

GREATER TAUNG

LOCAL MUNICIPALITY



Tel: Administrative Office (053) 994 9400
Fax:Administrative Office (053) 994 3917
Tel: Political Office (053) 994 9600
Fax:Political Office (053) 994 9611
Website: www.gtlm.gov.za

Postal Address:
Private Bag X1048,
Taung Station, 8580

Physical Address:
Station Street,
Taung, 8580

GREATER TAUNG LOCAL MUNICIPALITY

ANNUAL PERFORMANCE REPORT 2019/20

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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 (2018/19);
- Year 0: The financial year of reporting (2019/20);
- Year 1: The following year, mostly requires future targets(2020/21); 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 fourth 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:

- Completed 2.5km of Electrical Network in Reivilo
- Constructed 3km of access road in Matolong
- Constructed 45 highmast lights in various wards
- Completed 78% construction of manthe stormwater channel.
- Completed 2km construction of Matlhako I stormwater channel
- 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, Sports Facilities and community will be completed in the next financial year, identified internal access roads will be prioritised in order to address backlog of tarred roads in the entire Taung jurisdiction and lastly in endeavour to address safety of our community and reduce crime many more 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 G. Totong
Mayor of GTLM

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Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

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

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

This report serves as a tool to provide a record of activities of this municipality, especially to take a wholesome assessment and measurement of the budget and predetermined objectives' performance as approved in the 2019/2020 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.

This draft annual report (AR) is in line with section 121 of the Municipal Finance Management Act (MFMA) as it does have all the components as mentioned and which are the Annual Financial Statement (AFS) of the year under review, Auditor General's audit report, Audit action plan etc. During the year, the municipality migrated from FMS to EMS to comply with the requirement of MSCOA and that transition led to municipality not being able to produce financial statement in accordance with prescribed timeframe. The finance department together with other stakeholders worked tirelessly in ensuring that the AFS are submitted mid-January 2021 to the AG for audit


During 2019/20 financial year we had experienced various challenges when we were executing the projects and programme that were approved by council and this was due to Covid-19 lockdown regulations and also service providers who were unable to complete projects in time as well as those who delivered substandard service to the municipality impacted on non-achievements of some key service delivery. 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. The said funds will be used to implement projects such as internal roads, highmast lights, Stormwater channels.

Chapter 1

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

On behalf of Greater Taung Local Municipality's Management, we wish to express our profound appreciation to the Political Leadership and the opportunity that they have given us to serve the people of Greater Taung LM. The staff of GTLM continues to put in every effort to ensure our organisation 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

T 1.1.1

Chapter 1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

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

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

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

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

Living conditions

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

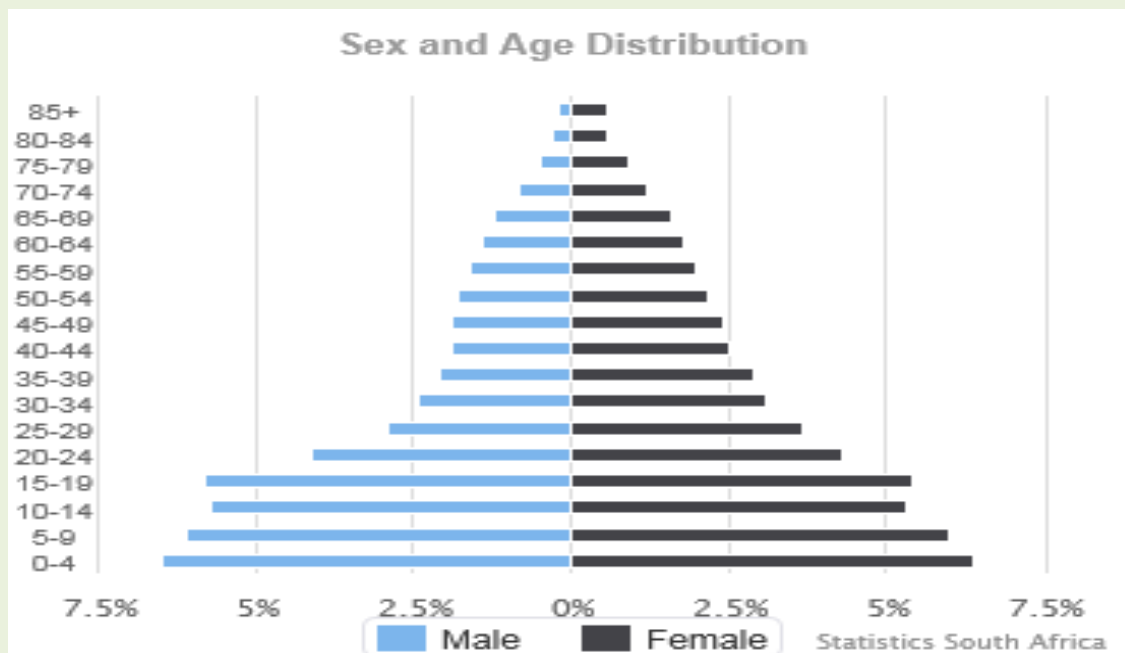
It should be noted that, even though the unemployment rate in 2011 stood at 50%, there has been a significant improvement when compared to 2001, when the municipal unemployment rate stood at 65%. As far as other major services are concerned, the municipality household access to electricity is 89%, compared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

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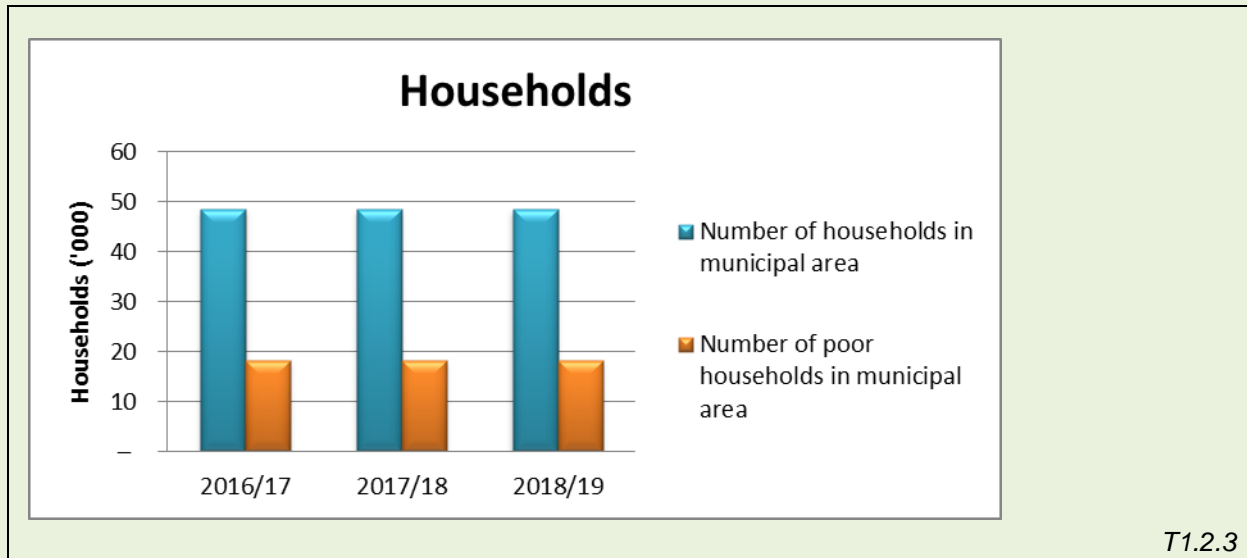
Chapter 1

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

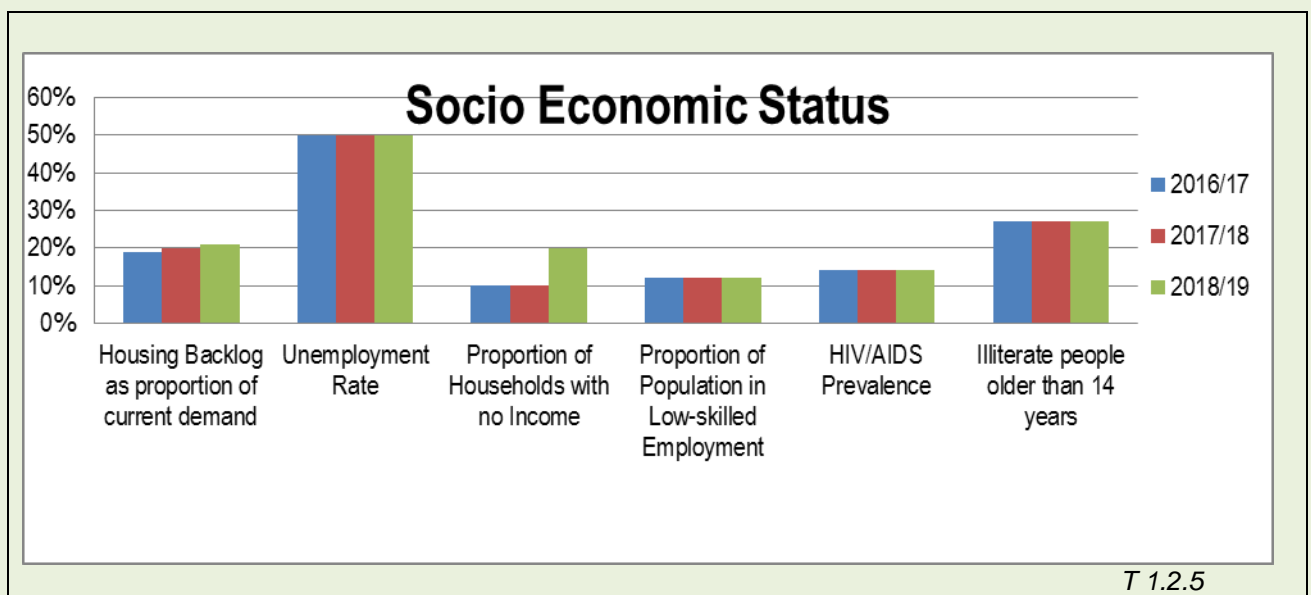
Source: Statistics SA - 16 Aug 2013 T.1.2.2



Chapter 1



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%
						T 1.2.4



Chapter 1

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

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 appears. The lower STATSSA figures also impact negatively on the Equitable Share that is allocated to GTLM.

T 1.2.8

Chapter 1

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

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

One of the sectors in which GTLM, Department of Minerals and Energy (DME) and Eskom did perform exceptionally was in the sector of energy or electricity provision. More than 30,000 connections were made since December 2000 meaning that less than 10% of the residents do not have acceptable access to electricity. The sector which does cause the biggest reason for concern is sanitation if one should consider the impact that informal sanitation practices does have on the environment especially in the areas 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 regarding water provision and the commitment displayed by the Dr Ruth S Mompoti DM and Sedibeng Water must be commended. Waste collection is rendered in the formal towns and at businesses and GTLM are doing well with regard to household refuse collection, but it is recognized that we do 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 regarding cleaner towns:

- Register all street traders and develop bylaws for street trading.

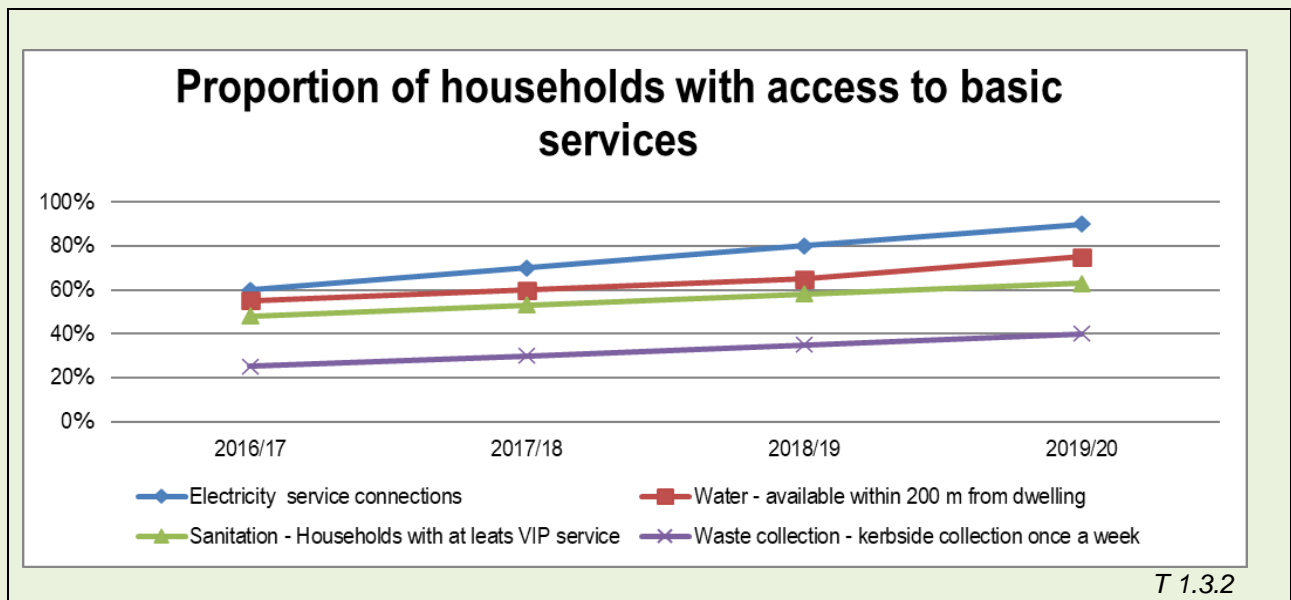
- Effective and well managed Waste Transfer Stations and Recycling Methods.

- 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.

T 1.3.1

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.

Chapter 1

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.

T 1.3.3

FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

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

T 1.4.1

Chapter 1

Financial Viability highlights

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

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	2018/19	2019/20
Debt Coverage ((Total operating revenue- operating grant received) debt service payment due within the year	0.0	0.0
Service Debtors to Revenue – (Total outstanding service debtors: revenue received for services)	2.20:1	2.23:1
Cost Coverage ((Available cash + Investment) : Monthly fixed operating expenditure	1:7	1:11

Financial Overview: 2019/20			
			R' 000
Details	Originalbudget	Adjustment Budget	Actual
Income:			
Grants	247 441	247 441	228 937 781
Taxes, Levies and tariffs	48 996	48 996	33 945
Other	23 121	23 121	16 765
Sub Total	319 558	319 558	279 647
Less: Expenditure (excl. grants)	284 700	284 700	269 050
Expenditure (grants)	47 582	47 582	47 582
Net Total*33 945	12 724	12 724	-36 985
* Note: surplus/(deficit)			

Chapter 1

Operating Ratios	
Detail	%
Employee Cost	47
Repairs & Maintenance	5
Finance Charges & Impairment	1
1.4.3	

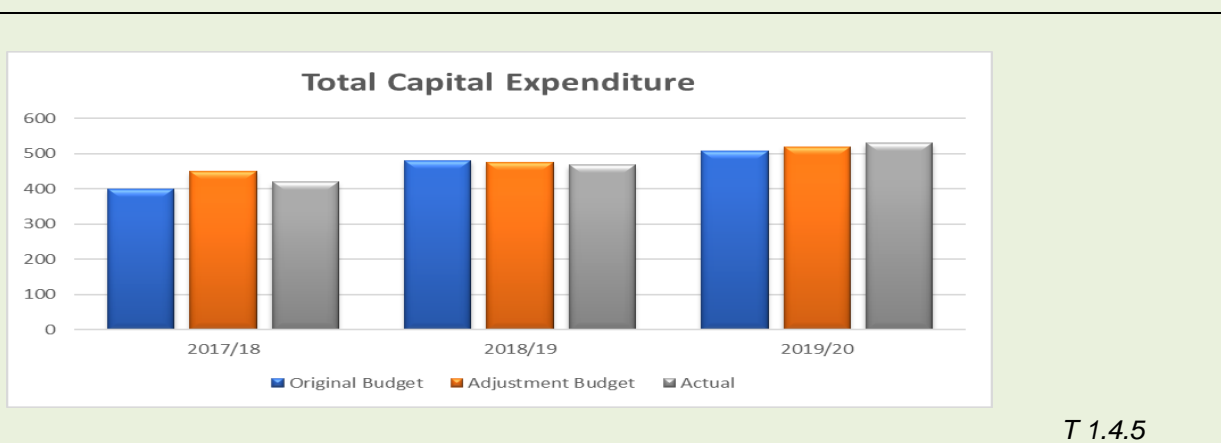
COMMENT ON OPERATING RATIOS:

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 percent of the total value of assets. The municipality's repairs and maintenance percentage is lower due to the fact that most assets are fairly new and much priority is given to construction of new assets as opposed to the repairs of older assets. Nonetheless the municipality does have the assets management plan which seeks to address the needs in terms of R&M and procurement of new assets.

T 1.4.3

Total Capital Expenditure: 2017/18-2019/20			
			R'000
Detail	2017/18	2018/19	2019/20
Original Budget	74 287	58 461	140 539
Adjustment Budget	80 287	84 568	147 159
Actual	88 657	101 546	126 034
			T 1.4.4



T 1.4.5

Chapter 1

COMMENT ON CAPITAL EXPENDITURE:

Comments not provided by finance department.

T 1.4.5.1

ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

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

T 1.5.1

AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2019/2020 (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 on the financial affairs of the Greater Taung Local Municipality in the previous financial year (2018/2019). In 2019/20 a lot of work has been done to clear most of the queries that were raised by the Auditor General in the prior year, and this was done in an effort to improve the audit outcome for the reporting period under review.

A full 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 2019/2020 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	September – November 2019
9	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
10	Municipalities receive and start to address the Auditor General's comments	December 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 Oageng Seleke 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 six (06) 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. O. Seleke</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 Councilors adhere to the Code of Conduct</p> <p>Support to Councilors</p> <p>Facilitate public participation coordinate the establishment and functionality of ward committees</p>
<p>Chief Whip:</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

COUNCILLORS

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

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

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

T 2.1.2

POLITICAL DECISION-TAKING

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

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

Chapter 2

Section 79 Committees

(a) The Audit Committee

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

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

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

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE


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

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

The Municipal Manager and Directors forms the senior management core and all directors are accountable to the Municipal Manager in terms of strategic management and oversight of their departments.

T 2.2.1

Chapter 2

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 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</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.</p>

Chapter 2

	<p>Overseeing the execution of the IDP Programmes attached to the Department and monitoring individual performance management.</p> <p>Developing, implementing Collective Agreements and managing strategic goals, policies, procedures and plans;</p> <p>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.</p> <p>Compile and manage the Directorate's annual Capital and Operational Budget.</p> <p>Management of Technical Services including Civil Engineering Services, electrical distribution and maintenance of roads and storm-water drainage.</p> <p>Planning and maintenance of water reticulation system and sewerage treatment infrastructure.</p> <p>Developmental strategic planning of infrastructure expansion and co-ordination.</p> <p>Ensure the sustainable provisioning of engineering services including infrastructure development and maintenance in line with the IDP.</p> <p>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.</p> <p>Compile and manage the Directorate's annual Capital and Operational Budget.</p> <p>Responsible for coordination of disaster management services.</p> <p>Strategically direct and manage services related to solid waste management.</p> <p>Provision of sports, recreation, cultural, arts and library information services.</p> <p>Responsible for setting standards for the maintenance of cemeteries, parks, halls and other community services.</p> <p>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.</p> <p>Compile and manage the Directorate's annual Capital and Operational Budget.</p> <p>Provision of GIS support and analysis and the undertaking of specific GIS related projects and initiatives.</p> <p>Management, maintenance and implementation of the municipal multi-disciplinary sustainable human settlement policy and framework</p> <p>Co-ordinate the integration of the multi-sectorial and inter-sphere processes and demands relating to the delivery of sustainable human settlements.</p> <p>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.</p> <p>Developing and implementing strategies to meet investment challenges.</p> <p>Establishing and managing contractual and other relationships with government departments, service providers, organised business and other stakeholder bodies, to ensure sustainability of projects.</p>

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

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

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

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

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

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

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

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

GTLM does not have any entities in place.

T 2.3.3

Chapter 2

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

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

Chapter 2

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

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

Residents, Communities and Stakeholders (Civil Society)

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

Participating in the IDP Representative Forum to:

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

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

COMMUNITY BASED PLANNING

GTLM, again, went the extra mile to ensure that communities participate in the facilitation process, and in so doing, allow communities to own the development priorities in their respective wards and villages.

This was done through the Community Based Planning Methodology that runs parallel with the IDP Processes as well as the gathering of information through provincial initiatives.

A total of 102 CBP meetings were held and 3,712 residents attended these meetings.

Communities were informed during all CBP engagement with regard to the importance of the identified priorities as well as the difference between the Priority Register and the bankable projects with budget allocations in the Project Register.

It is important to note that administration needs to gather information and record the needs to ensure effective forward planning and there for a clear distinction is made between the needs and the bankable projects to ensure that unrealistic expectations are not created at community level.

The priorities of the current CBP were confirmed by the Ward Councillors to ensure that Sector Planning and Programmes are based on the priorities as determined by the communities and in order to focus budget and resource allocations towards the most important priorities.

Communities were advised to review their priorities but not to “re-invent the wheel”. This approach is important to ensure consistency in planning that will address identified priority issues in the short and long term.

T 2.4.1

Chapter 2

WARD COMMITTEES

The purpose of a ward committee is:

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

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

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

Committees play a vital role in the development and annual revision of the integrated development plan and budget of the area.

T 2.4.2

Public Meetings

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community

T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The GTLM established Ward Committees in all the 24 Wards to enhance public participation and accountability. These structures are a mechanism that the municipality uses to disseminate information and address the challenges of the communities in an effective manner. The Ward Mass Meetings held

Chapter 2

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.

CBP - analysis of priority needs identified per sector

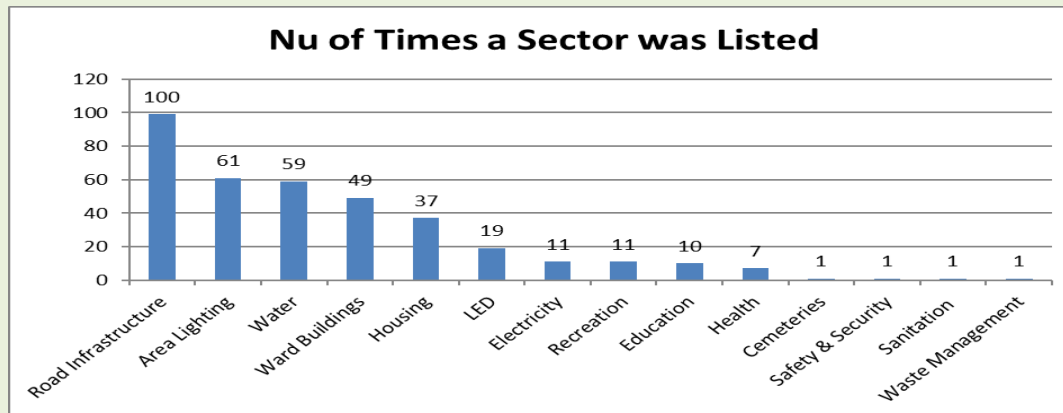
The Table and Graph below reflects the number of times that a sector was listed under the top three priorities. This gives an indication of the most important sectors or issues that need to be addressed in the IDP and SDBIPs and for which resources must be allocated to ensure that the most important priorities of the communities are addressed.

The information as reflected on the consolidated CBP Analysis is crucial to inform the Project Phase and the planning of the Project Task Teams of GTLM, The Dr Ruth S Mompoti District Municipality, Parastatals and The Provincial Sector Departments to ensure resources are focused on the needs as identified by the communities on the following table:

Number of Times that a Sector was mentioned in the CBP:

Sector	2018/19 CBP Hits	2019/20 CBP Hits	2019/20 %	Increase on Demand	Decrease on Demand
Road Infrastructure	93	100	27.0%	↑	
Area Lighting	59	61	16.6%	↑	
Water	60	59	16.1%		↓
Ward Buildings	43	49	13.4%	↑	
Housing	47	37	10.1%		↓
LED	17	19	5.2%	↑	
Electricity	11	11	3.0%		↓
Recreation	7	11	3.0%	↑	
Education	11	10	2.7%		↓
Health	6	7	1.9%	↑	
Cemeteries	0	1	0.3%	↑	
Safety & Security	1	1	0.3%		↓
Sanitation	3	1	0.3%		↓
Waste Management	0	1	0.3%	↑	

Chapter 2



T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

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

Chapter 2

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

T 2.6.0

2.6 RISK MANAGEMENT

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

Risk Management plays a crucial role in identifying both risks and opportunities that are present and to take a strategic position in minimizing the said risks and maximizing present opportunities for the benefit of its citizens. The role of the Risk Management in the municipality is to provide the expertise and support for institutionalizing Enterprise Risk Management and thereby embedding a risk intelligent culture. This is achieved through various methods including employee training on the principles and practices of risk management, coordinating efforts in determining the municipality’s risk exposure and in the development of mitigating actions by management for addressing the identified risks. The municipality’s Risk Management, Anti-fraud and Anti-corruption Committee (RMAAC) is functional.

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 2019/20 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

Chapter 2

- Fraud Prevention Plan

Internal Audit Unit

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

Audit Committee

Greater Taung Local Municipality 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. In the year under review the audit committee was very functional as they regularly held their meetings in line with the approved audit committee meeting.

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.

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.

Chapter 2

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 2019/2020					
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				
<i>*Note: See MSA section 13.</i>					T 2.9.1

COMMENT ON BY-LAWS:

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

T 2.9.1.1

2.10 WEBSITES

A municipal website should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA

Chapter 2

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	
All current budget-related policies	No	
The previous annual report (2018/19)	No	
The Annual Report (2019/20) published/to be published	No	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2019/20) and resulting scorecards	Yes	August 2019
All service delivery agreements (2019/20)	No	
All supply chain management contracts above a prescribed value (give value) for 2019/20	No	
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 2019/20	No	
Contracts agreed in 2019/20 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2019/20	No	
<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: 2018/19 and 2019/20				
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.

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 2



Mayoral Public Participation in Ward 20

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

The South African Constitution states that municipalities have the responsibility to make sure that all citizens are provided with services to satisfy their basic needs. Local government (municipality) is the sphere of government closest to the people, they are elected by citizens to represent them and are responsible to ensure that services are delivered to the community. One way in which municipalities can do this is to provide the service themselves through the use of their own resources - finance, equipment and employees. A municipality may also outsource the provision of a service. In other words, it may choose to hire someone else to deliver the service but it remains the responsibility of the municipality to choose the service provider and to make sure that they deliver the service properly.

Many municipalities, however, are unable to deliver services to residents. This might be because of lack of finances or lack of capacity to provide a good service at an affordable price

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.

Chapter 3

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

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

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

T 3.1.1

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.

