



2017 - 18



**GREATER TAUNG
LOCAL MUNICIPALITY**

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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 (2016/17);
- Year 0: The financial year of reporting (2017/18);
- Year 1: The following year, mostly requires future targets(2018/19); and
- The other financial years will follow a similar sequence as explained above.

CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

Greater Taung Local Municipality's Annual Report for the 2017/2018 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 2017/2018 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 Annual Report and 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
- Constructed 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 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 also improved the level of public participation and IGR in the province.

d. Future Actions

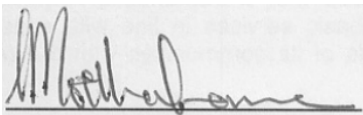
Good governance, leadership and good financial management are key issues that councillors will have to prioritise by ensuring that all Portfolio Committees and Municipal Public Accounts Committee are functional and have the capacity to perform their oversight role as prescribed. In terms of service delivery 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.

We will accelerate the institutionalisation of performance management to ensure that all our efforts towards service delivery are tracked, monitored, evaluated and improved. It is through this approach that we will ensure the accountability of: the municipality to local communities; the administration to Council; and the line functions to executive management. We will work tirelessly to support an efficient, effective and highly skilled administration that delivers better services

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 Gabanagosi for their dedication, loyalty that continued to put in every effort to ensure in effectively implementing the political mandate emanating from the 2017-2018 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

T 1.0.1

CHAPTER 1

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 2017/2018 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 bringing 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

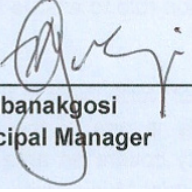
The higher level of unemployment which place a huge strain on the municipality's financial capacity to provide basic service to certain areas where residents do not have the means to pay for the services. This has strengthened our resolve in ensuring that we rigorously collect our monies in those areas 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 2017/18 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 be maintained over years to come.

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.

On behalf of Greater Taung Local Municipality's Management, we wish to express our profound appreciation to the Political Leadership and the opportunity that they have given us to serve the people of Greater Taung LM. The staff of GTLM continues to put in every effort to ensure our organisation implements its mandate effectively and that we, individually and collectively, can contribute to making a difference in the quality of life in our communities.



K. Gabanakgosi
Municipal Manager

T 1.1.1

CHAPTER 1

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 areas 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 31,5km².

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.

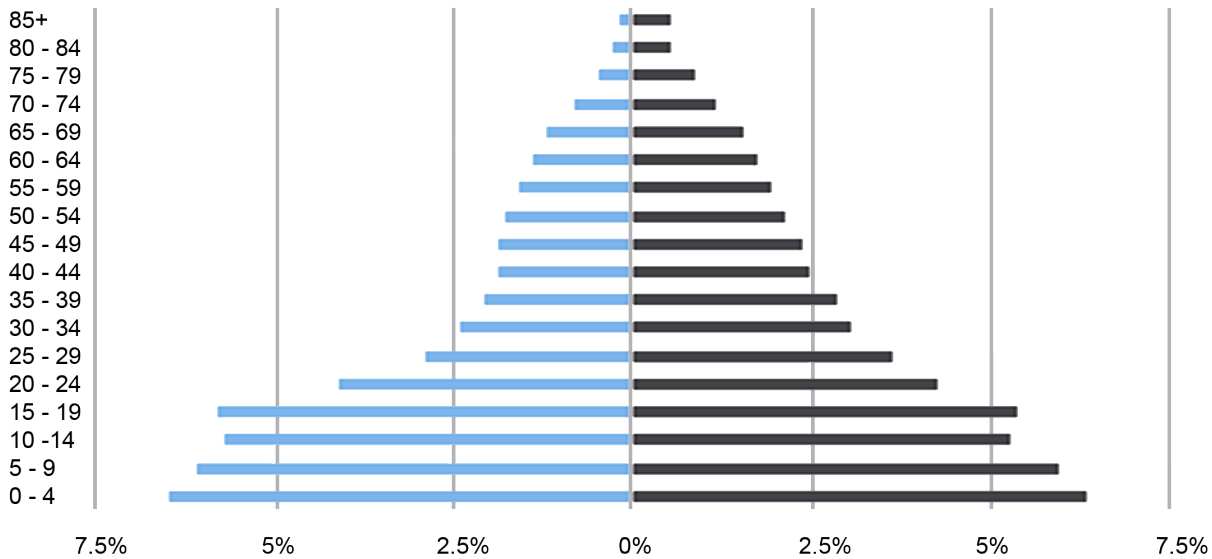
It should be noted that, even though the unemployment rate in 2011 stood at 50%, there has been a significant improvement when compared to 2001, when the municipal unemployment rate stood at 65%. As far as other major services are concerned, the municipality household access to electricity is 89%, compared 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.

T 1.2.1

CHAPTER 1

POPULATION DETAILS		
Age	Male	Female
0 - 4	11,476	11,291
5 - 9	10,755	10,662
10 - 14	10,103	9,365
15 - 19	10,254	9,644
20 - 24	7,288	7,676
25 - 29	5,181	6,490
30 - 34	4,293	5,477
35 - 39	3,720	5,176
40 - 44	3,414	4,520
45 - 49	3,301	4,339
50 - 54	3,230	3,916
55 - 59	2,765	3,599
60 - 64	2,518	3,194
65 - 69	2,075	2,808
70 - 74	1,449	2,164
75 - 79	962	1,608
80 - 84	533	978
85+	429	979
Total	83,748	93,886

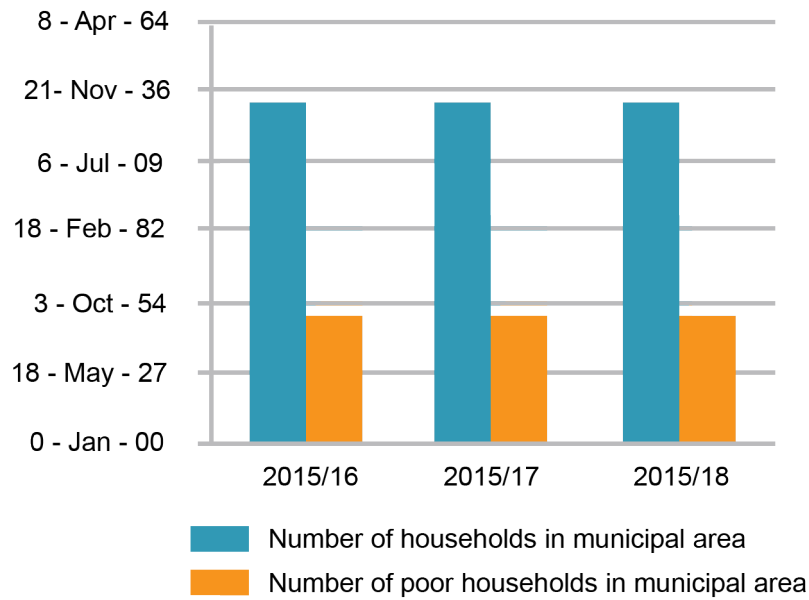
Source: Statistics SA - 16 Aug 2013



Male Female

Statistics South Africa

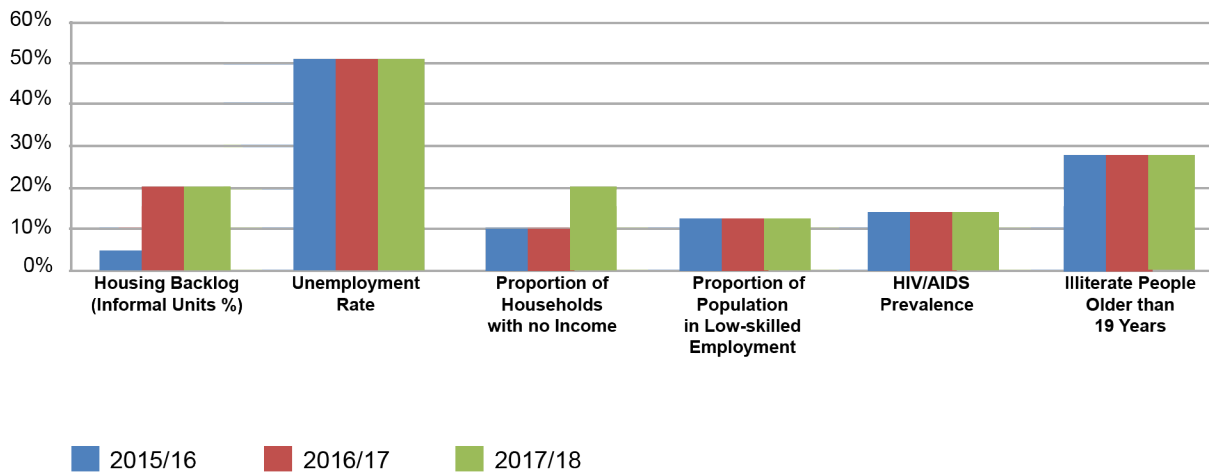
CHAPTER 1



T1.2.3

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
2015/16	19%	49.8%	10%	12%	14%	27%
2016/17	20%	49.8%	10%	12%	14%	27%
2017/18	21%	52%	20%	2%	14%	27%

T 1.2.4



T 1.2.5

CHAPTER 1

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 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.

T 1.2.8

CHAPTER 1

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.

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 one 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 Mompoti 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;

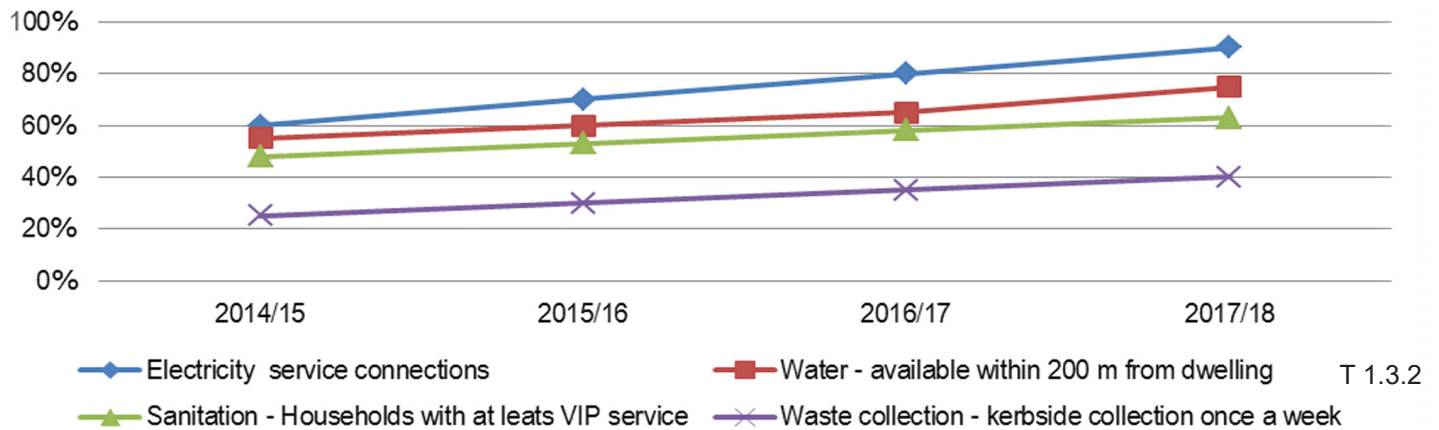
Licensed Solid Waste Management Sites

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 2016/2017 GTLM received additional MIG from National Treasury to enhance service delivery and that boosted service delivery.

T 1.3.1

CHAPTER 1

Proportion of Households with access to basic services



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. As the municipality is 95% rural, only 7,6% of the municipal households have their refuse disposal removed by the municipality, whereas over 82% use their own refuse dump.

CHAPTER 1

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 deemed 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. Only 10,1% of the households within the municipality have access to a flush toilet, of which 9% is a flush toilet connected to a sewage system and 1,1% is a flush toilet with a septic tank. A total of 77,8% of households use pit toilets, with 29% using a pit toilet with ventilation and 49% using a pit toilet without ventilation. This result is still evident 10 years later.

T 1.3.3

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.

T 1.4.1

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

CHAPTER 1

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	2016/17	2017/18
Debt Coverage ((Total operating revenue- operating grant received) debt service payment due within the year	76.70	22
Service Debtors to Revenue – (Total outstanding service debtors: revenue received for services)	1.87	8
Cost Coverage ((Available cash + Investment) : Monthly fixed operating expenditure	0.93	127

FINANCIAL OVERVIEW: 2017/18

Details	Original budget	Adjustment Budget	Actual
			0,00
Income:			
Grants	238 733	238 733	223 429
Taxes, Levies and tariffs	41 339	45 839	48 256
Other	15 696	21 196	31 879
Sub Total	295 768	305 768	303 564
Less: Expenditure (excl. grants)	234 737	238 736	212 445
Expenditure (grants)	13 075	13 075	6 449
Net Total*	247 812	251 811	218 894
* Note: surplus/(deficit)	47 956	53 957	84 670

OPERATING RATIOS

Detail	%
Employee Cost = $[(74\ 819 + 18\ 092)/218\ 894] \times 100$	42
Repairs & Maintenance = $(13\ 876/218\ 894) \times 100$	6
Finance Charges & Impairment = $[(2\ 303 + 8\ 356)/218\ 894] \times 100$	5

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

CHAPTER 1

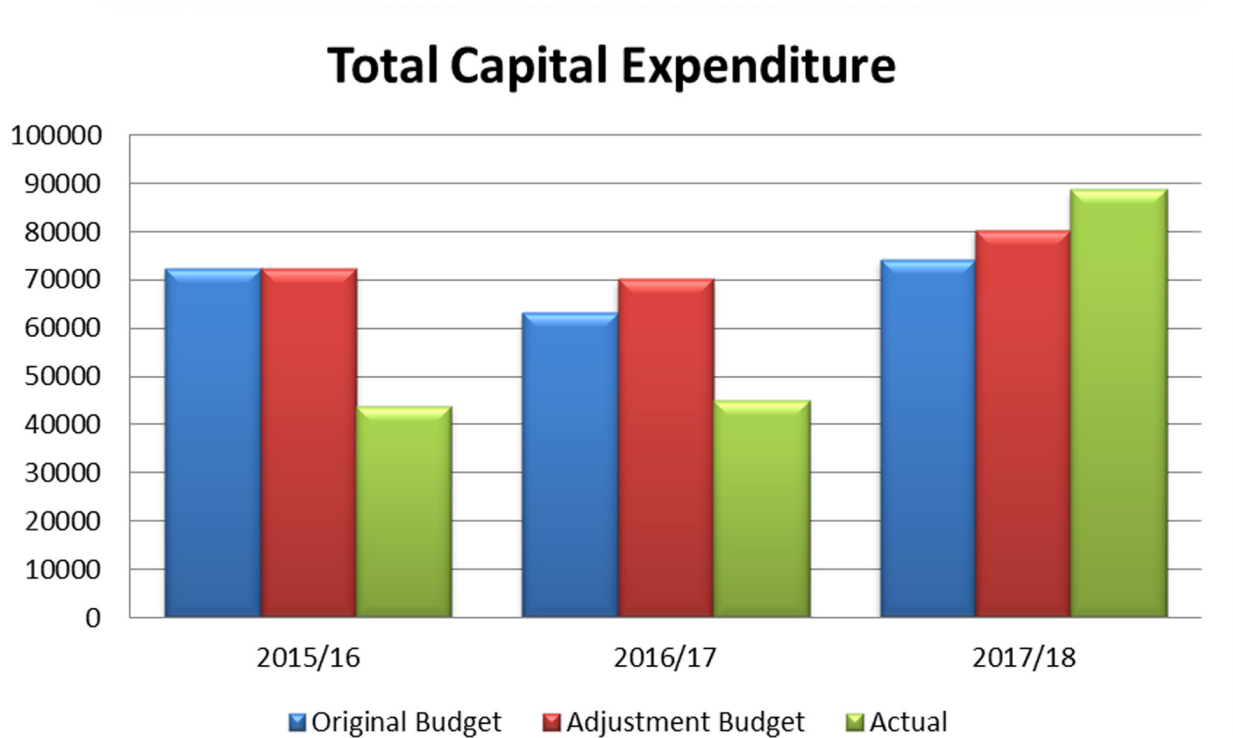
downward despite fairly large increases in personnel spending. This is because spending on bulk electricity purchases is increasing at a very fast rate, driving the relative share of all expenditure categories down

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: 2015/16-2017/18			
	R'000		
Detail	2015/16	2016/17	2017/18
Original Budget	72 462	63 279	74 287
Adjustment Budget	72 332	70 179	80 287
Actual	43 894	45 056	88 657

T 1.4.4



T 1.4.5

CHAPTER 1

COMMENT ON CAPITAL EXPENDITURE:

Comments not provided by finance department

T 1.4.5.1

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.

Human Resources and Training

The Work Place Skills Plan (WSP) for the 2017/2018 financial year report was submitted on the 30 April 2018 to the Local Government Sector Education and Training Authority (LGSETA) as required by the Skills Development Act, 2008 and the Employment Equity Plan report to Department of Labour on 14 December 2017. Our Employment Equity and Training Committee is well functional to ensure the development of employees and promoting equity in the workplace.

A total number of 122 employees and 42 Councillors were successfully trained in different training interventions during the period under review.

Employees Assistance Programme

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

- Took employees to doctors for medical assistance.
- Provided employees with rehabilitation programmes.
- Provided employees opportunity to participate on both Provincial and National sports events
- Information workshops on medical aids and other benefits.

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, two of them were filled and these are Director Community Services who is a female and Director Corporate Services. This shows our efforts in implementing employment equity in all Occupational levels. Two vacancies are still vacant and those are Technical services and Land Use & Human Settlement Director positions.

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 no success in finding suitable candidates in terms of Competency framework as determined by Regulations on appointment of Senior Managers.

T 1.5.1

CHAPTER 1

AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2017/2018 (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 (2016/2017). In 2017/18 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.

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

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.	
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	July
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft 2017/2018 Annual Report to Internal Audit	
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	
9	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data.	September – November
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

GREATER TAUNG LOCAL MUNICIPALITY COUNSELLORS



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 six (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 maintain 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

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 data-bbox="228 642 493 701">Cllr. N.C. Motlhabane Hon Mayor</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 data-bbox="237 1146 483 1205">Cllr. E. Tladi Speaker of Council</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 data-bbox="269 1541 448 1600">Cllr. J. Malepe 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.

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:

- Corporate Governance, HR, Communication & Marketing
- Community Services and Local Economic Development
- Infrastructure and Human Settlement & Land Use,
- Finance
- Information and Communications Technology

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

CHAPTER 2

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.


T 2.2.1

TOP ADMINISTRATIVE STRUCTURE	FUNCTIONS
 <p data-bbox="227 1543 487 1606">Municipal Manager: MR. K. Gabanakgosi</p>	<ul data-bbox="690 1123 1518 1858" 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.

CHAPTER 2

TOP ADMINISTRATIVE STRUCTURE	FUNCTIONS
 <p data-bbox="261 684 456 743">Acting CFO MR. M. Chuene</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.
 <p data-bbox="180 1470 537 1528">Director : Corporate Service Mr. G.M. Pholo</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;

CHAPTER 2

TOP ADMINISTRATIVE STRUCTURE	FUNCTIONS
<p>Acting Director: Technical Services Mr. O. Mogapi</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>Director : Community Service Mrs T. Baloyi</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>Director: Land Use & Human Settlement Mr. A Makuapane</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

IDP Steering Committee

IDP Rep Forum

Performance Audit Unit

Performance Audit Committee

Inter-Governmental Relations Forum

T 2.3.4

CHAPTER 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 (1) of the Municipal Systems Act (MSA), Act 32 of 2000, stipulates that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance. Furthermore, Section 18 (1) of the MSA stipulates that a municipality is to provide its community with information concerning municipal governance, management and development.

Such participation is required in terms of:

- The preparation, implementation and review of the IDP;
- Establishment, implementation and review of the performance management system;
- Monitoring and review of the performance, including the outcomes and impact of such performance; and Preparation of the municipal budget.

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

The municipality has established Ward Committees in all 24 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.

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

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.

T 2.4.1

CHAPTER 2

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

The ward committees support the ward councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the Municipality constantly strives to ensure that all ward committees function optimally with community information provision; convening of meetings; ward planning; service delivery; IDP formulation and performance feedback to communities.

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

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

T 2.4.3

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

T 2.5.1

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 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 2017/18 reporting period the committee held 4 meetings.

T 2.6.1

CHAPTER 2

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. Subsequent to the strategic planning session that was held in February 2018 the council of the municipality was persuaded by the management team to establish its own audit committee. The decision was prompted by the auditor general's comments in his reports that the audit committee was not effective as it failed to review Annual Financial Statement of the municipality for two financial years.

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

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

CHAPTER 2

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)
- 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

CHAPTER 2

2.9 BY-LAWS

BY-LAWS INTRODUCED DURING 2017/2018					
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	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 2018
All current budget-related policies	Yes	July 2018
The previous annual report (2016/17)	Yes	March 2018
The Annual Report (2017/18) published/to be published	TBA	N/a
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2017/18) and resulting scorecards	Yes	
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 2017/18 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

CHAPTER 2

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: 2016/17 AND 2017/18

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	Not conducted	n/a	None	None
Satisfaction with:				
(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

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



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.

The Water unit has made significant progress in the provision of water services, but some critical challenges remain, i.e. extensions 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

CHAPTER 3

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.

