

2019-2020

# *Annual Report*



## *Moses Kotane Local Municipality*

# Contents

## CONTENTS

CONTENTS.....	2
CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY .....	6
COMPONENT A: MAYOR’S FOREWORD .....	6
MAYOR’S FOREWORD .....	6
COMPONENT B: EXECUTIVE SUMMARY .....	8
1.1. MUNICIPAL MANAGER’S OVERVIEW .....	8
1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW .....	10
1.3. SERVICE DELIVERY OVERVIEW .....	14
1.4. FINANCIAL HEALTH OVERVIEW .....	17
1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW .....	19
1.6. AUDITOR GENERAL REPORT .....	19
1.7. STATUTORY ANNUAL REPORT PROCESS .....	19
CHAPTER 2 – GOVERNANCE .....	27
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE .....	27
2.1 POLITICAL GOVERNANCE .....	27
2.2 ADMINISTRATIVE GOVERNANCE .....	69
COMPONENT B: INTERGOVERNMENTAL RELATIONS .....	71
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION .....	71
2.4 PUBLIC MEETINGS .....	72
2.5 IDP PARTICIPATION AND ALIGNMENT .....	76
COMPONENT D: CORPORATE GOVERNANCE .....	76
2.6 RISK MANAGEMENT .....	77
2.7 ANTI-CORRUPTION AND FRAUD .....	77
2.8 SUPPLY CHAIN MANAGEMENT .....	77
2.9 BY-LAWS .....	78
2.10 WEBSITES .....	78
2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES .....	79
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) .....	80

# Contents

COMPONENT A: BASIC SERVICES .....	80
<b>3.1. WATER PROVISION</b> .....	81
<b>3.2 WASTE WATER (SANITATION) PROVISION</b> .....	85
3.3 ELECTRICITY .....	88
3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING) .....	91
3.5 HOUSING .....	99
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT .....	101
COMPONENT B: ROAD TRANSPORT .....	102
COMPONENT B: ROAD TRANSPORT .....	102
<b>3.7 ROADS</b> .....	102
3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION) .....	105
3.9 WASTE WATER (STORMWATER DRAINAGE) .....	106
3.10 PLANNING .....	107
<b>3.10PLANNING</b> .....	107
3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES) 110	
COMPONENT D: COMMUNITY & SOCIAL SERVICES .....	115
3.12 LIBRARIES; .....	115
3.13 118	
3.14 <b>CEMETERIES</b> .....	119
<b>3.15. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES</b> .....	120
COMPONENT E: ENVIRONMENTAL PROTECTION .....	121
<b>3.16POLLUTION CONTROL</b> .....	121
<b>3.18OTHER (DISASTER MANAGEMENT)</b> .....	123
COMPONENT H: SPORT AND RECREATION .....	125
<b>3.19SPORT AND RECREATION</b> .....	125
COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES .....	127
<b>3.20EXECUTIVE AND COUNCIL</b> .....	127
<b>3.21FINANCIAL SERVICES</b> .....	129
<b>3.22HUMAN RESOURCE SERVICES</b> .....	130
<b>3.23 3.23 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES</b> .....	131

# Contents

<b>3.24PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES</b>	
133	
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE .....	134
(PERFORMANCE REPORT PART II).....	134
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL .....	178
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL .....	178
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES .....	178
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE .....	181
<b>4.2 POLICIES</b> .....	182
<b>4.3 INJURIES, SICKNESS AND SUSPENSIONS</b> .....	183
<b>4.4 PERFORMANCE REWARDS</b> .....	184
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE .....	184
4.5 SKILLS DEVELOPMENT AND TRAINING .....	185
<b>COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE</b> .....	187
<b>4.6 EMPLOYEE EXPENDITURE</b> .....	187
CHAPTER 5 – FINANCIAL PERFORMANCE .....	189
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE .....	189
COMPONENT D: OTHER FINANCIAL MATTERS .....	194
<b>SUPPLY CHAIN MANAGEMENT</b> .....	194
<b>GRAP COMPLIANCE</b> .....	194
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS .....	195
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS .....	203
APPENDICES .....	319
GLOSSARY .....	360
APPENDICES .....	362
APPENDIX A – COMMITTEES AND COMMITTEE PURPOSES .....	362
APPENDIX B –THIRD TIER ADMINISTRATIVE STRUCTURE .....	362
APPENDIX C .....	363



# Contents

APPENDIX D – WARD REPORTING .....364

APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE  
2019/2020 .....381

# Chapter 1

## CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD

#### MAYOR'S FOREWORD

On behalf of the Moses Kotane Local Municipality Council and officials, I hereby present this Annual Report for the financial Year 2019/ 2020. This report helps us outline the performance on the targets as MKLM set ourselves to do over that period. The report will give our stakeholders and communities an insight into the performance and achievements by our rural municipality.

The mandate of the Moses Kotane Local Municipality is not unique to the broader mandate given to Local Government by the South African Constitution, Chapter 7.

It is very imperative that we continue allowing Community involvement. This is achieved through our IDP Roadshows of all 107 Villages and Two Townships clustered of 34 wards. During the IDP Roadshows, as the municipality we are able to acknowledge Community needs by so doing, we are also placing our Communities at the Centre and in turn meet different legitimate expectations of our citizenry. The Municipal specific mandate is drawn from the IDP road shows which is our guiding document for the municipal performance. As Council of Moses Kotane we continue to make resolutions based on servicing our local communities.

The current Annual Report outlines our successes and shortcomings in relation to our political mandate as provided in the key focus areas of Local Government, these can be summarised as follows;

- Building a rural Municipality that is efficient, effective and responsive.
- Strengthen Accountability and promote clean Audit for the Moses Kotane Local Municipality.
- Accelerating Service Delivery and supporting the vulnerable.
- Promoting Economic and Social development.
- Fostering Development Partnerships, Social Cohesion and community participation.

Some of the challenges still obtainable including but not limited to:

- Low revenue collection as a result of culture of non- payment
- Breakdowns leading to water interruptions as a result of old infrastructure.
- Low economic level as a result of Covid-19

Looking at the above priority areas, it is important to note that these can never be successful on their own, it becomes important that as a collective, Councillors and Officials, working together in identifying the challenges raised in the annual report and rectify them as soon as possible. Having said that, it is equally

# Chapter 1

important to note that there are a few specific areas, which must receive particular attention going forward:

Improved mechanisms will need to be found to strengthen the accountability and discipline of officials in their daily work, both to each other and to political principals;

The establishment of project teams across the organisation must become central to a new way of working of officials. This will go a long way in breaking down the silo-approach to work. This project based approach to work must be directly linked to the performance.

During the last quarter, we experienced as a country and Municipality in particular, a pandemic Covid-19. We prompt in our response as we established the local command council which met every Thursday. This affected our performance as a lot of activities had to be stopped and hence resumption of construction resumed only in level 3.

It is of paramount importance to synchronise our programme plans with quarterly targets to achieve our broader goals of effective and efficient running of this municipality.

Signed by : 

T 1.0.1

# Chapter 1

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### MUNICIPAL MANAGER'S OVERVIEW

The Annual Report for the 2019/2020 financial year provides a detailed picture of all projects, programmes and all work done undertaken by Moses Kotane Local Municipality over the review period. This confirms that progress on Basic Services Delivery has been made, projects have been successfully rolled out and most importantly there has been improvement on expansion of services to our local communities i.e. 107 Villages & 2 Townships. It has always been our wish as Moses Kotane Local Municipality, to improve quality of life and restore our local communities' dignity. It also details the institutional performance aims and targets for the year ahead against which the Municipality will be measured.

Some of the highlights of this report include the following:

- Despite various challenges affecting this municipality such as sluggish economy and lack of revenue collection impacting all municipalities not only this one, as Moses Kotane Local Municipality we have improved a lot with regard to rendering services especially Water-related also Financial Viability and Compliances have magnificently improved.
- As the Municipality we have also noted with pride that there is improvement on the turnaround on how we provide report on performance against the budget of the municipality for that financial year.
- The Municipality will continue to allow community involvement, promote accountability to our all activities and municipal planning so as to render services which are indeed their priorities and community-Centred (Client Centred). This has happened despite the challenges brought by the Covid-19 pandemic.

This annual report is a reflection of the activities of the municipality carried out during 2019/2020 financial year and we are reporting on performance in line with the budget as outlined in the approved Service Delivery Budget and Implementation Plan (SDBIP) that is aligned to the adopted Municipal IDP.

During the 2019/2020 financial year municipality successfully implemented a Safe and Clean City Campaign which happens every Friday, and has improved on the cleanliness of Moses Kotane Jurisdiction.

Various service delivery projects were successfully Completed namely:

# Chapter 1

- Construction of Siga Community Hall as well as Ramokoka Community.
- 123 VIP Toilets at Uitkyk.
- Legkraal & Lesetlheng internal Road.
- Lerome Bulk Water to name few.

The municipality continues to experience low revenue collection despite the efforts done to appoint Debt Collectors legally. However Consumers statistics of people that are now paying for their municipal services have improved, that need to be acknowledged. Significant decline in the petrol consumption has been recorded.

Despite all Setbacks and challenges experienced, the municipality keeps on performing better even on the 2019/2020 financial year. Furthermore, the municipality, managed to improve their Audit Opinion from a Disclaimer to a Qualified Opinion with a huge reduction of negative audit findings. To date the Auditor General has been requested to conduct an interim audit of the AFS in order to prepare for the final Audit in November 2020.

I would like to record my sincere appreciation for the dedication and hard work from staff of the Moses Kotane Local Municipality, without which the service delivery progress reported in this Annual Report would not have been possible. Their commitment, in the face of constraints and challenges, to service delivery to the communities of Moses Kotane is commendable.

Signed by :



Municipal Manager

T 1.1.1

# Chapter 1

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### **INTRODUCTION TO BACKGROUND DATA**

Moses Kotane Local Municipality is an African National Congress led and classified as a Category B4, and it is mainly rural in nature with communal tenure. MKLM functions under a Collective Executive System combined with a Ward Participatory System. Functionality of wards committees and assistance of Community Development Workers assist in aligning their collected community needs analysis with those of the municipality. The enthusiasm continually displayed by the ward committees during IDP Community consultations is pleasing and gives assurance that we will deepen participatory governance and ultimately realise implementation of municipal vision. This will go a long way towards maintaining well-informed communities on the plans and programmes of the Municipality and the implementation process thereof.

The Municipality covers an area of approximately 5220km<sup>2</sup> and is comprised of 107 villages and 2 two formal towns of Mogwase and Madikwe. The Municipality is on the N4 Corridor which is the east-west bound road connecting Rustenburg and Pretoria and runs to the south of Moses Kotane. The R510 north-south bound road connect the Municipality to the north. It is one of the five local municipalities constituting the Bojanala Platinum District Municipality classified as Category C1.

Moses Kotane Local Municipality is bordered by:

- Thabazimbi Local Municipality in the North, which is situated in Waterberg District Municipality of the Limpopo province,
- Madibeng Local Municipality in the east (Bojanala Platinum District Municipality, NW)
- Rustenburg Local Municipality (Bojanala Platinum District Municipality, NW) and
- Kgetleng Rivier Local Municipality in the south (Bojanala Platinum District Municipality, NW)
- Ramotshere Moiloa Local Municipality in the west (Ngaka Modiri Molema District Municipality, NW).

# Chapter 1

AGE	0 - 4		5-14		15 - 34		35 - 64		65 +	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
63705001	397	421	604	624	863	779	676	892	325	484
63705002	487	532	736	740	1064	1059	916	1102	340	555
63705003	401	370	579	609	845	1125	940	1005	313	466
63705004	717	680	1125	1113	1417	1496	1074	1416	370	589
63705005	521	630	840	826	2080	1845	1446	1445	270	498
63705006	409	397	579	555	1252	1015	973	996	316	454
63705007	396	454	461	426	1739	1260	1391	904	103	153
63705008	373	377	513	507	1488	1061	1087	1024	293	415
63705009	414	431	691	637	1737	1382	1364	1384	276	452
63705010	691	600	1015	975	2446	2183	1835	1867	167	269
63705011	422	373	634	681	1094	1075	664	785	165	260
63705012	360	352	507	490	964	926	665	754	204	374
63705013	306	270	465	416	1840	1254	1275	1068	74	92
63705014	367	356	495	482	1495	1265	1398	1319	251	240
63705015	452	391	572	573	1610	1305	1189	1243	93	135
63705016	628	643	897	914	1965	1835	1282	1400	150	223

# Chapter 1

AGE	0 - 4		5-14		15 - 34		35 - 64		65 +	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
63705017	515	543	803	755	1932	1605	1185	140	251	353
63705018	462	434	697	695	1022	903	767	999	261	476
63705019	493	463	797	728	1171	1100	959	1161	231	406 6
63705020	418	417	727	650	1106	1096	930	1109	308	469
63705021	537	554	874	922	1272	1220	1019	1275	263	382
63705022	438	413	665	625	1464	1271	871	1018	189	277
63705023	472	469	685	695	1197	1167	1059	1189	333	576
AGE	0 - 4	5-14	15 - 34	35 - 64		65 +		662	163	344
	Male	Female	Male	Female	Male	Female	Male	1145	269	491
63705001	397	421	604	624	863	779	676	1108	286	404
63705002	487	532	736	740	1064	1059	916	1153	300	446
63705003	401	370	579	609	845	1125	940	1479	119	173
63705004	717	680	1125	1113	1417	1496	1074	1264	242	391
63705005	521	630	840	826	2080	1845	1446	1066	163	304
63705006	409	397	579	555	1252	1015	973	1094	242	305
63705007										



# Chapter 1

Population '000						
Age	2018/2019 (Source: STATSSA)			2019/20 (Source: STATSSA)		
	Male	Female	Total	Male	Female	Total
Age: 0 - 4	14279	14128	28407	14279	14128	28407
Age: 5 - 14	21419	20973	42392	21419	20973	42392
Age: 15-34	44360	39752	84112	44360	39752	84112
Age: 35-64	33134	35732	68866	33134	35732	68866
Age: 65+	7330	11456	18786	7330	11456	18786

Natural Resources	
Major Natural Resource	Relevance to Community
Platinum	Job creation and economic development
Chrome	Job creation and economic development
Cement	Job creation and economic development
Game	Tourism

The Census 2011 reported a population growth of 0.2%. The current sources of data used for integrated development plan is not reliable, old and not accurate. The above plans lead to poor planning especially in instance where waste collection need to be done as household and development in various villages are massive. In planning we are not to project but to provide and use endorsed statistics known by national Treasury. The Electoral stats cannot be used as it is also not inclusive of ages from 0-17. The other challenge is indigent register which need to be updated annually when status of various households' changes.

