 464 420
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	48 270 287	36 907 420
Unconditional grants received	164 554 000	171 557 000
	212 824 287	208 464 420
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	-	24 387 344
Current-year receipts	53 336 000	31 052 000
Conditions met - transferred to revenue	(43 679 040)	(31 052 000)
Withheld	-	(24 387 344)
	9 656 960	-
Conditions still to be met - remain liabilities (see note 16).		
The purpose of this grant is to provide capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.		

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	2017	2016
26. Government grants and subsidies (continued)		
Department of Local Government - Disaster fund		
Balance unspent at beginning of year	505 700	505 700
Conditions still to be met - remain liabilities (see note 16).		
The purpose of this grant is to assist the municipality in managing disaster in the area, most commonly flooding.		
Municipal System Improvement Grant (MSIG)		
Balance unspent at beginning of year	-	369 229
Current-year receipts	-	930 000
Conditions met - transferred to revenue	-	(930 914)
Withheld	-	(368 315)
	<u>-</u>	<u>-</u>
The purpose of this grant is to assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act, the Municipal Property Rates Act and related legislation.		
Library Service Grant		
Balance unspent at beginning of year	2 008 930	2 005 418
Current-year receipts	1 220 000	1 199 999
Conditions met - transferred to revenue	(1 247 742)	(1 196 487)
	<u>1 981 188</u>	<u>2 008 930</u>
Conditions still to be met - remain liabilities (see note 16).		
To transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantage communities) through a recapitalised programme at provincial level in support of local government and national initiatives.		
Department of Minerals and Energy (EPWP)		
Balance unspent at beginning of year	-	427 251
Current-year receipts	1 352 000	1 425 000
Conditions met - transferred to revenue	(1 352 000)	(1 852 251)
	<u>-</u>	<u>-</u>
The purpose of this grant is to expand job creation efforts in specific focus area, where labour intensive delivery methods can be maximised.		
Neighbourhood Development Partnership Grant (NDP)		
Balance unspent at beginning of year	-	2 445 921
Withheld	-	(2 445 921)
	<u>-</u>	<u>-</u>
To plan, catalyse, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in South Africa's under-served neighbourhoods, generally townships.		

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	2017	2016
26. Government grants and subsidies (continued)		
Local Government Financial Management Grant (FMG)		
Balance unspent at beginning of year	-	768
Current-year receipts	2 010 000	1 875 000
Conditions met - transferred to revenue	(1 991 506)	(1 875 768)
Other	-	-
	18 494	-
Conditions still to be met - remain liabilities (see note 16).		
The purpose of this grant is to promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act.		
Integrated National Electrification Programme Grant (INEP)		
Balance unspent at beginning of year	-	947 420
Withheld	-	(947 420)
	-	-
The purpose of the grant is to address electrification backlogs of occupied residential dwellings, and the installation of bulk infrastructure.		
Total grants		
Balance unspent at beginning of year	2 514 631	31 089 051
Current-year receipts	57 918 000	208 039 000
Conditions met - transferred to revenue	(48 270 288)	(208 464 420)
Withheld	-	(28 149 000)
	12 162 343	2 514 631
Conditions still to be met - remain liabilities (see note 16).		
Grants included in receivables from non-exchange transactions	-	-
Grants included in unspent conditional grants	12 162 342	2 514 631
	12 162 342	2 514 631

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	2017	2016
27. Employee related costs		
Basic	44 362 208	41 498 142
Bargaining council	23 393	23 222
Bonus	3 329 573	3 209 137
Car allowance	3 540 818	3 609 003
Current service cost (refer to note 1)	1 096 035	973 150
Housing benefits and allowances	582 932	586 465
Leave reserve	4 211 076	5 178 813
Medical aid	3 448 045	3 162 275
Pension fund - company contributions	7 447 986	7 207 181
Provident fund	13 134	12 091
Salaries - temporary workers	762 453	474 732
Salaries - al inclusive package	2 704 844	4 441 319
SDL	692 613	430 017
Telephone allowance	343 475	418 550
UIF	397 562	374 150
	72 956 147	71 598 247
Remuneration of Municipal Manager: KT Gabanakgosi		
Annual remuneration	1 024 602	963 408
Car allowance	240 000	240 000
Cellphone allowance	12 000	12 000
Contributions to UIF, medical and pension funds	1 785	1 785
Other allowances	85 801	93 605
Backpay	36 833	24 361
	1 401 021	1 335 159
Remuneration of Chief Finance Officer: MP Vermaak		
Annual remuneration	798 378	751 039
Car allowance	180 000	180 000
Contributions to UIF, medical and pension funds	1 785	1 785
Backpay	23 747	18 847
Cellphone allowance	9 000	9 000
Other allowances	37 183	46 909
	1 050 093	1 007 580
Remuneration of Director of Technical Services: MD Duma		
Annual remuneration	208 668	818 112
Contribution to UIF, medical and pension funds	446	1 785
Backpay	-	16 561
Cellphone allowance	2 250	9 000
Leave payment	113 516	-
Arbitration	562 448	-
	887 328	845 458
Remuneration of Director of Coporate Services: K Forane		
Annual remuneration	-	519 444
Car allowance	-	90 000
Leave payment	-	131 500
Contributions to UIF, medical and pension funds	-	1 338
Cellphone allowance	-	6 750

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	2017	2016
27. Employee related costs (continued)		
Other allowances	-	65
Backpay	-	16 561
	<u>-</u>	<u>765 658</u>

The position for the Director of Corporate Services was vacant in the current financial year.