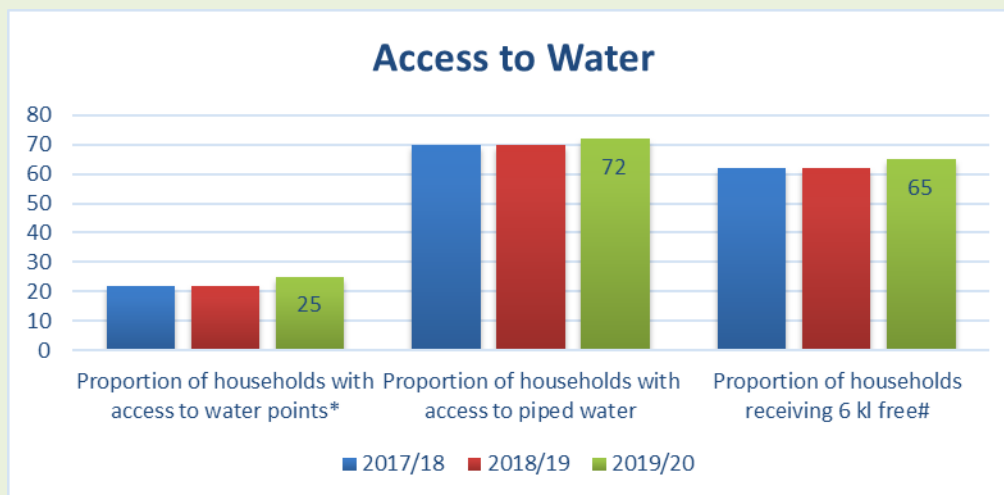
T 3.1.2

Chapter 3

Water Service Delivery Levels				
Description	Households			
	2016/17	2017/18	2018/19	2019/20
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water: (above min level)				
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%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	2873	2873	2873	2873
Other water supply (more than 200m from dwelling)	1178	1178	1178	1178
No water supply	1169	1169	1169	1169
<i>Below Minimum Service Level sub-total</i>	5220	5220	5220	5220
<i>Below Minimum Service Level Percentage</i>	11%	11%	11%	11%
Total number of households*	49210	49210	49210	49210
* - To include informal settlements				T 3.1.3

Households - Water Service Delivery Levels below the minimum						
Description	Households					
	2016/17	2017/18	2018/19	2019/20		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	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	235	320	320		-	400
Households ts below minimum service level	235	320	320		-	400
Proportion of households ts below minimum service level	100%	100%	100%		%	100%
						T 3.1.4

Chapter 3



* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute

6,000 liters of potable water supplied per formal connection per month

T 3.1.5

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

Chapter 3

Financial Performance : Water and Sanitation Services					
					R'000
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	Financial Information covered in the Annual Financial Statement				
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
					T 3.1.7

Capital Expenditure 2019/2020: Water Services					
					R' 000
Capital Projects	2019/2020				
	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

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The budget of R 2 000 000 million was spent on the maintenance of water and sewer network and 100% 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).

Chapter 3

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

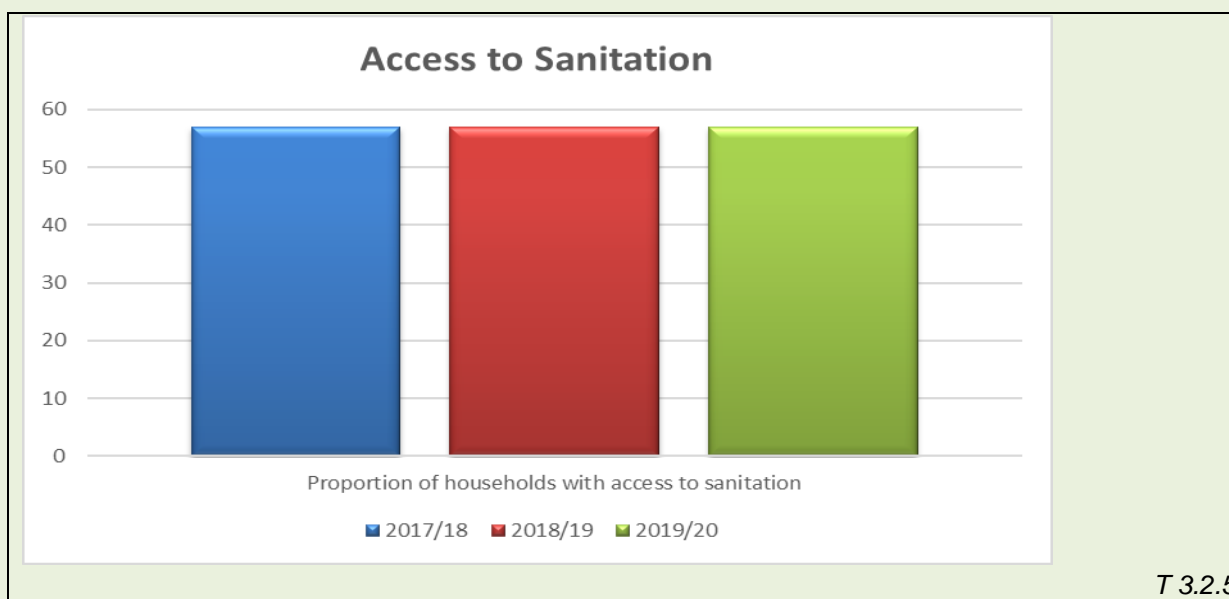
The information populated in Table 3.2.3 does not make any changes to the graph that was supposed to be in table 3.2.2.

T 3.2.2

Sanitation Service Delivery Levels				
Description	2016/17	2017/18	2018/19	2019/20
	Outcome No.	Outcome No.	Actual No.	Actual No.
Sanitation/sewage: (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/sewage: (below minimum level)				
Bucket toilet	34	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>	3290	3290	3290	3290
<i>Below Minimum Service Level Percentage</i>	7.1%	7.1%	7.1%	7.1%
Total households	46135	46135	46135	46135
*Total number of households including informal settlements				T 3.2.3

Chapter 3

Households - Sanitation Service Delivery Levels below the minimum						
Description	2017/18	2018/19	2018/19	2019/2020		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	41297	41297	41297	41297	41297	41297
Households below minimum service level	20235	20235	20235	20235	41297	41297
Proportion of households below minimum service level	49%	49%	49%	0%	0%	0%
Informal Settlements						
Total households	4270	4270	4270	4270	4270	4270
Households ts below minimum service level	328	328	328	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	2019/20			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	Combined with Water Section 3.1			
T 3.2.6				

Financial Performance 2019/20: Sanitation Services					
R'000					
Details	2018/2019	2019/2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		Combined with table 3.1.7 above as is just one unit into the Organogram			
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.2.7					

Capital Expenditure 2019/20 : Sanitation Services					
R' 000					
Capital Projects	2019/2020				
	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

Chapter 3

ELECTRICITY

INTRODUCTION TO ELECTRICITY

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

T 3.3.1

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

T 3.3.2

Electricity Service Delivery Levels				
Description	2016/17	2017/18	2018/19	Households 2019/20
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Energy: (above minimum level)</u>				
Electricity (at least min.service level)	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

Chapter 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

Electrification connections

PROJECT NAME	PLANNED CONNECTION	APPROVED CONNECTION
Khaukhwe	45	35
Lower Majeakgoro	500	516
Matlhako2	90	
Matsheng	50	
Ntswanahatshe	140	93
Pudumoe Ext(Matlhako 1)	60	
Rooiwaal Ext	40	48
Taung Ext 5	70	86
Tlapeng 2(Ga-Maidi)	90	81
GTLM Infills	1000	600

NB: all this projects were completed and energised in 2019/20 financial year.

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

Employees: Electricity Services				
Job Level	2019/2020			
	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

Chapter 3

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

GTLM is rendering electricity services at Reivilo only. Infrastructure at Reivilo is dilapidated and need to be upgraded. Municipality is changing from conventional system to prepaid system at Reivilo town. GTLM budgeted R6 million for the maintenance of electrical network in Taung, Pudumoe and Reivilo township. The municipality appointed service provider for a period of two years to deal with electrical dilemmas and in aforementioned areas

T 3.3.7

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

INTRODUCTION TO WASTE MANAGEMENT

Solid waste- and landfill site management:

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

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

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

Top 3 Service delivery priorities

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

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

T 3.4.1

Chapter 3

Solid Waste Service Delivery Levels				
Description	2016/17	2017/18	2018/19	Households
	Actual	Actual	Actual	2019/20
	No.	No.	No.	Actual
				No.
Solid Waste Removal: (Minimum level)				
Removed at least once a week	3596	3596	3596	3596
<i>Minimum Service Level and Above sub-total</i>	3596	3596	3596	3596
<i>Minimum Service Level and Above percentage</i>	7.4%	7.4%	7.4%	7.4%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	108	108	108	108
Using communal refuse dump	372	372	372	372
Using own refuse dump	40072	40072	40072	40072
Other rubbish disposal	305	305	305	305
No rubbish disposal	4159	4159	4159	4159
<i>Below Minimum Service Level sub-total</i>	45016	45016	45016	45016
<i>Below Minimum Service Level percentage</i>	92.6%	92.6%	92.6%	92.6%
Total number of households	48612	48612	48612	48612
				T 3.4.2

Households - Solid Waste Service Delivery Levels below the minimum						
Description	2017/18	2018/19	2019/20	Households		
	Actual	Actual	Actual	2019/20		
	No.	No.	No.	Original Budget	Adjusted Budget	Actual
				No.	No.	No.
Total households	48 612	48 612	48 612	NA	NA	NA
Households below minimum service level	3 596	3 596	3 596	-	-	-
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
						T 3.4.3

Chapter 3

Employees: Waste Disposal Services				
Job Level	2019/20			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	42	40	2	4%
4 - 6	17	14	3	17%
7 - 9	2	2	0	0%
10 - 12	3	3	0	0%
13 - 15	1	1	0	0%
16 - 18	0	0	0	0%
19 - 20	1	1	0	0%
Total	66	61	5	7%

T3.4.4

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

T3.4.7

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

T3.4.8

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

T3.4.9

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

GTLM is responsible for refuse removal and Dr Ruth S 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

Chapter 3

3.5 HOUSING

INTRODUCTION TO HOUSING

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

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

Chapter 3

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.

The delivery of Low-cost housing within GTLM is still the competency of Provincial Department of housing and National Department of housing. The role of the municipality is to identify land as well as housing needs for the inhabitants GTLM. In 2019/20 the Department of Local Government and Human Settlement in the province planned to provide 1500 units for GTLM

Challenges:

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

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
2016/17	42,953	39,516	92%
2017/18	42,953	39,516	92%
2018/19	42,953	39,516	92%
2019/20	48,454	44,577	92%

T 3.5.2

Employees: Housing Services				
Job Level	2019/20			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	0	0	0	0%
7 - 9	1	1	0	0%
10 - 12	2	2	0	0%
13 - 15	1	1	0	0%
16 - 18	1	1	0	0%
19 - 20	1	0	1	100%
Total	6	5	1	16%

T 3.5.3

Chapter 3

Financial Performance 2019/20: Housing Services					
					R'000
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	Financial Information covered in the Annual Financial Statement				
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
<p>NB: Subject to changes once AFS are completed <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p>					
					T 3.5.4

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

It must be noted that housing project procurement process is currently the competency of the Provincial Department of Human Settlements and as a result issues like budgets are centred at Provincial level. 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

Chapter 3

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

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

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

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

T 3.6.1

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

T 3.6.2

Free Basic Services To Low Income Households										
Number of households										
Households earning less than R3,200 per month										
	Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
2019/20	20 851	392	005	1.27%	143	6.24%	11 619	84%	143	5.71%
2018/19	18 621	557	576	67.5%	120	5.27%	11 258	99.41%	127	5.08%
2017/18	13,409	691	576	83.35%	2 435	89.68%	9 228	76.82	2 787	100%

T 3.6.3

Services Delivered	2018-2019	2019-2020			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	R1 018.96	R40 000.00	R40 000.00	R98.72	R39 901.28
Waste Water (Sanitation)	R20 575.42	R200 000.00	R200 000.00	R67 180.40	R132 819.60
Electricity	R5 075 038.56	R6 800 000.00	R6 800 000.00	R7 800 004.41	-R1 000 004.41
Waste Management (Solid Waste)	R39 353.43	R250 000.00	R250 000.00	R73 904.20	R176 095.80
Total	R5 135 986.37	R7 290 000.00	R7 290 000.00	R 7 941 187.73	R- 651 187.73

Chapter 3

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

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

Revenue Unit held meetings with Councillors, relevant Directors and Stakeholders arranging the road shows and campaigns to improve indigent registration process. Awareness campaigns were conducted across most of the municipality wards with different stakeholders, to give people the basket and increase access of free basic services to the poor of the poorest. In 2019 we managed to register 10 000 people to our indigents register, though all of them are not benefiting due to different challenges but most do benefit. The challenges may be some of indigents do not collect their monthly electricity token and they submit incorrect and incomplete information.

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

GTLM Indigent policy states that in order to qualify as an Indigent, the household income should be R3200.00/ less (determined by Council from time to time) or unemployed and/or a pensioner, the more Indigents registered, the more equitable we acquire, the person whose name a property is registered on, the applicant may not be the owner of more than one immovable property and must be a full-time occupant of the residential property and must not own a business.

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

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

T 3.6.5

Chapter 3

COMPONENT B: ROAD TRANSPORT

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

3.7 ROADS

INTRODUCTION TO ROADS

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

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

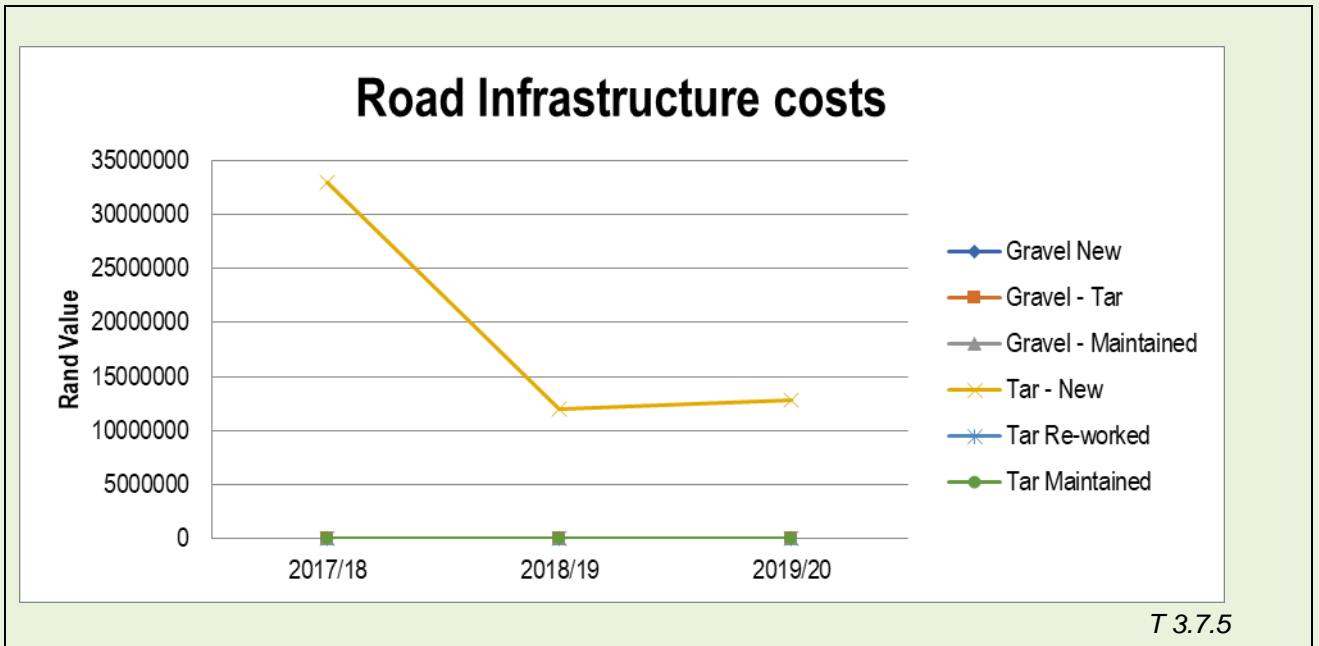
T 3.7.1

Gravel Road Infrastructure					Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to Paved	Gravel roads graded/maintained	
2017/18	2182	-	3.7	750	
2018/19	2177	1	5	650	
2019/20	2170	0	2	670	
					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	
2017/18	26	5	0	0	0	
2018/19	2.1	0	0	0	0	
2019/20	12.5	0	0	0	0	
						T 3.7.3

Cost of Construction/Maintenance							R ' 000.00
	Gravel			Paved			
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained	
2017/18	-	-	850	R12 750 000.00		0	
2018/19	0	0	0	R3 600 000.00	0	0	
2019/20	0	0	850	R13 515 000.00	0	15	
							T 3.7.4

Chapter 3



Matsheng village Stormwater channel completed in 2019/20

Chapter 3

Employees: Roads and Storm Water Services				
Job Level	2019/20			
	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

Chapter 3

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

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

T 3.9.1

PERFORMANCE HIGHLIGHTS 2019/20

KPA 1: Basic Service Delivery and Infrastructure Development

- 2.2km of internal road paved in Boipelo
- 45 high mast lights constructed in various villages and wards
- 10 pit latrine toilets construction projects completed in identified areas
- Completed upgrading of 2.5km of the electricity network line in Reivilo
- Constructed 25 high mast lights (Phase 4) in various villages
- Completed construction of Kameelputs Community Hall

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

3.10 PLANNING

INTRODUCTION TO PLANNING

Our planning strategies are set in the Municipal Spatial Development Framework (SDF) with the following main element – efficient spatial restructuring; supported by the following objectives: guiding land allocation and settlement development; promoting the optimal spatial allocation of resources in development planning; sustainable development of the municipality's economic resources in pursuit of economic vitality and independence; and providing a spatial basis for stakeholder cooperation.

The major challenge encountered would be resistance/ lack of cooperation from Traditional Authorities when addressing spatial issues (misinformed land allocations practices) and also lack of cooperation from Sector Departments (particularly Public Works) when it comes to coming up with a way forward on their properties in the municipal area. The main achievement (despite the challenges addressed) was the signing of MOU's/ Partnership Agreements between all 3 Traditional Authorities.

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.

Chapter 3

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 Maudi).

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	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Planning application received	0	1	0	5	20	12
Determination made in year of receipt	0	0	0	1	18	9
Determination made in following year	0	1	0	4	1	1
Applications withdrawn	0	0	0	0	1	0
Applications outstanding at year end	0	0	0	0	0	2

T 3.10.2

Employees: Planning Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	1	0
4 - 6	0	0	0	0	0
7 - 9	1	1	1	0	0
10 - 12	8	8	8	0	0
13 - 15	2	2	2	0	0
16 - 18	3	3	3	0	0
19 - 20				0	0
Total	14	14	14	1	0

T 3.10.3

Chapter 3

Financial Performance Year : Land Use & Human Settlement					
					R'000
Details	2018/19	2019/20			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	Financial Information is covered in the Annual Financial Service				
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
<i>Nb: Figures provided will verified once compilation of the AFS is complete</i>					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.

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

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

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

T 3.10.6

Chapter 3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

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

These conditions can be bought through the following:

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

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

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

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

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

T 3.11.1

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

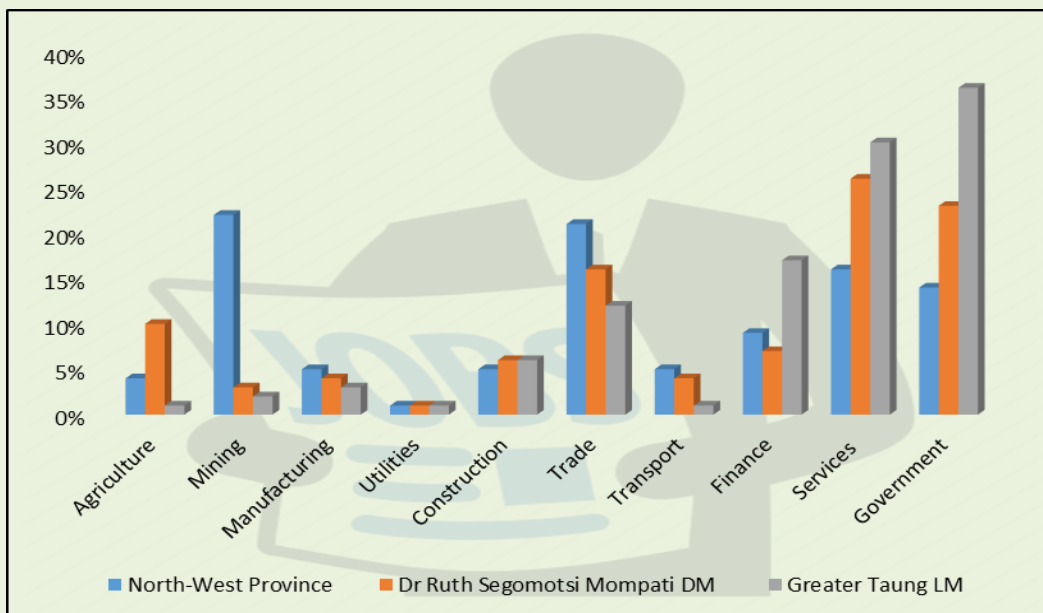
Economic Activity by Sector			
	R '000		
Sector	2017/18	2018/19	2019/20
Agric, forestry and fishing	0	0	0
Mining and quarrying	0	0	0
Wholesale and retail trade	0	0	0
Finance,	0	0	0
Govt, community and social services	0	0	0
Infrastructure services	Unknown		

T 3.11.2

Chapter 3

Economic Employment by Sector			
Sector	2017/18	2018/19	Jobs
	No.	No.	2019/20 No.
Agric, forestry and fishing	0	0	0
Mining and quarrying	0	0	0
Wholesale and retail trade	0	0	0
Finance, property, etc.	0	0	0
Govt, community and social services	0	0	0
Infrastructure services	0	0	0
Total			

T 3.11.3



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.

Chapter 3

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

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

T 3.11.4

Jobs Created during 2017/18 – 2019/20 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)	7	7	7	Appointment letters and terminations
2017/18	100	27	73	Appointment letters and terminations
2018/19	83	20	63	Appointment letters and terminations
2019/20	104	0	104	Appointment letters and terminations

T 3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2017/18	11	126
2018/19	06	93
2019/20	05	58

* - Extended Public Works Programme

T 3.11.6

Employees: Local Economic Development Services				
Job Level	2019/20			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
10 - 12	03	03	0	0
13 - 15	01	0	1	10%
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	4	3	1	10%

T 3.11.7

Chapter 3

NB: Information not provided by LED Unit

Financial Performance 2019/20 : Local Economic Development Services						R'000
Details	2018/19	2019/20				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue		The budget is for entire department and is included on the AFS.				
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 2019/20: Economic Development Services –						R'
Capital Projects	2019/20					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All		The budget is for entire department and is included on the AFS.				
<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.

Chapter 3

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

The potential analysis furthermore revealed the importance of the Tourism sector. This sector is currently regarded as a very small 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 2019/20

KPA3: Local Economic Development

- 397 SMMEs and Cooperatives supported through skills development
- 05 Cooperatives supported with Business Equipment
- 03 LED forum meetings held
- 01 tourism event held

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 2019/2020 financial year:

Top 2 service delivery priorities:

Extension of Taung Library

Fencing of Taung Library

T3.12.1

Chapter 3

COMMENT ON THE PERFORMANCE OF LIBRARIES

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

The municipality has a total number of 19 community halls, 5 Cover Grounds, 5 Thusong Service 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 CREMATORIIUMS

INTRODUCTION TO CEMETORIES & CREMATORIIUMS

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

T 3.13.1

SERVICE STATISTICS FOR CEMETORIES & CREMATORIIUMS

Not applicable

T 3.13.2

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIIUMS OVERALL:

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

T 3.13.3

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

This function is not relevant to GTLM 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

Chapter 3

This function is not relevant to GTLM.

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

This function is not relevant to GTLM.

COMPONENT F: HEALTH

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

3.17 CLINICS

This function is not relevant to GTLM.

3.18 AMBULANCE SERVICES

This function is not relevant to GTLM.

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

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

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	2019/20			
	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	2017/18		2018/19			2019/20	
	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 %
	R' 000						
Property Rates							
Electricity - B (Conv)							
Electricity - C (Prepaid)							
Water - B							
Water - C							
Sanitation							
Refuse							
Other							

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

T 3.25.2

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	2018/19		2019/20		
	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 2019/20: Financial Services					R'000
Details	2018/19	2019/20			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>					<i>T 3.25.4</i>

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

Achievement in 2019/20

1. Recruitment

Human Resource played a vital role in ensuring that the Municipality achieves its IDP goals by employing new employees to ensure that services are provided to our Communities as part of our commitments.

2. Employee wellness interventions

Employee wellness programme was provided to Municipal employees who suffered physical, emotional and financial disorders. Authorisation was granted to those who were required to participate at the South African Municipal Sports National games which were held at Durban in September 2020.

3. Occupational Health and safety

In terms of the OHS Act, the employer is obliged to ensure that health and safety measures are observed at all times and further that its activities are performed in a diligent manner that will not any one's health at risk. Medical surveillance was conducted on 128 employees who works on grounds to ensure their fitness in performing employer's activities.

Challenge

1. Employment equity

The Municipality is unable to meet its employment equity target, to recruit white, coloureds Indian females, who are suitably qualified because of the geographic (area) challenge.

Occupational Health and Safety and Disciplinary matters

Health and Safety Committee comprised of health and safety representatives is regularly sitting on quarterly basis to observe, discuss all health and safety related matters, make recommendations to Management for improvements.

HR Policies

An annual policy review was conducted on 29 -30 August 2020 the following HR policies were reviewed : Acting policy, Employee assistance programme, Employment equity, Subsistence and travelling policy and Training policy. Disability policy was also introduced, and all these policies were adopted by Council on the 3rd December 2020. (Council resolution 155/2019)

Organisational Organogram

In terms of Section 66 (1) of Municipal Systems Act, A Municipal Manager, within a policy framework determined by the policy framework determined by the Municipal Council and subject to any applicable legislation must develop a staff establishment to the Municipal Council for approval.

The organogram was reviewed at the strategic planning which is annually held, the following positions were proposed and later been incorporated in the Organisational structure.

1. Office of Municipal Manager : Publication and Media relations Officer, Web developer and graphic designer.

2. Finance Department : AFS Accountant, Accountant assets

Chapter 3

3. Corporate Services : Cleaner (Pudimoe library)
4. Spatial planning: Disaster clerk, Manager Town planning
5. Infrastructure : PMU Technician
6. Community Services : Librarian, Library assistant
7. Political Office : Community liaison Officer and Secretary in the Office of the Speaker

The reviewed structure was tabled before Council for approval on the 28th August 2019. (Council resolution 78/2020).

RECRUITMENT:

Section 56 Managers

The following positions were filled: Director Infrastructure – this position was filled on the 1st March 2020. The Chief financial Officer position was also filled on 1st May 2020. There is currently only one 1 vacant position (Director :Corporate Services) of which the recruitment process is underway.

Non- Section 56 positions

Office of Municipal Manager

1. Chief internal auditor resigned on 31 January 2020, the position is still vacant
2. Internal auditor – post filled on 01 November 2019
3. Individual performance management Officer -post filled on 01 July 2019

Finance Department

4. Accountant Assets – post filled on 09 March 2020
5. Budget accountant – the incumbent resigned on 30 November 2019, and the post got filled on 09 March 2020
6. Accountant Credit controller - Employee resigned on 31/12/2019, post vacant and recruitment process is underway.
7. Supply Chain Manager- employee resigned on 30/04/2020, post still vacant and recruitment process underway

Corporate services

7. Cleaner (Pudimoe Library) – post filled on 02 January 2020
8. Administration Manager – employee resigned on 31 December 2018 and the post got filled on 01 November 2019
9. Council Support Officer – employee resigned on 30/08/2019, post filled on 01/04/2020

Spatial planning

10. Town planning Manager – post filled on 01 November 2019

Infrastructure

11. Data capture –employee resigned on 30 June 2019, post got filled on 01 November 2019
12. PMU Technician – post filled on 14 April 2020
13. Grader operator – employee retired on 31 July 2019, post is still vacant
14. Excavator operator – post filled on 01 November 2019
15. Water and sanitation general worker resigned on 11/11/2019, post still vacant

Community services

16. General worker resigned on 30/06/2019, post still vacant
17. Driver resigned on 17/04/2019
18. Environmental Manager- Employee resigned on 30/06/2019 post filled on 01/08/2019

Internships

Chapter 3

- 8x inters are currently participating on a 3-year internship programme and contracts will expire on 31 January 2021. The programme is funded by the National Treasury.
- 1x Communication intern employed on 03 September 2018 and expires on 31 October 2020 (Own funding)
- 2x Human resource experiential learners employed on 14 May 2019 and their contracts expires 31 May 2021. (Own funding).
- Funded by Vuselela.