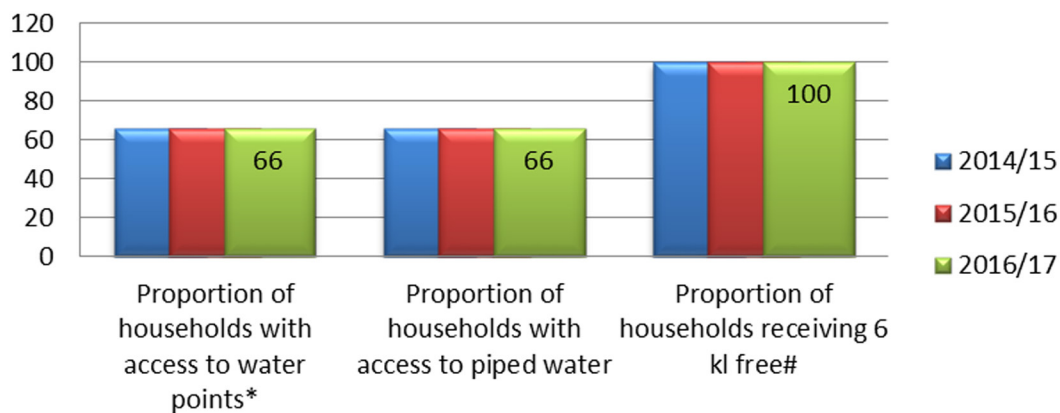
T 3.1.2

Water Service Delivery Levels				
Description	Households			
	2014/15	2015/16	2016/17	2017/18
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	2111	2111	2111	2111
Piped water inside yard (but not in dwelling)	5662	5662	5662	5662
Using public tap (within 200m from dwelling)	20952	20952	20952	20952
Other water supply (within 200m)	15265	15265	15265	15265
<i>Minimum Service Level and Above sub-total</i>	43990	43990	43990	43990
<i>Minimum Service Level and Above Percentage</i>	89%	89%	89%	89%
<u>Water: (below min level)</u>				
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*	49210	49210	49210	49210
<i>* - To include informal settlements</i>				<i>T 3.1.3</i>

CHAPTER 3

Households - Water Service Delivery Levels below the minimum						
Description	2014/15	2015/16	2016/17	2017/18		
	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

Access to Water



* 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	2016/17	2017/18			
	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	1	100%
Total	25	32	25	8	19%

T3.1.7

Financial Performance : Water and Sanitation Services					
					R'000
Details	2016/17	2017/18			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	Financial Information covered in the Annual Financial Statement				
Expenditure:					
Employees					
Repairs and Maintenance					
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 2017/2018: Water Services					
					R' 000
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	Financial Information covered in the Annual Financial Statement				
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 (2017/18);

- 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

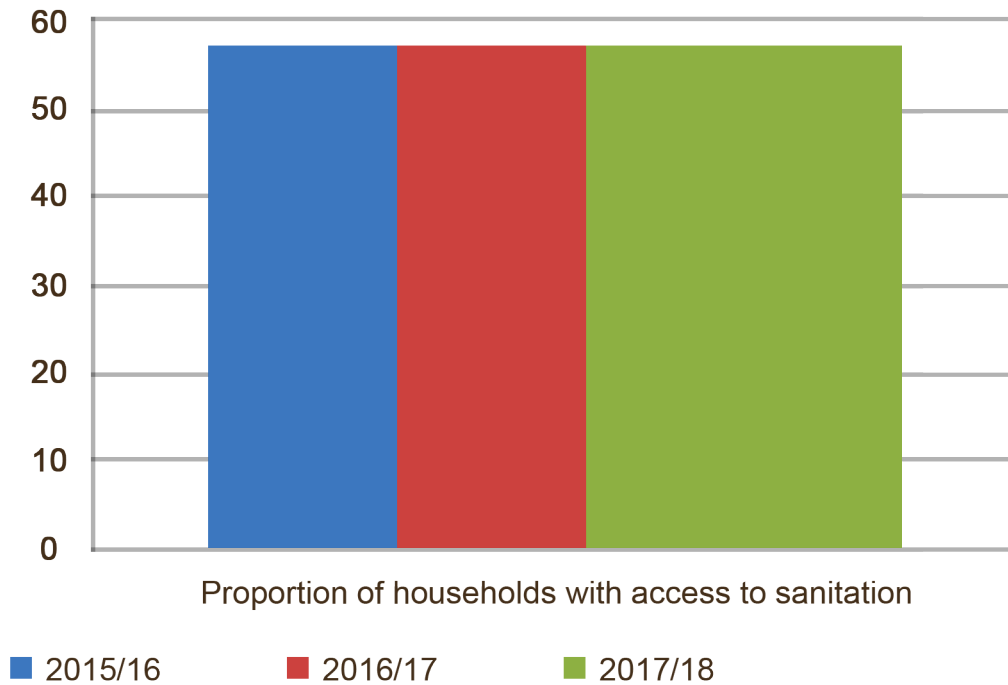
CHAPTER 3

Sanitation Service Delivery Levels				
				*Households
Description	2014/15	2015/16	2016/17	2017/18
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	3663	3663	3663	3663
Flush toilet (with septic tank)	452	452	452	452
Chemical toilet	350	350	350	350
Pit toilet (ventilated)	31194	31194	31194	31194
Other toilet provisions (above min.service level)	7186	7186	7186	7186
<i>Minimum Service Level and Above sub-total</i>	42845	42845	42845	42845
<i>Minimum Service Level and Above Percentage</i>	92.9%	92.9%	92.9%	92.9%
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet	–	34	34	34
Other toilet provisions (below min.service level)	170	170	170	170
No toilet provisions	3086	3086	3086	3086
<i>Below Minimum Service Level sub-total</i>	3256	3290	3290	3290
<i>Below Minimum Service Level Percentage</i>	7.1%	7.1%	7.1%	7.1%
Total households	46101	46135	46135	46135
*Total number of households including informal settlements				T 3.2.3

Households - Sanitation Service Delivery Levels below the minimum						
						Households
Description	2015/16	2016/17	2017/18	2017/18		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	41297	41297	41297	–	–	–
Households below minimum service level	20235	20235	20235	–	–	–
Proportion of households below minimum service level	49%	49%	49%	0%	0%	0%
Informal Settlements						
Total households	4270	4270	4270	–	–	–
Households ts below minimum service level	328	328	328	–	–	–
Proportion of households ts below minimum service level	8%	8%	8%	0%	0%	0%
						T 3.2.4

CHAPTER 3

ACCESS TO SANITATION



T 3.2.5

Employees: Sanitation Services				
Job Level	2017/18			
	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 2017/18: Sanitation Services					
R'000					
Details	2016/2017	2017/2018			
	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 2017/18 : Sanitation Services						R' 000
Capital Projects	2017/2018					
	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

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				
Description	Households			
	2014/15	2015/16	2016/17	2017/18
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				
Electricity (at least min.service level)	2035	2035	2035	2035
Electricity - prepaid (min.service level)	41330	41330	41330	41330
<i>Minimum Service Level and Above sub-total</i>	43365	43365	43365	43365
<i>Minimum Service Level and Above Percentage</i>	99.9%	99.9%	99.9%	99.9%
Energy: (below minimum level)				
Electricity (< min.service level)	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-
Other energy sources	65	65	65	65
<i>Below Minimum Service Level sub-total</i>	0	0	0	0
<i>Below Minimum Service Level Percentage</i>	0.1%	0.1%	0.1%	0.1%
Total number of households	43430	43430	43430	43430
				T 3.3.3

ELECTRIFICATION PROJECTS

Number of households in the municipality	48612
Number of households connected to grid	43132
Number of households not connected to grid	1764
Number of households provided with electricity by Eskom	42,151
Number of households in Reivilo provided by GTLM	317

Proposed Electrification Plan for multi years

Electrification Proposed Plan for 2017/2018 Financial year

No.	Village Name	Planned no of connections	Status
1.	Taung Extention 7	716	70% completed
2.	Takapori	60	100% completed
3.	Myra	60	100% completed and energized
4.	Mokgareng	200	100% completed and energized
5.	Mokassa 1	80	100% completed and energized
6.	Matlhako 1	80	100% completed and energized
7.	Manokwane	80	100% completed and energized
8.	Lokgabeng	83	43 RDP not connected due to its incompleteness and 42 connected
9.	Karelstad	80	100% completed and energized
10.	Itireng (TASK)	60	100% completed and energized
11.	Gamoduana	80	100% completed and energized
12.	Ditshilong	80	100% completed and energized
13.	Dikhuting	23	100% completed and energized
14.	Cokonyane	80	100% completed and energized
15.	Khaukhwe	±30	(is going to be done as type 2 infills) not started yet
Total		1 792	Completed

CHAPTER 3

Electrification Proposed Plan for 2017/2018 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

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

Employees: Electricity Services				
Job Level	2017/18			
	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%

T3.3.6

CHAPTER 3

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. GTLM budgeted R6 million for the maintenance of electrical network in Taung, Pudumoe and Reivilo township. The municipality appointed service provider for a period of two years to deal with electrical dilemmas and in aforementioned areas

T 3.3.7

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

INTRODUCTION TO WASTE MANAGEMENT

Solid waste- and landfill site management:

A municipality must exercise its executive authority to deliver waste management services, including waste removal, waste storage and waste disposal services, in a manner that does not conflict with section 7 and 8 of the National Environmental Management Waste Act no. 59 of 2008. Currently the municipal waste landfill sites do not comply with all the license conditions or minimum requirements for waste disposal due to poor infrastructure development and lack of funding. There was no or limited control over waste received and disposed at all the waste landfill sites. Current waste dumping and disposal practices pollute and degrade the receiving and adjacent environments, with no or limited compaction and treatment thereof. Burning of waste causes smoke pollution and other impacts to the environment or vegetation.

Illegal waste dumping and related practices continued within the Greater Taung Local Municipality's jurisdiction area which is a social concern / challenge. Monitoring and action (enforcement) on transgressors (illegal waste dumping and disposal) is lacking.

Education and Awareness Campaigns have been identified as the most effective tools that can be used to change mind sets, empower and capacitate individuals and communities to dissuade and enable them to protect their environment from pollution and waste that is harmful to their well-being and encourage them to value their environment.

Top 3 Service delivery priorities

The municipality has planned to improve the landfill site infrastructure development in a multi-year plan process, establishment of 3 transfer stations at highly affected area and installation of weighbridge.

Household, business as well as medical refuse is removed weekly and refuse bags are provided to the resident in these areas.

T 3.4.1

CHAPTER 3

Solid Waste Service Delivery Levels				
Description	2014/15	2015/16	2016/17	Households
	Actual	Actual	Actual	2017/18
	No.	No.	No.	Actual
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	2015/16	2016/17	2017/18	Households		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	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

Employees: Waste Disposal Services				
Job Level	2017/18			
	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

CHAPTER 3

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 Mompoti 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

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 2017/18 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

CHAPTER 3

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
2014/15	42,953	39,516	92%
2015/16	42,953	39,516	92%
2016/17	42,953	39,516	92%
2017/18	48,454	44,577	92%

T 3.5.2

Employees: Housing Services				
Job Level	2017/18			
	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 2017/18: Housing Services					
R'000					
Details	2016/17	2017/18			
	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 is 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 R3,200 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
2017/18										
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%
T 3.6.3										

Services Delivered	2016-2017	2017-2018			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	689 744				
Waste Water (Sanitation)	1 720 638				
Electricity	2 612 976				
Waste Management (Solid Waste)	2 771 237				
Total	7 794 595				

CHAPTER 3

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 R3200.00/ 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

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

CHAPTER 3

Gravel Road Infrastructure				
				Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to Paved	Gravel roads graded/maintained
2015/16	2191	-	9	700
2016/17	2182	-	3.7	750
2017/18	2177	1	5	650
				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
2015/16	12	9	-	-	-
2016/17	24.7	3.7	-	-	-
2017/18	26	5	0	0	0
					T 3.7.3

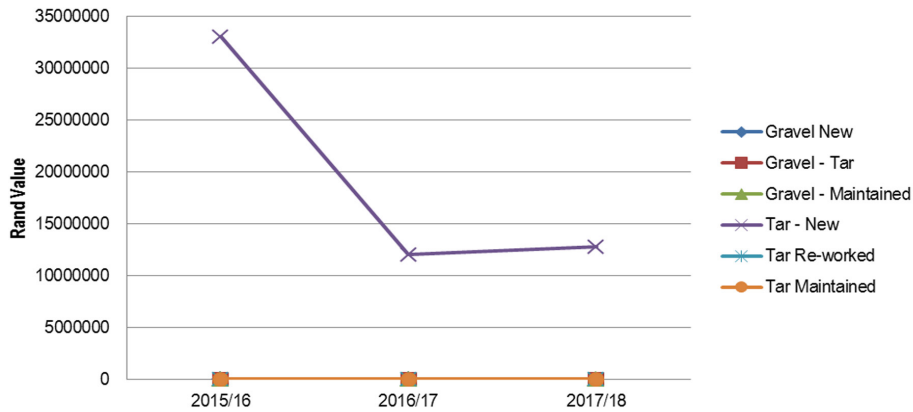
Cost of Construction/Maintenance						
						R 58' 750' 000.00
	Gravel			Paved		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2015/16			700	R33 000 000.00	-	-
2016/17			800	R13 000 000.00	-	-
2017/18	-	-	850	R12 750 000.00		0
						T 3.7.4



Kokomeng village Access Road completed in 2017/18

CHAPTER 3

Road Infrastructure costs



Matsheng village Stormwater channel completed in 2016/17

Employees: Roads and Storm Water Services				
Job Level	2017/18			
	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 3.7.7 will form part of the AFS

T3.7.7

CHAPTER 3

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

PERFORMANCE HIGHLIGHTS 2017/18

KPA 1: Basic Service Delivery and Infrastructure Development

- Installed 25 high mast lights in 5 Wards
- Upgrading of N18 Taung Traffic Circle in progress
- Completed construction of 2km of Matlhako access road
- Completed construction of 3km of Kokomeng access road
- Completed Mase Stormwater channel
- Completed construction of 3.2km edge beams in Chiefs court road
- 6554 household provided with weekly collection of refuse removal
- Hosted housing consumer awareness campaign

CHAPTER 3

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.

- Township Establishment
- Township Regeneration
- Deeds Registration
- Implimentation of SPLUMA
- Development Applications
- Disposal of Immovable Assets

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning, Sub-Division & Consolidation		Built Environment	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Planning application received	1	2		30		
Determination made in year of receipt	1	2		6		
Applications withdrawn	0	0		0		
Applications outstanding at year end	1	2		24		

T 3.10.2

CHAPTER 3

Employees: Planning Services					
Job Level	2016/17	2017/18			
	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	2	2	2	0	
16 - 18	2	2	2	0	
19 - 20	0	1	0	1	
Total	9	10	9	1	

T 3.10.3

Financial Performance Year : Land Use & Human Settlement					
					R'000
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	Financial Information is covered in the Annual Financial Service				
Expenditure:					
Employees	4 596 681				
Repairs and Maintenance	28 211				
Other	1 389 513				
Total Operational Expenditure	6 014 405				
Net Operational Expenditure					

Nb: Figures provided will 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

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. The Municipal Planning Tribunal was established and did convene on the relevant applications.

Boipelo Township Establishment is 99% complete.

Extension to Pudimoe Township Establishment & Regeneration of Pudimoe CBD is on-going.

The latter to project will enable poor residence to gain access to and receive ownership of land linked to affordable housing and infrastructure.

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.

T 3.10.6

CHAPTER 3

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 bought 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:

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

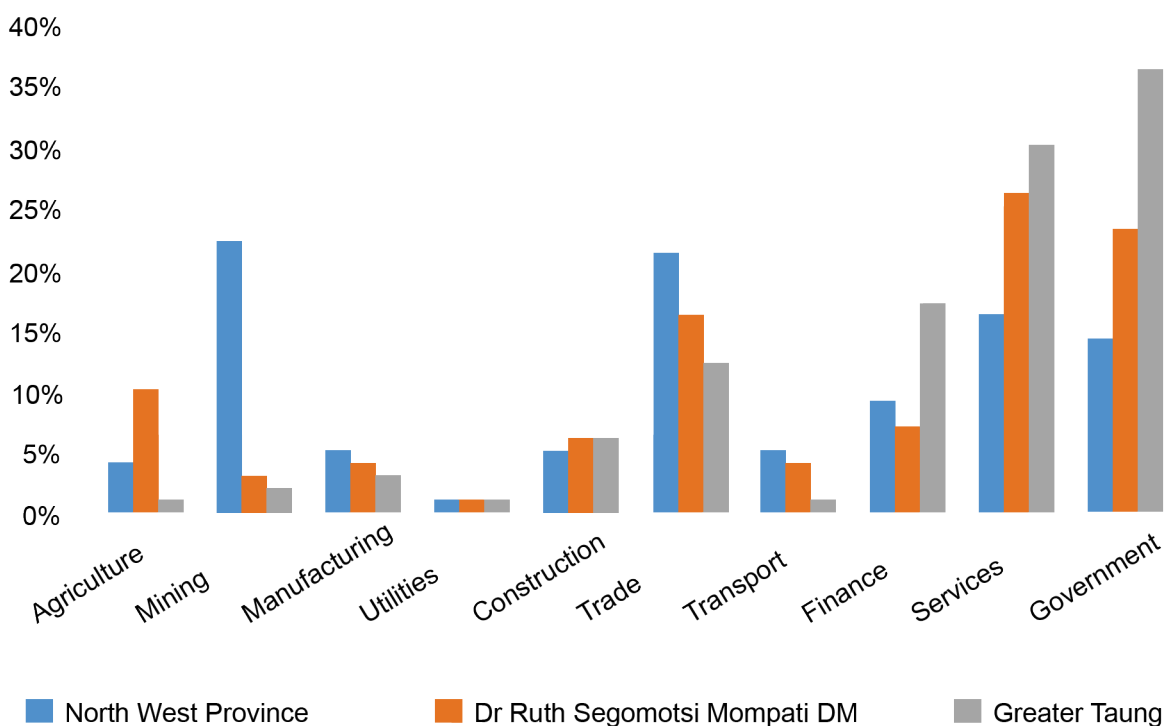
GTLM does not have accurate baseline information to complete the following table.

Economic Activity by Sector			
	R '000		
Sector	2015/16	2016/17	2017/18
Agric, forestry and fishing	0	0	0
Mining and quarrying	0	0	0
Manufacturing	0	0	0
Wholesale and retail trade	0	0	0
Finance,	0	0	0
Govt, community and social services	0	0	0
Infrastructure services	Unknown		
T 3.11.2			

CHAPTER 3

Economic Employment by Sector			
Sector	Jobs		
	2015/16 No.	2016/17 No.	2017/18 No.
Agric, forestry and fishing	0	0	0
Mining and quarrying	0	0	0
Manufacturing	0	0	0
Wholesale and retail trade	0	0	0
Finance, property, etc.	0	0	0
Govt, community and social services	0	0	0
Infrastructure services	0	0	0
Total			

T 3.11.3



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 Mompati 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.

CHAPTER 3

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

Jobs Created during 2015/16 – 2017/18 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)				
2015/16	1500	31	1600	
2016/17	0	0	0	Time sheets
2017/18				
				T 3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2015/16	11	260
2016/17	11	126
2017/18		
* - Extended Public Works Programme		T 3.11.6

Employees: Local Economic Development Services				
Job Level	2017/18			
	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	2	2	20%
				T 3.11.7

CHAPTER 3

NB: Information not provided by LED Unit

Financial Performance 2017/18 : Local Economic Development Services					
					R'000
Details	2016/17	2017/18			
	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					
<i>T 3.11.8</i>					

Capital Expenditure 2017/18: Economic Development Services –					
					R'
Capital Projects	2017/18				
	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>					
<i>T 3.11.9</i>					

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 is 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 grow.

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.

The potential analysis furthermore revealed the importance of the Tourism sector. This sector is currently regarded as a very small one 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

CHAPTER 3

PERFORMANCE HIGHLIGHTS 2017/18

KPA3: Local Economic Development

- 1 Economic hub in Dryharts is completed
- 893 SMMES & Cooperatives supported through skills development
- 138 temporary jobs created through EPWP and local procurement
- 340 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;

The purpose of the library services is to advance service delivery in all community libraries, to improve existing libraries within the municipality and to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives. Municipality receives conditional grant allocation every year from the Provincial Department of Culture, Art and Traditional Affairs for library infrastructure improvement.

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 2017/2018 financial year:

Top 2 service delivery priorities:

Extension of Taung Library

Fencing of Taung Library

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

CHAPTER 3

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

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

T 3.13.1

SERVICE STATISTICS FOR CEMETORIES & CREMATORIUMS

Not applicable

T 3.13.2

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS 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 but office of the Mayor supports and assist through special programmes budget.

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.

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

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 Mompoti 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	2017/18			
	Posts No	Employees No	Vacancies (fulltime Equivalents) 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	2016/17	2017/18			
	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 2017/18: Financial Services					
					R'000
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	267 104 024	Financial Information covered in the AFS			
Expenditure:					
Employees	88 608 879				
Repairs and Maintenance	14 335 284				
Other	106 262 898				
Total Operational Expenditure	209 207 061				
Net Operational Expenditure	57 896 963				
<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 Human Resources Section is responsible for ensuring that the organisation's most valuable asset, its employees, is taken care of.

Enhanced staff performance is fundamentally part of the achievement of the municipality's primary service delivery objectives. The municipality continually strives to promote a culture of good governance and an environment where the needs of employees can be addressed in a manner that is conducive for the persistent advancement of the interests of our local communities.

The Human Resources functions include, but are not limited to, administration of employee benefits, recruitment and selection of competent staff, Organisational Efficiency Improvement, employment equity, training and development of staff, sound labour relations, occupational health and safety and general support services to enhance staff capacity in the process of realising organisational strategic objectives of service delivery to the community.

The main priorities in Human resources services were the following:

- Recruit and fill at least 16 funded positions.
- Facilitate quarterly Employee Assistance Programme interventions
- To hold quarterly LLF meetings.
- Facilitate training of Municipal Officials.
- Facilitate training of Municipal Councilors..
- provide financial support to students

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

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

- More than the planned amount of 100 officials was trained namely 198 officials
- 48 Councillors were trained
- 100 educational bursaries were awarded to unemployed youth
- Greater Taung has submitted the Employment Equity report to Department of Labour as required by EE Regulations and also WSP to LGSETA which serves as a great opportunity to our Municipality in that we were awarded a mandatory grant of R129 654.15

- In compliance with Compensation Commissioner, Greater Taung Local Municipality has paid an assessment amount of R791 037.33

On the 11th of May 2017 a Career exhibition was held at Greater Taung whereby more than 23 schools and 1200 learners attended.

5 learnership programmes were afforded to 143 learners, both our employees and the unemployed youth.

T 3.26.1

CHAPTER 3

Employees: Human Resource Services					
Job Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	
4 - 6	0	0	0	0	
7 - 9	2	2	2	0	0
10 - 12	3	3	3	0	0
13 - 15	0	0	0		
16 - 18	0	1	1	0	0
19 - 20	0	0	0	0	
Total	5	6	5	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

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

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2017/2018

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

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2016-2017		Wards	Revised Annual Budget	Financial Year Under Review 2017- 2018		Expenditure	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance				
National KPI 1: Basic Service Delivery and Infrastructure Development: Technical Service Department											
Strategic Objectives : Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance											
TL01	Number of high mast lights constructed in 8 Wards by end December 2017	25	25	1, 8, 9, 11, 14, 16, 19, 21	R 6,642,222	25	25	R 5 837 735	None	None	Completion Certificate
TL02	Percentage of the Tlapeng Community Hall project completed by end June 2018	None	None	9	R 4,761,463	60%	49%	R 1,926,560.10	Slow movement and poor cash flow management	financial management taken over by the municipality	Completion Certificate
TL03	Percentage of the Qhoo Community Hall project completed by end June 2018	None	None	1	R 4,800,000	60%	50%	R 4 099 849.60	Slow movement and poor cash flow management	financial management taken over by the municipality	Completion Certificate
TL04	Percentage of the Lokgabeng Community Hall project completed by end June 2018	None	None	8	R 4,500,729	60%	47%	R 2 701 632.15	Slow movement and poor cash flow management	financial management taken over by the municipality	Completion Certificate
TL05	Number of sport facilities completed for Longaleng, Mokassa I and Sekhing completed by end June 2018	None	None	24	R 15,000,000	3	Target not achieved but progress as end June was: Sekhing- 60% Longaneng – 20%,	R 5 552 946.77	Slow movement and poor cash flow management	Cessions would be compiled.	Completion certificate

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2016-2017		Wards	Revised Annual Budget	Financial Year Under Review 2017-2018		Expenditure	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance				
							Mokassa I - 40%				
TL06	Number of kilometers of access road constructed in Matlhako II by end August 2017	70%	95%	5	R 1,044,948	2	2	R1 044,947.77	None	None	Completion Certificate
TL 07	Number of kilometers of access roads constructed in Kokomeng by end June 2018	None	None	23	R 9,356,362	3	3	R10 614 152.19	None	None	Completion Certificate
TL08	Percentage of the upgrading of the N18 Traffic circle and alteration to road lanes completed by end June 2018	None	None	8	R 6,000,000	65%	50%	R 3 606 147.12	Community and SMME led disruptions delayed the project progress significantly	Project recovery plan has been implemented and would fast track the progress	Completion Certificate
TL09	Completion of the Mase Stormwater channel project by end June 2018	None	None	3	R 6,441,000	1	1	R 6 592 233.04	None	None	Completion Certificate
TL10	Double Cab and water cart procured by end March 2018	None	None	N/a	R 450,000	1	0	R 449 000.00	Only a double cab was procured as management decided to procure water tanker as reported on TL13A instead of water cart	Management will in future develop a procurement plan which is clear and well informed and also avoid deviations	Delivery Note/ Invoice

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2016-2017		Wards	Revised Annual Budget	Financial Year Under Review 2017- 2018		Expenditure	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance				
TL 11	Number of Flatbed Truck with 2 x 5 000L water tanks procured by end March 2018	None	None	N/a	R 1,000,000	1	1	R 1,035,882.00	None	None	Delivery Note/ Invoice
TL 12	Number of 8 000L Vacuum Tankers procured by end March 2018	None	None	N/a	R 1,500,000	1	0	R0.00	No budget and removed from the plan	8000L Vacuum Tanker will be procured when needed	Delivery Note/ Invoice
TL 13A	Number of Water Tankers procured by end March	None	None	N/a	R 900,000	1	1	R1,200,000	None	None	Delivery Note/ Invoice
TL 13B	Number of 1 Ton Single Cab LDVs procured by end March 2018	None	None	N/a	R 450,000	1	0	R495 000	Management deviated from the actual plan by procuring double cab and the decision was based on the advice from OHS Officer that safety of staff must be a priority	Management will in future develop a procurement plan which is clear and well informed and also avoid deviations	Delivery Note/ Invoice
TL 14	Number of kilometres of edge beam constructed at Chiefscourt Road by end March 2018	None	None	13	R 400,000	4	3.2	R 301,843	The project was stopped by members of the Community, Provincial political unrest and weather conditions.	To be completed in first quarter of 2018/19.	Confirmation Letter
TL 15	Number of traffic signs installed at Mokgareng (P25/1), Veertien to	None	None	7, 6, 13	R 40,000	60	83	R 52,510	None	None	Completion certificate

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2016-2017		Wards	Revised Annual Budget	Financial Year Under Review 2017- 2018		Expenditure	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance				
	Khibitswane (D210) & Chiefscoort by end March 2018										
TL16	Number of meters of tarred road levels corrected at the Taung entrance (P25/1) by end December 2017	None	None	8	R 70,000	10	10	Opex	None	None	Confirmation Letter
TL 17	Number of Grader Caravans procured by end March 2018	None	None	N/A	R 1,000,000	2	0	R500 000.00	Target not achieved but progress has been made	None	Delivery Note/ Invoice
TL18	Number of speed humps constructed at Mokgareng (P25/1), Veertien to Khibitswane (D210) & Chiefscoort by end March 2018	None	None	7, 6, 13		20	20		None	None	Confirmation Letter
TL 19	Number of speed humps constructed at Mokgareng Cokonyane, Manthe and Pudimoe by end March 2018	None	None	7, 6 & 5	R 400,000	21	10	R 297 930.00	Provincial wide and local unrests and the theft of bricks on site. A case was opened		Confirmation Letter
TL20	Number of meters of Semasau Road paved in Pudimoe by end March 2018	None	None	5	R 1,200,000	500m	200m	R 285,040	Provincial wide and local unrests and the theft of bricks on site.	To do more consultation with affected communities A case was opened	Confirmation Letter