Remuneration of Director of Social Services: CG Huma

Annual remuneration	-	602 595
Car allowance	-	-
Contributions to UIF, medical and pension funds	-	446
Leave payment	-	149 471
Cellphone allowance	-	3 150
Other allowances	-	12 790
	<u>-</u>	<u>768 452</u>

The position for the Director of Social Services was vacant in the current financial year.

Remuneration of Director of Social Services (Acting): DG Koboyapudi

Annual remuneration	<u>256 373</u>	<u>117 441</u>
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Remuneration of Director of Social Services (Acting): PG Ntlharapane

Annual remuneration	<u>134 246</u>	<u>134 190</u>
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Remuneration of Director of Corporate Services (Acting)

Annual remuneration: KJ Mokhasi	32 845	22 112
Annual remuneration: DH de Jager	48 667	-
Annual remuneration: MEN Morule	22 211	-
	<u>103 723</u>	<u>22 112</u>

KJ Mokhasi acted for the period July 2016 and February until April 2017. MEN Morule acted for the period October 2016 until January 2017. DH de Jager acted for the period July 2016 to October 2016 and May 2017 until June 2017.

Remuneration of Director of Technical Services (Acting)

Annual Remuneration: ME Keotilhetse	71 122	-
Annual Remuneration: OB Mogapi	62 180	-
Annual Remuneration: Nakana	71 222	-
	<u>204 524</u>	<u>-</u>

ME Keotilhetse acted for the period July 2016 until November 2016. OG Mogapi acted for the period November 2016 until January 2017. Nakana acted for the period February 2017 until April 2017.

Remuneration of Director of Development and land use (Acting): HS de Jager

Annual remuneration: HS de Jager	25 087	13 092
Annual remuneration: NL Mokoto	-	29 472
Annual remuneration: BB Tlholagae	115 768	-
	<u>140 855</u>	<u>42 564</u>

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2017 2016

27. Employee related costs (continued)

BB Tiholage acted for the period July 2016 to November 2016 and from January 2017 to April 2017. HS de Jager acted for the period October 2016 to January 2017 and from April 2017 to June 2017.

Salary inclusive cost is referring to remuneration paid to councillors. The package will consist of: salary payments, UIF, SDL, transport allowance and if applicable a bonus.

Current service cost (note 1)

Long service awards (note 14)	366 661	321 701
Post retirement benefits: Medical aid (note 14)	729 374	651 449
	1 096 035	973 150

28. Remuneration of councillors

Executive Mayor	784 191	782 484
Executive committee members	4 423 345	6 203 248
Speaker	632 807	630 888
Councillors	9 812 389	10 074 545
	15 652 732	17 691 165

In-kind benefits

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

The Mayor and Speaker each have the use of separate Council owned vehicles for official duties.

The salaries, allowance and benefits are within the upper limits of the framework envisaged in section 219 of the Constitution.

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				2017	2016
28. Remuneration of councillors (continued)					
Gaobusiwe GW	211 170	-	-	23 456	234 626
Gaoraetwe TR	211 170	-	-	23 456	234 626
Gasetlholwe FC	211 170	-	-	23 456	234 626
Gezane BG	211 170	-	-	23 456	234 626
Itumeleng DA	211 170	-	-	23 456	234 626
Lepedi MC	211 170	-	-	23 456	234 626
Leshoe MF	211 170	-	-	23 456	234 626
Maila LE	211 170	-	-	23 456	234 626
Malepe J	505 333	-	-	23 456	528 789
Mamapula KL	211 170	-	-	23 456	234 626
Maribe IN	211 170	-	-	23 456	234 626
Matshwe T	211 170	-	-	23 456	234 626
Matuane JA	211 170	-	-	23 456	234 626
Menyatso A	505 333	-	-	23 456	528 789
Mmokwa M	211 170	-	-	23 456	234 626
Mocumi KB	211 170	-	-	23 456	234 626
Moipolai KG	505 333	-	-	23 456	528 789
Mokgobo MR	211 170	-	-	23 456	234 626
Mokale KR	211 170	-	-	23 456	234 626
Mongale OV	211 170	-	-	23 456	234 626
Mongale RA	505 333	-	-	23 456	528 789
Montwedi MK	245 361	-	-	23 456	268 817
Morweng TS	211 170	-	-	23 456	234 626
Monsikiemang MV	211 170	-	-	23 456	234 626
Mothibedi SD	211 170	-	-	23 456	234 626
Motlhabane NC	673 792	-	-	23 456	697 248
Motshabi MI	211 170	-	-	23 456	234 626
Ncweng ME	211 170	-	-	23 456	234 626
Ntatsi NE	505 333	-	-	23 456	528 789
Olifant MKI	211 170	-	-	23 456	234 626
Pitso JT	211 170	-	-	23 456	234 626
Ratake MJ	211 170	-	-	23 456	234 626
Sebe TP	211 170	-	-	23 456	234 626
Sebolai KL	211 170	-	-	23 456	234 626
Sedupane BJ	211 170	-	-	23 456	234 626
Seemelo HD	211 170	-	-	23 456	234 626
Seisho KG	211 170	-	-	23 456	234 626
Seleke OR	431 489	-	-	23 456	454 945
Seokamo	92 358	-	-	10 255	102 613
Tladi EH	539 040	-	-	23 456	562 496
Tlhaganyane T	211 170	-	-	23 456	234 626
Tokwe LC	211 170	-	-	23 456	234 626
Totong DG	211 170	-	-	23 456	234 626
Tshipo GJ	211 170	-	-	23 456	234 626
	14 408 227	-	-	1 244 505	15 652 732