RECORDS MANAGEMENT

-
Records policy was tabled before Council and adopted on the 3rd December 2019. (Council resolution 155/2019)

The Collaborator system for the Municipality was provided by the District Municipality which withdrew its support services from the Municipality in October 2019 and that left the Municipality with no collaborator system in place. The Municipality is in the process of sourcing the other service provider to put the system in place.

T 3.26.1

Employees: Human Resource Services					
Job Level	2018/2019	2019/2020			
	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

Chapter 3

Financial Performance 2019/2020: Human Resource Services						R'000
Details	2018/2019	2019/2020				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	Financial information of this unit is incorporated on the departmental budget and is 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 3.26.3						

Capital Expenditure 2019/2020: Human Resource Services						R' 000
Capital Projects	2019/2020					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All				%		
Physical Security guards Services						
Project D						
<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:

Comments not provided by Corporate Service Department

T 3.26.5

Chapter 3

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

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

The following are challenges that impedes maximum performance of IT unit

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

T 3.27.1

Employees: ICT and Communications Services				
Job Level	2019/20			
	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

Chapter 3

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.

Panel of Legal Advisors

Greater Taung Local Municipality has appointed a panel of attorneys for a period of three years from October 2017 to November 2020. A total of eight law firms were appointed to deal with various local government related matters within the precinct of the municipality. They hail from various districts within the North West Province. They bring with them vast experiences across the spectrum of local government law as well labour laws.

As for the matters that the municipality has referred to each law firm, as well as matters that the municipality has defended successfully, those that the municipality has lost and those that have been settled out of court, such will be discussed under the topic immediately underneath.

Greater Taung Local Municipality Legal Unit strives to do more and more with the little financial resources that it has. The strategy is to engage colleagues from sister municipalities to come assist us in prosecuting and chairing internal disciplinary tribunals, and pay them for subsistence and travelling only. In this way we save handsomely on legal fees.

Litigations

- State of litigations against the municipality
- We wish to state that the municipality has to date 61.1% success rate, 33.3% of the matters are pending and 5.5% unsuccessful.

Total number of cases are 17 and out of the 17, 9 have been finalised and 8 are still pending. Some of the cases were carried over from the previous financial year however were still ongoing during the 2019/20 Financial year.

It is very important to point out that year in year out we never get to deplete our budget, as a result of which our budget got reduced this financial year. This is not owing to financial constraints but to the fact that the Unit is very conservative.

Chapter 3

Disciplinary Matters

In light of the above role of the Labour Relations Unit, for the financial year 2019/20 there were only 6 misconduct cases reported and investigated and all the cases were finalised and verdict issued.

RISK MANAGEMENT

The Dr Ruth Segomotsi Mompati District Municipality (DRRSMDM) is providing support to GTLM and 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. GTLM does account to provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

T 3.29.0

Chapter 3

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2019/2020

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

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2018-2019		Wards	Revised Annual Budget 2019/20	Financial Year Under Review 2019- 2020		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 kilometers of electricity network line upgrades completed in Reivilo by end June 2020	0	0	1	R2 694 000	2.5km	3km	R2 694 000	None	None	Completion Certificate
TL02	Number of streetlights (Phase 1) constructed in Taung by end June 2020	0	0	8	R2 000 000	70	0	R0	Lights were delivered but due to the impact of Covid-19 lockdown, the project was delayed	The project will overlap to the next financial year and implemented in Q1	Completion Certificate
TL03	Number of high mast lights (Phase 4) constructed in various villages by end June 2020	28	28	6, 9, 12, 14, 22, 24	R5 500 000	25	25	R4 191 421	None	None	Completion Certificate
TL04	Number of high mast lights constructed in various villages by end June 2020	0	0	3,4,6,7,8,9, 10,13,15,16, 18,20,21,24,	R15 750 000	45	45	R12 666 314	None	None	Completion Certificate

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2018-2019		Wards	Revised Annual Budget 2019/20	Financial Year Under Review 2019- 2020		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				
TL05	Number of Community Hall construction projects in Buxton and Kameelputs completed by end June 2020	1	35%	9: Buxton	R3 443 600	2	0	R1 881 319,89	The project was delayed due to the unavailability of material in large quantities due to national lock down and only 85% achieved	Buxton community will be prioritized and be completed in the first quarter of the new financial year.	Completion Certificate
		1	40%	20: Kameelputs	R2 500 000		1	R 4 074 837,38	None	None	Completion Certificate
TL06	Number of Community Hall construction projects in Randstad and Khudutlou completed by end June 2020	0	0	14: Randstad	R4 000 000	2	1	R5 656 450,43	None	None	Completion Certificate
		0	0	15: Khudutlou	R2 500 000		0	R3 075 157,01	National lockdown and community unrests relating to the subcontracting delayed the completion of the project	Only 75% of the project was completed as at end June 2020 and the project will be included in 2020/21 plans and be completed in the first quarter	Completion Certificate

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2018-2019		Wards	Revised Annual Budget 2019/20	Financial Year Under Review 2019- 2020		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				
TL07	Number of Community Hall construction projects in Vaaltyn and Tlapeng I completed by end June 2020	0	0	1: Vaaltyn	R2 500 000	2	0	R674 266.24	The project was delayed due to the unavailable material in large quantities due to national lock down	Only 38% was achieved as end June 2020 and the project will overlap into the next financial year and will also be included in the plans. It will be completed in Q3	Completion Certificate
		0	0	23: Tlapeng I	R2 500 000		0	R1 029 646.78	The project was delayed due to the unavailable material in large quantities due to national lock down	Only 65% was achieved as end June 2020 and the project will overlap into the next financial year and will also be included in the plans. It will be completed in Q2	Completion Certificate

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2018-2019		Wards	Revised Annual Budget 2019/20	Financial Year Under Review 2019- 2020		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				
Strategic Objectives: The strategic objective of “Promote literacy in communities through comprehensive library services”											
TL08	Number of expansion and renovation projects completed at the Boipelo Library by end June 2020	0	0	1	R1 066 000	1	0	R0	National lockdown delayed the initiation of the project	Service provider appointed in March 2020 and the project will be implemented in 2020/21	Completion Certificate
Strategic Objectives : Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance											
TL09	Number of upgrades of Pudimoe and Taung Sport Facilities completed by end June 2020	1	20%	5: Pudimoe	R2 800 000	1	0	R1 793,442,15	The project was delayed due to the unavailable material in large quantities due to national lock down	Only 75% was achieved as end June 2020 and the project will overlap into the next financial year and will also be included in the plans. It will be completed in Q1	Completion Certificate
		1	20%	8: Taung	R3 130 000	1	0	R2 063 301.65	The project was delayed due to the unavailable material in large quantities due national	Only 75% was achieved as end June 2020 and the project will overlap into	Completion Certificate

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2018-2019		Wards	Revised Annual Budget 2019/20	Financial Year Under Review 2019- 2020		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				
									lockdown	the next financial year and will also be included in the plans. It will be completed in Q1	
TL10	Number of upgrades of Reivilo and Manthe Sport Facilities completed by end June 2020	0	0	1: Reivilo	R2 500 000	2	0	R0	The consultant/contractor could not be appointed because the validity period had lapsed during the national lock down. However the project will overlap to the next FY	Tender to be re-advertised on a turn-key contract	Completion certificate
		0	0	14: Manthe	R2 500 000		0	R0	The consultant/contractor could not be appointed because the validity period had lapsed during the national lock	Tender to be re-advertised on a turn-key contract	Completion certificate

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2018-2019		Wards	Revised Annual Budget 2019/20	Financial Year Under Review 2019- 2020		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				
									down. However the project will overlap to the next FY		
TL11	Number kilometres of access road completed in Matolong by end June 2020	3	2	12: Matolong	R11 200 000	3km	3km	R12 522 459,33	None	None	Completion Certificate
TL12	Number of access road constructions completed by end June 2020	0	0	2: Dryharts (Phase I)	R8 000 000	8	7	R12 250 000	None	None	Completion Certificate
				10: Phache	R4 000 000			R8 489 599,33	None	None	Completion Certificate
				6: Khibicwane	R6 500 000			R9 174 909,91	None	None	Completion Certificate
				24: Majaneng	R4 000 000			R324 847,84	None	None	Completion Certificate
				13: Nommer 1	R4 000 000			R2 050 610,6	None	None	Completion Certificate
				8: Modutung	R7 695 879				None	None	Completion Certificate
				16: Magogong	R4 000 000				None	None	Completion Certificate
				Mokgalo to Sugar	R5 829 940				Scope of work extended	the project will be completed before the end of Q1 of the new financial year	Completion Certificate
TL13	Number of kilometers of the Manthe road and storm water channel completed by	0	0	14: Manthe	R4 000 000	1km	0km	R2 525 362,61	Delayed occupation site due to national	78% of the project completed all	Completion Certificate

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2018-2019		Wards	Revised Annual Budget 2019/20	Financial Year Under Review 2019- 2020		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				
	end June 2020								lockdown.	layer works, awaiting to commence with kerbing and paving will be done in Q1	
TL14	Number of kilometres of the storm water channel completed in Matlhako I by end June 2020	0	0	5: Matlhako I	R5 600 000	2km	2km	R 7 421 312.42	None	None	Completion Certificate
TL15	Number of meters of extension to the Lower Majeakgoro storm water channel completed by June 2020	0	0	19: Lower Majeakgoro	R3 000 000	800m	0m	R1 048 646,50	Late appointment of the contractor due to the national lock down resulted in the inability of the project to be completed by year end.	As at end June 2020 only 40% was completed and the project will overlap into to next year and remaining work will be completed in Q2	Completion Certificate
TL16	Number of Honey Suckers procured by end June 2020	0	0	N/a	R1 400 000	1	1	R 949 997	None	None	Delivery Note / Invoice

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2018-2019		Wards	Revised Annual Budget 2019/20	Financial Year Under Review 2019- 2020		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											
<i>Strategic Objective: Prevent / reduce losses that occur due to man-made / natural disaster through preparedness, mitigation, response and recovery</i>											
TL 17	Number of temporary shelters provided in various wards by end March 2020	50	18	Various wards	R1 050 000	50	32	R934 132	Due to the impact of Covid19, the remainder of the shelters could not be provided	The remainder of temporary shelter will be planned and completed in the next financial year	Payment Certificate / Completion Certificate
National KPA 2 : Municipal Institutional Development and Transformation - Corporate Service Department											
<i>Strategic Objectives: Improve organisational cohesion effectiveness</i>											
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 2020	3	3	N/a	Opex	3	5	Opex	None	None	Employment Equity Plan / Appointment Letters
TL19	Number of training programmes implemented for Municipal officials by end April 2020	10	10	N/a	R750 000	10	11	R0	None	None	Proof of Registration/ Attendance Register/ Results

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2018-2019		Wards	Revised Annual Budget 2019/20	Financial Year Under Review 2019- 2020		Expenditure	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance				
TL 20	Number of training programmes implemented for Municipal Councillors by end April 2020	5	5	N/a	R750 000	5	5	R0.00	None	None	Proof of Registration/ Attendance Register/ Results
TL21	Percentage of the municipal budget spent on implementing its workplace skills plan measured as (Total Actual Training Expenditure/ Total Operational Budget)x100) by end June 2020	90%	100%	N/a	R750 000	90%	75%	R0.00	Training plans could not be implemented fully due to covid 19 regulations.	To encourage employees to attend online training	Expenditure Report
TL22	Number of students financially supported by end March 2020	40	73	N/a	R500 000	40	51	R205 023	None	None	Bursary Letters
National KPA 3: Local Economic Development- SPHS											
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 2020	100	73	N/a	Opex	100	104	Opex	None	None	Quarterly MIG Project Report / Temporary Contracts

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2018-2019		Wards	Revised Annual Budget 2019/20	Financial Year Under Review 2019- 2020		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				
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 2020	37	46	N/a	R1 286 000	40	58	R1 286 000	None	None	Temporary Employment Contracts
TL25	Number of economic hubs constructed in Manthe by end June 2020	3	1		R2 380 200	1	0	R0.00	Target could not be achieved because process of land identification for the construction took longer than expected and Lockdown also played a role	Construction started in June 2020 and the project overlapped to 2020/21 financial year and has been budgeted for	Completion Certificate
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 2018/19 Annual Financial Statements submitted to AGSA by 31 August 2019	1	1	N/a	Opex	1	0	Opex	Due to migration from FMS to EMS as well as Mscoa there were challenges on financial reporting that	Migration completed and all segments of MSCOA implemented and new financial	Acknowledgement of Receipt

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2018-2019		Wards	Revised Annual Budget 2019/20	Financial Year Under Review 2019- 2020		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				
									led to late submission	system procured. AFS will be submitted timeously	
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 2019	1.5	14.5	N/a	Opex	1.5	11.14	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 2019	2.1	2.1	N/a	Opex	2.1	1.05	Opex	None	None	Annual Financial Statement
TL29	Number of 2019/20 Adjustment Budgets submitted to Council for approval by end February 2020	1	1	N/a	Opex	1	1	Opex	None	None	Council Resolution / Minutes
TL30	Number of final 2020/21 Budgets submitted to Council by 31 May 2020	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	900	9 104	N/a	R6 800 000	10 000	10 000	R7 800 004,01	None	None	Expenditure Report

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2018-2019		Wards	Revised Annual Budget 2019/20	Financial Year Under Review 2019- 2020		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				
	June 2020										
TL32	Number of households that received free basic water in GTLM by end June 2020	200	185	All	R40 000	300	4		Not all indigents households in Boipelo and Reivilo are installed with prepaid water to automatically receive free 6kl of water	Prepaid meters must be installed to all households to automatically measure the usage of free 6kl of water only to indigents households	Expenditure Report
TL33	Number of households that received free basic sanitation in GTLM by end June 2020	200	61	All	R200 000	210	298	R67 180,40	None	None	Expenditure Report
TL34	Number of households that received free basic refuse removal in GTLM by end June 2020	210	64	All	R250 000	210	318	R73 904.20	None	None	Expenditure Report
National KPA 5: Good Governance and Public Participation – Office of the MM											
Strategic Objectives: Promote a culture of participatory & good governance											
TL35	Number of final reviewed 2020/21 IDP documents tabled to Council by end May 2020	1	1	N/a	Opex	1	1	Opex	None	None	Council Resolution / Minutes

Chapter 3

Ref	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2018-2019		Wards	Revised Annual Budget 2019/20	Financial Year Under Review 2019- 2020		Expenditure	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance				
TL36	Number of 2018/19 Annual Reports submitted to Council by end January 2020	1	1	N/a	Opex	1	1	Opex	None	None	Acknowledgement of Receipt
TL37	Number of 2019/20 mid-term budget and performance assessment reports submitted to the Mayor by 25 January 2020	1	1	N/a	Opex	1	1	Opex	None	None	Acknowledgement of Receipt

Chapter 3

Service Providers Strategic Performance

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

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

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

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS											
2019/20 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	
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					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.

Chapter 3

9. ANNUAL PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS

2019/20 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	
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.
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
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.

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

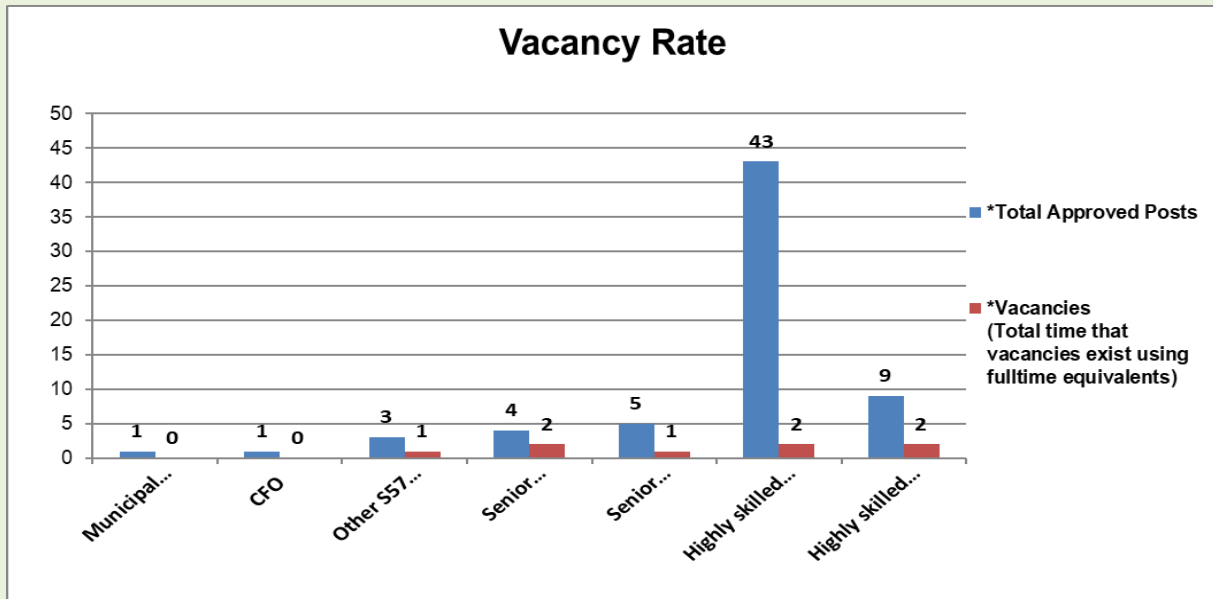
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2018/2019	2019/2020			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	0	0	0	0	%
Waste Water (Sanitation)	29	6	32	3	8%
Electricity	3	3	3	0	0%
Waste Management	0	0	0	0	%
Housing	6	7	7	1	12%
Waste Water (Stormwater Drainage)	44	7	49	7	12%
Roads	0	0	0	0	0%
Planning	3	4	3	1	25%
Local Economic Development	3	4	3	1	25%
Planning (Strategic & Regulatory)	1	1	1	0	%
Community & Social Services	89	10	98	9	8%
Political Office	13	7	13	0	%
Office of Municipal Manager	13	11	18	2	10%
Corporate Services	33	10	38	3	7%
Finance	37	12	38	3	7%
Totals	274	82	303	30	-
					T 4.1.1

Vacancy Rate: 2019/2020			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0,00
CFO	1	0	0,00
Other S57 Managers (excluding Finance Posts)	3	1	33,33
Senior management: Levels 13-15 (excluding Finance)	4	2	50,00
Senior management: Levels 13-15 (Finance posts)	5	1	20,00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	43	2	4,65
Highly skilled supervision: levels 9-12 (Finance posts)	9	2	22,22
Total	66	8	12,12
			T 4.1.2

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.
2017/18	32	9	4%
2018/19	36	13	5%
2019/20	13	7	2%

COMMENT ON VACANCIES AND TURNOVER:

The Municipality have struggled to fill in all Section 56 Manager positions in the past year due to the gazetted remuneration packages as they seemed not to be attractive to the suitable candidates. However, two positions (Director Infrastructure and Chief financial Officer) were filled through Section 56 (6) of Municipal systems Act. There is only one position to be filled (Director Corporate Services) which is anticipated to be filled at the beginning of 2020/2021 financial year.

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	Employment equity policy	100%	100%	03 December 2019
2	Attraction and Retention	100%	0	29 May 2012
3	Disability Policy	100%	100%	03 December 2019
4	Acting Policy	100%	100%	03 December 2019
5	Disciplinary Code and Procedures and grievance procedure	100%	100%	SALGBC Collective agreement
6	Employee Assistance / Wellness	100%	100%	03 December 2019
7	HIV/Aids	100%		29 May 2012
8	Job Evaluation	100%	100%	29 May 2012
9	Leave policy			
10.	Sexual harassment policy			
11.	Travelling and subsistence	100%	100%	03 December 2019
12.	Transport	100%		29 May 2012
13.	Vehicle allowance	100%		29 May 2012
14.	Occupational Health and Safety Policy	100%	100%	01 June 2017
15.	Overtime	100%	100%	01 June 2017
16.	Recruitment and selection	100%	100%	29 May 2012
17.	Training	100%	100%	03 December 2019
18.	Bursary	100%	100%	01 June 2017
19.	Records management policy	100%	100%	01 June 2017
20.	Induction Policy	100%	100%	01 June 2017
21.	Medical	100%		29 May 2012
22.	Voluntarism	100%		29 May 2012
23.	Other			
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

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	N/a	0			
Temporary total disablement	N/a	0			
Permanent disablement	N/a	0			
Fatal	N/a	0			
Total					

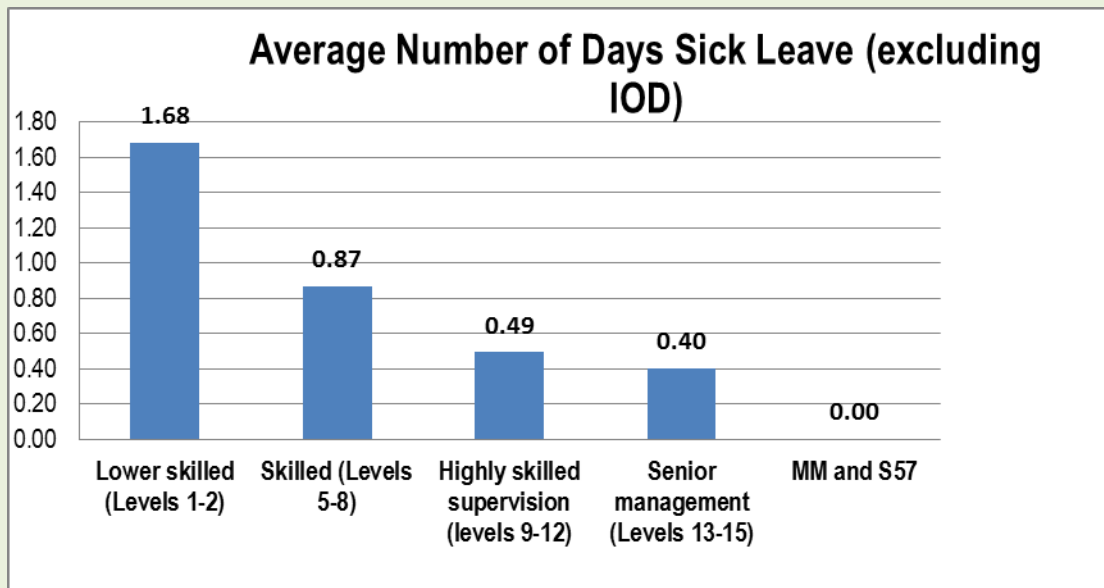
T 4.3.1

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)						
Skilled (Levels 3-5)						
Highly skilled production (levels 6-8)						
Highly skilled supervision (levels 9-12)						
Senior management (Levels 13-15)						
MM and S57						
Total						

* - Number of employees in post at the beginning of the year
 *Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2

Chapter 4



T 4.3.3

COMMENT ON INJURY AND SICK LEAVE:

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

T 4.3.4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
No suspension and disciplinary action taken during the year under review.				

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
No suspension and disciplinary action taken during the year under review.			
T 4.3.6			

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT: Not reported	T 4.3.7
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4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS: No performance rewards were paid out during the year under review.	T 4.4.1.
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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.

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

Chapter 4

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	34		35		4	20

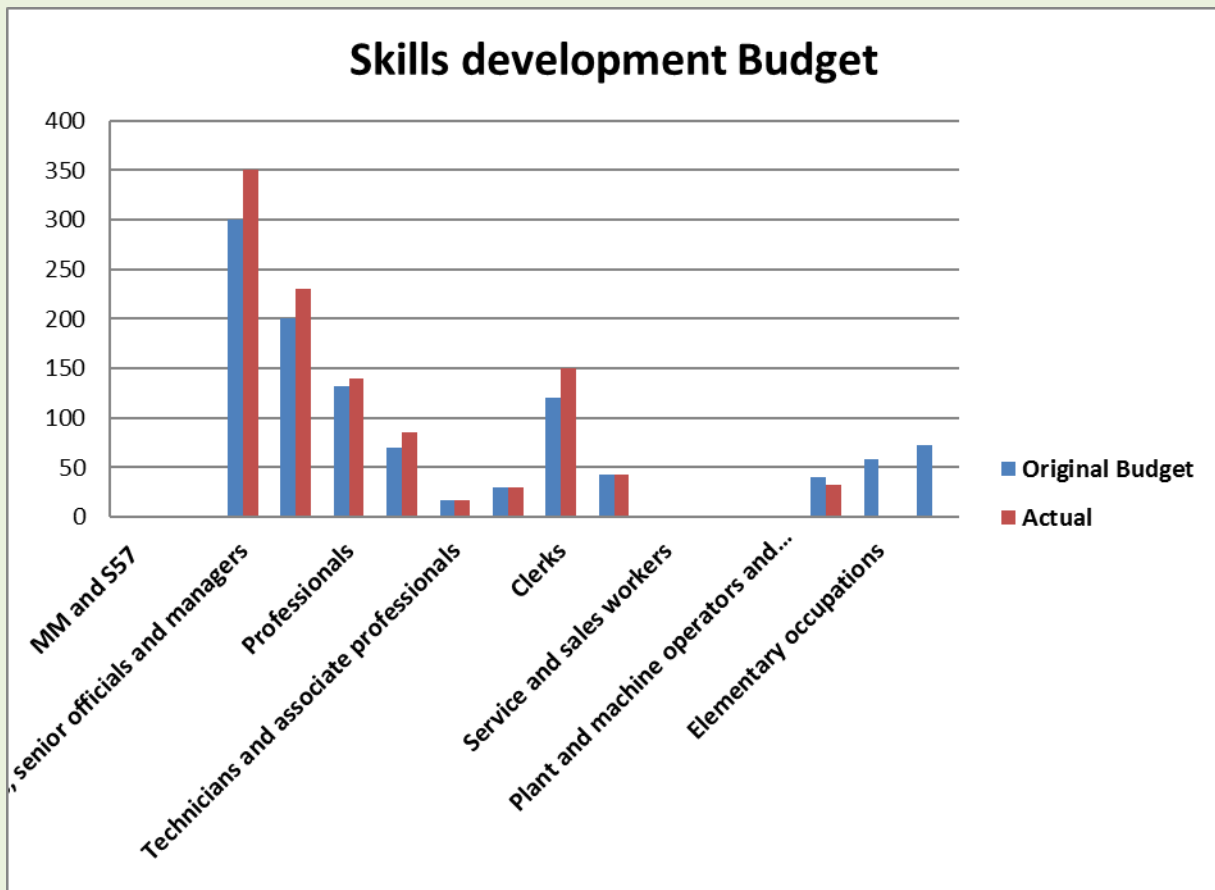
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

T 4.5.2

Chapter 4

Skills Development Expenditure: 2019-2020						
						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	1	0	1	0	R60,000.00
	Male	2	0	0	0	R0
Legislators, senior officials and managers	Female	32	22	22	0	R266,834.00
	Male	41	26	27	0	R346,320.00
Professionals	Female	10	9	0	0	R50,000.00
	Male	11	4	0	0	R23,000.00
Technicians and associate professionals	Female	3	0	1	0	R7000.00
	Male	8	2	0	0	R11,500.00
Clerks	Female	29	0	10	3	R32,591.00
	Male	1	0	1	1	R37,011.13
Plant and machine operators and assemblers	Female	2	0	0	0	R0
	Male	39	5	0	10	R55,000.00
Elementary occupations	Female	49	15	0	6	R115,000.00
	Male	88	20	0	5	R165,000.00
Sub total	Female	126	46	34	9	R531,425.00
	Male	190	57	28	16	R637,831.13
Total						R1 169,256.13
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.						R600,000*
						Councillors *
NB. Portion of the allocation was used in profile searching, purchasing study books, catering and also for accommodation. Other funding was coming from donors and they were procuring from their side and only implement in our municipality i.e LGSETA						

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 2020. 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 2019-2020 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 2019/2020 was **R319 558 000** as per adjustment budget approved by council. A total of **R 65 215 267** 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

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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 2020. 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.