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2016-2017		Wards	Revised Annual Budget	Financial Year Under Review 2017-2018		Expenditure	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance				
TL 21	Number of Stormwater drifts constructed at Reivilo by end September 2017	2	2	1	R 90,000	1	1	R 38,856	None	None	Confirmation Letter
National KPA 1 : Basic Service Delivery and Infrastructure Development: Community Service Department											
Strategic Objective : To maintain and manage all council buildings and facilities											
TL22	Number of pit latrine toilets construction projects completed in identified areas by end March 2018	None	None	2, 6	R 420,000	15	7	R178 331.12	During the SDBIP revision management resolved to increase the target to 15 and SCM struggled to get quotations from service provider from different wards	Supply Chain to improve their services of providing quotations to avoid delays in future	Completion Certificate
TL23	Number of security room construction projects completed at Matlapaneng, Choseng & Molelema Community Halls by end March 2018	1	1	3,15	R 150,000	3	2	R 198,140	Due to community unrest the project of security guard room in ward 24 (Molelema) could not start	the project will continue after the concerns of the communities in Molelema have been resolved	Confirmation Letter
Strategic Objective : Promote literacy in communities through comprehensive Library Services											
TL24	Number of expansion projects completed at	None	None	24	R 1,800,000	1	0	R0.00	Tender advertised twice	Tender to be re-	Completion Certificate

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2016-2017		Wards	Revised Annual Budget	Financial Year Under Review 2017- 2018		Expenditure	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance				
	the Taug Library by end June 2018								and no responsive bidder was found.	advertised for the third time in the 2018/19	
Strategic Objective : Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance											
TL25	Number of open refuse containers procured by end December 2017	None	None	N/a	R 210,000	4	4	R200 000	None	None	Delivery Note/ Invoice
TL 26	Number of fence construction and building renovation projects completed at new Pudimoe landfill site by end March 2018	None	None	8	R2 000 000	1	0	R0.00	Appointment of service provider was not made	The appointment of the service provider to be made quarter 1 of 2018/19	Completion Certificate
National KPA 1 : Basic Service Delivery and Infrastructure Development - Spatial Planning and Human Settlement Department											
Strategic Objectives: Promoting a wall to wall of management of all land development activities											
TL 27	Number of quarterly reports submitted to Portfolio on the preliminary studies for the Township establishment in Boipelo by end March 2018	4	3	1		3	4	R 180,773	None	None	Portfolio Meeting Minutes / Attendance Register

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2016-2017		Wards	Revised Annual Budget	Financial Year Under Review 2017- 2018		Expenditure	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance				
TL 28	Number of quarterly reports submitted to Portfolio on the preliminary studies for the Township establishment in Puidmoe by end June 2018	None	None	1	R1 000 000	3	4	R370 000	None	None	Portfolio Meeting Minutes / Attendance Register
TL 29	Number of quarterly reports submitted to Portfolio on the implementation of the regeneration strategy in Puidmoe by end June 2018.	None	None	1		4	4	R 243,953	None	None	Portfolio Meeting Minutes / Attendance Register
National KPA2 : Municipal Transformation and Organisational Development – Corporate Service Department											
Strategic objective: Improve organisational cohesion effectiveness – Corporate service Department											
TL 30	Employ 3 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 2018	2	1	N/a	Opex	3	4	Opex	None	None	Employment Equity Plan / Appointment Letters
TL 31	Facilitate training of Municipal Officials by end of April 2018	120	158	N/a		120	124		None	None	Proof of Registration/ Attendance Register/ Results

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2016-2017		Wards	Revised Annual Budget	Financial Year Under Review 2017- 2018		Expenditure	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance				
					R700 000			R729 973.93			
TL 32	Facilitate training of Municipal Councillors by end April 2018	40	40	N/a		40	66		None	None	Proof of Registration/ Attendance Register/ Results
TL33	Percentage of municipality's budget actually spent on implementing its workplace skills plan measured as (Total Actual Training Expenditure/ Total Operational Budget)x100) by end June 2018.	90%	97%	N/a		90%	100.3%		None	None	Expenditure Report
TL 34	Provide financial support to students that adhere to the relevant requirements by end March 2018	80	102	N/a	R1 000 000	80	156	R723 181.32	None	None	Bursary Letters
Strategic Objectives : Promote a culture of participatory & good governance											
TL35	Submit Oversight Report on 2016/17 Annual Report to Council by end March 2018	1	1	N/a	Opex	1	1	Opex	None	None	Oversight Report / Council Minutes / Resolution
National KPA 3: Local Economic Development- Office of the Municipal Manager											
Strategic Objectives: Create an environment that promotes development of local economy and facilitate job creation											

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2016-2017		Wards	Revised Annual Budget	Financial Year Under Review 2017- 2018		Expenditure	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance				
TL36	Number of Full Time Equivalents (calculated as (days worked x number of participants / 230) created through EPWP by end June 2018	101	111	All	R 1,309,000	43	62	R 1,309,000	None	None	Temporary Employment Contracts
TL 37	Number of temporary jobs created through local procurement projects by end June 2018	101	111	All	Opex	300	138	Opex	No new projects were implemented	A register for all temporary jobs created through local procurement will be developed as municipal projects are implemented	Appointment Contracts / Register
TL38	Number of SMMES and Cooperatives supported through skills development by end May 2018	100	115	All	R1000 000	600	893	R 582,356	None	None	Attendance Register
TL39	Number of economic hubs constructed in GTLM by end June 2018	None	None	N/a	R 2,470,700	3	1	R1 800 000	Unavailability of tribal land caused delay in the completion of projects.	Continuous monitoring and intervention from ward councillor	Completion Certificate
National KPA 4: Municipal Financial Viability and Management											
Strategic Objectives: <i>To improve overall financial management in the municipality by developing and implementing appropriate Financial Management.</i>											
TL40	Number of Annual Financial Statements submitted to AGSA by 31 August 2017	1	1	N/a	Opex	1	1	Opex	None	None	Acknowledgement of Receipt
TL 41	Financial viability measured in terms of the available cash to cover fixed operating expenditure (Available	1.5	7.98	N/a	Opex	1.5	9.42	Opex	None	None	Annual Financial Statement

Ref	Key Performance Indicator/Unit of Measurement	Previous Financial Years 2016-2017		Wards	Revised Annual Budget	Financial Year Under Review 2017- 2018		Expenditure	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance				
	cash + investments / Monthly fixed operating expenditure) by end December 2017										
TL42	Debt to Revenue Short Term Lease + Long Term Lease / Total Operating Revenue - Operating Conditional Grant by end December 2017	2.1	0.005	N/a	Opex	2.1	0.017	Opex	None	None	Annual Financial Statement
TL43	Number of 2017/18 draft Adjustment Budgets submitted to Council for approval by end February 2018	1	1	N/a	Opex	1	1	Opex	None	None	Council Resolution / Minutes
TL44	Number of 2018/19 Final Budgets submitted to Council by 31 May 2018	1	1	N/a	Opex	1	1	Opex	None	None	Council Resolution / Minutes
TL 45	Number of households that received free basic electricity in GTLM by end June 2018	8775	8756	All	R 6,366,000	9000	9228	R 4,728,735,85	None	None	Expenditure Report
TL46	Number of households that received free basic water in GTLM by end June 2018	591	606	N/a	R 28,000	600	632	R4 261.34	None	None	Expenditure Report
TL 47	Number of households that received free basic sanitation in GTLM by end June 2018	324	265	N/a	R 161,000	200	207	R135 433,79	None	None	Expenditure Report

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2016-2017		Wards	Revised Annual Budget	Financial Year Under Review 2017- 2018		Expenditure	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification IP.o.E
		Target	Actual performance			Annual Target	Actual performance				
TL 48	Number of households that received free basic refuse removal in GTLM by end June 2018	348	259	N/a	R 204,000	200	239	R 116,892.14	None	None	Expenditure Report
National KPA 5: Good Governance and Public Participation – Office of the MM											
Strategic Objectives: Promote a culture of participatory & good governance											
TL 49	Number of final reviewed IDP Documents submitted to Council by end May 2018	1	1	N/a	Opex	1	1	Opex	None	None	Council Resd uition / Minutes
TL 50	Number of draft Annual Reports submitted to Council by end January 2018	1	1	N/a	Opex	1	1	Opex	None	None	Council Resd uition / Minutes
TL 51	Number of mid-term budget and performance assessment reports submitted to the Mayor by 25 January 2018	1	1	N/a	Opex	1	1	Opex	None	None	Acknowledgement of Receipt

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 ASSESSMENT OF SERVICE PROVIDERS
2017/18 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)				Assessment comments
							Q1	Q2	Q3	Q4	
Kokomeng Access Road	Rendeals 4 Consulting	MIG	25-Aug-18	29-Jun-18	Completed	None	-	3	3	3	Even though there were minor challenges, the project progressed well.
	lebo Tebo / Ndhuna Civils						-	3	3	3	
Mase Stormwater Channel	Nep Consulting	MIG	28-Aug-17	29-Jun-18	Completed	None	-	1	1	2	Even though there were minor challenges, the project progressed well.
	Renaissance Construction						-	2	2	2	The contractor had difficulty managing his cashflow which resulted in the municipality in some instances coming to his rescue
Maphoitsile Community Hall	Kgomo Sekgabo Architects	MIG	18-Oct-16	30/11/16	Completed	None	2	2	2	2	
	Ohn Badi / Demora JV						1	1	1	1	The contractor had difficulty managing his cashflow which resulted in the municipality in some instances coming to his rescue
Seeding	Kgomo Sekgabo Architects	MIG				None	2	2	2	2	

**ANNUAL PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS
2017/18 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)				Assessment comments
							Q1	Q2	Q3	Q4	
Community Hall	Deek Logistics / Thoriso Ya Me JV		18-Oct-16	6-Mar-18	Completed	None	2	2	2	2	
High Mast Lights in Various Wards phase 2	Booda Consulting	MIG		11-Dec-17	Completed	None	3	3	3	3	The contractor's overall performance was satisfactory
High Mast Lights in Various Wards phase 3				30-Jun-18	Completed	None	3	3	3	3	The contractor's overall performance was satisfactory
Security Services	Tshireletso Professional Services	Operational Budget	01 January 2018	31 December 2020	Still guarding Municipality Premises	Guardrooms and Electricity Supply	4	4	4	4	Good
Office Space	Scnic Route Trading	(own Funds)	01 August 2017	31 August 2020		None	4	4	4	4	Good
Internet	Sebata	Own	01 July 2017	Ongoing	Ongoing	Slow	2	2	2	3	None
Antivirus	Kobua Consulting	Own	01 July 2017	Ongoing	Ongoing	None	4	4	4	4	None
Emails	Sebata	Own	01 July 2017	Ongoing	Ongoing	Sometimes takes time to connect to the remote server.	4	4	4	4	None
Mod Rack	Integral	Own	01 July 2017	Ongoing	Ongoing	None	5	5	5	5	None
Telephones	WWS	own	Unknown	Terminated	New service provider appointed	Old system	1	1	1	1	None
Boipelo Township Establishment	Mvd Kalahari	Own	1-Aug-16	30 JUN 2018	Completed	None	4	4	4	4	None
Pudimoe Township Establishment	Emendo	Own	02 JAN 2018	31 MAR 2019	Pre-Planning Process On-	None	4	4	4	4	

ANNUAL PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS 2017/18 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)				Assessment comments
							Q1	Q2	Q3	Q4	
					Going						None
Pudimoe Regeneration	Townscape Planning Solutions	Own	01 DEC 2018	27 AUG 2018	Applications Submitted, Due For Approval By GTLM	None	4	4	4	4	None
PROVISION OF SCOA COMPLIANT FINANCIAL SYSTEM	SEBATA	Own funds	01-07-2017	30-06-2020	Still contracted	We are not fully live on SCOA: other components are yet to be implemented. There is one consultant on side assisting with all system clichés and problems.	2	2	2	2	The municipality has started transacting on the new system however not on all modules
Compilation of GRAP compliant assets register for three years	JBFE	Own funds	18-04-2018	17-04-2021	Still contracted	The consultant will only be assessed after audit					
Provision of short term insurance for three years	Tokkie Ferreira Brokers	Own funds	01-10-2014	30-09-2018	Still contracted	No challenges were encountered	4	4	4	4	The supplier always responded on time to our claims
Vetting of suppliers and debtors for three years	FMT	Own funds	01-08-2017	31-07-2020	Still contracted	There were no challenges encountered	4	4	4	4	The system is always available for use.
Collection of rates monies owed by government	Enigma	Own funds	01-08-2016	31-07-2018	Still contracted	The service provider has managed to identify properties that were not in the municipal valuation roll	4	4	4	4	The service provider has increased the revenue base of the municipality

ANNUAL PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS 2017/18 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)				Assessment comments	
							1 - Poor	2 - Fair	3 -Average	4 - Good		5 - Excellent
							Q 1	Q2	Q3	Q4		
Supply, delivery, installation and maintenance of printing and company machine for 36 months period	Dido digital	Own funds	12-02-2017	11-02-2020	Still contracted	Some of the machines were delivered late.	2	2	3	3	The durability or quality of some of the machines was not as expected. There were lots of breakdowns in the machines.	



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:

- o Culture transformation and change management;
- o The development of individuals and teams with a systems view;
- o Review and design of organizational structures.
- o 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.
- o Enabling employees to deal effectively and pro-actively with change and to the challenges of dynamic work and external environment.
- o Enabling employees to acquire development orientated professionalism and the appropriate competencies.
- o Helping employees to address issues of diversity whilst promoting a common organization culture so as to or in doing support unity at the workplace.
- o 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.
- o 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.
- o 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

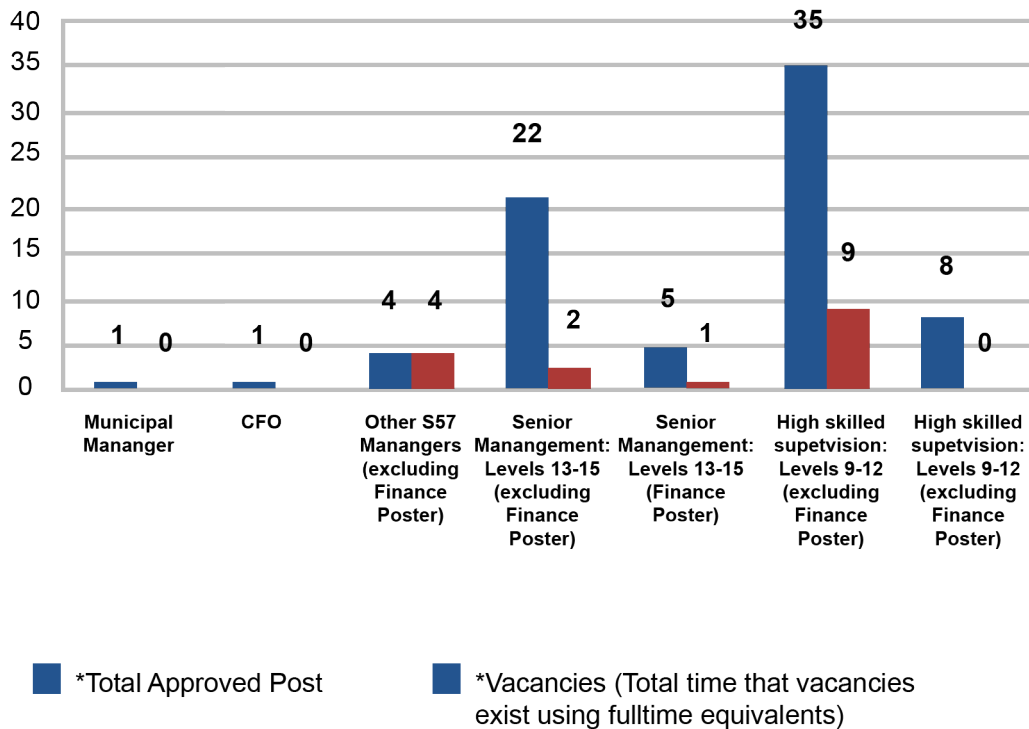
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2016/2017		2017/2018		
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water					%
Waste Water (Sanitation)	29	31		2	6.7%
Electricity	3	3		0	0%
Waste Management	62	63		5	7.8%
Housing	6	7		2	28.5%
Waste Water (Stormwater Drainage)	0	0		0	0%
Roads	52	58		8	15.5%
Planning	0	0		0	0%
Local Economic Development	3	2		0	0%
Planning (Strategic & Regulatory)	7	8		1	14.2%
Corporate policy offices and others	88	89		13	13.2%
Community & Social Services	37	7		0	0%
Environmental Protection	0	0		0	0%
Security and Safety	0	0		0	0%
Sport and Recreation	0	0		0	%
Totals	268	299		32	10.6%
					<i>T 4.1.1</i>

Vacancy Rate: 2017/2018			
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
management: Levels 13-15 (excluding Finance Posts)	22	2	9.09
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

Vacancy Rate



Turn- over Rate			
Details	Total Appointment as of beginning of financial year No.	Termination during the financial year No.	Turn- over Rate No.
2015/16	21	19	6%
2016/17	12	22	7.8%
2017/18	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 applicants who could meet the criteria as legislated, the posts was re-advertised, and the Director infrastructure was even advertised three 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

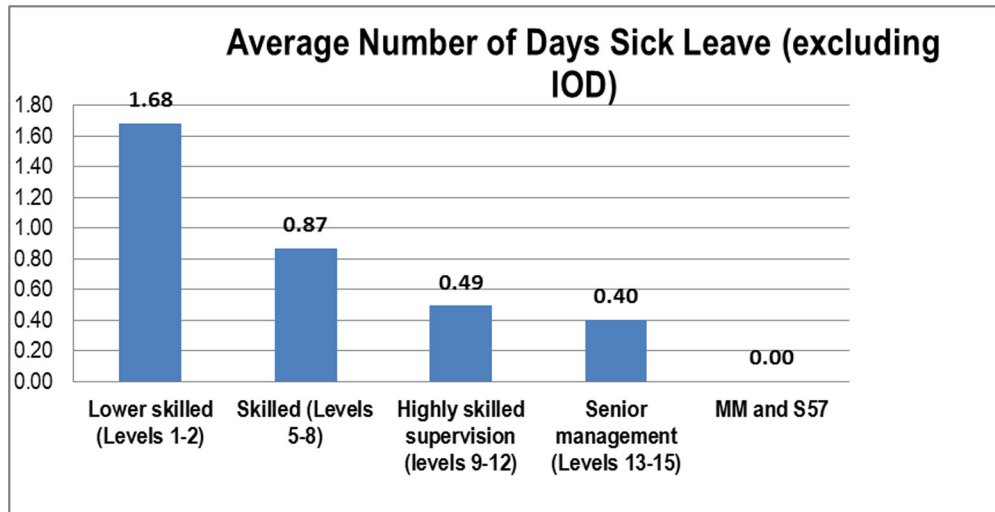
T 4.3.1

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
Secretary Community Services	Gross dishonesty	04/10/17	Incitement, failure to disclosure additional remuneration	07/03/18
Youth Development Officer	Gross dishonesty	14 /03/18		
Finance Clerk	Gross dishonesty	20/06/17	Continuous absence without leave	05 October 2017
Procurement Officer	Insubordination	08/ 06/17	Failure to take lawful instruction	12 January 2018
Chief Financial Officer	Gross dishonesty	25/04/17	Failure to disclose personal interest	09 July 2018

T 4.3.5

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
None			

T 4.3.6

CHAPTER 4

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.

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

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 2018	Number of skilled employees required and actual as at 30 June Year 2018						Total					
			Learnerships			Skills programmes & other short courses			Other forms of training					
		No.	Actual: End of 2016/17	Actual: End of 2017/2018	2017/2018 Target	Actual: End of 2016/17	Actual: End of 2017/2018	2017/2018 Target	Actual: End of 2016/17	Actual: End of 2017/2018	2017/2018 Target	Actual: End of 2016/17	Actual: End of 2017/2018	2017/2018 Target
MM and s57	Female		0									0		
	Male		0									2		
Councillors, senior officials and managers	Female		25									30		
	Male		32			1						25		
Technicians and associate professionals*	Female		1									1		
	Male		0									0		
Professionals	Female		3									12		
	Male		3									10		
Sub total	Female		29									43		
	Male		35									36		
Total			64				-	-	1			79		

*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 200017, "(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:

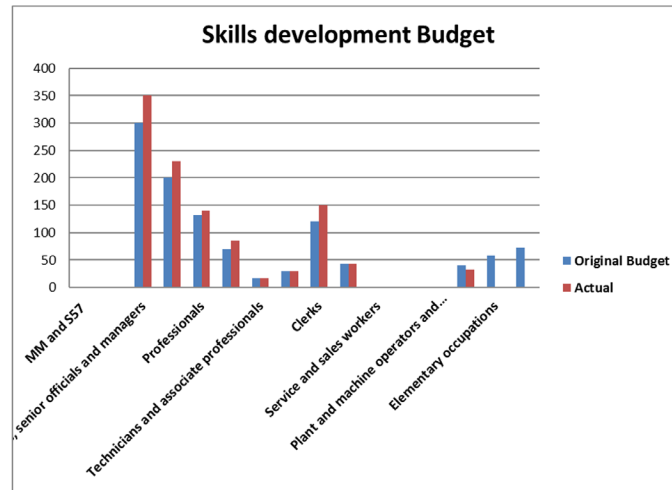
Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments 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: 2017-2018						
						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

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.

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

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

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 2018. 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 in the financial position of the municipality shows that the municipality is still solvent and therefore still financially healthy.

CHAPTER 5

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 2018. 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

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.

T 5.1.3

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 of 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.