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	2017	2016				
28. Remuneration of councillors (continued)						
Councillors 30 June 2016	Annual remuneration	Performance bonus				
	Travel, accommodation, subsistence and other allowances	Contributions to UIF, medical and pension funds				
	Cellular phone allowance	Total				
Baijang MT	173 250	-	55 230	-	24 468	252 948
Chalmans KG	173 250	-	55 230	-	24 468	252 948
Diphoko GS	173 250	-	55 230	-	24 468	252 948
Ditshakane PM	173 250	-	55 230	-	24 468	252 948
Edward GS	116 130	-	36 190	-	16 312	168 632
Galodikwe KP	430 710	-	137 790	-	24 468	592 968
Gasetlolwe FC	173 250	-	55 230	-	24 468	252 948
Halenyane LJ	173 250	-	55 230	-	24 468	252 948
Hermanus M	173 250	-	55 230	-	24 468	252 948
Itumeleng DA	430 710	-	137 790	-	24 468	592 968
Kanyane MS	173 250	-	55 230	-	24 468	252 948
Kgosimore KR	173 250	-	55 230	-	24 468	252 948
Kodisang K	402 007	-	128 609	-	24 468	555 084
Lobelo K	574 292	-	183 724	-	24 468	782 484
Lontshitse AK	2 324	-	775	-	-	3 099
Mabe MJ	430 710	-	137 790	-	24 468	592 968
Mahure LE	173 250	-	55 230	-	24 468	252 948
Mahura LW	173 250	-	55 230	-	24 468	252 948
Makgalemane EI	173 250	-	55 230	-	24 468	252 948
Malepe J	173 250	-	55 230	-	24 468	252 948
Malepe M	430 710	-	137 790	-	24 468	592 968
Malepe TV	173 250	-	55 230	-	24 468	252 948
Mamapula KL	173 250	-	55 230	-	24 468	252 948
Mantshwe T	173 250	-	55 230	-	24 468	252 948
March ZB	173 250	-	55 230	-	24 468	252 948
Maseng	52 360	-	17 453	-	8 156	77 969
Menyatso A	173 250	-	55 230	-	24 468	252 948
Mmabe JG	173 250	-	55 230	-	24 468	252 948
Moagi K	173 250	-	55 230	-	24 468	252 948
Moeti MB	173 250	-	55 230	-	24 468	252 948
Mohitlheng BK	173 250	-	55 230	-	24 468	252 948
Mokoto R	173 250	-	55 230	-	24 468	252 948
Molifi KP	173 250	-	55 230	-	24 468	252 948
Moncho BJ	130 410	-	40 950	-	18 351	189 711
Mongale OV	173 250	-	55 230	-	24 468	252 948
Morwagaswe KJ	228 126	-	71 092	-	12 234	311 452
Motshabi DN	173 250	-	55 230	-	24 468	252 948
Mpopolai KG	173 250	-	55 230	-	24 468	252 948
Olifant MI	430 710	-	137 790	-	24 468	592 968
Olifant OP	430 710	-	137 790	-	24 468	592 968
Phacwane AS	173 250	-	55 230	-	24 468	252 948
Scholts AP	430 710	-	137 790	-	24 468	592 968
Sebe TP	173 250	-	55 230	-	24 468	252 948
Seepamere KJ	173 250	-	55 230	-	24 468	252 948
Seleke OR	430 710	-	137 790	-	24 468	592 968
Sethi DJ	459 437	-	146 983	-	24 468	630 888
Sibinda EV	173 250	-	55 230	-	24 468	252 948
Tafane NG	173 250	-	55 230	-	24 468	252 948
Tiadi EH	173 250	-	55 230	-	24 468	252 948
Tlhaganyane T	173 250	-	55 230	-	24 468	252 948
Tong	57 120	-	19 040	-	8 156	84 316
Tshipo GJ	430 710	-	137 790	-	24 468	592 968
Tyalimpi KR	173 250	-	55 230	-	24 468	252 948

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	2017	2016
28. Remuneration of councillors (continued)		
Wesi LC	173 250	55 230
Prior year audit adjustment	-	-
	<u>12 135 596</u>	<u>3 873 206</u>
	-	-
	<u>1 237 673</u>	<u>17 691 165</u>
29. Depreciation and amortisation		
Property, plant and equipment	31 987 394	17 680 592
Intangible assets	51 242	172 975
	<u>32 038 636</u>	<u>17 853 567</u>
30. Finance costs		
Trade and other payables	59 096	108 173
Finance leases	8 508	58 867
Finance charges on landfill sites	598 567	654 638
Finance charges on employee benefits obligation	928 971	813 153
	<u>1 595 142</u>	<u>1 634 831</u>
Finance charges on employee benefit obligation relates to:		
Post retirement benefits: medical aid (refer to note 14)	668 400	592 468
Long service awards (refer to note 14)	260 571	220 685
	<u>928 971</u>	<u>813 153</u>
31. Allowance for impairment		
Debt impairment	1 907 566	(7 658 530)
Bad debts written off	1 301 725	514 533
	<u>3 209 291</u>	<u>(7 143 997)</u>
32. Repairs and maintenance		
Buildings	1 393 143	1 228 257
Computer equipment	904 296	141 659
Network maintenance	9 166 745	2 909 577
Street and storm water drainage	571 470	872 506
Tools	380 534	610 615
Vehicles	1 919 096	2 094 568
	<u>14 335 284</u>	<u>7 857 182</u>
Repairs and maintenance: Nature		
Labour	608 428	117 609
Contracted services	8 827 846	831 391
Materials	4 899 010	6 908 182
	<u>14 335 284</u>	<u>7 857 182</u>