During the financial year 2019/20 the municipality developed an infrastructure asset management plan as required by the GTLM asset management policy and Local Government Capital Asset Management. Four Asset Management Plans were developed, namely:

1. Roads Network Asset Management Plan
2. Stormwater Network Asset Management Plan
3. Community Assets Management Plan
4. Electricity Network Asset Management Plan

These Asset Management Plans are one component of the municipality's overarching corporate strategy. It was developed to support the municipality's vision for its asset management practice and

Chapter 5

programs. It provides key asset attribute data, including current composition of the municipality's infrastructure portfolio. It summarizes the physical health of the capital assets, assess the municipality's current capital spending framework, and outlines financial strategies to achieve fiscal sustainability in the long-term while reducing and eventually eliminating funding gaps.

The development of asset management plans is an interactive process that starts with the identification of service delivery needs and ends with an approved "multiyear" budget linked to the SDBIP based upon the most cost-effective method of delivering that service.

Asset management plans also include asset maintenance plans to ensure provision in the budget for appropriate funding to guarantee that existing assets continue to perform at the required levels and standards of service. The asset management plans, for example, will inform the maintenance budget.

ROADS NETWORK ASSET MANAGEMENT PLAN

This asset management plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The plan defines the services to be provided, how the services are provided and what funds are required to provide the services generally over a 20-year planning period.

This plan covers the infrastructure assets that provide road network to Greater Taung Local Municipality

The Road network comprises:

- Taung Town-Roads with Stormwater
- Reivilo Town-Roads with Stormwater
- Boipelo-Roads with Stormwater
- Pudimoe-Roads with stormwater
- Villages-Roads only

These infrastructure assets have significant value estimated at R 237 583 500 (C R Cost 30 June 2019)

The forecast lifecycle costs necessary to provide the services covered by this Asset Management Plan (AM Plan) includes operation, maintenance, renewal, acquisition, and disposal of assets over the 20-year planning period is R 830 917 920.

Estimated available funding for this period is R 496 050 000 or R 49 605 000 on average per year as per the long-term financial plan or budget forecast. This is 40% of the cost to sustain the current level of service at the lowest lifecycle cost.

The infrastructure reality is that only what is funded in the long-term financial plan can be provided. The emphasis of the Asset Management Plan is to communicate the consequences that this will have on the service provided and risks, so that decision making is informed.

The anticipated planned budget leaves a shortfall of R 33 486 795 on average per year of the forecast lifecycle costs required to provide services in the AM Plan compared with planned budget currently included in the Long-Term Financial Plan.

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ASSETS MANAGEMENT PLAN

This asset management plan details information about community assets including actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The plan defines the services to be provided, how the services are provided and what funds are required to provide the services generally over a 20-year planning period.

This plan covers the community assets that provide recreational services to Greater Taung Local Municipality.

The Community Assets Management Plan comprises:

- Community Halls
- Libraries

These community assets have significant value estimated at R115 891 692(C R Cost 30 June 2020). We have not included in this phase of the assets management plan other recreational facilities like sports facilities and parks. Also excluded from this community assets management plan are public transport assets and waste management assets and facilities. These will be covered in the next updated iteration of the Municipal Assets Management Plans.

The forecast lifecycle costs necessary to provide the services covered by this Asset Management Plan (AM Plan) includes operation, maintenance, renewal, acquisition, and disposal of assets over the 20-year planning period is R315 139 000. The infrastructure reality is that only what is funded in the long term financial plan can be provided. The emphasis of the Asset Management Plan is to communicate the consequences that this will have on the service provided and risks, so that decision making is informed.

The anticipated planned budget leaves a shortfall per year of the forecast lifecycle costs required to provide services in the AM Plan compared with planned budget currently included in the Long Term Financial Plan

The buildings were said to be 15 Community Halls, 5 cover grounds, 5 libraries, 5 Thusong Centres and other buildings such as rental housing and municipal offices. Such amounts cannot be considered adequate and consequently a more detailed needs requirements for construction, operations, maintenance and eventual community assets renewals is necessary.

ELECTRICITY NETWORK ASSET MANAGEMENT PLAN

This plan covers the infrastructure assets that provide electricity network to Greater Taung Local Municipality

These assets include:

The Electricity Assets Management Plan network comprises:

- Provision of Standby Generator at Greater Taung Local Municipality Administrative Offices
- Provision of street lights-approximately 8.3 km distance
- Villages as Listed as Priority 1 in the IDP.
- Provision of Street Lights and High Mast for the Pudimoe residential area
- Assessment of the existing medium voltage electricity reticulation system
- Provision of Street Lights and area lighting systems in Reivilo Township.

These infrastructure assets have significant value estimated at R11 426 600 (C R Cost 30 June 2019)

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Estimated available funding for this period is R 226 530 000 or R11 326 500 on average per year as per the long term financial plan or budget forecast. This is 70% of the cost to sustain the current level of service at the lowest lifecycle cost.

The infrastructure reality is that only what is funded in the long term financial plan can be provided. The emphasis of the Asset Management Plan is to communicate the consequences that this will have on the service provided and risks, so that decision making is informed.

The anticipated planned budget leaves a shortfall of R 4 850 000 on average per year of the forecast lifecycle costs required to provide services in the AM Plan compared with planned budget currently included in the Long Term Financial Plan

We plan to provide Electricity Network services for the following:

- Operation, maintenance, renewal and upgrade of CBD, Towns of Taung, Reivilo and Pudimoe and the Villages listed as Priority in the IDP.
- Construction of various Electricity networks in different prioritized villages within the 20-year planning period

STORMWATER NETWORK ASSET MANAGEMENT PLAN

This plan covers the infrastructure assets that provide road network to Greater Taung Local Municipality.

The Stormwater Assets Management Plan network comprises:

- CBD
- Towns(Taung, Reivillo and Pudimoe)
- Villages as Listed as Priority 1 in the IDP.

These infrastructure assets have significant value estimated at R 13 797 480 (C R Cost 30 June 2020)

The forecast lifecycle costs necessary to provide the services covered by this Asset Management Plan (AM Plan) includes operation, maintenance, renewal, acquisition, and disposal of assets over the 20-year planning period is R323 530 000.

Estimated available funding for this period is R 226 530 000 or R11 326 500 on average per year as per the long term financial plan or budget forecast. This is 70% of the cost to sustain the current level of service at the lowest lifecycle cost.

The infrastructure reality is that only what is funded in the long term financial plan can be provided. The emphasis of the Asset Management Plan is to communicate the consequences that this will have on the service provided and risks, so that decision making is informed.

The anticipated planned budget leaves a shortfall of R 4 850 000 on average per year of the forecast lifecycle costs required to provide services in the AM Plan compared with planned budget currently included in the Long Term Financial Plan. This is shown in the figure below.

We plan to provide Stormwater Network services for the following:

- Operation, maintenance, renewal and upgrade of CBD, Towns of Taung, Reivilo and Pudimoe and the Villages listed as Priority in the IDP.
- Construction of various stormwater networks in different prioritized villages within the 20-year planning period.

T 5.3.1

Chapter 5

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: 2019/20			Variance: 2019/20	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A – Matolong Access Road	R 12 500 000.00	R 14 294 731.93	R 13 297 065.30	106.38%	93.02%
B – Matlhako Stormwater Channel	R 7 900 000.00	R 8 479 252.78	R 8 289 938.72	104.94%	97.77%
C – Buxton Community Hall	R 6 000 000.00	R 7 413 372.39			
D – Kammelputs Community Hall	R 6 000 000.00	R 7 439 278.64	R 7 379 185.43	123%	99.35%
E – Highmast Lighting Programme	R 7 900 000.00	-	R 5 772 426.13	73.07%	0.00%
* Projects with the highest capital expenditure in 2019/20					
Name of Project - A	Construction of Matolong Access Road				
Objective of Project	Construction of 3 km paved road, edge beams and kerbs				
Delays	Extension of the project scope as per the community demand				
Future Challenges	None as the project has been completed				
Anticipated citizen benefits	3562				
Name of Project - B	Matlhako Stormwater Channel				
Objective of Project	Construction of a 2 km stonepitched stormwater channel				
Delays	Excessive quantities of boulders on site				
Future Challenges	None as the project has been practically completed				
Anticipated citizen benefits	4120				
Name of Project - C	Construction of Buxton Community Hall				
Objective of Project	Provision of 300 m ² , ablution facility, parking space and office.				
Delays	The selected location of the project site had to be changed twice owing to the presence of dolomite				
Future Challenges	None anticipated				
Anticipated citizen benefits	3039				
Name of Project - D	Construction of Kammelputs Community Hall				
Objective of Project	Provision of 300 m ² , ablution facility, parking space and office.				
Delays	The initial contractor was terminated owing to poor performance and that resulted in a delay of approximately 3 months.				
Future Challenges	None anticipated				
Anticipated citizen benefits	2974				
Name of Project - E	Highmast Lighting in Various wards within GTLM				
Objective of Project	Supply and installation of 30m high highmast lights equipped with 400w LED luminaires				
Delays	The major delay is as a result of Eskom not being able to energize the lights timeously.				
Future Challenges	None anticipated				
Anticipated citizen benefits	12 541				

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COMMENT ON ASSET MANAGEMENT:

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

T 5.3.3

Repair and Maintenance Expenditure: 2019/20

R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	17 500 000	0	14 133 564	3 366 436

T 5.3.4

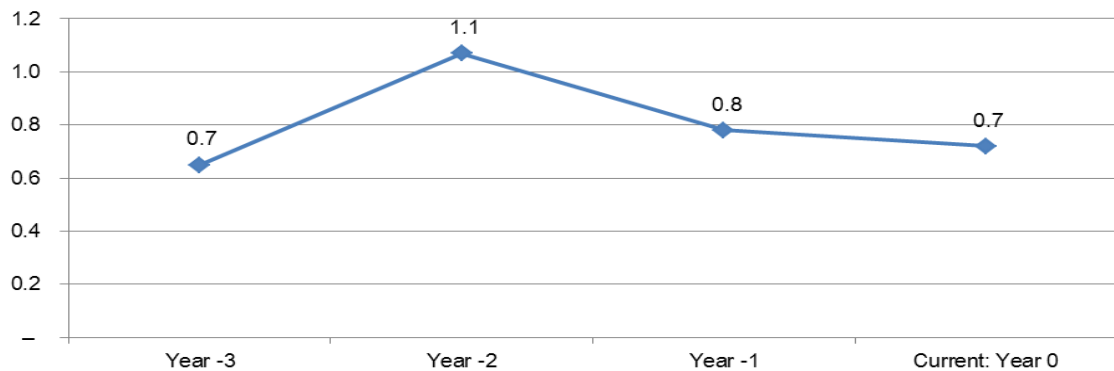
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The actual amount spent on R&M for the year is at 81% against the total budget of R17 500 000.00. The difference is mainly savings against the proposed budget as all projects for repairs and maintenance were fully implemented. Most of the municipal assets are new and a lot of expenditure is still directed towards procurement of new assets.

T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Liquidity Ratio



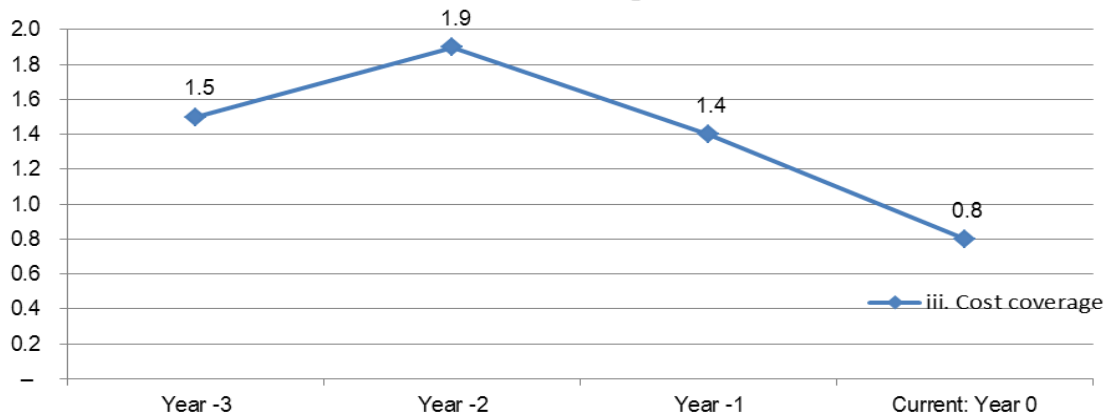
Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

T 5.4.1

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Cost Coverage

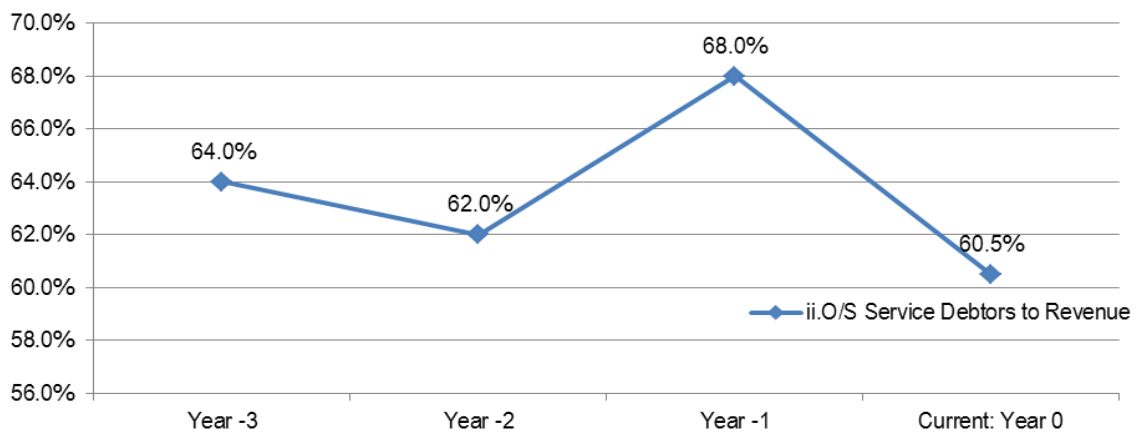


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

Total Outstanding Service Debtors

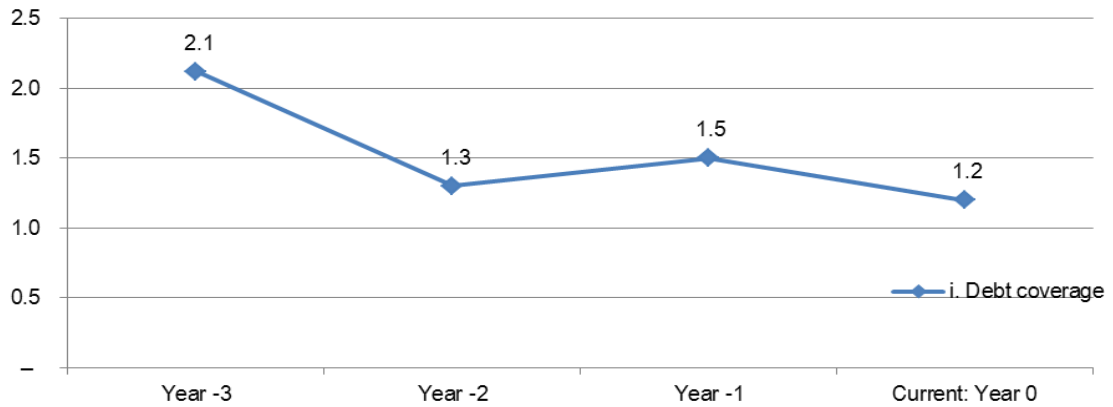


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

T 5.4.3

Chapter 5

Debt Coverage

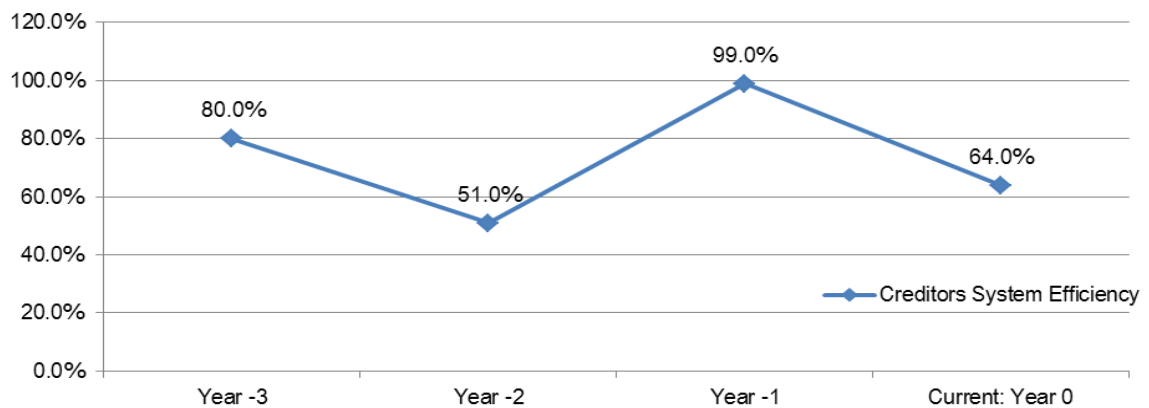


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Creditors System Efficiency



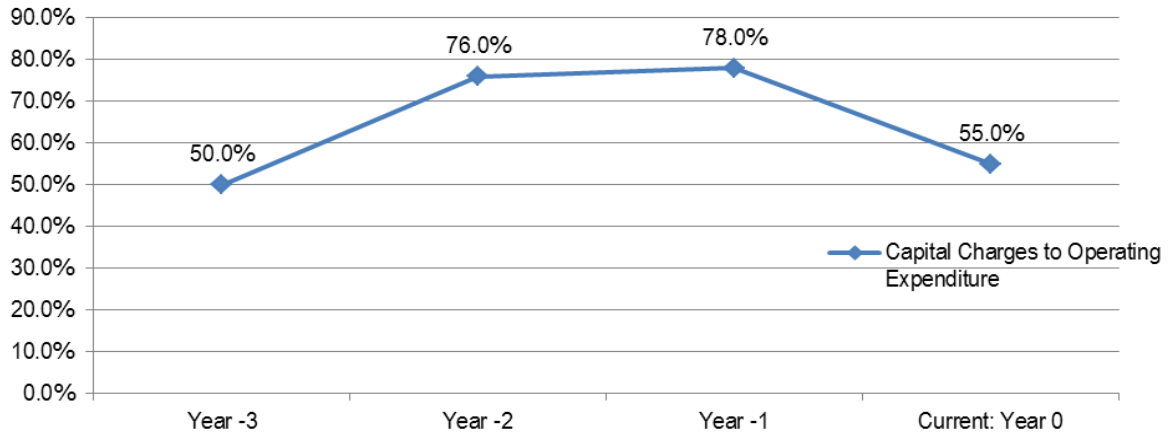
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Chapter 5

Capital Charges to Operating Expenditure

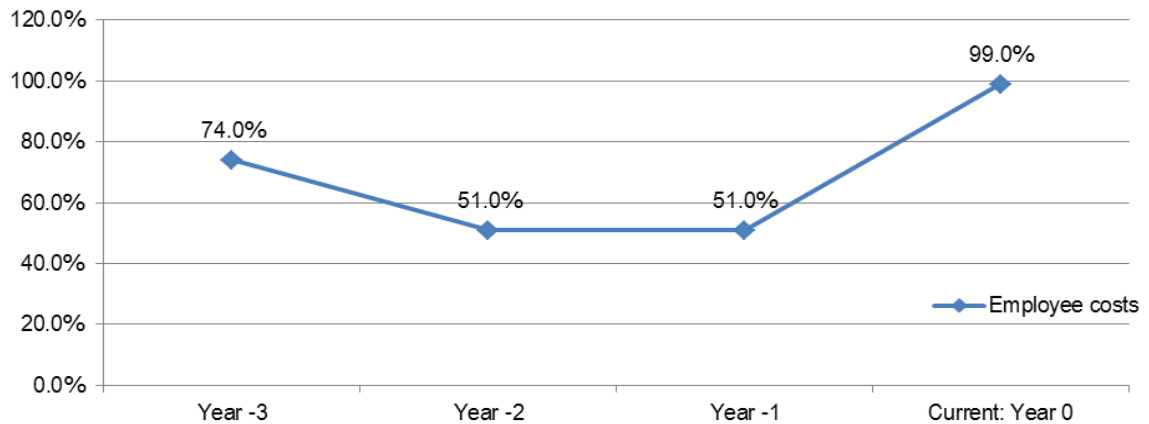


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Employee Costs

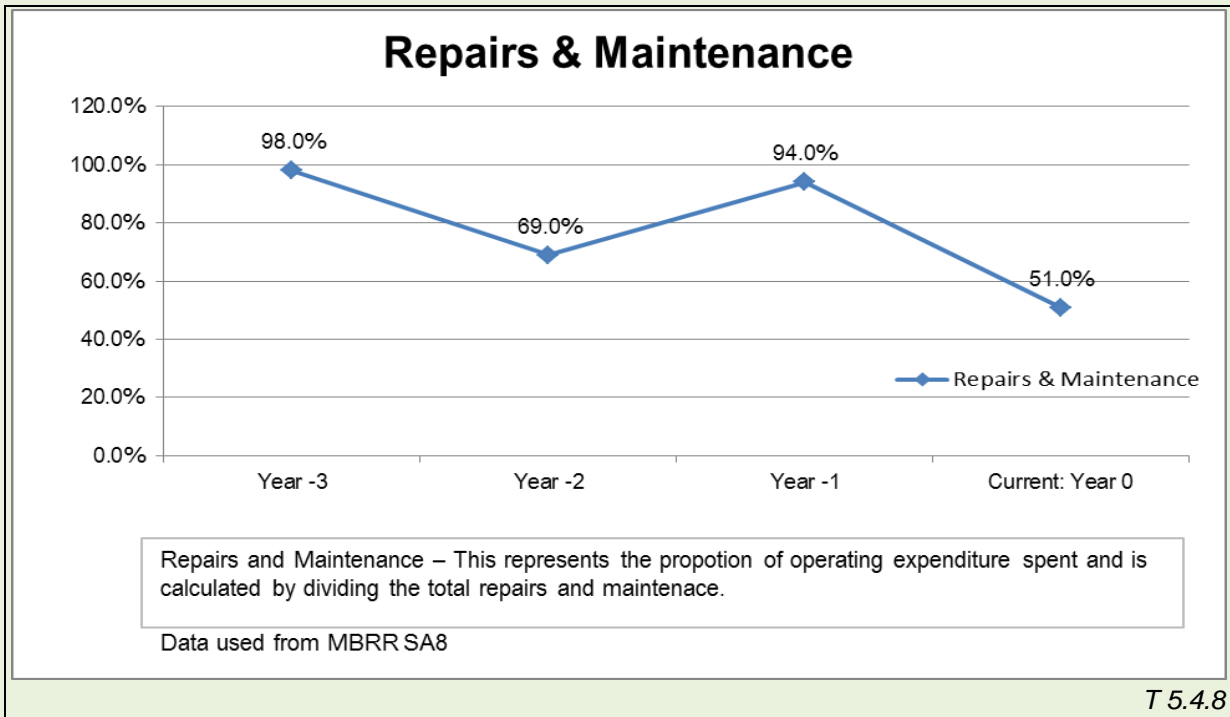


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

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: 2019/2020			Variance: 2019/20	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A – Matolong Access Road	R 12 500 000.00	R 14 294 731.93	R 13 297 065.30	106.38%	93.02%
B – Matlhako Stormwater Channel	R 7 900 000.00	R 8 479 252.78	R 8 289 938.72	104.94%	97.77%
C – Buxton Community Hall	R 6 000 000.00	R 7 413 372.39			
D – Kammelputs Community Hall	R 6 000 000.00	R 7 439 278.64	R 7 379 185.43	123%	99.35%
E – Highmast Lighting Programme	R 7 900 000.00	-	R 5 772 426.13	73.07%	0.00%
* Projects with the highest capital expenditure in 2019/20					
Name of Project - A	Construction of Matolong Access Road				
Objective of Project	Construction of 3 km paved road, edge beams and kerbs				
Delays	Extension of the project scope as per the community demand				
Future Challenges	None as the project has been completed				
Anticipated citizen benefits	3562				
Name of Project - B	Matlhako Stormwater Channel				
Objective of Project	Construction of a 2 km stonepitched stormwater channel				
Delays	Excessive quantities of boulders on site				
Future Challenges	None as the project has been practically completed				
Anticipated citizen benefits	4120				
Name of Project - C	Construction of Buxton Community Hall				
Objective of Project	Provision of 300 m ² , ablution facility, parking space and office.				
Delays	The selected location of the project site had to be changed twice owing to the presence of dolomite				
Future Challenges	None anticipated				
Anticipated citizen benefits	3039				
Name of Project - D	Construction of Kammelputs Community Hall				
Objective of Project	Provision of 300 m ² , ablution facility, parking space and office.				
Delays	The initial contractor was terminated owing to poor performance and that resulted in a delay of approximately 3 months.				
Future Challenges	None anticipated				
Anticipated citizen benefits	2974				
Name of Project - E	Highmast Lighting in Various wards within GTLM				
Objective of Project	Supply and installation of 30m high highmast lights equipped with 400w LED luminaires				
Delays	The major delay is as a result of Eskom not being able to energize the lights timeously.				
Future Challenges	None anticipated				
Anticipated citizen benefits	12 541				

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COMMENT ON CAPITAL PROJECTS:

The municipality had been allocated a MIG Budget of R 47 604 000.00 for the financial year 19/20. This was further supplemented by an additional allocation from the municipality's investment account of R 63 750 000.00 to address service delivery backlogs majorly looking at roads and highmast lights.

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

To address infrastructure backlogs, the municipality availed R 63 750 000 from its investment account to supplement the MIG allocation. It is worth mentioning that the municipality was able to address 12.5 km of backlogs related to roads while observing the maximum beneficiation of local smme's.