# Chapter 1

## 1.3. SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

MKLM is a water services authority and get its water from Magalies – Vaalkop Dam. Water and Sanitation Unit is responsible for the provision of water and sanitation (VIP toilets) and urban areas of Mogwase and Madikwe. The Unit has been faced with challenges, including the worst of dry boreholes, lack of underground water in the previous years.

Moses Kotane Municipality have encountered challenges and numerous achievements were made during the financial year. The main challenge faced by MKLM is poor planning due to unreliable statistics looking into the growth happening in our 107 rural areas governed by Traditional Leaders. Developments are done without plans submitted to the Municipality and basic level of service is required during the middle of the financial year (which some impacted in communities wanting to close municipal offices). This development is ongoing in rural areas and no revenue is collected from them. Education is required through the assistance of Councillors to encourage rezoning and communities believing in having title deeds and this will grow municipal revenue base. Attempts of land invasions relating to the lack of housing was done but control was done by the relevant unit. Non-delivery of waste collection in some other areas due to bad roads and wrong household count. Water leakages and shortages also causes illegal yard connection. Development of integrated plans together with all our stakeholders is required (waste management plan etc.) to avoid duplication of services and promote project collaborations. The service delivery protests which occurred throughout the financial year, was a huge concern for Council, however numerous meetings were held with affected communities to resolve them. Some challenges may be as below:

- ☐ Indigent consumers who do not collect their Free Basic Electricity
- ☐ Consumers who are possibly indigent not coming forward to disclose their status
- ☐ Illegal housing occupation (houses sold by owners/ others having houses in other provinces)
- ☐ Delays in land tenure upgrade programmes
- ☐ Mushrooming of informal settlement (where mining development is earmarked)
- ☐ Housing accreditation and growth in 107 villages led by Traditional Authorities

The skills challenge that currently exists through all facets of our communities and addressing it requires co-ordinated and targeted intervention from all spheres of government, the private sector and society. The municipality need to develop a programme that will aim to respond to the need for a larger and more skilled workforce, while encouraging young professionals, artisans, etc., to stay within the municipality. The issue of skills is important in creating quality rate payers, debt reduction and in addressing the triple challenge of poverty; unemployment and inequality among our communities. In addition, lack of women in management positions is important in ensuring that women are integrated effectively into the workplace employment equity plan policy to be developed.

Then management of informal economy, especially street trading is a demanding task involving demarcation of trading areas, issuing of permits, organising traders into area committees that feed into the municipal plans which will also assist on an on-going collection of revenue and rentals for the municipality. No revenue base for the municipality except in Mogwase and Madikwe. This will be necessary to enforce regulations and by-laws as adopted by Council. This programmes will assist in growing and supporting the informal economy through initiatives such as the provision of infrastructure

# Chapter 1

support and development to informal trade, provision of advisory and information services to product owners and visitors, and to ensure competitiveness through gathering business intelligence and improving product quality.

The municipality lacks plans of special purpose vehicle to support, market and promote the local film and digital media industry as a new concept that we lacked in the previous financial years. The programme will boost tourism, job creation and the development of core skills for SMME's. As an institution we lack programmes that focusses on development initiatives that aim to grow the local film and television industries in order to create opportunities for future investment by either the public or private sectors. There are key outputs towards projects with the aim to ensure capacity building and skills development of local producers, directors and screenwriters, increased export quality products locally. The other aspect is the establishment of film and television studio infrastructure that will expedite the development of local producers, the attraction of national and international investors.

Programmes of enterprise development, where small businesses becomes vital contributors to the health of the economy and offer a diversity of opportunity in our communities. Small businesses boost productivity, increases competition and innovation, creates employment and prosperity, and revitalizes our communities. Through this programme a platform can be created for small enterprises to develop into sustainable businesses. There is also a lack of platform to be created for sector programme such as construction, tourism development, arts and crafts and the ICT sectors. The above can only happen through the resuscitation of Development Agency, Business Linkages Programme, and opportunities through preferential procurement policies and plans

The importance of tourism marketing as essential that communities are made aware of the importance of tourism. Many of our key cultural and historical places of significance are in disadvantaged areas and will need infrastructural as well as management and tourism training to nurture a new culture of tourism through EPWP type programmes like Working for Tourism etc. (considering "Our icon Moses Kotane whom his reburial was done in Pella Village". Lack of plans to prioritise such routes in order to create sustainable opportunities for a wider section of society and in so doing add to the tourism interest in cultural and social history of our communities.

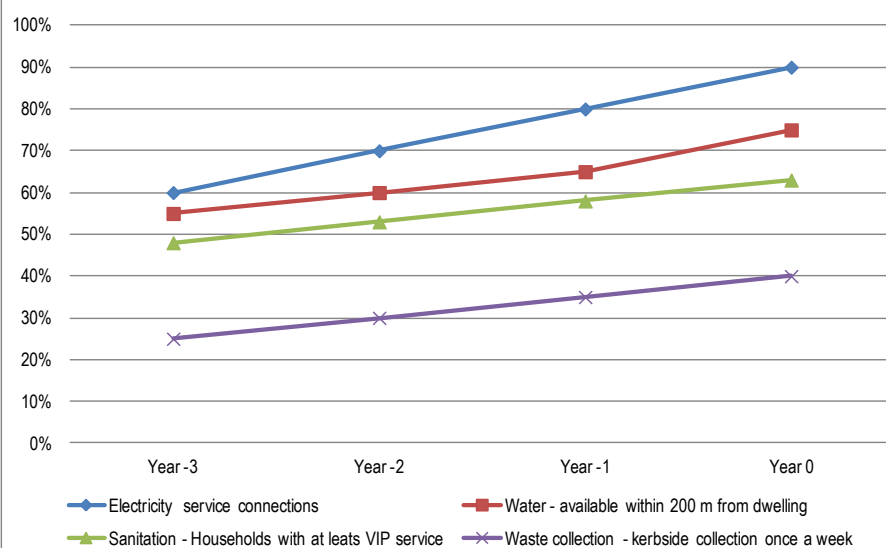
Sun City in itself known nationally and internationally to be in Rustenburg whereas is in Moses Kotane Local Municipality – lack of marketing. We need to create and promote investment nodes and corridors with the aim to reverse the effect of Apartheid townships by creating an all-inclusive live, work and play environments within a racially segregated and integrated municipal area. The key to this programme will be inclusive settlements and sustainable residential densities. Another challenge may be development of the primary road just for the municipal entrance for attractions of investors when entering the Municipal building.

The municipality need to ensure development and implementation of township establishments. Looking into MKLM especially in Mogwase and Madikwe as urban areas, due to the apartheid legacy, the former township areas were developed as dormitory residential areas for Sun City with an insular focus with now non-functional industrial areas, shopping complex, minor retail activities and basic social services. This resulted in slow economic growth and weak and under-developed economies and are not well integrated into the existing economy. Land use management plans and built environment plans.

# Chapter 1

In MKLM 107 rural villages governed by Traditional Leaders, households are scattered, generally poor or lack access to socio-economic infrastructure and services, public amenities and government services. Other issues include low literacy, skills levels and migratory labour practices to developed cities to seek for greener pastures, child/woman headed households, family disputes. The other issues to be considered is unexploited opportunities in agriculture, tourism, mining and manufacturing / lack of strategies for implementation. The VTSD will also assist to package some rural livelihoods development programme on the principles of the Comprehensive Rural Development Programme of the Department of Rural Development and Land Reform, and in the pilot phase to unlock rural nodes and opportunity corridors which may hold potential towards our communities.

## Proportion of households with access to basic services



# Chapter 1

## 1.4. FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

The Moses Kotane Local Municipality is mostly dependent on grant income followed by rates and services income. The municipality's sustainability depends on the effective management of its resources, community effective contribution and participation in the budgeting process as well as by the payments of rates for services.

Illegal water connection and non-payments of rates and for services is a concern for the Municipality. It is a critical problem. The management's main focus is to ensure that all reasonable steps are taken to enhance debt collection. Better planning and control over expenditure and higher effectiveness of staff will also deliver results in

Financial Overview: Year 2019/20			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	637 354	580 656	599 073
Taxes, Levies and tariffs	391 605	392 391	386 187
Other	7 131	7 342	8 286
Sub Total	1 036 090	980 389	993 546
Less: Expenditure	-967 240	-905 676	-994 143
Net Total*	68 850	74 714	-598

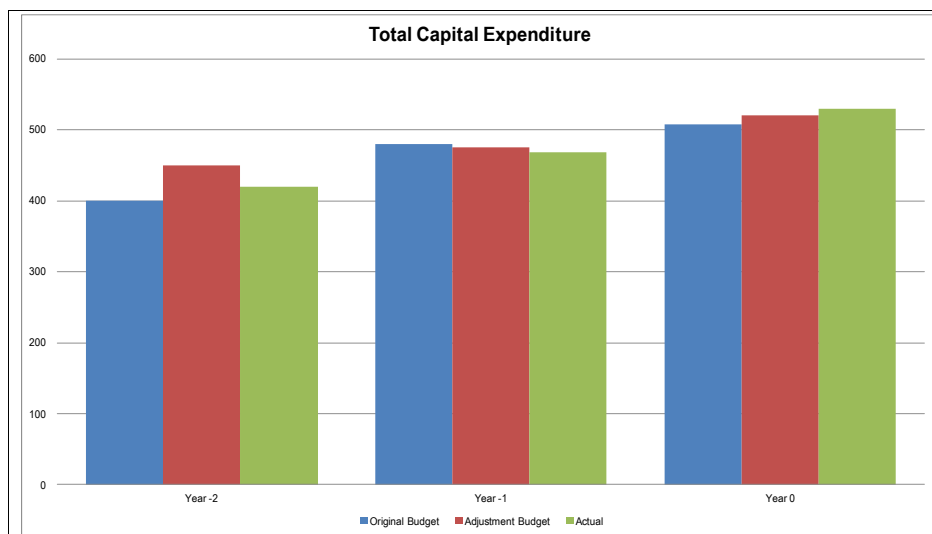
Operating Ratios	
Detail	%
Employee Cost	27.21%
Repairs & Maintenance	19.54%
Finance Charges & Impairment	17,05%

### COMMENT ON OPERATING RATIOS

The Municipality has over the past years been maintaining a percentage ratio between 26% and 30% of employee costs. Repairs and maintenance is at 19.54%.

# Chapter 1

Total Capital Expenditure: Year 2018/2019 – 2019/2020			
	R'000		
Detail	2017/2018	2018/2019	2019/2020
Original Budget	214 680	622 501	204 802
Adjustment Budget	254 839	254 839	206 219
Actual	330 659	330 901	164 627



T 1.4.5

# Chapter 1

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Municipality reviewed its organisational structure in 2020. New positions were created which still require budget to be filled.

## 1.6. AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT: YEAR 2019/2020

The Auditor-General's responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. The municipality received qualified audit opinion in the 2019-2020 financial year which means there has been an improvement. One of the plan is to go back and review the audit outcome for the two outer years to review recurring findings and plans that were put in place at that time – Auditor General proposed and agreed.

## 1.7. STATUTORY ANNUAL REPORT PROCESS

No .	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October

# Chapter 1

12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January
T 1.7.1		

## COMMENT ON THE ANNUAL REPORT PROCESS:

### The IDP/PMS/ Budget Process Plan Adoption

It is required by legislation that a municipal council must adopt a process to guide the planning, drafting and adoption of its Integrated Development Plan (IDP).

#### a) MSA 28 stipulate that:

- (1) "Each municipal council...must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan."
- (2) The Municipality must through appropriate mechanism, processes and procedures established in terms of chapter 4, consult the local community before adopting the process;
- (3) A Municipality must give notice to the local community of particulars of the process it intends to follow.

#### b) MSA 29 further requires the IDP Process Plan to provide for:

- a) Be in accordance with a predetermined programme specifying time frames for different steps;
- b) Through appropriate mechanisms, processes and procedures establish in terms of Chapter 4 allow for-
  - i The local community to be consulted on its development needs and priorities
  - ii The local community to participate in the drafting of the integrated development plan, and
  - iii Organs of state, including traditional authorities, and other role players to be identified and consulted on the drafting of the integrated development plan
- c) Provide for the identification of all plans and planning requirements binding on the municipality in terms of national and provincial legislation, and
- d) Be consistent with any other matters that may be prescribed by regulation



# Chapter 1

## Integrated Development Plan (IDP)

The Municipal Systems Act No.32 of 2000 (MSA) requires that local municipality need to develop and prepare Integrated Development Plans (IDP). The IDP serves as a tool for transforming local government towards facilitation and management of development within the municipal jurisdiction. The MSA identifies the IDP as a key component in entrenching developmental local government principles. The most important aspect of the IDP compilation process is to ensure that the communities and or stakeholders are always consulted and have ownership of all the developmental plans, programmes and projects. The development and production of the IDP is managed internally through a structured and coordinated participation process adopted by Council annually during August month.

The municipality ensure that annually they embark on extensive public participation process of the IDP, Budget, and the Performance reporting to its communities. This is achieved through a process of ward cluster development meetings where all stakeholders are engaged to avoid duplication of services and accountability. Traditional Leaders are engaged through a briefing session and letters will be send to Ward Councillors for visit of the Municipality to the villages as adopted by Council.

The primary focus area of the IDP unit as a team is to ensure that line departments and mining houses contribute to the development of the IDP and that their Social Labour plans are aligned to Municipal plans by community needs. To ensure that this process becomes a success and functional, the IDP unit facilitates and co-ordinates community needs, inputs into the IDP for council approval. What need to be considered is that the IDP is developed internally with the participation of all head of departments as owners and implementers of the plans.

The IDP unit also has key priority to ensure improved alignment for the IDP document (budget, key performance indicators, Spatial Development plans - Framework and the Built Environment Performance Plan is included in the plan and revenue base for the municipality.

The 2018/2019 IDP, Auditor General's comments provided us with an opportunity to test as well as improve alignment before annual review. The Sustainable Development Goals and other key global sustainable frameworks have also been incorporated into the IDP. The SOPA, SONA and the Mayoral Budget Speech. The development, drafting and review of an Integrated Development Plan (IDP) is a lengthy planning and budget process to ensure that it meets the legislative requirements as prescribed. During each financial year Moses Kotane Local Municipality ensures that it continue to focus on the implementation of IDP and Budget processes.