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	2017	2016			
33. Bulk purchases					
Electricity	<u>3 301 956</u>	<u>3 208 721</u>			
Distribution losses incurred on water and electricity: Distribution losses relates to unaccounted electricity distributions. The cost mainly arises from, inter alia, illegal connections to the electricity network and bridging of meters by consumers. According to NERSA, the acceptable levels of energy losses are between: 5% - 12%.					
2017	Total sales (units)	Less total purchases (units)	(Loss)/gain (units)	% loss on purchases	Rand value of loss at purchase price
Electricity	<u>2 542 118</u>	<u>2 632 858</u>	<u>90 740</u>	3 %	<u>113 812</u>
2016	Total sales (units)	Less total purchases (units)	(Loss)/gain (units)	% loss on purchases	Rand value of loss at purchase price
Electricity	<u>2 482 349</u>	<u>2 792 873</u>	<u>310 524</u>	1 %	<u>356 780</u>
34. Contracted services					
Information technology services				1 224 860	1 271 234
Legal costs				2 644 390	3 346 815
Other contractors				7 005 585	3 893 350
Security services				6 375 529	5 185 516
				<u>17 250 364</u>	<u>13 696 915</u>

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Greater Taung Local Municipality

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Notes to the Annual Financial Statements

	2017	2016
35. General expenses		
Accommodation costs	1 261 378	1 062 755
Advertising cost	1 198 839	600 100
Allowance ward committee members	2 112 931	3 158 245
Auditors remuneration	2 824 787	2 443 381
Bank charges	218 143	154 746
Business support/SMME facilitation	26 672	104 875
Cleaning	402 287	625 279
Community expenditure	4 130 190	-
Consulting and professional fees	5 357 593	807 212
Consumables	438 892	790 874
Council bursary	924 687	933 540
Disaster expense	330 755	209 633
Discount allowed	50 232	96 395
Document management	268 021	298 080
Electricity	2 811 498	2 370 839
Entertainment	721 564	1 441 417
EPWP expenditure	1 584 415	1 964 316
FMG grant expenditure	1 991 506	1 779 475
Fuel and oil	4 115 982	4 143 587
Health and safety	165 886	267 721
Indigent support	5 043 861	4 185 811
LED expenditure	533 856	170 222
Library grant expenditure	1 247 742	310 567
Magazines, books and periodicals	400	1 656
MIG grant expenditure	1 699 944	1 608 477
MSIG grant expenditure	-	856 586
Movement in provisions	(228 689)	(188 705)
NDP expenditure	-	585 493
Postage and courier	20 787	29 759
Printing and stationery	618 657	459 841
Protective clothing	396 555	270 409
Public participation	2 405 488	2 282 329
Sports	225 000	150 000
Subscriptions and membership fees	1 025 062	887 818
Title deed search fees	236 284	325 774
Tourism development	42 450	32 360
Training	794 609	942 112
Travel - local	1 665 961	1 390 436
Venue expenses	660 997	562 205
Water usage	873 058	82 698
Workmens compensation fund	669 229	620 263
	48 867 509	38 818 581

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Greater Taung Local Municipality

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Notes to the Annual Financial Statements

	2017	2016
35. General expenses (continued)		
The nature of the grant expenditure is as follows:		
EPWP grant: This grant is used to pay remuneration of EPWP workers. R1 451 060		
FMG grant: The grant is used to pay expenditure on:		
Accommodation: R49 614.22		
Travel allowance: R47 954.28		
Salaries: R401 427		
Contracted services: R1 478 367.78		
MIG grant: This grant is used to pay expenditure on:		
Accommodation: R56 465.17		
Travel allowance: R169 564.8		
Salaries: R1 658 120		
Contracted services: R156 973.46		
Library grant: This grant is used to pay expenditure on:		
Salaries: R312 514		
Social events for community: R154 878.34		
Consumables: R623 090.10		
Maintenance and upgrade of library buildings: R146 938.33		
36. Fair value adjustments		
37. Auditors' remuneration		
Fees	2 824 787	2 443 381
38. Cash generated from operations		
Surplus	57 933 097	82 008 293
Adjustments for:		
Depreciation and amortisation	25 795 040	17 853 567
Loss on sale of property, plant and equipment	476 712	40 764
Loss on disposal of assets	-	-
Impairment of assets	6 243 595	3 837 140
Allowance for impairment	3 209 291	(8 253 541)
Movements in retirement benefit assets and liabilities	1 205 842	1 294 901
Movements in provisions-landfill	369 879	465 931
Changes in working capital:		
Inventories	15 224	(20 218)
Receivables from exchange transactions	(13 468 265)	(2 565 376)
Receivables from non-exchange transactions	(1 383 492)	(1 669 230)
Payables from exchange transactions	6 501 440	3 589 670
VAT receivable	(937 326)	(5 144 498)
Unspent conditional grants and receipts	9 647 712	(28 574 421)
Consumer deposits	(18 665)	(8 200)
	95 590 084	62 854 782

