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GREATER TAUNG LOCAL MUNICIPALITY

ANNUAL REPORT 2018/19

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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 (2017/18);
- Year 0: The financial year of reporting (2018/19);
- Year 1: The following year, mostly requires future targets(2019/20); and
- The other financial years will follow a similar sequence as explained above.

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

It is great honour and privilege to present third Annual Report of the fourth council of Greater Taung Local municipality. Section 152 of the Constitution of the Republic of South Africa, 1996, outlines the objects which directly respond to issues of poverty eradication, unemployment and inequality. Our projects and programmes as outlined in this Annual Report are a direct response to our constitutional Mandate. We have made significant towards improving democracy and accountability; ensuring provision of services in a sustainable manner; promotion of social and economic development; promotion of a safe and healthy environment and involving communities and community organisations in matters of local government.

This report confirms that we are continuing to improve democratisation and transformation of local government; improve access to electricity, water, roads and refuse removal, notwithstanding the inherent challenges bestowed by our repugnant past.

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:

Our forward planning has ensured that, as at the end of the financial year under review, we had spent more than 80% of all infrastructure development grants though we had challenges there and there. It could not happen with collaboration and cooperation of our communities and contractors. When projects are completed on time, we all win. The centrality of Infrastructure to the development of the economy and the resultant effect on the triple challenges of unemployment, poverty and inequality, is a common cause.

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 2km of Stormwater channel in Moretele
- Constructed access road in Reivilio and Pudumoe
- Constructed 28 highmast lights in various wards
- Completed construction of 3 sports facilities in Longaneng, Sekhing Mokassa I
- Completed extensions of libraries and community halls

We appeal to our communities to preserve every piece of the infrastructure they have. No matter the frustration, we should never find any excuse to destroy one infrastructure to get the other. We should disabuse ourselves of the narratives that suggest that infrastructure belongs to the government. All infrastructures are owned by the people, and it is for the public good. In the context of Thuma Mina

Chapter 1

Campaign, every individual is expected to rise up and protect the gains of our democracy. We are people founded on the supremacy of the constitution and the rule of laws. This entails that problems and challenges should be resolved through legal and democratic process.

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.

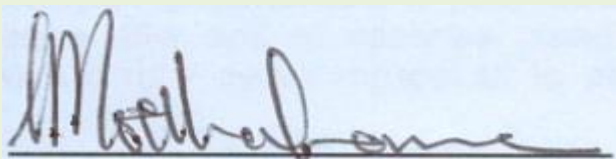
d. Future Actions

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.

e. Conclusion

We are indebted to our vigilant communities and the municipality's oversight structures such as the Council, Portfolio committees, Municipal Public Accounts Committee, our principal advisory committee, the Audit Committee and our supporting sector department in the Provincial and National sphere of government. May I take this opportunity to thank all the role players as well as municipal official for their unwavering determination to be where we are. We should approach 2019/20 with same spirit and determination.



CIIR N. Motlhabane
Mayor of GTLM

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COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

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

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

This report serves as a tool to provide a record of activities of this municipality, especially to take a wholesome assessment and measurement of the budget and predetermined objectives' performance as approved in the 2018/2019 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.

Another area that is worth mentioning is the progress made on the audit of predetermined objectives in the previous financial year (2017/2018) by achieving 100% compliance on the reliability and usefulness of performance information on three development priorities.

During 2018/19 financial year we had experienced various challenges when we were executing the projects and programme that were approved by council, in particular with service providers who were unable to complete projects in time and those who delivered substandard service to the municipality. In an endeavor to address those challenges services of some of the service providers were terminated due to poor performance, performance of service providers appointed by the municipality were assessed on a quarterly basis.

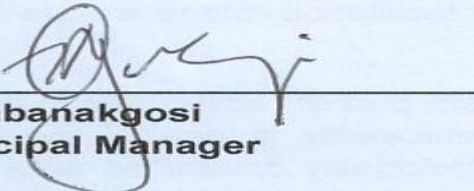
Over the years we have been having an investment account which is being accumulating interest and in March 2019 council decided to allocate R65 million to service delivery programmes and projects that will improve the livelihood of the community in Taung. This money will be used in the 2019/20 financial year and projects such as internal roads, highmast lights, Stormwater channels will be implemented.

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

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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 implement 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

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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.

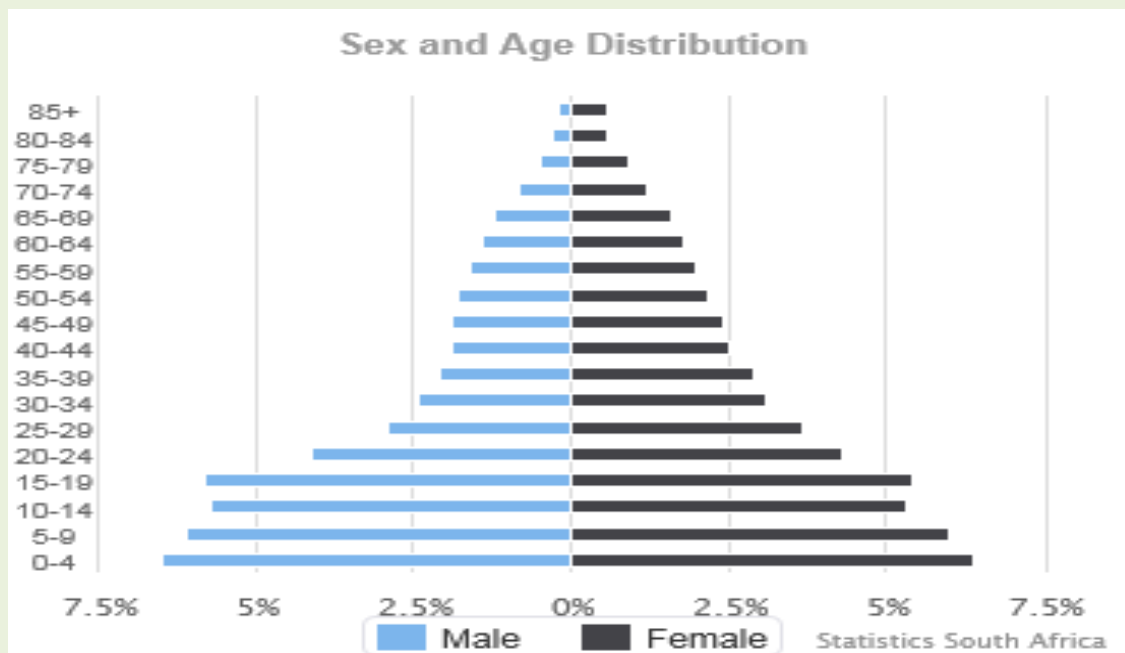
It should be noted that, even though the unemployment rate in 2011 stood at 50%, there has been a significant improvement when compared to 2001, when the municipal unemployment rate stood at 65%. As far as other major services are concerned, the municipality household access to electricity is 89%, compared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

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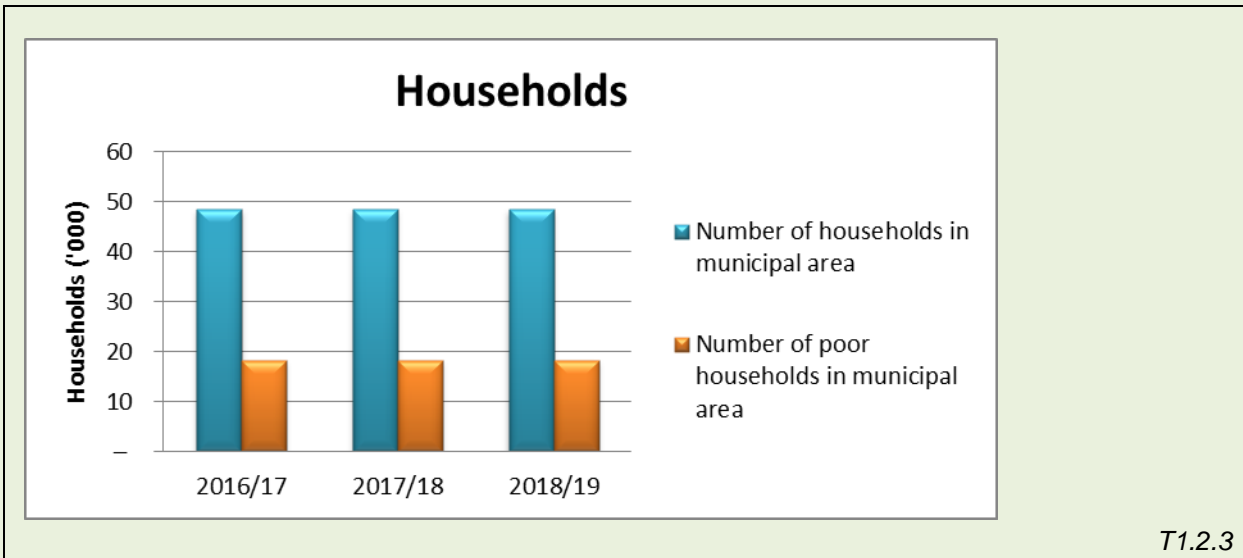
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Population Details			
Age Group	Male	Female	Total
0 - 4	11,476	11,291	22,767
5 - 9	10,755	10,662	21,416
10 - 14	10,103	9,365	19,468
15 - 19	10,254	9,644	19,898
20 - 24	7,288	7,676	14,964
25 - 29	5,181	6,490	11,671
30 - 34	4,293	5,477	9,770
35 - 39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

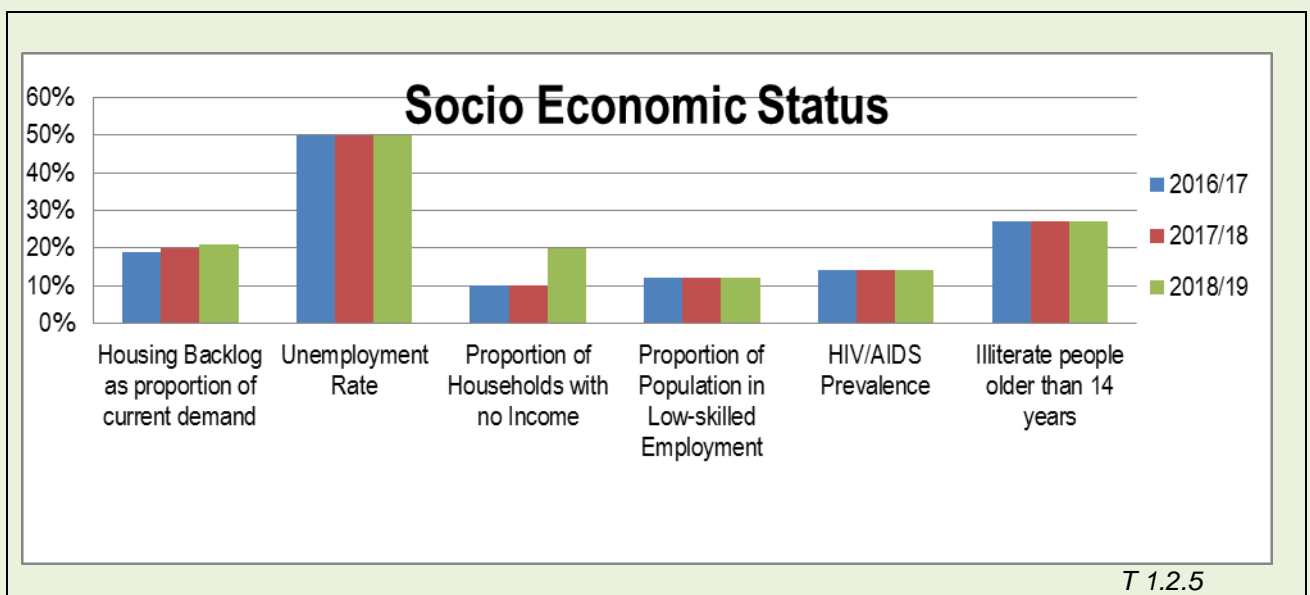
Source: Statistics SA - 16 Aug 2013 T.1.2.2



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Socio Economic Status						
Year	Housing Backlog (Informal Units %)	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate People Older than 19 Years
2016/17	19%	49.8%	10%	12%	14%	27%
2017/18	20%	49.8%	10%	12%	14%	27%
2018/19	21%	52%	20%	2%	14%	27%
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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 August 2013.

Key Challenges and Opportunities arising from the demographic data:

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

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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 were dolomite formations is found like the informal settlement in Boipelo were 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 hand the lack of proper roads prevent residents to be mobile enough to transport their products economically and on the other hand the bad roads is causing damage to property, plant and equipment.

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

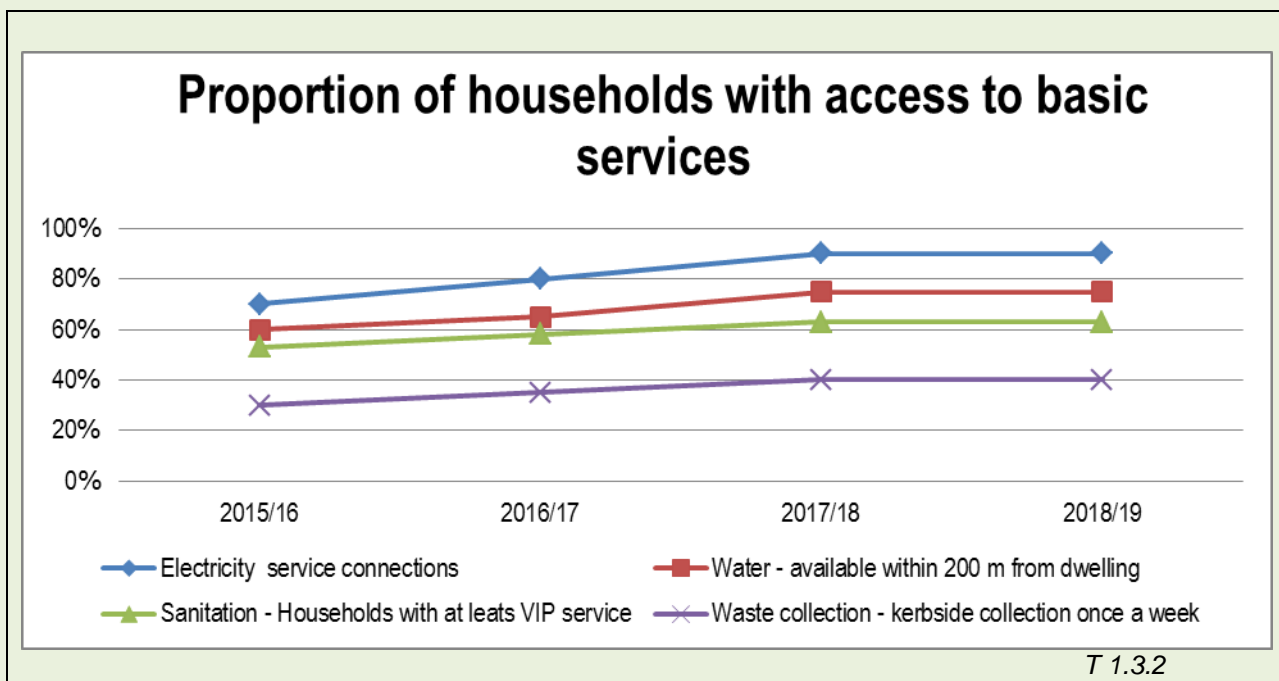
The following need to be considered to ensure a turn-around with regard to cleaner towns:

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

Service delivery to indigent is rendered through a subsidy scheme that is funded from the Equitable Shares. District Integrated Plans were developed at Provincial level to ensure improvement of services in all sectors.

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Chapter 1



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.

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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

Access to Water

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

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

Access to Sanitation

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

There has been a dramatic improvement in the number of households with a flush toilet during the past decade, from 38% in 2001 of households to 45% in 2011. 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.

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Chapter 1

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	Valuation roll is being updated
Timeous submission of Annual Financial statement and the Improvement of audit opinion	The compliance of the submission of Annual Financial statements together with the Draft Annual Report testifies the municipality 's vision to achieve clean audit status
Improved Cash and Cash equivalents management	The overall management of available cash and cash equivalents has improved

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

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

National Key Performance Indicator	2017/18	2018/19
Debt Coverage ((Total operating revenue- operating grant received) debt service payment due within the year	22	1.10
Service Debtors to Revenue – (Total outstanding service debtors: revenue received for services)	8	1: 1.34
Cost Coverage ((Available cash + Investment) : Monthly fixed operating expenditure	127	11.4

Financial Overview: 2018/19			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	182,135	182,135	238,769
Taxes, Levies and tariffs	48,188	38,188	34,400
Other	21,339	21,339	30,047
Sub Total	251,662	241,662	303,216
Less: Expenditure (excl. grants)	250,528	246,947	251,865
Expenditure (grants)	12,909	12,909	31,612
Net Total*	(11,775)	(18,194)	19,738

Chapter 1

Operating Ratios	
Detail	%
Employee Cost	36.7
Repairs & Maintenance	7.3
Finance Charges & Impairment	1
	1.4.3

COMMENT ON OPERATING RATIOS:

Employee Cost- measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employees cost by the difference between total revenue and capital revenue. The ratio of personnel expenditure to operating expenditure is widely used as an indicator of the sustainability of municipal budget and expenditures. According to MFMA budget circular No. 59 there is no prescribed or recommended benchmark for the ratio personnel expenditure to operating expenditure.

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% of the total value of assets.

Employee cost Ratio: Total Employee Cost/Total Operating Expenditure = $[(18\ 568 + 83\ 655) / 278\ 536] \times 100 = 36.7\%$

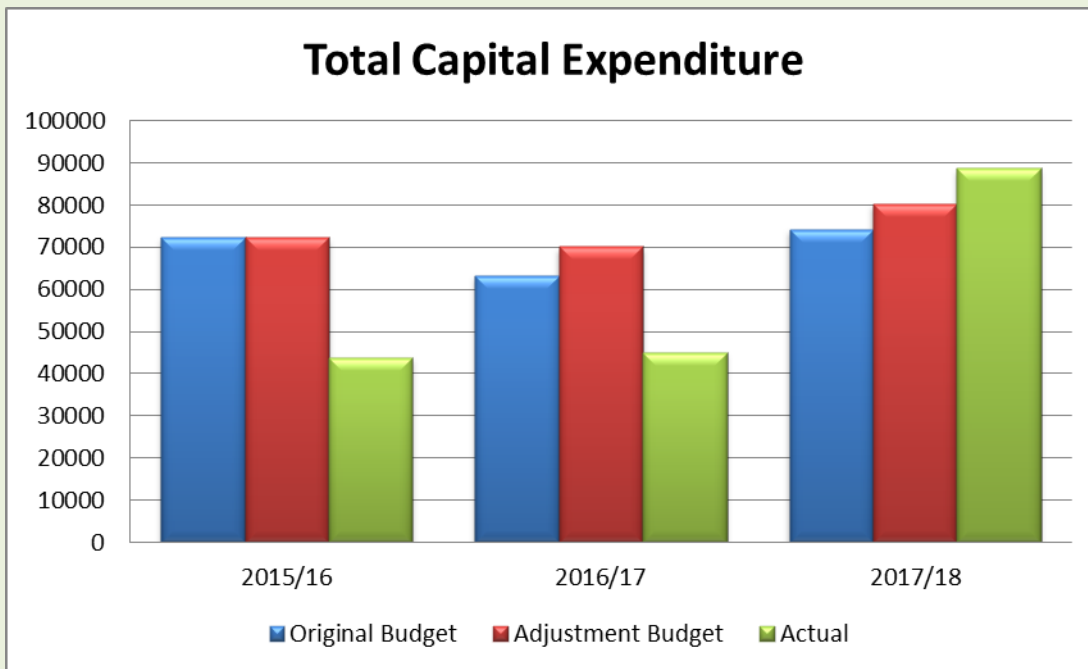
Repairs & Maintenance Ratio: Total R & M/Total Operating Expenditure = $(20\ 257 / 278\ 536) \times 100 = 7.3\%$

Finance Charges Ratio: Total Finance Costs/Total Operating Expenditure = $(2\ 841 / 278\ 536) \times 100 = 1\%$

T 1.4.3

Total Capital Expenditure: 2016/17-2018/19			
	R'000		
Detail	2016/17	2017/18	2018/19
Original Budget	63 279	74 287	58 461
Adjustment Budget	70 179	80 287	84 568
Actual	45 056	88 657	
			T 1.4.4

Chapter 1



T 1.4.5

COMMENT ON CAPITAL EXPENDITURE:

No comments.

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.

T 1.5.1

Chapter 1

AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2018/2019 (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 current financial year (2018/2019). In 2019/20 a lot of work has been done to try and 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	July 2019
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft 2018/2019 Annual Report to Internal Audit	
5	Audit/Performance committee considers draft Annual Report of municipality	August 2019
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 2019
10	Municipalities receive and start to address the Auditor General's comments	December 2019
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January 2020
12	Audited Annual Report is made public and representation is invited	
13	Oversight Committee assesses Annual Report	February – March 2020
14	Council adopts Oversight report	
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	April 2020
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

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

Chapter 1

municipality should be able to provide an unaudited annual report in August of each year, which is consistent with the MFMA.

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

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

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

The annual report content will assist municipal councillors, municipalities, residents, oversight institutions and other users of annual reports with information and progress made on service delivery. It must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in year reports.

The contents will also assist with the annual audits. Another key aspect of the reform in combining the relevant information into the new annual report format will assist the municipality to streamline operations and processes through combined committees, reduce costs, time and effort. There will be a limited need for the municipality to have different committees to deal with financial and non-financial related matters.

T 1.7.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

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

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

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

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

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Executive Committee of Greater Taung Local Municipality is the political governance structure that is established in terms of Section 45 of Local Government: Municipal Structures Act 117 of 1998. Cllr Nyoko Motlhabane is the Mayor of Greater Taung Local Municipality and the public face of the municipality and should be used in big public meetings, municipal stakeholder forums and media. He is the chair of the Executive Committee comprising of 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.

Audit and Performance Committee has been established in terms of Section 166 subsection 6(a) of the MFMA. The committee comprises of three (3) and a Chairperson. The purpose of the committee is to advice council and management 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
- Corporate Service and Communication
- Planning and Performance
- Infrastructure and Human Settlement
- Community Service

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

T 2.1.1

Chapter 2

POLITICAL STRUCTURE	FUNCTIONS
 <p>Hon Mayor Cllr. N Motlhabane</p>	<p>Provide political guidance over the fiscal and financial affairs of the municipality</p> <p>To oversee the preparation of the annual budget</p> <p>Submit quarterly reports to Council on the implementation of the budget and the financial status of the municipality</p> <p>Coordinate the annual review of the IDP</p> <p>To ensure that the Mayoral Committee is perform its functions properly</p> <p>Promotion of intergovernmental relations</p> <p>Convene public hearings and meetings</p> <p>Identifies the needs of the community in terms of the IDP processes.</p> <p>Reviews those needs in order of priority</p> <p>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</p> <p>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>
 <p>Speaker of Council Cllr. E. Tladi</p>	<p>The Speaker presides over the council meetings and maintains order during council meetings.</p> <p>Ensure that the council meets at least quarterly.</p> <p>Ensure that the rules of order are complied with during the proceedings of council meetings.</p> <p>Execute any other duties as delegated to the speaker in terms of the council delegation systems.</p> <p>Maintains order during Council meetings</p> <p>Ensure that Councillors adhere to the Code of Conduct</p> <p>Support to Councillors</p> <p>Facilitate public participation coordinate the establishment and functionality of ward committees</p>
<p>Chief Whip Joyce Malepe</p>	<p>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.</p> <p>The Chief Whip ensures discipline during Council and Committee Meetings.</p> <p>She facilitates political debates, workshop for all councillors.</p>

Chapter 2

GTLM 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

Chapter 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 B. Diyo, 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>Municipal Manager MR. K Gabanakgosi</p> 	<p>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</p>

Chapter 2

	<p>carrying out their decisions; Being responsible for all income and expenditure of the GTLM all assets, the discharge of all liabilities of the GTLM and proper and diligent compliance with applicable Municipal Finance Management legislation.</p>
<p>Acting CFO MR. V. Chuene</p>	<p>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>
<p>Director : Corporate Service Kamogelo Baijang</p>	<p>Managing and controlling various line functions within the Directorate which include general administration, Human Resources, Council Support, Corporate strategy; Leading, directing and managing staff within the Department so that they are able to meet their objectives; Rendering Support by advising and overseeing all matters of procedures relating to minutes and resolutions of the Council Committees; Managing and controlling the compilation and execution of the departmental capital and operating budget; Executing any function delegated by the municipal Manager in terms of powers and delegations in the relevant legislation and related to the functions of this post; Administering records/archives registry, skills development, legal matters and employment Equity; Overseeing the execution of the IDP Programmes attached to the Department and monitoring individual performance management; Developing, implementing Collective Agreements and managing strategic goals, policies, procedures and plans; Ensuring proper administration of Council delegation System;</p>
<p>Acting Director: Technical Services Mr. O. Mogapi</p>	<p>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>
<p>Director : Community Service Mrs T. Baloyi</p>	<p>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.</p>

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	<p>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>
<p>Director: Spatial Planning & Human Settlement Mr. A. Makuapane</p>	<p>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.</p>

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

Chapter 2

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

Chapter 2

- 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

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.

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
IDP Rep forum	28/10/2018	5	10	165	Yes	28/10/2018 by responding to questions
Mayoral budget speech	20/03/2019	40	50	188	Yes	N/a
Mayoral Imbizos	19/04/2019	14	20	201	Yes	N/a

T 2.4.3

Chapter 2

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

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?	Yes
Are the above aligned and can they calculate into a score?	Yes
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

Chapter 2

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 2018/19 reporting period the committee held 2 meetings.

Before the beginning of the financial year the district shared risk unit conduct the risk assessment and on quarterly basis conduct the risk update to check mitigation progress on all identified risks

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices, section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud. Greater Taung Local Municipality contributes to the principles of good governance which requires the conduct of business in an honest and transparent manner. GTLM confirms commitment in fighting fraudulent behavior at all levels within the organisation. In 2018/19 financial year Greater Taung Local Municipality submitted the reviewed Local Government 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

Chapter 2

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 has established its own audit committee 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 district shared 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 them 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 was reviewed and approved by council for adoption to maximize administrative and operational efficiency to provide adequate checks and balances in the municipality financial administration.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

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

Chapter 2

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

2.9 BY-LAWS

By-laws Introduced during 2018/2019					
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

Chapter 2

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	No	N/a
All current budget-related policies	No	N/a
The previous annual report (2017/18)	Yes	01/03/2019
The Annual Report (2018/19) published/to be published	No	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2018/19) and resulting scorecards	Yes	10/11/2019
All service delivery agreements (2018/19)	No	N/a
All supply chain management contracts above a prescribed value (give value) for 2018/19	Yes	Quarterly
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 2018/19	No	N/a
Contracts agreed in 2018/19 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/a
All quarterly reports tabled in the council in terms of section 52 (d) during 2018/19	No	N/a
<i>T 2.10.1</i>		

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

Chapter 2

Satisfaction Surveys Undertaken during: 2017/18 and 2018/19				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:	Not conducted	n/a	None	None
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
Satisfaction with:	Not conducted	n/a	None	None
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Information supplied by municipality to the public				
(f) Opportunities for consultation on municipal affairs				
* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory				T 2.11.2

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 and lack of capacity is the main reason.

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

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

INTRODUCTION

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

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

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

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

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

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

T 3.0.1

Chapter 3

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

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

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

GTLM still need to address basic services backlogs in all sectors

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

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

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

T 3.1.0

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

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

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

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

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

Chapter 3

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

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.

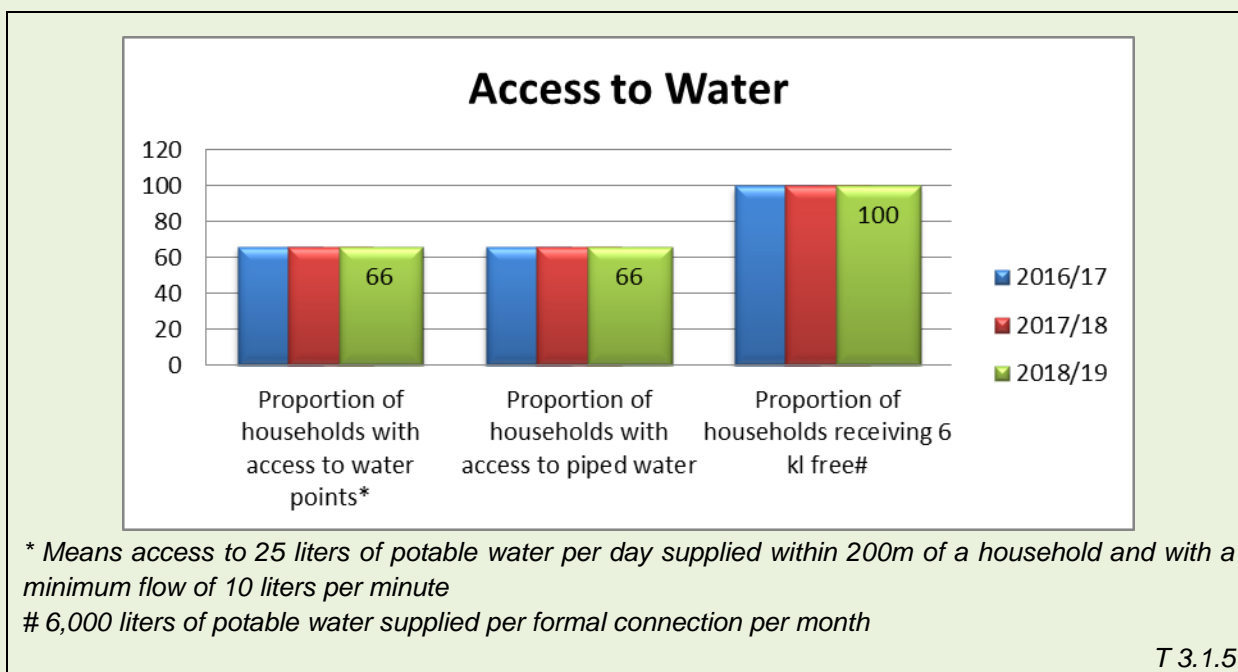
In some areas, water shortages will be less of a problem than increases in runoff, flooding, etc. These effects can reduce the quality of water and can damage the infrastructure that we use to transport and deliver.