The planning and budget process was emphasized when IDP for the five-year term was adopted 2017/2022. The plan rolled out the strengthening of public participation and broader stakeholder engagement within and outside Moses Kotane Local Municipality. The municipality encountered the delay in setting the tone for the newly elected Council but plans were in place as the previous Council continued with al, the legislated planning. During the community needs analysis and ward based planning, Council ensured that development priorities were set by the community and budget allocated per key performance areas and priorities from the community.

They resolved to improve the functionality of the legislated structures in relation to planning, budgeting, monitoring, reporting and evaluations by adopting plans to have the Strategic planning session in March 2020. The above as such, require a formalized strategy/business plan to be developed detailing

# Chapter 1

all processes to be followed, roles and responsibilities of key stakeholders, time frames for the entire IDP review process. This process is very key and technical because it needs to look into institutional arrangements and preparedness of the municipality to ensure the development, credibility and sustainability of the document.

MSA continues; -

The Local Government: Municipal Systems Act, 32 of 2000 (MSA) and as amended, places the IDP at the top of municipal planning instruments by suggesting that an IDP, adopted by the Council of a Municipality 2017/22 is the key strategic planning tool for the municipality. According to the mentioned Act it states that, the IDP is:

35(1)

- (a) "The principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in the municipality";
- (b) "Binds the municipality in the exercise of its executive authority..."

a) Section 25 of the MSA further prescribes that:

"(1) Each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which –

- (a) Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- (b) Aligns the resources and capacity of the municipality with the implementation of the plan;
- (c) Forms the policy framework and general basis on which annual budgets must be based;
- (d) Complies with the provisions of this Chapter; and
- (e) Is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation."

In accordance with this legislation, Moses Kotane Local Municipality adhered to the above legislative requirement when it adopted its IDP 2017/2022.

Section 34 of the Municipal Systems Act further requires that the adopted IDP of a Council must be reviewed annually. The prescripts are as follows:

"A Municipal Council –

- 1. Must review its integrated development plan-
  - 1. Annually in accordance with the assessment of its performance measurements...
  - 2. To the extent that changing circumstances so demand,"

# Chapter 1

## Community participation

Community Participation ensures stakeholder engagement in all decision making processes and is in line with the Constitution of the Republic of South Africa, section 152 (1). Moses Kotane public participation is facilitated by the IDP unit, Council and administration through various programmes, (i.e. Mayoral Imbizo etc.) to enable the Municipality to effectively engage communities in municipal plans and compilation.

The process will allow communities to effectively have ownership in all developmental programmes in their wards and municipal boundaries. The process is informed by the White Paper on Local Government, Section B paragraph 33. The National Development Plan (NDP) also aims to eliminate poverty and reduce inequality by 2030. Further plans are informed by the Millennium Development Goals (MDG's) and the President's annual emphasis of the State of the Nation addresses. The Premier's SOPA and Mayoral Budget speech.

### a) Legal prescripts that encourages Public Participation are:

- ☐ To encourage the involvement of the community in terms of section 4 (2) of the Municipal Systems Act,
- ☐ White Paper on Local Government and
- ☐ The Constitution of the Republic of South Africa, Section 152 (1);
- ☐ To enable the community to contribute in the decision making processes in terms of section 5 of the Municipal Systems Act;
- ☐ To respond to the needs of the Public or Community in terms of section 6 (2) of the Municipal Systems Act;
- ☐ To develop a culture of public participation that complements formal representative government with a system of participatory governance in terms of section 16 of the Municipal Systems Act;
- ☐ To develop mechanisms, processes and procedures to enable local community to participate in the affairs of the Municipality, in terms of section 17(2) of the Municipal Systems Act and White Paper on Local Government; and
- ☐ To communicate information concerning Community Participation in terms of section 18 of the Municipal Systems Act.

### b) Why Community Engagements

- ☐ To inform and educate communities about government matters;
- ☐ To allow public inputs on proposed policies and share decision-making with the communities; and
- ☐ To plan and cooperation with communities to shape their developmental goals and ward priorities and needs analysis
- ☐ To avoid silo operation and duplication of services in the same ward and villages
- ☐ To get buy-in from organised stakeholders and general members of the public;
- ☐ To provide opportunities for stakeholders to voice-out their opinions and play an active role in constructive decision making programmes and projects;
- ☐ Providing democratic and accountable government for local citizens; and
- ☐ Changing community behavior patterns to strengthen local development.

# Chapter 1

## c) Municipal Vision

"A caring and responsive municipality that is best to live in, work for, and do business with"

- ☐ The IDP also details and need to ensure the following as listed below:
- ☐ Development priorities and objectives, which contribute towards achieving this vision, over the Municipal Councils as their elected term of office
- ☐ Strategies, to ensure the means by which these objectives will be realized and achieved;
- ☐ IDP programmes and projects which link to the strategies and contribute to the achievement of the objectives.
- ☐
- ☐ The IDP and Budget need to be developed, reviewed and amended in accordance with the requirements set out in the:
- ☐
- ☐ Municipal Systems Act 32 of 2000, the Local Government: Municipal Planning and Performance Management Regulations 2001 and the
- ☐ Municipal Finance Management Act 56 of 2003.
- ☐
- ☐ In terms of the Municipal Systems Act, a municipality is required to review its IDP annually. Annual reviews allow the municipality to re look into progress made and outstanding challenges that need to be done as planning for the next financial year. The refined plans and strategies will have to include additional issues and to ensure that these plans and strategies inform institutional - capacity issues as in human and resources and also financial planning.
- ☐
- ☐ The review and amendment of the IDP thus, further develops the IDP and ensures that it remains the principal management tool and strategic instrument for the Municipality.

## d) MSA 34 a Municipal Council –

"(a) must review its integrated development plan

- i) Annually in accordance with an assessment of its performance measurements and
  - ii) To the extent that changing circumstances so demand and
  - (c) May amend its integrated development plan in accordance with a prescribed process"
- Implementing PMS

## Alignment of IDP, Budget and PMS

The IDP, Budget and Performance Management System processes must be seamlessly integrated. Integrated Development Plan fulfills the planning stage of Performance Management. Performance Management System in turn, fulfills the implementation management, monitoring and evaluation of the Integrated Development Plan. The performance of an institution/organization is integrally linked to that of the employees or its staff. The employees need to ensure that they perform their duties to be able to realize their objectives. If employees do not perform, the institution will not achieve its intended objectives. The two are inseparable and that is why is the most critical and important to manage both at the same time.

# Chapter 1

## National Key Performance Areas

The Municipality is trying to align its Key Performance Areas to the five National Key Performance Areas as articulated in the DPLG five-year strategy.

1. Basic Service Delivery and Infrastructure Development
2. Good governance and Public Participation
3. Municipal Transformation and Organizational Development
4. Local Economic development
5. Spatial Rationale
6. Financial Viability and Management

## National Key Performance Indicators

Clear and effective Technical indicator are essential in the development and deployment of resources. The PMS policy and framework was developed to provide direction and guidance on the development, implementation, monitoring, reporting and feedback on the interventions identified in the SDBIP. The Technical Indicator are developed to harmonize and standardize the implementations of municipal indicators. Amongst others they will cover the following:

- ☐ A descriptive title
- ☐ Scope including functions performed, types of products to be used.
- ☐ Chart of the procedure followed.
- ☐ Reporting frequency

## Municipal Key Performance Areas (Strategic Goals),

### Planning for Performance - Service Delivery and Budget Implementation plans (SDBIP)

MFMA of 2003 Section 53 (c) iii require municipalities to compile and submit SDBIPs to the Executive Mayor within 28 days after the adoption of the budget by Council.

The SDBIPs are directly translated from the adopted IDP and Budget. They are regarded as the management and implementation tools of the IDP.

The Mayor approves the SDBIPs and they will form the basis for Performance Management of individuals within Moses Kotane.

The SDBIPs will determine the development and signing of performance agreements for section 57 employees

### Performance Monitoring, Measuring and Reviewing

Performance Monitoring is a continuous process that runs parallel with the implementation of the IDP. The IDP is regarded as forward planning. The process entails collection, storage, verification and analysis of performance data in order to compare current performance with previous financial years and baseline indicators.

# Chapter 1

The IDP is not meant for a specific department, but all departments within the municipality, sector departments (National/Provincial and District), and all other stakeholders and individuals within the Municipality. Every community member needs to take responsibility to collect relevant data/statistics to support the monitoring process. Site visits to projects or evidence of performance is gathered and presented to substantiate claims of meeting/not meeting performance standards as adopted by Council and promised to our communities.

## Performance Reporting

MFMA No. 56 of 2003 Section 52 requires the Mayor to submit a report on the implementation of the budget and the financial state of affairs of the municipality to council within 30 days after the end of each quarter. All quarterly performance reports are due for submission to the PMS office seven days after the end of each quarter. This will enable the office to compile a consolidated report on time to meet the requirements of the Act.

The same quarterly performance reports will further be consolidated into an annual performance report to be considered by council within 9 months after the end of each financial year in order to meet the requirements of Section 121 of the MFMA.

**T 1.7.1.1**

# Chapter 2

## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Moses Kotane Local Municipality is a B-type municipality graded on level 4. It is operating on a collective executive system.

The municipality has a Council that has been elected by its community. The Council has the constitutional authority to ensure that there is development in its area of jurisdiction by providing sustainable services; promote social and economic development; promote safe and healthy environment and encourage the involvement of communities and community organisation in local government matters.

Politicians exercise oversight over service delivery implementation by interacting with administrative management and the relevant reports through the Portfolio Committees and the Executive Committee meeting.

**T 2.1.0**

#### 2.1 POLITICAL GOVERNANCE

##### INTRODUCTION TO POLITICAL GOVERNANCE

The municipality is a collective executive type municipality where the Mayor is the Chairperson of the Executive Committee comprising of 10 executive councillors assigned responsibilities of overseeing administrative portfolios. Furthermore, there are committees established in terms of section 79 of the Municipal Structure's Act to provide oversight and report to the Council. The two committees established are Municipal Public Accounts Committee (MPAC) and Audit Committee. The MPAC serves as Council Oversight committee on the administration activities of the Municipality. The Audit Committee advises Council on matters relating to internal controls; risk management and governance process. The Municipality utilises the services of the Bojanala Platinum District Municipality Share Audit Committee Services and have played a pivotal role in performing an oversight role over financial and performance management during the financial year, including the annual report.

**T 2.1.1**

# Chapter 2

## POLITICAL STRUCTURE



**MAYOR**  
Cllr Ralesole Diale



**SPEAKER**  
Cllr Sipho Vava



**SINGLE WHIP**  
Cllr Maria Matshaba

*T 2.1.1*

## MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Committee	Chairing Councillor
Finance/BTO	Lawrence Kapari
Planning & development	Tryphosa Bothokwane
Local Economic Development	Nketu Nkotswe
Infrastructure & Technical services	Mosweu Manganye
Community services	Xolile Kheswa
Corporate services	Thapelo Thoboke
	Zippora Motswenyane
	Merriam Ramokoka
	Nthabiseng Mollo



# Chapter 2

## COUNCILLORS

There are 34 Ward Councillors who are directly elected by communities and 34 Proportional Representative Councillors and in addition there are 8 traditional leaders who serve in the Municipality as proportional Councillors and they also serve in the municipal portfolios. In total there are 76 Councillors.

**T 2.1.2**

Council Members	FULL/PART TIME	Committees Allocated	*Ward and/ or Party Represented
1. Ralesole Abraham Diale ( <b>ANC Mayor</b> )	Full Time	Mayor	<b>ANC</b>
2. Siphso Steven Vava ( <b>ANC Speaker</b> )	Full Time	Council Chairperson	<b>ANC</b>
3. Maria Ziphora Matshaba ( <b>ANC Whip</b> )	Full Time	Chairperson (Caucus)	<b>ANC</b>
4. Victor Kheswa ( <b>ANC Community Service</b> )	Full Time	Chairperson (Community Services & Public Safety Portfolio)	<b>ANC</b>
5. Thapelo Thoboke ( <b>ANC Corporate Services</b> )	Full Time	Chairperson ( <b>Corporate Services</b> Portfolio)	<b>ANC</b>
6. Lawrence Kapari ( <b>ANC Finance/BTO and</b> )	Full Time	Chairperson (Finance /BTO Portfolio)	<b>ANC</b>
7. Mosweu Manganye ( <b>ANC ITS/Infrastructure</b> )	Full Time	Chairperson (Infrastructure)	<b>ANC</b>
8. Nketu Nkotswe ( <b>ANC LED</b> )	Full Time	Chairperson (Local Economic Development)	<b>ANC</b>
9. Tryphosa Botlhokwane ( <b>ANC Planning &amp; Development</b> )	Full Time	Chairperson (Planning and Development)	<b>ANC</b>
10. Zippora Motsoenyane( <b>DA</b> )	Full Time	Corporate Services	<b>DA</b>
11. Mirriam Ramokoka	Full Time	Finance/BTO	<b>EFF</b>

# Chapter 2

Council Members	FULL/PART TIME	Committees Allocated	*Ward and/ or Party Represented
(EFF)			
12. Nthabiseng Mollo(EFF)	Full Time		EFF
13. Thomas Manganye (MPAC)	Full Time	Chairperson (MPAC)	ANC
14. Lillian Lesomo (ANC)	Part Time	Community Services & Public Safety	ANC
15. Solomon Tladi (ANC)	Part Time	MPAC	ANC
16. Bertha Ponosho (ANC)	Part Time	Infrastructure & Technical Services	ANC
17. Thato Motshegare (ANC)	Part Time	Finance	ANC
18. Aaron Ramokoka(ANC)	Part Time	Finance	ANC
19. Patrick Tame(ANC)	Part Time	Planning & Development	ANC
20. Lizzy Kgame(ANC)	Part Time	Planning & Development	ANC
21. Solomon Mabitsela (ANC)	Part Time	Planning & Development	ANC
22. David Chaka (ANC)	Part Time	LED	ANC
23. Joyce Radiokana(ANC)	Part Time	MPAC	ANC
24. Harry Kodongo(ANC)	Part Time	Infrastructure & Technical Services	ANC
25. Tshepo Khumalo(ANC)	Part Time	–	ANC
26. Mita Khunou(ANC)	Part Time	LED	ANC
27. Abish Magodiello(ANC)	Part Time	Infrastructure & Technical Services	ANC
28. Johannes Mosito(ANC)	Part Time	MPAC	ANC
29. Hendrick Sekao(ANC)	Part Time	Community Services & Public Safety	ANC
30. Joseph Sibanda(ANC)	Part Time	Community Services & Public Safety	ANC
31. Rose Lukhele(ANC)	Part Time	Infrastructure & Technical services	ANC