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Greater Taung Local Municipality

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Notes to the Annual Financial Statements

	2017	2016
39. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	23 127 692	29 464 547
Total capital commitments		
Already contracted for but not provided for	23 127 692	29 464 547
Authorised operational expenditure		
Already contracted for but not provided for		
• Operating activities	2 960 238	5 769 388
Total operational commitments		
Already contracted for but not provided for	2 960 238	5 769 388
Total commitments		
Total commitments		
Authorised capital expenditure	23 127 692	29 464 547
Authorised operational expenditure	2 960 238	5 769 388
	26 087 930	35 233 935
<p>This committed expenditure relates to property and will be financed by available bank facilities and existing cash resources, funds internally generated etc.</p>		
Restatement of commitments		
Amount previously disclosed	-	23 977 444
Restatement on capital commitments and operating commitments	-	11 256 491
	-	-
	-	35 233 935

The completeness of the capital and operational commitments were revised to address an exception raised by the auditors.

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Greater Taung Local Municipality

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Notes to the Annual Financial Statements

	2017	2016
40. Contingencies		
Claims and damages		
Maxima Global Engineering: issued a summons against the municipality for an alleged breach of contract after developing 2000 RDP houses. The private arbitration proceedings have resumed and further hearings been conducted. The matter is still pending.	-	1 500 000
Cedar Point Joint Venture: Issued summons against the municipality relying on an alleged repudiation of contract by the municipality. The municipality is taking a "locus standi" of the joint venture to institute legal proceedings on the ground that the joint venture is an unincorporated joint venture and was established purely for the purpose of submission of the tender.	3 500 000	2 096 681
Martin Vermaak: Issued summons against the municipality for dismissal from work which he considered was procedurally and substantively unfair, and it was ordered that he be reinstated and remunerated seven months salary.	329 000	340 817
Martin Vermaak: This is for an arbitration hearing held between the applicant and the municipality.	410 000	-
Samwu Thuso Bloem: He lodged a grievance with the CCMA which also got dismissed and the determination of the disciplinary enquiry upheld. A review application was filed and the Greater Taung Local Municipality filed a statement of defence.	-	44 987
C/N. 212/2016: (Rustenburg): BA Tihage/GTLM: Claim for R400 000 finalised, applicant's application dismissed.	-	400 000
C/N 336/2015: Phungo Attorneys/GTLM: Default judgment rescinded.	-	101 574
C/N 345/2015: Telkom SA/GTLM: Claim for damaged Telkom cables.	-	50 535
Thalami Lekhotla Consortium // GTLM: Application for summary judgement for retention fees in respect of the construction of a community hall by a contractor.	2 950 000	-
R.Makgale // GTLM: This is an application for the eviction of the respondent on the specific land.	1 500 000	-
Mr.Seleke/GLTM - This is an application for the demolition of immovable property, as there was no submission and approval of the building claim.	100 000	-
C/N 356/2015: GTLM/Various unlawful land occupiers - eviction order granted	50 000	-
C/N 336/2015: Phungo attorneys/GTLM: Legal services rendered: action pending.	50 000	-
C/N 345/2015: Telkom SA Ltd/GLTM: Claim against municipality for damages rendered.	55 000	-
	8 944 000	4 534 594

The municipality operated on an illegal landfill site without the necessary licence. The municipality can be fined and/or criminal charges can be filed for the offence in terms of the National Environmental Management Waste Act of 2008. The maximum penalty imposed on such an offence approximates R 10 million. The outcome will be confirmed through the courts.

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Greater Taung Local Municipality

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2017

2016

40. Contingencies (continued)

Contingent assets

The Manokwane Disaster Project was subsequently identified to be irregular expenditure. In accordance with MFMA section 167, this irregular expenditure must be recovered and was handed over to Ernst & Young Inc and subsequently a forensic report was issued. The investigation consisted of confirming whether irregularities incurred during the spending on the Manokwane Disaster project. The matter is currently at MPAC. Expenditure which may be recoverable amounts to R3 273 102.

The municipality purchased building material for Maxima Global engineering and was placed in both Maxima Engineering and Buya Nempumelelo's possession. Neither Maxima nor Buya Nempumelelo performed their duties and the material remained in their possession. A dispute arose between Maxima and Buya Nempumelelo which resulted in the material being moved unlawfully. The municipality attempted to regain possession of the material and were unsuccessful. Isang Nakale INC were appointed to recover from both companies an amount of R1 500 000.

Rename Mokalane Incorporated: Mokhetle INC is representing the municipality on bills of 3 tax invoices for Maxima Global Engineering. The company was considered to have fraudulently over exhaustive bills for the work not done. Expenditure which may be recovered amounts to R377 000.

T.Bloem/GLTM - T.Bloem submitted a labour court application for reinstatement against the municipality. The case was dismissed with a cost amounting to R280 000.