T 5.3.1

CHAPTER 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2017/18				
Asset 1				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	2014//15	2015/16	2016/17	2017/18
	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	2014//15	2015/16	2016/17	2017/18
	R 5307829.93	NA	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	2014//15	2015/16	2016/17	2017/18
	R 8 937 562.46	NA	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			
				T 5.3.2

CHAPTER 5

COMMENT ON ASSET MANAGEMENT:

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

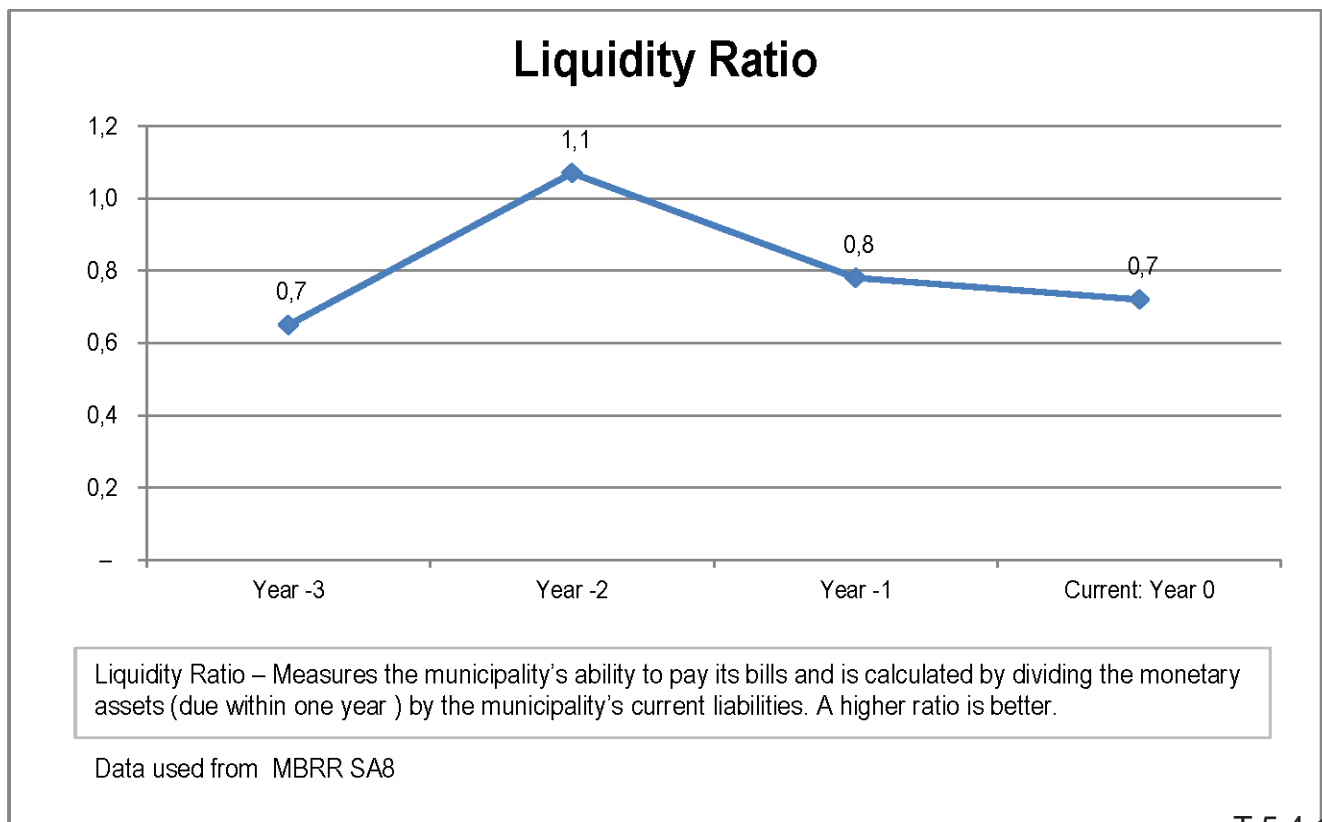
T 5.3.3

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%
T 5.3.4				

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

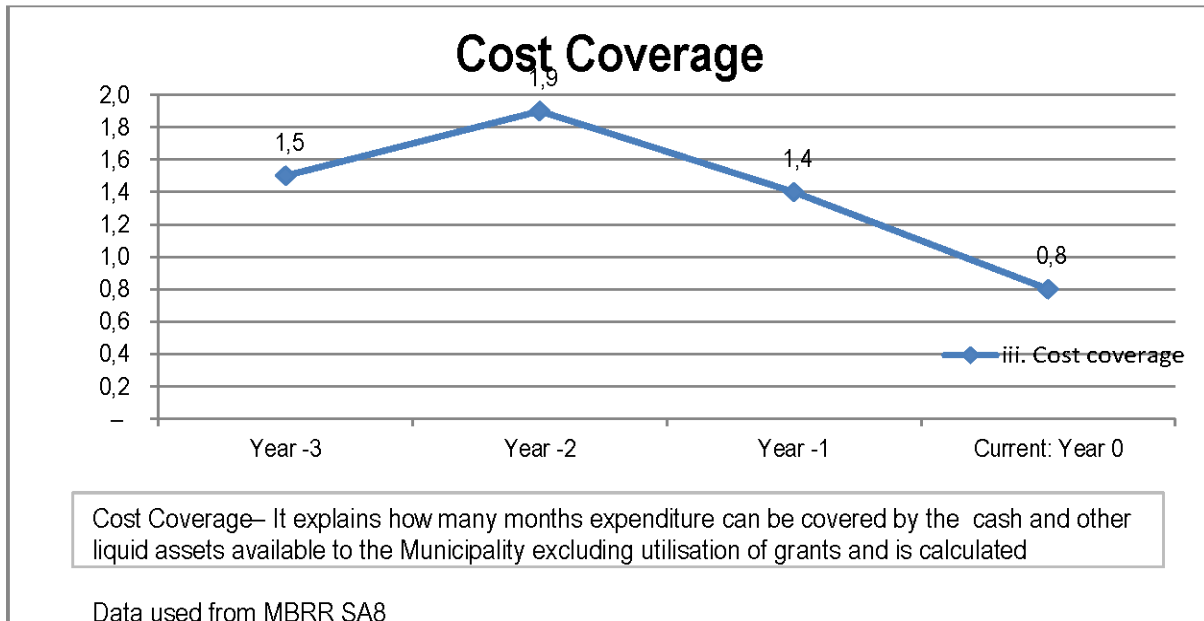
There is under expenditure on repairs and maintenance

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

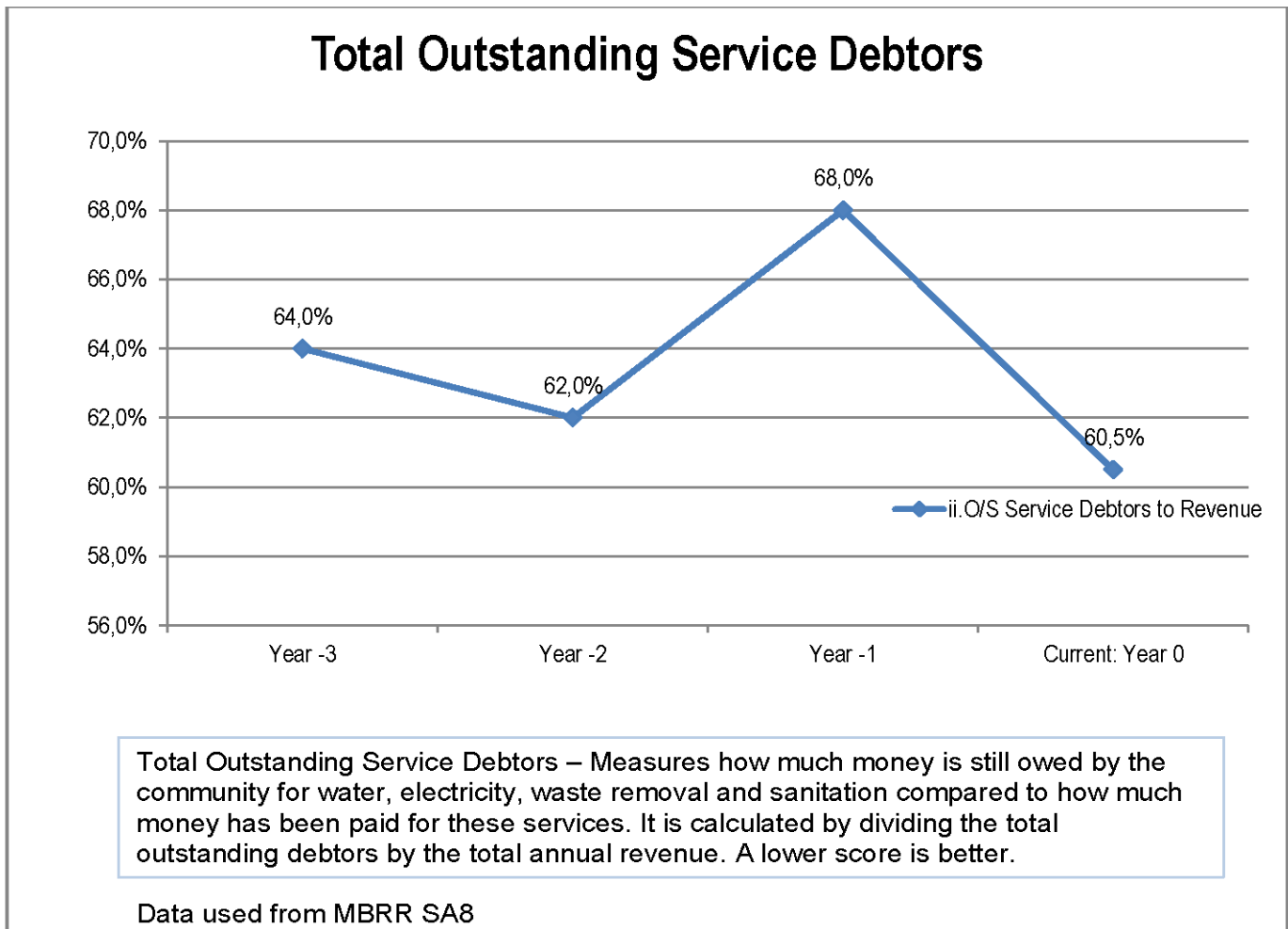


T 5.4.1

CHAPTER 5

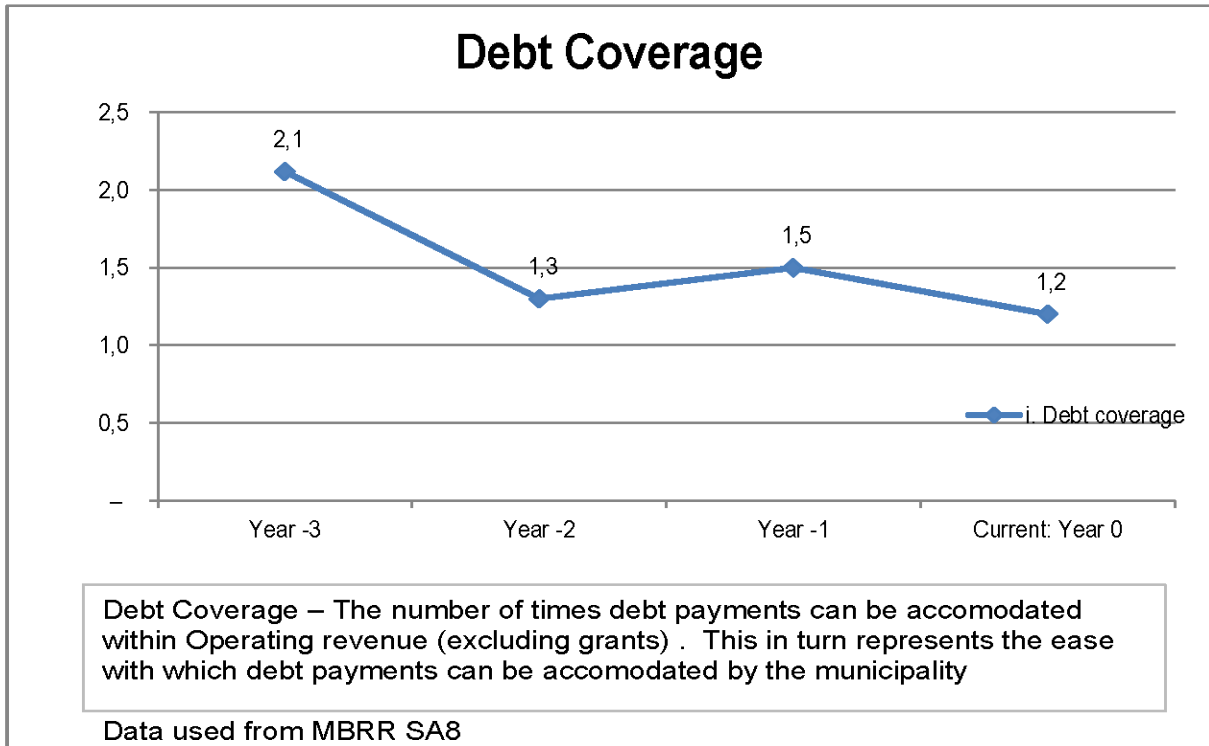


T 5.4.2

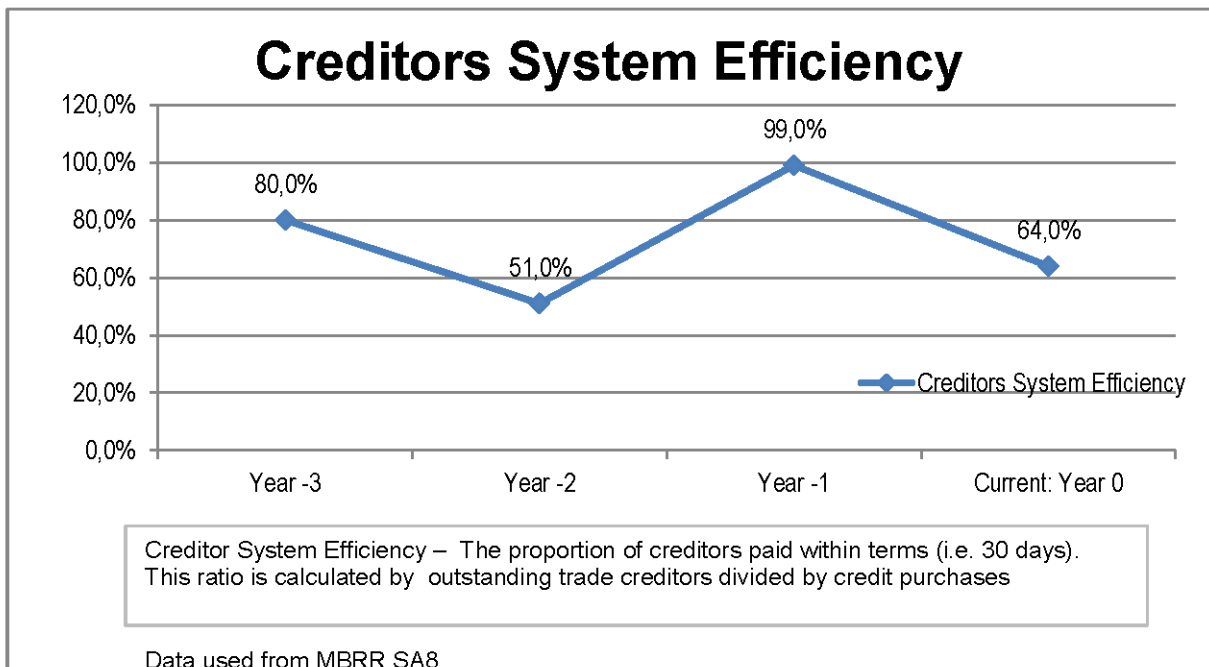


T 5.4.3

CHAPTER 5

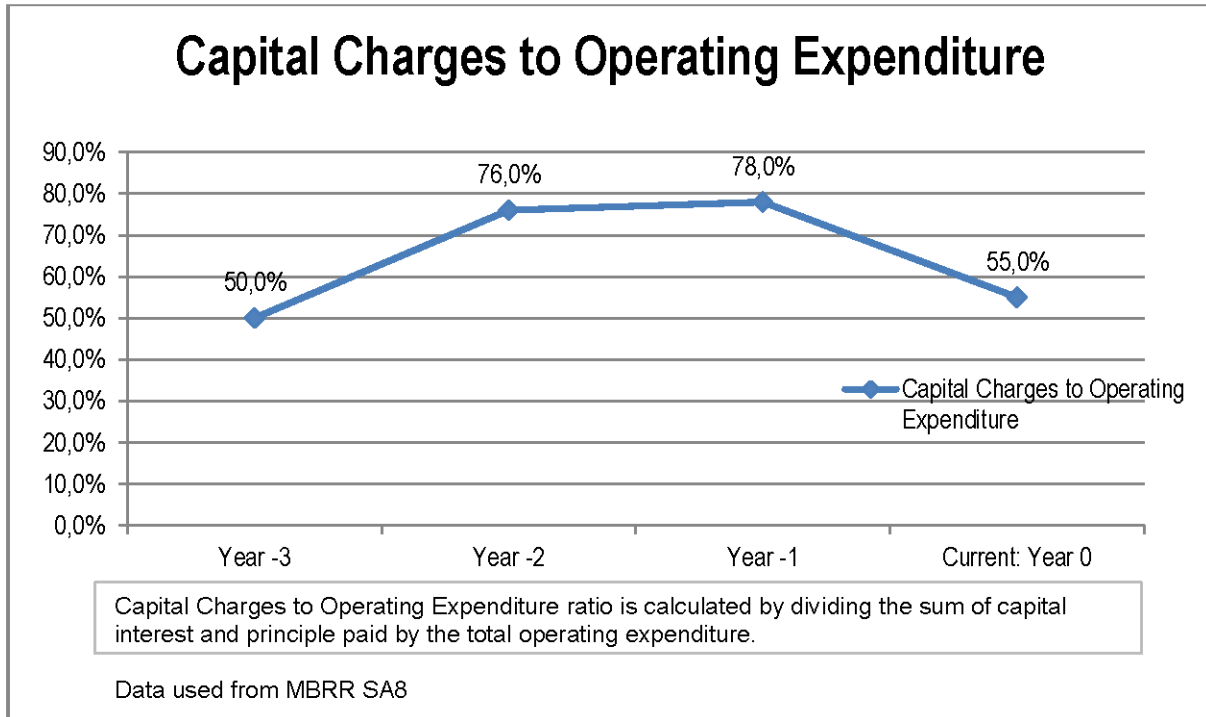


T 5.4.4

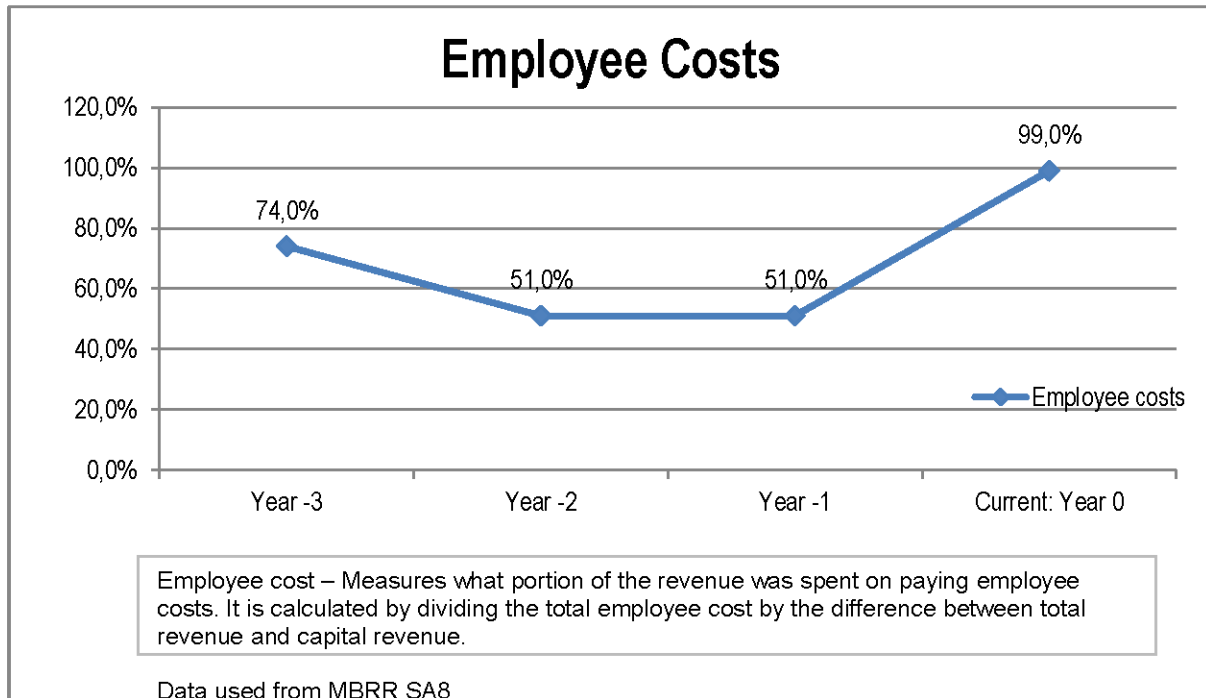


T 5.4.5

CHAPTER 5

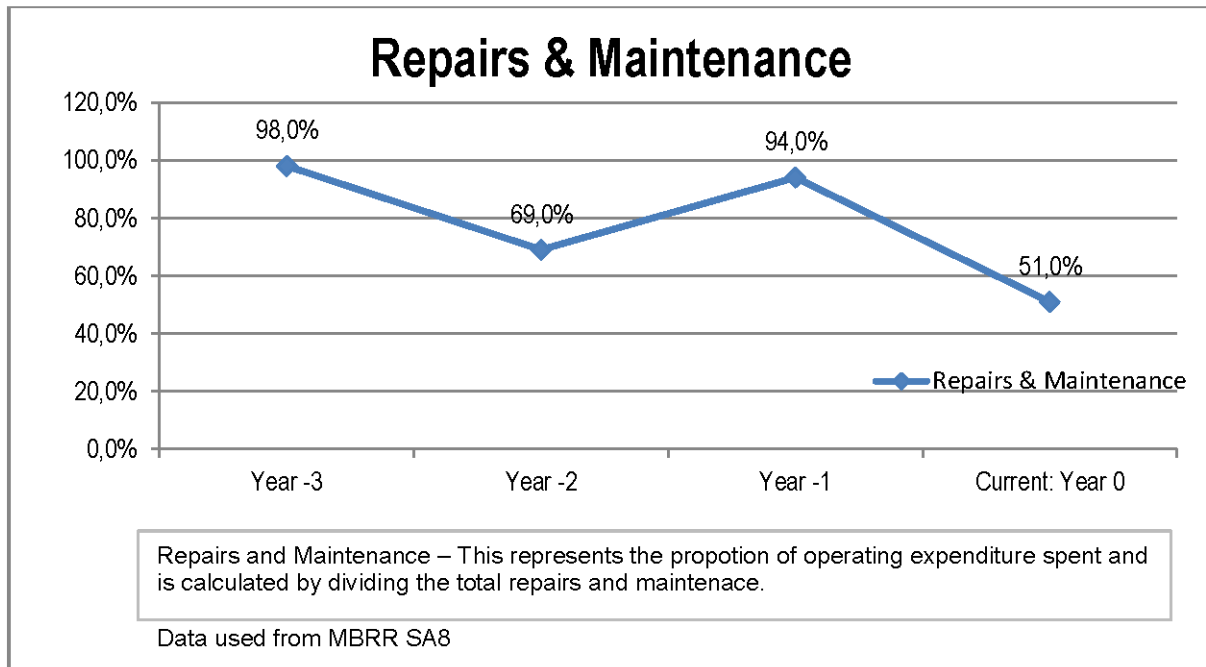


T 5.4.6



T 5.4.7

CHAPTER 5



T 5.4.8

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

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

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2017/18				
Asset 1				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
	2014//15	2015/16	2016/17	2017/18
Asset Value	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			
	2014//15	2015/16	2016/17	2017/18
Asset Value	R 5307829.93	NA	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			
	2014//15	2015/16	2016/17	2017/18
Asset Value	R 8 937 562.46	NA	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			
T 5.3.2				

CHAPTER 5

COMMENT ON CAPITAL PROJECTS:

Capital projects are implemented through Municipal Infrastructure Grant.

T 5.7.1.1

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 2018				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water				36%
Sanitation				36%
Electricity				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 2017/18 on Service backlogs						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adj Budget	
Infrastructure - Road transport						
Roads, Pavements & Bridges	17,719,234	-	15,265,247.08	86%	0%	None
Storm water	6,441,000	-	6,592,233.04	102%	0%	None
Infrastructure - Electricity						
25 highmast lights	6,642,222	0	5 837 735	88%	0%	None
Infrastructure – halls						
Community halls	18,000,000	14,062,192	8,728,041.85	48%	78%	None
Infrastructure – sports						
Sports Facilities	15,000,000		5,552,946.77	37%	%	None
Infrastructure – LED						
Economic Hubs	2,470,700		1,800,000	73%	%	None
Total	66,273,156	R14,062,192	43,776,203.74	66%	21%	None
						T 5.8.3

CHAPTER 5

COMMENT ON BACKLOGS:

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

T 5.8.4

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2017/18

Capital Programme by Project by Ward: 2017/18		
		R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)
Roads		
Construction of Kokomeng Access Road	Ward 23	Yes
Stormwater		
Construction of Mase Stormwater Channel	Ward 3	Yes
Economic development		
Construction of 3 Economic Hubs		Yes (2 completed)
Community Halls		
Construction of Lokgabeng Community Hall	Ward 8	No
Construction of Qhoo Community Hall	Ward 1	No
Construction of Tlapeng 2 Community Hall	Ward 28	No

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

CHAPTER 5

5.9 CASH FLOW

Cash Flow Statement to be included once the AFS audited

COMMENT ON CASH FLOW OUTCOMES:

No borrowings

T 5.9.1.1

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.

CHAPTER 5

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.
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



CHAPTER 6

AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The 2017/18 Financial Statements and 2017/18 Annual Performance Report were submitted to the Auditor General on 31 August 2018, as per legislative requirement.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2017/18

6.1 AUDITOR GENERAL REPORTS 2016/17 (PREVIOUS YEAR)

CHAPTER 6

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
<p>Quotation Process Non-Compliance & Irregular Expenditure 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 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. 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 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 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>

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<p>Indigent Subsidy understate 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>	<p>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.</p>
<p>Indigent subsidies not correct The following application forms for indigents were not handled correctly: 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</p>	<p>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>
<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>	<p>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 2016/17 year the difference of R156 705.03 will be shown as prior period error.</p>
<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>	<p>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>
<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>	<p>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>
<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>	<p>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>

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<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.
<p>Property rates - error in recalculation 1. When recalculating a sample of property rates, the difference of 2,785,858.41 was noted. 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 1. The municipality did not calculate a present value of the future cash flows to determine the recoverable amount. 2. Furthermore, other errors in principle in the calculation were identified. 3. There is a difference between the recalculated provision (as per GRAP 104) and</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.

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<p>that disclosed in the AFS. 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>	
<p>PAYE not calculated and paid over on correct tax rates *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. *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 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>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: *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.</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</p>

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	projects that are still going to be paid, as the projects would not yet be finished.
PRIOR PERIOD ERROR Prior period error (disclosure note 42)	*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.
Journals - Limitation of scope 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. 2. Journal 10000365 No supporting documentation provided. Assets will be overstated by R2,362,836.68 and retention with the same amount. 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.	*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. 1. JNL 10000318: The difference was immaterial. No action needed. 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. 3.JNL10000377 & 10000378: Refer to Ex.22
CASH & CASH EQUIVALENTS Petty Cash Control issues 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.	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.
VAT Turnover reconciliation difference We identified that not all the Municipality's income was declared on the VAT201 returns	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.
VAT Value Added Tax - Incorrect Apportionment 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.	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.
CASH & CASH EQUIVALENTS Bank accounts disclosed in AFS 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).	Regular intervention with bank to be done to ensure that they send supporting documentation for all bank accounts.