# Chapter 2

Council Members	FULL/PART TIME	Committees Allocated	*Ward and/ or Party Represented
32. Obed Mogapi (ANC)	Part Time	Planning & Development	ANC
33. Kagiso Bubisi(ANC)	Part Time	Infrastructure & Technical services	ANC
34. Orepa Kgarimetsa (ANC)	Part Time	Finance	ANC
35. Diphetogo Mmolawa(ANC)	Part Time	Infrastructure & Technical services	ANC
36. Dipuo Tau(ANC)	Part Time	Infrastructure & Technical services	ANC
37. Caroline Motshabi (ANC)	Part Time	LED	ANC
38. Ezekiel Mashimo(ANC)	Part Time	Community Services &Public Safety	ANC
39. Dithothi Tshethane(ANC)	Part Time	Corporate Services	ANC
40. Theresa Boikanyo (DA)	Part Time	MPAC	DA
41. Nomawisile Deleki (ANC)	Part Time	Corporate Services	ANC
42. Lucky Moate (ANC)	Part Time	Finance/BTO	ANC
43. Martha Mokgathe(ANC)	Part Time	LED	ANC
44. Kgomoiso Gouwe(EFF)	Part Time	Planning &Development	EFF
45. Herminah Kgouwe(EFF)	Part Time	Finance /BTO	EFF
46. Tshepang Madisa(EFF)	Part Time	LED	EFF
47. Rosina Masilo(EFF)	Part Time	Infrastructure& Technical Services	EFF
48. Thulani Kunene(AIC)	Part Time	MPAC	AIC
49. Johannes Matjila(COPE)	Part Time	LED	COPE
50. Phillip Matlakala(DA)	Part Time	Community Services & Public Safety	DA
51. Phillip Motlhaga(DA)	Part Time	MPAC	DA
52. Ororiseng	Part Time	Planning &Development	EFF

# Chapter 2

<b>Council Members</b>	<b>FULL/PART TIME</b>	<b>Committees Allocated</b>	<b>*Ward and/ or Party Represented</b>
Motshagwe( <b>EFF</b> )			
53. Neo Ruele ( <b>UCDP</b> )	Part Time	MPAC	<b>UCDP</b>
54. Kgatoentle Kgalegi( <b>EFF</b> )	Part Time	Corporate Services	
55. Jacobeth Segale( <b>EFF</b> )	Part Time	–	<b>EFF</b>
56. Jonathan Sekomeng( <b>DA</b> )	Part Time	Infrastructure & Technical Services	<b>DA</b>
57. Adel Sennelo( <b>EFF</b> )	Part Time	Finance	<b>EFF</b>
58. Joyce Tukisi( <b>EFF</b> )	Part Time	Planning & Development	<b>EFF</b>
59. Eva Ditshwene( <b>EFF</b> )	Part Time	–	<b>EFF</b>
60. Gerald Aphiri ( <b>EFF</b> )	Part Time	Corporate Services	<b>EFF</b>
61. Phadi Nqothula ( <b>ANC</b> )	Part Time	Planning & Development	<b>ANC</b>
62. Efesia Matshereng ( <b>ANC</b> )	Part Time	Corporate Services	<b>ANC</b>
63. George Moatshe ( <b>ANC</b> )	Part Time	LED	<b>ANC</b>
64. Rebeca Moeng ( <b>ANC</b> )	Part Time	Community Services & Public Safety	<b>ANC</b>
65. Karel Sedile ( <b>ANC</b> )	Part Time	MPAC	<b>ANC</b>
66. Ismael Siko ( <b>EFF</b> )	Part Time	Community Services & Public Safety	<b>EFF</b>
67. Boitumelo Dingaan ( <b>EFF</b> )	Part Time	Finance	<b>EFF</b>
68. Letta Modimokwane ( <b>ANC</b> )	Part Time	Finance	<b>ANC</b>

# Chapter 2

## POLITICAL DECISION TAKING

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
30 July 2019	21/07/2019	Echedules for council, EXCO, portfolio committees and ward committees 2019/2020	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the contents of the Schedules for Council, Exco, Portfolio committee and Ward committees be noted.</li> <li>b) That the Council approved the schedules to be incorporated in the corporate calendar.</li> </ul>
	22/07/2019	Filling of vacant position in EXCO for EFF councillor	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the contents of the notices attached be noted by Council.</li> <li>b) That notices be submitted to Council for approval.</li> </ul>
	17/07/2019	Report on claim for compensation by Mphela Family- Baphalane bulk water project pipeline on farm Pylkop 26jq	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That Council notes the report on a claim for compensation by the Mphela family for the Baphalane Bulk water Project pipeline on farm Pylkop 26JQ</li> <li>b) That the claim for compensation by the Mphela family be <b>rejected</b> due to the following reasons: <ul style="list-style-type: none"> <li>i. The municipality was not responsible for implementation of the project;</li> <li>ii. The public interest of the project outweighs the interest of the Mphela's</li> <li>iii. The Mphela's are Beneficiaries of the project</li> <li>iv. The Mphela's suffer minimal inconvenience and insignificant deprivation of use land as a result of the pipeline;</li> <li>v. Payment of compensation will set a precedent and open floodgates to other potential claims which is unaffordable.</li> </ul> </li> <li>c) That Public Protector be informed of the resolution of Council together with the reasons.</li> </ul>
	19/07/2019	Advertisement of senior manager position (Infrastructure And Technical Services	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the item be noted.</li> <li>b) That permission to advertise the position be granted</li> <li>c) That the panel be constituted in line with the regulations.</li> <li>d) That SALGA be added to the panel.</li> </ul>

# Chapter 2

	20/07/2019	Re-Advertisement of senior manager resolved position (HOD: corporate support services)	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the item be noted.</li> <li>b) That permission to re-advertise the position be granted</li> <li>c) That the same panel members be constituted in line with the regulations.</li> <li>d) That SALGA be added to the panel.</li> </ul>
	13/07/2019	Third quarter performance report 2018/2019	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the Council take note of the third quarter performance report.</li> <li>b) That no change of KPI's should be implemented without council's approval.</li> <li>c) That the PMS Steering Committee report to EXCO on monthly basis.</li> <li>d) That the departments develop their own SDBIPs and submit to PMS for consolidation.</li> <li>e) That the PMS and the Municipal Manager priorities the acquiring of PMS electronic System.</li> <li>f) That Corporate Services develop performance agreements for section 56 managers and allow the PMS to play coordination role.</li> </ul>
	14/07/2019	Performance Management System Framework for 2019/2020	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That Council consider the Performance Management System Framework for 2019/2020.</li> <li>(b) That Corporate Services Department to develop a standard operating procedure for Executive Committee oversight and management.</li> </ul>
	16/07/2019	Draft IDP/budget & PMS process plan for 2020/2021 financial year	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That the Council to note the draft IDP/Budget/PMS Process Plan for financial year 2020/2021,</li> <li>(b) The Council to note the approval of the 2020/2021 Integrated Development Plan review/amendment and budget processes plans which will allow for the Integrated Development Plan as prescribed by the Municipal Systems Act and Municipal Finance Management Act in accordance with prescribed processes, milestones and target dates as required by applicable legislation</li> <li>(c) That the approved process plan be submitted to the North West provincial government as legislated.</li> </ul>

# Chapter 2

	18/07/2019	Report on compliance on occupational health and safety act for renovations of Mogwase sewerage plant and Madikwe water purification plant staff houses.	<p><b>RESOLVED</b></p> <p>As indicated above this buildings has been renovated, and it is therefore recommended that:</p> <p>a) That the Council note the report.</p>
	02/07/2019	<b>Moses Kotane local municipality special adjustment budget 2018/2019(15/1/1/2018/2019)</b>	<p><b>RESOLVED</b></p> <p>That in terms of Section 28(2) of the Municipal Finance management Act, 2003 (Act 56 of 2003) the proposed 2018/2019 Adjustment Budget be approved as set out in the following tables as contained in Annexure A:</p> <ul style="list-style-type: none"> <li>4.1 Adjustments Budget summary. B1</li> <li>4.2 Adjustments Budget Financial Performance. (standard classification)B2</li> <li>4.3 Adjustments Budget Financial Performance. (revenue and expenditure by municipal vote)B3</li> <li>4.4 Adjustments Budget financial performance. (revenue and expenditure)B4</li> <li>4.5 Adjustments Capital Expenditure Budget by vote and funding. B5</li> <li>4.6 Adjustments Budget Financial Position. B6</li> <li>4.7 Adjustment Budget Cash Flows. B7</li> <li>4.8 Cash backed reserves/accumulated surplus reconciliation. B8</li> <li>4.9 Asset Management. B9</li> <li>4.10 Basic service delivery measurement. B10</li> </ul> <p>The budget allocation in the SDBIP and IDP be adjusted accordingly</p>

# Chapter 2

	03/07/2019	Report on immovable asset verification	<b>RESOLVED</b> (a) That accounting records be adjusted with the verification results.
	06/07/2019	Supply Chain Management Report fourth quarter report 2019	<b>RESOLVED</b> (a) That the contents of the report be noted.
	10/07/2019	Report on stores	<b>RESOLVED</b> (a) That the stock shortages to the value of R 644 771.20 approved. (b) Further investigation to the remaining shortage of R234, 410.10 be done and reported on during the 19/20 Financial Year period.
	12/07/2019	Financial quarterly report for the quarter ending 30 June 2019 (7/15/1/2/1)	<b>RESOLVED</b> a) That the financial quarterly report for the fourth quarter ending 30 June 2019 be accepted and noted.
29 AUGUST 2020	38/08/2019	Invitation to participate on the SEZ capacity building training in china	<b>RESOLVED</b> a) That Council takes note of the invitation to participate on the Capacity Building Training b) That Council approves for the Municipality to participate on the Capacity Building Training to be held in China from the 26 <sup>th</sup> October 2019 to 15 <sup>th</sup> November 2019 c) That Council approves the nomination of the two officials by the DTI, Mr Kealeboga Mmope and Ms RG Madikela to participate on the Capacity Building Training as per their invitation d) That Council approves the subsistence and travelling allowances for the two officials as per the Council Policy e) That Accounting Officer inform both the Department of international Relations and Cooperation (DIRCO) and the Provincial MEC responsible for COGTA about the trip and the names of travelling officials.
	39/08/2019	Report on the donation of water tankers by Wesizwe/Bakubung mine	<b>RESOLVED</b> a) That Council takes note of the report b) That the donated trucks be accepted and be included in the



# Chapter 2

			<p>Municipality's assets register</p> <ul style="list-style-type: none"> <li>c) That the trucks be used to provide water for the Municipality, however, priority be given to Ledig until the bulk water supply challenges have been resolved.</li> <li>d) That the Municipal drivers be assigned to operate the trucks while a permanent plan is being put in place.</li> <li>e) That a formal handover ceremony for the trucks be held as per the request of the mine</li> <li>f) Declaration of the donation of trucks is part of the SLP.</li> <li>g) That the Accounting Officer be authorized to sign the deed of donation of the trucks with the mine.</li> <li>h) That the SLP be included in the IDP.</li> </ul>
	33/08/2019	<b>Name change of Makweleng farmers production support unit to Moses Kotane farmers production support unit</b>	<p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>(a) That Council take notes of the report;</li> <li>(b) That approval be granted that Makweleng Farmer Production Support change its name to Moses Kotane Farmer Production Support Unit.</li> </ul>
	27/08/2019	<b>Implementation of phase 4 of the expanded public works programme (EPWP) 2019-2024</b>	<p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>(a) That Council notes the report.</li> <li>(b) That R1 695 000.00 grant has been allocated for MKLM at a minimum wage of R126 .00 per day for participants and R160 for supervisors.</li> <li>(c) That all Departments submit job creation statistics be captured within the EPWP system on a monthly basis to increase future allocation.</li> <li>(d) That Council approves the setting up of MKLM EPWP Steering Committee.</li> <li>(e) That the ward councilors of the affected ward be ex-officious in the EPWP Steering committee.</li> </ul>
	28/08/2019	<b>Terms of reference for the mining working group and oversight committee in order to regulate mining</b>	<p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>a) That the Council takes cognisance and endorse the formation of the Mining Working Group and an Oversight Committee.</li> <li>b) To approve the terms of reference for both the Mining Working</li> </ul>

# Chapter 2

		engagement and activities	Group and an Oversight Committee
	29/08/2019	Request for establishment of municipal vehicle pound (Depot) within the jurisdiction of Moses Kotane local municipality	<b>RESOLVED</b> As indicated above this facilities needs an urgent attention and it is therefore recommended that: <ul style="list-style-type: none"> <li>a) That the Council note the request.</li> <li>b) That the request for establishment of a vehicle pound be granted.</li> <li>c) That the budget for construction of vehicle pound be allocated in 2020/2021 Financial year</li> <li>d) That the application for portion of land for establishment of pounding area be submitted to Town Planning Unit.</li> </ul>
	30/08/2019	Report on the Thuma-Mina good green-deeds programme by the Department of Environmental Affairs	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the Council note the Thuma-Mina Good Green-Deeds Programme by the Department Of Environmental Affairs.</li> <li>b) That the Council note the attached Letter of support for the programme as well as the Progress Report.</li> </ul>
			<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That the report on the state of affairs of By-Laws in the Municipality be noted.</li> <li>(b) That the by-laws that are already due for review be revised by the relevant Departments.</li> <li>(c) That various Department consider the development and drafting of the By-laws mentioned in paragraph 6 of the report.</li> <li>(d) That the by-laws be effectively enforced.</li> <li>(e) That the law enforcement section in the Public Safety Unit be capacitated so that the Municipality could fully and adequately fulfil its constitution and legislative mandate.</li> </ul>
	34/08/2019	Financial report for July 2019 (7/15/1/2/1)	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the financial report for July 2019 be accepted and noted.</li> </ul>
	35/08/2019	Supply Chain Management July 2019 report	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That the contents of the report be noted.</li> </ul>