R.Makgale/GLTM - An application for an interdict restraining the municipality from digging and fetching soil from the applicant's allegedly owned land. The case was dismissed and the current cost amount to R200 000.

41. Related parties

Relationships

Accounting Officer
Members of key management
Members of Council

Refer to the report
Refer to note 27
Refer to note 28

The municipality receives internal audit and risk management services from Dr Ruth Segomotsi Mompati District Municipality for no value.

Key management and Councillors receive and pay services on the same terms and conditions as other rate payers. These transactions are recorded at arm's length. Refer to note 25 and note 26.

Compensation to the Accounting Officer and key management is set out in note 25 and note 26 to the Annual Financial Statements.

	Transactions incurred in the current year	Closing balance
Grace V catering services	38 500	38 500
North west development coporation	35 761	35 761
	74 261	74 261

42. Prior period errors

The following errors relating to prior years were identified in the current period and have been adjusted as indicated as below:

Cash flow statement

Cash flow from operating activities (Restated vs Audited)

Grants	179 889 999	208 038 999
Employee cost	(88 316 262)	(89 289 411)
Finance cost	-	167 040
Suppliers	(65 562 123)	(92 629 692)
	26 011 614	26 286 936

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Figures in Rand

42. Prior period errors (continued)

Statement of financial performance	Balance as previously reported	Change in accounting policy	Prior period error	Reclassified	Total
Revenue					
Service charges	8 256 899	-	-	-	8 256 899
Rental of facilities and equipment	361 042	-	-	-	361 042
Other income (exchange)	1 340 010	-	-	-	1 340 010
Investment income	10 863 603	-	-	-	10 863 603
Property rates	14 277 978	-	-	-	14 277 978
Property rates - penalties imposed	3 271 460	-	-	-	3 271 460
Government grants and subsidies	208 464 420	-	-	-	208 464 420
Other income (non-exchange)	84 650	-	-	-	84 650
	246 920 062	-	-	-	246 920 062
Expenses					
Employee related cost	(71 598 246)	-	-	-	(71 598 246)
Remuneration of councillors	(17 691 165)	-	-	-	(17 691 165)
Depreciation	(23 633 474)	-	9 617 047	(3 837 140)	(17 853 567)
Finance cost	(1 634 831)	-	-	-	(1 634 831)
Allowance for impairment	7 143 997	-	-	-	7 143 997
Repairs and maintenance	(7 857 184)	-	-	-	(7 857 184)
Bulk purchases	(3 208 721)	-	-	-	(3 208 721)
Contracted services	(13 696 914)	-	-	-	(13 696 914)
General expenses	(42 367 417)	-	(288 304)	3 837 140	(38 818 581)
	(174 543 955)	-	9 328 743	-	(165 215 212)
Operating (deficit) / surplus	72 376 107	-	9 328 743	-	81 704 850
Gain on disposal of assets	(40 764)	-	-	-	(40 764)
Actuarial gain / (loss)	344 207	-	-	-	344 207
	72 679 550	-	9 328 743	-	82 008 293
Statement of financial position					
Current assets					
Inventories	7 119 106	-	-	-	7 119 106
Receivables from exchange transactions	14 281 591	-	-	-	14 281 591
VAT receivable	6 486 022	-	-	-	6 486 022
Receivables from non-exchange transactions	20 038 687	-	-	-	20 038 687
Cash and cash equivalents	116 037 909	-	-	-	116 037 909
	163 963 315	-	-	-	163 963 315
Non-current assets					
Investment property	21 534 000	-	-	-	21 534 000
Property, plant and equipment	465 252 335	-	9 824 404	-	475 076 739
Intangible assets	482 590	-	(207 357)	-	275 233
	487 268 925	-	9 617 047	-	496 885 972

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Figures in Rand

42. Prior period errors (continued)

Current liabilities

Finance lease obligation	341 154	-	-	-	341 154
Payables from exchange transactions	25 847 698	-	869 762	-	26 717 460
Consumer deposits	123 734	-	-	-	123 734
Employee benefit obligation	248 126	-	-	-	248 126
Unspent conditional grants and receipts	2 514 630	-	-	-	2 514 630
Provisions	1 536 267	-	-	-	1 536 267
	30 611 609	-	869 762	-	31 481 371

Non-current liabilities

Employee benefit obligation	10 035 279	-	-	-	10 035 279
Provisions	10 430 757	-	-	-	10 430 757
	20 466 036	-	-	-	20 466 036

Net assets

Accumulated surplus	527 475 046	-	(581 458)	-	526 893 588
(Surplus) / deficit for the year	72 679 547	-	9 328 745	-	82 008 292
	600 154 593	-	8 747 287	-	608 901 880

1. Accruals

Payables from exchange transaction were understated and general expenditure understated as a result of invoices that were captured in the incorrect financial year. The invoices related to accruals of the previous financial year.

Statement of financial position

Increase in payables from exchange transactions	-	(869 762)
Decrease in accumulated surplus	-	581 458
	-	(288 304)

Statement of financial performance

Increase in general expenditure	-	(869 762)
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2.1 Intangible assets & PPE : Property, plant and equipment was overstated and intangible asset were understated, due to an intangible assets that was incorrectly classified as Property, plant and equipment. Furthermore in the previous year no amortisation were recognised on intangible assets with finite useful lives.