T 5.8.1

Service Backlogs as at 30 June 2020				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water				36%
Sanitation				36%
Electricity				58%
Waste management		%		%
Housing		%		%

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

T 5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure 2019/20 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adj Budget	
Infrastructure - Road transport						
<i>Roads, Pavements & Bridges</i>		-				None
<i>Storm water</i>		-				None
Infrastructure – Electricity						
<i>45 highmast lights</i>		0				None
Infrastructure – halls						
<i>Community halls</i>						None
Infrastructure – sports						

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<i>Sports Facilities</i>					%	None
Infrastructure – LED						
<i>Economic Hubs</i>			1,800,000		%	None
Total					%	None
						T 5.8.3

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 2019/20

Capital Programme by Project by Ward: 2019/20		
R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
"Project Name"		
"Project B"		
Sanitation/Sewerage		
Electricity		
Upgrading of 2.5km of the electricity network line in Reivilo	1	Yes
Housing		
Refuse removal		
Stormwater		
Construction of Matlhako Stormwater Channel	5	Yes

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COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

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

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

T 5.9

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

Chapter 5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

GTLM does not have any PPP in place.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

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

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

Key Findings from previous Auditor General's Report:

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

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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

On an annual basis post receipt of the audit report from the auditor general, the municipality incorporate Auditor General audit findings into the annual report of the year under review and develop post audit action plan that will try and address those findings. The PAAP is submitted to the PT, AG and Audit Committee for review to ensure that actions that will be taken by management will adequately address the findings.

T 6.0.1

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

6.1 AUDITOR GENERAL REPORTS 2018/19 (PREVIOUS YEAR)

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. The Accrued Bonus will then be corrected as follows in the financial ledger to come to the balance of R1 996 801,67: Dr Accrued Leave R667 375,67 Cr Accrued Bonus (R667 375,67) To ensure that all journals are reviewed and capture correctly</p>
<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 488 339 037,00 in the statement of cash flows.</p>	<p>Cash flow will be recalculated after all corrections/actions are effected on the systems.</p>

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<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 the commitments register, difference R921 755,31. 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. 	<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 ensure accuracy of the commitments balance and completes of the register. There was an omission R7m in the calculation of the commitment on the excel register. <p>The register will be summed up taking into account all recorded commitments on the register. The corresponding figures of the commitment disclosure note will then be restated to R28 179 846,19.</p>
<p>Misstatements identified in the testing of Commitments.</p> <ol style="list-style-type: none"> 1. During the audit of commitments, the contract for the Planning, design, construction, construction monitoring and close out (turnkey) of sports facilities for a period of three years was identified to have been included in the commitments register, however the project was not added to the total commitments for 2018/19 financial year, resulting in an incomplete commitments register sent for audit. 2. During the audit of commitments, 35 contracts could not be traced from the contract register to the commitments register, resulting in the commitments register not being complete. This also impacts the completeness of the disclosure note in the annual financial statements. 	<ol style="list-style-type: none"> 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. Reconciliation will be reviewed by the CFO to ensure accuracy and completeness of both registers.
<p>Commitments- Limitation of scope, no invoices received on request for the recalculation & confirmation of commitment closing balance at 30 June 2019. 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> <ol style="list-style-type: none"> 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 2. The following differences between the Trial Balance and the Annual Financial Statement: Cash & Cash Equivalent; 	<ol style="list-style-type: none"> 1. Cash & Cash Equivalent; Primary bank account (ABSA cheque account): R1 283 463.68 GL will be updated to align to the TB balance. 2. Employee Related Cost; There has been mipmapping on the Employee Related Costs

Chapter 6

<p>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>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>Unauthorised 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 126(1)(a). The financial statements were received on 06 February 2020. 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>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 vacant posts must also be filled ASAP.</p>				
<p>Explanations for differences in Statement of Comparison of Budget and actual amounts not disclosed as per GRAP 24. During the audit of budget information, the following was identified. No explanations for differences were disclosed for the following items in the statement of comparison of Budget and actual amounts. Differences identified; Interest received - Debtors: R(6 714 000), Other Income: R3 911 183, Repairs and maintenance: R(114 453), Transfers and subsidies: R(31 611 598). Non-compliance with GRAP 24.</p>	<p>All differences for Statement of Comparison of Budget and Actual amounts will be provided with reason</p>				
<p>Misstatement of prior period error on Unspent Grants. 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 border="0" data-bbox="967 1276 1448 1344"> <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. 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</p>	<p>The prior period error in respect of the expenditure will be rated on the financial statement note. The financial system will not be effected as a</p>				

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<p>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>result of this finding.</p>
<p>Limitation of scope: Prior period information not submitted (PPE & expenditure) 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 below: 1. Approved schedule /reconciliation prepared for note disclosure. 2. Journals and adjustments For adjustments reflected in abovementioned schedule: • Journal as posted in the general ledger (GL), with accompanying manual journal sheet • Relevant supporting documents (i.e. reconciliation, workings invoices) for journals 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>Safe-keeping of documents and timeously submission of information</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 assessment 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 ; Legal Costs: R351 760,45 Contracted services are misstated by a projected misstatement of R2 765 678.68</p>	<p>Invoices to be scrutinised 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. There was a calculation error on excel document used to calculate Bonus Accrual. Accrued Bonus will be adjusted by R2 115 173.</p>

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<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.</p> <ul style="list-style-type: none"> - 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. - 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>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:</p> <ol style="list-style-type: none"> 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 	<ol style="list-style-type: none"> 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

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<p>Holdings, GMS Klorkshop, 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>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 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>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>
<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 Elektriess 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>	<ol style="list-style-type: none"> 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.

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<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 handled 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>	<ol style="list-style-type: none"> 1. Verify existence of all debtors. 2. Write-off non-existent debtors, following proper process.
<p>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.</p> <ol style="list-style-type: none"> 1. Revenue, receivables and finance lease obligation <ol style="list-style-type: none"> 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 <ol style="list-style-type: none"> 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 30June 2019 for all bank accounts (soft copy) (Main account is outstanding) 4. Inventories <ol style="list-style-type: none"> 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. 6. Employee costs <ol style="list-style-type: none"> 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 <ol style="list-style-type: none"> 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 <ol style="list-style-type: none"> 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 	<p>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.</p> <p>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.</p> <p>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.</p>

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<p>Members of Executive Committee (MEC) and the Auditor General South Africa (AGSA) for the 2018/19 financial year.</p> <p>11. Irregular expenditure</p> <p>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 year</p> <p>2. Invoices/statements/memorandums payments proof for the following irregular expenditure attached on Annexure</p> <p>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.</p> <p>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.</p> <p>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. 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 related to the prior period adjustments.</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>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>
<p>Auditor-General Report on Service Delivery Performance: 2018/19</p>	
<p>Status of audit report**:</p>	<p>Unqualified</p>
<p>Non-Compliance Issues</p>	<p>Remedial Action Taken</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>Strategic and performance management Review of the IDP was done (see Poe). Mid-term performance assessment was performed (see Poe) Management to put measure in place to ensure adherence to the policies, procedures, systems</p>

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	and processes on expenditure management, revenue management and assets management.
<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>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>Actual performance reported on the Annual Performance Report (APR) against POE submitted will be verified by PMS Unit and validated by internal audit prior submission to AG.</p>

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COMPONENT B: AUDITOR-GENERAL OPINION 2019/20 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2019/20

Status of audit report:	Disclaimer
Non-Compliance Issues	Remedial Action Taken
<p>PPE: Amounts as per the General Ledger and Trail Balance do not agree to the Annual Financial Statements Compared the amounts as per the General Ledger and the Trial balance and confirmed that they do not agree to the Annual Financial Statements, please refer to the following:</p>	<p>Management to perform the reconciliation between the GL, TB & the AFS with related supporting schedules. Management to ensure that the financials are reviewed by the AC, land PT.</p>
<p>Contingent liabilities: Case files not received The following are information (case files) requested under RFI 40 and 41 relating to contingent liabilities, issued on 29/04/2021 and 30/04/2021 and due on the 04/05/2021 and 05/05/2021 respectively, not received from management. Refer below for detail list:</p> <ul style="list-style-type: none"> - Cedar point Joint Venture - Thalami Lekhotla Consortium/GTLM - C/N M36/2019 Sheriff Taung/GTLM - Mr Pholo Pholo - C/N M223/2020 Illegal construction or erection of a building on ERF No 334 within the Taung CBD - The municipality purchased building material from Maxima Global Engineering and was placed in both Maxima Global Engineering and Buya Nempumelelo's possession - Raname Mokalane Incorporate: Makhete Inc is representing the municipality on bills of 3 tax invoices to Maxima Global Engineering. - Manokwane Disaster project - the investigation consisted of confirming whether irregularities incurred during the spending on the Manokwane Disaster project. Expenditure which be recoverable amount to R3 273 102. 	<p>Management to ensure that all litigations have proper supporting documents confirmed by the relevant lawyers representing the municipality. All the supporting documents must form part of the audit file.</p>
<p>Contingent liabilities: Matters not recorded in the AFS During the testing of contingent liabilities, we have noted the following issues relating to contingent liabilities:</p> <ol style="list-style-type: none"> 1. Litigation on schedule but not on the AFS 2. Litigations recorded in the AFS but not identified by lawyers 	<p>Management to ensure that all litigation listing are recorded in the AFS and supporting documents are kept in the audit file. During review of AFS all supporting schedules must be submitted.</p>
<p>High Level Review Statement of Financial Position When we were performing high level review on the 2019/20 AFS we noted that the difference between the amount disclosed</p>	<p>a. Management to ensure that the audit file is in place and the review is done in time. Management has developed an action plan that also incorporated the submission of</p>

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on the face of the statement of financial position for receivables from exchange transaction and note number 11 which relates to receivables from exchange transactions. For detailed breakdown of this transaction please refer below

Description	Amount
Receivables from exchange transaction R	23 748 155
Note 11 Receivable from exchange transaction R	15 318 708
Misstatement R	8 429 447

Requirement of Municipal Finance Management Act

Through inspection of the AFS page number 80 and 81 we have confirmed the no disciplinary steps were taken during 2019/20 financial period relating UIFW as per note number 42, 43 and 44 of the AFS

No supporting schedules submitted to support the amount disclosed on the AFS

Furthermore through inspection of the audit pack we noted that no schedules were attached on the pack to support the amounts disclosed on the AFS, please refer below regarding the detailed breakdown of schedules which we did not received

Description of the FSLI Amounts disclosed in the AFS Comments

Investment Property - Empty	21,636,001.00	No supporting schedule attached in the audit pack
PPE – Infrastructure assets register 427260908		No supporting schedule attached in the audit pack
Intangible assets 441,208.00		No supporting schedule attached in the audit pack
Receivables from non-exchange 17,999,599.00		No supporting schedule attached in the audit pack
Finance lease obligation - 6,674.00		No supporting schedule attached in the audit pack
Trade payables, (Payments received in advance, retentions, accrued, deposits received, vehicle registration, other creditors) 51,846,417.00		No supporting schedule attached in the audit pack
Revenue from exchange (Service charges 11,163,403		No supporting schedule attached in the audit pack
Property rates 22,781,828		No supporting schedule attached in the audit pack
Prior year restatements		
Consumer debtors -29853163		No supporting schedule attached in the audit pack
PPE -33911663		No supporting schedule attached in the audit pack
Consumer debtors - allowance for impairment -Rates - 19614359		No supporting schedule attached in the audit pack

draft AFS to AC,IA and PT for review. B. Receivables - Management must ensure that monthly recons are performed on receivables and their supporting schedules.

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<p>Consumer debtors - allowance for impairment - Electricity - 2083752 No supporting schedule attached in the audit pack Consumer debtors - allowance for impairment -Water -2872211 No supporting schedule attached in the audit pack Consumer debtors - allowance for impairment -Sewerage - 8279611 No supporting schedule attached in the audit pack Consumer debtors - allowance for impairment -Refuse - 10759659 No supporting schedule attached in the audit pack Consumer debtors - allowance for impairment -Sundry - 10118581 No supporting schedule attached in the audit pack PPE - Infrastructure 293956498 No supporting schedule attached in the audit pack PPE - Movables -17937233 No supporting schedule attached in the audit pack Accrued -1996801 No supporting schedule attached in the audit pack Debt impairment -1372543 No supporting schedule attached in the audit pack Employees relates cost - Bonus 667375 No supporting schedule attached in the audit pack Fruitless and wasteful 2,441,548 No supporting schedule attached in the audit pack</p> <p>Furthermore the following creditors with negative balances has not been transferred to receivable</p> <table border="0"> <tr> <td>Description</td> <td>Amount</td> </tr> <tr> <td>Accrued expense</td> <td>(27,140.00)</td> </tr> <tr> <td>Deposits received</td> <td>(254,161.00)</td> </tr> <tr> <td>Total</td> <td>(281,301.00)</td> </tr> </table>	Description	Amount	Accrued expense	(27,140.00)	Deposits received	(254,161.00)	Total	(281,301.00)	
Description	Amount								
Accrued expense	(27,140.00)								
Deposits received	(254,161.00)								
Total	(281,301.00)								
<p>Compliance relating to financial statements</p> <p>1) Material misstatements as communicated in various communication of audit findings has been identified in the financial statements submitted for audit</p> <p>2) Financial statements for the year ended 31 June 2020 were only submitted on 01 March 2020 which is not within four months after year end</p> <p>3) The tabling of the 2018/19 annual report has not been tabled in council after the audit report for the 2018/19 audit report was finalized.</p>	<p>Management to ensure that all recons for the year are done in time to detect any discrepancies on the system that might lead to delays in preparation of financial statements. Management to ensure that AFS are submitted in time to allow for timeous tabling of the AR.</p>								
<p>Compliance: Presentation of the Annual Financial Statements</p> <p>Contrary to the above requirement, the following items have been reclassified to other accounts however the comparatives were not reclassified as well to ensure that the amounts are consistent</p>	<p>Management must ensure that all reclassifications are disclosed as per GRAP 133&149. Whenever there are reclassifications, the comparative figures must also be restated accordingly.</p>								
<p>Unauthorised expenditure: Limitation of scope – Supporting schedule for Unauthorised Expenditure not submitted for audit</p> <p>When the AFS were submitted the supporting schedule for the following amount was not submitted as required by paragraph 54 of the Engagement Letter:</p>	<p>The calculation of UIF to be done in time and supporting documents must be reviewed to ensure correctness of the figures.All supporting schedules must be submitted with the audit file.</p>								

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<p>Unauthorised expenditure: Differences noted between budget amount and the approved budget amount</p> <p>1.A difference was noted between the total budgeted expenditure amount as per unauthorised expenditure calculation and the budgeted expenditure amount as per B Schedule(Approved budget) as follows:</p> <p>2.A difference was noted between the Total expenditure amount as per unauthorised expenditure calculation and the total expenditure as per statement of financial performance</p> <p>3.The general ledger submitted for the audit did not include the identifier for actual expenditure per vote as a result we are unable to recalculate actual expenditure per vote used by management in calculating unauthorised expenditure</p> <p>4.A difference was noted per vote between the budgeted amounts as per unauthorised expenditure calculation and the B schedule :</p>	<p>Management together with the budget office to ensure that all votes are budgeted for appropriately. The UIF schedules must be submitted with all its opening balances from the date of implementation of the register. The supporting documents to the register must also be submitted and reviewed</p>
<p>Statement of Budget vs Actual - Misstatements identified</p> <p>1 During our testing of the accuracy of the Statement of Comparison of Budget Vs Actual Amounts we noted that reasons were not provided for differences that arose between the final budget and actual amounts. Amounts above performance materiality of R2,017,500 will be included in the finding as follows:</p> <p>2. During our testing of the accuracy of the Statement of Comparison of Budget Vs Actual Amounts we noted that the following amounts presented as the budgeted amount of the line items differs from the actual amount on the approved budget.</p>	<p>Management to ensure that there is a clear comparisons of the actual amounts and the budget.The reasons for material differences between the two statements must be expressed in the financials.</p>
<p>Compliance - No Investigations were performed on instances of Irregular expenditure,unauthorised expenditure and Fruitless and Wasteful expenditure</p> <p>The following issues were identified during the planning of the audit:</p> <p>1.No investigations were performed on instances of Irregular expenditure,unauthorised expenditure and Fruitless and Wasteful expenditure</p> <p>2.No actions were taken to recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure</p> <p>3.The accounting officer did not promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality</p>	<p>Management to ensure that UIF is reported quarterly in Council in order to allow Mpac to perform the sec 32 process in time.</p>
<p>PPE- Movement schedules not submitted</p> <p>We enquired from the AFS team and confirmed the municipality did not have supporting schedules for the following items disclosed in note 4 :</p> <p>Other changes, movements:</p> <p>Buildings R 155,186</p> <p>Infrastructure R 78, 671</p> <p>Work-in-progress R 417, 152</p> <p>Finance lease assets R 557, 151</p>	<p>Management to ensure that all supporting documents to the AFS are submitted in time and reviewed before loaded onto the financials statements. Management has developed the AFS plan with due dates in terms of submission of supporting documents to the AFS. Management to ensure that AFS with all supporting documents are reviewed to detect any misclassification</p>

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<p>PPE- Infrastructure assets- opening balance- Rights to bridges During the testing of property, plant and equipment- infrastructure assets- opening balance restatement; the rights for the following bridges could not be confirmed as they are on the roads proclaimed by provincial government;</p>	<p>Management to ensure that only assets belonging to the municipality are recorded on the assets register. The fixed assets register has been revised in line with finding by removing the bridges on the assets register.</p>
<p>Limitation: PPE- Infrastructure additions- Completion certificates The completion certificates for the following infrastructure projects transferred from WIP were not obtained;</p>	<p>Management to ensure that all supporting documents to the AFS are submitted in time and reviewed before captured on the financial statements. Management has developed the AFS plan with due dates in terms of submission of supporting documents to the AFS.</p>
<p>Inventory- Assets held for resale. The following land has properties not controlled by the municipality;</p>	<p>Management to ensure that all land that is still in the name of the municipality however with properties on them are recognised at R1 and later transferred to those relevant departments. The municipality to recognize assets only when they will be able to generate value from such assets.</p>
<p>PPE- Difference between the FAR and AFS Through the inspection of the AFS and the Asset Registers received, it was noted that the AFS amounts do not agree to the amounts as per the registers</p>	<p>Management to ensure that the fixed is reconciled back to the AFS, GL and the TB. All recons to be performed on a monthly basis.</p>
<p>PPE- Asset register does not meet the requirement of the Asset policy Contrary to the above; During the testing of Asset registers, we confirmed that the following requirements of the Greater Taung Local Municipality Asset Management Policy 2019/20 FY Section 12(7)a were not adhered to; MOVABLE ASSET REGISTER AS AT 30 JUNE 2020; Description of the requirement as per the Greater Taung Local Municipality policy (12 (7) (c)): (xvi) The source of financing; (xvii) The current insurance arrangements;</p>	<p>Management to ensure that the assets register in place aligns to the assets management policy by including all relevant information.</p>
<p>PPE- Movable assets- Completeness of Asset Register- Prepaid electricity meter boxes. Prepaid electricity meter boxes that the municipality installs for consumers are not included in the municipalities Movables Asset Register for 2019/20. Prepaid electricity meter boxes are currently trading at R1420 (https://jknvenergy.co.za/all-prepaid-meters/electricity-meters/prepaid-meter-model-bec23-plt/). There are currently 385 prepaid electricity customers on the Prepaid electricity meters listing</p>	<p>Management to engage AG on the finding as electrical and water meters form part of the infrastructure assets.</p>

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<p>General Expenditure - Limitation of scope During the audit of budget information, the following was identified. No explanations for differences were disclosed for the following items in the statement of comparison of Budget and actual amounts. Differences identified; Interest received - Debtors: R(6 714 000), Other Income: R3 911 183, Repairs and maintenance: R(114 453), Transfers and subsidies: R(31 611 598). Non-compliance with GRAP 24.</p>	<p>Management to ensure that there is a clear comparisons of the actual amounts and the budget. The reasons for material differences between the two statements must be expressed in the financials.</p>
<p>SCM - Issues identified on Competitive bidding testing</p> <p>1. During the audit of supply chain management, we identified that the following goods/services were procured without sourcing three quotations:</p> <p>2. We inspected the process followed for the tender GTLM/INFR26/2018/2019 PLANNING, DESIGN, CONSTRUCTION, CONSTRUCTION MONITORING AND CLOSE OUT (TURNKEY) OF CLUSTER B ROADS and it was discovered that all tenders or prospective suppliers did not submit documents as requested and price was also not used to evaluate the prospective suppliers, however the appointment was made even though the prospective suppliers did not meet the tender conditions during evaluation</p> <p>3. We inspected the process followed for the tender GTLM/IINFR19/2019/2020 SUPPLY AND DELIVERY OF PROTECTIVE CLOTHING FOR A PERIOD OF 3 YEARS and it was discovered that 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 meeting was held on 29 May 2020 and it was attended by the following:</p> <p>1. MH Keohitlhetse-(Manager:Roads(Technical))</p> <p>2. Chuene MV -(CFO)</p> <p>3. Tshelang Baloi-Director (Community Services)</p>	<p>1. Proof of procurement for the quotation document will be submitted to AG in the next financial year. This will proof how many service providers procured the quotation document. 2. The issue was resolved with AG on the communication 11 of 2020 page 32 of 36. 3. The BAC is now compiled and sits as AG have advised. There are 6 members where 4 are directors, 1 SCM official and manager from Technical Department. 4. Resolved with AG 5. SCM will advise the budget office of such declaration 6. Resolved</p>

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<p>4.Makuapane MA-SPAHS</p> <p>4.We inspected the process followed for the following tenders 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.</p> <p>5.We inspected the process followed for the tender GTLM/INFR20/2018/2019 PLANNING, DESIGN, CONSTRUCTION AND CLOSE OUT (TURNKEY) OF KHUDUTLOU HALL and it was discovered that the director of the winning bidder indicated on MBD 4 that their spouse works for Department of correctional services, however we inspected the AFS and it was noted that, that was not disclosed in the AFS.</p> <p>6.We inspected the process followed for the tender GTLM/INFR30/2019/2020 CONSTRUCTION OF MATLHAKO 1 STORMWATER CHANNEL and also inspected the director's of the winning bidder's statement of accounts and noted that their statement of accounts was in arrears as follows:</p>	
<p>SCM:The winning bidder does not appear on the CIDB website</p> <p>1.The following winning bidders do not appear on the CIDB website as contractors registered with CIDB:</p> <p>2.The following bidder was appointed at a contract amount of R15,892,650,while the CSD Report attached indicated that Paul Distributors and projects had 4CE grading. The R15,892,650 is more than the required R4,000,000(R,6,000,000) for a contractor with 4CE Grading</p> <p>3.The following bidder was appointed at a contract amount that is more than the suitable value for the CIDB Grading attached, the CSD Report attached indicated that Kabza Logistics had 2CE grading .The suitable value is R650,000(1,000,000) for a contractor with 2CE Grading. It was also noted that the CIBD Grading attached indicated a rating that was lower than the one that was required from the advert(which is 4CE or Higher)</p> <p>4.The CIDB Grading attached for the following winning bidder was from Born Free Investment, it was noted that one of the directors(Khotso Seleke) of Born Free Investments is an employee of the state working at the City of Matlosana-NW Local Municipality</p>	<p>Management to ensure that all tenders awarded meet all criteria's as stipulated in the bid conditions.</p>

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<p>VAT Receivable - AFS amounts not agreeing to the Schedule amounts Through the inspection of the AFS and the VAT schedule received, it was noted that the AFS amounts do not agree to the amounts as per the schedule</p>	<p>Management to ensure that VAT recons are performed monthly. The recons must also be reviewed monthly.</p>
<p>Receivables - Provision for government debtors not performed and disclosed on AFS Contrary to the requirements of GRAP 104 and credit control policy of the municipality, During the planning phase of the audit, we noted that there was no provision for government debtors performed and disclosed on the AFS even though majority of these assets has been over-due for more than 121 days which is an indicator of impairment.</p>	<p>Management to ensure that the calculation of debt impairment includes government debt. The policy must be used as a guide.</p>
<p>Revenue - Revenue from Interest and rent of land recorded as negative amount in the AFS Through inspection of revenue in the face of the annual financial statements, page 7, "Interest, Dividends and rent of land" was recorded as a negative amount (R2,640,268).</p>	<p>Management to compile support schedule and council resolution to support the write off of interest on property rates debt.</p>
<p>Receivable from non-exchange transactions - GRAP 108 not complied with GRAP 108 became effective during the year under audit, which also meant a change in the accounting policy for the municipality. As a result we identified the following issues: 1. We noted that the municipality did not classify the receivables in the annual financial statements correctly in line with GRAP 108. Property rates receivables, which are non-contractual and arise out of legislation, were not correctly classified as statutory receivables in accordance with GRAP 108. 2. The municipality has also not made use of the transitional provision and not included an accounting policy in the financial statements and or disclosed a change in accounting policy note in the financial statements as required by GRAP 3, read together with Directive 4.136 and 137.</p>	<p>Management will ensure property classification of the receivables in the AFS in accordance with GRAP 108. Management will ensure that the transitional provision is considered and included in the accounting policy on the AFS in terms of GRAP 3 read together with Directive 4.136 and 137.</p>
<p>Equitable share - difference between the DORA allocation and the AFS/GL amount During testing of grants we identified that national treasury offset R19 500 000 from the municipality's equitable share which it had deemed as unspent conditional grants on Municipality infrastructure grants and expanded public works programme as the municipality had not submitted the 2019 financial statements at the time National Treasury determined the unspent amount for 2019 financial year. However the audited unspent grants for the year is R4 908 472, when the financial statements were prepared the municipality offset the</p>	<p>Management will ensure proper accounting of the allocation of Equitable Share in terms of GRAP standards in conjunction with DORA</p>

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<p>whole amount withheld against equitable share without first applying it or offsetting it against the unspent amount of RR4 908 472.</p>	
<p>Material noncompliance misstatements identified Conditional grants The Municipality did not within two months after the end of the financial year evaluate its performance in respect of programmes funded/ partially funded by the MIG / EPWP and FMG . Revenue management Furthermore, material misstatements has been identified in consumer debtors disclosure and property rates due to significant internal control deficiencies identified as a result the municipality has failed to comply with requirements of 64(2) of the MFMA. Expenditure management Furthermore, material misstatements has been identified in creditors / payables from exchange transactions due to significant internal control deficiencies identified as a result the municipality has failed to comply with requirements of 65(2)(b) of the MFMA</p>	<p>Management to ensure that the financials are correctly presented taking into account all legislation and accounting standards. Review of financials statements must be done in time to assist in detecting any materials representation and non adherence to policies and accounting standards</p>
<p>Government grants and subsidies - Public network grant not received as per DoRA Public Network Transport Grant received as per the AFS is not received on the DoRA, no other evidence submitted to support this revenue amount Grant Amount as AFS Amount as per Dora Public Transport Network Grant R 930,315.00 0 The amount for Library service grant was not included in total amount of R228,937,781 disclosed on the Statement of Financial Performance under Government Grants and Subsidies.</p>	<p>Management to ensure that all grants are recorded correctly as per the Dora. The schedules for all grants must be reviewed</p>

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AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2019/20



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

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Greater Taung Local Municipality set out on pages 187 to 277, which comprise the statement of financial position as at 30 June 2020, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to poor status of accounting records. I was unable to confirm the property, plant and equipment by alternative means. Furthermore, the municipality did not account for property, plant and equipment in accordance with GRAP 17, Property, plant and equipment as the municipality recognised bridges which are not controlled by the municipality. This resulted in infrastructure assets included in property, plant and equipment being overstated by R24 098 693 (2019: R36 730 404), depreciation overstated by R12 631 711 (2019: R12 631 711) and the accumulated surplus overstated by R24 098 693 (2019: R36 730 404). In addition, the municipality did not account for depreciation on movable assets in the general ledger and as a result the depreciation was understated by R4 257 925 and movable assets included in property, plant and equipment was overstated by the same amount. Consequently, I was unable to determine whether any further adjustment relating to property plant and equipment of R685 635 978 (2019: R587 881 151) as disclosed in note 4 to the financial statements was necessary.