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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 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>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>
<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</p>	<p>To ensure completeness, spot checks on assets will be done on a quarterly basis and traced to the asset register.</p>

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<p>register. The asset seems to be in a working condition.</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 <ol style="list-style-type: none"> 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 register to the amount R34,624.80. </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 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. 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). *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 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) *Recalculated = (51,849,140.00). Difference of R194,201.00.</p>	<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.</p>

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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>	<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.</p>
<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 Chiefscourt 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 Seoding 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 Seoding 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 Chiefscourt 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</p>	<p>1. Rental agreement for unit 415 to be obtained and filed to ensure that exception is resolved in the next audit.</p> <p>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,</p>

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<p>outstanding: (rental agreement for unit 415)</p>	<p>0601/0705. The support will also be filed for monthly rental reconciliations performed.</p>
<p>IT Manager: Position vacant 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 During the inspection of the Road Maintenance Plan the following was noted: 1. The meters of road as per the asset 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 2. The municipality does not have a priority list that is also included in the Roads Maintenance Plan</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: Infrastructure and the CFO.</p>
<p>Internal Control weaknesses 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. 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. 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. 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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COMPONENT B:

AUDITOR-GENERAL OPINION 2017/18 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2017/18

Status of audit report:	Qualified
Non-Compliance Issues	Remedial Action Taken
<p>Retentions could not be agreed to supporting documentation. 1. The retention listing states an amount of R12 119 246, while the financial statements indicates an amount of R11 882 363. Unexplained difference of R236 882.63. 2. Differences between the retentions listing and the retention certificates and no supporting documents i.e. retention certificates not submitted for audit.</p> <p>No supporting docs *Dry harts community hall *Molelema Stormwater *Bus & taxi rank *N18 circle *Urban registered open space *Rietfontein access road *Lokaleng access road *Urban reg round</p> <p>Differences *Chiefs court bridge *Madipelesa Channel *Taung taxi rank *High mast programme *Matlhako access road *Kokomeng access road *Qhoo Community hall *Highmast lights in various wards *Sports facilities *N18 traffic circle *Matlhako community hall *Majeakgoro storm</p> <p>3. None of the retention amounts could be traced to the general ledger, as only consolidated journals were processed to general ledger accounts.</p>	<ol style="list-style-type: none"> Each retention will be recorded individually in order to be traced to the general ledger. Retention list will be updated and reconciled monthly to the general ledger and such reconciliations will be reviewed and signed by the Acting CFO. At year end, the retentions list will be reconciled against the annual financial statements. PMU manager will inspect the retention certificates to ensure that they agree to the amounts recorded in the commitments register. Internal audit will perform quarterly reviews on the retentions list against the general ledger, commitments register and supporting documents. To be restated during compilation of the annual financial statements.
<p>Commitments incorrectly stated 1. Differences were noted on capital and operational commitments respectively: *Commitments per register amounted to R40 711 646,60. *Commitments per auditor's recalculation = R29 938 470. Consequently, disclosure note 32 for capital commitment was overstated by R10 773176.</p>	<ol style="list-style-type: none"> The PMU Manager will include consistent and correct excel formulas in the commitment register to ensure that the total commitments amount is calculated correctly. The PMU Manager will ensure that only active projects (projects which are still in progress) are completed included in the commitments register. The Acting CFO will review the commitments register against the contract register on a quarterly basis to ensure accuracy of the commitments balance and completeness of the register. Furthermore, all directors will review the commitments register on a monthly basis to ensure accuracy and completeness of the register with regards to contracts/projects applicable to their respective departments. To be restated during compilation of the annual financial statements.
<p>Commitments register is incomplete 1. Both the capital and operational commitments register is incomplete. The following sample contracts that were still on-going at 30 June 2018 could not be traced to the commitments listing balance, Consequently, commitments are understated by R32 972 214. The following contracts were identified; *Design Planning and monitoring of Construction of Cokonyane access road *Insurance of municipal assets *Supply, delivery, installation and maintenance of printing and company machine for 36 months period *Anti Virus for 3 years *Provision of office space for 3years. *Security services.</p>	<ol style="list-style-type: none"> PMU Manager will ensure that all the omitted contracts listed on this finding are included in the commitments register. The commitments register will be updated monthly and reconciled to the contract register at year end. Such reconciliation will be reviewed by the acting CFO to ensure accuracy and completeness of both registers. Furthermore, all directors will review the commitments register on a monthly basis to ensure accuracy and completeness of the register with regards to contracts/projects applicable to their respective departments. Contracts whose amounts cannot be determined at Nil will be included in the commitments register, with a comment noting such for completeness & tracking purposes. To be restated during compilation of the annual financial statements.

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<p>DEBTORS Limitation of Scope During the audit of accounts receivables, we were not provided with supporting documentation to support the existence of the following debtors; (list of debtors on pg. 27 of the management letter). This may result to invalid debtors being recognised in the financial statements. The gross debtors balance may be overstated by R22 661 222.50 (projected value of R65 775 358) and accumulated surplus may be overstated by the same amount.</p>	<ol style="list-style-type: none"> 1. Data cleansing and verification of each individual debtor's account on the system. 2. The Revenue Manager will ensure that warning letters are consistently sent to all non-paying debtors identified during the verification process. 3. All non-paying debtors that do not pay their debts or fail to make payment arrangements with the municipality will be handed over to debt collectors. 4. Portfolio of evidence for the above stated process will be kept in a file for audit purposes.
<p>Provision for doubtful debt Misstatement 1. We tested the provision for bad debts calculation against the requirements of GRAP 104 and the assumptions by management and identified errors in the calculation. As such, we have recalculated the provision by correcting the errors in the spreadsheet and the following differences were noted: *2016/17 provision for doubtful debt: Municipality's calculation = R51,660,384.00 and the Auditor's recalculation = R62,314,651.38 (Misstatement on the face of the statement of financial position and the allowance for doubtful debt disclosed in note are misstated by R10,654,267.38). *2017/18 provision for doubtful debt: Municipality's calculation = R59,146,679.98 the Auditor's recalculation = R75,637,459.61 (Misstatement on the face of the statement of financial position and the allowance for doubtful debt disclosed in note are misstated by R16,490,779.63). 2. The movement in the allowance for impairment disclosed in the face of the statement of financial performance is understated by 5 836 512.12 in the 2017/2018 financial year and by 10,654,267.38 in the 2016/2017.</p>	<ol style="list-style-type: none"> 1. The Revenue Manager will ensure that the following is taken into account when calculating provision for bad debts; <ul style="list-style-type: none"> *The interest rate that will be used in discounting the present value of future cash flows will be divided in 365 (period of discount). *The expected repayment term will be calculated and used to discount the future cashflows. *The correct formulae, as used by the AG during the audit will be used to calculate the present value of future cash flow. *Overall, Management will utilize the AG's recalculation workbook as a guide in calculating 2018/19 provision for bad debt. *To be restated during compilation of the annual financial statements.
<p>1. We tested the provision for bad debts calculation against the requirements of GRAP 104 and the assumptions by management and identified errors in the calculation. As such, we have recalculated the provision by correcting the errors in the spreadsheet and the following differences were noted: *2016/17 provision for doubtful debt: Municipality's calculation = R51,660,384.00 and the Auditor's recalculation = R62,314,651.38 (Misstatement on the face of the statement of financial position and the allowance for doubtful debt disclosed in note are misstated by R10,654,267.38). *2017/18 provision for doubtful debt: Municipality's calculation = R59,146,679.98 the Auditor's recalculation = R75,637,459.61 (Misstatement on the face of the statement of financial position and the allowance for doubtful debt disclosed in note are misstated by R16,490,779.63). 2. The movement in the allowance for impairment disclosed in the face of the statement of financial performance is understated by 5 836 512.12 in the 2017/2018 financial year and by 10,654,267.38 in the 2016/2017.</p>	<ol style="list-style-type: none"> 1. The Revenue Manager will ensure that the following is taken into account when calculating provision for bad debts; <ul style="list-style-type: none"> *The interest rate that will be used in discounting the present value of future cash flows will be divided in 365 (period of discount). *The expected repayment term will be calculated and used to discount the future cash flows. *The correct formulae, as used by the AG during the audit will be used to calculate the present value of future cash flow. *Overall, Management will utilize the AG's recalculation workbook as a guide in calculating 2018/19 provision for bad debt. *To be restated during compilation of the annual financial statements.
<p>PROPERTY RATES Total property market values per Sebata system do not agree to total property values per the valuation rolls We have compared the total property values per Sebata system to the total property values per municipal valuation rolls and noted a difference of R9 102 673,00 as outlined below:</p>	<ol style="list-style-type: none"> 1. Revenue Manager to perform monthly reconciliation between the property values in the Sebata system and the property values in the valuation rolls, where differences were identified, investigations will be done and differences will be resolved. 2. The acting CFO will review the monthly reconciliations. 3. Revenue Manager to compare the list of properties loaded on Sebata system against the municipal valuation

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<p>*Valuation per sebata system amounts to R40 181 42 314,00 *Valuation per valuation roll amounts to R41 09 169 044,00.</p>	<p>roll to ensure that all properties from which property rates are to be charged have been recorded on the system. 4. Standard operating procedure to be developed by PMS. The SOP will outline a step by step process of capturing of property market values and approval thereof (taking into account controls on the system in use i.e. trial runs). 5. To be restated during compilation of the annual financial statements.</p>
<p>Total revenue from property rates per Sebata system do not agree to the amount per the financial statements We have compared the total revenue from property rates per the Sebata system to the revenue presented in the financial statements and noted a difference of R2 266 242,72. *Total property rates levied for the year per the Sebata system = R42 432 178, 72. *Total property rates as per 2017/18 financial statements = R40 165 93 00. Revenue from property rates presented in the financial statements is understated by R2 266243 and non-exchange debtors are understated by the same amount. R2 266 242, 72.</p>	<p>1. Revenue Manager to perform monthly rates reconciliation. 2. At year end, the Revenue Manager will perform reconciliation between the property rates billed per the Sebata system and the property rates revenue amount presented and disclosed in the financial statements. 2. Standard operating procedure to be developed by PMS. The SOP will outline a step by step process of capturing of property rates and approval thereof (taking into account controls on the system in use i.e. trial runs). 3. To be restated during compilation of the annual financial statements.</p>
<p>EXPENSES Prior period error In the previous year, the municipality incorrectly accounted for expenses, resulting in the depreciation and amortisation expense being overstated by R6 396 317, general expenses being overstated by R2 831 029, the retentions included in payables from exchange transaction being overstated by R2 362 837 and property, plant and equipment being understated by R468 193.</p>	<p>During the interim reporting stage, Asset manager, AFS drafters and CFO to reverse all these journals that were in correctly passed on Caseware in the 2016/17 FY and recapture them as intended. The journals are for reallocation/ reclassification between PPE componets/ asset types. Original journal is as follows:</p> <p>Dr Land & Building Accum Depn R 6 396 317 Cr Infrastructure Accum Depn R 6 396 317</p>
<p>STATEMENT OF COMPARISON BUDGET AND ACTUAL AMOUNTS 1.The 'Adjustment Column' on the face of the Budgeted Statement of Financial Position was misstated, i.e. all amounts should be Nil. 2. No note was included in the AFS disclosing explanations for variance between budgeted & actual amounts. 3. No note was included in the AFS disclosing whether changes between the approved and final budget are a consequence of reallocations within the budget, or of other factors. 4. Finance cost on the budget vs actual disclosure is reflected as R2 763 169 while on the statement of financial performance it is reflected as R1 517 325, therefore misstated by R1 245 840.</p>	<p>1. The acting CFO to ensure that the statement of comparison budget and actual amounts for 2018/19 comprises of explanations for variance between budgeted & actual amounts and a note disclosing whether changes between the approved and final budget are a consequence of reallocations within the budget, or of other factors. 2. The acting CFO to review 2018/19 annual financial statements to ensure that they comply with all GRAP requirements. 3. The acting CFO to ensure that 2017/18 AFS are timeously prepared to allow adequate reviewing processes by IA, PT and the Audit & Performance Committee in order to provide assurance on the completeness and accuracy of AFS. 4. Misstatement of R1 245 840 to be restated during compilation of the AFS.</p>
<p>CASHFLOW STATEMENT Differences on recalculation of Cash flows During the audit of cash flows, the cash paid to suppliers and purchase of property, plant and equipment amounts could not be recalculated successfully and the reason being could not be determined; and the proceeds from sale of property, plant and equipment was recorded as an outflow of cash instead of an inflow of cash. Difference of R316,572.00.</p>	<p>1. Quarterly monitoring of service providers. 2. The acting CFO to ensure that 2017/18 AFS are timeously prepared to allow adequate reviewing processes by IA, PT and the Audit & Performance Committee. 3. The CFO to perform recalculations during the review of the 2018/19 cash flow statement (as part of the AFS). 4. To be restated at year end.</p>

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Auditor-General Report on Service Delivery Performance: 2017/18	
Status of audit report**:	Unqualified
Non-Compliance Issues	Remedial Action Taken
<p>Measures taken to improve performance are not disclosed in the APR</p> <p>Measures taken to improve performance are not disclosed in the APR for the following indicators:</p> <p>1) Number of Grader Caravans procured by end March 2018</p> <p>2) Number of speed humps constructed at Mokgareng Cokonyane, Manthe and Pudimoe by end March 2018.</p>	<p>1. On a quarterly basis, the PMS Manager ensures that managers provide measures for improving performance where targets are not met.</p> <p>2. Internal Audit further raises findings where no measures to improve performance are reported.</p> <p>3. At year end (during compilation of the APR), the PMS Manager will ensure that measures taken to improve performance are reported for all targets not met and Internal Audit and the AC will review the APR for completeness.</p>

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AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2017/18



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 audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Greater Taung Local Municipality set out on pages 147 to 266, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amount 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 2018, 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, 2017 (Act No. 3 of 2017) (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 for 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 R16 490 780 (2017: R10 654 267). 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 of R10 749 764 (2017: R10 779 069) and non-exchange transactions of R12 780 944 (2017: R12 267 829) as disclosed in notes 4, 5 and 6 to the financial statements were necessary.

Payables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for retentions included in payables from exchange transactions as the municipality did not have an adequate system of internal control to account for these retentions and did not keep proper records. I was unable to confirm these retentions by alternative means. Consequently, I was unable to determine whether any adjustment relating to payables from exchange transactions of R35 457 104 as disclosed in note 13 to the financial statements was necessary.

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Property rates

5. I was unable to obtain sufficient appropriate audit evidence for revenue from property rates due to a lack of proper accounting records including reconciliations maintained by the municipality. In addition, revenue from property rates was understated by R1 420 017 (2017: R25 366 843) due to differences between the property values as per the approved valuation roll and the property values used for billing. There was a resultant impact on receivables from non-exchange transactions, the surplus for the year and the accumulated surplus. I was unable to confirm this revenue by alternative means. Consequently, I was unable to determine whether any further adjustment relating to property rates of R40 165 936 as disclosed in note 21 to the financial statements was necessary.

Other income

6. I was unable to obtain sufficient appropriate audit evidence for an adjustment to the corresponding figure for other income included in revenue from exchange transactions due to a lack of any supporting documentation for this adjustment. I was unable to confirm this adjustment by alternative means. Consequently, I was unable to determine whether any adjustment relating to the corresponding figure for other income included in revenue from exchange transactions of R8 845 586 as disclosed in note 42 to the financial statements was necessary.

Expenses

7. During 2017, the municipality did not correctly account for expenses resulting in the depreciation and amortisation expense being overstated by R6 396 317, general expenses being overstated by R2 831 029, the retentions included in payables from exchange transaction being overstated by R2 362 837 and property, plant and equipment being understated by R468 193. There was a resultant impact on the surplus for the year and the accumulated surplus. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. As these misstatements have not been corrected, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Statement of comparison of budget and actual amounts

8. GRAP 24, Presentation of budget information in the financial statements requires disclosure of the explanation of material differences between the budget and actual amounts. No explanations were included in the statement of comparison of budget and actual amounts. I was unable to quantify the full extent of the omitted disclosure as it was impracticable to do so.

Cash flow statement

9. The municipality did not correctly calculate the items included in the net cash flows from operating activities or investing activities in the cash flow statement in accordance with GRAP 2, Cash flow statements. Due to the status of the accounting records, I was unable to quantify the resultant misstatements to the net cash flows from operating and investing activities in the cash flow statements or the notes thereto as it was impracticable to do so.

Commitments

10. The municipality did not correctly disclose contractual commitments for the acquisition of property, plant and equipment as required by GRAP 17, Property, plant and equipment resulting in capital commitments as disclosed in note 32 to the financial statements being overstated by R10 773 176. In addition, the municipality included operational commitments in the disclosure. These operational commitments disclosed in note 32 was understated by R26 917 934 due to the commitment register not being reconciled to the contract register.

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Context for the opinion

11. 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 this auditor's report.
12. I am independent of the Greater Taung Local Municipality in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
13. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Restatement of corresponding figures

15. As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2017 were restated because of errors in the financial statements of the municipality at, and for the year ended, 30 June 2018. Unauthorised, irregular and fruitless and wasteful expenditure
16. As disclosed in note 47 to the financial statements unauthorised expenditure of R30 986 256 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.
17. As disclosed in note 36 to the financial statements, irregular expenditure of R22 799 458 was incurred in the current year and irregular expenditure of R179 071 580 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.
18. As disclosed in note 35 to the financial statements, fruitless and wasteful expenditure to the amount of R919 033 was incurred in the current year and fruitless and wasteful expenditure of R1 508 934 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.

Other matters

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

Unaudited disclosure notes

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

Unaudited disclosure notes

21. The supplementary information set out on pages 36 to 44 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

22. 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.
23. 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.

Responsibilities of the accounting officer for the financial statements

22. 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.
23. 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.

Report on the audit of the annual performance report

Introduction and scope

26. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
27. 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 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.
28. 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 key performance areas presented in the annual performance report of the municipality for the year ended 30 June 2018:

Key performance areas	Pages in the annual performance report
KPA 1: Basic services and infrastructure development	79 - 85
KPA 3: Local economic development	86 - 87

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29. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

KPA1: Basic services and infrastructure development

30. I did not raise any material findings on the usefulness and reliability of the reported performance information for this key performance area.

KPA3: Local economic development

31. I did not raise any material findings on the usefulness and reliability of the reported performance information for this key performance area.

Other matters

32. I draw attention to the matters below.

Achievement of planned targets

33. Refer to the annual performance report on pages 79 to 89 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

34. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 1: Basic services and infrastructure development. As management subsequently corrected the misstatements, I did not report any material findings on the usefulness and reliability of the reported performance information.

Report on audit of compliance with legislation

Introduction and scope

35. 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.
36. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements and performance report

37. 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 and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

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Expenditure management

38. Effective steps were not taken to prevent irregular expenditure of R22 799 458 as disclosed in note 36 to the financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by not following competitive bidding processes and not submitting declaration of interests. Irregular expenditure of R1 551 289 was incurred on the key projects for Qhoo, Lokgabeng and Matlapeng community halls and the Matlhako access road.
39. Effective steps were not taken to prevent fruitless and wasteful expenditure of R919 033, as disclosed in note 35 to the financial statements, in required by section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was as a result of interest and penalties paid to suppliers.
40. Reasonable steps were not taken to prevent unauthorised expenditure of R117 045 in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by spending in excess of the approved budget on the EPWP Grant.

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.

Procurement and contract management

42. 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
43. 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).
44. Some of the contracts were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the key projects of Construction of Kokomeng Access Road, Construction of Mase Stormwater and Construction of Lokgabeng Community Hall.

Other information

45. 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.
46. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon

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47. 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.
48. 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.

Internal control deficiencies

49. 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:
- Leadership did not adequately exercise appropriate oversight over financial and compliance monitoring and related internal controls, which led to matters being repeatedly raised from the prior year to the current year.
 - Despite having approved policies in place, this has not made a significant impact on the municipality due to the high vacancy rate at senior management level.
 - Management's internal controls and processes over the preparation and presentation of financial statements was not adequate to ensure that the financial statements was free from material misstatements.
 - The non-compliance with laws and regulations could have been prevented had compliance been properly reviewed and monitored and control measures implemented during the financial year.
 - Despite the fact that the audit committee was in place during the year, the governance structure could not succeed in addressing the prior year qualifications and internal control issues that resulted in repeat qualification areas in the current year. Furthermore, the internal audit interventions did not strengthen the controls over the areas of qualifications with the work that was executed during the year.

AUDITOR GENERAL

Potchefstroom
30 November 2018



CHAPTER 6

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 key performance areas 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.
 - 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 Greater Taung Local Municipality'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 where applicable, related safeguards.

T 6.2.3

CHAPTER 6

COMMENTS ON AUDITOR-GENERAL'S OPINION 2017/2018

Greater Taung Local Municipality has again received a qualified audit opinion for the 2017/18 financial year.

The municipality was qualified on :

- Retentions
- CommitmentsOther Income
- Debtors
- Property rates
- Expenditure
- Statement of comparison budget and actual amounts
- Cash flow statement.

In total, 51 findings were reported in the final management report. In comparison to the previous financial year, the number of qualified areas have increased. In pursuit of addressing all the findings raised by the Auditor General during 2017/18 audit, management has again developed a comprehensive audit action plan that has been reviewed by the Auditor General and Audit & Performance Committee 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 improving its audit opinion.

T 6.2.5



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 Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “ <i>what we use to do the work</i> ”. 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

GLOSSARY

	<ul style="list-style-type: none"> • 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.
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

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			%	%
Clr Nyoko Motlhabane	Full Time	Mayor	PR	98%	2%
Clr Ebusang Tladi	Full Time	Speaker	Ward	100%	0%
Clr Joyce Malepe	Full Time	Whip / Corporate Governance	Ward	99%	1%
Clr Mothohela Motshabi	Part Time	Infrastructure & HS	Ward	97%	3%
Clr Masego Lepedi	Part Time	Finance	Ward	97%	3%
Clr Mosiemang Babuseng	Part Time	ICT / Planning	Ward	99%	1%
Clr Tumisang Gaoraelwe	Part Time	ICT	Ward	100%	0%
Clr Oageng Seleke	Full Time	MPAC Chairperson	Ward	100%	0%
Clr Dithogako G Totong	Part Time	MPAC	Ward	97%	3%
Clr Boitumelo Sedupane	Part Time	Corporate Governance	Ward	100%	3%
Clr Nosi Ntasi	Full Time	EXCO / Finance	Ward	97%	3%
Clr Tladinyane Pitso	Part Time	Community Service & LED	Ward	100%	0%
Clr Obakeng Balebanye	Part Time	Infrastructure & HS	Ward	99%	1%
Clr Otsile Mongale	Part Time	Corporate Governance	Ward	94%	6%
Clr Thapelo Matshwe	Part Time	MPAC	Ward	99%	1%
Clr Itumeleng Maribe	Part Time	Planning	Ward	96%	4%
Clr Keamogetse Moipolai	Full Time	EXCO / Corporate Gov.	Ward	97%	3%
Clr Lekgotla Menyatso	Full Time	EXCO / Community Services		94%	6%
Clr Keabetswe Mocumi	Part Time	Planning	Ward	94%	6%
Clr Kegomoditswe Sebolai	Part Time	Corporate Governance	Ward	98%	2%
Clr Tdoki thaganyane	Part Time	ICT	Ward	98%	2%
Clr Lopang Tokwe	Part Time	ICT	Ward	100%	0%
Clr Gaesite Gaobusiwe	Part Time	MPAC	Ward	100%	0%
Clr Masego Ncweng	Part Time	Community Services & LED	Ward	98%	2%
Clr Martinus Leshoe	Part Time	Infrastructure & HS	Ward	98%	2%
Clr Matlhomola Mokgobo	Part Time	ICT	Ward	99%	1%
Clr Kegomoditswe De Koker	Part Time	MPAC	PR	99%	1%
Clr Gaolathwe Tshipo	Part Time	MPAC	PR	96%	4%
Clr Moreotsile Olifant	Part Time	Finance	PR	98%	2%
Clr Tebogo Morweng	Part Time	Infrastructure & HS	PR	98%	2%
Clr Lebogang Gaoboihe	Full Time	EXCO / Community Services	PR	99%	1%
Clr Boitumelo Gezane	Part Time	MPAC	PR	95%	5%
Clr Kegomoditswe Mamapula	Part Time	Finance	PR	94%	6%

APPENDICES

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 Semedo	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 have been allocated to different wards to assist the ward councillors*

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APPENDICES

Executive Committee Meetings				
Executive Committee Members	Total No of Meetings held	Attendance	Non attendance	
			With apology	Without apology
Cllr Nyoko Motlhabane (Mayor)	13	13	-	-
Cllr Grace Moipolai		11	1	1
Cllr Lebogang Gaoboihe		11	1	1
Cllr Lekgotla Menyatso		13	-	-
Cllr Nosi Ntasi		10	1	2
Cllr Rodger Mongale		8	2	3
Cllr Dipuo Itumeleng	3 since Cllr Montwedi left the council	3	-	-

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 & Development 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. Mphiwa Chuene (Acting)
Corporate Services	Mr. Pholo Pholo
Land Use Planning And Human Settlements	Mrs. Beauty Tlholagae (Acting)
Community Social Services	Mrs. Tshepang Baloyi
Infrastructure	Mr. Matenyane Keohithetse (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
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

T D

APPENDICES

APPENDIX E – WARD REPORTING

No.	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
24		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>					T.F.2

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2017/18

Recommendations on Annual Performance Report (Component K)

- Management should ensure that all reported indicators in the achievement of predetermined objectives section of the Annual Report are supported by auditable Portfolios of Evidence.
- For all reported deviations, the reasons advanced for such deviations must be supported by auditable evidence.