# Chapter 2

	36/08/2019	Supply Chain Management Annual Report 2018/2019	<b>RESOLVED</b> (a) That the contents of the report be noted.
	31/09/2019	State of affairs of By-laws within the jurisdiction of Moses Kotane local municipality	<b>RESOLVED</b> (a) That the report on the state of affairs of By-Laws in the Municipality be noted. (b) That the by-laws that are already due for review be revised by the relevant Departments. (c) That various Department consider the development and drafting of the By-laws mentioned in paragraph 6 of the report. (d) That the by-laws be effectively enforced. (e) That the law enforcement section in the Public Safety Unit be capacitated so that the Municipality could fully and adequately fulfil its constitution and legislative mandate.
31 OCTOBER 2019	72/10/2019	Report at the Shared Audit Committee 4 <sup>th</sup> quarter report ending 30 June 2019	<b>RESOLVED</b> a) That the report be noted by council
	68/10/2019	Municipal Public Accounts Committee draft annual work plan for 2019/2020 financial year.	<b>RESOLVED</b> a) That the Council approve the MPAC Draft Annual Work Plan 2019/2020. b) That the accounting officer ensure that all scheduled meetings according to the approved annual work plan 2019/2020 are adhered to. c) That all activities in the annual work plan be budgeted for in the 2019/2020 financial year.
	73/10/2019	MPAC's report on unauthorize irregular fruitless and wasteful expenditure	<b>RESOLVED</b> a. That Council take note of the 2017/2018 UIFW Report including prior years. b. That Council note that the MPAC Committee has not yet finalized

# Chapter 2

			<p>all investigations pertaining to UIFW.</p> <ul style="list-style-type: none"> <li>c. That Council condone all transport and catering for the financial year under review and prior years.</li> <li>d. That Council rescind its flat rate policy on catering and transport as this will lead to further irregular expenditure thus continuing to violate SCM Regulations on Competitive bidding.</li> <li>e. That MPAC continue with further investigations especially around deviations and the alleged abuse of regulation 32.</li> <li>f. That the Municipal Manager ensure consequence management on clear cases of negligence and flouting of SCM policies and report back to Council.</li> <li>g. That investigations include allegations of officials and /or councillors doing business with the state and failing to declare.</li> <li>h. That upon conclusion of all investigations, MPAC refer such reports to the disciplinary board for finalization.</li> </ul>
	71/10/2019	<b>Request for closure of municipal offices</b>	<p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>a. That Council grants approval for closure of offices on the 20 December 2019 until 03 January 2020 (last working day being 20<sup>th</sup> December 2019 until and opening on 06 January 2020).</li> <li>b. That Essential Services and proof of residence of Council proceed to operate during the break.</li> <li>c. That a list of staff members required to be on duty during the break be submitted.</li> <li>d. That the staff required to work during the break be compensated with one day's leave for everyday worked which leave days, may be encashed.</li> <li>e. That the staff required to be on stand-by be compensated with payment of stand-by allowance.</li> <li>f. That the relevant message be published in the local newspaper and be properly communicated to the community, clients and stakeholders.</li> <li>g. That officials take 7 days annual leave (23, 24 27.30 and 31</li> </ul>

# Chapter 2

			December 2019) and 02, 03 January 2020
	76/10/2019	Condonation of acting appointment: HOD corporate services.	<b>RESOLVED</b> (a) That Council notes the report. (b) That Council condones Mr. S.S. Kotsedi's acting for the month of October 2019 (c) That Council approves the acting of Mr S. S. Kotsedi for 3 months starting from 1 November 2019. (d) The process for the appointment of HOD: Corporate Services be accelerated
	77/10/2019	Moses Kotane local municipality: nomination of councilors to serve in the MKLM local labour forum	<b>RESOLVED</b> a) That council notes the report b) That Council nominates two Councillors to serve in the Moses Kotane Local Municipality Local Labour Forum c) That council approves Cllr George Moatshe and Cllr Aron Ramokoka to serve in the MKLM Local Labour Forum
	79/10/2019	Appointment Of Acting Hod: infrastructure and technical services	<b>RESOLVED</b> The item was extracted
	80/10/2019	Contract extension of HOD its (Mr T.T Chiloane) to a month to month until the end of audit process	<b>RESOLVED</b> a) That Council note the report. b) That Mr T.T Chiloane's contract be extended to a month to month until the audit process is completed. c) That the appointment process of the permanent HOD: Infrastructure and Technical Services be accelerated.
	32/09/2019	Proposal On The Safe And Clean City Municipal Campaign	<b>RESOLVED</b> a) That the Council thoroughly note and approve the launching/Implementation of the <b>Safe and Clean Campaign</b> .
	40/09/2019	Report on Integrated Transport Plan	<b>RESOLVED</b> a) That the report be noted. b) That the Service Provider be invited to make presentation to Management, Portfolio, EXCO and Council including other relevant stakeholders.

# Chapter 2

	41/09/2019	Request for the review of the municipal air quality management plan	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the Council approve the request for the review Municipal Air Quality Management Plan.</li> <li>b) That the Council note the attached Terms of Reference in line with the proposed review process.</li> </ul>
	42/09/2019	Request for the review of the municipal integrated waste management plan	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the Council approve the proposed review of Municipal Integrated Waste Management Plan.</li> <li>b) That the Council note the attached Terms of Reference in line with the review process.</li> </ul>
	44/09/2019	report on review of metered Taxi, Bus and Minibus (Public Transport) Law Enforcement By-Law)	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the report on a reviewed By-law be adopted with changes made.</li> <li>b) That the By-law be taken for Public Participation.</li> <li>c) That, after completion of the Public Participation Process, the final By-law with public comments be submitted to Council for final approval.</li> </ul>
	46/09/2019	Progress report for the maintenance of street lights & high mast lights for the month of august 2019	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That council notes this report.</li> </ul>
	48/09/2019	Progress report on 2018/2019 municipal infrastructure grant (MIG) projects, water services infrastructure grant (WSIG) and the drought relieve programme, 2019-20 allocated budget	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the council take note of the report</li> </ul>
	49/09/2019	Water & Sanitation unit reports for west and east July 2019	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the council take note of the report.</li> </ul>

# Chapter 2

	50/09/2019	Status Quo Report on the operations of infrastructure & technical service department	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the council take note of the report.</li> <li>b) That the report be presented to council for further engagement and decision making</li> <li>c) All affected portfolio committee to develop action plan to address those challenges (Finance, Corporate Services and Infrastructure and report back to Executive Committee on the 06<sup>th</sup> November 2019)</li> </ul>
	54/09/2019	Status Quo Report on enegizing of high masts lights and community halls	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the council take note of the report.</li> </ul>
	55/09/2019	Supply Chain Management August 2019 report	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That the contents of the report be noted.</li> </ul>
	56/09/2019	Financial Report For August 2019 (7/15/1/2/1)	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the financial report for August 2019 be accepted and noted.</li> </ul>
	61/10/2019	Draft Municipal Trading By-Law	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the draft Municipal Trading By-Law be noted and adopted</li> <li>b) That the draft Municipal By-Law be advertised for public participation and submission of comments or representations.</li> <li>c) That all Councillors be inducted on all municipality's policies and by-laws.</li> </ul>
	62/10/2019	Moses Kotane local municipality commonage policy	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the council adopt the draft policy and the terms of reference for setting of the Commonage Policy Committee.</li> </ul>
	63/10/2019	Financial report for September 2019 (7/15/1/2/1)	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the financial report for September 2019 be accepted and noted</li> </ul>

# Chapter 2

	64/10/2019	Financial quarterly report for the quarter ending 30 September 2019 (7/15/1/2/1)	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the financial quarterly report for the first quarter ending 30 September 2019 be accepted and noted.</li> </ul>
	65/10/2019	Supply Chain Management September 2019 report	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the contents of the report be noted.</li> </ul>
	67/10/2019	Application to utilize a portion of portion 8 of the Farm Klipfontein 60 JQ for the purpose of establishment of a tourism node	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the Council takes cognizance of the Report.</li> <li>b) That a portion of Unit 6 be allocated to establish the Tourism Node initiative.</li> <li>c) That a formal application for both of the identified pocket of land be concluded by the Department: Planning &amp; Development.</li> <li>d) That the ITS and LED to further engage on the business plan, infrastructure needed and the 5% MIG allocation for the setting up of the Tourism Node.</li> <li>e) That funding for other activities be solicited from other financing institutions / sector departments / State owned entities.</li> <li>f) That the portion be made available for long term development lease.</li> </ul>
08 NOVEMBER 2019	85/11/2019	Rescindment of recommendation of 71/10/2019: request for closure of municipal office.	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a. That Council grants approval for closure of offices from the 20 December 2019 until 06 January 2020 (last working day being 20<sup>th</sup> December 2019 until and opening on 06 January 2020).</li> <li>b. That Essential Services of Council proceed to operate during the break.</li> <li>c. That a list of staff members required to be on duty during the break be submitted.</li> <li>d. That the staff required to work during the break be compensated with one day's leave for everyday worked.</li> <li>e. That the staff required to be on stand-by be compensated with payment of stand-by allowance.</li> <li>f. That the relevant message be published in the local newspaper and be properly communicated to the community,</li> </ul>



# Chapter 2

			<p>clients and stakeholders.</p> <p>g. That officials take 3 days annual leave (23, 24 &amp; 27 December 2019) and Council give officials a further 4days leave (30 &amp; 31 December 2019) and 02 &amp; 03 January 2020.</p>
	86/11/2019	Extension of contract HOD: infrastructure and technical services for 1 month	<p><b>RESOLVED</b></p> <p>(a) That the report be noted.</p> <p>(b) That the Council extends the contract of Mr. T. Chiloane by 1(one) month starting from 03 November 2019 to 30 November 2019 in order for him to finalize outstanding RFI (Request for Information).</p> <p>(c) That the Accounting Officer enter into 1 month contract with Mr. T. Chiloane with the same conditions stipulated in his previous contract.</p> <p>(d) That by virtue of this item, Council therefor rescinds ITEM 80/10/2019</p>
	82/11/2019	Special adjustment budget and medium term revenue and expenditure framework 2019/2020 to 2021/2022 (5/1/1-2019/2020)	<p><b>RESOLVED</b></p> <p>a) That the report on the compilation and submission of a Special Adjustment Budget and Medium Term Revenue and Expenditure Framework for 2019/2020 to 2021/2022 be noted.</p> <p>b) That the special Adjustment annual budget of the municipality for the financial year 2019/2020 be approved.</p> <p>c) That all monies collected from outstanding debts be ring-fenced, utilisation thereof be done in the new financial year.</p>
30 JANUARY 2020	105/01/2020	Draft MPAC programme for the public hearing processes on the annual report 2018/2019	<p><b>RESOLVED</b></p> <p>a) That Council note and adopt the draft programme for the MPAC Public Hearing processes on the Annual Report 2018/2019</p>
	109/01/2020	Tabling draft 2018/2019 annual report	<p><b>RESOLVED</b></p> <p>(a) That the Council note the draft 2018/2019 annual report</p> <p>(b) That the Council give directive to Municipal Public Accounts committee to facilitate oversight processes of the Annual report, as required by section 127 (5) of the Municipal Finance Management Act.</p> <p>(c) The Draft 2018/2019 Annual Report be subject to public comments through a process to be led by MPAC</p>

# Chapter 2

			<p>(d) That both EXCO and Management participate throughout the public hearings as required by the MFMA.</p> <p>(e) That a notice be issued in the newspapers regarding the availability of the draft annual report.</p>
	118/01/2020	Replacement of representation on the Bojanala platinum district municipality council by new councilors	<p><b>RESOLVED</b></p> <p>a) That the report on the replacement of representatives on the Bojanala Platinum District Municipal Council be noted.</p> <p>b) That Council approves the replacement of Cllr Nkotswe by Cllr Mabitsela to serve in the Bojanala Platinum District.</p> <p>c) That Council approves the replacement of Cllr Mollo by Cllr Madisa to serve in the Bojanala Platinum District.</p>
	119/01/2020	Municipal Demarcation Board- Delimitation of wards	<p><b>RESOLVED</b></p> <p>a) That the process for public consultation of the Municipal Demarcation Board for the delimitation of wards of 2020 be noted.</p> <p>b) That the Speaker's Office start with the facilitation of the public participation process.</p> <p>c) That the details of the venue and invitations of the public consultation process be communicated to the Municipal Demarcation.</p>
	112/01/2020	Mid-Year Budget Performance Assessment report for the period 31 December 2019	<p><b>RESOLVED</b></p> <p>a) Council notes the Mid-Year Budget and Performance Assessment Report for the 2019/2020 Financial Year in terms of S72 of the MFMA and the Supporting Documentation attached.</p> <p>b) Council considers the financial state of affairs of the Municipality as reflected in this report and take note of the low collection rate for the first six months of the year that leads to cash flow challenges.</p> <p>c) Council considers the tabling of an adjustment budget not later than 28 February 2020.</p>
	113/01/2020	Mid-Year Performance Assessment Report for 2019-2020 financial year	<p><b>RESOLVED</b></p> <p>a) That council consider the 2019/2020 mid-year performance report</p>
	117/01/2020	Condonation and extension of acting	<p><b>RESOLVED</b></p> <p>a) That Council notes the report</p>

# Chapter 2

		<b>appointment: HOD corporate services</b>	b) That Council approves the one-month extension of acting (February) for Mr. S.S Kotsedi. c) That council condones the Acting of Mr S.S Kotsedi for the month January 2020
	<b>23/07/2019</b>	<b>Publication of the draft Moses Kotane local municipality spatial development framework for public comments.</b>	<b>RESOLVED</b>  In view of the above, it is recommended that the Executive Committee recommends to the Council of the Moses Kotane Local Municipality, for the approval to commence with the public participation of the draft Moses Kotane Local Municipality Spatial Development Framework for comments as required in terms of section 8 (4) read with section 9 of the Moses Kotane Spatial Planning and Land Use Management By-Law 2016, subject to the following conditions:  (a) That the Council take note of the report. (b) That Council approves the commencement of the public participation as part of the process of formulating and subsequently finalising the Municipal Spatial Development Framework.
	<b>57/09/2019</b>	<b>Establishment of a municipal planning tribunal and appointment of a body or institution to assume obligation of an appeal authority of the municipality in terms the spatial planning and land use management Act 16 of 2013.</b>	<b>RESOLVED</b>  In view of the above, it is recommended that the Executive Committee recommends to the Council of the Moses Kotane Local Municipality, for the Establishment of Municipal Planning Tribunal and appointment of a body or institution to assume obligations of an appeal authority of a Municipality in terms of the Spatial Planning and Land Use Management Act 16/2013, subject to the following conditions:  a) That the Council take note of the report. b) That Council permit the process of establishing a stand-alone Municipal Planning Tribunal to commence. c) That Council permit the commencement of a process of appointing a body or institution to assume obligations of an appeal authority of a Municipality.
	<b>99/01/2020</b>	<b>Financial quarterly report for the quarter ending 31<sup>st</sup> December 2019 (7/15/1/2/1)</b>	<b>RESOLVED</b>  a) That the financial quarterly report for the second quarter ending 31 December 2019 be accepted and noted.