T 3.1.2

Water Service Delivery Levels				
Description	2015/16	2016/17	2017/18	Households 2018/19
	Actual	Actual	Actual	Actual
	No.	No.	No.	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
* - To include informal settlements				T 3.1.3

Chapter 3

Households - Water Service Delivery Levels below the minimum						
Description	Households					
	2015/16	2016/17	2017/18	2018/19		
	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 below minimum service level	200	235	320		-	400
Proportion of households below minimum service level	100%	100%	100%		%	100%
						<i>T 3.1.4</i>



Chapter 3

Employees: Water Services					
Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	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	2017/18	2018/19				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	Some of this	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 2018/2019: Water Services						R' 000
Capital Projects	2018/2019					
	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).

The strategy for the provision of basic sanitation:

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

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

T 3.2.1

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

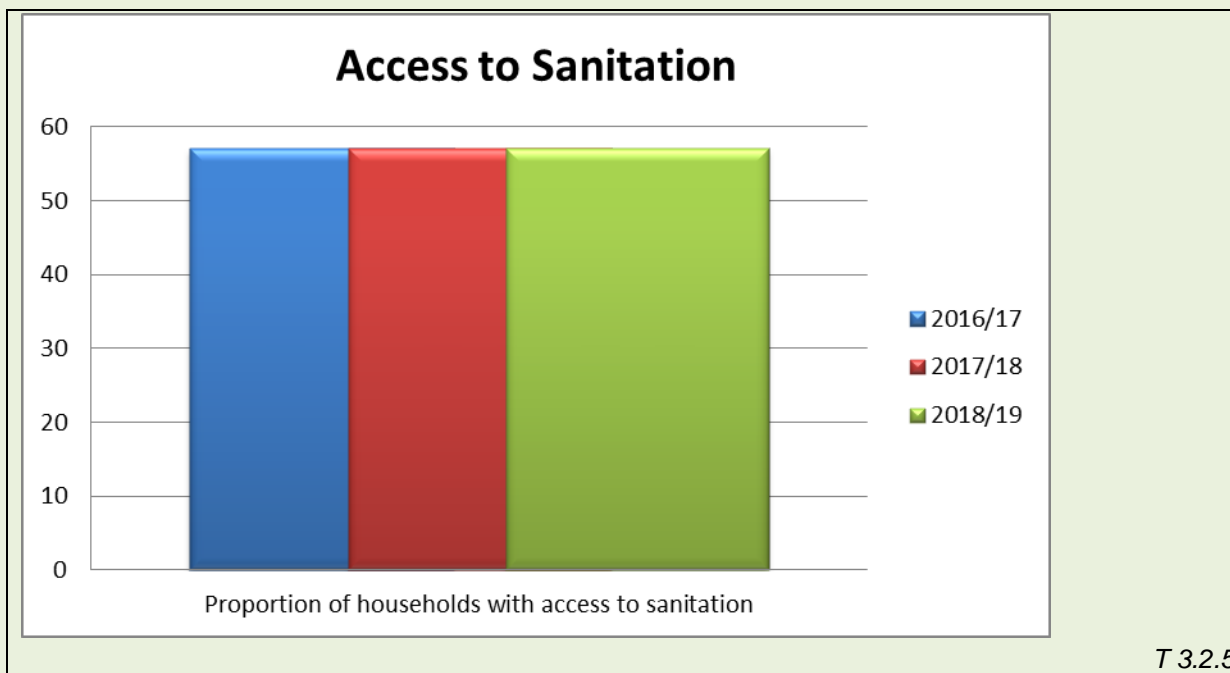
T 3.2.2

Chapter 3

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



Employees: Sanitation Services				
Job Level	2018/19			
	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 2018/19: Sanitation Services					
Details	2017/2018	2018/2019			
	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					

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 3.2.7

Chapter 3

Capital Expenditure 2018/19 : Sanitation Services						R' 000
Capital Projects	2018/2019					
	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

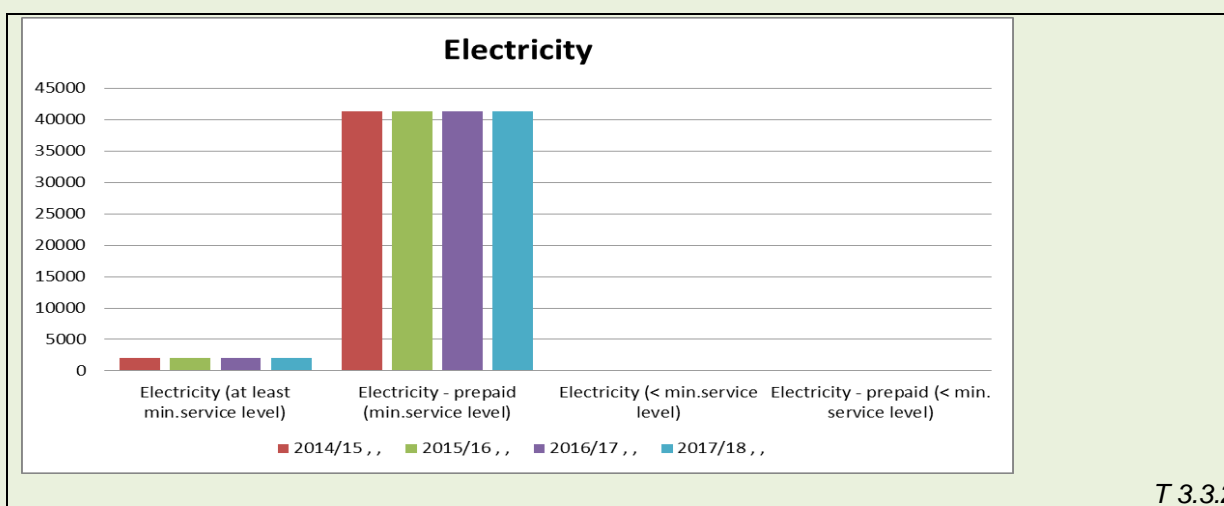
COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:
 GTLM is rendering full sanitation services at Reivilo town and Boipelo township. There is a sewer network at Boipelo township. Most of the households in Reivilo town are not connected to sewer network and utilizing septic tank. Establishment of sewer 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



Chapter 3

Electricity Service Delivery Levels				Households
Description	2015/16	2016/17	2017/18	2018/19
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Energy: (above minimum level)</u>				
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%
<u>Energy: (below minimum level)</u>				
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 2018/2019 Financial year

No	Village Names	Unit Planned
1.	Mokgareng two pump	25
2.	Majaneng	30
3.	Manthe ext	65
4.	Mogopela b	80
5.	Dryharts	65
6.	Matlhako 1	45
7.	Matlhako 2	20
8.	Mokassa 2(RDP)	70
9.	Draaihoek	18
10.	Buxton	34
11.	Lokgabeng	15
12.	Mogopela a	20

Chapter 3

13	Diplankeng (robaletheka)	40
14.	Diplankeng	35
15.	Donkerhoek	29
16.	Longaneng	75
17.	Khudutlou	20
18.	Ntswanahatshe	65
19.	Matolong	25
20.	Tlapeng (banksdrift)	3 (Need 300m MV Line to reach those 3 Houses)
21.	Picong	35
22.	Morokweng	40
23.	Matsheng	50
24.	Taung ext 5	25
25.	Rooiwal	15
26.	Tlapeng 2(new stands)	50
27.	Pudumoe(next to pudumoe high)	30
28.	Lower majeakgoro	250(N.B only if it`s not approved in 17/18)
29.	Sekhing	65 (N.B only if it`s not approved in 17/18)
Total		1 336

Chapter 3

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

Employees: Electricity Services				
Job Level	2018/19			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	1	1	1	100%
7 - 9	0	0	0	0
10 - 12	2	2	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	1	1	0	0
Total	4	3	1	25%

T 3.3.6

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

GTLM is rendering electricity services at Reivilo only. Infrastructure at Reivilo is dilapidated and needs 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 a 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.

Chapter 3

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

Solid Waste Service Delivery Levels				
Description	2015/16	2016/17	2017/18	Households
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Solid Waste Removal: (Minimum level)				
Removed at least once a week	3596	3596	3596	3596
<i>Minimum Service Level and Above sub-total</i>	3596	3596	3596	3596
<i>Minimum Service Level and Above percentage</i>	7.4%	7.4%	7.4%	7.4%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	108	108	108	108
Using communal refuse dump	372	372	372	372
Using own refuse dump	40072	40072	40072	40072
Other rubbish disposal	305	305	305	305
No rubbish disposal	4159	4159	4159	4159
<i>Below Minimum Service Level sub-total</i>	45016	45016	45016	45016
<i>Below Minimum Service Level percentage</i>	92.6%	92.6%	92.6%	92.6%
Total number of households	48612	48612	48612	48612
				T 3.4.2

Chapter 3

Households - Solid Waste Service Delivery Levels below the minimum						
Description	2015/16	2016/17	2017/18	2018/19		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	48,612	48,612	48,612	3 285	3 285	1 717
Households below minimum service level	3,596	3,596	3,596	3,596	3,596	3,596
Proportion of households below minimum service level	7%	7%	7%	0%	0%	0%

Employees: Waste Disposal Services				
Job Level	2018/19			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	42	40	2	4%
4 - 6	17	14	3	17%
7 - 9	2	2	0	0%
10 - 12	3	3	0	0%
13 - 15	1	1	0	0%
16 - 18	0	0	0	0%
19 - 20	1	1	0	0%
Total	66	61	5	7%

T3.4.4

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

T3.4.7

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

T3.4.8

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

T3.4.9

Chapter 3

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

3.5 HOUSING

INTRODUCTION TO HOUSING

The GTLM's vision for BNG Housing development within its jurisdiction is the establishment of social and economically integrated in areas allowing convenient access to economic opportunities as well as to Health, education and social amenities in which communities will, on a progressive basis have access to:

Permanent residential with secure Tenure

Ensure internal and external privacy providing protection against the elements and provide portable water, adequate, sanitary facilities and domestic energy

Strategies

Eradication of mud houses

Provision of housing to poverty-stricken households

Provision of houses to woman headed households

Provision for Rental housing stock/ social housing

The delivery of Low-cost Housing within GTLM is still the competence of Provincial Department of Human Settlements and National Department of Housing. The Role and the Responsibility of the Municipality on housing Delivery is, identification of Beneficiaries, Identification of Land for Housing Development, Allocation of Completed Houses to qualified and approved Beneficiaries, Identification and processing of applications for Emergency Housing, Prepare and submission of Housing Business Plans for Annual allocations and also negotiations with Traditional Authorities and Land Affairs for Land availability.

Achievements:

Housing Sector Plan Review and Accreditation Business Plan

During 2017, the GTLM Council took a resolution that all process of applications for accreditations be followed and implemented. Process of Supply Chain was followed whereby the service provider Maxi Planning Solution was appointed by the municipality and the Service Level Agreement was signed

Chapter 3

between both parties. All this process was done in conjunction with the Department of Human Settlements.

The municipality is in apposition to apply for level 1&2 Housing Accreditation, based on the capacity of the municipality to carry out additional programme responsibilities and to implement the municipality's Accreditation Business Plan.

Progress

The two documents, Housing Sector Plan and Accreditation Business Plan has been approved by council. To date only 30% of the approved Municipal Housing Sector Plan has been implemented Workshop on the Municipal Accreditation Business Plan has been taken place to familiarize all senior officials, Portfolio Committee members and Exco on the approved document.

GEOLOGICAL INVESTIGATIONS:

To prepare in advance for the implementation of various housing projects earmarked for 2018/2019 financial year, the municipality in conjunction with Human Settlements Department ensures that Geo-Tech investigation reports are available in order to accelerate housing delivery. One of the advantages of readily available Geo Tech reports ensures the timeous implementation of projects and it is been used as a guiding tool for the municipality to ascertain the feasibility of future and planned housing development.

Close to 40 Villages have been selected and prioritised in line with the IDP-CBP priority list for 2017/18/19 FY and has been approved for Geo-Tech Study Reports.

Planned units: 2018\2019

According to the Business plan 2018/2019 F/Y the Number of Units planned was:

- 1 500 Emergency Houses
- 2 500 Units for various villages

CHALLENGES:

- Department of Human Settlements allocated only 286 Units of the 2 500 and of 1500 planned units as increases backlog and dissatisfactions of beneficiaries
- None completion of Units allocated to Contractors appointed by the Provincial Department of Human Settlements in some of the villages within the Municipality.
- Encountering political interference in the housing subsidy administration process and implementation

FAILURES

Provincial Department of Human Settlement to provide or appoint capacitated Building Contractors. Inadequate of land availability in the municipality for the implementation of other National Housing Programmes e.g FILSP.

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
2015/16	42,953	39,516	92%
2016/17	42,953	39,516	92%
2017/18	42,953	39,516	92%
2018/19	48,454	44,577	92%

T 3.5.2

Employees: Housing Services					
Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	1	1	0	0%
10 - 12	2	2	2	1	50%
13 - 15	1	1	1	1	100%
16 - 18	1	1	1	1	100%
19 - 20	0	1	1	1	100%
Total	5	6	6	4	67%

Financial Performance 2018/19: Housing Services					
					R'000
Details	2017/18	2018/19			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	7812556	251662	241662	268406	6%
Expenditure:					
Employees	4 530 790	95554	95554	83655	-14%
Repairs and Maintenance	8200	23718	22387	20257	-17%
Other	444401	124818	123568	156056	20%
Total Operational Expenditure	452601	244090	241509	259968	6%
Net Operational Expenditure	-7359955	-7572	-153	-8438	10%

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 3.5.5

Chapter 3

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. The Municipality is doing well in terms of Housing project facilitation and coordination. Good relationship has been established with other stakeholders like the Provincial Department of Human Settlements, National Housing Builders Regulation Council, etc. Due to housing backlog the municipal council took a resolution to apply for housing accreditation with the goal of providing housing to the people of Taung. The process has been unfolding very well as housing accreditation business plan was developed.

T 3.5.5

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

Chapter 3

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R3,200 per month								
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
			Access	%	Access	%	Access	%	Access	%
2018/19	15 025	15 025	15 000	100%	320	2%	15 025	100%	230	2%
2017/18	13 051	13 051	13 012	100%	320	2%	13 051	100%	230	2%
2016/17	13 409	13 409	13 100	98%	320	2%	13 409	100%	230	2%

T 3.6.3

Services Delivered	2017-2018	2018-2019			
	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				

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.

Chapter 3

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

Gravel Road Infrastructure					Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to Paved	Gravel roads graded/maintained	
2016/17	2191	-	9		700
2017/18	2182	-	3.7		750
2018/19	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	
2016/17	24.7	3.7	-	-		-
2017/18	26	5	0	0		0
2018/19						
						T 3.7.3

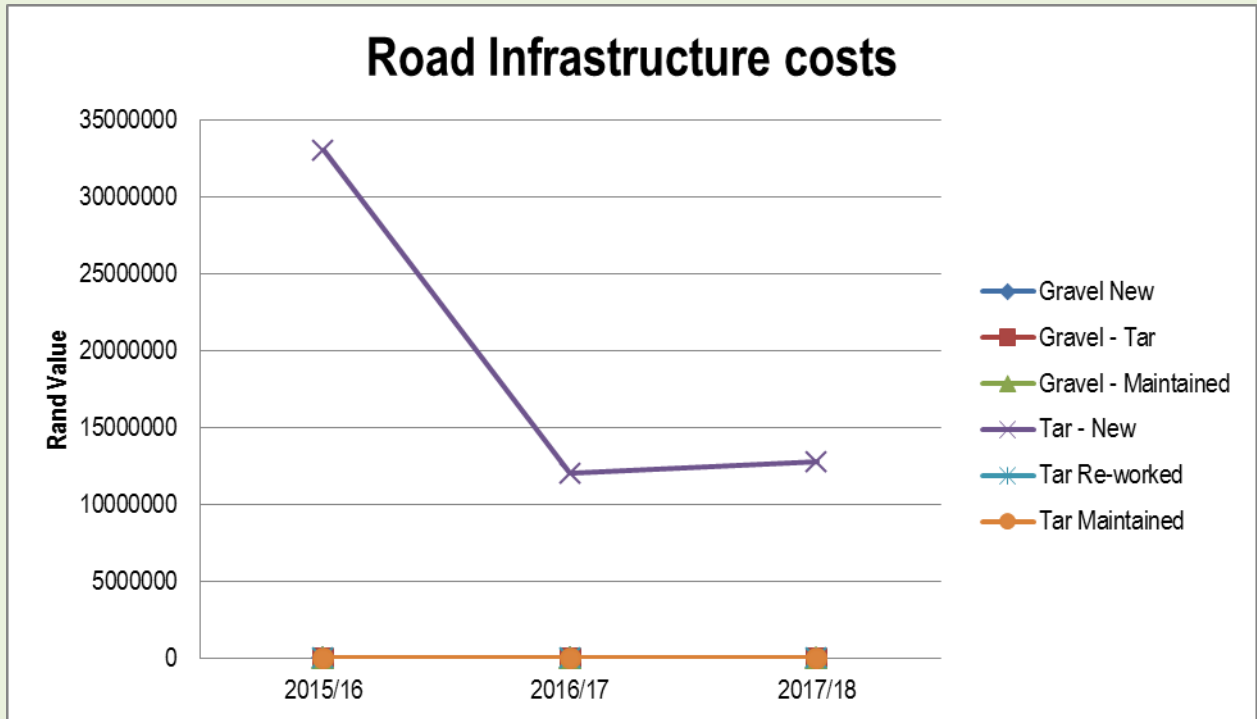
Chapter 3

Cost of Construction/Maintenance							R ' 000.00
	Gravel			Paved			
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained	
2016/17	R17 459 124	0	R851 030	R0	0	-	
2017/18	R11 659 099	0	R302 000	R285 050	0	0	
2018/19	R18 235 6852	0	0	0	0	0	
						T 3.7.4	



Kokomeng village Access Road completed in 2018/19

Chapter 3



T 3.7.5



Matsheng village Stormwater channel completed in 2018/19

Chapter 3

Employees: Roads and Storm Water Services				
Job Level	2018/19			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3				
4 - 6				
7 - 9				
10 - 12				
13 - 15				
16 - 18				
19 - 20				
Total				

T3.7.6

Table 3.7.7 will form part of the AFS

T3.7.7

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

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

T 3.7.8

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

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

T 3.8.1

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

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

T 3.9.1

Chapter 3

PERFORMANCE HIGHLIGHTS 2018/19

KPA 1: Basic Service Delivery and Infrastructure Development

- 2.5 km of roads re-gravelled at Buxton, Lokgabeng, Majaneng, Lokaleng, Manokwane, Ext. 5, Moretele & Matlapaneng
- 2.2km of internal road paved in Boipelo
- 64 road traffic signs installed at Cokonyane, Lokaleng & Mokasa II tarred
- 17 speed humps constructed on Cokonyane, Lokaleng and Mokasa II tarred roads
- 8 pit latrine toilets construction projects completed in identified areas

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	
	2017/18	2018/19	2017/18	2018/19	2018/19	2018/19
Planning application received	2		30			
Determination made in year of receipt	2		6			
Applications withdrawn	0		0			
Applications outstanding at year end	2		24			

T 3.10.2

Chapter 3

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

T 3.10.3

Financial Performance Year : Land Use & Human Settlement					
					R'000
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	Financial Information is covered in the Annual Financial Service				
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					

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

T 3.10.4

Table not relevant as the municipality did not have projects

T3.10.5

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

Chapter 3

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

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The Local Economic Development (LED) refers to a process by which government, business and civil society work collectively to create better conditions for economic growth and employment generation.

These conditions can be brought through the following:

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

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

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

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

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

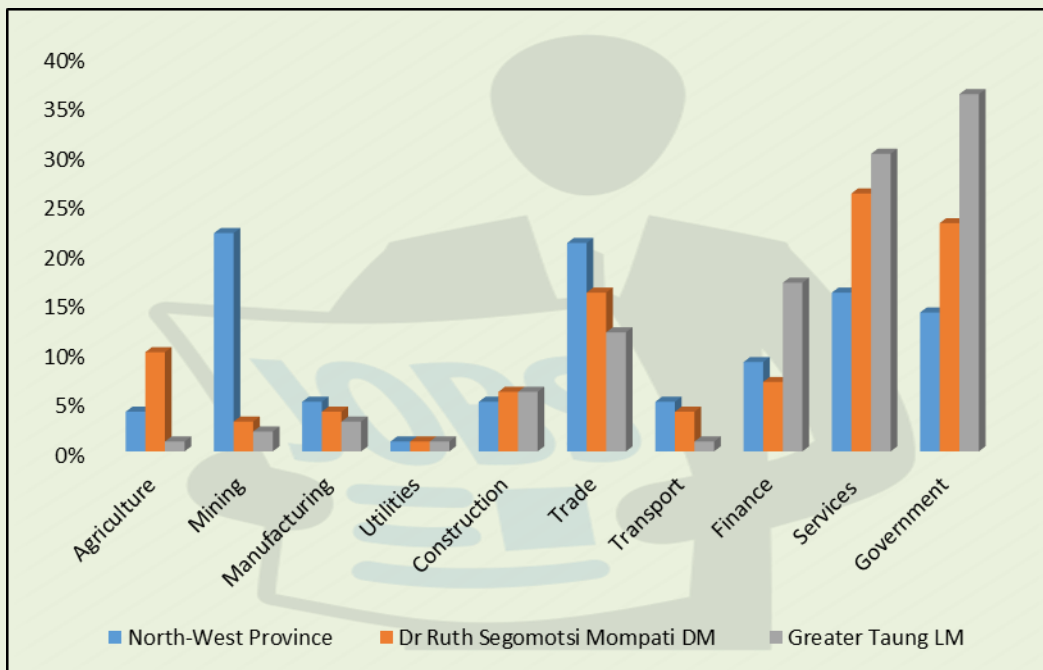
Chapter 3

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

Economic Activity by Sector			
	R '000		
Sector	2016/17	2017/18	2018/19
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		
			<i>T 3.11.2</i>

Economic Employment by Sector			
	Jobs		
Sector	2016/17 No.	2017/18 No.	2018/19 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			
			<i>T 3.11.3</i>

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.

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

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

T 3.11.4

Chapter 3

Jobs Created during 2016/17 – 2018/19 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
2016/17	1500	0	1500	Tenders awarded
2017/18	138	0	138	Tenders awarded
2018/19	0	0	0	None

T 3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2016/17	11	126
2017/18	1	37
2018/19	1	37

* - Extended Public Works Programme

T 3.11.6

Employees: Local Economic Development Services				
Job Level	2018/19			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3				
4 - 6				
7 - 9				
10 - 12				
13 - 15				
16 - 18				
19 - 20				
Total				

T 3.11.7

Chapter 3

NB: Information not provided by LED Unit

Financial Performance 2017/18 : Local Economic Development Services					
					R'000
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		The budget of LED Unit is in the Office of the Municipal Manager.			
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Exp					
Net Operational Exp					
					T 3.11.8

NB: Information not provided by LED Unit

Capital Expenditure 2018/19: Economic Development Services –					
					R'
Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All		The budget of LED Unit is in the Office of the Municipal Manager			
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
					T 3.11.9

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

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

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

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

Chapter 3

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

T 3.11.10

PERFORMANCE HIGHLIGHTS 2018/19

KPA3: Local Economic Development

- 100 SMMEs and Cooperatives supported through skills development
- 10 Cooperatives supported with Business Equipment

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 2018/2019 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.

Chapter 3

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

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

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

T 3.12.2

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

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

T 3.13.1

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 assists 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.

Chapter 3

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

This function is not relevant to GTLM.

COMPONENT F: HEALTH

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

3.17 CLINICS

This function is not relevant to GTLM.

3.18 AMBULANCE SERVICES

This function is not relevant to GTLM.

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

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 firefighting 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

Chapter 3

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.

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 and Amenities

Job level	2018/19			
	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 PARKS 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							
Details of the types of account raised and recovered	2016/17		2017/18			2018/19	
	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	22 741 154,05	88%		37,513,236,77	70%		
Electricity - B (Conv)	1 902 488,79	104%		1,864,296,72	68%		
Electricity - C (Prepaid)	1 261 703,03	100%		1,864,296,72	68%		
Water - B	380 269,54	54%		432,981,72	48%		
Water - C	2 085,10	2%		432,981,72	48%		
Sanitation	1 175 251,72	62%		1,004,333,47	57%		
Refuse	2 275 872,88	60%		1,559,262,78	74%		
Other	1 710 176,65	23%		5,621,612,51	33%		

B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.

T 3.25.2

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	2017/18		2018/19		
	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 2018/19: Financial Services					
					R'000
Details	2017/18	2018/19			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue		Financial Information covered in the AFS			
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 3.25.4

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

Human Resource had Key performance areas prioritised to be achieved in 2018/19. To ensure that these priorities were achieved, performance of the Unit was reviewed on quarterly basis and improvements were made where it was necessary.

The Organisational structure was approved on the 11th September 2018, showing all the filled, frozen and vacant positions. Additions and omissions on the structure were done on the 13, 14 & 15 February 2019 which later submitted to Council on the 8th March 2019.

Recruitment

1. HR had prioritized to employ 3 people from employment equity target groups in the highest 3 levels and to fill in 10 vacancies other than those on 3 highest levels.

The Municipality has 6 Section 56/57 posts which are funded for. The challenge with these positions is that the Municipality is struggling to attract suitable and qualifying candidates based on the little remuneration package as prescribed on the Government gazette for the Senior Managers is not attractive and the demographics and the geographical of the area. In 2018/19, 1 Senior Manager (Director Spatial Planning, Land Use and Human Settlements) was recruited. These leave the Municipality at a rate of 50% and recruitment process in filling these positions is underway.

Other management positions, 2 Managers were recruited (HR and Budget & Treasury), appointment of other Managers are also underway. 25 other employees were recruited.

The vacancy rate in the Municipality is now standing at 10% and the Municipality is striving very hard in filling all these positions by advertising on national newspapers, notice boards and head-hunting method.

Training and Development

The Municipality had targeted to implement training programmes for both Officials and Councillors and to provide financial aid to the students with financial needs.

100% of the budget was utilized in that 12 programmes for Officials, Councilors were implemented, and 64 students were financially assisted. The limited budget was a challenge in that the Municipality could assist more needy students. A career exhibition was also conducted for the matriculants to assist them in choosing their careers. A Workplace skills plan was submitted to LGSETA on annual basis and the Municipality was offered a mandatory grant of R181 470.30

Record keeping – Record policy was formulated to ensure compliance with the set standards and objectives.

HR policies - Policies were not reviewed in 2018/19, they will be reviewed in 2019/20 and submitted to Council for approval.

Chapter 3

Occupational Health and Safety – Health and Safety is considered to be of importance to both the employees and persons other than those in the employment of Greater Taung Local Municipality.

Quarterly inspections are conducted on the employer's premises, plants and machinery and compliance reports are submitted to Council on quarterly basis.

Disciplinary matters – it is proven that our employees have improved on the areas of misconduct acts. The Municipality had only two disciplinary matters and final written warning were issued to the employees.

T 3.26.1

Employees: Human Resource Services					
Job Level	2017/2018	2018/2019			
	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

T3.26.2

Financial Performance 2018/2019: Human Resource Services					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					0
Employees	1 111 446	1 939 700	1 539 700	0	0
Repairs and Maintenance					
Other	19 950 188	20 055 900	22 705 900	18 996 885	
Total Operational Expenditure	21 061 634	21 995 600	24 245 600	20 532 585	
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 3.26.3

Chapter 3

Capital Expenditure 2018/2019: Human Resource Services					
					R' 000
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All				%	
Physical Security guards Services	8 000 000	8 000 000	8 993 910	112%	8 993 910
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.26.4

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

99% of the planned programs have been achieved. The challenge experienced is that of attracting candidates from the designated groups as outlined on the Employment Equity Act, limited budget to can assist more on training and development. Section 56 Managers due to the prescribed remuneration packages and being in the rural environment.

Inputs have been submitted to the Office of the Minister through waiver applications for the increase on remuneration packages for Senior Managers

T 3.26.5

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

Chapter 3

- 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

Employees: ICT and Communications Services				
Job Level	2018/19			
	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 t PMS unit is responsible for the coordination and facilitation of risk management in the municipality.

Procurement Service

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

T3.28.1

Chapter 3

COMPONENT J: MISCELLANEOUS

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

INTRODUCTION TO MISCELLANEOUS

None.