2.2 A correction was made on infrastructure assets due to errors made on the capturing of assets (completeness) or the validity of assets from prior periods.

Statement of financial position

Increase in Property, plant and equipment	-	9 824 404
Decrease in Intangible assets	-	(207 357)
	-	9 617 047

Statement of financial performance

Depreciation and amortisation	-	(9 617 047)
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3. Commitments

The completeness of the capital and operational commitments were revised to adress a exception raised by the auditors.

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42. Prior period errors (continued)

Restatement of commitments

Amount previously disclosed	-	23 977 444
Restatement on capital and operating commitments	-	11 256 491
	-	<u>35 233 935</u>

4. Irregular expenditure

Irregular expenditure for the prior year were revised to include suppliers identified by the auditors, that were not included in the irregular register.

Statement of financial position

Amount previously disclosed	-	123 457 155
Restatement on irregular expenditure	-	10 891 872
	-	<u>134 349 027</u>

43. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (cash flow interest rate risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out by a central treasury department (entity treasury) under policies approved. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. It provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Exposure to interest rate, liquidity and credit risk arises in the normal course of the municipality's operations. This note presents information about the municipality's exposure to each of the above risks, its policies and processes for measuring and managing risk, and the municipality's management of capital. Further quantitative disclosures are included throughout these financial statements.

The District Audit and Risk Committee is responsible for overseeing the integrated risk management policies and activities. The policies were established to ensure a structured approach to the identification and mitigation of risks across the municipality to an acceptable level. The policies and systems are reviewed regularly to ensure that they keep pace with best practices and regulatory requirements.

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43. Risk management (continued)

Liquidity risk

Liquidity risk is the risk of the municipality not being able to meet its obligations as they fall due. The municipality's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the municipality's reputation.

The municipality ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts. Payables are settled within 30 days when the invoice is received. National and provincial grant funding is received in terms of the Division of Revenue Act (DoRA).

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consumer deposits	105 069	-	-	-
Finance lease obligation	523 267	569 254	602 432	-
Payables from exchange transactions	33 218 900	-	-	-

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consumer deposits	123 734	-	-	-
Finance lease obligation	341 154	-	-	-
Payables from exchange transactions	26 717 460	-	-	-

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43. Risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the municipality if customers or counterparties to financial instruments fail to meet their contractual obligations, and rises principally from the municipality's receivables from exchange and cash and cash equivalents. The carrying amount of financial assets presents the maximum credit exposure.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2017	2016
Cash and cash equivalents	161 944 715	116 037 909
Receivables from exchange transactions	24 540 565	14 281 591

Cash and cash equivalents:

The municipality limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the municipality does not consider there to be any significant exposure to credit risk.

Receivables from exchange transactions and non-exchange transactions:

Receivables are amounts owing by consumers, and are presented net of impairment losses. The municipality has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's strategy for managing its risk includes encouraging residents to install water management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections, serving as a guarantee.

The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers and not concentrated in any particular sector or geographic area. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The average credit period on services rendered is 30 days from date of invoice.

Capital management:

The primary objective of managing the municipality's capital is to see to it that there is sufficient cash available to support the municipality's funding requirements, including capital expenditure, to ensure that the municipality remains financially sound.

The capital structure of the municipality consists out of debt, including finance leases, cash and cash equivalents disclosed and net assets as disclosed in the Statement of Financial Position. There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

44. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated surpluses of R 666 834 977 and that the municipality's total assets exceed its liabilities by R 666 834 977.

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.

45. Unauthorised expenditure

Opening balance	55 476 381	28 921 944
Overspending on budget	4 826 318	26 554 437
Written off	(29 433 488)	-
	<u>30 869 211</u>	<u>55 476 381</u>

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46. Fruitless and wasteful expenditure

Opening balance	1 139 179	986 473
Add: current year	2 232 130	152 706
Written off	(1 862 375)	-
	<u>1 508 934</u>	<u>1 139 179</u>

Fruitless expenditure relates to interest on Eskom accounts, the Auditor General, Telkom, Petrol cards, illegitimate insurance claims and additional interest and penalties paid to SARS.

Analysis of expenditure

Eskom interest paid	7 813	3 655
Petrol cards interest paid	11 405	-
Telkom interest paid	4 104	3 394
Insurance claim not paid	25 323	-
Interest and penalties paid to SARS	2 183 485	101 499
MTN interest paid	-	32 808
Accommodation	-	11 350
	<u>2 232 130</u>	<u>152 706</u>

47. Irregular expenditure

Opening balance	134 349 027	120 951 568
Add: Irregular expenditure - current year	11 999 554	13 397 459
	<u>146 348 581</u>	<u>134 349 027</u>

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47. Irregular expenditure (continued)