# Chapter 2

	103/01/2020	Supply Chain Management second quarter report for 2019/2020	<b>RESOLVED</b> (a) That the contents of the report be noted.
	111/01/2020	Update on the implementation of council resolution on closure of municipal offices, item no 85/11/2019 and its amendment thereto	<b>RESOLVED</b> a) That the report on the implementation of Council Resolution item 85/11/2019 on closure of Municipal Offices be noted. b) That recommended (d) of item no 85/11/2019 be replaced to read of as follows "That staff required to work during the festive break be compensated for the period worked (7 days)." c) "That staff required to work during the festive break be compensated for the period worked (7 days)." d) That Management to initiate a discussion at the Local Labour Forum in an effort to develop the policy around this aspect. e) That the compensation as referred to in recommendation (c) be effected with the February 2020 salaries. f) That the LLF be engaged in regard to the finalization of the Essential Services Agreement in order to prevent future disputes.
	69/10/2019	Proposed expansion of the boundaries of the Moses Kotane local municipality's cemetery yard.	<b>RESOLVED</b> That the Council of the Moses Kotane Local Municipality approved the expansion of the existing Moses Kotane Local Municipality's cemetery property with the purposes of accommodating the Mabele-A-Podi community; a) That the Council take note of the report. b) That the Council permit the process to unfold for expanding the existing Moses Kotane Local Municipality's cemetery yard in order to accommodate the Mabele-A-Podi Community; c) That an Environmental Impact Assessment be conducted should the proposed development be a listed activity; d) That a new sub divisional diagram of the property be registered with the Surveyor General Office. e) That the property remains being in the ownership of the Moses Kotane Local Municipality.

# Chapter 2

	70/10/2019	IDP needs analysis report for financial year 2020/2021	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That the Council note the needs analysis report from the IDP Public Participation for financial year 2020/2021.</li> <li>(b) That the Council note that all the needs relating to sector departments will be distributed to relevant departments for noting and planning purpose.</li> <li>(c) That all internal department to use needs analysis in the review of their 2020/2021 IDP Status Quo Analysis.</li> </ul>
27 FEBRUARY 2020	150/02/2020	Proposal to rescind the standard rate used to procure catering and transport services ref: (item 236/05/2017)	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a. That the report be noted and approved.</li> <li>b. That Council rescind its decision on the implementation of the standard rate for catering and transport services.</li> <li>c. That SCM follow the normal competitive procurement process post approval of this report by Council.</li> <li>d. That Council approve the proposal to apply normal competitive for procurement of catering and transport services with effect from March 2020.</li> <li>e. That all relevant policies, procedure manuals and standard forms be amended accordingly.</li> <li>f. That in terms of section 32(2) (b) of the MFMA, Council should certify the expenditure relating to catering and transport services of R 25 438 26.01 as irrecoverable and resolve that it be written off.</li> </ul>
	140/02/2020	Shared Audit Committee Charter	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That Council notes that the Shared Audit Committee was appointed by Bojanala Platinum District Municipality Council and bears the committee's remuneration cost.</li> <li>b) That the Council approves the 19/20 Shared Audit Committee Charter.</li> </ul>
	149/02/2020	Appointment of the audit committee members	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That Council takes notes of the report.</li> <li>(b) That Council approves the process for the appointment of the Audit Committee members, for a period of three years, 1 July 2020 to 30 June 2023.</li> <li>(c) That once the process has been completed, the names of proposed members be submitted to Council for approval and appointment</li> </ul>

# Chapter 2

			(d) That Council approves the appointment of the selection panel comprising of Mayor, Portfolio Head Finance, Accounting Officer and one representative from Provincial Treasury.
	151/02/2020	Extension of acting: HOD infrastructure and technical services resolved	<b>RESOLVED</b> a) That Council notes the report b) That Council approves the one (1) month(March) extension of acting for Mr B.S. Maseloane
	152/02/2020	Extension of acting director: HOD Corporate Services	<b>RESOLVED</b> a) That Council noted the report. b) That Council approves the 1(one) month (March) extension of Acting for Mr S.S Kotsedi c) That the Accounting Officer ensure this position is filled as a matter of urgency
	144/02/2020	Report of the Shared Audit Committee for the first quarter ending 30 September 2019	<b>RESOLVED</b> a) That Council takes note of the Shared Audit Committee's 2019-2020, 1 <sup>st</sup> quarter report. b) That Council takes a resolution that management must develop an action plan which must be implemented and monitored on monthly basis.
	104/01/2020	Application to permit the utilization of the remainder of portion 1 of the farm Rhenosterspruit 908 jq for the purposes of establishing a township	<b>RESOLVED</b> It is recommended that the Council of the Moses Kotane Local Municipality permit the utilization of the Remainder of Portion 1 of the Farm Rhenosterspruit 908 JQ for the purposes of establishing a Township, subject to the following conditions;  a) That the item be noted; b) That the Council permit the utilization of the Remainder of Portion 1 of the Farm Rhenosterspruit 908 JQ for the purposes of establishing a Township; c) That the Municipal Manager of the Moses Kotane Local Municipality be authorized to commence with all processes pertaining to legal compliance with the relevant legislations and

# Chapter 2

			<p>policies for the development of the proposed township on Council Land.</p> <p>d) That the proposed development complies with all development requirements as outlined in applicable legislations and policies governing development on agricultural land.</p>
	106/01/2020	Review of land acquisition and disposal policy.	<p><b>RESOLVED</b></p> <p>a) That the item be noted;</p> <p>b) That Council permits the public participation process on the Land Acquisition and Disposal Policy;</p>
	107/01/2020	Draft telecommunication mast infrastructure policy.	<p><b>RESOLVED</b></p> <p>That the Council of the Moses Kotane Local Municipality approve and adopt the Moses Kotane Local Municipality Telecommunications Mast Infrastructure Policy.</p> <p>a) That the item be noted;</p> <p>b) That Council permit the Draft Telecommunications Mast Infrastructure Policy for public participation</p>
	108/01/2020	Formulation of Moses Kotane local municipality outdoor advertising & signage by-law.	<p><b>RESOLVED</b></p> <p>In view of the above, it is recommended that the Portfolio Committee recommends to the Executive Committee Moses Kotane Local Municipality the approval of the Draft Moses Kotane Local Municipality Local Municipality Outdoor Advertising and Signage By-law.</p> <p>a) That the item on the Draft Outdoor Advertising and Signage By-Law be noted;</p> <p>b) Council permit all processes pertaining to formulating and enacting the by-law;</p> <p>c) Council approves the public participation process as required by legislation.</p>
	123/02/2020	Identification of three (3) wards for inclusion in community works programme (CWP)	<p><b>RESOLVED</b></p> <p>a) That the Council notes the report.</p> <p>b) That the Council recommend three wards that should be included in the CWP programme according to the criteria above; and the wards identified are:</p> <ul style="list-style-type: none"> <li>➤ Ward 02 (Ramokgolela/Ramotlhajwe)</li> <li>➤ Ward 03 (Moubana)</li> </ul>

# Chapter 2

			<ul style="list-style-type: none"> <li>➤ Ward 06 (Mapaputle)</li> <li>c) That the ward councillors in the approved wards keep a database of potential participants to be recruited in case there are dropouts in other wards; the numbers will then be shared amongst these wards.</li> <li>d) That a tender compliance workshop to be facilitated and conducted by Provincial Treasury</li> <li>e) Beulah Africa and Futures Families to register all SMMEs in their database for business opportunities.</li> </ul>
	126/02/2020	Matutu clay mine in ward 23	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That the report be noted</li> <li>(b) That engagement will commence with the mine for renewal of the Social Labour Plan.</li> </ul>
	127/02/2020	Ikwezi Mining in ward 8 (new investment)	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) The engagements be endorsed for further discussions on the economic benefits to the municipality on this project.</li> </ul>
	129/02/2020	Water project investigation study at Ramokokastad funded by Samancor chrome limited ward 12	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That the report be noted.</li> <li>(b) That monitoring plan be effect and final report be submitted to council once the investigation is concluded.</li> <li>(c) That the project find expression in the IDP for 2021/22 financial year after the mine disclosed their budget on SLP.</li> </ul>
	130/02/2020	matters between horizon chrome mine and Batlhako Ba Leema in Tlhatlhaganyane village ward 27	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a. That the status quo of illegal mining be noted in Volgestnuik 173 (Maologne, Witrankie, Tweelagte Villages) and Ruighoek</li> <li>b. Each portion owner to have one on one with Moses Kotane Local Municipality in order to table individual Challenges and to inform Council</li> <li>c. To declare the area a potential hotspot and escalate to executive Committee.</li> </ul>
	131/02/2020	Water project at mmd (ward 5 & 29) funded by PPC Dwaalboom as a social labour plan project	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the report be noted</li> <li>b) The proposed actions to address water supply challenges be supported. By addressing the water supply issues the mine as well as the community</li> </ul>

Commented [JS1]:



# Chapter 2

			<p>stands to benefit from it.</p> <p>c) That the final report be submitted to council once the project is concluded.</p> <p>d) That the project find expression in the IDP for 2020/21 financial year after the mine disclose their budget.</p> <p>e) That the Mining Working Committee, Director: ITS, Ward Councilors continue to engage with PPC on the project.</p>
	132/02/2020	Illegal Mining activities in ward 27	<p><b>RESOLVED</b></p> <p>a) That the status quo of illegal mining be noted in Volgestnuik 173 (Maologane, Witrankie, Tweelagte villages) and Ruighoek.</p> <p>b) Each portion owner to have one on one with Moses Kotane Local Municipality in order to table individual challenges and to inform council.</p> <p>c) To declare the area a potential hotspot and escalate to Executive committee.</p>
	142/02/2020	Motsile Chrome Mining ward 23	<p><b>RESOLVED</b></p> <p>a) That the report be noted</p> <p>b) Communities be assisted regularly with regards to processes and procedures.</p>
	146/02/2020	Adjustments Budget 2019/2020 (15/1/1) (2019/2020)	<p><b>RESOLVED</b></p> <p>That in terms of Section 28(2) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) the proposed 2019/2020 Adjustment Budget be approved as set out in the following tables as contained in Annexure B:</p> <p>a. Adjustments Budget summary. B1</p> <p>b. Adjustments Budget Financial Performance. (standard classification) B2</p> <p>c. Adjustments Budget Financial Performance. (revenue and expenditure by municipal vote) B3</p> <p>d. Adjustments Budget financial performance. (revenue and expenditure) B4</p> <p>e. Adjustments Capital Expenditure Budget by vote and funding. B5</p> <p>f. Adjustments Budget Financial Position. B6</p> <p>g. Adjustment Budget Cash Flows. B7</p> <p>h. Cash backed reserves/accumulated surplus reconciliation. B8</p> <p>i. Asset Management. B9</p>

# Chapter 2

			<p>j. Basic service delivery measurement. B10</p> <p>k. The budget allocation in the SDBIP and IDP be Adjusted accordingly</p>
	143/02/2020	Report on recommendations by the special investigating unit relating to investigate into affairs of municipalities in the province	<p><b>RESOLVED</b></p> <p>a) That Council takes note of the SIU report released 10 years after</p> <p>b) That Council notes steps taken by the SIU in referring some of the findings to various legal authorities such as the NPA for further processing</p> <p>c) That Council note the SIU identified some unfounded allegations and that council dismiss those allegations as baseless and unfounded as proclaimed by SIU</p> <p>d) That the mayor prepares implementation plan on recommendations by the SIU on investigations done in terms of R72 of 2009 at the Moses Kotane Local Municipality be compiled and forwarded to the office of the MEC for corporate Governance, Human Settlement and Traditional Affairs within 7 days from the resolution of Council and request condonation for late response.</p> <p>e) That Municipal Manager, where possible, to institute a recovery process of all funds identified by the investigations as illegal and fraudulent and identify cases that needs condonement by council report back to Council in 21 days</p> <p>f) That the Municipal Manager follow up with SIU on al opened cases and process of institution new cases where recommended, as the SIU was investigating authority, within 7 days' after</p> <p>g) The Speaker appoints a committee of Council to look into allegations against office bearers</p>
18 MARCH 2020	164/03/2020	Final report on the recruitment process of the HOD: infrastructure and technical services.	<p><b>RESOLVED</b></p> <p>a) That Council notes the report on the interviews and competency assessments of the top three candidates for the position of HOD: Infrastructure &amp; Technical Services of the Moses Kotane Local Municipality.</p> <p>b) That Council appoints the preferred candidate as the HOD: Infrastructure &amp; Technical Services of the Moses Kotane Local Municipality subject to compliance with the relevant Legislation and Regulations.</p> <p>c) That a written report on the appointment of the HOD: Infrastructure &amp; Technical Services be submitted to the MEC for</p>

# Chapter 2

			<p>Local Government within 14 days in terms of Regulation 17 3(b) of the Regulations (2014).</p> <p>(d) That Council resolve on the offer of employment in terms of the current cost structure of the position of the HOD: Infrastructure &amp; Technical Services and seek concurrence to waive on same from the Minister of COGTA.</p> <p>(e) That the Item <b>be referred back for more legal implication input</b> to an Ordinary Council Meeting that will be held on the 31 March 2020.</p>
	165/03/2020	Final report on the recruitment process of the HOD: corporate services.	<p><b>RESOLVED</b></p> <ol style="list-style-type: none"> <li>1. That Council notes the report on the interviews and competency assessments of the top three candidates for the position of HOD: Corporate Services of the Moses Kotane Local Municipality.</li> <li>2. That Council appoints the preferred candidate as the HOD: Corporate Services of the Moses Kotane Local Municipality subject to compliance with the relevant Legislation and Regulations.</li> <li>3. That a written report on the appointment of the HOD: Corporate Services be submitted to the MEC for Local Government within 14 days in terms of Regulation 17 3(b) of the Regulations (2014).</li> <li>4. That Council resolve on the offer of employment in terms of the current cost structure of the position of the HOD: Corporate Services and seek concurrence to waive on same from the Minister of COGTA.</li> <li>5. That the Item <b>be referred back for more legal implication input</b> to an Ordinary Council Meeting that will be held on the 31 March 2020.</li> </ol>
	166/03/2020	Response to the corona virus (covid-19) outbreak	<p><b>RESOLVED</b></p> <ol style="list-style-type: none"> <li>a. That council note the report</li> <li>b. That council resolve to support and implement measures pronounced by the President regarding Coronavirus</li> <li>c. Council resolve to suspend all public participation programmes until further notice</li> <li>d. That in case the country does not slide into a quarantine, the envisaged public participation for the review of IDP be limited to 100 per cluster inclusive of municipal staff and councillors.</li> </ol>