T 3.29.0

Chapter 3

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2018/2019

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

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2017-2018		Wards	Revised Annual Budget 2018/19	Financial Year Under Review 2018- 2019		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 KPA 1: Basic Service Delivery and Infrastructure Development: Technical Service Department											
Strategic Objectives : <i>Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance</i>											
TL01	Number of high mast lights (Phase 3) constructed in various Wards by end March 2019	25	25	8, 10, 11, 18, 19, 20, 21	R 5,850,000	25	25	R 8,517,650	None	N/A	Completion Certificate
				5: Pudimoe	R 1,000,000	3	3	R 939,264	None	N/A	
TL02	Number of Community Hall construction projects in various Wards completed by end September 2018	3	47%	8: Lokgabeng	R 1,000,000	3	Target not achieved but progress as end June was at 92% complete	R 1,765,505	Unsatisfactory progress by the contractor on site coupled with community interruptions delayed the completion of the project	The remaining work will be achieved in the first month of the new financial year	Completion Certificates
			50%	1: Qhoo	R 1,000,000		Target not achieved but progress as end June was at 92%	R 4,211,152	Poor performance of the initial contractor resulted in the project being	Termination of the initial contractor and appointment of new contractor	

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2017-2018		Wards	Revised Annual Budget 2018/19	Financial Year Under Review 2018- 2019		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				
							complete		delayed	by the municipality assisted with fast tracking progress	
			49%	23: Tlapeng	R 1,000,000		Target not achieved but progress as end June was at 88% complete	R 685,140	Poor performance of the initial contractor resulted in the project being delayed	Termination of the initial contractor and appointment of new contractor by the municipality assisted with fast tracking progress	
TL03 A	Percentage of the Buxton Community Hall construction project completed by end June 2019	0	0	9: Buxton	R 2,500,000	35%	35%	R 2,074,117	None	None	Progress Report
TL03 B	Percentage of the Kameelputs Community Hall construction project	0	0	20: Kameelputs	R 3,000,000	50%	40%	R 2,516,094	Late delivery of material and slow movement of	Revise the programme	Progress Report

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2017-2018		Wards	Revised Annual Budget 2018/19	Financial Year Under Review 2018- 2019		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				
	completed by end June 2019								contractors		
TL04	Number of sport facilities completed for Longaneng, Mokassa I and Sekhing by end September 2018	3	20%	16: Longaneng	R 364,000	3	0	R 1,546,415 R 975,327 R 940,904	Cashflow from the side of the contractor caused delays for the project to be completed as planned	The set target of 3 was achieved after the municipality intervened on the challenges faced by the contractor	Completion Certificates
			60%	21: Sekhing	R 364,000						
			40%	24: Mokassa I	R 5 000 000						
TL05 A	Percentage of the upgrade of the Pudimoe Sport Facilities completed by end June 2019	0	0	5: Pudimoe	R 1,800,000	20%	20%	R 197,958	None	None	Progress Report
TL05 B	Percentage of the upgrade of the Taung Sport Facilities completed by end June 2019	0	0	8: Taung	R 1,800,000	20%	20%	R 351,656	None	None	Progress Report

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2017-2018		Wards	Revised Annual Budget 2018/19	Financial Year Under Review 2018- 2019		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				
TL06	Number kilometers of access road completed in Cokonyane by end June 2019	0	0	6	R 10,700,000	3	Target not achieved but progress as end June was at 90% (2.6km) complete	R 9,754,754	Hardrock and inclement weather resulted in some of the work needing to be redone	Additional subcontractors had been sourced to expedite the work	Completion Certificates
TL07	Complete the upgrading of the N18 Traffic circle and alteration to road lanes by end March 2019	0	0	8	R 6,000,000	1	0	R 8,480,682	The set target could not be achieved on set target date due to several community unrest that took place and termination of service provider	the municipality resolved all the challenges by appointing a new contractor and attending to all issues that raised during the unrest and the target was achieved in June 2019	Completion Certificates

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2017-2018		Wards	Revised Annual Budget 2018/19	Financial Year Under Review 2018- 2019		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				
TL08	Number kilometres of storm water channel completed in Moretele by end June 2019	0	0	2	R 6,250,000	2	2	R 3,992,705.50	None	None	Completion Certificates
TL10	Number of extension projects completed at the Taung Library by end June 2019	0	0	6	R 1,800,000	1	1	R 1,872,139	None	None	Completion Certificates
National KPA 1 : Basic Service Delivery and Infrastructure Development: Community Service Department											
Strategic Objective : To maintain and manage all council buildings and facilities											
TL12	Complete construction of 10 cemetery pit latrine toilets in identified areas by end March 2019	15	7	17 & 21	R 400,000	10	0	R280,967.00	Delays in the appointment of service provider led to only 3 of 10 pit latrine toilet be constructed by end march	The service provider speed up the construction of pit latrine and the remaining were completed by end June 2019	Completion Certificate / Payment Certificate
TL13	Procure a water pump for the Reivilo Golf Course by end June 2019	0	0	N/a	R50 000	1	1	140 095.49	None	None	Delivery Note / Invoice

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2017-2018		Wards	Revised Annual Budget 2018/19	Financial Year Under Review 2018- 2019		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 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											
TL14	Number of quarterly reports submitted to Portfolio on the preliminary studies for the Township establishment in Boipelo by end September 2018	3	4	1	Opex	4	1	R 38, 077.00	Land Surveyor abandoning the project, causing serious delays. However, actions have been taken to get progress on the project.	Hold monthly meetings with Service Provider/ Land Surveyor; request the Council of Land Surveyors to assist in handling the matter with the Land Surveyor that abandoned the project.	Portfolio Meeting Minutes / Attendance Register
TL15	Number of quarterly reports submitted to Portfolio on the preliminary studies for the Township establishment in	3	4	5	R 436,000	3	4	R 126,500.00	Contract has been extended for another 15 months (April 2019 - June 2020); due to	Continue with even that not affected by the Tribal Councils	

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2017-2018		Wards	Revised Annual Budget 2018/19	Financial Year Under Review 2018- 2019		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				
	Pudimoe by end June 2019								delays with getting by in from community members/ Tribal Council. It is therefore recommended that erf 1619 (allocations by Tribal Council) be taken out.		
TL16	Number of quarterly reports submitted to Portfolio on the implementation of the regeneration strategy in Pudimoe by end June 2019	4	4	5	(R 200,000) (R 50,000)	4	4	R0.00	None	None	Portfolio Meeting Minutes / Attendance Register
Strategic Objective : Prevent / reduce losses that occur due to man-made / natural disaster through preparedness, mitigation, response and recovery											
TL17	Number of temporary shelters provided in various wards by end May 2019	0	0	All	R1 000 000	50	11	R 302,723	The target could not be achieved as planned because execution of this KPI only happened in the third quarter after	17 temporary shelters were completed by end June 2019. Outstanding temporary shelters and previous	Payment Certificate / Completion Certificate

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2017-2018		Wards	Revised Annual Budget 2018/19	Financial Year Under Review 2018- 2019		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 decision was taken at the strategic planning held in January 2019 that the unit be transferred to SPHS	backlog has been budgeted for in the 2019/20 financial year and will be implemented as such	
National KPA2 : Municipal Transformation and Organisational Development – Corporate Service Department											
Strategic objective: Improve organisational cohesion effectiveness – Corporate service Department											
TL18	Number of people from EE target groups employed in the three highest levels of management in accordance with approved Municipal Employment Equity Plan by end March 2019	3	4	N/a	Opex	3	1	OpEx	Two candidates employed during the year did not accept offers and that led to the target not been achieved.	Headhunting will be done and other position will be re-advertised	Employment Equity Plan / Appointment Letters
TL19	Number of training programmes implemented for Municipal officials by end April 2019	120	124	N/a		10	10	R314 551.29	None	None	Proof of Registration/ Attendance Register/ Results

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2017-2018		Wards	Revised Annual Budget 2018/19	Financial Year Under Review 2018- 2019		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				
TL20	Number of training programmes implemented for Municipal Councillors by end April 2019	40	40	N/a	R 1,100,000	5	5	R467 156.13 (-R2100 Credit)			Proof of Registration/ Attendance Register/ Results
TL21	Percentage of the municipal budget actually spent on implementing the workplace skills plan measured as (Total Actual Training Expenditure/ Total Operational Budget)x100) by end June 2019	90%	100.3%	N/a		90%	90%		None	None	Expenditure Report
TL22	Number of students financially supported by end March 2019	80	156	N/a	R 900,000	40	63	627 602.19 (-R47 000 Credit)	None	None	Bursary Letters
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											
TL23	Number of temporary jobs created through local procurement projects by end June 2019	300	75	All	Opex	100	73	Capex	Appointment of Some of the tenders that were supposed to be finalised during the year under	Procurement plans have been developed and all capital projects	Temporary Employment Contracts

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2017-2018		Wards	Revised Annual Budget 2018/19	Financial Year Under Review 2018- 2019		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				
									review were only finalised in the new financial year and that had an impact the jobs preempted to be created through local procurement	tenders will be advertised in the first quarter of 2019/20 to ensure that jobs planned through local procurement are achieved	
TL24	Number of Full Time Equivalents (calculated as (days worked by participants x number of participants / 230 working days per annum) created through EPWP by end March 2019	43	62	All	R 1,077,000	37	55	R 1,077,000	None	None	Temporary Employment Contracts
TL25	Number of economic hubs constructed in Sekhing by end March 2019	2	1	N/a	R 2,333,750	1	0	R 864,087	Delays in terms of SCM led to the late appointment of the service provider which impacted negatively on timeous implementation of the project	The service provider was finally appointed and was encouraged to ensure that project activities run concurrently. The project was then	Completion Certificate

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2017-2018		Wards	Revised Annual Budget 2018/19	Financial Year Under Review 2018- 2019		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				
										completed three months later from the planned date	
National KPA 4: Municipal Financial Viability and Management											
Strategic Objectives: To improve overall financial management in the municipality by developing and implementing appropriate Financial Management.											
TL26	Number of 2017/18 Annual Financial Statements submitted to AGSA by 31 August 2018	1	1	N/a	Opex	1	1	Opex	None	None	Acknowledgement of Receipt
TL27	Financial viability measured in terms of the available cash to cover fixed operating expenditure (Available cash + investments / Monthly fixed operating expenditure) by end December 2018	1.5	9.42	N/a	Opex	1.5	14.5	Opex	None	None	Annual Financial Statement
TL28	Debt to Revenue Short Term Lease + Long Term Lease / Total Operating Revenue - Operating Conditional Grant by end December 2018	2.1	0.017	N/a	Opex	2.1	2.1		None	None	Annual Financial Statement

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2017-2018		Wards	Revised Annual Budget 2018/19	Financial Year Under Review 2018- 2019		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				
TL29	Number of 2018/19 Adjustment Budgets submitted to Council for approval by end February 2019	1	1	N/a	Opex	1	1	Opex	None	None	Council Resolution / Minutes
TL30	Number of final 2019/20 Budgets submitted to Council by 31 May 2019	1	1	N/a	Opex	1	1	Opex	None	None	Council Resolution / Minutes
TL31	Number of households that received free basic electricity in GTLM by end June 2019	9 000	9228	All	R 6,748,000	9 000	9104	Opex	None	None	Expenditure Report
TL32	Number of households that received free basic water in GTLM by end June 2019	600	632	N/a	R 30,000	300	185	Opex	Migration from FMS to EMS caused major problems in terms of financial reporting	The municipality decided to use the old financial system to correct prior mistakes	Expenditure Report
TL33	Number of households that received free basic sanitation in GTLM by end June 2019	200	207	N/a	R 171,000	200	61	Opex	Migration from FMS to EMS caused major problems in terms of financial reporting	The municipality decided to use the old financial system to correct prior mistakes	Expenditure Report

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2017-2018		Wards	Revised Annual Budget 2018/19	Financial Year Under Review 2018- 2019		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				
TL34	Number of households that received free basic refuse removal in GTLM by end June 2019	200	239	N/a	R 216,000	230	64	Opex	Migration from FMS to EMS caused major problems in terms of financial reporting	The municipality decided to use the old financial system to correct prior mistakes	Expenditure Report
National KPA 5: Good Governance and Public Participation – Office of the MM											
Strategic Objectives: Promote a culture of participatory & good governance											
TL35	Number of final reviewed 2019/20 IDP documents tabled to Council by end May 2019	1	1	N/a	Opex	1	1	Opex	None	None	Council Resolution / Minutes
TL36	Number of final Annual Reports submitted to Council by end January 2019	1	1	N/a	Opex	1	1	Opex	None	None	Council Resolution / Minutes
TL37	Number of mid-term budget and performance assessment reports submitted to the Mayor by 25 January 2019	1	1	N/a	Opex	1	1	Opex	None	None	Council Resolution / Minutes

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.

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2018/19 FINANCIAL YEAR											
Project name	Name of Service provider	Source of funding	start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5)				Assessment comments
							1 - Poor Average	2 - Fair 4 - Good	3 - 5 - Excellent	Quarter 1	
Security Services	Tshireletso Professional services		01/01/2018	31/12/2020	Services are still provided with average performance	stolen tyres, generator battery and laptops in their presence. Complaints by their employees on unpaid salaries.	3	3	2	3	The company is not doing enough to protect the Client's properties
Email	SEBATA	Operational Budget	Jul-17	Mar-20	Working Fine	Service Provider takes time to create email accounts	4	4	4	4	

Chapter 3

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2018/19 FINANCIAL YEAR

Project name	Name of Service provider	Source of funding	start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent				Assessment comments
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Internet	SEBATA	Operational Budget	Aug-17	Mar-20	The internet was upgraded from 6 mbps to 12 mbps	The internet is slow even though it was upgraded.	1	1	1	1	The service provider not perform according the expectations, they let firewall certificate expires and that made the internet line bloated.
Telephones	TELKOM	Operational Budget	Mar-18	Feb-21	The Telephone system installed in some offices.	The telephone project is not completely installed in all offices. It takes times to resolve problems or new orders	3	3	1	1	The service provider takes a lot of the to address the request. Since we requested service for Libraries in January 2019 to date the telephones not installed.
Offsite Backup	SEBATA	Operational Budget	1-Jul-17	Mar-20	backup performed on daily basis		4	4	4	4	
Antivirus	Kobua Consulting	Operational Budget	Jul-17	1-Jun-20	Antivirus was renewed on yearly basis		4	4	4	4	
Electronic Media Partner	Vaaltar FM		Oct-18	Oct-20	Ongoing. Quarterly status meetings being held.	None	4	3	4	5	The Radio Station has always gone 'beyond the cal of duty' to help us.

Chapter 3

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2018/19 FINANCIAL YEAR

Project name	Name of Service provider	Source of funding	start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5)				Assessment comments
							1 - Poor	2 - Fair	3 - Average	4 - Good	
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Translation of Municipal Documents	Phoebelle Enterprises		Oct-18	Oct-20	Ongoing	None	4	4	4	4	Service Provider always ready to deliver in time for our deadline.
Re a Dira Magazine - Design, Print and Deliver	Siyasanga Business Consulting		Sep-18	Sep-20	Quarters 2 and 3 have been delivered. Quarter 4 is being finalised.	None	3	3	5	4	Service provider always willing to improve the quality of publication inspite of challenges.
Placement of Municipal Advertisements	Explohill Advertising and Media		1-Sep-18	Sep-20	Ongoing	None	4	4	4	4	Service provider always ready to deliver in time for our deadline.
Research and Writing of History of Taung	North West University - School of Social Sciences		Feb-19	1-Feb-20	Secondary research is ongoing. Quarterly status meetings being held.	None	3	3	3	3	Inputs in the original concept by the service provider is encouraging.

Chapter 3

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2018/19 FINANCIAL YEAR

Project name	Name of Service provider	Source of funding	start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5)				Assessment comments
							1 - Poor	2 - Fair	3 - Average	4 - Good	
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
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
Construction of Qhoo Community Hall	DMMK Consulting	MIG		6-Sep-19	82% of construction work has been completed with most of the work forming part of external works	All contractors are having a difficult time managing their finances. Progress on site was largely affected by poor cashflow management. Community involvement also resulted in the project being delayed	3	3	3	3	Even though the project had its challenges, the service provider's conduct was satisfactory
Construction of Qhoo Community Hall	Bothlabatsatsi Trading		1				1	1	1	The contractor's overall performance was very poor and lacked basic understanding of construction management	
Construction of Tlapeng 2 Community Hall	DMMK Consulting	MIG		6-Sep-19	88% of construction work has been completed. Paving and		3	3	3	3	Even though the project had its challenges, the service provider's conduct was satisfactory

Chapter 3

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2018/19 FINANCIAL YEAR

Project name	Name of Service provider	Source of funding	start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5)				Assessment comments
							1 - Poor	2 - Fair	3 - Average	4 - Good	
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Construction of Tlapeng 2 Community Hall	Kei2 Trading				certain internal works are still pending		1	1	1	1	The contractor's overall performance was very poor and lacked basic understanding of construction management
Construction of Lokgabeng Community Hall	DMMK Consulting	MIG		6-Sep-19	92% of construction work has been completed. Only external works are pending		3	3	3	3	Even though the project had its challenges, the service provider's conduct was satisfactory
Construction of Lokgabeng Community Hall	Kgatliso Logistics		1				1	1	1	The contractor's overall performance was very poor and lacked basic understanding of construction management	

Chapter 3

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2018/19 FINANCIAL YEAR

Project name	Name of Service provider	Source of funding	start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent				Assessment comments
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Construction of 3 km Cokonyane Access Road	Triakon Engineering	MIG		6-Sep-19	90% of construction work has been completed with approximately 2.4 km of paved road completed	Delays in the project were results of hardrock present on site plus inclement weather. There were instances when work could not continue owing to the damaged earthworks	2	2	2	2	There had been instances when it was difficult to get drawings from the consultant. This resulted in uncertainties in the design of the stormwater channel
	AL Mphago Construction								2	2	
Construction of 2 km Stormwater channel	KiPP Consulting	MIG			Completed	None	5	5	5	5	Both the contractor and consultant did an excellent job in completing the project earlier than anticipated with minimal challenges
	Lesedi Construction								5	5	

Chapter 3

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2018/19 FINANCIAL YEAR

Project name	Name of Service provider	Source of funding	start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent				Assessment comments
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Construction of Buxton Community Hall	Tiki Architects	MIG		31-Oct-19	The project status stands at 35%	The major delay in the project was the relocation to a new site as the original site had been designated as part of a World Heritage Site	2	2	2	2	The main problem with the consultant is the non-adherence to the contract amount
	Sanapo Projects						3	3	3	3	The contractor is progressing well
Provision of MSCOA compliant financial system for three years	SEBATA	Own funding/FMG	1/7/2017	30-06-2020	The municipality is live on MSCOA. The migration was done in January 2019.	The municipality has not been able to compile sec71 & 52reports since implementation. The opening balances were only completed in June 2019	1	1	1	1	The service provider did not priorities the municipality. The municipality is still unable to produce section 71 reports. The trial balance and GL are not talking to each other. The system is still under development.
Compilation of the 2019-2024 valuation roll	Activa	Own funding/FMG	08-04-2019	07-04-2024	The service provider is still on implementation face	None	-	-	-	4	N/a

Chapter 3

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2018/19 FINANCIAL YEAR

Project name	Name of Service provider	Source of funding	start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent				Assessment comments
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Compilation of the GRAP 17 assets register for three years	JBFE Consulting	Own funding	10-02-2018	9/1/2021	The service managed to assist is implementation of the GRAP 17 assets register without any major findings.	The service provider was late in the submission of the register for 2017/18 AFS.	3	3	4	4	The service provider has been attending monthly meeting to address all issues identified in the 2017/18 financial year.
Supply and delivery of stationery for two years	Rebathaping Trading	Own funding	20-11-2017	20-11-2019	Supplier has been able to deliver in time	None	5	5	5	5	Supplier has been able to deliver in time
Supply, delivery and maintenance of printing machines for three years	DIDO Digital Documents	Own funding	05-04-2017	05-04-2020	Contract still valid	None	4	4	4	4	After challenges in the previous financial year the supplier has been able to put an employee on site for maintenance.
Compilation of the 2018/19 financial statements	PMT Consulting	Own Funding	24-02-2019	30-11-2019	The company managed to prepare interim AFS	The problem of the financial system resulted in substandard work done in terms of the interim AFS	-	-	-	3	Since the financials system problem were not resolved in time the service provider could hardly perform their duties as per the SLA.

Chapter 4

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

INTRODUCTION

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

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

T 4.0.1

Chapter 4

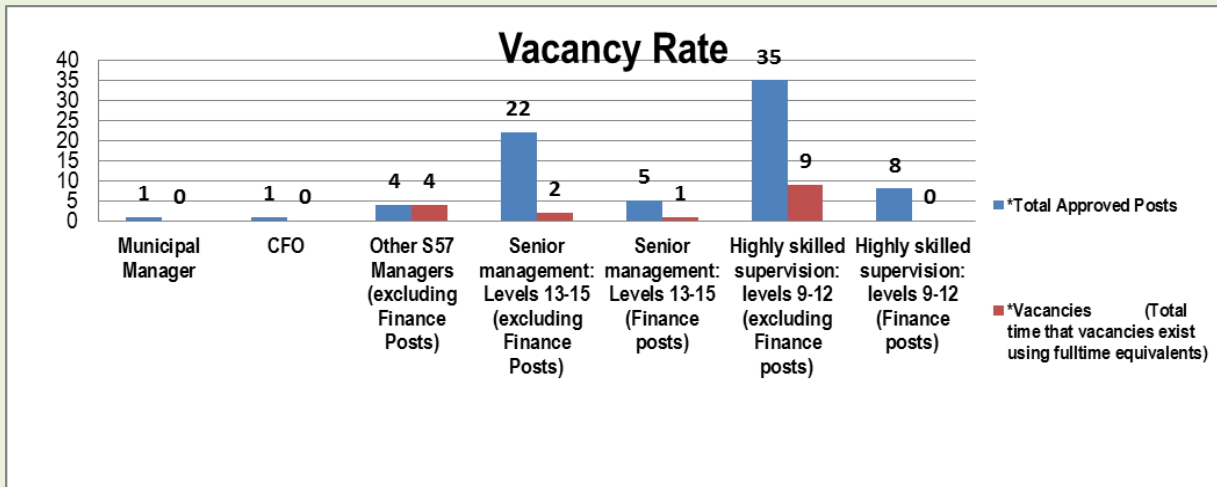
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2017/2018	2018/2019			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	0	0	0	0	%
Waste Water (Sanitation)	26	5	28	5	%
Electricity	2	2	3	0	%
Waste Management	51	0	0	0	%
Housing	6	5	5	0	%
Waste Water (Storm water Drainage)		6	42	6	%
Roads	44	9	17	4	%
Planning	6	6	5	0	%
Local Economic Development	3	4	3	1	%
Community & Social Services	37	6	71	7	%
Sport and Recreation	0	3	16	0	%
Corporate services and others	91	8	109	8	%
Totals	272	49	300	31	10%
					<i>T 4.1.1</i>

Vacancy Rate: 2018/2019			
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	1	1.0
Other S56 Managers (excluding Finance Posts)	4	2	5.24%
Senior management: Levels 13-15 (excluding Finance Posts)	8	3	17%
Senior management: Levels 13-15 (Finance posts)	2	0	
Highly skilled supervision: levels 9-12 (excluding Finance)	33	0	0.00%
Highly skilled supervision: levels 9-12 (Finance posts)	8	2	0.00%
Total			
			<i>T 4.1.2</i>

Chapter 4



Turn- over Rate			
Details	Total Appointment as of beginning of financial year No.	Termination during the financial year No.	Turn- over Rate No.
2016/17	79	12	4%
2017/18	21	19	6%
2018/19	18	12	4%

T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

One Section 56 post became vacant since 2016; five attempts were made by way of external advertisements with no success of recruiting suitable and qualifying candidates. The 2nd post became vacant in June 2018, the 6th advertisement was made and the Municipality managed to appoint two Managers unfortunately they could not accept the offer due to the little gazetted remuneration packages as compared to what they are earning as Managers currently. In addressing this, a waiver application on remuneration package has been applied for to the Minister. One last Section 56 became vacant in March 2018, recruitment process is underway.

Detail the attempts made to fill the posts of senior management and highly skilled supervision and explain why there are no appropriate internal staff to. In an attempt to retain highly skilled employees on Section 56 vacancies, waiver applications were applied for with the aim of retaining these employees and the Minister then approved for better packages than the gazetted one.

The high turnover is therefore caused by the issue of granting a better offer to the highly skilled staff which the Municipality could not afford to loose

T 4.1.4

Chapter 4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Greater Taung has a functional Local Labour Forum which is utilised for the discussion of work related matters, how to improve the working relationship between employment parties. This forum is very effective and address issues beforehand hence there we are not experiencing labour unrests, protest and grievances.

Training and Employment equity Committee also exists to address the issues of training and equity matters.

Health and Safety Committee also addresses safety issues, risk assessment is conducted bi-annually to minimise risks, employees are being taken for medical surveillance, and protective clothing is provided to the employees.

All these committees convene once in a quarter and make their reports to the portfolio Committee which further escalates them to Council for noting.

The Municipal workforce is therefore cooperative, hardworking and committed since the employer is also committed towards them. There are policies in the workplace which are being reviewed annually and they are adhered to.

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%		29 May 2017
2	Attraction and Retention	100%		29 May 2019
3	Code of Conduct for employees	100%		MSA legislated
4	Delegations, Authorisation & Responsibility			
5	Disciplinary Code and Procedures	100%	100%	Collective agreement
6	Essential Services	100%	100%	
7	Employee Assistance / Wellness	100%	100%	
8	Employment Equity	100%	100%	
9	Exit Management	100%	100%	
10	Grievance Procedures	100%	100%	Collective agreement
11	HIV/Aids	100%	100%	29 May 2012
12	Human Resource and Development	100%	100%	
13	Information Technology			
14	Job Evaluation	100%	100%	29 May 2012
15	Leave	100%	100%	17 May 2017
16	Occupational Health and Safety	100%	100%	17 May 2017
17	Official Housing	N/A		
18	Official Journeys	100%	100%	17 May 2017
19	Official transport to attend Funerals	N/A		
20	Official Working Hours and Overtime	100%	100%	
21	Organisational Rights	100%	100%	Collective agreement
22	Payroll Deductions	100%	100%	29 May 2012
23	Performance Management and Development			
24	Recruitment, Selection and Appointments	100%	100%	29 May 2012
25	Remuneration Scales and Allowances	100%	100%	Collective agreement
26	Sexual Harassment	100%	100%	29 May 2019
27	Skills Development	100%	100%	17 May 2017
28	Uniforms and Protective Clothing	100%	100%	17 May 2019
29	Other:			
<i>Use name of local policies if different from above and at any other HR policies not listed.</i>				<i>T 4.2.1</i>

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.

Chapter 4

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	30	2	0.6%	15	R13 860
Temporary total disablement	0				
Permanent disablement	0				
Fatal	0				
Total	30	2	0.6	15	R13 860

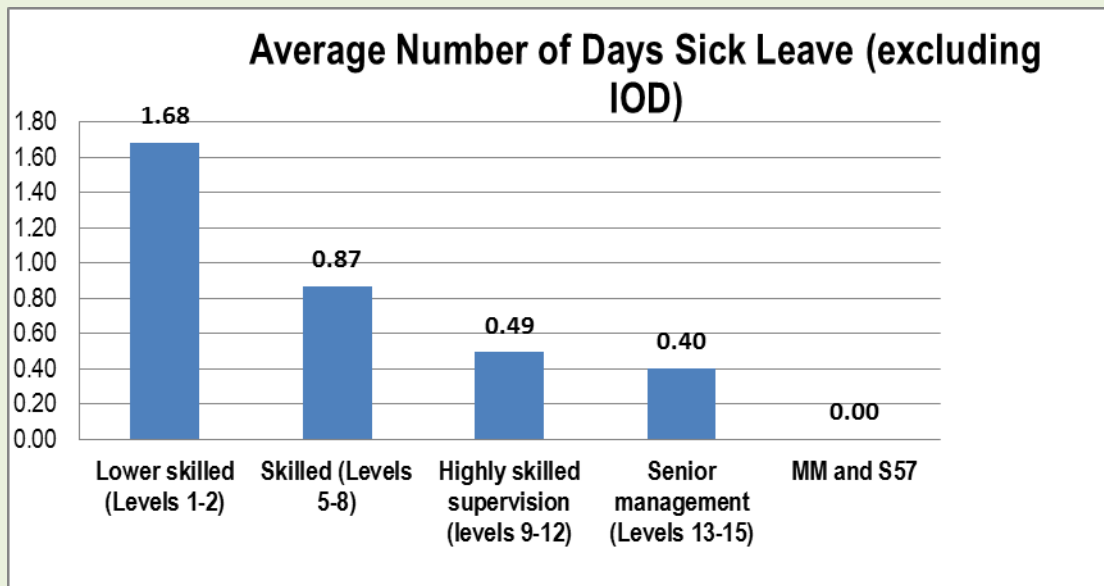
T 4.3.1

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)	0	0	0	0	0	0
Skilled (Levels 3-5)	254	0	21	114	2	117 349
Highly skilled production (levels 6-8)	363	0	30	56	6	199 855
Highly skilled supervision (levels 9-12)	384	0	32	43	9	354 488
Senior management (Levels 13-15)	189	0	15	7	27	340 618
MM and S57	57	0	3	3	19	202 178
Total	1247	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's 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
None				

T 4.3.5

Chapter 4

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
None			
			T 4.3.6

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 2018/19 financial year with its attended Training Plan was submitted to the Sector Education and Training Authority for Local Government (LGSETA) by 30 April 2016 as per requirement.