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Investment property

4. The municipality incorrectly recognised certain land parcels as investment properties despite the municipality not having control of these properties in accordance with GRAP 16, Investment property and GRAP 18, Recognition and derecognition of land. Consequently, investment property and accumulated surplus is overstated by R4 967 000 (2019: R4 967 000). In addition, the municipality did not perform fair value assessments for some properties included investment property as required by GRAP 16, Investment property. I was unable to determine the fair value of the investment property to quantify the misstatement to investment property of R21 636 001 as disclosed in note 3 to the financial statements as it was impracticable to do so.

Inventories

5. The municipality did not account for inventories in accordance with GRAP 12, Inventory as the municipality included properties that did not meet the criteria for recognition of inventory in the amount recognised. This resulted in inventories as disclosed in note 2 to the financial statements being overstated by R4 662 711 (2019: R4 662 711) and the accumulated surplus being overstated by the same amount.

Receivables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions as the municipality did not maintain proper records and the reconciliation of control accounts for these receivables were not performed. In addition, I was unable to confirm the consumer debtor disclosure relating to these receivables included in note 11 which included the gross balances and related allowance for impairment. I could not confirm the receivables from exchange transactions or the related consumer debtor disclosure by alternative means. Consequently, I was unable to determine whether any adjustments to receivables from exchange transactions of R23 748 155 (2019: R9 681 764) as disclosed in note 8, the debt impairment expense of R3 229 446 (2019: R8 394 820) as disclosed in note 30 or the consumer debtors disclosure in note 11 to the financial statements were necessary.

Receivable from non-exchange transactions

7. The municipality did not classify the receivables from non-exchange transactions in accordance with GRAP 108, Statutory receivables as the property rates receivables were not correctly classified as statutory receivables. In addition, I was however unable to obtain sufficient appropriate audit evidence for these receivables from non-exchange transactions as the municipality did not maintain proper records and the reconciliation of control accounts for these receivables were not performed. Consequently, receivables from non-exchange transactions was overstated by R17 999 599 (2019: R33 224 006) but I was unable to determine the amount of statutory receivables that should have been disclosed as it was impracticable to do so.

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VAT receivable

8. I was unable to obtain sufficient appropriate audit evidence for the VAT receivable due to the poor status of accounting records. I could not confirm the VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustment to the VAT receivable of R11 503 475 as disclosed in note 10 to the financial statements was necessary.

Cash and cash equivalents

9. I was unable to obtain sufficient appropriate audit evidence for the difference between the bank statement balance and the cash book balance for the ABSA fixed deposit with account number 2066023614 as included in short term deposits. I could not confirm the short term deposits by alternative means. Consequently, I was unable to determine whether any adjustment to short term deposits of R128 136 368 and the ASSA fixed deposit with account number 2066023614 included in cash and cash equivalents as disclosed in note 12 to the financial statements was necessary.

Payables from exchange transactions

10. I was unable to obtain sufficient appropriate audit evidence for retentions and other creditors - salary suspense included in payables from exchange transactions as the municipality did not maintain an adequate system of record keeping and reconciliations of the control accounts for these payables. I was unable to confirm these payables by alternative means. Additionally, the municipality did not recognise trade payables in the correct financial period as required by GRAP 1, *Presentation of financial statements* as some items paid before year end was included in trade payables whilst other expenditure incurred prior to year-end but paid after year end was not recorded as trade payables. This resulted in trade payables being overstated by R7 439 633 and expenditure being overstated by the same amount. Furthermore, the municipality did not have an adequate system to account for accrued leave pay resulting in accrued leave pay being overstated by R 491 212 and employee related costs being understated by same amount. Consequently, I was unable to determine whether any further adjustment to the payables from exchange transactions of R51 846 417 as disclosed in note 16 to the financial statements was necessary.
11. During 2019, the municipality did not have adequate systems to ensure that the calculation of items included in payables for exchange transaction 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 expense 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. In addition, 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. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. Because these misstatements were not corrected and I was still unable to confirm these payable by alternate means my opinion on the current period's financial statements is also modified because of the effect of this matter on the comparability of the current period's figures.

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Unspent conditional grants and receipts

12. During 2019, 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 and revenue from government grants and subsidies as disclosed in note 24 was understated by R3 357 510. Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. As these misstatements were still not correct, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Property rates

13. I was unable to obtain sufficient appropriate audit evidence for property rates, due to the poor status of the accounting records. I was unable to confirm the property rates by alternative means. Consequently, I was unable to determine whether any adjustment relating to property rates of R22 781 828 as disclosed in note 23 to the financial statements was necessary.

Interest, dividends and rent on land

14. I was unable to obtain sufficient appropriate audit evidence for interest, dividends and rent on land, due to the poor status of the accounting records. I was unable to confirm the interest, dividends and rent on land by alternative means. In addition, the municipality presented these interest, dividends and rent on land as negative revenue in contradiction with GRAP 1, *Presentation of financial statements*. Consequently, I was unable to determine whether any adjustments relating to interest, dividends and rent on land of R2 640 268 as presented in statement of financial performance was necessary.

Government grants and subsidies

15. The municipality did not recognise government grants and subsidies in accordance with GRAP 23, *Revenue from non-exchange transactions*, as the municipality offset amounts withheld by National Treasury against the equitable share without first applying it to the unspent grants and writing off the unrecoverable amount. As a result, the equitable share included in government grants and subsidies was understated by R19 479 000, the unspent conditional grants and receipts was overstated by R4 908 472 and unrecoverable grants written off is understated by R14 570 528. In addition, I was unable to obtain sufficient appropriate audit evidence for the revenue recognised for Local government- FMG, Public Transport Network Grant and Expanded public works grant included in government grants and subsidies, due to the poor status of the accounting records. I was unable to confirm this revenue by alternative means. Consequently, I was unable to determine whether any further adjustment to government grants and subsidies of R228 937 781 as disclosed in note 24 to the financial statements was necessary.

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Employee related cost

16. I was unable to obtain sufficient appropriate audit evidence for basic salary, overtime, pension fund contribution and car allowance included in employee related cost as the municipality did not keep proper records. I was unable to confirm these basic salary, overtime, pension fund contribution and car allowance by alternative means. Consequently, I was unable to determine whether any adjustment relating to basic salary, overtime, pension fund contribution and car allowance of R71 910 278, R3 615 806, R10 659 219 and R6 254 682 included in employee related cost as disclosed in note 25 to the financial statement was necessary.

Contracted services

17. I was unable to obtain sufficient appropriate audit evidence for contracted services as the municipality did not keep proper records. I was unable to confirm these contracted services by alternative means. In addition, contrary to the requirements of GRAP 1, *Presentation of Financial Statements*, the expenditure presented by the municipality did not in all instances align the current year amounts to the corresponding amounts reported in the prior year resulting in the current year amounts not being comparable to the previously reported amounts. Consequently, I was unable to determine whether any further adjustment relating to contracted services of R42 870 677 as disclosed in note 32 to the financial statement was necessary.

Transfers and subsidies

18. I was unable to obtain sufficient appropriate audit evidence for transfers and subsidies as the municipality did not keep proper records relating to these transfers and subsidies. I was unable to confirm these transfers and subsidies by alternative means. In addition, the municipality incorrectly classified general expenses and capital expenditure as transfers and subsidies, resulting in transfers and subsidies being overstated by R1 000 567, general expenses being understated by R588 363 and additions to assets being understated by R412 204. Consequently, I was unable to determine whether any further adjustment to the transfers and subsidies of R5 541 416 as presented in the statement of financial performance was necessary.

General expenses

19. I was unable to obtain sufficient appropriate audit evidence for general expenses as the municipality did not keep proper records. I was unable to confirm these general expenses by alternative means. In addition, contrary to the requirements of GRAP 1, *Presentation of Financial Statements*, the expenditure presented by the municipality did not in all instances align the current year amounts to the corresponding amounts reported in the prior year resulting in the current year amounts not being comparable to the previously reported amounts. Consequently, I was unable to determine whether any adjustment relating to general expenses of R57 208 000 as disclosed in note 33 to the financial statement was necessary.

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Net cash flows from operating activities

20. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required GRAP 2, *Cash flow statements*. This was due to multiple errors in determining the cash flows from operating activities. I was not able to determine the full extent of the errors on the net cash flows from operating activities of R53 389 970 (2019:R34 253 908) as presented in the cash flow statement as it was impracticable to do so.

Statement of comparison of budget and actual amounts

21. GRAP 24, Presentation of budget information in the financial statements 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 interest received - debtors, fines, penalties and forfeits, repairs and maintenance, contracted services, transfers and subsidies and general expenses were not disclosed in line with the approved budget. Consequently, the approved and final budget amounts for interest received-debtors were overstated by R5 000 000, fine, penalties and forfeits were understated by R5 000 000, repairs and maintenance were overstated by R12 422 000, contracted services were understated by R19 257 000, transfers and subsidies were overstated by R11 683 000 and the approved and final budget amounts for general expenses were overstated by R4 566 000. There was a resultant impact on the difference between final budget and actual amounts. In addition, no explanation of whether changes between the approved 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 - investment	6 962 240
Property rates	(15 718 172)
Interest, dividends and rent on land	(2 640 268)
Government grants & subsidies	27286781)
Fines, penalties and forfeits	(5 000 000)
Total revenue from non-exchange transactions	3 928 341)
Depreciation and amortisation	6 156 053
Repairs and maintenance	17 500 000
Contracted services	(11 129 677
Transfers and subsidies	8 439 584

Unauthorised expenditure

22. Section 125 of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) requires the disclosure of unauthorised expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure as the municipality did not have an adequate system of internal control to disclosure unauthorised expenditure and did not keep

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proper records. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment relating to unauthorised expenditure of R68 503 538 (2019: R30 986 256) as disclosed in note 42 to the financial statements was necessary.

Irregular expenditure

23. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments in contravention with the supply chain management requirements which was not disclosed as irregular expenditure and value added tax was also incorrectly included in the irregular expenditure disclosed. Consequently, as the municipality was unable to quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant misstatement of irregular expenditure of R250 555 218 (2018: R209 255 339) as disclosed in note 44 to the financial statements.

Contingencies

24. I was unable to obtain sufficient appropriate audit evidence for contingencies as the municipality did not have an adequate system of internal control and did not keep proper records to disclose contingencies. I was unable to confirm these contingencies by alternative means. Consequently, I was unable to determine whether any adjustment relating to contingencies of R8 116 343 as disclosed in note 37 to the financial statements was necessary.

Commitments

25. During 2019, 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 determine whether any adjustment to capital commitments of R21 251 216 was necessary. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. I was still unable to confirm the capital commitments by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Revenue from exchange transactions

26. I was unable to obtain sufficient appropriate audit evidence regarding the following items, which had a cumulative effect on revenue from exchange transactions:
- Sale of water of R1 052 515 as included in the disclosed balance of R2 313 571
 - Sale of electricity of R185 923 as included in the disclosed balance of R3 274 335
 - Refuse removal of R1 131 753 as included in the disclosed balance of R3 457 072
 - Sewerage and sanitation charges of R657 308 as included in the disclosed balance of R2 118 425
 - Interest received of R2 021 553 as included in the disclosed balance of R19 162 240
 - Other income of R2 600 000 related to the disclosed balance of R50 508
 - Rental of facilities of R233 505 related to the disclosed balance of R191 750

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27. I was unable to confirm total revenue from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to total revenue from exchange transactions.

Emphasis of matter

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

Fruitless and wasteful expenditure

29. As disclosed in note 43 to the financial statements, fruitless and wasteful expenditure of R3 796 was incurred in the current year and fruitless and wasteful expenditure of R2 437 752 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

Other matters

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

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

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

34. My responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial

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statements.

35. I am independent of the municipality in accordance with the *International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code)*, as well as the other ethical requirements that relevant to my audit of the in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

Introduction and scope

36. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
37. 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.
38. 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 area presented in the annual performance report of the municipality for the year ended 30 June 2020:

Key performance area	Pages in the annual performance rept
KPA 1 – Basic service delivery and infrastructure development	88 -95

39. 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.
40. I did not identify any material findings on the usefulness and reliability of the reported performance information on the selected key performance area of the municipality.

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Other matters

41. I draw attention to the matter below.

Achievement of planned targets

42. Refer to the annual performance report on pages **87** to **100** for information on the achievement of planned targets for the year.

Adjustment of material misstatements

43. 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. 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

44. 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.

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

Financial statements and annual reports

46. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.

47. The annual financial statements were not submitted to the Auditor-General, for auditing, within four months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

48. The 2018-19 annual report was not tabled in the municipal council after the end of the financial year, as required by section 127(2) of the MFMA.

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Expenditure management

49. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
50. An adequate management, accounting and information system was not in place which accounted for creditors, as required by section 65(2)(b) of the MFMA.
51. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for disclaimer opinion paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance to supply chain regulations 29(2).
52. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified as indicated in the basis for disclaimer opinion paragraph. The majority of the disclosed unauthorised expenditure was caused by overspending on certain votes within their budget.

Revenue management

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

Conditional grants

54. 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 12(5) of the DoRA.

Procurement and contract management

55. I was unable to obtain sufficient appropriate evidence that awards were not made to providers who were in the service of the municipality or whose directors / principal shareholders are in the service of the municipality as required by section 112U) of the MFMA and SCM regulation **44**.
56. I was unable to obtain sufficient appropriate evidence that persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality disclosed such interest, as required by SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) .
57. I was unable to obtain sufficient appropriate evidence that persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality disclosed such interest, as required by SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA.

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58. I was unable to obtain sufficient appropriate evidence that SCM officials / other SCM role players who or whose close family members/ partners/ associates had a private or business interest in contracts awarded by the municipality did not participate in the process relating to that contract, as required by SCM regulation 46(2)(f).
59. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the construction of Matolong access road and construction of Matlhoko 1 Storm Water Channel.
60. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(1)(a) and (c).
61. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that qualified for the contract in accordance with CIDB regulations 17 and 25(7A).

Consequence management

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

Other information

63. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report as required by MFMA. The other information does not include the financial statements, the auditor's report thereon and the selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
64. 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.
65. 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 key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
66. As a result of the disclaimer of opinion expressed on the financial statements, I do not conclude on material misstatements of the other information relating to the financial statements. If, based on the work I have performed relating to the audit of performance information and compliance with

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legislation, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

- The municipality's leadership did not exercise adequate oversight over financial and performance reporting, compliance monitoring and related internal controls. Policies and procedures did not adequately guide financial, performance and compliance activities and consequence management measures were not fully implemented.
- Management's internal controls and processes over the preparation and presentation of financial statements, performance reports and compliance monitoring were not able to ensure that the reports were free from material misstatements and material deviations from legislation. Numerous financial registers and schedules submitted by management did not agree to amounts as per the annual financial statements, was not complete for all items recorded and management did not adequately ensure the collection, collation, verification, storing and reporting of actual performance information.
- The audit committee and internal audit was not fully effective during the year under review, as a result there was no proper oversight and monitoring of internal controls to prevent and detect misstatements in the financial statements, and to ensure compliance with legislation and prepare annual performance report.

Auditor - General

Rustenburg

17 June 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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COMMENTS ON AUDITOR-GENERAL'S OPINION 2019/2020

The Greater Taung Local Municipality received Disclaimer from the audit of financial performance and the following contributed to the negative regressed audit outcome:

- Contingent liabilities
- Immovable assets
- inventories
- Operating Expenditure
- Procurement and Contract Management
- Receivables
- Revenues

The GTLM also received unqualified audit opinion on the audit of pre-determined objectives with few adjustments. The management of the municipality undertake to develop Post Audit Action Plan (PAAP) in an endeavor to address all findings that contributed to the negative outcome.

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

Note: * Councillors appointed on a proportional basis have been allocated to different wards to assist the ward councillors

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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 Gaoboibe				
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 Keohithetse (Acting)

TC

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

APPENDICES

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

APPENDICES

New No	Function As Per Government Gazette No 6847 - 24 Dec 2010	Function Assigned	Done By GTLM
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>					<i>TF.2</i>

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APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2019/20

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

INTRODUCTION

On behalf of the Audit and Performance Committee (APC), I have great pleasure in submitting herewith the annual report of the APC for the financial year ended 30 June 2020.

LEGAL FRAMEWORK GOVERNING THE AUDIT COMMITTEE

The Audit and Performance 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 Committee Charter, which is regularly updated and approved by Council.

Section 166 (2)(a) of the MFMA states that the APC 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 least 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 Committee (APC) 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

APPENDICES

for 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 Section 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 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. A. Nchoe *	Member

*** (Post Year-End Changes) Mr. B. Diyo resigned in September 2020 and Mr. A. Nchoe was appointed as Chairperson. There is currently a vacancy for an additional member of the Audit and Performance Committee.**

The Audit and Performance Audit Committee convened two (2) times during the 2019/20 financial year as set out in the following table:

Date	B. Diyo	L. Ralikonyana	R. Rantao	A. Nchoe
04 September 2019	✓	✓	✓	✓
04 March 2020	✓	✗	✓	✓
Total	2/2	1/2	2/2	2/2

The APC had adopted a meeting schedule for the 2019/20 financial year and all the scheduled meetings were intended to be held in accordance with the Audit and Performance Committee Charter as approved by Council, however, due to the Covid-19 pandemic and consequent National Lockdown restrictions the scheduled meetings of the APC were adversely affected.

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.

During the 2019/20 financial year, the internal audit function and the execution of the planned internal audits were adversely affected by the resignation of the Chief Internal

APPENDICES

Auditor in January 2020. The resignation of the Chief Internal Auditor was preceded by an earlier six (6) months' approved leave of absence. The Chief Internal Auditor position remained vacant for the rest of the 2019/20 financial year.

AUDIT AND PERFORMANCE 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 (*save for the impact of the previously highlighted impediments arising from the advent of the Covid-19 pandemic as well as the lack of capacity within the Internal Audit function*).

The APC 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 2019/20 ANNUAL FINANCIAL STATEMENTS

The Committee noted with concern that the Municipality failed to submit Annual Financial Statements for the year ended 30 June 2020 to the Auditor General SA as required by S 126 (a) of MFMA.

The APC undertook a review of the financial statements (AFS) in December 2020 with a final review taking place on 23 February 2021 and submission date of the AFS to the Auditor-General taking place 26 February 2021.

The recommendations arising from the review that the APC conducted were not be fully addressed by management prior to submission of the AFS to the AGSA. The review inter alia highlighted a possible recurrence of prior year findings relating to prior period errors, Property Plant and Equipment, consumer debtors, payables, unauthorized expenditure, Irregular expenditure and total expenditure.

The changes that were implemented during the migration of the accounting system 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.

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The effectiveness of the Greater Taung Local Municipality's Internal Audit Activity (IAA) was adversely affected due to the aforementioned capacity constraints at management level.

INTERNAL AUDIT ACTIVITY (IAA)

The structure of the Internal Audit function makes provision for the following posts, namely: Chief Internal Auditor (1 post), Internal Auditor (1 post) and an Internal Audit Intern (1 post). For most of the 2019/20 financial period only the Internal Auditor post was filled.

Based on operational needs of the Internal Audit function, the Accounting Officer permits temporary augmentation of staff capacity.

Lack of adequate staffing threatens the performance of the Internal Audit Activity in providing the required assurance to management regarding the execution of their responsibilities and supporting the audit committee to discharge its responsibilities in terms of the MFMA.

Subsequent to year-end (April 2021), the vacancy of Chief Internal Auditor that existed for most of the 2019/20 financial year was filled.

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.

PERFORMANCE MEASUREMENT

The Committee has reviewed the in-year performance reports and performance results reported by management. There is room for improvement in the adequacy and effectiveness of the processes and the quality of information reported. The APC believes that the Internal Audit function should assist with the enhancement of the adequacy and effectiveness. Due to previously highlighted constraints pertaining to the internal audit function during the 2019/20 financial year, the role of internal audit in assisting with review of performance results was adversely affected.

RISK MANAGEMENT

The District Risk Management Shared Service assists the municipality on all matters pertaining to risk management. Furthermore, the District Risk Management Shared Service is a permanent invitee to the meetings of the Audit and Performance Committee where quarterly reports are presented. The APC reports on risk management to Council.

In order to further enhance the effectiveness of risk management within Greater Taung Local Municipality, plans are currently underway for an APC member to be invited to meetings of the District Risk Committee.

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CONCLUSION

The Audit and Performance Committee confirms its commitment to assist the Council of the Greater Taung Local Municipality to make significant progress towards a clean administration. The Audit Committee also wishes to thank the 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.

A. Nchoe
Chairperson

On behalf of the Audit and Performance Audit Committee

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 2020 (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 Conctruction and Projects 2. Keineetse Services
Councillor	Cllr Tumisang Gaoraelwe	1. Creative Puzzles (PTY) LTD 2. Tumisang Tebogo Trading and Projects

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

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Incorporated in the AFS

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Incorporated in the AFS

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

None

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APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2019/2020

Capital Programme by Project by Ward: 2019/20			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Roads			
Construction of Kokomeng Access Road	Ward 23	Yes	
Stormwater			
Construction of Mase Stormwater Channel	Ward 3	Yes	
Economic development			
Construction of Economic Hubs			
Community Halls			
Construction of Lokgabeng Community Hall	Ward 8	No	
Construction of Qhoo Community Hall	Ward 1	No	
Construction of Tlapeng 2 Community Hall	Ward 28	No	

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 2020
Auditor General South Africa

VOLUME II

Greater Taung Local Municipality

(Registration number NW 394)

Annual Financial Statements for the year ended 30 June 2020

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

Gaoboihe 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

VOLUME II

Greater Taung Local Municipality

(Registration number NW 394)

Annual Financial Statements for the year ended 30 June 2020

General Information

	Cllr: Tlhaganyane T Cllr: Tokwe LC Cllr: Totong DG Cllr: Tshipo GJ Cllr: Kgosimore RK Cllr: Moeti MB
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 Attorneys Du Plessis ViViers Inc Kgomo Attorneys Inc Mokhetle Attorney Inc Shuping Attorneys

VOLUME II

Greater Taung Local Municipality

(Registration number NW 394)

Annual Financial Statements for the year ended 30 June 2020

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

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FMG	Local Government Financial Management Grant
GRAP	Generally Recognised Accounting Practice
MSIG	Municipal Systems Improvement Grant
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
PAYE	Pay as you earn
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

Greater Taung Local Municipality

(Registration number NW 394)

Annual Financial Statements for the year ended 30 June 2020

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.

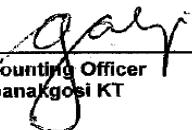
The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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, the 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 86, which have been prepared on the going concern basis, were approved by the Accounting Officer on 28 February 2021.



Accounting Officer
Gabana Kgosi KT

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Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Assets			
Current Assets			
Inventories	7	7 574 474	8 187 556
Receivables from exchange transactions	8&11	23 748 155	9 681 764
Receivables from non-exchange transactions	9&11	17 999 599	33 224 006
VAT receivable	10	11 503 475	7 165 710
Cash and cash equivalents	12	147 894 241	221 203 826
		208 719 944	279 462 862
Non-Current Assets			
Investment property	3	21 636 001	21 379 000
Property, plant and equipment	4	685 635 978	587 881 151
Intangible assets	5	441 208	441 209
		707 713 187	609 701 360
Total Assets		916 433 131	889 164 222
Liabilities			
Current Liabilities			
Finance lease obligation	13	6 674	587 878
Payables from exchange transactions	16	51 846 417	36 887 557
Consumer deposits	17	415 477	90 329
Employee benefit obligation	6	270 000	498 031
Unspent conditional grants and receipts	14	4 908 472	5 884 252
Provisions	15	898 775	-
		58 345 815	43 948 047
Non-Current Liabilities			
Finance lease obligation	13	-	6 674
Employee benefit obligation	6	15 696 000	17 214 957
Provisions	15	14 328 221	13 889 995
		30 024 221	31 111 626
Total Liabilities		88 370 036	75 059 673
Net Assets		828 063 095	814 104 549
Accumulated surplus		828 063 090	814 104 548

* See Note 39

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Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	11 163 403	8 730 702
Rental of facilities and equipment	20	191 750	481 653
Other income	21	50 508	6 040 183
Interest received	22	19 162 240	19 556 880
Total revenue from exchange transactions		30 567 901	34 809 418
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	22 781 828	25 669 312
Property rates - penalties imposed	23	-	3 785 882
Interest, Dividends and Rent on Land		(2 640 268)	-
Transfer revenue			
Government grants & subsidies	24	228 937 781	238 769 434
Other income - LGWSETA		-	181 470
Total revenue from non-exchange transactions		249 079 341	268 406 098
Total revenue	18	279 647 242	303 215 516
Expenditure			
Employee related costs	25	(105 607 531)	(84 322 737)
Remuneration of councillors	26	(20 723 884)	(18 567 541)
Repairs and Maintenance	27	-	(20 256 909)
Depreciation and amortisation	28	(25 343 947)	(29 152 292)
Finance costs	29	(2 643 305)	(2 841 444)
Operating lease		(1 247 600)	-
Debt Impairment	30	(3 229 446)	(8 394 820)
Bulk purchases	31	(4 020 709)	(3 471 202)
Contracted services	32	(42 870 677)	(26 513 344)
Transfers and Subsidies		(5 541 416)	(31 611 598)
Loss on disposal of assets and liabilities		(613 460)	-
General Expenses	33	(57 208 000)	(52 699 146)
Total expenditure		(269 049 975)	(277 831 033)
Surplus for the year from continuing operations		10 597 267	25 384 483
Actuarial Gains /(Losses)		4 365 168	(4 941 214)
Surplus for the year		14 962 435	20 443 269

* See Note 39

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	729 896 453	729 896 453
Adjustments		
Prior year adjustments	63 764 826	63 764 826
Balance at 01 July 2018 as restated*	793 661 279	793 661 279
Changes in net assets		
Surplus for the year	20 443 269	20 443 269
Total changes	20 443 269	20 443 269
Restated* Balance at 01 July 2019	813 100 655	813 100 655
Changes in net assets		
Surplus for the year	14 962 435	14 962 435
Total changes	14 962 435	14 962 435
Balance at 30 June 2020	828 063 090	828 063 090
Note(s)	39	

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Cash Flow Statement

Figures in Rand

	Note(s)	2020	2019 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		22 967 970	8 730 702
Grants		196 310 834	238 769 434
Interest income		19 162 240	19 556 880
Other receipts		-	1 516 756
		<u>238 441 044</u>	<u>268 573 772</u>
Payments			
Employee costs		(128 785 123)	(101 546 508)
Cash paid to Suppliers		(53 717 307)	(129 931 912)
Finance costs		(2 548 644)	(2 841 444)
		<u>(185 051 074)</u>	<u>(234 319 864)</u>
Net cash flows from operating activities	34	<u>53 389 970</u>	<u>34 253 908</u>
Cash flows from Investing activities			
Purchase of property, plant and equipment	4	(126 034 484)	(65 215 267)
Proceeds from sale of property, plant and equipment	4	17 467	14 745 025
Purchase of financial assets		-	4 813 219
Proceeds from sale of financial assets		-	(4 813 219)
Other cash item		-	6 737 854
		<u>(126 017 017)</u>	<u>(43 732 388)</u>
Cash flows from financing activities			
Finance lease payments		(682 539)	(644 442)
		<u>(682 539)</u>	<u>(644 442)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(73 309 586)</u>	<u>(10 122 922)</u>
Cash and cash equivalents at the beginning of the year		221 203 826	231 326 747
Cash and cash equivalents at the end of the year	12	<u>147 894 240</u>	<u>221 203 825</u>

* See Note 39

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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	10 496 000	-	10 496 000	11 163 403	667 403	
Rental of facilities and equipment	630 000	-	630 000	191 750	(438 250)	
Interest received - debtors	2 400 000	-	2 400 000	-	(2 400 000)	
Other income	2 441 000	-	2 441 000	50 508	(2 390 492)	
Interest received - investment	12 200 000	-	12 200 000	19 162 240	6 962 240	
Total revenue from exchange transactions	28 167 000	-	28 167 000	30 567 901	2 400 901	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	38 500 000	-	38 500 000	22 781 828	(15 718 172)	
Interest, Dividends and Rent on Land	-	-	-	(2 640 268)	(2 640 268)	
Transfer revenue						
Government grants & subsidies	201 651 000	-	201 651 000	228 937 781	27 286 781	
Fines, Penalties and Forfeits	5 000 000	-	5 000 000	-	(5 000 000)	
Total revenue from non-exchange transactions	245 151 000	-	245 151 000	249 079 341	3 928 341	
Total revenue	273 318 000	-	273 318 000	279 647 242	6 329 242	
Expenditure						
Personnel	(103 676 000)	-	(103 676 000)	(105 607 531)	(1 931 531)	
Remuneration of councillors	(20 701 000)	-	(20 701 000)	(20 723 884)	(22 884)	
Depreciation and amortisation	(31 500 000)	-	(31 500 000)	(25 343 947)	6 156 053	
Finance costs	(1 232 000)	-	(1 232 000)	(2 643 305)	(1 411 305)	
Lease rentals on operating lease	-	-	-	(1 247 600)	(1 247 600)	
Debt Impairment	(3 500 000)	-	(3 500 000)	(3 229 446)	270 554	
Repairs and maintenance	(17 500 000)	-	(17 500 000)	-	17 500 000	
Bulk purchases	(4 500 000)	-	(4 500 000)	(4 020 709)	479 291	
Contracted Services	(31 741 000)	-	(31 741 000)	(42 870 677)	(11 129 677)	
Transfers and Subsidies	(13 981 000)	-	(13 981 000)	(5 541 416)	8 439 584	
General Expenses	(56 369 000)	-	(56 369 000)	(57 208 000)	(839 000)	
Total expenditure	(284 700 000)	-	(284 700 000)	(268 436 515)	16 263 485	
Operating surplus	(11 382 000)	-	(11 382 000)	11 210 727	22 592 727	
Loss on disposal of assets and liabilities	450 000	-	450 000	(613 460)	(1 063 460)	
Transfers and subsidies - capital	45 790 000	-	45 790 000	-	(45 790 000)	
	46 240 000	-	46 240 000	(613 460)	(46 853 460)	
Surplus before taxation	34 858 000	-	34 858 000	10 597 267	(24 260 733)	
Surplus for the year from continuing operations	34 858 000	-	34 858 000	10 597 267	(24 260 733)	

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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						
Actuarial Gains /(Losses)	-	-	-	4 365 168	4 365 168	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	34 858 000	-	34 858 000	14 962 435	(19 895 565)	

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

1.1 Going concern assumption

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

1.2 Significant Judgements and sources of estimation uncertainty

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

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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.