# Chapter 2

			<p>e. In case of a national lock down all public gatherings irrespective of size be suspended.</p> <p>f. That ward councillors be assisted to loud hail the message to communities especially with regard to the measures as funerals and functions tend to attract multitudes of people</p> <p>g. That the Mayor be mandated to conduct interviews on local radio station before the end of business on Friday 20 March 2020</p>
28 MAY 2020	175/05/2020	<p><b>Municipal public accounts</b></p> <p><b>Committee oversight report on the annual report on the Annual Report 20018/2019 financial year</b></p>	<p><b>RESOLVED</b></p> <p>a) That Council note and approve the 2018/2019 Oversight Report as tabled.</p> <p>b) That the Oversight Report be made public in accordance with section 123 (3) of the MFMA.</p> <p>c) That the Oversight Report be submitted to the Provincial Legislature in accordance with section 132 (2) of the MFMA.</p> <p>d) That Council ensure the speedy appointment of Director Cooperate Services and Infrastructure &amp; Technical Services notwithstanding the current conditions as presented by Covid-19.</p> <p>e) That management develop a template to report monthly to the committee and quarterly to Council on expenditure on Covid-19.</p> <p>f) That Department Cooperate Services ensures strict compliance with Covid-19 measures as gazetted to ensure safety of employees including but not limited councillors.</p> <p>g) That the Finance Department after necessary consultations work out an affordable flat rate for waste collection.</p> <p>h) That the CFO ensures strict compliance relating to the termination of flat rate for both catering and transport services as resolved by Council.</p> <p>i) That the Municipal Manager and CFO ensure logistical support to MPAC as it prepares to conclude investigations on UIFW.</p> <p>j) That Council condones the late tabling of the MPAC oversight report as a results of COVID-19 regulation.</p>
	164/03/2020	<p><b>Final report on the recruitment process of the HOD: infrastructure and technical services</b></p>	<p><b>RESOLVED</b></p> <p>a) That Council notes the report on the interviews and competency assessments of the top three candidates for the position of HOD: Infrastructure &amp; Technical Services of the Moses Kotane Local Municipality.</p> <p>b) That Council further notes that the prescribed Legislation and</p>

# Chapter 2

			<p>Regulations restricts the municipality to conclude the recruitment process with a period of three months which was not complied with due to delays caused by third party institutions.</p> <p>c) That council should not proceed with the appointment owing to the timelines default as a result of third parties institutions and develop a mechanism to curb the delay</p> <p>d) That furthermore council cannot risk being litigated deliberately despite that the delays were not caused by council processes</p> <p>e) Council readvertised the post and authorise the Municipal Manager to run the screening and competency assessment concurrently to minimise delay by third party institutions</p>
	165/03/2020	<b>Final report on the recruitment process of the HOD: corporate services</b>	<p><b>RESOLVED</b></p> <p>a. That Council notes the report on the interviews and competency assessments of the top three candidates for the position of HOD: Corporate Services of the Moses Kotane Local Municipality.</p> <p>b. That Council further notes that the prescribed Legislation and Regulations restricts the municipality to conclude the recruitment process with a period of three months which was not complied with due to delays caused by third party institutions</p> <p>c. That council should not proceed with the appointment owing to the timelines default as a result of third parties institutions and develop a mechanism to curb the delay</p> <p>d. That furthermore council cannot risk being litigated deliberately despite that the delays were not caused by council processes</p> <p>e. Council readvertised the post and authorise the Municipal Manager to run the screening and competency assessment concurrently to minimise delay by third party institutions.</p>
	176/05/202	<b>Condonation Of Acting capacity: hod Corporate Support Services. (Mr.S.S Kotsedi)</b>	<p><b>RESOLVED</b></p> <p>a) That Council notes the report.</p> <p>b) That Council; condones Mr. S.S Kotsedi's acting for the month of April 2020.</p>
	177/05/2020	<b>Condonation of acting appointment: HOD corporate services</b>	<p><b>RESOLVED</b></p> <p>a) That Council notes the report.</p> <p>b) That Council condones Mr. M. Makgoba's acting for the month of May 2020.</p>

# Chapter 2

			c) That Council approves the acting of Mr M. Makgoba for two months starting from 01 <sup>st</sup> June to July 2020.
	168/05/2020	Adoption of the draft amended IDP/ Budget for the financial year 2020/2021	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That the Council note the draft IDP/Budget for the financial year 2020/2021</li> <li>(b) That Needs Analysis and Service Delivery and Budget Implementation Plan (SDBIP) are included in the document.</li> <li>(c) That proposed community consultation schedule is in page 102, and dates need to be reviewed as agreed and adopted for change.</li> <li>(d) That due to COVID-19 Regulations gazetted on the 07 May 2020 by Minister Nkosazana Dlamini-Zuma, the physical contact community meetings must be replaced with other media platforms such as virtual platforms etc.</li> <li>(e) That after the tabling of the draft the comments from the community be solicited through newspaper, advert, website, social media and radio interview by the Mayor in local radio stations within a period of 14 days.</li> </ul>
	170/05/2020	Financial quarterly report for the quarter ending 31 <sup>st</sup> march 2020 (7/15/1/2/1)	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the financial quarterly report for the second quarter ending 31 March 2020 be accepted and noted.</li> </ul>
	171/05/2020	Supply Chain Management third quarter report for 2019/2020	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the contents of the report be noted.</li> </ul>
	172/05/2020	Remuneration of council members	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the municipal council rescind the implementation of Government Notice No 42134 published on 21<sup>st</sup> December 2018;</li> <li>b) That the municipal council approves the implementation of Government Notice 43240 published on the 24<sup>th</sup> April 2020</li> <li>c) That the implementation of the approved Government Notice No. 43246 be effected after receipt of the concurrence from Member of the Executive Council (MEC) responsible for local government in North West Province</li> <li>d) In addition to the total annual remuneration packages the MKLM must take out a special risk cover for all directly elected/Ward</li> </ul>

# Chapter 2

			<p>councilors.</p> <p>e) Councilors who haven't forwarded their information for their special risk cover should urgently ensure that the requisite information is forwarded to the Office of the Speaker</p> <p>f) Cognizance be taken that there are financial implications in the implementation of Government Notice No. 43246 published on the 24<sup>th</sup> April 2020</p> <p>g) That the Mayor to seek concurrence from the MEC of COGTA before implementation.</p>
	173/05/2020	<b>Draft budget and medium term Revenue and expenditure framework 2020/2021 to 2022/2023 (5/1/1-2020/2021)</b>	<p><b>RESOLVED</b></p> <p>That the draft annual budget of the municipality for the financial year 2020/2021 and the multi-year and single-year capital appropriations as set out in the attached tables be approved.</p> <p>4.2. That the Council Moses Kotane Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2019:</p> <p>4.2.1 That the tariffs for property rates – as set out in Annexure B</p> <p>4.2.2. That the tariffs for the supply of water – as set out in Annexure A</p> <p>4.2.3 That the tariffs for sanitation services – as set out in Annexure A</p> <p>4.2.5 That the tariffs for solid waste services – as set out in Annexure A</p> <p>4.2.6 That the tariffs for other services – as set out in Annexure A</p> <p>4.3. That the salaries for officials and section 56 managers be adjusted with effect from 1 July 2019 based on the percentage as approved by the South African Local Government Bargaining Council.</p>

# Chapter 2

			4.4 That the amendments to the Budget related policies be approved as indicated in the policy documents hereto attached.
15 JUNE 2020	191/06/2020	Nomination and appointment of selection panel for the position of HOD: Infrastructure And Technical Services and HOD: Corporate Services	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the report be noted</li> <li>b) That the selection panel be constituted in accordance with section 12(4) of the regulations on the appointment and conditions of employment of Senior Managers</li> <li>c) That a Staff Member be appointed to provide secretarial or advisory services during the selection process, but may not form part of selection panel</li> <li>d) That all panel members and staff sign a declaration of confidential before they assume their duties</li> <li>e) That recruitment process be done within all stipulated timelines and that it should commence immediately</li> </ul>
	184/06/2020	Special Adjustments Budget 2019/2020 (15/1/1) (2019/2020)	<b>RESOLVED</b> <p>That in terms of Section 28(2) of the Municipal Finance management Act, 2003 (Act 56 of 2003) the proposed 2019/2020 Adjustment Budget be approved as set out in the following tables as contained in Annexure B:</p> <ul style="list-style-type: none"> <li>4.1 Adjustments Budget summary. B1</li> <li>4.2 Adjustments Budget Financial Performance. (Standard classification)B2</li> <li>4.3 Adjustments Budget Financial Performance. (Revenue and expenditure by municipal vote)B3</li> <li>4.4 Adjustments Budget financial performance. (Revenue and expenditure)B4</li> <li>4.5 Adjustments Capital Expenditure Budget by vote and funding. B5</li> <li>4.6 Adjustments Budget Financial Position. B6</li> </ul>



# Chapter 2

			<p>4.7 Adjustment Budget Cash Flows. B7</p> <p>4.8 Cash backed reserves/accumulated surplus reconciliation. B8</p> <p>4.9 Asset Management. B9</p> <p>4.10 Basic service delivery measurement. B10</p> <p>4.11 The budget allocation in the SDBIP and IDP be Adjusted accordingly</p>
	185/06/2020	Reviewed 2019-2020 Service Delivery and Budget Implementation Plan	<p><b>RESOLVED</b></p> <p>(a) That the Council take note of the Revised SDBIP.</p>
30 JUNE 2020	187/06/2020	Approval of strategic risk register, ICT risk register and fraud register for 2019/20 financial year	<p><b>RESOLVED</b></p> <p>a) Council approve the Strategic, fraud and ICT risk registers for the 2019/20 financial year.</p>
	216/06/2020	Replacement of representation on the Bojanala platinum district municipality council by new councillors	<p><b>RESOLVED</b></p> <p>a) That the report on the replacement of representatives on the Bojanala Platinum District Municipal Council be noted;</p> <p>b) That Council approves the appointment of Cllr Jonathan Sekomeng as a replacement of Cllr Zipporah Motsoenayne in the Bojanala Platinum District Municipal Council.</p>
	217/06/2020	Approval of Covid-19 risk register and project risk register	<p><b>RESOLVED</b></p> <p>(a) Council approve the COVID-19 risk register and Project Risk Register for the 2020/21 financial year.</p>
	218/06/2020	Report on covid-19 interventions and response	<p><b>RESOLVED</b></p> <p>(a) That the Report be noted</p>
	134/02/2020	Draft Code Of Conduct for LLF members	<p><b>RESOLVED</b></p> <p>a) That the report be noted.</p>

# Chapter 2

	171/05/2020	Draft Reviewed of staff establishment (Organisational Structure 2020)	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the report be noted.</li> <li>b) That Council approves the reviewed organisational</li> <li>c) That the implementation of the reviewed structure be approved</li> <li>d) That proper consultation be done with all affected employees</li> <li>e) That Council approves possible placements resulting from changes</li> <li>f) That the Municipal Manager be mandated to sign off the approved organisational structure</li> <li>g) That the ICT Unit assists with the locking of the structure in the system</li> <li>h) That approved structure be placed in the municipal website</li> <li>i) That the Municipal Manager report on the prioritised positions on the organisational structure and make a submission to the council within 14 days.</li> <li>j) That the report on all the discrepancies on salary levels be presented to the council</li> <li>k) That the objectives of the Organogram be aligned to the objectives in the IDP.</li> <li>l) That the processes for the filling of positions be guided by the following principles: <ul style="list-style-type: none"> <li>i. Service delivery units</li> <li>ii. Employee welfare units</li> <li>iii. Revenue generating units</li> <li>iv. Bottom –up approach</li> </ul> </li> </ul>
--	-------------	--	---

# Chapter 2

	174/05/2020	State of the municipal ICT capacity to handle ICT functions since contract with the ICT service provider has expired.	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That Council takes note of the State of the municipality ICT capacity to handle and support ICT infrastructure, functions of the Unit since contract with the ICT services has expired.</li> <li>b) That Council takes note that the required support and maintenance function be sourced as and when it is necessary to do so from the market.</li> <li>c) That the Adhoc Committee submit a comprehensive close up report on the Big Time contract to Council.</li> </ul>
	190/06/2020	Water & Sanitation unit reports for west and east May 2020	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That the Council notes the reports.</li> </ul>
	193/06/2020	Approval of the draft Moses Kotane local municipality spatial development framework.	<b>RESOLVED</b> <p>In view of the above, it is recommended to the Council of the Moses Kotane Local Municipality, for the approval and adoption of the Draft Moses Kotane Spatial Development Framework, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>a) That the item be noted;</li> <li>b) That Council approves and adopt the final draft mSDF as attached as Annexure A.</li> <li>c) That the final draft Municipal Spatial Development Framework be included in the 2020/21 Integrated Development Plan.</li> </ul>
	194/06/2020	Approval of the draft Moses Kotane local municipality land use management scheme	<b>RESOLVED</b> <p>In view of the above, it is recommended to the Council of the Moses Kotane Local Municipality, for the approval and adoption of the Draft Moses Kotane Land Use Management Scheme, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>a) That the item be noted;</li> <li>b) That the Council approves and adopt the final draft Moses Kotane Land Use Scheme as attached as Annexure A.</li> </ul>

# Chapter 2

	195/06/2020	<b>Report on the declared priority human settlement and housing development areas (PHDAS) and awaited declaration of restructuring zones within the jurisdiction of the Moses Kotane local municipality</b>	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That the item be noted;</li> <li>(b) That the Council note the declaration of the Priority Housing Development Areas as promulgated by the Minister of Human Settlement, Water and Sanitation (Hon. LN Sisulu) (Gazette No: 43316)</li> <li>(c) That the Council authorize the Head of Department: Planning and Development to oversee the process of implementing developments in the declared Priority Housing Development Areas;</li> <li>(d) That the Council authorize the Head of Department: Planning and Development to oversee the process of implementing developments in the Restructuring Zone subject to declaration of the zones by the relevant Minister;</li> <li>(e) That the Council permits Head of Department: Planning and Development to call for proposals for both Social Housing Institutes (Restructuring Zones) and Implementing Agents (Priority Housing Development Areas) respectively.</li> </ul>
	196/06/2020	<b>Application to utilize the remainder portion of erf 962 Mogwase unit 3 for purposes of establishing a municipal pound.</b>	<b>RESOLVED</b> <p>In view of the above, it is recommended that the Council to permit the Department of Community Service to utilize the Remainder Portion of Erf 962 Mogwase Unit 3 Township, subject to the following conditions;</p> <ul style="list-style-type: none"> <li>a) That the contents of this item be noted;</li> <li>b) That the Council grants the Department of Community Services permission to utilise the Remainder Portion of Erf 962 Mogwase Unit 3 for the purposes of establishing a Municipal Pound.</li> <li>c) That the Department of Community Service submits site development plan and building plans to the Municipality for consideration prior the commencement of any construction work;</li> </ul>
	197/06/2020	<b>Date of valuation - new general valuation roll for 2021 to 2026 local government: municipal property rates act 6 of 2004, as amended (5/2/2)</b>	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That notice is taken of the report on determination of a date of valuation for the new general valuation roll in terms of the Local Government: Municipal Property Rates Act, 2004 as amended, for the period 1 July 2021 to 30 June 2026.</li> <li>(b) That the date of valuation for the new general valuation roll for</li> </ul>