Chapter 4

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

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

T 4.5.0

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

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

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 2019	Number of skilled employees required and actual as at 30 June Year 2019											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of 2018/19	Actual: End of 2019/2020	2019/2020 Target	Actual: End of 2018/19	Actual: End of 2019/2020	2019/2020 Target	Actual: End of 2018/19	Actual: End of 2019/2020	2019/2020 Target	Actual: End of 2018/19	Actual: End of 2019/2020
MM and s57	Female	1	0	0	0	1	0	1	0	0	0	1	0	0
	Male	2	0	0	0	0	0	0	0	0	0	2	2	2
Councillors, senior officials and managers	Female	27	23	22	22	22	22	22	0	0	0	23	22	22
	Male	39	26	26	26	26	27	27	0	0	0	26	27	27
Technicians and associate professionals*	Female	3	0	0	0	1	1	1	0	0	0	1	1	1
	Male	8	2	2	2	0	0	0	0	0	0	2	2	2
Professionals	Female	47	9	9	9	0	0	0	0	0	2	9	11	11
	Male	16	4	4	4	0	0	0	0	0	0	4	4	4
Sub total	Female	78	32	31	31	24	23	24	0	0	2	34	34	34
	Male	65	32	30	30	26	27	27	0	0	0	34	35	35
Total		143	64	61	61	50	50	51	0	0	2	68	69	69

*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 2017, "(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	35		35		4	20

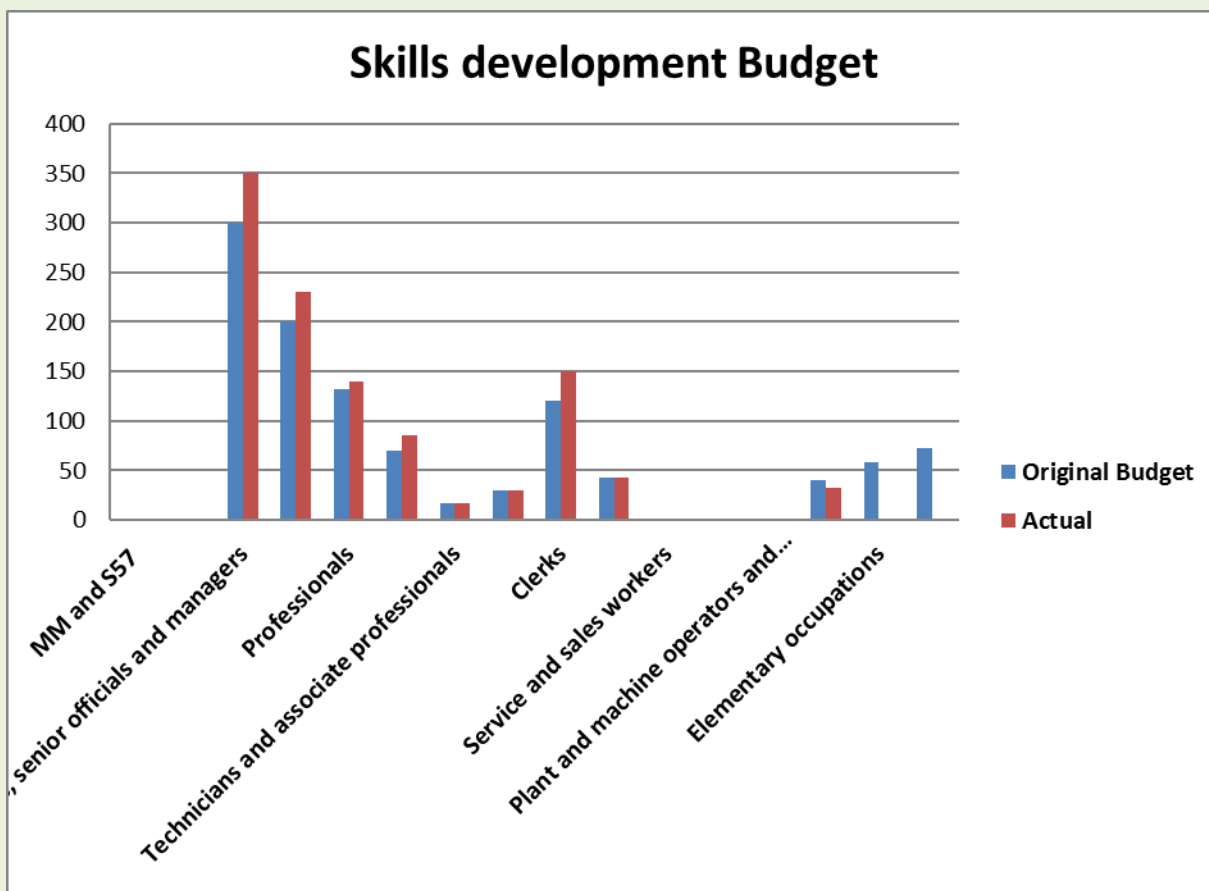
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

T 4.5.2

Chapter 4

Skills Development Expenditure: 2018-2019						
						R 00,000
Management level	Gender	Employees as at the beginning of the financial year	Skills Development			Total
		No.	Learnerships	Skills programmes & other short courses	Other forms of learning/ training	
MM and S57	Female					
	Male					
Legislators, senior officials and managers	Female					
	Male					
Professionals	Female					
	Male					
Technicians and associate professionals	Female					
	Male					
Clerks	Female					
	Male					
Plant and machine operators and assemblers	Female					
	Male					
Elementary occupations	Female					
	Male					
Sub total	Female					
	Male					
Total						
*% 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 GTLM 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.

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.

It must be noted that according to the WSP of LGSETA we don't budget as indicated in this template. The Municipality spend R 1 169 256,13 and also from FMG and other grants, thus it is difficult the subdivide the budget and actual spending as required in the template as it is not aligned with the WSP & ATR template of the LGSETA.

Chapter 4

The expenditure of training gradually increases because for the fact that more training is legislated and that high quality education is just becoming much more expensive. The Municipality also spend a lot of funds from MSIG, FMG grants and donor grants from SALGA and or District municipality.

The Municipality's workplace skills plan effectiveness is evaluated through seeing if it is adding value to services being delivered and if it is aligned with the IDP, as well as conducting skills audit to see what the skills level of employees is. Most of the training expenditure is on formal education rather than short skills interventions and uptakes are more from junior management to the top, where only few elementary workers are catered for

The training plans specifically focus on the underneath aspects:

- **NEEDS ORIENTATED:**

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

- **OUTCOME BASED ORIENTATED:**

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

- **COMPETENCY BASED ORIENTATED:**

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

T 4.5.4

Chapter 4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

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

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

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

The Municipality had a high turnover due to stringent consequence management being applied but other than that staff turnover has been consistent.

T 4.6.0

4.6 EMPLOYEE EXPENDITURE

Source: MBRR SA22

T 4.6.

COMMENT ON WORKFORCE EXPENDITURE:

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

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

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

T 4.6.1.1

Chapter 4

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

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

T 4.6.2

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

T 4.6.3

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

T 4.6.4

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

T 4.6.5

Chapter 4

DISCLOSURES OF FINANCIAL INTERESTS

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

T 4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

This financial overview presents the brief summary of the financial performance of the municipality for the financial year under review. The detailed financial performance, financial position and cash flow activities of the municipality are presented in the annual financial statements for the year ended 30 June 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 2018-2019 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 2018/2019 was R284,169, 250 as per adjustment budget approved by council. A total of R ??? 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 by a consultant and were submitted late due to several challenges emanating from migrating from FMS to EMS.

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

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

Chapter 5

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

The statement of financial performance as included in the annual financial statements presented a positive net result. This means that the total revenues of the municipality were still more than the total expenditures at the end of the financial year ended 30 June 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

T 5.1.0

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

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

Chapter 5

COMMENT ON FINANCIAL PERFORMANCE:

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

T5.1.3

5.2 GRANTS

COMMENT ON OPERATING TRANSFERS AND GRANTS:

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

T 5.2.2

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

Comments not provided by finance department.

T 5.2.4

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

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

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

Asset Department is in place with 4 full time employees and one financial intern (FMG). Unbundling were done successfully and the asset register is currently in an excel format

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	2015/16	2016/17	2017/18	2018/19
		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				
Asset Value	2015/16	2016/17	2017/18	2018/19
		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	2015/16	2016/17	2017/18	2018/19
		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				
<i>T 5.3.2</i>				

COMMENT ON ASSET MANAGEMENT:

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

T 5.3.3

Chapter 5

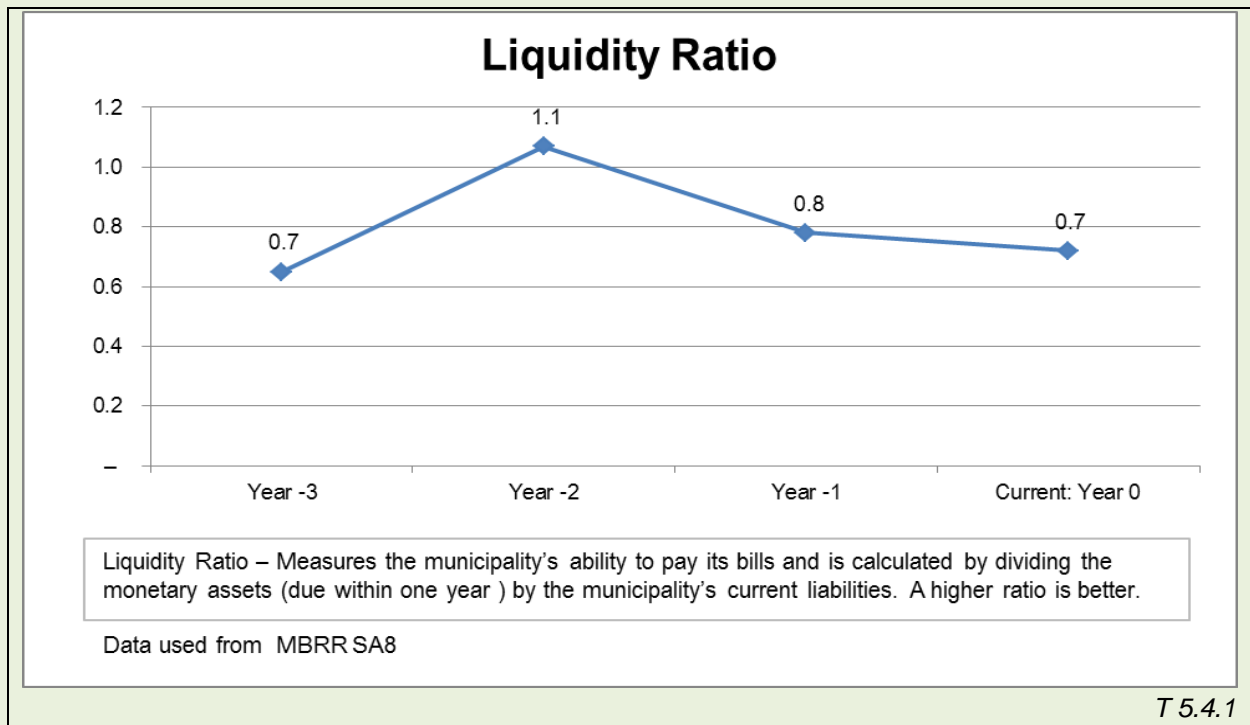
Repair and Maintenance Expenditure: 2018/19				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	R0.	R0.	0	
				T 5.3.4

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

Repairs and maintenance information not presented.

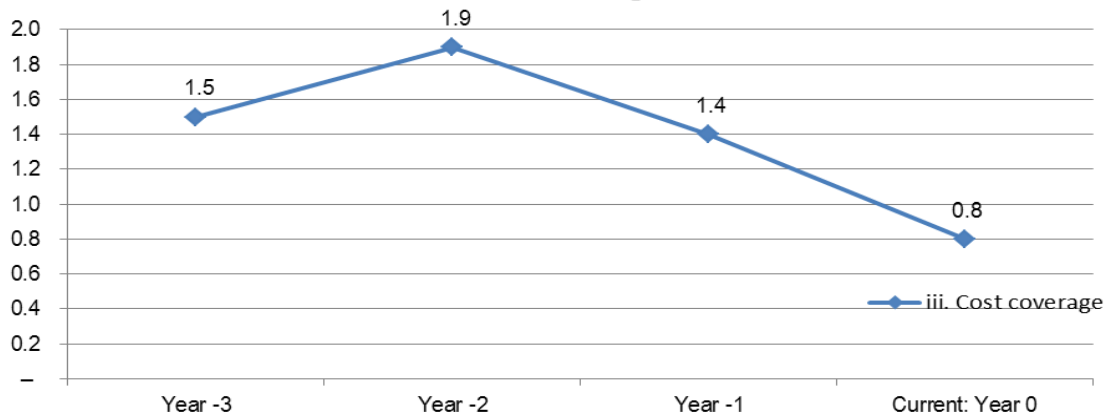
T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Chapter 5

Cost Coverage

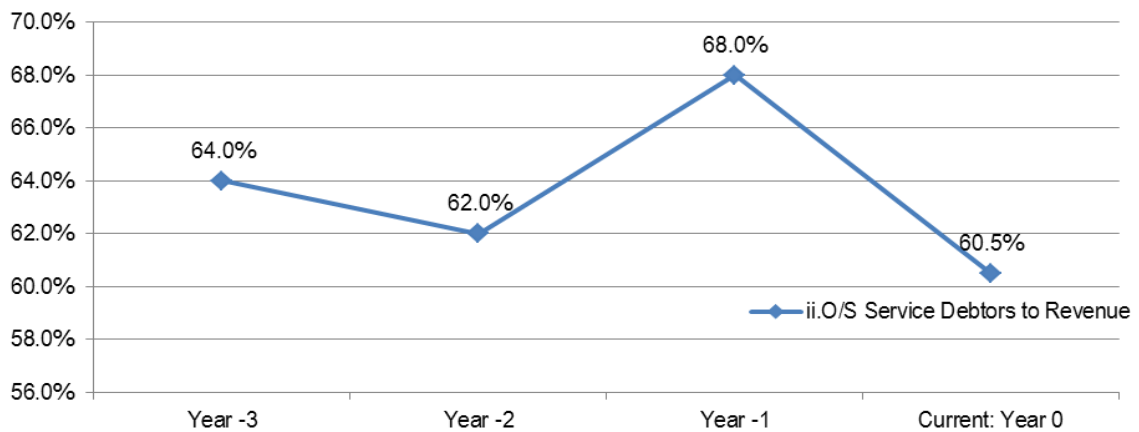


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

Total Outstanding Service Debtors

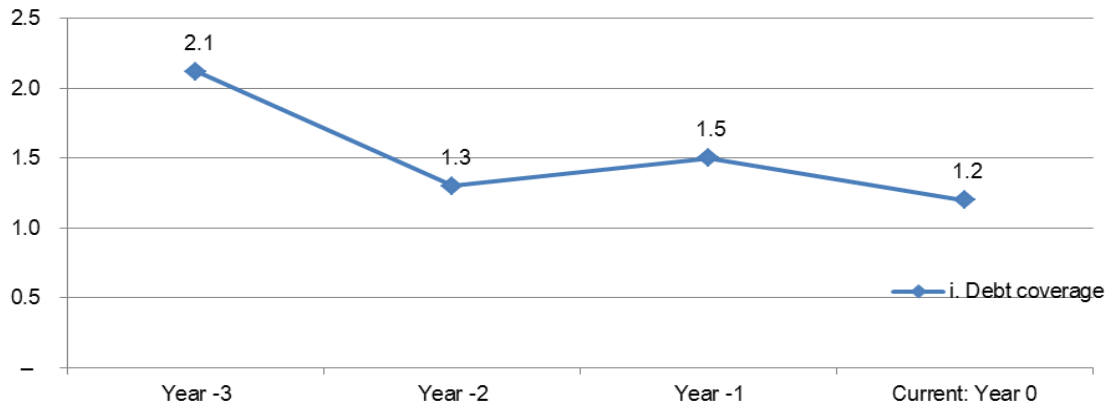


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

T 5.4.3

Chapter 5

Debt Coverage

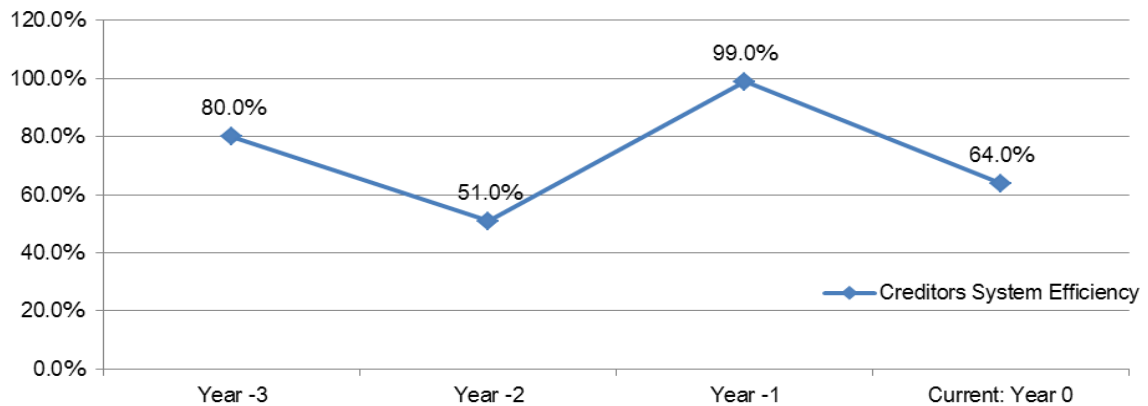


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Creditors System Efficiency



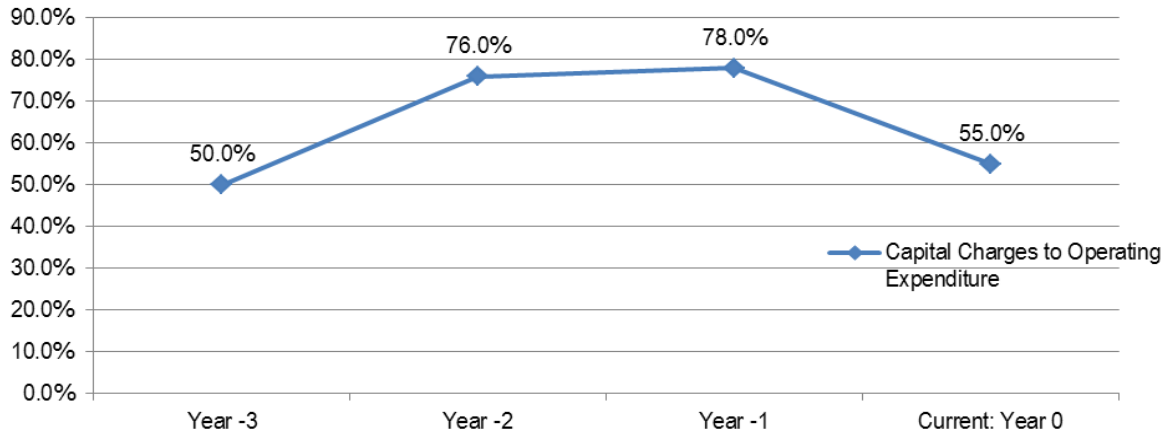
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Chapter 5

Capital Charges to Operating Expenditure

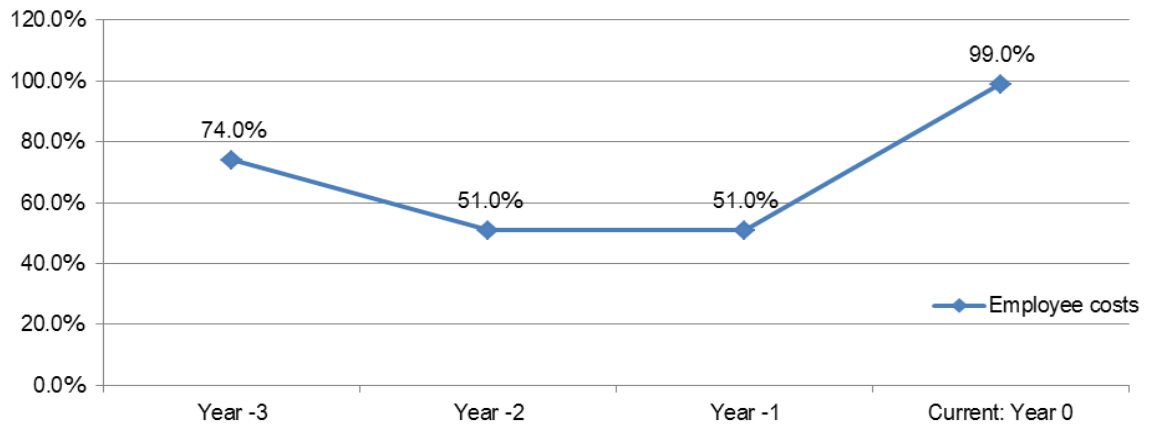


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Employee Costs

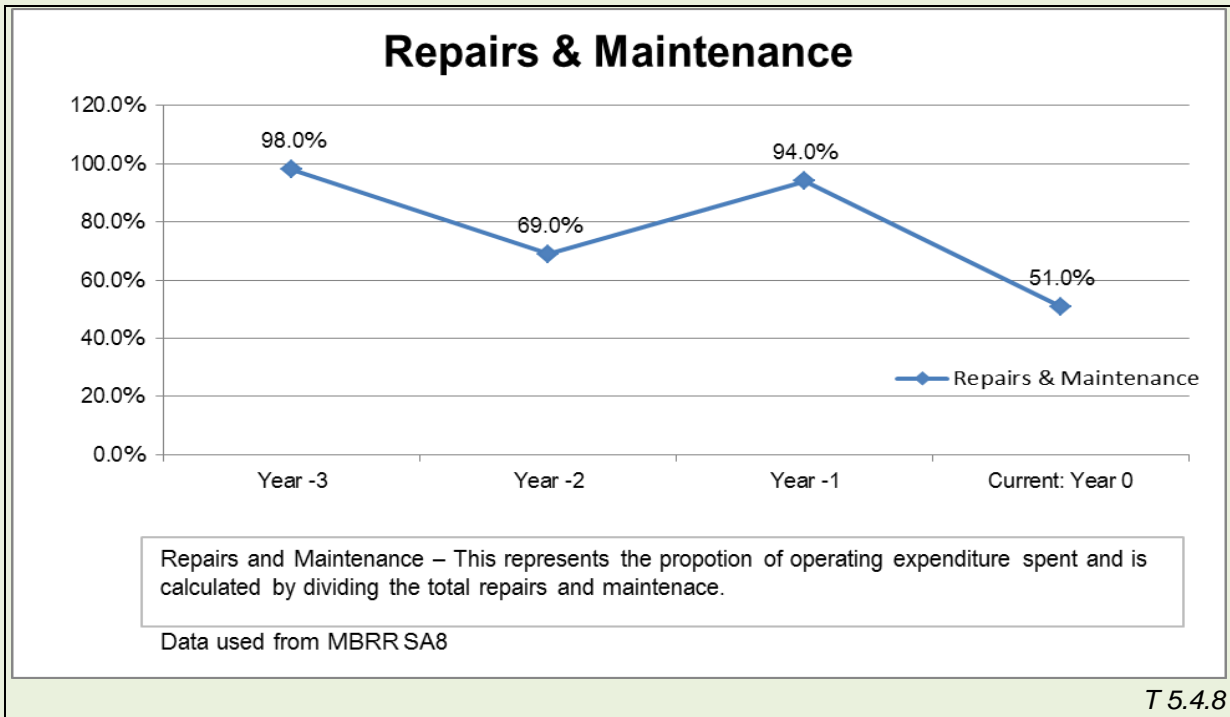


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

Chapter 5



COMMENT ON FINANCIAL RATIOS:
Comments not provided by finance Department

T 5.4.9

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

T 5.5.0

5.5 CAPITAL EXPENDITURE

Information will form part of the Annual Financial Statement.

T 5.5.1

Chapter 5

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

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: 2018/2019			Variance: 2017/18	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A – Kokomeng Access Road	R 11 000 000.00	-	R 10 614 152.19	96.50%	%
B – Mase Stormwater Channel	R 7 900 000.00	-	R 6 592 233.04	83.45%	%
C – Lokgabeng Community Hall	R 6 000 000.00	-	R 2 701 632.15	45.02%	0%
D – Tlapeng 2 Community Hall	R 6 000 000.00	-	R 1 926 560.10	32.11%	%
E – Qhoo Community Hall	R 6 000 000.00	-	R 3 925 938.50	65.43%	%
* Projects with the highest capital expenditure in 2017/2018					
Name of Project - A	Construction of Kokomeng Access Road				
Objective of Project	Construction of 3 km paved road, edge beams and kerbs				
Delays	Community involvement and slow movement of subcontractors				
Future Challenges	None as the project has been practically completed				
Anticipated citizen benefits	2156				
Name of Project - B	Mase Stormwater Channel				
Objective of Project	Construction of a 2 km stonepitched stormwater channel				
Delays	Community involvement				
Future Challenges	None as the project has been practically completed				
Anticipated citizen benefits	4120				
Name of Project - C	Construction of Qhoo Community Hall				
Objective of Project	Provision of 300 m ² , ablution facility, parking space and office.				
Delays	Poor cashflow management by the contractor resulted in slow progress on site and inclement weather				
Future Challenges	None anticipated				
Anticipated citizen benefits	1986				
Name of Project - D	Construction of Lokgabeng Community Hall				
Objective of Project	Provision of 300 m ² , ablution facility, parking space and office.				
Delays	Poor cashflow management by the contractor resulted in slow progress on site and inclement weather				
Future Challenges	None anticipated				
Anticipated citizen benefits	3956				
Name of Project - E	Construction of Tlapeng 2 Community Hall				
Objective of Project	Provision of 300 m ² , ablution facility, parking space and office.				
Delays	Poor cashflow management by the contractor resulted in slow progress on site and inclement weather				
Future Challenges	None anticipated				
Anticipated citizen benefits	3152				

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	0			
Sanitation	0			
Electricity	0			
Waste management	0	%		%
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 2018/19 on Service backlogs

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				R' 000		
				Budget	Adj Budget	
Infrastructure - Road transport						
Roads, Pavements & Bridges		-				None
Storm water		-				None
Infrastructure – Electricity						
25 highmast lights		0				None
Infrastructure – halls						
Community halls						None
Infrastructure – sports						
Sports Facilities					%	None
Infrastructure – LED						
Economic Hubs			1,800,000	%	%	None
Total				%	%	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 2018/19

Capital Programme by Project by Ward: 2018/19		
Capital Project	Ward(s) affected	Works completed (Yes/No)
R' 000		
Roads		
Construction of Kokomeng Access Road		
Stormwater		
Construction of Mase Stormwater Channel		
Economic development		
Construction of 3 Economic Hubs		
Community Halls		
Construction of Lokgabeng Community Hall		
Construction of Qhoo Community Hall		
Construction of Tlapeng 2 Community Hall		

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.

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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

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

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

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

Key Findings from previous Auditor General's Report:

1. Invitations for competitive bidding were not always advertised for a required minimum period of days, as required by SCM regulation 22(1) & 22(2)
2. Contracts were extended without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.
3. The performance of contractors or providers was not monitored on a monthly basis, required by section 116(2)(b) of the MFMA.
4. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116 (2) (c) of the MFMA.
5. Awards were made to providers whose directors are in the service of the other state institution in contravention of MFMA 112(J) and SCM regulations 44. Similar awards were identified on the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38 (1).
6. Construction projects were not always registered with the Construction Industry Development Board (CIDB) as required by section 22 of the CIDB Act and CIDB regulation 18.

Remedial Actions

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

T 5.12.1

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

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

T 5.13.1

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CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The 2018/19 Financial Statements and 2018/19 Annual Performance Report will be submitted to the Auditor General on 31 August 2019, as per legislative requirement.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2018/19

6.1 AUDITOR GENERAL REPORTS 2017/18 (PREVIOUS YEAR)

Status of audit report:	Qualified
Non-Compliance Issues	Remedial Action Taken
<p>Retentions could not be agreed to supporting documentation.</p> <p>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.</p> <p>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>	<p>1. Each retention will be recorded individually in order to be traced to the general ledger.</p> <p>2. Retention list will be updated and reconciled monthly to the general ledger and such reconciliations will be reviewed and signed by the Acting CFO.</p> <p>3. At year end, the retentions list will be reconciled against the annual financial statements.</p> <p>4. PMU manager will inspect the retention certificates to ensure that they agree to the amounts recorded in the commitments register.</p> <p>5. Internal audit will perform quarterly reviews on the retentions list against the general ledger, commitments register and supporting documents.</p> <p>6. To be restated during compilation of the annual financial statements.</p>
<p>Commitments incorrectly stated</p> <p>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</p>	<p>1. The PMU Manager will include consistent and correct excel formulas in the commitment register to ensure that the total commitments amount is calculated correctly.</p> <p>2. The PMU Manager will ensure that only active projects (projects which are still in progress) are completed included in the commitments register.</p> <p>3. The Acting CFO will review the commitments register against the contract register on a quarterly basis to ensure</p>

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<p>commitment was overstated by R10 773176.</p>	<p>accuracy of the commitments balance and completeness of the register. 4. 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. 5. To be restated during compilation of the annual financial statements.</p>
<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>	<p>1. PMU Manager will ensure that all the omitted contracts listed on this finding are included in the commitments register. 2. The commitments register will be updated monthly and reconciled to the contract register at year end. 3. Such reconciliation will be reviewed by the acting CFO to ensure accuracy and completeness of both registers. 4. 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. 5. Contracts whose amounts cannot be determined at Nil will be included in the commitments register, with a comment noting such for completeness & tracking purposes. 6. To be restated during compilation of the annual financial statements.</p>
<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>	<p>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>
<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</p>	<p>1. The Revenue Manager will ensure that the following is taken into account when calculating provision for bad debts; *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.</p>

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<p>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).</p> <p>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>	<p>*To be restated during compilation of the annual financial statements.</p>
<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).</p> <p>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>	<p>1. The Revenue Manager will ensure that the following is taken into account when calculating provision for bad debts; *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>
<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 6 73,00 as outlined below: *Valuation per sebata system amounts to R40 181 42 314,00 *Valuation per valuation roll amounts to R41 09 169 044,00.</p>	<p>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 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>

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<p>Total revenue from property rates per Sebata system do not agree to the amount per the financial statements</p> <p>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>	<ol style="list-style-type: none"> 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>EXPENSES</p> <p>Prior period error</p> <p>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> <table border="0" style="width: 100%;"> <tr> <td style="width: 70%;">Dr Land & Building Accum Depn</td> <td style="text-align: right;">R 6 396 317</td> </tr> <tr> <td>Cr Infrastructure Accum Depn</td> <td style="text-align: right;">R 6 396 317</td> </tr> </table>	Dr Land & Building Accum Depn	R 6 396 317	Cr Infrastructure Accum Depn	R 6 396 317
Dr Land & Building Accum Depn	R 6 396 317				
Cr Infrastructure Accum Depn	R 6 396 317				
<p>STATEMENT OF COMPARISON BUDGET AND ACTUAL AMOUNTS</p> <ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 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>CASHFLOW STATEMENT</p> <p>Differences on recalculation of Cash flows</p> <p>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>	<ol style="list-style-type: none"> 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. 				