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.

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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.

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.

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Accounting Policies

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.

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

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

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

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

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

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

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Accounting Policies

1.4 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Land	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.

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Accounting Policies

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 an 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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Accounting Policies

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).

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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

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
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligations	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the 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.

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1.7 Financial instruments (continued)

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 entity 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.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, 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 entity :
 - 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.

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1.7 Financial instruments (continued)

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

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

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

1.8 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Transitional provision

The municipality took advantage of the transitional provision granted in Directive 3 of the GRAP Reporting Framework. Refer to note 1.34 for more details in this regard.

1.9 Leases

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

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

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1.9 Leases (continued)

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 interest rate implicit in the lease.

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

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

1.10 Inventories

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

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

1.11 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.

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1.11 Impairment of cash-generating assets (continued)

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.

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.

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1.11 Impairment of cash-generating assets (continued)

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.

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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1.11 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.

1.12 Impairment of non-cash-generating assets

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

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

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

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

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

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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1.12 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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1.12 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.

1.13 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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1.14 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 entity 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 entity 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 entity 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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1.14 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 entity 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 entity) that are held by an entity (a fund) that is legally separate from the reporting entity 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 entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity 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 entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity'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 entity 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.

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

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1.14 Employee benefits (continued)

The entity 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 entity 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 entity 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, an entity 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, an entity 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 entity 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 entity 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 entity offsets an asset relating to one plan against a liability relating to another plan when the entity 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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1.14 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 entity 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;

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

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1.15 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.

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 37.

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 1.11 and 1.12.
- 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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1.16 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.

1.17 Revenue from exchange transactions

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

Measurement

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

Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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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1.18 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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1.18 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.

1.19 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.

1.20 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

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1.20 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.21 Grant in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase 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.

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1.22 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.23 Fruitless and wasteful expenditure

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

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

1.24 Irregular expenditure

Irregular expenditure 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.

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1.25 Comparative figures

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

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

1.26 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.

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 2019/07/01 to 2020/06/30.

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

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

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Accounting Policies

1.28 Events after reporting date (continued)

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.29 Transitional provisions

Transitional provision for Statutory Receivables

The municipality changed its relating accounting policy in 2020. The change in accounting policy is made in accordance with its transitional provision as per Directive 3 of the GRAP Reporting Framework.

Until such time as the measurement period expires and relating items are classified and measured in accordance with the requirements of the associated Standard of GRAP, the municipality need not comply with the relating requirements of the Standards of GRAP on:

- Statutory Receivables (GRAP 108)

The municipality will comply with the disclosure requirement of GRAP 108, as and when statutory receivable are classified and measured in accordance with the Standard of GRAP.

Due to initial adoption of the GRAP standard

According to the transitional provision, the municipality is not required to change its accounting policy in respect of the classification and measurement of Statutory Receivables for the reporting periods beginning on a date within 3 years following the date of initial adoption of the specific Standard of GRAP (GRAP 108). The transitional provision expires on 2022/06/30.

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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:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2019	No impact
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2019	No impact
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2019	No impact
• GRAP 20: Related parties	01 April 2019	The impact of the is not material.
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	The impact of the is not material.
• GRAP 105: Transfers of functions between entities under common control	01 April 2019	No impact
• GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	01 April 2019	No impact
• GRAP 107: Mergers	01 April 2019	No impact
• GRAP 108: Statutory Receivables	01 April 2019	The impact of the is not material.
• GRAP 109: Accounting by Principals and Agents	01 April 2019	The impact of the is not material.
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	The impact of the is not material.
• IGRAP 19: Liabilities to Pay Levies	01 April 2019	The impact of the is not material.

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 2020 or later periods:

IGRAP 20: Accounting for Adjustments to Revenue

As per the background to this Interpretation of the Standards of GRAP, there are a number of legislative and regulatory processes that govern how entities levy, charge or calculate revenue, in the public sector. Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within the entity, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate, or a correction of an error.

As per the scope, this Interpretation of the Standards of GRAP clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this Interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The interpretation sets out the issues and relating consensus with accounting for adjustments to revenue.

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

The municipality expects to adopt the interpretation for the first time in the 2020/2021 annual financial statements.

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2. New standards and interpretations (continued)

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

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

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

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

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

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2. New standards and interpretations (continued)

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

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

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

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

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

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

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

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

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

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

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

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

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2. New standards and interpretations (continued)

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

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The subsequent amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

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

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

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

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

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

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

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

GRAP 18 (as amended 2016): Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

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

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2. New standards and interpretations (continued)

The most significant changes to the Standard are:

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

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

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

The impact of this standard is currently being assessed.

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3. Investment property

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	21 636 001	-	21 636 001	21 379 000	-	21 379 000

Reconciliation of investment property - 2020

	Opening balance	Fair value adjustments	Total
Land and buildings	21 379 000	257 001	21 636 001

Reconciliation of investment property - 2019

	Opening balance	Total
Land and buildings	21 379 000	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 , 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.

These assumptions are based on current market conditions.

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4. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	59 699 532	-	59 699 532	59 699 532	-	59 699 532
Buildings	312 909 630	(137 323 499)	175 586 131	286 779 500	(126 346 243)	160 433 257
Infrastructure	629 539 294	(269 006 663)	360 532 631	550 272 522	(256 316 026)	293 956 496
Work In Progress	66 728 277	-	66 728 277	55 297 288	-	55 297 288
Movable Assets	43 769 101	(21 237 038)	22 532 063	55 513 090	(37 575 857)	17 937 233
Finance leased Assets	1 787 035	(1 229 691)	557 344	1 787 035	(1 229 690)	557 345
Total	1 114 432 869	(428 796 891)	685 635 978	1 009 348 967	(421 467 816)	587 881 151

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers received	Other changes, movements	Depreciation	Total
Land	59 699 532	-	-	-	-	-	59 699 532
Buildings	160 433 257	-	-	26 129 964	155 186	(11 132 276)	175 586 131
Infrastructure	293 956 496	-	(630 927)	81 419 263	78 671	(14 290 872)	360 532 631
Work In Progress	55 297 288	118 563 063	-	(107 549 227)	417 152	-	66 728 276
Movable Assets	17 937 233	7 471 421	-	-	-	(2 876 591)	22 532 063
Finance leased Assets	557 344	-	-	-	-	-	557 344
	587 881 150	126 034 484	(630 927)	-	651 009	(28 299 739)	685 635 977

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4. Property, plant and equipment (continued)

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	284 340 353	-	(14 038 817)	33 726 734	(10 071 774)	293 956 496
Work In Progress	44 350 496	61 750 705	-	(50 803 913)	-	55 297 288
Movable Assets	21 622 710	3 402 723	(59 402)	-	(7 028 798)	17 937 233
Finance leased Assets	1 153 023	-	-	-	(595 678)	557 345
	566 800 002	65 215 267	(14 745 025)	(1)	(29 389 092)	587 881 151

Pledged as security

Carrying value of assets pledged as security:

Assets subject to finance lease (Net carrying amount)

Leased Assets

557 344 557 345

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

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	680 124	(238 916)	441 208	680 124	(238 915)	441 209

Reconciliation of intangible assets - 2020

	Opening balance	Total
Computer software, other	441 209	441 209

Reconciliation of intangible assets - 2019

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

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 2020 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	(12 046 000)	(14 034 983)
Present value of Long Service Awards	(3 920 000)	(3 678 005)
	(15 966 000)	(17 712 988)
Non-current liabilities	(15 696 000)	(17 214 957)
Current liabilities	(270 000)	(498 031)
	(15 966 000)	(17 712 988)

Long Service Awards

Eligible employees	267	266
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Key Assumptions used - Long Service Awards

Discount rate	7.60 %	8.23 %
General earnings inflation rate (long term)	4.13 %	5.58 %
Net discount rate	3.33 %	2.51 %

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 18.1 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	14 034 983	7 773 121
Contributions by plan participants	-	605 725
Exchange differences	-	753 376
Benefits paid	-	5 013 541
Other	(1 988 983)	(110 780)
	12 046 000	14 034 983

Current portion of the liability consist of:

Post retirement medical aid obligation	126 000	158 363
Long service award	144 000	339 668
	270 000	498 031

Long service awards

Opening balance	3 678 005	3 555 408
Current-Service Cost	418 487	364 577
Interest cost	288 999	287 513
Actuarial Loss / (Gain)	(125 823)	(72 327)
Benefits paid	(339 668)	(457 166)
	3 920 000	3 678 005

Total Employee benefits obligation

Opening balance	17 712 988	11 328 529
Current-Service Cost	1 466 342	970 302
Interest Cost	1 649 869	1 040 889
Actuarial (Gains) / Losses	(4 365 168)	4 941 214
Benefits paid during the year	(498 031)	(567 946)
	15 966 000	17 712 988

Net expense recognised in the statement of financial performance

Current-Service Cost	1 466 342	970 302
Interest Cost	1 649 869	1 040 889
Actuarial (Gains) / Losses	(4 365 168)	4 941 214
Benefits paid during the year	498 031	(567 946)
	(750 926)	6 384 459

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	159	163
In service (employee) non-members	108	103
Continuation retired and widow) members	4	5
	271	271

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6. Employee benefit obligations (continued)		
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	11.21 %	9.75 %
Health care cost inflation rate	7.15 %	7.14 %
Net-of-health-care-cost-inflation discount rate	3.79 %	2.44 %
Maximum subsidy inflation rate	4.99 %	4.98 %
Net-of-maximum-subsidy-inflation discount rate	5.93 %	4.54 %

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 2020 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	- %	10 432 000	1 614 000	12 046 000	
Health care inflation	+1%	11 735 000	1 705 000	13 440 000	12%
Health care inflation	-1%	9 053 000	1 497 000	10 560 000	-12%
Discount Rate	+1%	8 896 000	1 475 000	10 371 000	-14%
Discount Rate	-1%	12 370 000	1 778 000	14 148 000	17%
Post retirement mortality	+1 yr	10 184 000	1 574 000	13 148 000	-2%
Post retirement mortality	-1 yr	10 673 000	1 653 000	12 326 000	2%
Average retirement age	-1 yr	11 529 000	1 614 000	13 143 000	9%
Continuation of membership retirement	-10%	8 568 000	1 614 000	10 182 000	-15%

The effect of movements in the assumptions for the year ended 30 June 2020 on the interest and service costs are as follows

Assumptions	Change in assumption	Current Service cost	Interest Cost	Total	Change
Central assumption		1 047 900	1 360 900	2 408 800	
Health care inflation	1%	1 203 300	1 531 500	2 734 800	14%
Health care inflation	-1%	879 900	1 178 000	2 057 900	-15%
Discount Rate	1%	866 500	1 271 400	2 137 900	-11%
Discount Rate	-1%	1 284 500	1 459 500	2 744 000	14%
Post retirement mortality	-1 yr	1 075 800	1 398 200	2 474 000	3%
Average retirement age	-1 yr	1 126 900	1 476 800	2 603 700	8%
Continuation of membership retirement	-10%	846 800	1 163 400	2 010 200	-17%

The effect of movements in the assumptions for the year ended 30 June 2021 on the interest and service costs are as follows

Assumptions	Change in assumption	Current Service cost	Interest Cost	Total	% Change
Central assumption		871 000	1 343 000	2 214 000	
Health care inflation	1%	990 000	1 500 000	2 490 000	12%
Health care inflation	-1%	745 000	1 177 000	1 922 000	-13%
Discount Rate	1%	736 000	1 259 000	1 995 000	-10%
Discount Rate	-1%	1 046 000	1 438 000	2 484 000	12%
Post retirement mortality	+1 yr	851 000	1 311 000	2 162 000	-2%
Post retirement mortality	-1 yr	891 000	1 375 000	2 266 000	2%
Average retirement age	-1 yr	903 000	1 466 000	2 369 000	7%
Continuation of membership retirement	-10%	697 000	1 135 000	1 832 000	-17%

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:

	2020 R	2019 R	2018 R	2017 R	2016 R
Defined benefit obligation	12 046 000	14 034 983	7 773 121	8 192 421	7 145 000

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7. Inventories		
Consumable stores	56 698	669 781
Water for distribution	492	492
Unsold Properties Held for Resale	6 838 050	6 838 050
Fuel (Diesel, Petrol)	679 234	679 233
	7 574 474	8 187 556
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
Other receivables	8 429 447	916 514
Consumer debtors - Electricity	(1 258 263)	(362 415)
Consumer debtors - Water	832 883	205 849
Consumer debtors - Sewerage	1 587 285	1 416 377
Consumer debtors - Refuse	3 797 230	2 101 434
Consumer debtors - Sundry	10 359 573	5 308 706
	23 748 155	9 681 764
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	17 999 599	33 224 006
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.		
10. VAT receivable		
VAT	11 503 475	7 165 710
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.		
All VAT returns have been submitted timeously to SARS by the due date throughout the year.		
VAT receivable at year end consists of:		
VAT input on payables	56 331	794 036
VAT output on receivables	(1 379 159)	(1 512 583)
VAT receivables SARS	12 237 753	7 884 257
	10 914 925	7 165 710

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	2020	2019
11. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	43 069 461	52 838 365
Consumer debtors - Electricity	1 221 389	1 721 337
Consumer debtors - Water	4 424 199	3 078 060
Consumer debtors - Sewerage	11 678 542	9 695 988
Consumer debtors - Refuse	15 605 024	12 861 093
Consumer debtors - Sundry	15 649 857	15 427 287
	91 648 472	95 622 130
Less: Allowance for impairment		
Consumer debtors - Rates	(25 069 862)	(19 614 359)
Consumer debtors - Electricity	(2 479 652)	(2 083 752)
Consumer debtors - Water	(3 591 316)	(2 872 211)
Consumer debtors - Sewerage	(10 091 257)	(8 279 611)
Consumer debtors - Refuse	(11 807 794)	(10 759 659)
Consumer debtors - Sundry	(5 290 284)	(10 118 581)
	(58 330 165)	(53 728 173)
Net balance		
Consumer debtors - Rates	17 999 599	33 224 006
Consumer debtors - Electricity	(1 258 263)	(362 415)
Consumer debtors - Water	832 883	205 849
Consumer debtors - Sewerage	1 587 285	1 416 377
Consumer debtors - Refuse	3 797 230	2 101 434
Consumer debtors - Sundry	10 359 573	5 308 706
	33 318 307	41 893 957
Included in above is receivables from exchange transactions		
Electricity	(1 258 263)	(362 415)
Water	832 883	205 849
Sewerage	1 587 285	1 416 377
Refuse	3 797 230	2 101 434
Sundry	10 359 573	5 308 706
	15 318 708	8 669 951
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	17 999 599	33 224 006
	33 318 307	41 893 957
Rates		
Current (0 -30 days)	1 180 059	35 232
31 - 60 days	388 696	30 233
61 - 90 days	578 462	238 190
91 - 120 days	964 339	26 168
121 - 365 days	14 888 043	32 894 183
	17 999 599	33 224 006

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11. Consumer debtors disclosure (continued)		
Electricity		
Current (0 -30 days)	145 775	25 808
31 - 60 days	74 175	35 322
61 - 90 days	68 854	33 242
91 - 120 days	43 674	138 869
121 - 365 days	(1 590 741)	(595 656)
	(1 258 263)	(362 415)
Water		
Current (0 -30 days)	241 427	22 367
31 - 60 days	147 076	25 089
61 - 90 days	213 384	8 476
91 - 120 days	86 342	14 241
121 - 365 days	144 654	135 676
	832 883	205 849
Sewerage		
Current (0 -30 days)	622 033	85 729
31 - 60 days	242 239	88 852
61 - 90 days	254 698	56 898
91 - 120 days	225 888	53 972
121 - 365 days	242 427	1 130 926
	1 587 285	1 416 377
Refuse		
Current (0 -30 days)	852 436	119 335
31 - 60 days	317 450	122 886
61 - 90 days	336 205	111 115
91 - 120 days	325 867	92 628
121 - 365 days	1 965 272	1 655 470
	3 797 230	2 101 434
Sundry		
Current (0 -30 days)	(1 028 038)	206 355
31 - 60 days	76 172	21 295
61 - 90 days	82 044	42 737
91 - 120 days	80 718	58 927
121 - 365 days	11 148 677	4 979 392
	10 359 573	5 308 706

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11. Consumer debtors disclosure (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	1 432 141	905 140
31 - 60 days	1 031 377	752 436
61 - 90 days	1 310 308	709 271
91 - 120 days	928 871	684 195
121 - 365 days	48 397 777	32 719 222
	53 100 474	35 770 264
Industrial/ commercial		
Current (0 -30 days)	339 202	384 806
31 - 60 days	117 053	568 215
61 - 90 days	133 494	560 266
91 - 120 days	520 661	389 043
121 - 365 days	5 618 061	13 173 363
	6 728 471	15 075 693
National and provincial government		
Current (0 -30 days)	242 348	879 575
31 - 60 days	97 376	734 089
61 - 90 days	89 845	828 167
91 - 120 days	277 294	807 860
121 - 365 days	25 595 401	34 167 627
	26 302 264	37 417 318
Reconciliation of allowance for impairment		
Balance at beginning of the year	(53 728 173)	(76 132 880)
Contributions to allowance	(4 601 993)	(8 394 820)
Debt impairment written off against allowance	-	84 527 700
	(58 330 166)	-
12. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	19 757 873	8 056 292
Short-term deposits	128 136 368	213 147 534
	147 894 241	221 203 826

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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 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
ABSA BANK - Fixed deposit - 206-318-3884	14 568 330	13 513 768	12 566 314	14 075 437	13 513 768	12 566 314
ABSA BANK - Fixed deposit - 206-350-7897	7 812 617	7 247 082	6 738 987	7 548 291	7 249 082	6 738 987
ABSA BANK - Fixed deposit - 206-460-1519	3 316 411	3 076 345	2 860 661	3 204 206	3 076 345	2 860 661
ABSA BANK - Housing - 206-509-8656	73 516	68 194	63 413	71 028	68 194	63 413
FNB BANK - Fixed Notice - 740-8902-8507	3 519 720	3 296 074	3 083 229	3 351 543	3 296 074	3 083 229
NEDBANK - Investment - 160-7777-69921	766 523	711 701	661 731	737 992	711 701	661 731
NEDBANK - SDL Fund - 160-1777-69925	97 841	90 843	84 465	94 199	90 843	84 465
NEDBANK - ECO Green - 160-7777-69928	78 811	73 175	68 037	75 878	73 175	68 316
STD BANK - Notice deposit - 084-5600-65004	942 510	886 856	837 226	914 861	891 677	837 226
ABSA BANK - Cheque Account - 26-5056-0046	20 275 942	9 613 112	14 274 402	19 633 436	9 400 188	14 233 232
ABSA BANK - Fixed deposit - 20-63813842	4 749 776	4 405 953	4 097 050	4 589 076	4 405 952	4 097 050
ABSA BANK - Fixed deposit - 20-6348-4566	10 005 221	9 280 970	8 630 279	9 666 713	9 280 970	8 630 279
ABSA BANK - Fixed deposit - 20-6598-6332	2 519 867	2 337 460	2 173 580	2 434 912	2 337 461	2 173 580
ABSA BANK - Fixed deposit - 20-6602-3614	72 814 621	163 342 461	170 754 254	75 690 624	163 342 461	170 754 254
NEDBANK - Fixed Notice - 160-7776-9922	2 378 787	2 208 656	2 053 582	2 290 244	2 208 656	2 053 582
NEDBANK - Fixed Notice - 160-77776-9923	2 651 165	2 461 554	2 288 724	2 552 484	2 461 554	2 288 724
NEDBANK - Fixed Notice - 160-77776-9924	132 525	123 047	114 408	127 592	123 047	114 408
NEDBANK - Call Deposit - 376-6750-0223	19 453	18 574	17 597	19 073	18 574	17 597
STD BANK - Notice deposit - 248-68588-0001	-	-	-	-	-	3 408
Total	146 723 636	222 755 825	231 367 939	147 077 589	222 549 722	231 331 456

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13. Finance lease obligation		
Minimum lease payments due		
- within one year	6 716	679 811
- in second to fifth year inclusive	-	6 716
	<u>6 716</u>	<u>686 527</u>
less: future finance charges	(42)	(91 975)
Present value of minimum lease payments	<u>6 674</u>	<u>594 552</u>
Present value of minimum lease payments due		
- within one year	6 674	587 878
- in second to fifth year inclusive	-	6 674
	<u>6 674</u>	<u>594 552</u>
Non-current liabilities	-	6 674
Current liabilities	6 674	587 878
	<u>6 674</u>	<u>594 552</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 9% (2019: 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 4.

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	4 070 548	5 046 327
Local Government - Disaster Fund	505 699	505 700
Department of Sports - Library Grants	332 225	332 225
	<u>4 908 472</u>	<u>5 884 252</u>

These amounts are invested in a ring-fenced investment until utilised. Please see note 24 for reconciliation of grants from national/provincial government

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15. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	13 889 995	438 225	898 775	15 226 995

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
Non-current liabilities			14 328 221	13 889 995
Current liabilities			898 775	-
			15 226 996	13 889 995

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 final value of closure at a site end life the engineer consider the following:

1.) The average inflation rate of (3.68%). The average inflation rate is used to calculate the contract price adjustment.

2.) Estimated interest rates were applied to calculate the required provision were as follows:

Reivilo 5.25%

Taung 5.25%

Pudimoe Interim 5.25%

Illegal Dump Site 5.25%

New Pudimoe 8%

3.) The maximum life span of the landfill site, for each landfill site it was determined as:

New Pudimoe landfill site: Near end of life

Interim operational Pudimoe landfill site: Near end of life

Abandoned Pudimoe landfill site: Not active

Taung landfill site: Near end of life

Reivilo landfill sites: Near end of life

4.) 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: 0.3 hectares

Abandoned Pudimoe landfill site: 0.2 hectares

Taung landfill site: 1.7 hectares

Reivilo landfill site 3.5 hectares

Environmental rehabilitation provision

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15. Provisions (continued)

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)

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.

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

The provision has been determined by an independent firm of consultants through investigation to determine the best estimated rehabilitation costs for the waste disposal sites at the end of its useful life.

16. Payables from exchange transactions

Trade payables	14 335 726	110 135
Payments received in advanced	1 200 105	2 530 710
Retentions	10 479 907	7 911 746
Accrued leave pay	13 952 212	16 652 005
Accrued bonus	2 242 887	1 996 801
Accrued expense	(27 140)	6 761 285
Deposits received	(254 161)	226 847
Vehicle registration	216 183	216 816
Other Creditors - Salary suspense	9 700 698	481 212
	51 846 417	36 887 557

17. Consumer deposits

Electricity	415 477	90 329
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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.

18. Revenue

Service charges	11 163 403	8 730 702
Rental of facilities and equipment	191 750	481 653
Other income	50 508	6 040 183
Interest received - investment	19 162 240	19 556 880
Property rates	22 781 828	25 669 312
Property rates - penalties imposed	-	3 785 882
Interest, Dividends and Rent on Land	(2 640 268)	-
Government grants & subsidies	228 937 781	238 769 434
Other transfer - LG SETA	-	181 470
	279 647 242	303 215 516

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18. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	11 163 403	8 730 702
Rental of facilities and equipment	191 750	481 653
Other income	50 508	6 040 183
Interest received	19 162 240	19 556 880
	30 567 901	34 809 418
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	22 781 828	25 669 312
Property rates - penalties imposed	-	3 785 882
Interest, Dividends and Rent on Land	(2 640 268)	-
Transfer revenue		
Government grants & subsidies	228 937 781	238 769 434
Subsidy from SETA	-	181 470
	249 079 341	268 406 098
19. Service charges		
Sale of electricity	3 274 335	2 530 143
Sale of water	2 313 571	790 061
Sewerage and sanitation charges	2 118 425	1 961 846
Refuse removal	3 457 072	3 448 652
	11 163 403	8 730 702
20. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	191 750	481 653
21. Other income		
Other income	50 508	6 040 183
22. Interest received		
Interest revenue		
Bank	16 363 737	17 572 810
Interest charged on consumer receivables	2 798 503	1 984 070
	19 162 240	19 556 880

The amount included in Investment revenue arising from exchange transactions amounted to R 2 798 503 (2019: R 1 984 070).