Details of irregular expenditure – current year

Business Engineering - IT services was rendered without following proper supply chain management processes	Disciplinary steps taken/criminal proceedings Still under investigation	389 771
Vaaltar Radio Station - radio slots were obtained without following proper supply chain management processes	Still under investigation	350 000
Bojosinyane & Association - legal services were obtained without following proper supply chain management processes	Still under investigation	184 163
Shuping Attorney - legal services were obtained without following proper supply chain management processes	Still under investigation	307 637
Reivilo Elektries - electrical services was obtained without following proper supply chain management processes	Still under investigation	2 498 386
Ingrids Labour and Legal Consultancy - legal services were obtained without following proper supply chain management processes	Still under investigation	418 511
Kgomo Attorneys - legal services were obtained without following proper supply chain management processes	Still under investigation	490 395
Mokhetle Attorneys - legal services were obtained without following proper supply chain management processes	Still under investigation	96 417
Suppliers appointed that are in service of the state	Still under investigation	2 341 988
Suppliers used which contracts have expired	Still under investigation	2 983
Extension of contract not as per section 118 of the MFMA	Still under investigation	4 455 464
PAYE of councillors not taxed as per legislation	Still under investigation	463 839
		11 999 554

48. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1 013 348	887 818
Amount paid - current year	(1 013 348)	(887 818)
	-	-

Audit fees

Opening balance	-	-
Current year	2 824 787	2 443 381
Amount paid - current year	(2 824 787)	(2 443 381)
	-	-

PAYE and UIF

Opening balance	-	-
Current year	13 469 549	11 726 798
Amount paid - current year	(13 469 549)	(11 726 798)
	-	-

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48. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and medical aid deductions

Opening balance	-	-
Current year	17 108 452	16 816 034
Amount paid - current year	(17 108 452)	(16 816 034)
	<u>-</u>	<u>-</u>

VAT

VAT receivable	<u>7 423 348</u>	<u>6 486 022</u>
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VAT output payables and VAT input receivables are shown in note 7.

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

Councillors' arrear consumer accounts

The following councillors had arrear accounts outstanding for more than 90 days at 30 June 2017:

30 June 2017	Outstanding less than 90 days	Outstanding more than 90 days	Total
Sebolai KL	<u>363</u>	<u>1 148</u>	<u>1 511</u>
30 June 2016	Outstanding less than 90 days	Outstanding more than 90 days	Total
Scholts AP	1 478	-	1 478
Kgatlhane E	548	207	755
Setho JD	5	40	45
Sethi JD	38	-	38
Sethi JD	70	-	70
Kanyane MS	78	97	175
Thomas BF	188	-	188
	<u>2 405</u>	<u>344</u>	<u>2 749</u>

During the year the following councillors' had arrear accounts outstanding for more than 90 days.

30 June 2017	Highest outstanding amount	Aging (in days)
Sebolai KL	<u>782</u>	<u>365</u>
30 June 2016	Highest outstanding amount	Aging (in days)
Kgatlhane E	<u>207</u>	<u>365</u>

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48. Additional disclosure in terms of Municipal Finance Management Act (continued)

Non-compliance

Non-compliance relates to accounts not paid within 30 days of receiving invoices or statements of account. In the current year all invoices were paid within 30 days.

Incident

G4S Cash Solutions	-	384
G4S Cash Solutions	-	384
G4S Cash Solutions	-	5 541
G4S Cash Solutions	-	2 774
G4S Cash Solutions	-	5 735
G4S Cash Solutions	-	2 872
Eskom	-	38 799
	<u>-</u>	<u>56 489</u>

49. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the Accounting Officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Accounting Officer and includes a note to the annual financial statements.

The reasons for these deviations were documented and reported to the Accounting Officer who considered them and subsequently approved the deviation from the normal supply chain management regulations. The expenses incurred as listed hereunder have been approved:

Deviations

Emergency	11 134	590 743
Sole supplier	424 870	424 446
Impractical/impossible to follow procurement process	4 749 678	123 896
The municipality was offered accommodation for free. Only food was paid for	-	43 900
	<u>5 185 682</u>	<u>1 182 985</u>

50. Budget differences

Material differences between budget and actual amounts

Service charges: The low service income from electricity is due to the installation and usage of prepaid meters instead of conventional meters.

Investment income: Interest from external investments were under budgeted; this is due to the uncertainty of the interest maturity.

Other income: This comprises of tender fees, burial fees and reconnection fees which is not guaranteed to be received. It will be upon request of consumers when they purchase documents or pay for the burial of a grave. Further included is the sale of municipal assets. This is income received from the auction of assets on 30 June 2017. Assets sold related to the current and the previous financial year.

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50. Budget differences (continued)

Other income (transfer revenue): This is income received from SETA for training. The municipality recoups a certain percentage upon attendance of SETA accredited training.

Repairs and maintenance: The expenditure was underspend due to not all procurement plans for repairs and maintenance being implemented as required.

Contracted services: The expenditure was over budgeted due to high legal costs that incurred in the previous year. In the current year legal cost spend were at a minimal.

Bulk purchases: The actual spend were lower due to the implementation of electricity pre-paid meters. The municipality is no longer purchasing bulk electricity for re-sale as it did in the previous financial years.

Employee cost: Employee related costs was not spent 100% as it should, this was due to vacant positions of section 57 managers that were not filled in 2016/17 financial year.

Finance cost: Interest expense budgeted refers to interest paid on overdue creditors and finance leases; The municipality normally takes finance costs on provision of landfill sites and employee benefit only into account at year-end.

Debt impairment: In regards to impairment losses, the municipality was not anticipating significant payments by debtors. During the mid-year assessment management came to a decision to adjust the budget for debt impairment, as payments expected was lower. At year-end actual payments made by debtors were higher, resulting in the amount of impairment being lower than expected.

General expenses: General expenditure were lower than expected due to cost containment measures that were implemented.

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