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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 Measures taken to improve performance are not disclosed in the APR for the following indicators:</p> <ol style="list-style-type: none"> 1) Number of Grader Caravans procured by end March 2018 2) Number of speed humps constructed at Mokgareng Cokonyane, Manthe and Pudimoo by end March 2018. 	<ol style="list-style-type: none"> 1. On a quarterly basis, the PMS Manager ensures that managers provide measures for improving performance where targets are not met. 2. Internal Audit further raises findings where no measures to improve performance are reported. 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.

COMPONENT B: AUDITOR-GENERAL OPINION 2018/19 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2018/19

Status of audit report:	Qualified				
Non-Compliance Issues	Remedial Action Taken				
<p>Difference in accrued bonus. Accrued Bonus- The misstatement identified results in the overstatement of the payables from exchange transactions by R667 375.67. (Balance per listing: R 1 996 801.67, Balance per trial balance: R 1 329 426, Difference: R 667 375.67)</p>	<p>The Accrued Bonus Listing amount is correct, however the journal to account for the Accrued Bonus in the financial ledger was incorrectly posted.</p> <p>The Accrued Bonus will then be corrected as follows in the financial ledger to come to the balance of R1 996 801,67:</p> <table style="margin-left: 40px;"> <tr> <td>Dr Accrued Leave</td> <td style="text-align: right;">R667 375,67</td> </tr> <tr> <td>Cr Accrued Bonus</td> <td style="text-align: right;">(R667 375,67)</td> </tr> </table> <p>To ensure that all journals are reviewed and capture correctly</p>	Dr Accrued Leave	R667 375,67	Cr Accrued Bonus	(R667 375,67)
Dr Accrued Leave	R667 375,67				
Cr Accrued Bonus	(R667 375,67)				
<p>Misstatements identified in the Cash Flow Statement. During audit of statement of cash flows, differences were identified; other amounts could not be recalculated. This results in factual misstatements of R488 339 037, 00 in the statement of cash flows.</p>	<p>Cash flow will be recalculated after all corrections/actions are affected on the systems.</p>				
<p>Commitments: Difference between commitments register and amount disclosed in the AFS. During the audit of commitments, the following misstatements were identified:</p> <ol style="list-style-type: none"> 1. There is a difference in the amount recorded as commitments in the notes to the financial statements and 	<ol style="list-style-type: none"> 1. The PMU Manager will include consistent and correct excel formulas in the commitment register to ensure that the total commitments amount is calculated correctly. 2. The CFO will review the commitments register against the contract register on a quarterly basis to 				

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<p>the commitments register, difference R921 755,31.</p> <p>2. There is a difference also between the amount on the commitment register and the amount recalculated by the auditor's, difference R7 850 385. The impact of this finding is that the annual financial statements could contain misstatements which could adversely affect the opinion issued for the 2018/19 audit.</p>	<p>ensure accuracy of the commitments balance and completes of the register.</p> <p>There was an omission R7m in the calculation of the commitment on the excel register.</p> <p>The register will be summed up taking into account all recorded commitments on the register.</p> <p>The corresponding figures of the commitment disclosure note will then be restated to R28 179 846,19.</p>
<p>Commitments- Limitation of scope, no invoices received on request for the recalculation & confirmation of commitment closing balance at 30 June 2029.</p> <p>During the testing of commitments, no invoices were received upon request for the recalculation of the closing commitment balance at year end. We could therefore not obtain reasonable assurance on the disclosed commitment amount in the annual financial statement. Further the general ledger provided was not conducive to work with at it lack linking to specific contract payment or purchase order as such could not be used for the purposes of obtaining project expenditures in absence of the invoices. This then amounts to a limitation of scope.</p>	<p>Management must ensure that all files pertaining to the support of the lead schedules are part of the audit file.</p>
<p>Differences between the GL & TB, and TB & AFS.</p> <p>1. The following differences between the general ledger and the trial balance were noted: Cash & Cash Equivalent; Primary bank account (ABSA cheque account): R1 283 463.68 Employee Related Cost; Basic Salary: R34 784.42</p> <p>2. The following differences between the Trial Balance and the Annual Financial Statement: Cash & Cash Equivalent; Primary bank account (ABSA cheque account): R253 721.98 Employee Related Cost; Basic Salary: R1 193 894, Bonus R47 664, Leave Reserve: R365 584, Overtime Payment: R32 762, Provident Fund: -R-365 582, Telephone Allowance: R85450, Remuneration for Councillors: Council General: R88 800. This could result in possible misstatements in the financial statements.</p>	<p>1. Cash & Cash Equivalent; Primary bank account (ABSA cheque account): R1 283 463.68</p> <p>GL will be updated to align to the TB balance.</p> <p>Employee Related Cost; There has been mismapping on the Employee Related Costs note. No adjustment is required in the financial ledger/TB. The correction is to be effected only on Note 26. This will only be a remapping exercise to ensure accurate figures are reported as per the financial records.</p>
<p>Unauthorized expenditure. During the audit of budget information, the following was identified. The actual amount of transfers and subsidies exceeded the budgeted amount by R24 067. Understatement of unauthorised expenditure of R18 680 201. 933.</p>	<p>To ensure that the votes per the budget on the financial system are the same as that on the budget documents reported to relevant stakeholders.</p>
<p>AFS - AFS were not submitted within two months. The annual financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section</p>	<p>Management to ensure that all the processes regarding the submission of the AFS are adhered to. The proper reconciliations must be performed monthly in order to determine arrears with challenges. All</p>

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<p>126(1)(a). The financial statements were received on 06 February 2020.</p> <p>Non-submission of annual financial statement to the Auditor-General within two months after the end of the financial year, amounts to non-compliance.</p>	<p>vacant posts must also be filled ASAP.</p>
<p>Various non-compliance matters.</p> <p>Annual Financial Statements</p> <p>The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA as various material misstatements were noted.</p> <p>Expenditure management</p> <p>Effective steps were not taken to prevent irregular expenditure amounting to R7 109 500 as disclosed in note 47 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by not following the tender process. Irregular expenditure of R3 156 283 was incurred on legal fees for the awarded tenders where SCM processes were not followed.</p> <p>Reasonable steps were not taken to prevent unauthorised expenditure of R18 702 598 in contravention of section 62(1)(d) of the MFMA. The unauthorised expenditure was caused by The actual amount of transfers and subsidies exceeded the budgeted amount.</p> <p>Revenue management</p> <p>An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA. This outcome is based on the misstatements identified on revenue and receivables. During the audit of revenue from property rates, we noted that some of the properties were not charged with rates and others were charged on the incorrect property values. COMAFs 51 AND 54 were issued. Similar findings were raised in the prior year.</p> <p>Consequence Management</p> <p>Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA. Unauthorised expenditure to the amount of R30 809 211 from the previous financial year was written off however there is no evidence there been an investigation if any person was liable for the expenditure or that any loss was suffered or that any losses resulting from unauthorised expenditure being written-off as</p>	<p>Strategic and performance management Review of the IPD was done (see Poe). Mid-term performance assessment was performed (see Poe)</p> <p>Management to put measure in place to ensure adherence to the policies, procedures, systems and processes on expenditure management, revenue management and assets management.</p>

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<p>irrecoverable were certified by council as irrecoverable, in contravention of section 32(2)(a)(ii) of the MFMA. Irregular, fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.</p> <p>Strategic and performance management The review of the IDP was not done in accordance with the results of the performance evaluation and/or to the extent that changing circumstances demanded, as required by section 34(a) and 41(1)(c)(ii) of the MSA. A mid-year performance assessment was not performed, as required by section 72(1)(a)(ii) of the MFMA</p> <p>Utilisation of grants</p> <p>Performance in respect of programmes funded by the Municipal Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 125(5) of the DORA.</p>					
<p>Misstatement of prior period error on Unspent Grants.</p> <p>During the audit of prior period errors, we noted that the amount for the unspent grants prior period error was overstated. This prior period error relates to the SEIF grant that was received in 2017/18 financial year and was disclosed as unspent grant in the prior year. A journal was processed to restate the 2017/18 unspent grant amount by reducing it with the amount spent in the 2017/18 financial year. The amount spent in the 2017/18 incorrectly included invoices for the 2018/19 financial year. We have recalculated the amounts spent and the difference is as follows: Difference R 658 089. This results in understatement of the unspent grants opening balance by R432 273,31</p>	<p>The unspent grant SEIF is understated and will be adjusted as follows:</p> <table data-bbox="894 940 1446 1003"> <tr> <td>Dr Accumulated Surplus</td> <td>R432 273,31</td> </tr> <tr> <td>Cr Unspent grant</td> <td>(R432 273,31)</td> </tr> </table> <p>Relevant supporting documents will be attached to substantiate the adjustment.</p>	Dr Accumulated Surplus	R432 273,31	Cr Unspent grant	(R432 273,31)
Dr Accumulated Surplus	R432 273,31				
Cr Unspent grant	(R432 273,31)				
<p>Expenditure - Differences on the prior year corrected amounts - note 41.</p> <p>During the testing the expenditure the following differences were discovered when comparing the amounts audited in the period year and the comparative amounts on the current year AFS, and the differences were not part of the current year disclosure of correction of the prior period error. Management did not fully disclose the restated amounts. The comparative amounts for expenditure understated by R24 191 904.</p>	<p>The prior period error in respect of the expenditure will be rated on the financial statement note.</p> <p>The financial system will not be effected as a result of this finding.</p>				
<p>Limitation of scope: Prior period information not submitted (PPE & expenditure)</p> <p>The following information was requested; however, it was not submitted within three (3) days as per engagement letter: Prior period adjustments - as disclosed in note 41 in the annual financial statements submitted. Information as stated</p>	<p>Safe-keeping of documents and timeously submission of information</p>				

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<p>below:</p> <p>1. Approved schedule /reconciliation prepared for note disclosure.</p> <p>2. Journals and adjustments For adjustments reflected in abovementioned schedule:</p> <ul style="list-style-type: none"> • Journal as posted in the general ledger (GL), with accompanying manual journal sheet • Relevant supporting documents (i.e. reconciliation, workings invoices) for journals <p>Lack of oversight from management to ensure that the information is submitted within stipulated time The impact of this finding is that it could result in limitation of scope which could adversely affect the audit opinion.</p>	
<p>Limitation of scope on PPE Opening balance. Supporting information for opening balances Property, plant and equipment. The impact of this finding is that it could result in limitation of scope which could adversely affect the audit opinion.</p>	<p>Management must ensure the Safe-keeping of documents and timeous submission of information required. The registers must also form part of the audit file</p>
<p>Contracted services- Misstated. During the audit of expenditure contracted services, the misstatements detailed below were identified in the sample identified for testing. Some invoices did not reconcile to the amounts recorded in the general ledger. Also, some amounts were recorded in the general ledger inclusive of VAT. Below are the differences that were identified: SCM & OTHERS: R46 532,50; REVERSAL OF ASSESMENT RATES: R193 323,96; GTLM/MR B G SEBITLOANE: R1 932,04; GTLM/MR B G SEBITLOANE: R6 750,61; ATTORNEY: R665,81; LEGAL FEE: -R25 966,97; LEGAL FEE: -R4 837,14; CELLFIND: -R346,39 The following invoices were not submitted: LEGAL COSTS: R297 547,95 ; LEGALCOSTS: R351 760,45 Contracted services are misstated by a projected misstatement of R2 765 678.68</p>	<p>Invoices to be scrutinized against the ledger. Differences as a result of misreporting and miscalculation of VAT will be addressed according.</p>
<p>Payables from exchange transactions. During the audit of payables from exchange transactions, the following issues were identified: Retentions, Accrued leave pay, Accrued expenses, Accrued bonus, Presentation and disclosure</p>	<p>Unclaimed retentions longer than 3 years and retention that cannot be supported will be recommended for write off by Council.</p> <p>There was a calculation error on excel document used to calculate Bonus Accrual. Accrued Bonus will be adjusted by R2 115 173.</p>
<p>Differences between TB and GL - Trade payables. The following differences between the trial balance and the general ledger were noted: Accrued expenses: R434 782,61; Payments received in advance: R3 447 224,10; Trade Payables: R349 911,55 This may result in overstatement of payables from exchange by R4 231 918,26</p>	<p>Accrued expenses: The Accrued Expense will be adjusted by R434 782,61</p> <p>Payments received in advance: No adjustment required. - The general ledger (vote 9201/9201/0000) amount of R916 514.10 agrees with the trial balance amount of R916 514.10. No differences exist.</p>

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	<p>- The amount of R2 530 710 represents the debtors with credit balances. The amount was not posted in the TB however it was accounted for as payment received in advance in the financial statements.</p> <p>The GL will be reconciled with the TB to ensure no differences exists. AFS manager will review the reconciliation and ensure all variances are addressed.</p>
<p>Supply Chain Management Bid Committees. During the walkthrough of supply chain management, the following possible discrepancies were identified: 1. The accounting officer appointed the following employees to be members of the bid adjudication committee, however based on the appointment letters scrutinized, none of these members were appointed as chairperson of the committee: Mr M Vermaak, Mr E Morule, Mr M Chuene, Mr M Keohithetse 2. We inspected the process followed for the tender GTLM/FS07/2018/2018 Compilation of GRAP compliant annual financial statements and it was discovered that the bid adjudication committee did not meet the quorum as only two members were present, the meeting should have not taken place as the quorum was not met. 3. Bid adjudication committee member disclosed that the interest between him and one of the service providers, however the committee member did not recuse himself from the meeting after disclosure of such information. 4. The Bid Adjudication Committee (BAC) was not composed in accordance with the requirements of regulation 29(2) of the Municipal Supply Chain Management Regulations (MSCR) which requires that the Bid Adjudication Committee must consist of at least four senior managers of the municipality which must include the CFO, at least one senior SCM practitioner who is an official of the municipality and a technical expert who is an official of the municipality. The following tenders were awarded without meeting the required BAC quorum: PM Management Consulting, Babirwa Travel, Adapt IT, Africa Thokoza, Lesedi construction, Alutek Management, Sanapo Construction, Thermak Consulting, MKSA Holdings, KVN Architectures, Junior Multi Contracts, AL Mphago, Blaq M Holdings, GMS Klorshop, Hi End Group, Activa Lack of oversight from management to ensure that the guidelines issues by treasury are adhered to. Non-compliance with legislation Internal control deficiency</p>	<p>1. To ensure that appointment of bid committee is in line with the regulations and the sitting therefore is done in line with the same prescripts. 2. There is a what's up group created for all bid committees in that way we are able to verify before the meeting who will be present and who would be available. 3. All members receives the agenda before the meeting in that way members would be able to declare before the meeting and could be excused from the meeting. The committee is able to verify if the quorum will be formed if there is one member who have interest in a particular project. And all declarations are signed and checked by an scm personnel. 4. The BAC composes of all Directors including the CFO. And since the technical director is in evaluation Manager in Technical Department is one of the members of the BAC. All departments are represented in the BAC.</p>
<p>SCM- Interest - Employees of the state. During audit of supply chain management, we performed CAATs and identified the following employees of state who are doing business with the municipality. Public servant are prohibited from doing business with the state</p>	<p>The Municipality is now using Central Supplier Database to check is Directors of the companies are Government Employees. And there is a system also that helps with the verification of government employees.</p>

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<p>whether as individuals or through companies in which they hold directorship in. This is possible irregular expenditure MMADIPATLA PHELADI LEKOTA, RAYMOND TSHEDISO MOREANE, RAYMOND TSHEDISO MOREANE, THATO GIFT MAMPANE, DIVYA PRINS, PERUSHKA KALIPERSHAD. The Municipality doesn't have systems in place to authenticate the declarations made by bidders thus identifying that they are state employees. Non-compliance with Treasury regulation TR 16A8.4 PFMA s50(3)(a) thus resulting in an Irregular expenditure to the amount of R692 879,24</p>	
<p>Receivables- Difference between TB & AFS. The following differences between the trial balance and the annual financial statements were noted: 1. Receivables from exchange transactions; Electricity: - R1 153 309,33 2. Revenue from exchange transactions; Electricity: R368 001,96; Interest revenue (bank): -R92 506,90 *The credit balances on debtors' accounts have been added back to the trial balance amount. This results in misstatements in the financial statements.</p>	<p>To adjust the Debt impairment on the AFS with R1 153 309,33.</p> <p>Electricity The amount of R386 002 in respect of salaries was incorrectly allocated to Electricity service charges as Connection Fee. The misallocation will be corrected accordingly.</p> <p>Interest The duplicate amount of R92 506 on interest. The journal to be processed to reduce the interest on call accounts due to duplication.</p> <p>The GL/TB will be reconciled to the AFS to ensure no differences exists. AFS manager will review the reconciliation and ensure all variances are addressed.</p>
<p>No explanations for Negative Debtors. During the audit of a sample of negative debtors, explanations could not be obtained from management for the following negative debtors: Reivilo Hskool, SS&M Sebitloane, Pullen RI (Telkom), Reivilo Elektriese Dienste, SB/K Diphatse, Blue Sky Explorations Pty(Ltd), MDD Gadipedi, MDD Gadipedi, JL Vorster, Kylipro Investments, TP Thamoethata, Dept. Of Public Works Roads And Transport, Dept. Of Public Works Roads And Transport. This may result in overstatement of payables and understatement of debtors</p>	<p>1. Capture debtors correctly into the system. 2. Investigate all debtors with negative balance and rectify. 3. Verify that debtor accounts are captured correctly into the system. #The error occurred during the recapturing of transactions after the migration.</p>
<p>Existence of Debtors could not be confirmed. During the testing of a sample of debtors, we inspected receipts in billing reports for the period from July 2019 to December 2019 and list of debtors handed over to attorneys to confirm the existence of debtors, 41 of the debtors existence could not be confirmed. This may result in overstatement of debtors as the existence of the debtors cannot be confirmed. This also casts doubt on the recoverability of the debtors.</p>	<p>1. Verify existence of all debtors. 2. Write-off non-existent debtors, following proper process.</p>

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Limitation of scope (PY adjustments)

The following information was requested in RFI 51; however, it was not submitted within three (3) days as per engagement letter.

1. Revenue, receivables and finance lease obligation
 - a) Management explanations for fluctuations of the line item, as per annexure
 - b) Based on management explanations provided as per a), evidence to clearly and fully support explanations.
2. Cash and bank
 - a) Management explanations for fluctuations of the line item, as per Annexure
 - b) Based on management explanations provided as per a), evidence to clearly and fully support explanations.
3. Cash and bank

Bank statements as at 30 June 2019 for all bank accounts (soft copy) (Main account is outstanding) 4.
- Inventories
 - a) Management explanations for fluctuations of the line item, as per Annexure
 - b) Based on management explanations provided as per a), evidence to clearly and fully support explanations.
5. Inventories.
 1. Management representation for stock count -cut off information
 2. List of supplier delivery notes
6. Employee costs
 - a) Management explanations for fluctuations of the line item, as per annexure
 - b) Based on management explanations provided as per a), evidence to clearly and fully support explanations
7. Employee benefit obligation
 - a) Management explanations for fluctuations of the line item, as per annexure
 - b) Based on management explanations provided as per a), evidence to clearly and fully support explanations
8. Expenditure -Finance cost

Supporting evidence for the sample as attached.
9. Expenditure
 - a) Management explanations for fluctuations of the line item, as per annexure
 - b) Based on management explanations provided as per a), evidence to clearly and fully support explanations.
10. Fruitless and wasteful expenditure

Report(s) for fruitless and wasteful expenditure submitted to the Members of Executive Committee (MEC) and the Auditor General South Africa (AGSA) for the 2018/19 financial year. 11.
- Irregular expenditure
 1. Report(s) for irregular expenditure submitted to the Members of Executive Committee (MEC) and Auditor General South Africa (AGSA) for the 2018/19 financial

The municipality will disclose all corrections made as a result of prior period errors in the notes to the financial statements as required by GRAP 3, Accounting policies, changes in accounting estimates and errors.

Will appropriately disclose for all items, the nature and the amount of the correction for each financial statement item affected, and the amount of the correction at the beginning of the earliest previous period.

All correction of prior period will be identified from the ledger and ensure are updated on the prior period error schedule and reconciled to the disclosure note.

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<p>year</p> <p>2. Invoices/statements/memorandums payments proof for the following irregular expenditure attached on Annexure 12. Prior period adjustments</p> <p>Journals relating to the adjustments disclosed, as supported by workings, schedules and other support. (The schedule for the adjustments is still outstanding and not all journals could be located in the journal file. 13. Provisions</p> <p>a) Management explanations for fluctuations of the line item, as per annexure (with emphasis drawn to Taung landfill site)</p> <p>b) Based on management explanations provided as per a), evidence to clearly and fully support explanations</p> <p>14. Journals – sample</p> <p>For the selected sample as per the annexure, please provide the manual journals with accompanying support. The impact of this finding is that it could result in limitation of scope.</p>	
<p>Receivables non-exchange prior period adjustment.</p> <p>During the audit of the current year impairment of debtors and the prior period error, we noted that the government debt was impaired.</p> <p>This results in non-compliance with the Credit control and Debt Collection policy. This also results in the overstatement of the provision for debt impairment and the prior period by R37 632 884,35 and R31 347 793,20 respectively.</p>	<p>Impairment will be recalculated in accordance with the debt collection policy and adjustment to the impairment effected accordingly.</p>
<p>Accumulated Surplus: Difference between GI and AFS.</p> <p>During the audit of Accumulated surplus, the following difference was identified between the general ledger and the annual financial statements.</p> <p>Difference: R1 153 408,18</p> <p>Management did not ensure that the general ledger and the annual financial statements agree</p> <p>Limitation misstatement of R1 153 408,18</p>	<p>Reconciliation of the accumulated surplus will be performed and matched to the AFS.</p> <p>Restatement of the opening balance will be done with all relevant supporting information</p>
<p>Accumulated surplus misstated</p> <p>During the audit of accumulated surplus, the following misstatements were identified. Note 41 restated amount does not agree with the opening balance in the statement of changes in net assets.</p> <p>Below are the differences that were identified; Restated amount (Note 41): R699 655 650; Opening balance per current year AFS (Statement of net changes): R729 896 453. Differences: -R30 240 803</p> <p>Note 41 is misstated with prior period adjustments to Accumulated surplus</p>	<p>Reconciliation of the accumulated surplus will be performed and matched to the AFS and the related note.</p> <p>Restatement of the opening balance will be done with all relevant supporting information</p>
<p>Accumulated surplus - Difference identified in amounts audited in the current year.</p> <p>The previous differences identified were resolved as it</p>	<p>Reconciliation of the accumulated surplus will be performed and matched to the AFS and the related note.</p>

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<p>related to the prior period adjustments. In addition, the following casting errors were subsequently identified: The amounts do not cast when adding the profit for the year to the opening balance of the accumulated surplus. This was also present in the prior year AFS. The casting difference is as follow: Accumulated surplus 1 Jul 2017: (3 572 627) Accumulated surplus 1 Jul 2018: (3 572 627) There is thus also an unexplained difference between the Statements of Changes in Net Assets and the Statement of Financial Position in the current and prior year AFS. Management did not ensure that comparative amounts agree to the prior year audited amounts. The comparative amounts for accumulated surplus are understated by R1 038 700.00.</p>	<p>Restatement of the opening balance will be done with all relevant supporting information</p>
<p>Differences between GL and TB Accumulated Surplus. During the audit of Accumulated surplus, the following difference was identified between the general ledger and the annual financial statements. Difference: R1 153 408,18 Accumulated surplus in the annual financial statements is understated by R1 153 408,18</p>	<p>Reconciliation of the accumulated surplus will be performed and matched to the AFS and the related note. Restatement of the opening balance will be done with all relevant supporting information</p>
<p>Misstatement of Grant Revenue. During the audit of revenue from non-exchange (capital expenditure from MIG), we noted that the following prior period errors were incorrectly included in grant revenue: Provision to upgrade & Install Auto Recloser at Reivilo Substation: R974 361,64 Semasu Access Road: R285 040,00 Total: R1 259 401,64 This results in overstatement of 2018/19 revenue from grants and understatement of 2017/18 revenue by R1 259 401,64.</p>	<p>A schedule of prior period error will be kept and reconciled with the disclosure note for prior period error. GL will be scrutinized to identify journals that were processed to correct the prior year errors.</p>
<p>Grant revenue not complete. During the audit of revenue from non-exchange (capital expenditure from MIG), we noted that the expenditure from the following projects was not included in grant revenue: Supply, delivery & connection of Taung Admin & political office generators: R626 244,40 Moretele Stormwater: R5 143 132,14 Total: R5 769 376,54 This results in understatement of revenue from grants by R5 769 376,54.</p>	<p>Expenditure relating to grant are identified and updated on the grant register. Expenditure that meet conditions are recognised as revenue from non-exchange transaction. The correction of R5 769 376,54 will be posted to MIG revenue to address the misstatement:</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>Indicator and target not consistent. The following key performance indicators in the Annual Performance Report were not consistent with the key performance indicators in the SDBIP: KPA 1: Basic Services and Infrastructure Development The following reported achievements are not consistent with the target: KPA 1: Basic Services and Infrastructure Development The following target in the SDBIP is not consistent with the target in the Annual Performance Report: KPA 4 – Municipal Financial Viability and Management. Management did not ensure that proper reviews of the reported performance information has been conducted. Key performance indicators and targets in the annual performance report are not consistent with the key performance indicators in the service delivery and budget implementation plan. This results in inconsistency in reporting of performance information.</p>	<p>Verify that all performance indicators are consistent. Internal Audit to verify that performance indicators on the Annual Report and the SDBIP are consistent.</p>
<p>Recalculated achievement does not agree with reported. The following achievements of the key performance indicator in the Annual Performance Report were not consistent with the achievements recalculated for the key performance indicator. The evidence in the portfolio of evidence is also not consistent with the quarterly reports: KPA 4: Municipal Financial Viability and Management. Management did not ensure that reported achievement agrees to the portfolio of evidence Number of households that received free basic electricity in GTLM by end June 2019 has been understated by 843. This results in inconsistency in reporting of performance information.</p>	<p>Ensure that inconsistency is addressed in the upcoming audit in an endeavor to address findings. Internal Audit to verify that reported performance is consistent.</p>
<p>Performance indicators only reported for 6 months of the year. The following key performance indicators were not reported on for the whole financial year. Evidence in the portfolio of evidence is only for the first six months of the year: KPA 4 Municipal Financial Viability and Management Management did not ensure that reported performance information is reported on for the whole financial year The key performance indicators are misstated as they are only reported on for 6 months of the year.</p>	<p>Report performance indicators for the whole financial year. Internal Audit to verify the report.</p>
<p>Key performance indicators misstated. KPA 4 Municipal Financial Viability and Management. Management did not ensure performance information is consistent with portfolio of evidence The annual performance report is misstated in that the key performance indicators are misstated.</p>	<p>Management will ensure that before submission, review on reported information against planned target and the Poe review is conducted and verified by Internal Audit.</p>

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AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2018/19



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 municipality set out on page 179 to 270, which comprise the statement of financial position as at 30 June 2019, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Greater Taung Local Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the Standard of Generally Recognised Accounting Practice (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, 2018 (Act No. 1 of 2018) (DoRa).

Basis for qualified opinion

Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for property, plant and equipment. As described in note 41 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. In addition, I was unable to obtain sufficient appropriate audit evidence for adjustments to the current year balance as a proper filing system was not implemented for adjusting journals. I was unable to confirm these journals by alternatives means. Consequently, I was unable to determine whether any adjustment was necessary to the property, plant and equipment of R553 969 488 (2018: R532 888 339) as disclosed in note 4 to the financial statements.

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Receivables from exchange and non- exchange transaction

4. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange and non-exchange transactions as the municipality did not have adequate systems to maintain records to support financial information. I could not confirm these balances by alternative means. In addition, the municipality did not correctly assess the receivables for impairment as required by GRAP 104, *Financial instruments*, resulting in the allowance for impairment provision as disclosed in note 11 being overstated by R37 885 754 (2018:R31 640 686) and the debt impairment as disclosed in note 31 was overstated by R6 938 482 (2018: R25 314 295). Additionally, there is an impact on the surplus for the period and on the accumulated surplus. Consequently, I was unable to determine whether any further adjustments relating to receivables from exchange transaction of R8 028 218 (2018: R 3 075 097) and non- exchange transaction of R3 651 845(2018: R3 651 845 (2018:R3 649 411) as disclosed in notes 8,9 and 11 to the financial statements were necessary.