The amount included in Investment revenue arising from non-exchange transactions amounted to R 16 363 737 (2019: R 17 572 810).

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23. Property rates		
Rates received		
Residential	1 329 316	25 669 312
Commercial	2 300 181	-
State	11 356 169	-
Small holdings and farms	7 796 162	-
	<u>22 781 828</u>	<u>25 669 312</u>
Property rates - penalties imposed	-	3 785 882
	<u>22 781 828</u>	<u>29 455 194</u>
Valuations		
Residential	366 834 000	351 774 000
Commercial	252 637 100	251 232 100
State	1 352 966 000	1 294 816 000
Municipal	66 153 500	65 103 500
Small holdings and farms	1 517 176 000	1 494 816 000
Other	46 075 000	46 072 000
	<u>3 601 841 600</u>	<u>3 503 813 600</u>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 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 2021.

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24. Government grants and subsidies

Operating grants

Equitable share	176 253 811	175 974 896
Local Government Financial Management Grant (FMG)	2 880 001	2 415 000
Department of Minerals and Energy (EPWP)	1 286 001	1 077 000
Municipal Infrastructure Grant	1 562	-
Capacity Building Grant	4 000	-
	180 425 375	179 466 896

Capital grants

Municipal Infrastructure Grant (MIG)	47 582 091	56 144 904
Department of Sport - Library	-	3 157 634
Public Transport Network Grant	930 315	-
	48 512 406	59 302 538
	228 937 781	238 769 434

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	52 683 970	62 794 538
Unconditional grants received	176 253 811	175 974 896
	228 937 781	238 769 434

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 (2019: R5,158,050) that was withheld from the Equitable Share allocation of the 2018/19 financial year. An amount of R (2019: R5,158,050) was withheld from the current year allocation due to unspent MIG grants.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	5 046 327	19 609 571
Current-year receipts	47 604 000	46 675 000
Conditions met - transferred to revenue	(47 582 091)	(56 144 903)
Other	-	(5 093 341)
	5 068 236	5 046 327

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
Current-year receipts	2 880 000	2 415 000
Conditions met - transferred to revenue	(2 880 000)	(2 415 000)
Other	-	(69 554)
	-	-

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24. Government grants and subsidies (continued)

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.

Expanded Public Works Programme Incentive Grant

Current-year receipts	1 286 000	1 077 000
Conditions met - transferred to revenue	(1 286 000)	(1 077 000)
	-	-

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.

Department of Local Government - Disaster Fund

Balance unspent at beginning of year	505 700	505 700
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Conditions still to be met - remain liabilities (see note 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	332 225	2 651 959
Current-year receipts	901 000	835 000
Conditions met - transferred to revenue	(574 297)	(3 154 734)
	658 928	332 225

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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25. Employee related costs		
Bargaining council	35 241	27 746
Basic	71 910 278	45 376 675
Bonus	6 219 112	4 382 696
Car allowance	6 254 682	3 700 383
Current service cost	1 466 342	970 302
Housing benefits and allowances	422 101	584 868
Leave reserve	(1 319 160)	2 470 887
Medical aid - company contributions	4 297 900	3 900 902
Overtime payments	3 615 806	847 452
Pension fund - company contribution	10 659 219	8 913 858
Provident fund	-	378 729
SDL	1 057 604	785 250
Salaries - all inclusive package	-	4 793 646
Salaries - temporary workers	-	1 148 239
Telephone allowance	425 800	390 099
UIF	562 606	437 409
	105 607 531	79 109 141
Remuneration of Municipal Manager		
Annual Remuneration	1 276 692	1 176 360
Car Allowance	240 000	240 000
Performance Bonuses	-	12 000
Contributions to UIF, Medical and Pension Funds	16 812	1 785
Other Allowance	147 476	126 294
Backpay	-	7 764
	1 680 980	1 564 203
Remuneration of Chief Finance Officer		
Annual Remuneration	180 324	25 943
Cellphone Allowance	-	288
Contributions to UIF, Medical and Pension Funds	297	149
Other Allowance	3 842	1 235 664
Acting Allowance	75 970	83 530
	260 433	1 345 574
Remuneration of Director: Social Services		
Annual Remuneration	987 888	912 619
Car Allowance	150 000	150 000
Cellphone Allowance	-	12 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Other Allowance	53 343	102 050
Backpay	-	5 825
	1 193 016	1 184 279

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25. Employee related costs (continued)

Remuneration of Directors: Corporate Services

Annual Remuneration	644 245	423 670
Cellphone Allowance	6 000	6 000
Contributions to UIF, Medical and Pension Funds	125 159	892
Other Allowance	141 577	17 834
Backpay	-	4 670
	916 981	453 066

Remuneration of Director: Technical Services (Acting)

Annual Remuneration	153 530	74 834
Car Allowance	14 000	-
Contributions to UIF, Medical and Pension Funds	297	-
Other Allowances	5 036	-
Backpay	33 995	-
Acting Allowance	65 046	-
	271 904	74 834

Remuneration of Director: Development and land use

Annual Remuneration	718 728	442 584
Car Allowance	180 000	120 000
Cellphone Allowance	-	8 000
Contributions to UIF, Medical and Pension Funds	1 785	1 190
Acting Allowance (De Jager & Tiholagaa)	89 218	19 866
Backpay	2 979	-
Other Allowance	104 777	-
	1 097 487	591 640

26. Remuneration of councillors

Executive Major	982 603	827 744
Speaker	792 274	662 196
Councillors	18 949 007	17 077 601
	20 723 884	18 567 541

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.

27. Repairs and Maintenance

Repairs - Building and other	-	10 689 793
Repairs - Electricity, Water, Roads & Parks	-	9 567 116
	-	20 256 909

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28. Depreciation and amortisation		
Property, plant and equipment	25 343 947	29 047 227
Intangible assets	-	105 065
	25 343 947	29 152 292
29. Finance costs		
Trade and other payables	-	1 800 555
Finance leases	94 661	-
Finance charges on landfill sites	898 775	-
Finance charges on employee benefits obligation	1 649 869	1 040 889
	2 643 305	2 841 444
<p>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.</p> <p>Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R - (2019: R -).</p>		
30. Debt impairment		
Debt impairment	3 229 446	8 394 820
31. Bulk purchases		
Electricity - Eskom	4 020 709	3 471 202
32. Contracted services		
Presented previously		
Information Technology Services	-	5 873 914
Fleet Services	-	9 954 530
Legal fees	-	6 703 187
Outsourced Services		
Business and Advisory	407 920	-
Catering Services	302 233	-
Cleaning Services	82 324	-
Security Services	12 696 600	-
Valuation Cost	-	247 187
Insurance	-	955 821
Licence fees	187 506	398 631
Consultants and Professional Services		
Business and Advisory	7 825 390	2 380 074
Infrastructure and Planning	661 639	-
Legal Cost	3 292 587	-
Contractors		
Electrical	3 000 733	-
Employee Wellness	207 125	-
Maintenance of Buildings and Facilities	717 640	-
Maintenance of Equipment	6 258 268	-
Maintenance of Unspecified Assets	7 155 636	-
Plants, Flowers and Other Decorations	47 500	-
Sports and Recreation	27 576	-

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32. Contracted services (continued)	42 870 677	26 513 344
33. General expenses		
Accommodation	-	1 964 173
Advertising	2 515 624	1 410 215
Allowance ward committee members	3 916 678	4 075 500
Assessment rates & municipal charges	14 758 101	-
Assets expensed	6 600	-
Auditors remuneration	1 511 080	3 505 571
Bank charges	157 502	245 016
Business support/SMME facilitation	-	466 133
Cleaning	-	403 693
Community expenditure	-	1 481 678
Computer expenses	6 941 892	-
Conferences and seminars	81 240	-
Consulting and professional fees	-	824 343
Consumables	2 761 230	288 373
Convention bureau	227 850	-
Council Bursary	648 054	496 683
Document Management	1 300	-
Donations	-	441 228
EPWP Expenditure	-	1 195 073
Electricity	-	2 769 461
Entertainment	-	887 942
FMG Grant Expenditure	-	1 305 736
Fuel and oil	4 942 145	5 525 066
Health and Safety	136 181	964 384
Indigent Support	6 913 431	6 254 248
Insurance	1 229 904	297 749
Levies	-	138 867
MIG Grant Expenditure	-	2 525 779
Magazines, books and periodicals	-	902
Library grants - expenditure	-	463 181
Postage and courier	31 233	621 847
Printing and stationery	747 077	-
Protective clothing	621 378	622 357
Public Participation	-	3 933 759
Repairs and maintenance	-	114 453
Subscriptions and membership fees	1 089 946	1 127 427
Telephone and fax	2 133 986	-
Title deed search fees	43 080	353 978
Training	-	3 095 023
Travel - local	5 792 488	4 278 881
Venue expenses	-	329 460
Water usage	-	254 231
Workmens compensation	-	36 736
	57 208 000	52 699 146

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34. Cash generated from operations		
Surplus	14 962 435	20 443 269
Adjustments for:		
Depreciation and amortisation	25 343 947	29 152 292
Gain on sale of assets and liabilities	613 460	-
Finance costs - Finance leases	94 661	-
Debt impairment	3 229 446	8 394 820
Movements in retirement benefit assets and liabilities	(1 746 988)	6 384 459
Movements in provisions	1 337 001	650 997
Other non-cash items	1 043 893	(2 823 361)
Changes in working capital:		
Inventories	613 082	(980 373)
Receivables from exchange transactions	(14 066 391)	(6 606 667)
Consumer debtors	(3 229 446)	21 458 343
Other receivables from non-exchange transactions	15 224 407	(29 754 595)
Payables from exchange transactions	14 958 860	7 985 168
VAT	(4 337 765)	(3 093 132)
Unspent conditional grants and receipts	(975 780)	(16 952 532)
Consumer deposits	325 148	(4 780)
	53 389 970	34 253 908

35. Financial instruments disclosure

Categories of financial instruments

2020

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	9 400 371	9 400 371
Other receivables from non-exchange transactions	(6 117 059)	(6 117 059)
Cash and cash equivalents	147 890 151	147 890 151
	151 173 463	151 173 463

Financial liabilities

	At amortised cost	Total
Financial lease obligation	587 879	587 879
Consumer deposits	415 477	415 477
Payables from exchange transactions	42 680 916	42 680 916
Employee benefit obligation - current	270 000	270 000
Employee benefit obligation - non-current	15 696 000	15 696 000
Finance lease - non current	6 674	6 674
	59 656 946	59 656 946

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35. Financial instruments disclosure (continued)

2019

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	8 028 218	8 028 218
Other receivables from non-exchange transactions	3 651 845	3 651 845
Cash and cash equivalents	222 506 924	222 506 924
	234 186 987	234 186 987

Financial liabilities

	At amortised cost	Total
Financial lease obligation	587 878	587 878
Consumer deposits	90 329	90 329
Payables from exchange transactions	36 220 182	36 220 182
Employee benefit obligation - current	498 031	498 031
Employee benefit obligation - non current	17 214 957	17 214 957
Finance lease - non current	6 674	6 674
	54 618 051	54 618 051

36. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	17 168 114	29 101 602
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Total capital commitments

Already contracted for but not provided for	17 168 114	21 251 216
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Authorised operational expenditure

Total commitments

Total commitments

Authorised capital expenditure	17 168 114	21 251 216
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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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37. 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		
Cedar point Joint Venture: Issued summons againsts the municipality relying on an alleged repudiation of contract by the municipality. The municipality is taking a "local stand" of the joint venture is an unincorporated joint venture purely for the purpose of submission of the tender.	3 500 000	3 500 000
Phungo Inc/GTLM - Claims for payment of Legal Service rendered to the municipality during on or about 2014.	100 000	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 R. Makgale // GTLM: This is an application for the eviction of the respondent on the specific land	2 950 000	2 950 000
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	20 000
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	116 340
Bathaping BA-GA Phuhuducwana TC & Another // GTLM	500 000	500 000
C/N M36/2019 Sheriff Taung / GTLM Rescession of Judgement	150 000	150 000
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	1
C/N M223/2020 Illegal construction or erection of a building on erf No:334 within the Taung CBD without having submitted the building plans for purpose of their approval by the Municipality.	1	-
C/N 228/2017 Eviction of Lucky Ohini from the stall which is situated within the Taxi rank in the Taung CBD.. The defendant was using the stall to harbour people who indulge in unlawful and criminal activities such as contravention of drugs and drug Trafficking Act 140 of 1992. The defendant vacated stall on his own and disappeared.	1	-
	8 116 343	8 116 341

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 & Yaoung 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 R 3 273 102.

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.

Raname Mokalane Incorporate: Makhette 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.

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.

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37. Contingencies (continued)

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.

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38. Related parties

Relationships

Members of the council

Refer to General Information page on the financial statements

Controlling entity

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

2020

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38. Related parties (continued)

Name	Annual Remuneration	Cellphone Allowance	Motor Vehicle Allowance	Total
Clr: Babuseng MC	219 219	44 400	65 484	329 103
Clr: Balebanye OJ	209 133	44 400	65 484	319 017
Clr: De Koker KS	275 058	44 400	-	319 458
Clr: Diphoko GS	206 078	44 400	65 484	315 962
Clr: Gaobusiwe GW	225 652	44 400	65 484	335 536
Clr: Gaoraelwe TR	334 467	44 400	-	378 867
Clr: Kgosiore RK	216 992	44 400	54 570	315 962
Clr: Gezane BG	212 822	44 400	65 484	322 706
Clr: Itumeleng DA	522 942	44 400	155 184	722 526
Clr: Lepedi MC	221 224	44 400	65 484	331 108
Clr: Leshoe MF	210 597	44 400	65 484	320 481
Clr: Mailla LE	281 781	44 400	-	326 181
CHW: Malepe J	508 571	44 400	155 184	708 155
Clr: Manapula KL	206 078	44 400	65 484	315 962
Clr: Marbe IN	274 132	44 400	-	318 532
Clr: Maishwe T	235 917	44 400	65 484	345 801
Clr: Matuane JA	291 503	44 400	-	335 903
Clr: Menyiso A	537 897	44 400	155 184	737 481
Clr: Mmokwa M	209 825	44 400	65 484	319 709
Clr: Moomi KB	206 596	44 400	65 484	316 480
Clr: Moeti MB	271 562	44 400	-	315 962
Exco: Moipolai KG	514 023	44 400	155 184	713 607
Clr: Mokgobo MR	271 562	44 400	-	315 962
Clr: Molale KR	43 658	7 400	-	51 058
Clr: Mongale OV	207 443	44 400	65 484	317 327
Exco: Mongale RA	496 977	44 400	155 184	696 561
Clr: Morweng TS	239 249	44 400	65 484	349 133
Clr: Mosinkiemang MV	233 771	44 400	65 484	343 655
Clr: Mothibedi SD	212 063	44 400	65 484	321 947
Clr: Mothibi LJ	566 069	44 400	155 184	765 653
Mayor: Motlhabane NC	652 771	44 400	206 916	904 087
Clr: Moishabi MI	271 562	44 400	-	315 962

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38. Related parties (continued)

Cllr: Nweng ME	271 562	44 400	-	315 962
Cllr: Nomadolo HN	179 638	25 900	-	205 538
Exco: Ntasi NE	710 595	44 400	-	754 995
Cllr: Ollifant MKI	223 683	44 400	65 484	333 567
Cllr: Pitso JT	206 078	44 400	65 484	315 962
Cllr: Ratake MJ	206 078	44 400	65 484	315 962
Cllr: Sebe TP	209 275	44 400	65 484	319 159
Cllr: Sebolai KL	271 830	44 400	-	316 230
Cllr: Sedupane BJ	271 562	44 400	-	315 962
Cllr: Seemelo HD	271 562	44 400	-	315 962
Cllr: Seisho KG	214 459	44 400	65 484	324 343
Mpac: Seleke OR	505 294	44 400	152 064	701 758
Cllr: Tshipo GJ	250 648	44 400	65 484	360 532
Spk: Tladi EH	689 259	44 400	-	733 659
Cllr: Tlhaganyane T	271 562	44 400	-	315 962
Cllr: Tokwe LC	207 781	44 400	65 484	317 665
Cllr: Totong DG	271 562	44 400	-	315 962
	14 819 622	2 120 100	2 785 302	19 725 024

2019

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38. Related parties (continued)

Name	Annual Remuneration	Cellphone Allowance	Motor Vehicle Allowance	Total
Cllr: Babuseng MC	198 144	44 400	63 804	306 348
Cllr: Balebenye 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: Gaobohe LJ	469 596	44 400	151 208	665 204
Cllr: Gaobusiwe GW	198 144	44 400	63 804	306 348
Cllr: Gaoraehle TR	261 948	44 400	-	306 348
Cllr: Kgosiore 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: Meryatso A	198 144	44 400	151 208	306 348
Cllr: Mmokwa M	198 144	44 400	63 804	306 348
Cllr: Mocumi KB	469 596	44 400	151 208	665 204
Exco: Moipolai KG	261 948	44 400	-	306 348
Cllr: Mokgobo MIR	261 948	44 400	-	306 348
Cllr: Molale KR	198 144	44 400	63 804	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: Mollhabane NC	626 132	44 400	201 612	872 144
Cllr: Motshabi MI	261 948	44 400	-	306 348

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38. Related parties (continued)

Cllr: Noweng 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
Exco: Tladi EH	662 196	44 400	-	706 596
Cllr: Thaganyane 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

39. 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. Property, plant and equipment:** During the physical verification that was performed, certain Infrastructure Assets (Road network & Bridges) were identified that were not included in the Fixed Asset Register during previous years. These Road Network and Bridges have been recognised and accounted for.
- 3. Accrued bonus:** incorrect journals posted in 2019, corrected accordingly.

Statement of financial position

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39. Prior-year adjustments (continued)

Accumulated surplus prior to 2019

	Note	As previously reported	Correction of error	Restated
Accumulated surplus opening balance		(729 896 453)	-	(729 896 453)
Consumer debtors	11	-	(29 853 163)	(29 853 163)
Property, plant and equipment	4	-	(33 911 663)	(33 911 663)
		(729 896 453)	(63 764 826)	(793 661 279)

2019

	Note	As previously reported	Correction of error	Restated
Consumer debtors - Allowance for Impairment - Rates	11	(49 186 520)	29 572 161	(19 614 359)
Consumer debtors - Allowance for Impairment - Electricity	11	(2 485 576)	401 824	(2 083 752)
Consumer debtors - Allowance for Impairment - Water	11	(2 889 136)	16 925	(2 872 211)
Consumer debtors - Allowance for Impairment - Sewerage	11	(8 799 593)	519 982	(8 279 611)
Consumer debtors - Allowance for Impairment - Refuse	11	(11 396 005)	636 346	(10 759 659)
Consumer debtors - Allowance for Impairment - Sundry	11	(10 197 050)	78 469	(10 118 581)
Property, plant and equipment - Infrastructure	4	257 226 092	36 730 404	293 956 496
Property, plant and equipment - Movables	4	20 755 974	(2 818 741)	17 937 233
Accrued bonus	16	(1 329 427)	(667 374)	(1 996 801)
		191 698 759	64 469 996	256 161 672

Statement of financial performance

2019

	Note	As previously reported	Correction of error	Restated
Debt impairment	30	9 767 363	(1 372 543)	8 394 820
Employee related cost - Bonus	25	3 715 321	667 375	4 382 696
Surplus for the year		13 482 684	(705 168)	12 777 516

40. 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 accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer 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.

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40. Risk management (continued)

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 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consumer deposits	415 477	-	-	-
Finance lease obligation	587 878	-	-	-
Trade and other payables	42 680 916	-	-	-
Unspent conditional grants and receipts	37 535 419	-	-	-

At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consumer deposits	90 329	-	-	-
Finance lease obligation	587 878	6 674	-	-
Trade and other payables	36 220 182	-	-	-
Unspent conditional grants and receipts	5 884 251	-	-	-

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	2020	2019
Cash and cash equivalents	147 894 241	222 559 958
Receivables from exchange transactions	23 748 155	12 840 288
Receivables from non-exchange transactions	17 999 599	22 829 800

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.

41. Going concern

We draw attention to the fact that at 30 June 2020, the municipality had an accumulated surplus of R 828 063 090 and that the municipality's total assets exceeds its liabilities by R 828 063 090.

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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the subordination agreement referred to in note XX of these annual financial statements will remain in force for so long as it takes to restore the solvency of the municipality.

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42. Unauthorised expenditure		
Opening balance as previously reported	30 986 256	30 986 256
Opening balance as restated	30 986 256	30 986 256
Add: Irregular Expenditure - prior period	24 067 933	-
Less: Amounts recoverable - current	13 449 349	-
Closing balance	68 503 538	30 986 256
43. Fruitless and wasteful expenditure		
Opening balance as previously reported	2 437 752	2 427 967
Opening balance as restated	2 437 752	2 427 967
Interest charged on overdue accounts due to late payment.	3 796	9 785
Closing balance	2 441 548	2 437 752

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43. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

	2020	2019
Eskom	3 796	9 785

Disciplinary steps taken/criminal proceedings

No disciplinary measures have been taken, transactions have been presented to council

44. Irregular expenditure

Opening balance as previously reported

209 772 339 204 431 440

Opening balance as restated

209 772 339 204 431 440

Add: Irregular Expenditure - Current period

22 644 853 4 823 899

Add: Irregular Expenditure - prior period

18 138 026 -

Closing balance

250 555 218 209 255 339

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

Tax clearances not obtained	-	4 753 912
Awards to close family member	-	69 987
Other	30 632 607	-
	30 632 607	4 823 899

Disciplinary steps taken/criminal proceedings

No disciplinary measures have been taken, the transactions have been presented to council

No disciplinary measures have been taken, the transactions have been presented to council

No disciplinary measures have been taken, the transactions have been presented to council

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45. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	1 040 160	1 127 427
Amount paid - current year	(1 040 160)	(1 127 427)
	-	-
Distribution Losses		
Current year - units	77 945	292 979
Distribution Losses for electricity relates to uncounted electricity, metre not read and Line losses. During the year 77 945 ; (2019: 292 979) kilowatts per hour were lost. This represented by 3.15% (2019: 11%) 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	122 585	392 709
Audit fees		
Opening balance	176 493	30 701
Current year subscription / fee	2 601 898	3 652 523
Amount paid - current year	(2 429 270)	(3 506 731)
	349 121	176 493
PAYE and UIF		
Current year subscription / fee	17 861 820	16 825 658
Amount paid - current year	(17 861 820)	(16 825 658)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	15 603 492	18 500 571
Amount paid - current year	(15 603 492)	(18 500 571)
	-	-
VAT		
VAT receivable	11 503 475	7 165 710

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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45. 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 2020:

30 June 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor: Mamapula	-	38 501	38 501
Councillor: Diphoko	-	64 285	64 285
Councillor: Matshwe	-	65 309	65 309
Councillor: Menyatso	-	39 793	39 793
Councillor: Mongale	-	71 602	71 602
Councillor: Sebe	-	69 451	69 451
Councillor: Tihaganyane	-	69 373	69 373
Councillor: Mahura (Maila)	-	45 355	45 355
Councillor: Moipolai	-	38 407	38 407
Councillor: Malepe	-	12 766	12 766
Councillor: Moeti	-	40 107	40 107
Councillor: Gaobusiwe	-	39 073	39 073
Councillor: Gaoraelwe	-	43 451	43 451
Councillor: Gezane	-	43 978	43 978
Councillor: M Lepedi	-	41 370	41 370
Councillor: Leshoe	-	47 989	47 989
Councillor: Maribe	-	34 566	34 566
Councillor: Matuane	-	6 942	6 942
Councillor: Mmokwa	-	9 330	9 330
Councillor: Mocumi	-	29 855	29 855
Councillor: Mokgobo	-	41 258	41 258
Councillor: Morweng	-	19 843	19 843
Councillor: Mosinkiemang	-	43 360	43 360
Councillor: Mothibedi	-	11 239	11 239
Councillor: Motshabi	-	3 258	3 258
Councillor: Ncweng	-	41 258	41 258
Councillor: Olifant	-	25 852	25 852
Councillor: Pitso	-	37 305	37 305
Councillor: Ratake	-	7 546	7 546
Councillor: Letta Sedbolai	-	34 566	34 566
Councillor: Sedupane	-	36 759	36 759
Councillor: Seisho	-	10 713	10 713
Councillor: Tshipo	-	2 973	2 973
Councillor: Letta Sedbolai	925	3 098	4 023
Councillor: De Koker	-	32 486	32 486
Councillor: Totong	-	19 204	19 204
Councillor: Tokwe	-	41 300	41 300
	925	1 263 521	1 264 446

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

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

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**45. Additional disclosure in terms of Municipal Finance Management Act (continued)
30 June 2019**

Councillor: L Sebolai

**Highest
outstanding
amount**

38 491

**Aging
(in days)**

60

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46. 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 in the 2020 financial year as listed hereunder have been approved:

Reasons for the deviation	Date	Successful Bidder	Description of Service provided	Amount	Total
Emergency	18/06/2020	AL. Mphago civil construction	Retention fees	483 398	483 398
Sole supply	02/10/2019	Cigfaro	Registration fees	22 876	22 876
Sole supply	03/10/2019	Cigfaro	Registration fees	16 048	16 048
Sole supply	05/09/2019	Cigfaro	Registration fees	8 024	8 024
Sole supply	29/10/2019	Cigfaro	Registration fees	6 900	6 900
Emergency	25/03/2020	C-Med suppliers	Covid-19 emergency	246 714	246 714
Emergency	18/03/2020	C-Med suppliers	Covid-19 emergency	482 954	482 954
Emergency	04/12/2020	Diphetogo Trading	Security services	347 875	347 875
Emergency	08/11/2019	Diphetogo Trading	Security services	267 375	267 375
Emergency	18/03/2020	Diphetogo Trading	Security services	97 750	97 750
Emergency	22/07/2019	Diphetogo Trading	Security services	180 000	180 000
Emergency	31/07/2019	Dr. Magdeline S Moabi	Medical fees	22 643	22 643
Other exceptional case	07/10/2019	Kigima auto electrical	Tuition fees	16 950	16 950
Other exceptional case	10/12/2019	Mancosa	Tuition fees	32 340	32 340
Other exceptional case	26/08/2019	Mancosa	Tuition fees	36 480	36 480
Other exceptional case	03/10/2019	Pokwani panelbeaters	Excess fee	7 500	7 500
Other exceptional case	03/10/2019	Pokwani panelbeaters	Excess fee	15 000	15 000
Other exceptional case	28/08/2019	SITA	Registration fees	26 400	26 400
Other exceptional case	25/11/2019	Southern Business School	Tuition fees	7 110	7 110
Other exceptional case	28/11/2019	Southern Business School	Tuition fees	2 800	2 800
Other exceptional case	29/10/2019	Southern Business School	Tuition fees	95 210	95 210

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Greater Taung Local Municipality

(Registration number NW 394)

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand				2020	2019
46. Deviation from supply chain management regulations (continued)					
Other exceptional case	14/02/2020	Southern Business School	Tuition fees	6 750	6 750
Other exceptional case	11/09/2019	Stellenbosch University	Tuition fees	32 500	32 500
Other exceptional case	29/01/2020	UNISA	Tuition fees	5 475	5 475
				2 467 072	2 467 072

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