Overall Recommendation

- The APC recommended that the final annual financial statements and draft annual report be submitted to the AGSA for audit by 31 August 2018, subject to implementation of the Committee's review notes as submitted to the consultants (AFS compilers) on the 29th of August 2018.

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

None

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

None

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

APPENDICES

Disclosures of Financial Interests		
Period 1 July to 30 June of 2018 (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
MMC Planning	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
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 Nweng	Tshwaragano Trading Enterprise
Councillor	Cllr Martinus Leshoe	Tau Thusa Enterprise
Councillor	Cllr Mothohela Motshabi	Babelegile Projects
Councillor	Cllr Mosiemang Babuseng	1. Boipelo and Lorato Concruction and Projects 2. Keineetse Services
Councillor	Cllr Tumisang Gaoraelwe	1. Creative Puzzles (PTY) LTD 2. Tumisang Tebogo Trading and Projects
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 Gasetlwe	1. Ketapele Trading Projects 2. Bosele Co-Operative Farming Pivot
Municipal Manager		1. Bone Lwaabo Properties 2. La Pater Café – Mompoti Gabanagosi (Brother) 3. Gabana Supplier Services (T Ganakgosi – Wife)
Chief Financial Officer	Martin Vermaak	Nil
Infrastructure	Matenyana Keohitlhetse	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

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APPENDICES

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

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2017/18

Capital Programme by Project by Ward: 2017/18		
		R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)
Roads		
Construction of Kokomeng Access Road	Ward 23	Yes
Stormwater		
Construction of Mase Stormwater Channel	Ward 3	Yes
Economic development		
Construction of Economic Hubs		
Community Halls		
Construction of Lokgabeng Community Hall	Ward 8	No
Construction of Qhoo Community Hall	Ward 1	No
Construction of Tlapeng 2 Community Hall	Ward 28	No

APPENDICES

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

GREATER TAUNG

LOCAL MUNICIPALITY



**VOLUME II:
ANNUAL FINANCIAL
STATEMENT**

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

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)
Capacity of local authority	High capacity
Mayoral committee	
Executive Mayor	Mothabane NC
Speaker	Tladi EH
Chief Whip	Malepe J
MPAC Chairperson	Seleke OR
Executive Committee Members	Gaoboibe LJ Menyatso L Moipolai KG Mongale RA Montwedi MK Ntasi NE
Councillors not on EXCO	Babuseng MC Balebanye OJ De Koker KS Diphoko GS Gaobusiwe GW Gaoraelwe TR Gasetlolwe FC Gezane BG Itumeleng DA Lepedi MC Leshoe MF Maila LE Mamapula KL Maribe IN Matshwe T Matuane JA Mmokwa M Mocumi KB Mokgobo MR Molale OV Morweng TS Mosinkiemang MV Motshibedi SD Motshabi MI Ncweng ME Olifant MKI Pitso JT Ratake MJ Sebe TP Selbolai KL Sedupane BJ Seemelo HD Seisho KG Tlhaganyane T Tokwe LC Totong DG Tshipo GJ
Grading of local authority	Grade 3 local municipality

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

General Information

Chief Finance Officer (CFO)	Vermaak MP
Accounting Officer	Gabanakgosi KT
Registered office	Municipal Offices Station Street Taung 8580
Business address	Municipal Offices Station Street Taung 8580
Postal address	Private Bag X1048 Taung Station 8580
Municipal demarcation code	NW394
Bankers	ABSA Bank (Primary) First National Bank Nedbank Limited Standard Bank of South Africa
Auditors	Auditor General of South Africa
Attorneys	Bojosinyane Attomeys Du Plessis ViViers Inc Kgomo Attorneys Inc Mokhetle Attorneys Inc Shuping Attorneys

VOLUME II

Greater Taung Local Municipality

Annual Financial Statement for the year ended June 2018

Index

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

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Statement of Financial Performance	169
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Cash Flow Statement	171
Statement of Comparison of Budget and Actual Amount	172 - 175
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FMG	Local Government Financial Management Grant
GRAP	Generally Recognised Accounting Practice
MEC	Member of Executive Council
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal System Improvement Grant
PAYE	Pay as You Earn
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

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 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.

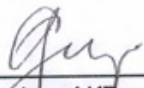
The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The Accounting Officer acknowledges that 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 pages 5 to 87, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2018.



Gabanakgosi KT
Accounting Officer

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2018.

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 83 200 863 (2017: surplus R 35 245 713).

2. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had accumulated surpluses of R 727 362 526 and that the municipality's total assets exceed its liabilities by R 727 362 526.

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

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	231 326 747	161 944 715
Receivables from exchange transactions	4&6	10 749 764	10 779 069
Receivables from non-exchange transactions	5&6	12 780 944	12 267 829
VAT receivable	7	4 072 578	7 573 891
Inventories	8	7 207 183	7 181 804
		266 137 216	199 747 308
Non-Current Assets			
Investment property	9	21 379 000	21 534 000
Property, plant and equipment	10	525 667 813	493 228 687
Intangible assets	11	645 015	645 015
		547 691 828	515 407 702
Total Assets		813 829 044	715 155 010
Liabilities			
Current Liabilities			
Finance lease obligation	12	639 435	523 267
Payables from exchange transactions	13	35 457 104	33 218 902
Consumer deposits	14	95 109	105 069
Employee benefit obligation	15	567 946	888 501
Unspent conditional grants and receipts	16	25 107 784	12 162 342
Provisions	17	(343 715)	1 556 074
		61 523 663	48 454 155
Non-Current Liabilities			
Finance lease obligation	12	599 559	1 171 686
Provisions	17	13 582 713	10 780 829
Employee benefit obligation	15	10 760 583	10 600 746
		24 942 855	22 553 261
Total Liabilities		86 466 518	71 007 416
Net Assets		727 362 526	644 147 594
Accumulated surplus		727 362 526	644 147 594

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	40	8 090 444	7 637 890
Rental of facilities and equipment	41	447 514	483 985
Other income	42	9 268 106	8 845 586
Investment income	20	18 000 662	14 479 043
Total revenue from exchange transactions		35 806 726	31 446 504
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	21	40 165 936	26 848 632
Property rates - penalties imposed	21	4 097 402	3 153 005
Transfer revenue			
Government grants and subsidies	22	223 428 560	212 824 288
Other income		65 805	100 112
Total revenue from non-exchange transactions		267 757 703	242 926 037
Total revenue	18	303 564 429	274 372 541
Expenditure			
Employee related costs	23	(74 819 353)	(72 956 147)
Remuneration of councillors	24	(18 092 424)	(15 652 732)
Depreciation and amortisation	25	(27 695 485)	(32 038 636)
Finance costs	43	(2 303 284)	(1 595 142)
Allowance for impairment		(8 356 186)	(33 393 656)
Collection costs		(5 472 056)	-
Repairs and maintenance		(13 877 554)	(14 184 742)
Bulk purchases	26	(3 289 204)	(3 301 956)
Contracted services	27	(17 865 413)	(17 250 364)
General expenses	28	(47 122 670)	(48 867 509)
Total expenditure		(218 893 629)	(239 240 884)
Operating surplus		84 670 800	35 131 657
Loss on disposal of property, plant and equipment		(2 665 199)	(476 712)
Actuarial gains / (losses)	15	1 195 262	512 846
Inventories losses/write-downs		-	77 922
		(1 469 937)	114 056
Surplus for the year		83 200 863	35 245 713

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2016	608 901 880	608 901 880
Changes in net assets		
Adjustment against profit - prior period error	(22 844 088)	(22 844 088)
Profit as previously reported	58 089 802	58 089 802
Net income (losses) recognised directly in net assets	35 245 714	35 245 714
Total recognised income and expenses for the year	35 245 714	35 245 714
Total changes	35 245 714	35 245 714
Restated* Balance at 01 July 2017	644 161 663	644 161 663
Changes in net assets		
Surplus for the year	83 200 863	83 200 863
Total changes	83 200 863	83 200 863
Balance at 30 June 2018	727 362 526	727 362 526

Note(s)

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Grants		236 439 807	222 572 112
Sale of goods and services		44 474 415	8 232 378
Other receipts		9 258 146	8 826 921
Interest income		18 000 662	14 479 043
		<u>308 173 030</u>	<u>254 110 454</u>
Payments			
Employee costs		(90 287 598)	(83 538 758)
Cash paid to suppliers and employees		179 284 509	(67 127 596)
Finance costs		(2 303 284)	(1 595 142)
		<u>86 693 627</u>	<u>(152 261 496)</u>
Net cash flows from operating activities	30	<u>394 866 657</u>	<u>101 848 958</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(323 340 346)	(57 913 814)
Proceeds from sale of property, plant and equipment	10	(1 688 318)	1 038 886
Purchase of other intangible assets	11	-	(421 024)
Net cash flows from investing activities		<u>(325 028 664)</u>	<u>(57 295 952)</u>
Cash flows from financing activities			
Finance lease payments		(455 959)	1 353 799
Net increase/(decrease) in cash and cash equivalents		69 382 034	45 906 805
Cash and cash equivalents at the beginning of the year		161 944 715	116 037 909
Cash and cash equivalents at the end of the year	3	<u>231 326 749</u>	<u>161 944 714</u>

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

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
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	9 839 000	(500 000)	9 339 000	8 090 444	(1 248 556)	
Rental of facilities and equipment	596 000	-	596 000	447 514	(148 486)	
Other income	2 164 000	-	2 164 000	9 268 106	7 104 106	
Interest received	12 641 000	5 000 000	17 641 000	18 000 662	359 662	
Gains on disposal of assets	-	500 000	500 000	-	(500 000)	
Total revenue from exchange transactions	25 240 000	5 000 000	30 240 000	35 806 726	5 566 726	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	31 500 000	5 000 000	36 500 000	40 165 936	3 665 936	
Property rates - penalties imposed	295 000	-	295 000	4 097 402	3 802 402	
Transfer revenue						
Government grants and subsidies	177 062 000	-	177 062 000	223 428 560	46 366 560	
Other revenue	-	-	-	65 805	65 805	
Total revenue from non-exchange transactions	208 857 000	5 000 000	213 857 000	267 757 703	53 900 703	
Total revenue	234 097 000	10 000 000	244 097 000	303 564 429	59 467 429	
Expenditure						
Employee related costs	(87 461 000)	-	(87 461 000)	(74 819 353)	12 641 647	
Remuneration of councillors	(19 392 000)	-	(19 392 000)	(18 092 424)	1 299 576	
Depreciation and amortisation	(27 452 000)	-	(27 452 000)	(27 695 485)	(243 485)	
Finance costs	(815 000)	-	(815 000)	(2 303 284)	(1 488 284)	
Debt Impairment	(8 000 000)	5 000 000	(3 000 000)	(8 356 186)	(5 356 186)	
Collection costs	-	-	-	(5 472 056)	(5 472 056)	
Repairs and maintenance	(19 050 000)	-	(19 050 000)	(13 877 554)	5 172 446	
Bulk purchases	(3 817 000)	-	(3 817 000)	(3 289 204)	527 796	
Contracted Services	(20 568 000)	(1 000 000)	(21 568 000)	(17 865 413)	3 702 587	
General Expenses	(61 256 000)	(8 000 000)	(69 256 000)	(47 122 670)	22 133 330	
Total expenditure	(247 811 000)	(4 000 000)	(251 811 000)	(218 893 629)	32 917 371	
Operating surplus	(13 714 000)	6 000 000	(7 714 000)	84 670 800	92 384 800	
Loss on disposal of assets and liabilities	-	-	-	(2 665 199)	(2 665 199)	
Transfers and subsidies	61 671 000	-	61 671 000	1 195 262	(60 475 738)	
	61 671 000	-	61 671 000	(1 469 937)	(63 140 937)	
Surplus before taxation	47 957 000	6 000 000	53 957 000	83 200 863	29 243 863	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	47 957 000	6 000 000	53 957 000	83 200 863	29 243 863	

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Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

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
Figures in Rand						

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

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
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	-	-	7 207 183	7 207 183	
Receivables from exchange transactions	-	-	-	10 749 764	10 749 764	
Receivables from non-exchange transactions	-	-	-	12 780 944	12 780 944	
VAT receivable	-	-	-	4 072 578	4 072 578	
Cash and cash equivalents	-	107 633 000	107 633 000	231 326 747	123 693 747	
	-	107 633 000	107 633 000	266 137 216	158 504 216	
Non-Current Assets						
Investment property	-	-	-	21 379 000	21 379 000	
Property, plant and equipment	-	592 671 000	592 671 000	525 667 813	(67 003 187)	
Intangible assets	-	-	-	645 015	645 015	
	-	592 671 000	592 671 000	547 691 828	(44 979 172)	
Total Assets	-	700 304 000	700 304 000	813 829 044	113 525 044	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	-	639 435	639 435	
Payables from exchange transactions	-	-	-	35 457 104	35 457 104	
Consumer deposits	-	-	-	95 109	95 109	
Employee benefit obligation	-	10 035 000	10 035 000	567 946	(9 467 054)	
Unspent conditional grants and receipts	-	-	-	25 107 784	25 107 784	
Provisions	-	11 967 000	11 967 000	(343 715)	(12 310 715)	
Bank overdraft	-	341	341	-	(341)	
	-	22 002 341	22 002 341	61 523 663	39 521 322	
Non-Current Liabilities						
Finance lease obligation	-	-	-	599 559	599 559	
Employee benefit obligation	-	10 035 000	10 035 000	10 760 583	725 583	
Provisions	-	11 967 000	11 967 000	13 582 713	1 615 713	
	-	22 002 000	22 002 000	24 942 855	2 940 855	
Total Liabilities	-	44 004 341	44 004 341	86 466 518	42 462 177	
Net Assets	-	656 299 659	656 299 659	727 362 526	71 062 867	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	-	656 299 659	656 299 659	727 362 526	71 062 867	

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

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
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	34 773 000	-	34 773 000	44 474 415	9 701 415	
Grants	238 733 000	-	238 733 000	236 439 807	(2 293 193)	
Interest income from investing activities	7 000 000	-	7 000 000	18 000 662	11 000 662	
Other receipts	-	-	-	9 258 146	9 258 146	
	280 506 000	-	280 506 000	308 173 030	27 667 030	
Payments						
Cash paid to suppliers and employees	(188 762 000)	-	(188 762 000)	(90 287 598)	98 474 402	
Finance costs	(815 000)	-	(815 000)	(2 303 284)	(1 488 284)	
Other payments	(13 075 000)	-	(13 075 000)	179 284 509	192 359 509	
	(202 652 000)	-	(202 652 000)	86 693 627	289 345 627	
Net cash flows from operating activities	77 854 000	-	77 854 000	394 866 657	317 012 657	
Cash flows from investing activities						
Purchase of property, plant and equipment	(74 337 000)	-	(74 337 000)	(323 340 346)	(249 003 346)	
Proceeds from sale of repairs and maintenance	-	-	-	(1 688 318)	(1 688 318)	
Net cash flows from investing activities	(74 337 000)	-	(74 337 000)	(325 028 664)	(250 691 664)	
Cash flows from financing activities						
Finance lease payments	(1 600 000)	-	(1 600 000)	(455 959)	1 144 041	
Net increase/(decrease) in cash and cash equivalents	1 917 000	-	1 917 000	69 382 034	67 465 034	
Cash and cash equivalents at the beginning of the year	139 264 000	-	139 264 000	161 944 715	22 680 715	
Cash and cash equivalents at the end of the year	141 181 000	-	141 181 000	231 326 749	90 145 749	
Reconciliation						

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

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 cash generating 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 the 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 benefit or service potential is expected to be consumed by the municipality. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease depreciation charge where useful lives are more than previously estimated useful lives.

Post retirement benefits and other long-term benefits

The present value of the post retirement benefits and long-term 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 post retirement and long-term benefit 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 post retirement and long-term 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 obligations are based on current market conditions. Additional information is disclosed in note 15.

Effective interest rate

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

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

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.

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.

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.

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 are 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.

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment 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 date of acquisition.

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

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.4 Property, plant and equipment (continued)

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.

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

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

Item	Depreciation method	Average useful life
Land	Straight line	N/A
Buildings	Straight line	
• Municipal offices		5 - 100 years
• Outdoor recreational facilities		5 - 100 years
• Outdoor sport facilities		12 - 100 years
• Social housing		7 - 100 years
• Staff housing		15 - 100 years
• Stores		15 - 100 years
• Workshop/depots/yards		15 - 100 years
Infrastructure	Straight line	
• Capital spares		45 - 55 years
• Distribution		10 years
• Electricity network		10 - 45 years
• Road bridges		45 - 55 years
• Roads reserves		N/A
• Roads/ roadside assets		5 - 100 years
• Storm water assets		20 - 50 years
• Waste processing facilities		15 - 100 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	
• Bins and containers		5 - 10 years
• Emergency equipment		5 - 15 years
• Furniture and fitting		7 years
• Motor vehicles		3 - 20 years
• Office equipment		3 - 5 years
• Plant and equipment		2 - 15 years

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1.4 Property, plant and equipment (continued)

The municipality assesses at each reporting date whether there is any indication that the municipality's 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, Changes 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.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 10).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

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.

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.

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.

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1.6 Intangible assets (continued)

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.

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

Internally generated goodwill is not recognised as an intangible asset.

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.

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

Item	Depreciation method	Average useful life
Software	Straight line	1 year - 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 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 is 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.

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Accounting Policies

1.7 Impairment of cash-generating assets (continued)

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.

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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1.7 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.

1.8 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: Cash-generating assets are assets held with the primary objective of generating a commercial return. Assets will generate a commercial return when the municipality intends to generate positive cash flow from the assets similar to a profit orientate identity and not held primary for 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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Accounting Policies

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

Value in use

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 are determined on an "optimised" basis. The rationale is that the municipality will 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.

1.9 Financial instruments

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

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Accounting Policies

1.9 Financial instruments (continued)

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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Accounting Policies

1.9 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 categories:

- 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.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants will consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted when the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

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 uncollectibility 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 the 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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1.9 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, expires 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).

1.10 Inventories

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

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

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

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

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

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

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

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1.10 Inventories (continued)

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

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Value-added Tax (VAT)

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

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1.12 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:

- 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 service to the municipality during a reporting period, the municipality recognise 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.

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;

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Accounting Policies

1.12 Employee benefits (continued)

- 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.

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) reflect 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:

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Accounting Policies

1.12 Employee benefits (continued)

- 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;

1.13 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.

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 deficits.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.13 Provisions and contingencies (continued)

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, is accounted for as follows:

The related asset is measured using the cost model:

- changes in the liability is 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.
- if the adjustment results in an addition to the cost of an asset, the entity consider 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 entity test 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 1.7 and 1.8.

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 is 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.

1.14 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 credited/debited against accumulated surplus when retrospective adjustments are made.

1.15 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.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.15 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When 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

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.

1.16 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 entity 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.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.16 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.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting municipality.

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.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.17 Borrowing costs

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

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

1.18 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.

1.19 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 of 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.

1.20 Comparative figures

Reclassification of certain accounts were made in order to comply with the requirements of Municipal Standard Chart of Accounts (MSCOA). The reclassification have no impact on the net asset value of the municipality.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.21 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. Refer to note 32.

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

- Contracts should be non-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.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.22 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.23 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year 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. Refer to note 35.

1.24 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. Refer to note 36.

1.25 Budget information

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

The approved budget covers the fiscal period from 2017/07/01 to 2018/06/30.

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.

1.26 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, 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.

1.27 Events after reporting date

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

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

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.27 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.

Greater Taung Local Municipality

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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 year, the municipality has adopted the following standards and interpretations that are effective for the current financial year year and that are relevant to its operations:

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 2018 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.

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.

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 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, 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.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

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 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.

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 amendment is for years beginning on or after 01 April 2020.

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.

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.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

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:

- 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 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

Guideline: Accounting for Arrangements Undertaken i.t.o the National housing Programme

The objective of this guideline: Entities in the public sector are frequently involved in the construction of houses as part of government's housing policy, implemented through the national housing programme, which is aimed at developing sustainable human settlements. The Housing Act, Act No.107 of 1997 provides information about the housing programmes that fall within the scope of the national housing programme. Concerns were raised by preparers about the inconsistent accounting applied to housing arrangements undertaken by entities under the national housing programme. Different accounting may be appropriate where there are differences between the terms and conditions of arrangements concluded by entities. However, under housing arrangements that are taken in terms of the national housing programme, there are common features and issues that need to be considered. As a result, the Board agreed to develop high-level guidance for arrangements undertaken in terms of the national housing programme.

It covers: background to arrangements undertaken in terms of the national housing programme, transactions that affect the accounting of housing arrangements, consider whether the municipality undertakes transactions with third parties on behalf of another party, accounting by municipalities appointed as project manager, disclosure requirements, accounting by municipalities appointed as project developer, Accounting for the accreditation fee, commission, administration or transaction fee received, land infrastructure, conclusion and application of this guideline to existing arrangements.

The effective date of the guideline is not yet set by the Minister of Finance.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 110 (as amended 2016): Living and Non-living Resources

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 2020.

The municipality expects to adopt the amendment for the first time in the 2021 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 18 (as amended 2016): Segment Reporting

Amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after 01 April 2020.

The municipality expects to adopt the amendment for the for the first time in the 2021 annual financial statements.

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 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.

Greater Taung Local Municipality

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2. New standards and interpretations (continued)

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's 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 2019 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 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

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 2019 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

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2. New standards and interpretations (continued)

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 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

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, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

- 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 2019.

The municipality expects to adopt the amendment for the first time in the 2020 annual financial statements.

It is unlikely that the standard 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 are:

- 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 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

Greater Taung Local Municipality

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2. New standards and interpretations (continued)

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.

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 amendment is for years beginning on or after 01 April 2019.

Greater Taung Local Municipality

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2. New standards and interpretations (continued)

The municipality expects to adopt the amendment for the first time in the 2020 annual financial statements.

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 services concession arrangements by the grantor, a public sector entity.

It further covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenue, presentation and disclosure, transactional provisions, as well as the effective date.

The effective date of the amendment is four years beginning on or after 01 April 2019.

The municipality expects to adopt the amendment for the first time in the 2020 annual financial statements.

It is unlikely that the standard will have 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 2019 annual financial statements.

It is unlikely that the amendment 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 amendment is for years beginning on or after 01 April 2019.

The municipality expects to adopt the amendment for the first time in the 2020 annual financial statements.

Greater Taung Local Municipality

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The adoption of this standard 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.

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 amendment is for years beginning on or after 01 April 2019.

The municipality expects to adopt the amendment for the first time in the 2020 annual financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standard 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 Standards 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 principle 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 Standard of GRAP.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2019 annual financial statements.

The impact of this interpretation is currently being assessed.

IGRAP 19: Liabilities to Pay Levies

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2. New standards and interpretations (continued)

This interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when the entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standard of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the amendment is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2020 annual financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	14 233 210	8 977 096
Short-term deposits	217 093 537	152 967 619
	231 326 747	161 944 715

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 item of cash and cash equivalents have been pledged as security.