Payable from exchange transactions

5. The municipality did not have adequate systems to ensure that the calculations of all accruals and payables as disclosed in note 16 agree to the underlying records. As a result, retentions was overstated by R1 456 788, accrued leave pay was overstated by R3 676 787, accrued bonus was understated by R2 031 274, accrued expenses was understated by R469 916, infrastructure assets as disclosed in note 4 was overstated by R1 456 788, employee related costs as disclosed in note 26 overstated by R1 645 514 and general expenses as disclosed in note 34 was understated by R469 916. Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements. Furthermore, I was also unable to obtain sufficient appropriate audit evidence for the restatement of the of the corresponding figure for retentions due to the restatement not being substantiated by supporting audit evidence and due to the status of the accounting records respectively. I was also unable to confirm the restatement by alternatives means. Furthermore, I was also unable to obtain sufficient appropriate audit evidence for payments received in advance and some amounts included in retentions due to the status of the accounting records. Consequently, I was unable to determine whether adjustment was necessary to the payables from exchange transactions of R36 220 182 (2018: R28 902 389) as disclosed in note 16 to the financial statements.

Unspent conditional grants and receipts

6. The municipality did not correctly recognise revenue from non- exchange transactions in the correct financial year after meeting the recognition requirements in line with GRAP 23, *Revenue from non exchange transactions* when incurring expenditure on conditional grants. As a result, unspent conditional grants and receipts as disclosed in note 14 was overstated by R5 769 376 (2018: overstated by R2 411 867) and revenue from government grants and subsidies as disclosed in note 25 was understated by R3 357 510(2018: understated by R2 411 887). Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements,

Accumulated surplus

7. I was unable to obtain sufficient appropriate audit evidence for the accumulated surplus and the amounts disclosed in the statement of changes in net assets due to the status of accounting records, the municipality did not have adequate systems of internal controls to substantiate the adjustments made and journals processed. In addition, there is a difference of R3 572 627

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between the prior year closing balance of accumulated surplus as per the statement of financial position. Consequently, I was unable to determine whether any adjustments were necessary to the accumulated surplus of R749 634 554 (2018: R726 323 827) as disclosed in the financial statements.

Total expenditure

8. I was unable to obtain sufficient appropriate audit evidence regarding the following items, which had a cumulative effect on total expenditure. I was unable to confirm the total expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to total expenditure of R278 536 201.
 - Employee related cost of R2 172 122 as included in the disclosed balance of R83 655 362
 - Contracted services of R1 121 624 as included in the disclosed balance of R26 513 344

Irregular Expenditure

9. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R18 412 828 in contravention with the supply chain management requirements which were not included in irregular expenditure disclosed. Consequently, irregular expenditure as per note 46 to the financial statements was understated by R18 412 838. As the municipality did not quantify the extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure as per note 46 to the financial statements.

Unauthorised expenditure

10. Section 125 of the MFMA requires the disclosure of unauthorised expenditure incurred. I was unable to obtain sufficient appropriate audit evidence to confirm if there was any overspending of the total amount appropriated for a vote as per the approved budget as the actual expenditure could not be provided per vote for the votes as included in the budget. The municipality's records did not permit the application of alternative procedures. Consequently, I was unable to determine whether any adjustment relating to unauthorised expenditure of R30 869 211 as disclosed in note 44 to the financial statements was necessary.

Commitments

11. I was unable to obtain sufficient appropriate audit evidence that capital commitments have been properly disclosed due to the status of the accounting records. I was unable to confirm the commitments by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to commitments as disclosed in note 37 at R21 251 216 in the financial statements. In addition, the prior year commitments were overstated by R10 773 176 as 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*.

Cash flow statement

12. 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, I was unable to quantify the resultant misstatement to the net cash flows from operating and investing activities in the cash flow statement or the notes thereto as it was impracticable to do so.

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Statement of comparison of budget and actual amounts

13. GRAP 24, Presentation of budget information in the financial statement requires the disclosure of the explanation of material differences between the budget and actual amounts and present an explanation of whether changes between the approved and final budget are a consequence of reallocations within the budget, or of other factors. These budget amounts for transfers and subsidies and general expenses were not disclosed in line with the approved budget. Consequently, the approved and final and final budget amounts for transfers and subsidies were understated by R12 909 000 and the approved and final budget amounts for general expenses were overstated by R12 909 000. There was a resultant impact on the difference between final budget and actual amounts. In addition, no explanation of whether changes between the approved budget and final budget were a consequence of reallocations within the budget, or of other factors were disclosed in the financial statements and no explanation was included in the financial statements for the material differences between the budget and actual amounts as per the table below. I was unable to quantify the full extent of the omitted disclosure as it was impracticable to do so.

	Difference between final budget and actual
Interest received - Debtors	(6 714 000)
Other income	3 911 183
Transfers and subsidies	(31 611 598)

Prior year adjustments

14. The municipality did not disclose all the corrections made as a result of prior period errors in the notes to the financial statements as required by GRAP 3, *Accounting policies, changes in accounting estimates and errors*. The nature and the amount of the correction for each financial statement item affected, and the amount of the correction at the beginning of the earliest previous period were not appropriately disclosed. The amounts disclosed in note 41 did not agree to the actual adjustment made to the comparative amounts and some adjustments were not disclosed at all. As a result, the adjustment amount relating to infrastructure assets of R26 668 333 was not disclosed and the adjustment amount relating to accumulated surplus was overstated by R26 682 342. I was unable to quantify the full extent of the omitted disclosure as it was impracticable to do so.

Context for the opinion

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

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16. I am independent of the municipality in accordance with section 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants, parts 1 and 3 of the International Ethics Standard Board for accountants' international Code of ethics for professional Accountants (including International Independence Standard)* (IESBA codes) 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 codes
17. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion

Emphasis of matters

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

Fruitless and wasteful expenditure

19. As disclosed in note 45 of the financial statements, fruitless and wasteful expenditure of R9 785 was incurred in the current year and fruitless and wasteful expenditure of R2 427 967 from prior years have not been dealt with in accordance with section 32 of the MFMA.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

22. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 the appropriate governance structure either intends to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

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

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

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 2019:

Key performance area	Pages in the annual performance report
KPA 1: Basic service delivery and infrastructure development	83 - 89
KPA 3 : Local economic development	90 -91
KPA 4: Municipal financial viability and management	91 - 93

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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.
30. The material findings in respect of the usefulness and reliability of the selected key performance indicators

KPA 4: Municipal financial viability and management

Number of household that received free basic electricity in GTLM by end June 2019

31. The achievement for this indicator against the target as reported in the annual performance was 9104. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 10 332

Number of households that received free basic sanitation in GTLM by end June 2019

32. The target for this indicator that was approved in the integrated development plan was 230. However, the target reported in the annual performance report was 200
33. I was unable to obtain sufficient appropriate audit evidence for the reported achievements due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of the indicators listed below:

Indicator	Reported achievement
Number of households that received free basic water in GTLM by end of June 2019	185
Number of households that received free basic sanitation in GTLM by end of June 2019	61
Number of households that received free basic refuse removal in GTLM by end of June 2019	64

KPA 1: Basic service delivery and infrastructure development

34. I did not identify any material findings on the usefulness and reliability of the reported performance information for these key performance areas.

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KPA 3: Local economic development

35. I did not identify any material findings on the usefulness and reliability of the reported performance information for this key performance areas.

Other matter

36. I draw attention to the matter below.

Achievement of planned targets

37. Refer to the annual performance report on pages 83 to 93 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 30 to 33 of this report.

Adjustment of material misstatements

38. 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 service delivery and infrastructure development and KPA 3: Local economic 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

39. 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.

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

Financial statements

41. The financial statements were not submitted for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

42. 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 disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records

Chapter 6

that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

43. Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance to supply chain management regulations relating to legal fees.

Revenue management

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

Utilisation of grants

45. Performance in respect of programmes funded by the MIG was not evaluated within two months after the end of the financial year, as required by section 12(5) of the DoRA.

Consequence management

46. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) & (b) of the MFMA.

Procurement and contract management

47. Awards were made to providers who were in the service of other state institutions or whose directors/principal shareholders were in the service of other state institutions, in contravention of section 112U) of the MFMA and SCM regulation 44.
48. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).

Other information

49. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.

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50. 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.
51. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
52. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, 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 retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

53. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
 - Leadership's oversight over the financial and performance reporting and compliance with legislation did not deliver financial and performance reports which were free from material misstatements. Senior management did not implement adequate control disciplines over the key drivers of internal controls and compliance monitoring which resulted in material misstatements not being detected or prevented.
 - There were not sufficient monitoring mechanisms develop for the implementation of an action plan to address prior year audit findings and to ensure reliable financial and performance reporting.

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- Management did not implement proper risk management activities to identify risks and shortfalls in the municipality's financial systems, in supply chain management processes, performance reporting as well as non-compliance with laws and regulations. This includes establishing a fully functioning risk committee that is in place for the full year under review to ensure regular risk assessments are performed, including information technology and fraud prevention.



T 6.2.3

Chapter 6

Annexure - Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgment 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.

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COMMENTS ON AUDITOR-GENERAL'S OPINION 2018/2019

Greater Taung Local Municipality has again received a qualified audit opinion for the 2018/19 financial year.

The municipality was qualified on :

- Property, plant and equipment
- Commitments Other Income
- Debtors.

T 6.2.5

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General performance indicators	Key After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
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 <ul style="list-style-type: none"> • Service delivery & infrastructure

GLOSSARY

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

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APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

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

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Cllr Martinus Leshoe	Part Time	Infrastructure & HS	Ward		
Cllr Matlhomola Mokgobo	Part Time	ICT	Ward		
Cllr Kegomoditswe De Koker	Part Time	MPAC	PR		
Cllr Gaolathwe Tshipo	Part Time	MPAC	PR		
Cllr Moreotsile Olifant	Part Time	Finance	PR		
Cllr Tebogo Morweng	Part Time	Infrastructure & HS	PR		
Cllr Lebogang Gaoboibe	Full Time	EXCO / Community Services	PR		
Cllr Boitumelo Gezane	Part Time	MPAC	PR		
Cllr Kegomoditswe Mamapula	Part Time	Finance	PR		
Cllr Gabonewe Diphoko	Part Time	Community Services & LED	PR		
Cllr Mosetsanagape Mosinkiemang	Part Time	Community Services & LED	PR		
Cllr Thandiwe Sebe	Part Time	Infrastructure & HS	PR		
Maadimo Ratake	Part Time	Community Services & LED	PR		
Lesego Maila	Part Time	Finance	PR		
Hluphekile Semeelo	Part Time	MPAC	PR		
Amogelegang Matuane	Part Time	MPAC	PR		
Aobakwe R Mongale	Full Time	EXCO / ICT	PR		
Margaret Mmokwa	Part Time	Community Services & LED	PR		
Seanokeng Mothibedi	Part Time	Corporate Governance	PR		
Keletso R Molale	Part Time	Planning	PR		
Kabelo Seisho	Part Time	Planning	PR		
Dipuo A Itumeleng	Part Time	Finance	PR		
Mothusi K Montwedi	Full Time	EXCO / Planning	PR		
Foleni Gasetlolwe	Part Time	MPAC	PR		
<i>Note: * Councillors appointed on a proportional basis have been allocated to different wards to assist the ward councillors</i>					TA

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Executive Committee Meetings				
Executive Committee Members	Total No of Meetings held	Attendance	Non attendance	
			With apology	Without apology
Cllr Nyoko Motlhabane (Mayor)				
Cllr Grace Moipolai				
Cllr Lebogang Gaoboihe				
Cllr Lekgotla Menyatso				
Cllr Nosi Ntasi				
Cllr Rodger Mongale				
Cllr Dipuo Itumeleng				

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 Keohitsetse (Acting)

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APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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

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

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APPENDIX E – WARD REPORTING

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

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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>					TF.2

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

INTRODUCTION

On behalf of the Audit and Performance Audit Committee (APAC), I have great pleasure in submitting herewith the annual report of the APAC for the financial year ended 30 June 2019.

LEGAL FRAMEWORK GOVERNING THE AUDIT COMMITTEE

The Audit and Performance audit Committee has been established as an independent Committee, in terms of Section 166 of the MFMA Act No. 56 of 2003. The Committee has adopted the Audit and Performance Audit Committee Charter, which is regularly updated and approved by Council.

Section 166 (2)(a) of the MFMA states that the APAC is an independent advisory body which must “amongst others” advise the municipal council on matters relating to –

- i. Internal financial controls and internal audits;
- ii. Risk Management;
- iii. Accounting Policies;
- iv. The adequacy, reliability and accuracy of financial reporting and information;
- v. Performance Management;
- vi. Effective Governance;
- vii. Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
- viii. Performance evaluation; and
- ix. Any other issues referred to it by the municipality.

Sections 166(2)(b), (c), (d) and (e) requires the Committee to review the annual financial statements, respond to Council on any issues raised by the Auditor-General of South Africa (AGSA) in the audit report, carry out such investigations into the financial affairs of the municipality and to perform such other functions as may be prescribed by the Council. Regulation 14 (2)(a) of the Planning and Performance Management Regulations require the municipality to appoint and budget for a performance audit committee consisting of at three members, the majority of which may not be involved in the municipality as a councillor or an employee.

The overall objectives of the Audit and Performance audit Committee (APAC) are to ensure that management has created and maintained an effective control environment in the organization and that management demonstrates and stimulates the necessary respect for

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the Greater Taung Local Municipality's systems, policies and procedures and for the internal control structure.

AUDIT AND PERFORMANCE COMMITTEE MEMBERS AND ATTENDANCE

The Committee, consisting of the members listed below, should meet at least four times per annum as required by S 166 (4) (b) of the MFMA and its approved terms of reference, although additional meetings may be called as the need arises. All the members of the Audit Committee are also members of the Performance Committee. The members of the audit and performance audit committee are all independent members of the Municipality and include:

Member	Position
Mr. B. Diyo	Chairperson
Ms. L. Ralikonyana	Member
Mr. R. Rantao	Member
Mr. R. Nhleko (resigned Dec. 2018)	Member
Mr. A. Nchoe (Appointed April 2019)	Member

The Audit and Performance Audit Committee convened six times during the 2018/19 financial year as set out in the following table:

Date	B. Diyo	L. Ralikonyana	R. Rantao	R. Nhleko	A. Nchoe
13/08/2018	✓	✓	✓	✓	N/A
29/08/2018	✓	✓	✓	✓	N/A
17/10/2018	✓	✓	✓	✓	N/A
16/11/2018	✓	✓	✓	✓	N/A
07/02/2019	✓	✓	✓	resigned	N/A
12/04/2019	✓	✓	✓	resigned	✓
TOTAL	6/6	6/6	6/6	4/6	1/6

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All meetings of the committee were held in accordance with the charter of the committee as approved by Council. The Chief Internal Auditor reports administratively to the Municipal Manager and functionally to the Audit and performance audit Committee. The Chief Internal Auditor is a permanent invitee to the Audit and Performance Committee, and has unrestricted access to bring any matter within their scope and responsibility to the attention of the committee.

AUDIT AND PERFORMANCE AUDIT COMMITTEE RESPONSIBILITIES

The Audit and Performance Committee reports that it has fulfilled its responsibilities as stipulated in the Municipal Finance Management Act read in conjunction with the Treasury Regulations.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, and regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Audit Committee has:

- Reviewed the audit action plan developed by management to address prior year issues raised by AGSA.
- On a quarterly basis, monitored implementation of corrective actions on the detailed findings.
- Tabled its quarterly reports to the Municipality Council, reporting on matters attended to during the relevant quarter.

REVIEW AND EVALUATION OF 2018/19 ANNUAL FINANCIAL STATEMENTS

The Committee noted with concern that the Municipality failed to submit Annual Financial Statements for the year ended 30 June 2019 to the Auditor General SA as required by S 126 (a) of MFMA. As at the time of this report, no draft Annual Financial Statements had been submitted for review by the committee.

Greater Taung Local Municipality adopted a new IT system (migrated from the Financial Management System (FMS) to the Enterprise Municipal System (EMS)) to ensure compliance with mSCOA requirements. However, this migration process resulted in the municipality experiencing major challenges regarding reliability of the financial data that was migrated into the new financial system such as the trial balance and the GL not balancing, the system not being able to retrieve monthly and quarterly financial reports, the budget appearing to be overspent while it was not etc.

The committee supported the Accounting Officer during some meetings with the service provider, Auditor General SA and Provincial Treasury to resolve the challenges.

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The committee further recommended that the Accounting Officer takes appropriate action against the Service Provider for non- performance as part of their contract management.

The committee expressed its concerns to the Accounting Officer regarding the non- compliance on failure to submit Annual Financial Statements to the Auditor General SA for audit purposes.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Committee has considered the work performed by Internal Audit on a quarterly basis and has reviewed the findings on internal controls for the year ended 30 June 2019. The Audit and Performance Audit Committee notes that there has been improvement in internal controls in the areas of performance reporting.

In line with section 165 of the MFMA, Internal Audit provides the Audit and Performance Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit and Performance Audit Committee monitoring implementation of corrective actions.

The following audits in terms of the approved risk-based operational plan were conducted during the year:

- Performance Information Audits (Q1, 2, 3 & 4)
- Payroll Audit
- I.T Audit
 - Projects Audit
- Revenue Audit
- LED Audit
- Asset Management Audit
- Risk Management (Limitation of scope)
- Mscoa
- Review of Annual Financial Statements (Limitation of scope)

APPENDICES

RESOLVING INTERNAL CONTROL FINDINGS

The Committee noted improvement in the extent of external and internal audit findings resolved, however recurring findings still occurred. The different oversight bodies and individuals need to improve the monitoring of implementation of corrective actions and take appropriate steps where audit findings are not adequately addressed.

ASSESSING AUDIT EFFECTIVENESS

The Committee reviews internal audit quality throughout the year with an emphasis on auditing governance, methodology, independence, scope of work and outputs. The Greater Taung Local Municipality's Internal Audit Activity (IAA) provides independent, objective assurance and consulting services. Independence is maintained by being accountable to the Accounting Officer administratively and by functionally reporting to the Audit Committee, these reporting lines are clearly stated in the GTLM Internal Audit Charter.

INTERNAL AUDIT ACTIVITY (IAA)

The structure of the IAA makes provision for the following posts, namely: Chief Audit Executive (1 post) and Internal Auditor (1 post). The organogram catered for these few positions as the municipality was utilising Dr Ruth Segomotsi Mompoti Internal Audit Shared services. Subsequent to the municipality establishing its own independent audit committee, it has become necessary to review internal audit activity staffing in order to ensure that the audit committee discharges its responsibilities in line with the MFMA.

We have noted with serious concern that the internal audit function is not adequately resourced to perform its duties and responsibilities. We also noted with concern the challenges associated with reliance on the District Shared Internal Audit Services as they are not always accessible to the Municipality in addition to their own capacity constraints. Lack of adequate staffing and reliance on the District Shared Service threatens the performance of the Internal Audit Activity in giving assurance to management regarding the execution of their responsibilities and supporting the audit committee to discharge its responsibilities in terms of the MFMA. It is therefore imperative that the municipality establishes its own fully capacitated Internal Audit activity for the purpose of contributing towards the achievement of objectives and sustained and improved performance.

INDEPENDENCE STATEMENT

The External Audit activities are performed by the Office of the Auditor General (SA).

The Internal Audit activities are performed by an Internal Audit Activity that undertakes their work in terms of an Internal Audit Charter and an audit plan approved by the Audit and Performance Committee.

APPENDICES

PERFORMANCE MEASUREMENT

The Committee has reviewed and given consideration to the in-year performance reports and performance results reported by management. Improvements were noted in the effectiveness of the processes and the quality of information reported, however there were some minor challenges experienced with the reliability of performance information reported which were later corrected. The Audit and Performance Audit Committee is pleased that resources to drive and monitor the process for planning, monitoring and reporting of predetermined objectives have been adequately allocated.

RISK MANAGEMENT

The District Internal Audit Shared Service could not perform the review of the risk management process, due to information not submitted for audit purposes. The Committee wishes to highlight the following concerns regarding services rendered by the DRSM:

- Failure to address issues raised by the audit and performance committee on reports submitted;
- Unavailability of the Chief Risk Officer (To both the Accounting Officer and the Audit Committee).

CONCLUSION

The Audit and Performance Audit Committee confirms its commitment to assist Council to make significant progress towards clean administration. The Audit Committee also wishes to thank Council and management for its support and the team from internal audit for their contributions to improve effective control environment and good governance of Municipality. Our appreciation is also extended to the team from the AGSA for the independent value that they continue to add to the Municipality.

The committee acknowledges that much work still lies ahead, and the committee will continue to monitor the various interventions aimed at ensuring that improved audit outcomes are achieved in the years ahead.

B. Diyo
Chairperson

On behalf of the Audit and Performance Audit Committee

APPENDICES

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

None

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

None

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of 2019 (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 Ncweng	Tshwaragano Trading Enterprise
Councillor	Cllr Martinus Leshoe	Tau Thusa Enterprise
Councillor	Cllr Mothohela Motshabi	Babelegile Projects
Councillor	Cllr Mosiemang Babuseng	1. Boipelo and Lorato Contraction 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

APPENDICES

Councillor	Cllr Kabelo Seisho	Mokgathala Pty Ltd
Councillor	Cllr Conelius Gasetlolwe	1. Ketapele Trading Projects 2. Bosele Co-Operative Farming Pivot
Municipal Manager	Katlego Gabanakgosi	1. Bone Lwaabo Properties 2. La Pater Café – Mompoti Gabanakgosi (Brother) 3. Gabana Supplier Services (T Ganakgosi – Wife)
Chief Financial Officer	Martin Vermaak	Nil
Infrastructure	Matenyana 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 T J		

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Incorporated in the AFS

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Incorporated in the AFS

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

None

APPENDICES

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 208/19

Capital Programme by Project by Ward: 2018/19		
Capital Project	Ward(s) affected	Works completed (Yes/No)
R' 000		
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

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

No information

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

No information

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

No information

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

No information

VOLUME II: ANNUAL FINANCIAL STATEMENT



**Greater Taung Local Municipality
Annual Financial Statements
for the year ended 30 June 2019
Auditor General South Africa**

VOLUME II

Greater Taung Local Municipality

(Registration number NW 394)

Annual Financial Statements for the year ended 30 June 2019

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 Soutyh Africa (Act no 108 of 1996)
The following is included in the scope of operation	High capacity
Mayoral committee	
Executive Mayor	Motlhabane NC Speaker: Tladi EH Chief Whip: Malepe J MPAC Chairperson: Seleke OR Gaobohe LJ Menyatso AL Moipolai KG Mongale RA Ntasi SE
Councillors	Cllr: Babuseng MC Cllr: Balebanye OJ Cllr: De Koker KS Cllr: Diphoko GS Cllr: Gaobusiswe GW Cllr: Gaoraelwe TR Cllr: Molale KR Cllr: Gezane BG Cllr: Itumeleng DA Cllr: Lepedi MC Cllr: Leshoe MF Cllr: Maila LE Cllr: Mamapula KL Cllr: Maribe IN Cllr: Matshwe T Cllr: Matuane JA Cllr: Mmokwa M Cllr: Mocumi KB Cllr: Mokgobo MR Cllr: Mongale OV Cllr: Morweng TS Cllr: Mosinkiemang MV Cllr: Motshibedi SD Cllr: Motshabi MI Cllr: Ncweng ME Cllr: Olifant MKI Cllr: Pitso JT Cllr: Ratake MJ Cllr: Sebe TP Cllr: Sebolai KL Cllr: Sedupane BJ Cllr: Seemelo HD Cllr: Seisho KG

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Annual Financial Statements for the year ended 30 June 2019

General Information

	Cllr: Tlhaganyane T Cllr: Tokwe LC Cllr: Totong DG Cllr: Tshipo GJ Cllr: Kgosimore RK Cllr: Moeti MB
t	
Grading of local authority	Grade 3 Local Municipality
Accounting Officer	Gabanakgosi KT
Chief Finance Officer (CFO)	Mphiwa Victor Chuene
Registered office	Municipal Offices Station Street Taung 8580
Postal address	Private Bag X1048 Taung Station 8580
Bankers	ABSA Bank (Primary) First National Bank
Auditors	Auditor' General of South Africa
Attorneys	Bojosinyane Attomeys Du Plessis VIViers Inc Kgomo Attorneys Inc Mokhetle Attorney Inc Shuping Attomeys

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Annual Financial Statements for the year ended 30 June 2019

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

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Statement of Comparison of Budget and Actual Amounts	189 -191
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FMG	Local Government Financial Management Grant
GRAP	Generally Recognised Accounting Practice
MSIG	Municipal System Improvement Grant
MEC	Member of the Executive Council
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
PAYE	Pay As You Earn
UIF	Unemployment Insurance Fund
VAT	Value added Tax

Greater Taung Local Municipality

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Annual Financial Statements for the year ended 30 June 2019

Accounting Officer's Responsibilities and Approval

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

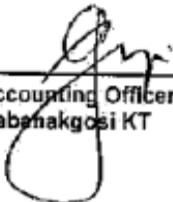
The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The accounting officer acknowledges that 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, he 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 82, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 January 2020.


Accounting Officer
Gabenakgosi KT

Greater Taung Local Municipality

(Registration number NW 394)

Annual Financial Statements for the year ended 30 June 2019

Accounting Officer's Report

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

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

Net surplus of the municipality was R 19 738 101 (2018: surplus R 83 200 863).

2. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus (deficit) of R 749 634 554 and that the municipality's total assets exceed its liabilities by R 749 634 554.

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:

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Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
Assets			
Current Assets			
Inventories	7	8 187 556	7 207 183
Receivables from exchange transactions	8&11	8 028 218	3 075 097
Receivables from non-exchange transactions	9&11	3 651 845	3 469 411
VAT receivable	10	7 165 710	4 072 578
Cash and cash equivalents	12	221 203 826	231 326 747
		248 237 155	249 151 016
Non-Current Assets			
Investment property	3	21 379 000	21 379 000
Property, plant and equipment	4	553 969 488	532 888 339
Intangible assets	5	441 209	546 274
		575 789 697	554 813 613
Total Assets		824 026 852	803 964 629
Liabilities			
Current Liabilities			
Finance lease obligation	13	587 878	639 435
Payables from exchange transactions	16	36 220 182	28 902 389
Consumer deposits	17	90 329	95 109
Employee benefit obligation	6	498 031	567 946
Unspent conditional grants and receipts	14	5 884 252	22 836 784
		43 280 672	53 041 663
Non-Current Liabilities			
Finance lease obligation	13	6 674	599 559
Employee benefit obligation	6	17 214 957	10 760 583
Provisions	15	13 889 995	13 238 998
		31 111 626	24 599 140
Total Liabilities		74 392 298	77 640 803
Net Assets		749 634 554	726 323 826
Accumulated surplus		749 634 554	726 323 827

* See Note 41

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Greater Taung Local Municipality

(Registration number NW 394)

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	8 730 702	8 090 444
Rental of facilities and equipment	20	481 653	447 514
Other income	22	6 040 183	9 268 106
Interest received - investment	23	19 556 880	18 000 662
Total revenue from exchange transactions		34 809 418	35 806 726
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	25 669 312	40 165 936
Property rates - penalties imposed	24	3 785 882	4 097 402
Transfer revenue			
Government grants & subsidies	25	238 769 434	223 428 560
Other income - LGWSETA		181 470	65 805
Total revenue from non-exchange transactions		268 406 098	267 757 703
Total revenue	18	303 215 516	303 564 429
Expenditure			
Employee related costs	26	(83 655 362)	(74 820 245)
Remuneration of councillors	27	(18 567 541)	(18 092 424)
Repairs and Maintenance	28	(20 256 909)	(13 877 554)
Depreciation and amortisation	29	(29 152 292)	(27 437 850)
Finance costs	30	(2 841 444)	(2 303 284)
Debt Impairment	31	(9 767 363)	(25 342 386)
Collection costs		-	(5 472 056)
Bulk purchases	32	(3 471 202)	(3 289 204)
Contracted services	33	(26 513 344)	(17 865 412)
Transfers and Subsidies		(31 611 598)	(1)
Loss on disposal of assets and liabilities		-	(2 876 218)
General Expenses	34	(52 699 146)	(47 100 440)
Total expenditure		(278 536 201)	(238 477 074)
Surplus for the year from continuing operations		24 679 315	65 087 355
Actuarial Gains /(Losses)		(4 941 214)	1 195 262
Surplus for the year		19 738 101	66 282 617

* See Note 41

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Annual Financial Statements for the year ended 30 June 2019

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2017	660 041 210	660 041 210
Changes in net assets		
Surplus for the year	66 282 617	66 282 617
Total changes	66 282 617	66 282 617
Restated* Balance at 01 July 2018	729 896 453	729 896 453
Changes in net assets		
Surplus for the year	19 738 101	19 738 101
Total changes	19 738 101	19 738 101
Balance at 30 June 2019	749 634 554	749 634 554

Note(s)

* See Note 41

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Annual Financial Statements for the year ended 30 June 2019

Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		8 730 702	4 474 415
Grants		238 769 434	230 439 807
Interest income		19 556 880	18 000 662
Other receipts		1 516 756	9 258 147
		<u>268 573 772</u>	<u>262 173 031</u>
Payments			
Employee costs		(101 546 508)	(58 089 068)
Cash paid to Suppliers		(128 628 813)	(79 282 507)
Finance costs		(2 841 444)	(2 303 284)
		<u>(233 016 765)</u>	<u>(139 674 859)</u>
Net cash flows from operating activities	35	<u>35 557 007</u>	<u>122 498 172</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(65 215 267)	(60 363 348)
Proceeds from sale of property, plant and equipment	4	14 745 025	(2 117 278)
Purchase of financial assets		4 813 219	-
Proceeds from sale of financial assets		(4 813 219)	-
Other cash item		6 737 854	9 912 529
		<u>(43 732 388)</u>	<u>(52 568 097)</u>
Net cash flows from investing activities		<u>(43 732 388)</u>	<u>(52 568 097)</u>
Cash flows from financing activities			
Finance lease payments		(644 442)	(548 040)
		<u>(8 819 823)</u>	<u>69 382 035</u>
Net increase/(decrease) in cash and cash equivalents		<u>(8 819 823)</u>	<u>69 382 035</u>
Cash and cash equivalents at the beginning of the year		231 326 747	161 944 715
Cash and cash equivalents at the end of the year	12	<u>222 506 924</u>	<u>231 326 750</u>

* See Note 41

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Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	9 708 000	(28 000)	9 680 000	8 730 702	(949 298)	Due to annual percentage charge increases.
Rental of facilities and equipment	596 000	-	596 000	481 653	(114 347)	Due to some building has been sold out by the municipality.
Interest received - debtors	-	6 714 000	6 714 000	-	(6 714 000)	
Other income	2 409 000	(280 000)	2 129 000	6 040 183	3 911 183	
Interest received - investment	13 714 000	(2 214 000)	11 500 000	19 556 880	8 056 880	The variances due increase in cash management
Total revenue from exchange transactions	26 427 000	4 192 000	30 619 000	34 809 418	4 190 418	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	38 500 000	(10 000 000)	28 500 000	25 669 312	(2 830 688)	Differences is due to incorrect billing
Property rates - penalties imposed	4 500 000	(4 500 000)	-	3 785 882	3 785 882	Differences is due to incorrect billing
Transfer revenue						
Government grants & subsidies	226 976 000	(44 841 000)	182 135 000	238 769 434	56 634 434	Difference due to MIG withheld during the year
Other revenue	100 000	(100 000)	-	181 470	181 470	The variance is reasonable
Total revenue from non-exchange transactions	270 076 000	(59 441 000)	210 635 000	268 406 098	57 771 098	
Total revenue	296 503 000	(55 249 000)	241 254 000	303 215 516	61 961 516	
Expenditure						
Personnel	(96 221 850)	1 667 850	(94 554 000)	(83 655 362)	10 898 638	Due to general salary increment as approved by SALGA

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Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Remuneration of councillors	(19 458 900)	111 900	(19 347 000)	(18 567 541)	779 459	Acceptable variances
Repairs and Maintenance	(65 391 500)	43 004 500	(22 387 000)	(20 256 909)	2 130 091	Regular replacement of electric panel and maintenance of motor vehicle.
Depreciation and amortisation	(30 570 000)	-	(30 570 000)	(29 152 292)	1 417 708	Due decreased compared to prior year due to disposal of asset and asset full depreciated
Finance costs	(820 000)	582 000	(238 000)	(2 841 444)	(2 603 444)	Variance due interest charged on late payment
Debt Impairment	(3 000 000)	-	(3 000 000)	(9 767 363)	(6 767 363)	Variance due to an error in posting Consumer debtors provision
Repairs and maintenance	(800 000)	800 000	-	(114 453)	(114 453)	
Bulk purchases	(4 092 000)	-	(4 092 000)	(3 471 202)	620 798	The purchases were significantly less than anticipated due to distribution losses.
Contracted Services	(24 307 000)	5 350 000	(18 957 000)	(26 513 344)	(7 556 344)	contract management and cashflow
Transfers and Subsidies	-	-	-	(31 611 598)	(31 611 598)	
General Expenses	(77 236 500)	10 525 500	(66 711 000)	(52 584 693)	14 126 307	Differenc is due to improves cost management and cash management
Total expenditure	(321 897 750)	62 041 750	(259 856 000)	(278 536 201)	(18 680 201)	
Operating surplus	(25 394 750)	6 792 750	(18 602 000)	24 679 315	43 281 315	
Gain on disposal of assets and liabilities	400 000	-	400 000	-	(400 000)	
Surplus before taxation	(24 994 750)	6 792 750	(18 202 000)	24 679 315	42 881 315	
Surplus for the year from continuing operations	(24 994 750)	6 792 750	(18 202 000)	24 679 315	42 881 315	
Discontinued operations	-	-	-	(4 941 214)	(4 941 214)	

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Greater Taung Local Municipality

(Registration number NW 394)

Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(24 994 750)	6 792 750	(18 202 000)	19 738 101	37 940 101	
Reconciliation						

Greater Taung Local Municipality

(Registration number NW 394)

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation uncertainty

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

Receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) 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 (for example, over-the counter derivatives) 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.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated R - lower or R - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

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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 [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. 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 goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

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 15 - 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 waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits and other long-term benefits

The present value of the post retirement obligation 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 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 pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate 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 liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6.