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3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
ABSA - Fixed deposit (206 318 3884)	12 566 314	11 663 227	10 812 086	12 566 314	11 663 227	10 812 086
ABSA - Fixed Deposit (206 350 7897)	6 738 987	6 254 685	5 798 241	6 738 987	6 254 685	5 798 241
ABSA - Fixed Deposit (20 6460 1519)	2 860 661	2 655 078	2 461 320	2 860 661	2 655 078	2 461 320
ABSA - Housing (206 509 865)	63 413	58 856	54 561	63 413	58 856	54 561
FNB - Fixed Notice (740 8902 8507)	3 083 229	2 886 226	2 699 360	3 083 229	2 886 226	2 699 360
Nedbank - Investment (160 7777 69921)	661 731	616 848	574 247	661 731	616 848	571 622
Nedbank - SDL Fund (160 1777 69925)	84 465	78 736	73 176	84 465	78 736	72 841
Nedbank - Eco Green (160 7777 69928)	68 037	63 422	58 943	68 037	63 422	58 672
Standard Bank - Notice Deposit (048 5600 65004)	837 226	782 644	733 904	837 226	782 644	733 904
ABSA - Cheque Account (26 5056 0046)	14 274 402	8 925 791	9 047 202	14 233 232	8 973 780	9 015 258
ABSA Fixed Deposit (20 6381 3842)	4 097 050	3 802 613	3 525 111	4 097 050	3 802 613	3 525 111
ABSA Fixed Deposit (20 6348 4566)	8 630 279	8 010 058	7 425 512	8 630 279	8 010 058	7 425 512
ABSA Fixed Deposit (20 6598 6332)	2 173 580	2 017 375	1 870 154	2 173 580	2 017 375	1 870 154
ABSA Fixed Deposit (20 6602 3614)	170 754 254	109 906 723	67 077 026	170 754 254	109 906 723	67 077 026
Nedbank Fixed Notice (1607776 9922)	2 053 582	1 914 295	1 779 102	2 053 582	1 914 295	1 774 024
Nedbank Fixed Notice (1607776 9923)	2 288 724	2 133 488	1 982 815	2 288 724	2 133 488	1 970 692
Nedbank Fixed Notice (1607776 9924)	114 408	106 678	99 116	114 408	106 678	98 663
Nedbank Call Deposit (37667500223)	17 597	16 668	15 726	17 597	16 668	15 677
tandard Bank Notice Deposit (248685880001)	-	3 316	3 184	3 408	3 315	3 184
Total	231 367 939	161 896 727	116 090 786	231 330 177	161 944 715	116 037 908

4. Receivables from exchange transactions

Accrued revenue	95 299	156 705
Other receivables	30 417	2 801 987
Consumer debtors - Electricity	400 609	566 893
Consumer debtors - Water	700 080	614 113
Consumer debtors - Sewerage	2 116 843	1 872 016
Consumer debtors - Refuse	2 801 298	2 495 626
Consumer debtors - Other	4 605 218	2 271 729
	10 749 764	10 779 069

Pledged as security

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4. Receivables from exchange transactions (continued)		
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	12 780 944	12 267 829
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 debtors disclosure		
Gross balances		
Consumer debtors - Rates	45 987 583	43 790 793
Consumer debtors - Electricity	1 525 223	2 160 847
Consumer debtors - Water	2 687 522	2 365 438
Consumer debtors - Sewerage	8 169 339	7 222 846
Consumer debtors - Refuse	10 782 097	9 608 180
Consumer debtors - Other	13 399 908	6 600 486
	82 551 672	71 748 590
Less: Allowance for impairment		
Consumer debtors - Rates	(33 206 639)	(31 522 964)
Consumer debtors - Electricity	(1 124 614)	(1 593 954)
Consumer debtors - Water	(1 987 442)	(1 751 325)
Consumer debtors - Sewerage	(6 052 496)	(5 350 830)
Consumer debtors - Refuse	(7 980 799)	(7 112 554)
Consumer debtors - Other	(8 794 690)	(4 328 757)
	(59 146 680)	(51 660 384)
Net balance		
Consumer debtors - Rates	12 780 944	12 267 829
Consumer debtors - Electricity	400 609	566 893
Consumer debtors - Water	700 080	614 113
Consumer debtors - Sewerage	2 116 843	1 872 016
Consumer debtors - Refuse	2 801 298	2 495 626
Consumer debtors - Other	4 605 218	2 271 729
	23 404 992	20 088 206
Included in above is receivables from exchange transactions		
Electricity	322 067	488 350
Water	698 234	612 267
Sewerage	2 082 967	1 838 139
Refuse	2 770 953	2 465 280
Other	3 697 095	1 363 607
	9 571 316	6 767 643
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	12 356 291	11 843 176

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Figures in Rand	2018	2017
6. Consumer debtors disclosure (continued)		
Net balance	21 927 607	18 610 819
Rates		
Current (0 -30 days)	99 360	98 149
31 - 60 days	233 453	236 802
61 - 90 days	201 066	205 201
91 - 120 days	200 025	202 528
>120 days	12 047 040	11 525 149
	12 780 944	12 267 829
Electricity		
Current (0 -30 days)	93 134	56 947
31 - 60 days	64 948	35 141
61 - 90 days	66 039	27 344
91 - 120 days	34 727	12 449
121 - 365 days	141 761	435 012
	400 609	566 893
Water		
Current (0 -30 days)	19 673	18 665
31 - 60 days	21 355	18 299
61 - 90 days	20 994	25 845
91 - 120 days	15 616	14 959
>120 days	622 442	536 345
	700 080	614 113
Sewerage		
Current (0 -30 days)	62 141	52 974
31 - 60 days	57 531	44 349
61 - 90 days	52 128	40 382
91 - 120 days	54 462	38 895
>120 days	1 890 581	1 695 416
	2 116 843	1 872 016
Refuse		
Current (0 -30 days)	90 063	89 909
31 - 60 days	81 765	75 200
61 - 90 days	67 650	67 776
91 - 120 days	72 726	51 125
121 - 365 days	2 489 094	2 211 616
	2 801 298	2 495 626
Other (sundry)		
Current (0 -30 days)	758 525	18 455
31 - 60 days	27 222	15 931
61 - 90 days	20 030	14 493
91 - 120 days	23 835	14 117
121 - 365 days	3 775 606	2 208 733
	4 605 218	2 271 729

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6. Consumer debtors disclosure (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	710 853	532 305
31 - 60 days	752 356	635 773
61 - 90 days	713 918	638 891
91 - 120 days	669 734	596 099
>120 days	30 771 645	26 735 798
	33 618 506	29 138 866
Industrial/ commercial		
Current (0 -30 days)	207 475	222 764
31 - 60 days	202 586	319 669
61 - 90 days	185 892	206 912
91 - 120 days	186 606	118 493
>120 days	9 738 248	8 251 080
	10 520 807	9 118 918
National and provincial government		
Current (0 -30 days)	3 202 330	495 808
31 - 60 days	716 329	649 924
61 - 90 days	552 259	601 430
91 - 120 days	573 105	491 790
>120 days	31 890 951	29 774 469
	36 934 974	32 013 421
Reconciliation of allowance for impairment		
Balance at beginning of the year	(51 660 384)	(18 354 440)
Contributions to allowance	(7 486 296)	(33 305 942)
	(59 146 680)	(51 660 382)
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	4 072 578	7 573 891
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	823 724	443 537
VAT output on receivables	(1 281 014)	(997 755)
VAT receivable on SARS	4 529 868	8 128 109
	4 072 578	7 573 891

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8. Inventories		
Land held for sale	6 838 050	6 838 050
Consumable stores	239 255	242 754
Water	492	492
Fuel (Diesel, Petrol)	129 386	100 508
	7 207 183	7 181 804
Inventories recognised as an expense	73 163	4 796 072

Inventory pledged as security

Inventories were not pledged as security for any financial liability of the municipality.

9. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	21 379 000	-	21 379 000	21 534 000	-	21 534 000

Reconciliation of investment property - 2018

	Opening balance	Fair value adjustments	Total
Land and buildings	21 534 000	(155 000)	21 379 000

Reconciliation of investment property - 2017

	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 Act is available for inspection at the registered office of the municipality.

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9. Investment property (continued)

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:

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.

Reconciliation of valuation obtained and the valuation included in the financial statements

Property 1

Amounts recognised in surplus or deficit

Rental revenue from Investment property	17 625	70 500
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Greater Taung Local Municipality

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10. Property, plant and equipment

	2018			2017		
	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	59 914 415	-	59 914 415
Buildings	263 607 007	(113 246 226)	150 360 781	247 699 159	(101 551 217)	146 147 942
Infrastructure	413 841 187	(192 899 571)	220 941 616	400 133 948	(179 178 664)	220 955 284
Work in progress	70 772 728	-	70 772 728	38 288 643	-	38 288 643
Finance leased assets	3 633 141	(2 480 118)	1 153 023	3 541 059	(1 890 996)	1 650 063
Movable assets	51 872 741	(29 347 491)	22 525 250	46 997 417	(20 725 077)	26 272 340
Total	863 641 219	(337 973 406)	525 667 813	796 574 641	(303 345 954)	493 228 687

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers received	Depreciation	Impairment loss	Total
Land	59 914 415	-	-	-	-	-	-	59 914 415
Buildings	146 147 942	16 530 693	-	(405 339)	-	(10 497 685)	(1 928 900)	150 360 781
Infrastructure	220 955 284	9 798 523	-	(175 960)	-	(9 636 231)	-	220 941 616
Work in progress	38 288 643	58 818 726	-	-	(26 329 217)	-	-	70 772 728
Finance leased assets	1 650 063	92 081	-	-	-	(589 121)	-	1 153 023
Movable assets	26 272 340	3 417 431	(395 582)	-	-	(6 972 446)	-	22 525 250
	493 228 687	88 657 454	(395 582)	(581 299)	(26 329 217)	(27 695 483)	(1 928 900)	525 667 813

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10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Impairment reversal	Total
Land	59 852 623	61 792	-	-	-	-	-	-	59 914 415
Buildings	118 973 818	38 214 191	(215 529)	-	(46 305)	(10 757 392)	(20 841)	-	146 147 942
Infrastructure	212 602 061	18 201 837	-	-	-	(9 848 612)	-	-	220 955 284
Work in progress	49 655 364	45 111 100	-	(56 477 821)	-	-	-	-	38 288 643
IT equipment	310 213	1 694 952	-	-	-	(355 102)	-	-	1 650 063
Movable assets	27 286 343	5 043 503	(6 382 979)	-	-	(4 757 437)	-	5 082 910	26 272 340
	468 680 422	108 327 375	(6 598 508)	(56 477 821)	(46 305)	(25 718 543)	(20 841)	5 082 910	493 228 687

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	1 153 023	1 650 063
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11. Intangible assets

	2018		2017	
	Cost / Valuation	Accumulated amortisation and impairment	Cost / Valuation	Accumulated amortisation and impairment
Software	858 213	(213 198)	645 015	857 613
				(212 598)
				645 015

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11. Intangible assets (continued)				
Reconciliation of intangible assets - 2018				
Software	Opening balance 645 015	Total 645 015		
Reconciliation of intangible assets - 2017				
Software	Opening balance 275 233	Additions 421 024	Amortisation (51 242)	Total 645 015
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.				
12. Finance lease obligation				
Minimum lease payments due				
- within one year	729 033	707 647		
- in second to fifth year inclusive	685 220	1 343 129		
	1 414 253	2 050 776		
less: future finance charges	(175 258)	(355 823)		
Present value of minimum lease payments	1 238 995	1 694 953		
Present value of minimum lease payments due				
- within one year	599 559	523 267		
- in second to fifth year inclusive	639 436	1 171 686		
	1 238 995	1 694 953		
Non-current liabilities	599 559	1 171 686		
Current liabilities	639 435	523 267		
	1 238 994	1 694 953		

It is municipality policy to lease certain computer equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 11% (2017: 11%).

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.

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13. Payables from exchange transactions		
Trade payables	398 382	1 003
Payments received in advanced	1 012 591	1 477 385
Retentions	11 882 364	12 170 513
Accrued leave pay	13 996 753	12 464 645
Accrued bonus	1 663 114	1 619 655
Accrued expense	6 293 631	5 254 354
Deposits received	238 347	231 347
Vehicle registration	(28 078)	-
	35 457 104	33 218 902

14. Consumer deposits

Electricity	95 109	105 069
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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 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.

15. Employee benefit obligations

The municipality has the following employee benefit obligation

Post retirement medical aid plan

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 2018 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.

Long Service Awards

Long service awards are provided to employees for every five years of service completed, from ten years of service to 45 years of service, inclusive.

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

Carrying value

Post retirement benefits: medical aid	(7 773 121)	(8 192 420)
Present value of long service awards	(3 555 408)	(3 355 018)
	(11 328 529)	(11 547 438)
Non-current liabilities	(10 760 583)	(10 600 746)
Current liabilities	(567 946)	(888 501)
	(11 328 529)	(11 489 247)

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15. Employee benefit obligations (continued)		
Changes in the carrying values of the employee benefit obligation are as follows:		
Medical aid subsidy plan		
Opening balance	8 192 421	7 145 206
Current service cost - included in employee related costs	643 592	729 374
Finance charges - included in finance cost	805 233	668 400
Actuarial gain/losses	(1 341 683)	(302 511)
Maximum subsidy applied	(392 170)	-
Benefits paid during the year	(134 272)	(48 048)
Closing balance	7 773 121	8 192 421
Long service awards		
Opening balance	3 355 018	3 138 199
Current service cost - included in employee related costs	346 209	366 661
Finance charges - included in finance cost	261 911	260 571
Actuarial gain/losses	146 421	(210 335)
Benefits paid during the year	(554 151)	(200 078)
Closing balance	3 555 408	3 355 018
Total Employee benefit obligation		
Opening balance	11 547 439	10 035 279
Current service cost	989 801	1 344 161
Finance charges	1 067 144	928 971
Actuarial gain/losses	(1 195 262)	(512 846)
Benefits paid during the year	(688 423)	(248 126)
Maximum subsidy applied	(392 170)	-
Closing balance	11 328 529	11 547 439
Current portion of the liability consist of:		
Post retirement benefit: medical aid	110 780	134 272
Long service awards	457 166	754 229
	567 946	888 501
Net expense recognised in the statement of financial performance		
Current service cost	989 801	1 096 035
Interest cost	1 067 144	928 971
Actuarial (gains) losses	(1 195 262)	(512 846)
Benefits paid during the year	(688 423)	(306 318)
Maximum subsidy applied	(334 041)	-
	(160 781)	1 205 842

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15. Employee benefit obligations (continued)

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	156	161
In-service (employee) non-members	94	83
Continuation (retiree and widow) members	4	4
Total	254	248

The liability in respect of the periods commencing prior to the comparative year has been estimated as follows:

In-service (employee) members	4 821 542	4 828 838
In-service (employee) non-members	1 430 263	1 348 884
Continuation (retiree and widow) members	1 521 316	2 014 698
	7 773 121	8 192 420

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	9,76 %	9,76 %
Health care cost inflation rate	7,50 %	7,50 %
Net-of-health-care-cost-inflation discount rate	2,10 %	2,10 %
Maximum subsidy inflation rate	5,25 %	5,25 %
Net-of-maximum-subsidy-inflation discount rate	4,29 %	4,29 %
	-	-

Mortality - during employment SA85-90

Mortality - post-retirement PA(90) -1

Average retirement age - 65

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15. Employee benefit obligations (continued)

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 deduction 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 assumption for the year ended 30 June 2018 the obligation are as follows:

Assumptions	Change in assumption	In-Service members liability	Continuation members liability	Total liabilities	Change
Central assumptions	- %	6 252 000	1 521 000	7 773 000	- %
Health care inflation	1,00 %	7 089 000	1 611 000	8 701 000	12,00 %
Health care inflation	(1,00)%	5 329 000	1 409 000	6 739 000	(13,00)%
Discount rate	1,00 %	5 175 000	1 389 000	6 564 000	(16,00)%
Discount rate	(1,00)%	7 638 000	1 676 000	9 314 000	20,00 %
Post retirement mortality	- %	6 443 000	1 569 000	8 012 000	3,00 %
Average retirement age	- %	6 853 000	1 521 000	8 374 000	8,00 %
Continuation of membership retirement	(10,00)%	4 760 000	1 521 000	6 281 000	(19,00)%
	- %	-	-	-	- %

The effect of movements in the assumptions for the year ended 30 June 2018 on the interest and service costs are as follows:

Assumptions	Change in assumptions	Current service cost	Interest cost	Total	Change
Central assumptions	- %	643 600	805 200	1 448 800	- %
Health care inflation	1,00 %	810 800	972 200	1 783 000	23,00 %
Health care inflation	(1,00)%	515 200	673 100	1 188 300	(18,00)%
Discount rate	1,00 %	522 700	744 200	1 266 900	(13,00)%
Discount rate	(1,00)%	802 200	872 900	1 675 100	16,00 %
Post retirement mortality	- %	665 800	833 300	1 499 100	3,00 %
Average retirement age	- %	700 300	860 800	1 561 100	8,00 %
Continuation of membership at retirement	(10,00)%	489 400	661 000	1 150 400	(21,00)%
	- %	-	-	-	- %

The effect of movements in the assumptions for the year ended 30 June 2017 on 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 at 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:

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15. Employee benefit obligations (continued)

Assumptions	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 %
Continuation of membership at retirement	-10 %	560 800	529 500	1 090 300	-22 %
		-	-	-	

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	8,63%	8,49%
General salary inflation	6,22%	6,31%
Net effective discount rate applied to salary related long service awards	2,27%	2,05%

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 percentage remaining working lifetime of eligible employees is 21.6 years.

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15. Employee benefit obligations (continued)

Total amount recognised in the statement of financial position are as follows:

Sensitivity analysis on the accrued liability

The liability as 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 age 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 2018 are as follows:

Assumption	Change in assumption	Total liability	% Change
Central assumptions	-	3 355 000	-
General salary inflation	1 %	3 804 000	7 %
General salary inflation	-1 %	3 332 000	-6 %
Discount rate	1 %	3 323 000	-7 %
Discount rate	-1 %	3 818 000	7 %
Average retirement age	- two years	3 179 000	-11 %
Average retirement age	+ two years	3 861 000	9 %
Withdrawal rate	-50 %	4 207 000	-18 %
		-	

The effect of the movement in the assumption for the year ended 30 June 2018 in the current service and the interest cost are as follows:

Assumption	Change in assumption	Current service cost	Interest cost	Total	% Change
Central assumptions		346 200	261 900	608 100	
General salary inflation	1 %	376 600	281 000	657 600	8 %
General salary inflation	-1 %	319 200	244 700	563 900	-7 %
Discount rate	1 %	321 300	272 600	593 900	-2 %
Discount rate	-1 %	374 700	249 000	623 700	3 %
Average retirement age	- two years	316 500	233 800	550 300	-10 %
Average retirement age	+ two years	368 700	283 700	652 400	7 %
Withdrawal rate	-50 %	446 300	314 100	760 400	25 %
		-	-	-	

The effect of movements in the assumptions for the year ended 30 June 2017 in the obligation are as follows:

Assumptions	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:

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15. Employee benefit obligations (continued)					
Assumptions	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		334 400	232 700	567 100	(10)
Average retirement age		392 100	283 200	675 300	8
Withdrawal rate	-50 %	482 700	312 300	795 000	27
		-	-	-	-

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	19 609 571	9 656 960
Local Government - FMG	69 554	18 494
Unspent grants 5	2 271 000	-
Local Government - Disaster Fund	505 700	505 700
Department of Sports - Library Grants	2 651 959	1 981 188
	25 107 784	12 162 342

These amounts are invested in a ring-fenced investment until utilised. Please see note 22 for reconciliation of grants from national/provincial government.

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17. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	12 336 903	(473 437)	1 375 532	13 238 998

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
Non-current liabilities			13 582 713	10 780 829
Current liabilities			(343 715)	1 556 074
			13 238 998	12 336 903

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 sites: 5 -6 years

3) The size of the landfill site. For each land 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

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.

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17. Provisions (continued)

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.

18. Revenue

Service charges	8 090 444	7 637 890
Rental of facilities and equipment	447 514	483 985
Other income from exchange transactions	9 268 106	8 845 586
Investment income	18 000 662	14 479 043
Property rates	40 165 936	26 848 632
Property rates - penalties imposed	4 097 402	3 153 005
Government grants & subsidies	223 428 560	212 824 288
Other income from non-exchange transactions	65 805	100 112
	303 564 429	274 372 541

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	8 090 444	7 637 890
Rental of facilities and equipment	447 514	483 985
Other income	9 268 106	8 845 586
Investment income	18 000 662	14 479 043
	35 806 726	31 446 504

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Property rates	40 165 936	26 848 632
Property rates - penalties imposed	4 097 402	3 153 005

Transfer revenue

Government grants and subsidies	223 428 560	212 824 288
Other income	65 805	100 112

267 757 703 **242 926 037**

19. Other income

Other income from exchange transactions	9 268 106	8 845 586
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The amount included in other revenue arising from non-exchange transactions is as follows:

Taxation revenue

Subsidy from SETA	65 805	100 112
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20. Investment revenue		
Interest revenue		
Cash and cash equivalents	15 621 899	12 441 897
Interest charged on consumer receivables	2 378 763	2 037 146
	18 000 662	14 479 043

The amount included in investment income arising from exchange transactions amounted to R 2 378 763 (2017: R2 037 146).

The amount included in investment revenue arising from non-exchange transactions amounted to R 15 621 887 (2016: R12 441 897)

21. Property rates

Rates received

Residential	40 247 920	31 460 210
Less: Income forgone	(81 984)	(4 611 578)
	40 165 936	26 848 632
Property rates - penalties imposed	4 097 402	3 153 005
	44 263 338	30 001 637

Valuations

Residential	346 244 900	561 925 400
Commercial	242 332 700	264 202 900
State	1 391 943 600	842 192 101
Municipal	11 830 200	9 042 200
Small holdings and farms	1 871 513 014	1 547 810 715
Other	52 439 400	45 689 700
	3 916 303 814	3 270 863 016

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 2017.

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22. Government grants and subsidies

Operating grants

Equitable share	170 353 000	164 554 000
Local Government Financial Management Grant (FMG)	2 293 940	1 991 506
Department of Minerals and Energy (EPWP)	1 309 000	1 352 000
	173 955 940	167 897 506

Capital grants

Municipal infrastructure grant (MIG)	48 823 391	43 679 040
Department of Sport - Library	649 229	1 247 742
	49 472 620	44 926 782

Revenue recognised per vote as required by section 123(c) of the MFMA

MM	170 353 000	17 500 031
Council general	-	21 428 397
Exec mayor	-	4 983 366
Speaker	-	7 087 235
Financial services	2 293 940	5 518 206
Corporate services	-	29 007 146
Library services	-	2 944 621
Civil buildings	-	4 012 700
Parks and recreation	-	8 121 497
Refuse removal	-	11 405 086
Technical services	-	3 967 060
Public works - roads	-	19 704 614
Electricity	-	13 041 820
Water	-	2 596 120
Sewer	-	8 130 789
Land use and development	-	7 096 818
EPWP grant	1 309 000	1 352 000
	173 955 940	167 897 506
	223 428 560	212 824 288

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	42 625 000	48 270 287
Unconditional grants received	123 135 000	164 554 000
	165 760 000	212 824 287

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	9 656 960	-
Current-year receipts	63 406 000	53 336 000
Conditions met - transferred to revenue	(47 487 920)	(43 679 040)
Withheld	(5 965 469)	-
	19 609 571	9 656 960

Conditions still to be met - remain liabilities (see note 16).

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22. Government grants and subsidies (continued)

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.

Local Government - FMG

Balance unspent at beginning of year	18 494	-
Current-year receipts	2 293 940	2 010 000
Conditions met - transferred to revenue	(2 242 880)	(1 991 506)
	69 554	18 494

Conditions still to be met - remain liabilities (see note 16).

The purpose of this grant is to assist the municipality with its financial systems, this includes training of staff and payment of intern salaries.

Expanded Public Works Programme Incentive Grant

Current-year receipts	1 309 000	1 352 000
Conditions met - transferred to revenue	(1 309 000)	(1 352 000)
	-	-

Conditions still to be met - remain liabilities (see note 16).

The purpose of this grant is to expand job creation efforts in specific focus area, where labour intensive delivery methods can be maximised.

SEIF Grant

Current-year receipts	2 271 000	-
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Conditions still to be met - remain liabilities (see note 16).

The purpose of this grant is to assist the municipality in building the Hawker stalls around the Greater Taung area. This development is carried out in order to boost the local economy of Greater Taung.

Department of Local Government - Disaster fund

Balance unspent at beginning of year	505 700	505 700
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Conditions still to be met - remain liabilities (see note 16).

The purpose of this grant is to assist the municipality in managing the disaster in the Greater Taung area, most commonly flooding.

Library Service Grant

Balance unspent at beginning of year	1 981 188	2 008 930
Current-year receipts	1 979 771	1 220 000
Conditions met - transferred to revenue	(1 309 000)	(1 247 742)
	2 651 959	1 981 188

Conditions still to be met - remain liabilities (see note 16).

The purpose of this grant is to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

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22. Government grants and subsidies (continued)		
Total grants		
Balance unspent at beginning of year	12 162 343	2 514 631
Current-year receipts	68 380 000	57 918 000
Conditions met - transferred to revenue	(48 884 259)	(48 270 288)
Withheld	(4 630 000)	-
	27 028 084	12 162 343

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23. Employee related costs		
Bargaining council	25 313	23 393
Basic	46 502 990	44 362 208
Bonus	3 351 151	3 329 573
Car allowance	3 852 671	3 540 818
Current service cost	989 801	1 096 035
Housing benefits and allowances	575 818	582 932
Leave reserve	2 271 181	4 211 076
Medical aid	3 224 253	3 448 045
Provident fund	21 584	13 134
Pension fund - company contributions	8 041 044	7 447 986
SDL	724 051	692 613
Salaries - all inclusive package	3 541 947	2 704 844
Salaries - temporary workers	924 694	762 453
Telephone allowance	359 500	343 475
UIF	413 355	397 562
	74 819 353	72 956 147
Remuneration of Municipal Manager: KT Gabanakgosi		
Annual remuneration	1 076 196	1 024 602
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	353 204	85 801
Backpay	42 370	36 833
	1 725 555	1 401 021
Remuneration of Chief Finance Officer: MP Vermaak		
Annual remuneration	839 222	798 378
Car allowance	180 000	180 000
Contributions to UIF, medical and pension funds	1 785	1 785
Backpay	61 750	23 747
Cellphone allowance	12 000	9 000
Other allowances	45 126	37 183
	1 139 883	1 050 093
Remuneration of Director of Technical Services: MD Duma		
Annual remuneration	-	208 668
Contributions to UIF, medical and pension funds	-	446
Cellphone allowance	-	2 250
Leave payment	-	113 516
Arbitration	-	562 448
Other	-	-
	-	887 328
Remuneration of Director of Social Services: TB Baloyi		
Annual remuneration	353 560	-
Car Allowance	62 500	-
Contributions to UIF, Medical and Pension Funds	744	-
Cellphone allowance	5 000	-
Other allowances	26 792	-
	448 596	-

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23. Employee related costs (continued)

Remuneration of Director of Corporate Services: GMP Pholo

Annual remuneration	400 320	-
Contributions to UIF, Medical and Pension Funds	892	-
Backpay	133 440	-
Cellphone allowance	8 000	-
Other allowances	13 606	-
	556 258	-

Remuneration of Director of Corporate Services (Acting)

Annual remuneration: KJ Mokhasi	16 546	32 845
Annual remuneration: DH de Jager	10 270	48 667
Annual remuneration: MEN Morule	20 070	22 211
	46 886	103 723

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 Keotlihetse	42 779	71 122
Annual remuneration: OB Mogapi	102 807	62 180
Annual remuneration: Nakana	-	71 222
	145 586	204 524

ME Keotlihetse 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):

Annual remuneration: HS de Jager	43 889	25 087
Annual remuneration: BB Tihologae	115 489	115 768
	159 378	140 855

BB Tihologae 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.

Remuneration of Director of Social Services (Acting):

Annual remuneration: DG Koboyapudi	129 690	256 373
Annual remuneration: PG Ntlharapane	111 946	134 246
	241 636	390 619

PG Ntlharapane acted for the period July 2017 and in November 2017 to January 2018. DG Kobo ya pudi acted for the period August 2017 to October 2017.

24. Remuneration of councillors

Executive Major	795 912	784 191
Executive committee members	3 710 447	4 423 345
Speaker	636 732	632 807
Councillors	12 949 333	9 812 389
	18 092 424	15 652 732

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24. Remuneration of councillors (continued)

In-kind benefits

The Executive Mayor, Deputy 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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24. Remuneration of councillors (continued)

2018	Annual Remuneration	Cellular phone allowance	Total
Babuseng MC	251 880	44 400	296 280
Balebanye OJ	251 880	44 400	296 280
De Koker KS	251 880	44 400	296 280
Diphoko GS	251 880	44 400	296 280
Gaoboihe LJ	596 939	44 400	641 339
Gaobusiwe GW	251 880	44 400	296 280
Gaoraelwe TR	251 880	44 400	296 280
Gasetlolwe FC	195 907	34 533	230 440
Gezane BG	251 880	44 400	296 280
Itumeleng DA	251 880	44 400	296 280
Lepedi MC	251 880	44 400	296 280
Leshoe MF	251 880	44 400	296 280
Maila LE	251 880	44 400	296 280
Malepe J	596 939	44 400	641 339
Mamapula KL	251 880	44 400	296 280
Maribe IN	251 880	44 400	296 280
Matshwe T	251 880	44 400	296 280
Matuabe JA	251 880	44 400	296 280
Menyatso A	596 939	44 400	641 339
Mmokwa M	251 880	44 400	296 280
Mocumi KB	251 880	44 400	296 280
Moipolai KG	596 939	44 400	641 339
Mokgobo MR	251 880	44 400	296 280
Molale KR	251 880	44 400	296 280
Mongale OV	251 880	44 400	296 280
Mongale RA	596 939	44 400	641 339
Montwedi MK	725 752	34 533	760 285
Morweng TS	251 880	44 400	296 280
Mosinkiemang MV	251 880	44 400	296 280
Mothibedi SD	251 880	44 400	296 280
Motlhabane NC	795 912	44 400	840 312
Motshabi MI	251 880	44 400	296 280
Ncweng ME	251 880	44 400	296 280
Ntasi NE	596 939	44 400	641 339
Olifant MKI	251 880	44 400	296 280
Pitso JT	251 880	44 400	296 280
Ratake MJ	251 880	44 400	296 280
Sebe TP	251 880	44 400	296 280
Sebolai KL	251 880	44 400	296 280
Sedupane BJ	251 880	44 400	296 280
Seemelo HD	251 880	44 400	296 280
Seisho KG	251 880	44 400	296 280
Seleke OR	593 780	44 400	638 180
Tshipo GJ	251 880	44 400	296 280
Tladi EH	636 733	44 400	681 133
Tlhaganyane T	251 880	44 400	296 280
Tokwe LC	251 880	44 400	296 280
Totong DG	251 880	44 400	296 280
Kgosimore RK	55 973	9 867	65 840
Moeti MB	55 973	9 867	65 840
	15 961 224	2 131 200	18 092 424

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24. Remuneration of councillors (continued)			
2017	Annual remuneration	Cellular phone allowance	Total
Chalmans KG	26 378	2 928	29 306
Diphoko GS	26 378	2 928	29 306
Dishakane PM	26 378	2 928	29 306
Galodikwe GP	63 167	2 928	66 095
Halenyane LJ	26 378	2 928	29 306
Hermanus M	26 378	2 928	29 306
Kanyane MS	26 378	2 928	29 306
Kodisang K	61 256	2 928	64 184
Lobelo K	84 224	2 719	86 943
Mahura LE	26 378	2 928	29 306
Mahura LW	26 378	2 928	29 306
Makgalemane EI	26 378	2 928	29 306
Malepe J	26 378	2 928	29 306
Malepe M	63 167	2 928	66 095
Malepe TV	26 378	2 928	29 306
Mamapula KL	26 378	2 928	29 306
Mantshwe T	26 378	2 928	29 306
March ZB	26 378	2 928	29 306
Maseng	26 378	2 928	29 306
Menyatso A	26 378	2 928	29 306
Moagi K	26 378	2 928	29 306
Mohitleng BK	26 378	2 928	29 306
Mokoto R	26 378	2 928	29 306
Molifi KP	26 378	2 928	29 306
Mongale OV	26 378	2 928	29 306
Motshabi DN	26 378	2 928	29 306
Mpopolai KG	26 378	2 928	29 306
Olifant MI	63 167	2 928	66 095
Olifant OP	63 167	2 928	66 095
Phacwane AS	26 378	2 928	29 306
Scholts AP	63 167	2 928	66 095
Sebe TP	26 378	2 928	29 306
Seepamere KJ	26 378	2 928	29 306
Seleke OR	63 167	2 928	66 095
Sethi DJ	67 383	2 928	70 311
Sibinda EV	26 378	2 928	29 306
Tladi EH	26 378	2 928	29 306
Tlhaganyane T	26 378	2 928	29 306
Tong	26 378	2 928	29 306
Tshipo GJ	63 167	2 928	66 095
Wesi LC	26 378	2 928	29 306
Councillors - August 2016 to June 2017	-	-	-
Babuseng MC	211 170	23 456	234 626
Balebanye OJ	211 170	23 456	234 626
Bathalefi KS	9 139	979	10 118
De Koker KS	99 010	11 000	110 010
Diphoko GS	211 170	23 456	234 626
Gaoboibe LJ	505 333	23 456	528 789
Gaobusiwe GW	211 170	23 456	234 626
Gaoraelwe TR	211 170	23 456	234 626
Gasetlolwe 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

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24. Remuneration of councillors (continued)		
Mamapula KL	211 170	234 626
Maribe IN	211 170	234 626
Matshwe T	211 170	234 626
Matuane JA	211 170	234 626
Menyatso A	505 333	528 789
Mmokwa M	211 170	234 626
Mocumi KB	211 170	234 626
Moipolai KG	505 333	528 789
Mokgobo MR	211 170	234 626
Mokale KR	211 170	234 626
Mongale OV	211 170	234 626
Mongale RA	505 333	528 789
Montwedi MK	245 361	268 817
Morweng TS	211 170	234 626
Monsikiemang MV	211 170	234 626
Mothibedi SD	211 170	234 626
Motlhabane NC	673 792	697 248
Motshabi MI	211 170	234 626
Ncweng ME	211 170	234 626
Ntatsi NE	505 333	528 789
Olifant MKI	211 170	234 626
Pitso JT	211 170	234 626
Ratake MJ	211 170	234 626
Sebe TP	211 170	234 626
Sebolai KL	211 170	234 626
Sedupane BJ	211 170	234 626
Seemelo HD	211 170	234 626
Seisho KG	211 170	234 626
Seleke OR	431 489	454 945
Seokamo	92 358	102 613
Tladi EH	539 040	562 496
Tlhaganyane T	211 170	234 626
Tokwe LC	211 170	234 626
Totong DG	211 170	234 626
Tshipo GJ	211 170	234 626
	14 408 227	15 652 732

25. Depreciation and amortisation

Property, plant and equipment	27 695 485	31 987 394
Intangible assets	-	51 242
	27 695 485	32 038 636

26. Bulk purchases

Electricity	3 289 204	3 301 956
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Distribution loss incurred on electricity:

Distribution loss relate 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%

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26. Bulk purchases (continued)					
2018	Total sales (units)	Less total purchases	(Loss)/gain (units)	% loss or gain on purchases	Rand value of loss at purchase price
Electricity	2 441 828	2 628 655	186 828	7	233 961
2017	Total sales (units)	Less total purchases (units)	(Loss)/gain (units)	% loss or gain on purchases	Rand value of loss at purchase price
Electricity	2 542 118	2 632 858	90 740	3	113 812
27. Contracted services					
Information Technology Services				1 197 732	1 224 860
Security services				6 843 840	6 375 529
Legal costs				4 818 611	2 644 390
Other Contractors				5 005 230	7 005 585
				17 865 413	17 250 364

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Figures in Rand	2018	2017
28. General expenses		
Accommodation	1 277 115	1 261 378
Advertising cost	1 731 949	1 198 839
Allowance ward committee members	2 784 989	2 112 931
Auditors remuneration	2 786 753	2 824 787
Bank charges	1 501 057	218 143
Business support/SMME facilitation	578 571	26 672
Cleaning	649 351	402 287
Community expenditure	1 371 388	4 130 190
Consulting and professional fees	3 721 292	5 357 593
Consumables	617 851	438 892
Council bursary	723 181	924 687
Disaster expense	-	330 755
Discount allowed	-	50 232
Document management	121 802	268 021
Donations	175 781	-
EPWP expenditure	1 426 045	1 584 415
Electricity	3 667 016	2 811 498
Entertainment	573 663	721 564
FMG grant expenditure	2 242 426	1 991 506
Fuel and oil	3 980 805	4 115 982
Health and safety	372 237	165 886
Indigent support	5 024 163	5 043 861
Insurance	138 592	-
LED expenditure	-	533 856
Library grant expenditure	625 282	1 247 742
MIG grant expenditure	2 155 253	1 699 944
Magazines, books and periodicals	131	400
Movement in provisions	(473 436)	(228 689)
Postage and courier	15 941	20 787
Postage and courier	614 163	618 657
Protective clothing	347 967	396 555
Public participation	2 421 735	2 405 488
Sports	-	225 000
Subscriptions and membership fees	1 087 684	1 025 062
Title deed search fees	148 776	236 284
Tourism development	-	42 450
Training	849 176	794 609
Travel - local	2 164 509	1 665 961
Venue expenses	356 915	660 997
Water usage	527 750	873 058
Workmens compensation	814 797	669 229
	47 122 670	48 867 509
29. Auditors' remuneration		
Fees	2 786 753	2 824 787

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Figures in Rand	2018	2017
30. Cash generated from operations		
Surplus	83 200 863	35 245 713
Adjustments for:		
Depreciation and amortisation	27 695 485	32 038 636
Loss on sale of property, plant and equipment	2 665 199	476 712
Impairment of assets	(1 928 900)	6 243 595
Allowance for impairment	8 356 186	33 393 656
Movements in retirement benefit assets and liabilities	(160 718)	1 205 842
Movement in provision-landfill	902 095	369 879
Other non-cash items	1 575 567	3 336 154
Movement in accumulated surplus	14 068	15 279
Non cash movements on assets	264 312 756	-
Changes in working capital:		
Inventories	(25 379)	(62 698)
Receivables from exchange transactions	(8 326 881)	(29 891 134)
Other receivables from non-exchange transactions	(513 115)	7 770 858
Payables from exchange transactions	662 635	3 165 288
VAT receivable	3 501 313	(1 087 869)
Unspent conditional grants and receipts	12 945 442	9 647 712
Consumer deposits	(9 959)	(18 665)
	394 866 657	101 848 958

31. Financial instruments disclosure

Categories of financial instruments

2018

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	10 749 764	10 749 764
Cash and cash equivalents	231 326 747	231 326 747
Receivables from non exchange	12 780 944	12 780 944
VAT receivable	4 072 578	4 072 578
	258 930 033	258 930 033

Financial liabilities

	At amortised cost	Total
Finance lease obligation	639 435	639 435
Payables from exchange transactions	35 457 104	35 457 104
Other financial liabilities	95 109	95 109
Unspent conditional grants and receipts	25 107 784	25 107 784
Employee benefit obligation	567 946	567 946
Retirement benefits - non current	10 760 583	10 760 583
Finance lease - non current	599 559	599 559
	73 227 520	73 227 520

2017

Financial assets

At amortised cost	Total
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31. Financial instruments disclosure (continued)		
Other receivables from non-exchange	12 267 829	12 267 829
Receivables from exchange transactions	10 779 069	10 779 069
Cash and cash equivalents	161 944 715	161 944 715
VAT receivable	7 573 891	7 573 891
	192 565 504	192 565 504

Financial liabilities

	At amortised cost	Total
Finance lease obligation	523 267	523 267
Payables from exchange transactions	33 218 902	33 218 902
Other financial liabilities	105 069	105 069
Unspent conditional grants and receipts	12 162 342	12 162 342
Employee benefit obligation	888 501	888 501
Retirement benefit - non current	10 600 746	10 600 746
Finance lease - non current	1 171 686	1 171 686
	58 670 513	58 670 513

2017

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	10 779 069	10 779 069
Cash and cash equivalents	161 944 715	161 944 715
	172 723 784	172 723 784

Financial liabilities

	At amortised cost	Total
Finance lease obligations	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

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32. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	40 711 647	23 127 692
Total capital commitments	40 711 647	23 127 692
Authorised operational expenditure		
Already contracted for but not provided for		
• Operating activities	1 933 859	2 960 238
Total operational commitments	1 933 859	2 960 238
Total commitments		
Total commitments		
Authorised capital expenditure	40 711 647	23 127 692
Authorised operational expenditure	1 933 859	2 960 238
	42 645 506	26 087 930

This committed expenditure relates to property and will be financed by available bank facilities and existing cash resources, funds internally generated etc.

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33. Contingencies		
Claims and damages		
Cedar point Joint Venture: Issued summons against the municipality relying on an alleged repudiation of contract by the municipality. The municipality is taking a "local stand" of the joint venture to institute legal proceedings on the ground that the joint venture is an unincorporated joint venture purely for the purpose of submission of the tender.	3 500 000	3 500 000
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
Martin Vermaak: This is for an arbitration hearing held between the applicant and the municipality.	200 000	410 000
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	2 950 000
R.Makgale // GTLM: This is an application for the eviction of the respondent on the specific land.	500 000	1 500 000
C/N CIV App. 04/2018: GTLM/H Seleke: Failure to comply with building regulations and standards Act, 1977	250 000	100 000
C/N 356/2015: GTLM/Various unlawful land occupiers - eviction order granted	-	50 000
C/N 346/2015: Phungo attorneys/GTLM: Legal services rendered: action pending.	50 000	50 000
C/N 345/2015: Telkom SA Ltd/GLTM: Claim against municipality for damages rendered	30 000	55 000
C/N 53 2017: GTLM & OA Koki / D Jobeta: Ejectment I.T.O PIE Act, 1998	80 000	-
	7 560 000	8 944 000

The municipality operated on an illegal landfill site without the necessary licence. The municipality can be fined and/or criminal charges may be filed for the offences in terms of the National Management Waste Act of 2008. The maximum penalty imposed on such an offence approximates R10 million. The outcome will be confirmed through the courts.

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.

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34. 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 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 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.

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 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 2018

	Less than 1 year	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Consumer deposits	95 109	-	-	-
Finance lease obligation	639 435	599 559	-	-
Unspent conditional grants	25 107 784	-	-	-
Payable from exchange	35 457 104	-	-	-
	61 299 432	599 559	-	-

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	-
Unspent conditional grant	12 162 342	-	-	-
Payable from exchange	33 218 902	-	-	-
	46 009 580	569 254	602 432	-

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34. Risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the municipality if customers or counter parties 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	2018	2017
Cash and cash equivalents	231 326 747	161 944 715
Receivables from exchange transactions	10 749 764	10 779 069
Receivables from non exchange transactions	12 780 944	12 267 829

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 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 municipalities 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.

35. Fruitless and wasteful expenditure

Opening balance	1 508 934	1 139 179
Add: current year	919 033	2 232 130
Written off	-	(1 862 375)
	2 427 967	1 508 934

Fruitless expenditure relates to interest on Eskom accounts, the Auditor General, Petrol cards, illegitimate insurance claims and additional interest and penalties paid to SARS.

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35. Fruitless and wasteful expenditure (continued)		
Analysis of expenditure		
Eskom interest paid	10 052	7 813
Petrol cards interest paid	17 965	11 405
Telkom interest paid	795	4 104
Insurance claim not paid	47	25 323
SARS - Interest and penalties	890 127	2 183 485
ABSA - Interest	47	-
	919 033	2 232 130
36. Irregular expenditure		
Opening balance	179 071 580	145 642 012
Add: Irregular Expenditure - current year	22 799 458	33 429 568
	201 871 038	179 071 580
37. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	1 113 684	1 013 348
Amount paid - current year	(1 113 684)	(1 013 348)
	-	-
Audit fees		
Current year subscription / fee	2 786 753	2 824 787
Amount paid - current year	(2 756 052)	(2 824 787)
	30 701	-
PAYE and UIF		
Current year subscription / fee	13 896 592	13 469 549
Amount paid - current year	(13 896 592)	(13 469 549)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	17 108 452	16 816 034
Amount paid - current year	(17 108 452)	(16 816 034)
	-	-
VAT		
VAT receivable	4 072 578	7 573 891

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.

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37. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2018:

30 June 2018	Outstanding less than 90 days	Outstanding more than 90 days	Total
Sebolai KL	248	1 234	1 482

30 June 2017	Outstanding less than 90 days	Outstanding more than 90 days	Total
Sebolai KL	363	1 148	1 511

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2018	Highest outstanding amount	Aging (in days)
Sebolai KL	725	180

30 June 2017	Highest outstanding amount	Aging (in days)
Sebolai KL	782	365

Non-compliance

Non-compliance relates to accounts not paid within 30 days of receiving invoices or statements of account.

38. Going concern

We draw attention to the fact that at 31 December 2017, the municipality had accumulated surpluses of R760 618 463 and that the municipality's total assets exceed its liabilities by R760 610 463.

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 for 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.

39. Repairs and maintenance

Buildings	2 287 746	1 393 143
Computer equipment	1 335 814	904 296
Network maintenance	1 963 913	9 166 745
Street and storm water drainage	181 899	571 470
Tools	-	380 534
Vehicles	1 590 189	1 919 096
	7 359 561	14 335 284

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40. Service charges		
Sale of electricity	2 507 975	2 501 414
Sale of water	765 263	644 601
Sewerage and sanitation charges	1 900 093	1 720 638
Refuse removal	2 917 113	2 771 237
	8 090 444	7 637 890
41. Rental of facilities and equipment		
Rental income	447 514	483 985
42. Other income		
Collection commission and tender fees	7 857 206	1 165 767
Sundry income - photo copies, etc	1 410 900	7 679 819
	9 268 106	8 845 586
43. Finance costs		
Trade and other payables	919 034	59 096
Finance leases	187 384	8 508
Finance charges on landfill sites	129 722	598 567
Finance charges on employee benefits obligation	1 067 144	928 971
	2 303 284	1 595 142

44. Prior-year adjustments

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior-year adjustments:

Statement of financial position

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Figures in Rand		2018	2017		
44. Prior-year adjustments (continued)					
2017					
	Note	Balance as previously reported	Reclassified	Prior period error	Restated
Inventories		7 103 882	-	77 922	7 181 804
Receivables from exchange transactions		24 697 270	(156 704)	(13 761 497)	10 779 069
VAT receivable		7 423 348	-	150 543	7 573 891
Receivables from non-exchange transactions		21 422 179	-	(9 154 350)	12 267 827
Cash and cash equivalents		161 944 715	-	-	161 944 715
Investment property		21 534 000	-	-	21 534 000
Property plant and equipment		493 228 687	-	-	493 228 687
Intangible assets		645 015	-	-	645 015
Finance lease obligation		(523 267)	-	-	(523 267)
Payables from exchange transactions		(33 218 900)	-	-	(33 218 900)
Consumer deposits		(105 069)	-	-	(105 069)
Employee benefit obligation		(888 501)	-	-	(888 501)
Unspent conditional grants		(12 162 342)	-	-	(12 162 342)
Provisions		(1 556 074)	-	-	(1 556 074)
Employee benefit obligation - non current		(10 600 746)	-	-	(10 600 746)
Provisions		(10 780 829)	-	-	(10 780 829)
Finance lease obligation		(1 171 686)	-	-	(1 171 686)
Accumulated surplus		(608 901 880)	-	-	(608 901 944)
(Surplus) / deficit for the year		(58 089 802)	156 704	22 687 382	(35 245 650)
		-	-	-	-

Statement of financial performance

2017

	Note	Balance as previously reported	Reclassified	Prior period error	Restated
Service charges		(7 951 300)	156 704	156 704	(7 637 891)
Rental of facilities and equipment		(483 985)	-	-	(483 985)
Other income		(1 420 364)	-	(7 425 222)	(8 845 586)
Investment income		(14 479 043)	-	-	(14 479 043)
Property rates		(26 848 632)	-	-	(26 848 632)
Property rates - penalties imposed		(3 153 005)	-	-	(3 153 005)
Government grants and subsidies		(212 824 288)	-	-	(212 824 288)
Other income (non-exchange)		(100 112)	-	-	(100 112)
Employee related cost		72 956 147	-	-	72 956 147
Remuneration of councillors		15 652 732	-	-	15 652 732
Depreciation		32 038 636	-	-	32 038 636
Finance cost		1 595 142	-	-	1 595 142
Allowance for impairment		3 209 291	-	30 184 365	33 393 656
Repairs and maintenance		14 335 284	-	(150 542)	14 184 742
Bulk purchases		3 301 956	-	-	3 301 956
Contracted services		17 250 364	-	-	17 250 364
General expenses		48 867 509	-	-	48 867 509
Inventory losses / write down		-	-	(77 922)	(77 922)
Loss on disposal of assets and liabilities		476 712	-	-	476 712
Actuarial gain / (loss)		(512 846)	-	-	(512 846)
Surplus (deficit) for the year		(58 089 802)	156 704	22 687 383	(35 245 714)

Errors

The following prior period errors adjustments occurred:

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Figures in Rand	2018	2017
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44. Prior-year adjustments (continued)

Error 1

It was found that transactions on receivables were incorrectly processed, the impairment of receivables were also recalculated and restated. The impact is as follows:

Statement of financial position

Increase in receivables from non-exchange	-	(9 579 003)
Decrease in receivables from exchange	-	(14 814 231)
	<u>-</u>	<u>(24 393 234)</u>

Statement of financial performance

Increase in allowance for impairment	-	30 184 365
Increase in service charges	-	156 705
	<u>-</u>	<u>30 341 070</u>

Error 2

Inventory differences which should have been written off in the prior year, was corrected in the current year. The impact is as follows:

Statement of financial position

Increase in inventories	-	77 922
	<u>-</u>	<u>77 922</u>

Statement of financial performance

Increase in inventory losses / write down	-	(77 922)
	<u>-</u>	<u>(77 922)</u>

Error 3

It was found that some transactions recognised the VAT on transactions incorrectly, this was corrected. The impact is as follows:

Statement of financial position

Increase in VAT receivables	-	150 542
	<u>-</u>	<u>150 542</u>

Statement of financial performance

Decrease in repairs and maintenance	-	(150 542)
	<u>-</u>	<u>(150 542)</u>

45. Comparative figures

Certain comparative figures have been reclassified.

Reclassification of certain accounts were made in order to comply with the requirements of Municipal Standard Chart of Accounts (MSCOA). The reclassification have no impact on the net asset value of the municipality.

46. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had accumulated surplus of R 727 362 526 and that the municipality's total assets exceed its liabilities by R 727 362 526.

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.

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47. Unauthorised expenditure

Opening balance	30 869 211	55 476 381
Overspending on budget	117 045	4 826 318
Written off	-	(29 433 488)
	30 986 256	30 869 211

48. 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	1 842 803	11 134
Sole supplier	18 616	424 870
Impractical/impossible to follow procurement process	663 072	4 749 678
	2 524 491	5 185 682



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