Effective interest rate

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

Allowance for impairment

On receivables 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 debtors 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.

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1.3 Investment property (continued)

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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

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

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

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

Fair value

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

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

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

The nature OR type of properties classified as held for strategic purposes are as follows:

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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1.4 Property, plant and equipment (continued)

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 is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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1.4 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Land	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 yearst
• Electricity network		10 - 45 years
• Roads 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	Straight line	
• Cemeteries/cremetoria		15 - 100 years
• Creches/care centres		5 - 100 years
• Halls/centres/libraries		5 - 100 yearst
• Parks		15 - 100 years
Finance leased Assets	Straight line	3 years
Movable Assets	Straight line	
• Bin 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

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

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

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

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

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

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1.5 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

- (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 cash-generating assets and/or 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 an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

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

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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1.6 Intangible assets (continued)

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, on a straight line basis, to their residual values 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 is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Financial instruments

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

Classification

The entity 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
Other financial asset ²	Financial asset measured at fair value

The entity 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
Payable from exchange transactions	Financial liability measured at amortised cost
Finance lease obligations	Financial liability measured at amortised cost
Consumer deposit	Financial liability measured at fair value
Unspent conditional grants and receipts	Financial liability measured at fair value

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.

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1.7 Financial instruments (continued)

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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1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

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 municipality 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 entity 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 would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an 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.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

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 assess 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 directly OR 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 directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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1.7 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
 - derecognise the asset; and
 - recognise 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 municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.8 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 entity 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 .

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.

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1.9 Inventories

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the 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.

1.10 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

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1.10 Impairment of cash-generating assets (continued)

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

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

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

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.

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.

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

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

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1.10 Impairment of cash-generating assets (continued)

Cash-generating units

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use 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 entity 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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1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess 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 entity 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.

1.11 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

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 entity also test 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 was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

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

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

Depreciated replacement cost approach

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

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

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

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.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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

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

Reversal of an impairment loss

The municipality assess 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.

1.12 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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1.13 Employee benefits

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity 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 recognise 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 measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise 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 entity has no realistic alternative but to make the payments.

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Accounting Policies

1.13 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

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.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account 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 amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

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Accounting Policies

1.13 Employee benefits (continued)

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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-measure 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 [OR is not] presented as the net of the amount recognised for a reimbursement.

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

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1.13 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

The rate used to discount post-employment benefit obligations (both funded and unfunded) 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 provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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

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

The municipality shall recognise 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;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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1.14 Provisions and contingencies (continued)

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 surplus (deficit).

If an entity 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 38.

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:

If 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 1.10 and 1.11.
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;

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. This applies under both the cost model and the revaluation model.

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

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.

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1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.16 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.

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 entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

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

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1.17 Revenue from non-exchange transactions

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

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.

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. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. 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.

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1.17 Revenue from non-exchange transactions (continued)

Debt forgiveness and assumption of liabilities

The municipality recognise 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 make 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 entity.

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 recognise 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 disclose the nature and type of services in-kind received during the reporting period.

1.18 Borrowing costs

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

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

1.19 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 sales 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 rise to the transfer occurred.

1.20 Comparative figures

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

1.21 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

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1.21 Unauthorised expenditure (continued)

- 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.

1.22 Fruitless and wasteful expenditure

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

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

1.23 Irregular expenditure

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Commitments

Items are classified as commitment 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 38.

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.

1.25 Comparative figures

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

1.26 Budget information

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

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1.26 Budget information (continued)

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

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

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

1.27 Related parties

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

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

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

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

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

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.28 Events after reporting date

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

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

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

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

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

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 2019 or later periods:

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2019 or later periods but are not relevant to its operations:

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3. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	21 379 000	-	21 379 000	21 379 000	-	21 379 000

Reconciliation of investment property - 2019

	Opening balance	Total
Land and buildings	21 379 000	21 379 000

Reconciliation of investment property - 2018

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

Pledged as security

Carrying value of assets pledged as security:

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

Details of valuation

The effective date of the revaluations was . Revaluations were performed by an independent valuer, Mr Botha [specify qualifications], of Messrs Botha and Rudd. Botha and Rudd are not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

For investment property, totalling R - (2018: R -), where there was a lack of comparable market data, the valuation was based on discounted cash flows. The following assumptions were used:

Discount rate

Other

Other

These assumptions are based on current market conditions.

Amounts recognised in surplus and deficit for the year.

Investment property located in (a foreign country: specify) is governed by that country's exchange controls and therefore the rental income and proceeds from any sale of that investment property are not available to the municipality:

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

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3. Investment property (continued)

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
 - the fact that the entity has disposed of investment property not carried at fair value,
 - the carrying amount of that investment property at the time of sale, and
 - the amount of gain or loss recognised.

Amounts recognised in surplus or deficit

Rental revenue from Investment property

-

17 625

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4. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	59 699 532	-	59 699 532	59 915 715	-	59 915 715
Buildings	286 779 500	(126 346 243)	160 433 257	268 834 999	(113 417 294)	155 417 705
Infrastructure	450 576 383	(193 350 291)	257 226 092	441 517 695	(193 907 746)	247 609 949
Work In Progress	55 297 288	-	55 297 288	44 350 496	-	44 350 496
Movable Assets	55 455 240	(34 699 266)	20 755 974	52 139 658	(27 698 207)	24 441 451
Finance leased Assets	1 787 035	(1 229 690)	557 345	3 633 141	(2 480 118)	1 153 023
Total	909 594 978	(355 625 490)	553 969 488	870 391 704	(337 503 365)	532 888 339

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers received	Depreciation	Total
Land	59 915 715	-	(216 183)	-	-	59 699 532
Buildings	155 417 705	61 839	(430 623)	17 077 178	(11 692 842)	160 433 257
Infrastructure	247 609 949	-	(14 038 817)	33 726 734	(10 071 774)	257 226 092
Work In Progress	44 350 496	61 750 705	-	(50 803 913)	-	55 297 288
Movable Assets	24 441 451	3 402 723	(59 402)	-	(7 028 798)	20 755 974
Finance leased Assets	1 153 023	-	-	-	(595 678)	557 345
	532 888 339	65 215 267	(14 745 025)	(1)	(29 389 092)	553 969 488

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers received	Revaluations	Depreciation	Impairment loss	Total
Land	59 915 715	-	-	-	-	-	-	59 915 715
Buildings	149 260 128	283 363	(405 339)	18 877 206	-	(10 668 753)	(1 928 900)	155 417 705
Infrastructure	226 908 970	-	(175 960)	31 521 345	-	(10 644 406)	-	247 609 949
Work In Progress	38 521 276	56 227 771	-	(50 398 551)	-	-	-	44 350 496
Movable Assets	26 272 340	3 852 214	(177 641)	-	753 921	(6 259 383)	-	24 441 451
Finance leased Assets	1 650 063	92 081	-	-	-	(589 121)	-	1 153 023
	502 528 492	60 455 429	(758 940)	-	753 921	(28 161 663)	(1 928 900)	532 888 339

Pledged as security

Carrying value of assets pledged as security:

Capitalised expenditure (excluding borrowing costs)

Assets subject to finance lease (Net carrying amount)

Leased Assets 557 345 1 153 023

Other information

Details of properties

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

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5. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	680 124	(238 915)	441 209	680 124	(133 850)	546 274

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software, other	546 274	(105 065)	441 209

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software, other	651 339	(105 065)	546 274

Pledged as security

None of the above intangible assets pledged as security.

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

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6. 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 2019 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 Project 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	(14 034 983)	(7 773 121)
Present value of Long Service Awards	(3 678 005)	(3 555 408)
	(17 712 988)	(11 328 529)
Non-current liabilities	(17 214 957)	(10 760 583)
Current liabilities	(498 031)	(567 946)
	(17 712 988)	(11 328 529)

Long Service Awards

Eligible employees	250	244
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Key Assumptions used - Long Service Awards

Discount Rate	8,23 %	8,63 %
General Salary Inflation	5,58 %	6,22 %
Net effective discount rate applied to salary related long service awards	2,51 %	2,27 %
	-	-

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 62, 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 18.7 years.

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6. Employee benefit obligations (continued)

Changes in the carrying value of the defined benefit obligation are as follows:

Opening balance	7 773 121	8 192 421
Contributions by plan participants	605 725	643 592
Exchange differences	753 376	805 233
Benefits paid	5 013 541	(1 341 683)
Assumed in an entity combination	-	(392 170)
Other	(110 780)	(134 272)
	14 034 983	7 773 121

Current portion of the liability consist of:

Actuarial (gains) losses – Obligation	158 363	110 780
Actuarial (gains) losses – Plan assets	339 668	457 166
	498 031	567 946

Long service awards

Opening balance	3 555 408	3 355 018
Expected return	364 577	346 209
Actuarial gains (losses)	287 513	261 911
Assets distributed on settlements	(72 327)	146 421
Benefits paid	(457 166)	(554 151)
	3 678 005	3 555 408

Total Employee benefits obligation

Opening Balance	11 328 529	11 547 439
Current Service Cost	970 302	989 801
Finance Charges	1 040 889	1 067 144
Actuarial gain/losses	4 941 214	(1 195 262)
Benefits paid during the year	(567 946)	(688 423)
Maximum subsidy applied	-	(392 170)
	17 712 988	11 328 529

Net expense recognised in the statement of financial performance

Current Service Cost	970 302	989 801
Interest Cost	1 040 889	1 067 144
Actuarial (gains)/Losses	4 941 214	(1 195 262)
Benefits paid during the year	(567 946)	(688 423)
Maximum subsidy applied	-	(334 041)
	6 384 459	(160 781)

Post Retirement Benefits: Medical Aid

The post retirement benefits plan is classified as a defined benefit plan, of which the members are made up of the following:

In-Service (employee) members	163	156
In-Service (Employee) non-members	103	94
Continuation (retired and widow) members	5	4
	271	254

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6. Employee benefit obligations (continued)		
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	9,75 %	9,76 %
Expected rate of return on assets	7,14 %	7,50 %
Expected rate of return on reimbursement rights	2,44 %	2,10 %
Actual return on reimbursement rights	4,98 %	5,25 %
Medical cost trend rates	4,54 %	4,29 %

Mortality - during employment SA85-90

Mortality - post retirement PA(90) - 1 (1% improvement)

Average retirement age - 62

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 movement in the assumption for the year ended 30 June 2019 the obligation are as follows:

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6. Employee benefit obligations (continued)

Assumptions

Assumptions	Change in assumption	Eligible Employees	Continuation members liability	Total liabilities	Change
Central assumption	- %	11 710 000	2 325 000	14 035 000	
Health care inflation	1,00 %	13 312 000	2 474 000	15 785 000	12%
Health care inflation	(1,00) %	10 020 000	2 139 000	12 159 000	-13%
Discount Rate	1,00 %	9 780 000	2 106 000	11 905 000	-15%
Discount Rate	(1,00) %	14 172 000	2 585 000	16 757 000	19%
Post retirement mortality	-1 %	12 026 000	2 392 000	14 418 000	3%
Average retirement age	- %	12 899 000	2 325 000	15 224 000	8%
Continuation of membership retirement	(10,00)%	9 685 000	2 325 000	12 010 000	-14%
		93 604 000	18 671 000	112 293 000	

The effect of movements in the assumptions for the year ended 30 June 2019 on the interest and service costs are as follows

Assumptions	Change in assumption	Current Service cost	Interest Cost	Total	Change
Central assumption		605 700	753 400	1 359 100	
Health care inflation	1%	693 500	843 900	1 537 400	13%
Health care inflation	-1%	506 600	652 400	1 159 000	-15%
Discount Rate	1%	496 700	700 500	1 197 200	-12%
Discount Rate	-1%	747 500	811 100	1 558 600	15%
Post retirement mortality	-1%	624 200	776 700	1 400 900	3%
Average retirement age	-1%	660 900	812 000	1 472 900	8%
Continuation of membership retirement	-10%	458 900	607 800	1 066 700	-22%
		4 794 000	5 957 800	10 751 800	

The effect of movements in the assumptions for the year ended 30 June 2018 on the obligations are as followst

Assumptions	Change in assumption	In-service members liability	Continuation members liability	Total liability	% Change
Central assumption		6 252 000	1 521 000	7 773 000	
Health care inflation	1%	7 089 000	1 611 000	8 701 000	12%
Health care inflation	-1%	5 329 000	1 409 000	6 739 000	-13%
Discount Rate	1%	5 175 000	1 389 000	6 564 000	-16%
Discount Rate	-1%	7 638 000	1 676 000	9 314 000	20%
Post retirement mortality		6 443 000	1 569 000	8 012 000	3%
Average retirement age		6 853 000	1 521 000	8 374 000	8%
Continuation of membership retirement	-10%	4 760 000	1 521 000	6 281 000	-19%
		49 539 000	12 217 000	61 758 000	

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 assumption	Current Service cost	Interest Cost	Total	Change
Central assumption		643 600	805 200	1 448 800	
Health care inflation	1%	810 800	972 200	1 783 000	23%
Health care inflation	-1%	515 200	673 100	1 188 300	-18%
Discount Rate	1%	522 700	744 200	1 266 900	-13%
Discount Rate	1%	802 200	872 900	1 675 100	16%
Post retirement mortality		665 800	833 300	1 499 100	3%

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6. Employee benefit obligations (continued)

Average retirement age		700 300	860 800	1 561 100	8%
Continuation of membership retirement	-10%	489 400	661 000	1 150 400	-21%
		<u>5 150 000</u>	<u>6 422 700</u>	<u>11 572 700</u>	

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Amounts for the current and previous four years are as follows:

	2019 R	2018 R	2017 R	2016 R	2015 R
Defined benefit obligation	14 034 983	7 773 121	8 192 421	7 145 000	6 206 000

7. Inventories

Consumable stores	669 781	239 255
Water for distribution	492	492
Unsold Properties Held for Resale	6 838 050	6 838 050
Fuel (Diesel, Petrol)	679 233	129 386
	<u>8 187 556</u>	<u>7 207 183</u>

Inventories recognised as an expense during the year - 73 163

Inventory pledged as security

No inventory was pledged as security in the current year under review.

8. Receivables from exchange transactions

Accrued revenue	95 299	95 299
Other receivables	916 514	30 417
Consumer debtors - Electricity	(764 239)	265 114
Consumer debtors - Water	188 924	118 029
Consumer debtors - Sewerage	896 395	271 018
Consumer debtors - Refuse	1 465 088	505 785
Consumer debtors - Sundry	5 230 237	1 789 435
	<u>8 028 218</u>	<u>3 075 097</u>

Trade and other receivables pledged as security

None of the trade and other receivables from exchange transactions are pledged as security for any financial liability of the municipality.

None of the financial assets that are fully performing have been renegotiated in the last year.

9. Receivables from non-exchange transactions

Consumer debtors - Rates	<u>3 651 845</u>	<u>3 469 411</u>
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Receivables from non-exchange transactions pledged as security

None of the receivables from non-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.

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10. VAT receivable		
VAT	7 165 710	4 072 578
<p>The municipality is registered on the cash basis for VAT purpose. Thus output VAT is declared on receipt once cash is received and input VAT is claimed on payments when actual payments are made.</p> <p>All VAT returns have been submitted timeously to SARS by the due date throughout the year.</p>		
VAT receivable at year end consists of;		
VAT input on payables	794 036	823 724
VAT output on receivables	(1 512 583)	(1 281 014)
VAT receivables on SARS	7 884 257	4 529 868
	7 165 710	4 072 578
11. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	52 838 365	45 987 583
Consumer debtors - Electricity	1 721 337	1 525 223
Consumer debtors - Water	3 078 060	2 687 522
Consumer debtors - Sewerage	9 695 988	8 169 339
Consumer debtors - Refuse	12 861 093	10 782 097
Consumer debtors - Sundry	15 427 287	13 399 908
	95 622 130	82 551 672
Less: Allowance for impairment		
Consumer debtors - Rates	(49 186 520)	(42 518 172)
Consumer debtors - Electricity	(2 485 576)	(1 260 109)
Consumer debtors - Water	(2 889 136)	(2 569 493)
Consumer debtors - Sewerage	(8 799 593)	(7 898 321)
Consumer debtors - Refuse	(11 396 005)	(10 276 312)
Consumer debtors - Sundry	(10 197 050)	(11 610 473)
	(84 953 880)	(76 132 880)
Net balance		
Consumer debtors - Rates	3 651 845	3 469 411
Consumer debtors - Electricity	(764 239)	265 114
Consumer debtors - Water	188 924	118 029
Consumer debtors - Sewerage	896 395	271 018
Consumer debtors - Refuse	1 465 088	505 785
Consumer debtors - Other	5 230 237	1 789 435
	10 668 250	6 418 792
Included in above is receivables from exchange transactions		
Electricity	370 658	186 572
Water	185 332	116 183
Sewerage	858 665	237 141
Refuse	1 237 997	475 439
Sundry	4 354 674	881 313
	7 007 326	1 896 648
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	2 283 441	3 044 758

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11. Consumer debtors disclosure (continued)		
Net balance	9 290 767	4 941 406
Rates		
Current (0 -30 days)	35 232	38 334
31 - 60 days	30 233	202 816
61 - 90 days	238 190	99 806
91 - 120 days	26 168	95 132
121 - 365 days	3 322 022	3 033 323
	3 651 845	3 469 411
Electricity		
Current (0 -30 days)	25 808	65 734
31 - 60 days	35 322	50 192
61 - 90 days	33 242	47 060
91 - 120 days	138 869	23 828
121 - 365 days	(997 480)	78 300
	(764 239)	265 114
Water		
Current (0 -30 days)	22 367	18 080
31 - 60 days	25 089	15 275
61 - 90 days	8 476	4 935
91 - 120 days	14 241	7 384
121 - 365 days	118 751	72 355
	188 924	118 029
Sewerage		
Current (0 -30 days)	85 729	46 688
31 - 60 days	88 852	24 393
61 - 90 days	56 898	16 515
91 - 120 days	53 972	18 134
121 - 365 days	610 944	165 288
	896 395	271 018
Refuse		
Current (0 -30 days)	119 335	104 074
31 - 60 days	122 886	80 417
61 - 90 days	111 115	42 789
91 - 120 days	92 628	60 440
121 - 365 days	1 019 124	218 065
	1 465 088	505 785
Sundry debtors		
Current (0 -30 days)	206 355	24 587
31 - 60 days	21 295	13 736
61 - 90 days	42 737	4 489
91 - 120 days	58 927	4 790
121 - 365 days	4 900 923	1 741 833
	5 230 237	1 789 435

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11. Consumer debtors disclosure (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	905 140	710 853
31 - 60 days	752 436	752 356
61 - 90 days	709 271	713 918
91 - 120 days	684 195	669 734
121 - 365 days	32 719 222	30 771 645
	35 770 264	33 618 506
Industrial/ commercial		
Current (0 -30 days)	384 806	207 475
31 - 60 days	568 215	202 586
61 - 90 days	560 266	185 892
91 - 120 days	389 043	186 606
121 - 365 days	13 173 363	9 738 248
	15 075 693	10 520 807
National and provincial government		
Current (0 -30 days)	879 575	3 202 330
31 - 60 days	734 089	716 329
61 - 90 days	828 167	552 259
91 - 120 days	807 860	573 105
121 - 365 days	34 167 627	31 890 951
	37 417 318	36 934 974
Less: Allowance for impairment		
Current (0 -30 days)	(1 860 396)	(3 823 163)
31 - 60 days	(1 458 961)	(1 284 441)
61 - 90 days	(1 606 954)	(1 236 469)
91 - 120 days	(1 496 291)	(1 219 737)
121 - 365 days	(78 458 304)	(68 570 624)
> 365 days	84 880 906	76 134 434
	-	-
Reconciliation of allowance for impairment		
Balance at beginning of the year	(76 132 880)	(62 314 651)
Contributions to allowance	(8 744 882)	(13 818 229)
Debt impairment written off against allowance	84 877 762	76 132 880
	-	-
12. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	8 056 292	14 233 210
Short-term deposits	213 147 534	217 093 537
	221 203 826	231 326 747

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12. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
ABSA BANK - Fixed deposit Type - 206-318-3884	13 513 768	12 566 314	11 663 227	13 513 768	12 566 314	11 663 227
ABSA BANK - Fixed deposit Type - 206-350-7897	7 247 082	6 738 987	6 254 685	7 249 082	6 738 987	6 254 685
ABSA BANK - Fixed deposit Type - 206-460-1519	3 076 345	2 860 661	2 655 078	3 076 345	2 860 661	2 655 078
ABSA BANK - Housing - 206- 509-865	68 194	63 413	58 856	68 194	63 413	58 856
FNB BANK - Fixed Notice - 740- 8902-8507	3 296 074	3 083 229	2 886 226	3 296 074	3 083 229	2 886 226
NEDBANK - Investment - 160- 7777-69921	711 701	661 731	616 848	711 701	661 731	616 848
NEDBANK - SDL Fund - 160- 1777-69925	90 843	84 465	78 736	90 843	84 465	78 736
NEDBANK - Eco Green - 160- 7777-69928	73 175	68 037	63 422	73 175	69 316	63 422
STD BANK - Notice Deposit - 048-5600-65004	886 856	837 226	782 644	891 677	837 226	782 644
ABSA BANK - Cheque Acc - 26- 5056-0046	9 613 112	14 274 402	8 925 791	9 400 188	14 233 232	8 973 780
ABSA BANK - Fixed Deposit - 20-6381-3842	4 405 953	4 097 050	3 802 613	4 405 952	4 097 050	3 802 613
ABSA BANK - Fixed Deposit - 20-6348-4566	9 280 970	8 630 279	8 010 058	9 280 970	8 630 279	8 010 058
ABSA BANK - Fixed Deposit - 20-6598-6332	2 337 460	2 173 580	2 017 375	2 337 461	2 173 580	2 017 375
ABSA BANK - Fixed Deposit - 20-6602-3614	163 342 461	170 754 254	109 906 723	163 342 461	170 754 254	109 906 723
NEDBANK - Fixed Notice - 160- 7776-9922	2 208 656	2 053 582	1 914 295	2 208 656	2 053 582	1 914 295
NEDBANK - Fixed Notice - 160- 77776-9923	2 461 554	2 288 724	2 133 388	2 461 554	2 288 724	2 133 488
NEDBANK - Fixed Notice - 160- 77776-9924	123 047	114 408	106 678	123 047	114 408	106 678
NEDBANK - Call Deposit - 376- 6750-0223	18 574	17 597	16 668	18 574	17 597	16 668
STDBANK - Notice Deposit - 248-68588-0001	-	-	3 316	-	3 408	3 315
Total	222 755 825	231 367 939	161 896 627	222 549 722	231 331 456	161 944 715

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13. Finance lease obligation		
Minimum lease payments due		
- within one year	679 811	729 033
- in second to fifth year inclusive	6 716	685 220
	<u>686 527</u>	<u>1 414 253</u>
less: future finance charges	(91 975)	(175 258)
Present value of minimum lease payments	<u>594 552</u>	<u>1 238 995</u>
Present value of minimum lease payments due		
- within one year	587 878	599 559
- in second to fifth year inclusive	6 674	639 436
	<u>594 552</u>	<u>1 238 995</u>
Non-current liabilities	6 674	599 559
Current liabilities	587 878	639 435
	<u>594 552</u>	<u>1 238 994</u>

It is municipality policy to lease certain [property]motor vehicles and equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was -% (2018: 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 .

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant	5 046 327	19 609 571
Local Government - FMG	-	69 554
Local Government - Disaster Fund	505 700	505 700
Department of Sports - Library Grants	332 225	2 651 959
	<u>5 884 252</u>	<u>22 836 784</u>

These amounts are invested in a ring-fenced investment until utilised. Please see note 25 for reconciliation of grants from national/provincial government

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15. Provisions

Reconciliation of provisions - 2019

	Opening Balance	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	13 238 998	(908 847)	1 559 844	13 889 995

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

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 consider the following:

1.) The average CPI rate (4.5%). 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: 0.7 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 rehabilitation 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 R 10 million per site and a contingent liability has been disclosed.

Section 24G (1) of the NEWA also stipulates that the landfill site be closed with immediate effect if no objection has been made by the municipality, therefore the provision for rehabilitation has been calculated as a current liability at 30 June 2017.

Management has included the best estimated amount as the actual amount is uncertain. The payment of total closure and rehabilitation dates are uncertain.

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15. Provisions (continued)		
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.		
16. Payables from exchange transactions		
Trade payables	110 135	398 382
Payments received in advanced	2 530 710	1 012 591
Retentions	7 911 746	5 327 649
Accrued leave pay	16 652 005	13 996 753
Accrued bonus	1 329 426	1 663 114
Accrued expense	6 761 285	6 293 631
Deposits received	226 847	238 347
Vehicle registration	216 816	(28 078)
Other Creditors - Sal Susp	481 212	-
	36 220 182	28 902 389
17. Consumer deposits		
Electricity	90 329	95 109
Deposit 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 utilised the deposit as payment for the outstanding account balance.		
No interest is paid to consumers on deposits held.t		
18. Revenue		
Service charges	8 730 702	8 090 444
Rental of facilities and equipment	481 653	447 514
Other income	6 040 183	9 268 106
Interest received - investment	19 556 880	18 000 662
Property rates	25 669 312	40 165 936
Property rates - penalties imposed	3 785 882	4 097 402
Government grants & subsidies	238 769 434	223 428 560
Other transfer - LG SETA	181 470	65 805
	303 215 516	303 564 429
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	8 730 702	8 090 444
Rental of facilities and equipment	481 653	447 514
Other income	6 040 183	9 268 106
Interest received - investment	19 556 880	18 000 662
	34 809 418	35 806 726

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18. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	25 669 312	40 165 936
Property rates - penalties imposed	3 785 882	4 097 402
Transfer revenue		
Government grants & subsidies	238 769 434	223 428 560
Subsidy from SETA	181 470	65 805
	268 406 098	267 757 703
19. Service charges		
Sale of electricity	2 530 143	2 507 975
Sale of water	790 061	765 263
Sewerage and sanitation charges	1 961 846	1 900 093
Refuse removal	3 448 652	2 917 113
	8 730 702	8 090 444
20. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	481 653	447 514
21. Other revenue		
Other income	6 040 183	9 268 106
22. Other income		
Other income 1	6 040 183	9 268 106
23. Investment revenue		
Interest revenue		
Bank	17 572 810	15 621 899
Interest charged on consumer receivables	1 984 070	2 378 763
	19 556 880	18 000 662

The amount included in Investment revenue arising from exchange transactions amounted to R 1 984 070 (2018: R 2 378 763).

The amount included in Investment revenue arising from non-exchange transactions amounted to R 17 574 810 (2018: R 15 621 899).

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Figures in Rand	2019	2018
24. Property rates		
Rates received		
Residential	25 669 312	40 247 920
Less: Income forgone	-	(81 984)
	<u>25 669 312</u>	<u>40 165 936</u>
Property rates - penalties imposed	3 785 882	4 097 402
	<u>29 455 194</u>	<u>44 263 338</u>
Valuations		
Residential	351 774 000	346 244 900
Commercial	251 232 100	242 332 700
State	1 294 816 000	1 391 943 600
Municipal	65 103 500	11 830 200
Small holdings and farms	1 494 816 000	1 871 513 014
Other	46 072 000	52 439 400
	<u>3 503 813 600</u>	<u>3 916 303 814</u>

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 will be implemented on 01 July 2017.

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25. Government grants and subsidies		
Operating grants		
Equitable share	175 974 896	170 353 000
Local Government Financial Management Grant (FMG)	2 415 000	2 293 940
Department of Minerals and Energy (EPWP)	1 077 000	1 309 000
	179 466 896	173 955 940
Capital grants		
Municipal Infrastructure Grant (MIG)	56 144 904	48 823 391
Department of Sport - Library	3 157 634	649 229
	59 302 538	49 472 620
	238 769 434	223 428 560
Conditional and Unconditional		
Included in above are the following grants and subsidies spent:		
Conditional grants received	62 794 538	53 075 560
Unconditional grants received	175 974 896	170 353 000
	238 769 434	223 428 560
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. Included in the Equitable Share is an amount of R5,158,050 that was withheld from the Equitable Share allocation of the 2018/19 financial year. An amount of R5,158,050 (2018: R5,965,469) was withheld from the current year allocation due to unspent MIG grants.		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	19 609 571	9 656 960
Current-year receipts	46 675 000	63 406 000
Conditions met - transferred to revenue	(56 144 903)	(47 487 920)
Withheld	(5 093 341)	(5 965 469)
	5 046 327	19 609 571
Conditions still to be met - remain liabilities (see note 14).		
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.		
The unspent portion from 2017/18 was withheld from the 2018/19 allocation of the Equitable share.		
Local Government - FMG		
Balance unspent at beginning of year	69 554	18 494
Current-year receipts	2 415 000	2 293 940
Conditions met - transferred to revenue	(2 415 000)	(2 242 880)
Withheld	(69 554)	-
	-	69 554
Conditions still to be met - remain liabilities (see note 14).		
The purpose of this grant is to assist the municipality with its financial systems, this includes training of staff and payment of intern salaries.		

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25. Government grants and subsidies (continued)		
Expanded Public Works Programme Incentive Grant		
Current-year receipts	1 077 000	1 309 000
Conditions met - transferred to revenue	(1 077 000)	(1 309 000)
	-	-
Conditions still to be met - remain liabilities (see note 14).		
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
Conditions met - transferred to revenue	-	(2 271 000)
	-	-
Conditions still to be met - remain liabilities (see note 14).		
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
Conditions still to be met - remain liabilities (see note 14).		
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	2 651 959	1 981 188
Current-year receipts	835 000	1 979 771
Conditions met - transferred to revenue	(3 154 734)	(1 309 000)
	332 225	2 651 959

Conditions still to be met - remain liabilities (see note 14).

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

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26. Employee related costs		
Bargaining council	27 746	25 313
Basic	45 376 675	42 040 104
Bonus	3 715 321	3 351 151
Car allowance	3 700 383	3 852 671
Current service cost	970 302	989 801
Housing benefits and allowances	584 868	575 818
Leave reserve	2 470 887	2 271 181
Medical aid - company contributions	3 900 902	3 224 253
Overtime payments	847 452	-
Pension fund - company contribution	8 913 858	8 041 044
Provident fund	378 729	21 584
SDL	785 250	724 051
Salaries - all inclusive package	4 793 646	3 541 947
Salaries - temporary workers	1 148 239	924 694
Telephone allowance	390 099	359 500
UIF	437 409	413 355
	78 441 766	70 356 467
Remuneration of Municipal Manager		
Annual Remuneration	1 176 360	1 076 196
Car Allowance	240 000	240 000
Cellphone Allowance	12 000	12 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Other Allowance	126 294	353 204
Backpay	7 764	42 370
	1 564 203	1 725 555
Remuneration of Chief Finance Officer		
Annual Remuneration	25 943	839 222
Car Allowance	-	180 000
Cellphone Allowance	288	12 000
Contributions to UIF, Medical and Pension Funds	149	1 785
Other Allowance	1 235 664	45 126
Backpay	-	61 750
Acting Allowance	83 530	-
	1 345 574	1 139 883
Remuneration of Director: Social Services		
Annual Remuneration	912 619	353 560
Car Allowance	150 000	62 500
Cellphone Allowance	12 000	5 000
Contributions to UIF, Medical and Pension Funds	1 785	744
Other Allowance	102 050	26 792
Backpay	5 825	-
	1 184 279	448 596
Remuneration of Directors: Corporate Services		
Annual Remuneration	423 670	400 320
Cellphone Allowance	6 000	8 000
Contributions to UIF, Medical and Pension Funds	892	892
Other Allowance	17 834	13 606

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26. Employee related costs (continued)		
Backpay	4 670	133 440
	453 066	556 258
Remuneration of Director: Corporate Services (Acting)		
Annual Remuneration - ME Keotlihetshe	-	16 546
Annual Remuneration - OB Mogapi	-	10 270
Annual Remuneration - Nakana	-	20 070
	-	46 886
Remuneration of Director: Technical Services (Acting)		
Acting Allowance: Keohitlhetshe	74 834	42 779
Acting Allowance: OB Mogapi	-	102 807
	74 834	145 586
Remuneration of Director: Development and land use		
Annual Remuneration	442 584	43 889
Car Allowance	120 000	115 489
Cellphone Allowance	8 000	-
Contributions to UIF, Medical and Pension Funds	1 190	-
Acting Allowance (De Jager & Tihologae)	19 866	-
	591 640	159 378
Remuneration of Director: Social Services (Acting)		
Annual Remuneration: DG Koboyapudi	-	129 690
Annual Remuneration: PG Ntlharapane	-	111 946
	-	241 636
27. Remuneration of councillors		
Executive Mayor	827 744	795 912
Executive Committee Members	-	3 710 447
Speaker	662 196	636 732
Councillors	17 077 601	12 949 333
	18 567 541	18 092 424
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 the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards . The Deputy Mayor and speaker have two full-time bodyguards.

The Executive Mayor has two full-time bodyguards.

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28. Repairs and Maintenance		
Repair - Building and other	10 689 793	6 780 856
Repairs - Electricity, Water, Roads & Parks	9 567 116	7 096 698
	20 256 909	13 877 554
29. Depreciation and amortisation		
Property, plant and equipment	29 047 227	27 437 850
Intangible assets	105 065	-
	29 152 292	27 437 850
30. Finance costs		
Trade and other payables	1 800 555	919 034
Finance charges on landfill sites	-	317 106
Finance charges on employee benefits obligation	1 040 889	1 067 144
	2 841 444	2 303 284
Capitalisation rates used during the period were -% on specific borrowings for capital projects and -% being the weighted average cost of funds borrowed generally by the municipality.		
Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit		
31. Debt impairment		
Debt impairment	9 767 363	25 342 386
32. Bulk purchases		
Electricity - Eskom	3 471 202	3 289 204
33. Contracted services		
Presented previously		
Information Technology Services	5 873 914	1 197 732
Fleet Services	9 954 530	6 843 840
Legal fees	6 703 187	4 818 611
Insurance	955 821	812 665
Licence Fees	398 631	-
Professional Fees	2 380 074	4 153 423
Valuation Cost	247 187	39 141
	26 513 344	17 865 412

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Figures in Rand	2019	2018
34. General expenses		
Accommodation	1 964 173	1 277 115
Advertising	1 410 215	1 731 949
Allowance ward committee members	4 075 500	2 784 989
Auditors remuneration	3 505 571	2 786 753
Bank charges	245 016	1 501 057
Business support/SMME facilitation	466 133	578 571
Cleaning	403 693	649 351
Community expenditure	1 481 678	1 371 388
Consulting and professional fees	824 343	3 721 292
Consumables	288 373	595 621
Council Bursary	496 683	723 181
Document Management	-	121 802
Donations	441 228	175 781
EPWP Expenditure	1 195 073	1 426 045
Electricity	2 769 461	3 667 016
Entertainment	887 942	573 663
FMG Grant Expenditure	1 305 736	2 242 426
Fuel and oil	5 525 066	3 980 805
Health and Safety	964 384	372 237
Indigent Support	6 254 248	5 024 163
Insurance	297 749	138 592
Levies	138 867	-
MIG Grant Expenditure	2 525 779	2 155 253
Magazines, books and periodicals	902	131
Movement in provisions	-	(473 436)
Library grants - expenditure	463 181	625 282
Postage and courier	621 847	630 104
Protective clothing	622 357	347 967
Public Participation	3 933 759	2 421 735
Repairs and maintenance	114 453	-
Subscriptions and membership fees	1 127 427	1 087 684
Title deed search fees	353 978	148 776
Training	3 095 023	849 176
Travel - local	4 278 881	2 164 509
Venue expenses	329 460	356 915
Water usage	254 231	527 750
Workmens compensation	36 736	814 797
	52 699 146	47 100 440

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35. Cash generated from operations		
Surplus	19 738 101	66 282 617
Adjustments for:		
Depreciation and amortisation	29 152 292	27 437 850
Gain on sale of assets and liabilities	-	2 876 218
Debt impairment	9 767 363	25 342 386
Movements in retirement benefit assets and liabilities	6 384 459	(160 718)
Movements in provisions	650 997	902 095
Other non-cash items	(2 823 361)	1 575 565
Other non-cash items	1 303 098	14 068
Changes in working capital:		
Inventories	(980 373)	(25 379)
Receivables from exchange transactions	(4 953 121)	7 703 972
Consumer debtors	(9 767 363)	(28 098 202)
Other receivables from non-exchange transactions	(182 434)	8 798 418
Payables from exchange transactions	7 317 793	(4 316 513)
VAT	(3 093 132)	3 501 313
Unspent conditional grants and receipts	(16 952 532)	10 674 442
Consumer deposits	(4 780)	(9 960)
	35 557 007	122 498 172
36. Financial instruments disclosure		
Categories of financial instruments		
2019		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	8 028 218	8 028 218
Receivables from non-exchange transactions	3 651 845	3 651 845
Cash and cash equivalents	222 506 924	222 506 924
Vat receivables	7 165 710	7 165 710
	241 352 697	241 352 697
Financial liabilities		
	At amortised cost	Total
Finance lease obligation	587 878	587 878
Other financial liabilities	90 329	90 329
Payables from exchange transactions	36 220 182	36 220 182
Unspent Conditional grants	5 884 252	5 884 252
Employee Benefits Obligations	498 031	498 031
Retirement benefits	17 214 957	17 214 957
Finance lease - non-current	6 674	6 674
	60 502 303	60 502 303
2018		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	3 075 097	3 075 097

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36. Financial instruments disclosure (continued)		
Receivables from non-exchange transactions	3 469 411	3 469 411
Cash and cash equivalents	231 326 747	231 326 747
VAT receivables	4 072 578	4 072 578
	241 943 833	241 943 833
Financial liabilities		
	At amortised cost	Total
Finance lease obligation	639 435	639 435
Other financial liabilities	95 109	95 109
Payables from exchange transactions	28 902 389	28 902 389
Unspent conditional grants and receipts	22 836 784	22 836 784
Employee benefits obligation	567 946	567 946
Retirement benefits	10 760 583	10 760 583
Finance lease - non current	599 559	599 559
	64 401 805	64 401 805
37. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	21 251 216	55 883 858
Total capital commitments		
Already contracted for but not provided for	21 251 216	55 883 858
Authorised operational expenditure		
Total commitments		
Total commitments		
Authorised capital expenditure	21 251 216	40 711 647
Authorised operational expenditure	-	1 933 859
	21 251 216	42 645 506

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

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38. Contingencies		
The municipality operated on an illegal landfill site without the necessary licence. The municipality can be fined and /or criminal charges may be filed from 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.		
Claims and Damages		
1. 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
2. Phungo Inc/GTLM - Claims for payment of Legal Service rendered to the municipality during on or about 2014.	100 000	-
Thalami Lekhotla Consortium // GTLM: Application for summary judgement for retentions 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	500 000
C/N CIV App. 04/2018: H. Sekele // GTLM: Failure to comply with building regulations and Standard Act, 1977	250 000	250 000
C/N 346/2015 Phungo Attorneys // GTLM: Legal Service rendered. action pending.	20 000	50 000
C/N 345/2015 Telkom AS Ltd //GTLM: Claims against municipality for damages rendered.	30 000	30 000
Mr Kgomo KG/.G0013/GTLM - The matter refer to unfair dismissal of Housing Officer. await a date of hearing	116 340	-
1. Batlhaping BA-GA Phuhuducwana TC & Another // GTLM	500 000	-
2. C/N M36/2019: Sheriff Taung /GTLM Rescission of Judgment	150 000	-
3. Mr. Pholo Pholo was employed as the Director Corporate Services in GTLM. His contract of employment was since terminated. The matter is pending before both at the Labour Court and at the CCMA for unfair dismissal. Cost implication not estimated	1	-
	8 116 341	7 280 000

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 Ernest & 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 current at MPAC. Expenditure which may be recoverable amount to R3 273 102 (2018: R3 273 102).

The Municipality purchased building material from 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 and amount of R 1 500 000 (2018: R1 500 000).

Raname Mokalane Incorporate: Makhete INC is representing the municipality on bills of 3 tax invoices to 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 (2018: R377 000).

T.Bloem/GTLM - T Bloem submitted a labour court application for reinstatement against the municipality. The case was dismissed with a cost amounting to R280 000 (2018: R280 000).

R. Makgale/GTLM - 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 cost amount to R 200 000 (2018: R200 000).

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39. Related parties

Relationships

Members of the council

Refer to General Information page on the financial statements

Accounting Officer

Refer to General Information page on the financial statements and note 26

Councillors' arrear consumer accounts

Refer to note 48

Members of key management

Refer to General Information page on the financial statements and note 26

Remuneration of management

Remuneration of Councillors

2019

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39. Related parties (continued)

Name	Annual Remuneration	Cellphone Allowances	Motor Vehicle allowance	Total
Cllr: Babuseng MC	198 144	44 400	63 804	306 348
Cllr: Balebanye OJ	198 144	44 400	63 804	306 348
Cllr: De Koker KS	261 948	44 400	-	306 348
Cllr: Diphoko GS	198 144	44 400	63 804	306 348
Exco: Gaoboihe LJ	469 596	44 400	151 208	665 204
Cllr: Gaobusiwe GW	198 144	44 400	63 804	306 348
Cllr: Gaoraelwe TR	261 948	44 400	-	306 348
Cllr: Kgosimore RK	261 948	44 400	-	306 348
Cllr: Gezane BG	240 120	44 400	21 828	306 348
Cllr: Itumeleng DA	508 013	44 400	151 208	703 621
Cllr: Lepedi MC	198 144	44 400	63 804	306 348
Cllr: Leshoe MF	198 144	44 400	63 804	306 348
Cllr: Maila LE	261 948	44 400	-	306 348
CHW: Malepe J	469 596	44 400	151 208	665 204
Cllr: Mamapula KL	198 144	44 400	63 804	306 348
Cllr: Maribe IN	261 948	44 400	-	306 348
Cllr: Matshwe T	198 144	44 400	63 804	306 348
Cllr: Matuabe JA	261 948	44 400	-	306 348
Cllr: Menyatso A	469 596	44 400	151 208	665 204
Cllr: Mmokwa M	198 144	44 400	63 804	306 348
Cllr: Mocumi KB	198 144	44 400	63 804	306 348
Exco: Moipolai KG	469 596	44 400	151 208	665 204
Cllr: Mokgobo MR	261 948	44 400	-	306 348
Cllr: Molale KR	261 948	44 400	-	306 348
Cllr: Mongale OV	198 144	44 400	63 804	306 348
Exco: Mongale RA	469 596	44 400	151 208	665 204
Cllr Moeti MB	261 948	44 400	-	306 348
Cllr: Morweng TS	198 144	44 400	63 804	306 348
Cllr: Mosinkiemang MV	198 144	44 400	63 804	306 348
Cllr: Mothibedi SD	198 144	44 400	63 804	306 348
Mayor: Motlhabane NC	626 132	44 400	201 612	872 144
Cllr: Motshabi MI	261 948	44 400	-	306 348

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39. Related parties (continued)

Cllr: Ncweng ME	261 948	44 400	-	306 348
Exco: Ntasi NE	620 804	44 400	-	665 204
Cllr: Olifant MKI	198 144	44 400	63 804	306 348
Cllr: Pitso JT	198 144	44 400	63 804	306 348
Cllr: Ratake MJ	234 873	44 400	27 075	306 348
Cllr: Sebe TP	198 144	44 400	63 804	306 348
Cllr: Sebolai KL	261 948	44 400	-	306 348
Cllr: Sedupane BJ	261 948	44 400	-	306 348
Cllr: Seemelo HD	261 948	44 400	-	306 348
Cllr: Seisho KG	198 144	44 400	63 804	306 348
Mpac: Seleke OR	460 164	44 400	148 168	652 732
Cllr: Tshipo GJ	198 144	44 400	63 804	306 348
Spk: Tladi EH	662 196	44 400	-	706 596
Cllr: Tlhaganyane T	261 948	44 400	-	306 348
Cllr: Tokwe LC	198 144	44 400	63 804	306 348
Cllr: Totong DG	261 948	44 400	-	306 348
	13 854 330	2 131 200	2 582 011	18 567 541

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39. Related parties (continued)

Name	Annual Remuneration	Cellphone Allowance	Total
Cllr: Babuseng MC	251 880	44 400	296 280
Cllr: Balebanye OJ	251 880	44 400	296 280
Cllr: De Koker KS	251 880	44 400	296 280
Cllr: Diphoko GS	251 880	44 400	296 280
Exco: Gaoboihe LJ	596 939	44 400	641 339
Cllr: Gaobusiwe GW	251 880	44 400	296 280
Cllr: Gaoraelwe TR	251 880	44 400	296 280
Cllr: Gasetlolwe FC	195 907	34 533	230 440
Cllr: Gezane BG	251 880	44 400	296 280
Cllr: Itumeleng DA	251 880	44 400	296 280
Cllr: Lepedi MC	251 880	44 400	296 280
Cllr: Leshoe MF	251 880	44 400	296 280
Cllr: Maila LE	251 880	44 400	296 280
CHW: Malepe J	596 939	44 400	641 339
Cllr: Mamapula KL	251 880	44 400	296 280
Cllr: Maribe IN	251 880	44 400	296 280
Cllr: Matshwe T	251 880	44 400	296 280
Cllr: Matuabe JA	251 880	44 400	296 280
Cllr: Menyatso A	596 939	44 400	641 339
Cllr: Mmokwa M	251 880	44 400	296 280
Cllr: Mocumi KB	251 880	44 400	296 280
Exco: Moipolai KG	596 939	44 400	641 339
Cllr: Mokgobo MR	251 880	44 400	296 280
Cllr: Molale KR	251 880	44 400	296 280
Cllr: Mongale OV	251 880	44 400	296 280
Exco: Mongale RA	596 939	44 400	641 339
Exco: Montwedi MK	725 752	34 533	760 285
Cllr: Morweng TS	251 880	44 400	296 280
Cllr: Mosinkiemang MV	251 880	44 400	296 280
Cllr: Mothibedi SD	251 880	44 400	296 280
Mayor: Mothabane NC	795 912	44 400	840 312
Cllr: Motshabi MI	251 880	44 400	296 280

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39. Related parties (continued)

Cllr: Ncweng ME	251 880	44 400	296 280
Exco: Ntasi NE	596 939	44 400	641 339
Cllr: Olifant MKI	251 880	44 400	296 280
Cllr: Pitso JT	251 880	44 400	296 280
Cllr: Ratake MJ	251 880	44 400	296 280
Cllr: Sebe TP	251 880	44 400	296 280
Cllr: Sebolai KL	251 880	44 400	296 280
Cllr: Sedupane BJ	251 880	44 400	296 280
Cllr: Seemelo HD	251 880	44 400	296 280
Cllr: Seisho KG	251 880	44 400	296 280
Mpac: Seleke OR	593 780	44 400	638 180
Cllr: Tshipo GJ	251 880	44 400	296 280
Exco: Tladi EH	636 733	44 400	681 133
Cllr: Tlhaganyane T	251 880	44 400	296 280
Cllr: Tokwe LC	251 880	44 400	296 280
Cllr: Totong DG	251 880	44 400	296 280
Cllr: Kgosimore RK	55 973	9 867	65 840
Cllr: Moeti MB	55 973	9 867	65 840
	15 961 224	2 131 200	18 092 424

40. Change in estimate

Property, plant and equipment

The useful life of certain Movable asset was estimated in 2017 to be 3 years. In the current period management have revised their estimate to 5 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R 753 921

The impact on tax is nil.

The impact on the cash flow statement is R 753921

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41. Prior-year adjustments

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

1. **Receivables from exchange and non-exchange transactions:** Provision for doubtful debt Incorrect calculated.
2. **Payables from exchange transactions:** Retentions could not be agreed to the supporting documentations.
3. **Other Income:** adjustment made under other income not adequately supported.
4. **Expenses:** Depreciation and amortisation not accounted for.
5. **Statement of Budget and Actuals amounts:** Budget information not adequately presented and disclosed.
6. **Cashflow Statement:** differences on the calculation of cash flow.

Statement of financial position

2018

	Note	As previously reported	Correction of error	Re-classification	Restated
Receivable from exchange transactions		10 749 764	(7 674 667)	-	3 075 097
Receivable from non-exchange transactions		12 780 944	(9 311 533)	-	3 469 411
Intangible asset		645 015	(105 665)	6 923	546 273
Land		59 914 415	1 300	-	59 915 715
Building		150 360 781	5 056 922	-	155 417 703
Work-In-Progress		70 772 728	(26 422 232)	-	44 350 496
Movable assets		22 525 250	1 916 201	-	24 441 451
Payables from exchange transactions		(35 457 104)	6 554 715	-	(28 902 389)
Unspent Conditional Grant		(25 107 784)	2 271 000	-	(22 836 784)
Provision - Current Liability		(343 715)	-	343 715	-
Provision - Non-current Liability		13 582 713	-	(343 715)	13 238 998
Accumulated Surplus		(727 362 526)	27 713 959	7 083	(699 655 650)
		(446 939 519)	-	(160)	(446 939 679)

Statement of financial performance

2018

	Note	As previously reported	Correction of error	Restated
Revenue from non-exchange transactions		(40 165 936)	-	(40 165 936)
Other Income		(8 845 586)	-	(8 845 586)
Depreciation and Amortisation		(27 695 485)	257 635	(27 437 850)
Allowance for impairment		(8 356 186)	(16 986 200)	(25 342 386)
General expense		(47 122 670)	22 230	(47 100 440)
Surplus for the year		(132 185 863)	(16 706 335)	(148 892 198)

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42. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price 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. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the . Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The 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.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consumer Deposit	90 329	-	-	-
Finance lease Obligation	587 878	6 674	-	-
Trade and other payables	36 220 182	-	-	-
Unspent Conditional Grants and Receipts	5 884 251	-	-	-

At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consumer Deposit	95 109	-	-	-
Finance lease Obligation	639 435	599 559	-	-
Unspent conditional grants and receipts	22 836 784	-	-	-
Payable from exchange and non-exchange	28 902 389	-	-	-

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2019	2018
Cash and cash equivalents	222 559 958	231 326 747
Receivables from exchange transactions	12 840 288	3 075 097
Receivables from non-exchange transactions	22 829 800	3 469 411

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

43. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus (deficit) of R 749 634 554 and that the municipality's total assets exceed its liabilities by R 749 634 554.

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43. Going concern (continued)		
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.		
44. Unauthorised expenditure		
Opening balance as previously reported	30 986 256	30 869 211
Overspending on budget	-	117 045
Opening balance as restated	30 986 256	30 986 256
Closing balance	30 986 256	30 986 256
45. Fruitless and wasteful expenditure		
Opening balance as previously reported	2 427 967	1 508 934
Add: Current year	9 785	919 033
Opening balance as restated	2 437 752	2 427 967
Closing balance	2 437 752	2 427 967

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45. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Eskom - interest paid	No disciplinary measures have been taken, the transactions have been presented to council	9 785	10 052
Petrol card interest paid		-	17 965
Telkom interest paid		-	795
Insurance claim not paid		-	47
SARS - Interest and penalties		-	890 127
		-	47
		<u>9 785</u>	<u>919 033</u>

46. Irregular expenditure

Opening balance	204 431 440	179 071 580
Add: Irregular Expenditure - current year	4 823 899	22 799 458
Opening balance as restated	<u>209 255 339</u>	<u>201 871 038</u>
Add: Irregular Expenditure - prior period	-	2 560 402
Closing balance	<u>209 255 339</u>	<u>204 431 440</u>

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46. Irregular expenditure (continued)

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Competitive bidding not invited	No disciplinary measures have been taken, the transactions have been presented to council	-	6 436 344
SCM processes not followed	No disciplinary measures have been taken, the transactions have been presented to council	-	3 892 941
Three written quotations not invited	No disciplinary measures have been taken, the transactions have been presented to council	-	268 180
Tax clearances not obtained	No disciplinary measures have been taken, the transactions have been presented to council	4 753 912	3 845 305
Awards to close family member of [state details]	No disciplinary measures have been taken, the transactions have been presented to council	69 987	1 625 574
[Other] - various	No disciplinary measures have been taken, the transactions have been presented to council	-	6 731 115
		<u>4 823 899</u>	<u>22 799 459</u>

47. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1 127 427	1 113 684
Amount paid - current year	(1 127 427)	(1 113 684)
	<u>-</u>	<u>-</u>

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47. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Distribution Losses		
Electricity (Kilowatts per Hour)	292 979	186 828
Distribution Losses for electricity relates to uncounted electricity, metre not read and Line losses. During the year 292 979; (2018:) kilowatts per hour were lost. This represented by 11% (2018: 7%) of the electricity purchases for the year, which have been included in bulk purchases.		
Whilst this not a desirable features, distribution losses are well within the acceptable norm.		
Distribution Losses in Rand Value		
Electricity	392 709	233 961
Audit fees		
Opening balance	30 701	-
Current year subscription / fee	3 652 523	2 786 753
Amount paid - current year	(3 506 731)	(2 756 052)
	176 493	30 701
PAYE and UIF		
Current year subscription / fee	16 825 658	13 896 592
Amount paid - current year	(16 825 658)	(13 896 592)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	18 500 571	17 108 452
Amount paid - current year	(18 500 571)	(17 108 452)
	-	-
VAT		
VAT receivable	7 165 710	4 072 578

VAT output payables and VAT input receivables are shown in note .

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

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47. 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 2019:

30 June 2019	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor: L Sebolai	46 861	-	46 861
30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor: Sebolai KL	248	1 234	1 482

During the year the following Councillors' had arrear accounts (property rates and services outstanding for more than 90 days).

30 June 2019	Highest outstanding amount	Aging (in days)
Councillor: L Sebolai	38 491	60
30 June 2018	Highest outstanding amount	Aging (in days)
Councillor: Sebolai KL	725	180

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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 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:

Reasons for the deviation	Date	Successful Bidder	Description of Service provided	Amount	Total
Emergency	Nov /2018/12	Al Mphago	Upgrading of N18	9 240 564	9 240 564
Emergency	Jun /2019/30	Aobakwe Contractors	Repairs a burst pipe	159 381	159 381
Sole supply	Mar/2018/19	Mancosa	Tuition fees	233 020	233 020
Sole supply	Mar/2019/14	Southern Bus School	Tuition fees	210 125	210 125
Sole supply	Jul/2018/24	Tinotel Corpo Training	Secretarial Training	63 992	63 992
Impractical	Sept/2019/20	Solstice networks	Tuition fees	33 815	33 815
Impractical	Sept/2018/19	Kijima Auto Electrical	Tuition fees	22 895	22 895
Impractical	Aug/2018/01	Unisa	Tuition fees	93 718	93 718
Impractical	Jun/2019/03	Wits University	Tuition fees	68 000	68 000
Impractical	Aug/2018/06	Zinzaco	Truck Repairs	30 572	30 572
Impractical - Various suppliers	Jun/2019/30	Various	Other	27 067	27 067
				10 183 149	10 183 149