# Chapter 2

			2021 to 2026 be determined as 1 July 2020 in terms of section 31 of the Act.
	198/06/2020	Progress report on municipal infrastructure grant (MIG) projects and water services infrastructure grant (WSIG)	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the Council takes note of the report</li> </ul>
	199/06/2020	Performance Management System Framework for 2020/2021	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>(a) That Council consider the Performance Management System Framework for 2020/2021.</li> </ul>
	200/06/2020	Proposal to establish Moses Kotane local municipality fresh produce market	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the Council takes note of the report regarding the establishment of the MKLM Fresh Produce Market;</li> <li>b) A feasibility study be conducted to assess the viability and sustainability of the project; and</li> <li>c) All the relevant Town Planning processes in terms of rezoning and sub-division of the land be adhered to.</li> <li>d) That the project be financed through 5% MIG allocation intended for Local Economic Development.</li> </ul>
	201/06/2020	Project list for phase 4 of the expanded public works programme (EPWP)	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the Council takes note of the 2020/21 EPWP project list;</li> <li>b) That the Council notes that R1 827 000 integrated grant has been allocated for MKLM at a minimum wage of R126 .00 per day for participants and R160 for supervisors;</li> <li>c) That <b>215</b> work opportunities will be created with <b>43</b> FTEs for 2020/21 financial year;</li> <li>d) That the department of Corporate Governance and Traditional affairs (COGTA) has allocated budget for 15 work opportunities for Youth in Waste (YIW) in MKLM for eight months with a minimum wage of R110.00 per day.</li> <li>e) That all the Departments to submit job creation statistics to be captured within the EPWPRS system on time to attain the annual target; and to increase our allocation of the EPWP.</li> </ul>

# Chapter 2

			f) That Council notes and further recommend integrated grant projects list that should be implemented during 2020/21 financial year.
	202/06/2020	MKLM business regulation and permit bylaws	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the draft Business Regulation and Permit By-Law be noted</li> <li>b) That the draft Business Regulation and Permit By-Law be advertised for public participation and submission of comments or representations.</li> <li>c) That the draft proposed templates be noted to be used by the municipality for issuing of permits</li> <li>d) That a fee or tariff be determined for issuing of permits per categories of different businesses</li> </ul>
	203/06/2020	Final draft commonage policy of Moses Kotane local municipality	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That Council takes note and approve of the Final Draft of MKLM Commonage Policy which has been amended with comments received; <b>(Annex E)</b></li> <li>b) That municipality will lease land to a user or group of users in terms of lease contract which could be extended in terms of agreed terms and conditions to a tune of R25 per herd per month with annual review.</li> </ul>
	204/06/2020	Enterprise development and training of SMME's	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the implementation plan on support to SMMEs be noted</li> <li>b) That the Municipal Manager be allowed to sign the proposed memorandum of agreement to allow the municipality and SEDA to commence with implementation plan agreed upon.</li> </ul>
	210/06/2020	Approval of the short term credit facility for fleet cards	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the Council note the contents of the report</li> <li>b) That the Council approves the short term credit facility for fleet cards</li> </ul>
	211/06/2020	Irregular expenditure condonement/write off	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That the Council condone the irregular expenditure</li> <li>b) The municipality to adhere to the SCM policy, regulations and</li> </ul>

# Chapter 2

			processes.
	212/06/2020	Retentions write-off	<b>RESOLVED</b> a) Based on the above it is recommended that all retentions older than 3 years from the deficit liability period be written off in terms of the Prescription Act 68 of 1969.
	213/06/2020	Report on stores	<b>RESOLVED</b> (a) That the Council notes the report and condone the write off.
	214/06/2020	Final budget and medium term Revenue and expenditure framework 2020/2021 to 2022/2023(5/1/1-2020/2021)	<b>RESOLVED</b> That the Final annual budget of the municipality for the financial year 2020/2021 and the multi-year and single-year capital appropriations as set out in the attached tables be approved. 4.2. That the Council of Moses Kotane Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2019: 4.2.1 That the tariffs for property rates – as set out in Annexure B 4.2.2 That the tariffs for the supply of water – as set out in Annexure A 4.2.3 That the tariffs for sanitation services – as set out in Annexure A 4.2.5 That the tariffs for solid waste services – as set out in Annexure A 4.2.6 That the tariffs for other services – as set out in Annexure A 4.3. That the salaries for officials and section 56 managers be adjusted with effect from 1 July 2019 based on the percentage as approved by the South African Local Government Bargaining Council. 4.4 That the amendments to the Budget related policies be approved as indicated in the policy documents hereto attached. 4.5 That council approves on the installation of prepaid water smart meters for 2020/2021 presided by public participations in the

# Chapter 2

			affected areas. 4.6 That Council notes and adopt the recovery plan. Attached Annexure C
	215/06/2020	Adoption of the final amended IDP / Budget for the financial year 2020/2021	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) That Council to note the Final IDP/Budget for the financial year 2020/2021</li> <li>b) That Community inputs were sourced through our municipal Facebook page and local radio stations</li> <li>c) That inputs received are incorporated within the final IDP document.</li> <li>d) That advert for final adoption will be done immediately after adoption in the Moses Kotane Facebook page and National newspaper as prescribed by Local Government Municipal Systems Act, 2000 (Act 32 of 2000), s21 (A).</li> </ul>



# Chapter 3

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Section 82 of the Municipal Structure Act 117 of 1998 amended that the Municipality must appoint the Municipal Manager, who is the head of Administration and therefore Accounting Officer.

Section 51(i) of the Systems Act states that the municipality must organize its administration in a manner that enables it to hold the Municipal Manager accountable for the overall performance of the municipality.


Municipal Manager must manage the communication between the political structure and office-bearers and the administration (S 55(1) (j) of the Systems Act). The Municipal Manager has to exercise responsibilities subject to the policy directions of the Council. As the Accounting Office, the Municipal Manager is also responsible for all income and expenditure, all assets and discharge of liabilities of the municipality and the compliance with the municipal finance management legislation.

In terms of section 55 of the Local Government: 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 54 of Local Government: 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 and who must have the relevant and requisite skills and expertise to perform the duties associated with the posts they each occupy.

The Municipal Manager and Head of Departments form the Senior Management core and all Head of Departments are accountable to the Municipal Manager in terms of strategic management and oversight of their departments. All budget expenditure in each department is managed by the relevant Head of Departments in order to ensure that service delivery matters are handled quickly.

# Chapter 2

## TOP STRUCTURE

	<p><b>Mr M.V Letsoalo Municipal Manager</b></p> <p>As head of administration and Accounting Officer of the municipality the Municipal Manager is subject to the policy directions of the municipal Council and is responsible and accountable for duties and responsibilities outlined under Section 55 of the Local Government: MSA, Act 32 of 2000, as amended and any other relevant duties as may be delegated by the Mayor and Council</p>
<p><b>Mr M. Makgoba</b> <b>Acting Head of Department: Corporate Services</b></p>	<p>The Acting Head of Department is responsible for establishing and maintaining structures, with the parameters of legality and good governance, that will provide Administration that is appropriately relevant, Legal Support, Human Resource Management; and IT</p>
<p><b>Mr M Mkhize</b> <b>Chief Financial Officer</b></p>	<p>This Department is responsible for ensuring effective and efficient strategic management of the finance portfolio, which includes budgetary management, financial accounting management, SCM, Credit Control Management, investment and banking, treasury management, and risk management.</p>
<p><b>Mr B. Maseloane</b> <b>Acting Head of Infrastructure &amp; Technical services</b></p>	<p>This Department is responsible for all Water, Sanitation, Electricity and Roads Services of the Municipality as well as well-established and well maintained infrastructure that will stimulate growth, resulting in a broader income base, and that will encourage taxpayers to sustain payments because of well-established and well-maintained infrastructure</p>
<p><b>Mr S. Kotsedi</b> <b>Head of Department: Community Services</b></p>	<p>This Department is responsible for Environmental and Waste Management, Traffic, Security and Library Services</p>
<p><b>Mr M. Makgoba</b> <b>Head of Department: Planning &amp; Development</b></p>	<p>This Department is responsible for Housing, Town Planning LED Services</p>
<p><b>Ms R. Madikela</b> <b>Head of Department Local Economic Development</b></p>	<p>This department is responsible for Local Economic Development</p>

# Chapter 2

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The municipality shares platform with and at the following forums:

- Provincial sector departments and private sector stakeholders through (but not limited to) the IDP representative forums. Other engagements are held as and when necessary.
- SALGA working committee groups where respective councillors attend;
- Provincial Municipal Managers' forum;
- District IGR forum
- Provincial Communicators' forum
- Mining Community Development forum
- Mining Leadership forum
- Provincial IDP Rep forum
- District Representative forum

**T 2.3.0**

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

MPAC is established in terms of section 79 of the Municipal Structures Act and performs an oversight function on behalf of Council.

MPAC undertakes and manages similar functions and responsibilities for the municipalities, as undertaken by the Standing Committee of Public Account in the national and provincial legislatures, except for certain powers regarding subpoena of individuals. In the case of any irregular expenditure or any fruitless and wasteful expenditure incurred by the municipality or municipal entities, the MPAC has the right to call upon the Accounting Officer of the Municipality or the Chairperson of the municipal entity's board of Directors to appear before it to provide information or clarity.

The MPAC may engage directly with the public and consider public comments when received and are entitled to access documents or evidence from the Acting Municipal Manager.

Section 129(4) of the MFMA further provides for the issuance of guidance on the manner in which municipal councils should consider annual reports and conduct public hearing, and the functioning and composition of any public accounts or oversight committees established by the council to assist it to consider an annual report.

# Chapter 2

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

The adopted communication strategy has an action plan that makes provision for communication with all internal and external stakeholders. Current Communication forums initiatives are as below:

Internally the following mechanisms are used:

- Internal memo for notices, announcements
- Short message service/ Whatsapp
- Emails
- Notice boards
- Policy workshops, information sharing sessions and trainings

For external communication we use the following channels

- Public notices
- Municipal Newsletter which reflects on council decisions, programmes public participation and events
- Loud hailing
- Media liaison - MKLM uses both the electronic/ print media i.e. Platinum weekly Newspaper, Naledi News and Rustenburg Herald. Community Radios namely Kgatleng FM and Village FM broadcasting local news.

Social Media: Municipality uses Municipal Website and Facebook page to disseminate information.

LGMSA 2000, Chapter 5 and Section 28(1) and 29 indicate the following:

Preparation of a Process Plan for annual review is reflected below:

2.1.1 Section 28 (1) each municipal council within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its Integrated Development Plan.

- Chapter 4 indicates that the municipality must through appropriate mechanisms, processes and procedures consult its local community before adopting the process.
- The Municipality must also give notice to the local community of particulars of the process it intends to follow.

2.1.2 Section 29 (1) indicates the process to be followed by a municipality to draft its integrated development plan, including its consideration and adoption of the draft plan must:

- (a) Be in accordance with a predetermined programme specifying timeframes for different steps
- (b) Through appropriate mechanisms process and procedures establish in terms of chapter 4, as follows:
  - I. The local community to participate in the drafting of the integrated development plan, and
  - II. Organs of state, including traditional authorities and other role players to be identified and consulted on the drafting of the IDP
  - III. The local community to be consulted on its developmental needs analysis and priorities
- (c) To provide for the identification of all plans and planning requirements binding on municipality in terms of national and provincial legislation, and
- (d) Be consistent with any other matter that may be prescribed by regulation

Sessions for public consultation are held twice in a year in all 109 villages. The 34 wards are grouped in 8 clusters where wards are grouped in one venue for needs analysis and priority projects

# Chapter 2

discussions around the first consultations.

The second consultations are confirmations and discussions on the approved budget for implementation of the development of the Service Delivery and Budget Implementation Plan. The same cluster system is used but venues are changed to ensure all wards and villages are considered. During the course of the year, comments and questions are received and are addressed during meetings of community representatives and Councillors.

Mining houses are engaged with the development of social labour plans. Where feasibility studies have not been undertaken challenges arise. Sector departments are also engaged but they do not adhere to the needs analysis and they impose projects in our communities sometimes without the municipal knowledge or them reflected in the IDP document. All the steering committee meetings and forums are held quarterly. And engagements are encouraging for our communities to see the municipality in which they receive a hearing when requested.

Public participation has involved communities in various activities such as policy formulation, budgeting, identification, implementation and monitoring of projects. It has improved in such a way that it created the need for the community to learn more about their rights, and to understand local government and the constraints under which it functions.

Public participation has assisted in ensuring that resources are employed where they are most needed. But the challenge continues where communities find it difficult that their needs are not met and the municipality is not delivering as required.

Needs are endless and challenge is budget constraint in all 107 villages. Public participation allows communities to have ownership of programmes and projects to be implemented in various villages/areas.

The challenge is that the wish list is endless and we do have financial constraints as we depend only on the MIG for capital projects. No revenue for the municipality as we have 107 rural villages and two urban areas

Forums:

Currently there is no coordinated and integrated approach for service delivery forums hence departments are individually handling their own sector forums where there is always duplication of programmes and issues of mutual interest.

# Chapter 2

## WARD COMMITTEES

### Public communication and participatory initiatives:

The adopted communication strategy has an action plan that makes provision for communication with all internal and external stakeholders. Current communication forums initiatives are as below:

Internally the following mechanisms are used:

- Internal memo for notices, announcements
- Short message service
- Emails
- Notice boards
- Policy workshops, information sharing sessions and training

For external communication we use the following channels

- Public notices
- Municipal Newsletter which reflects on council decisions, programmes public participation and events
- Loud hailing
- Media liaison - MKLM uses both the electronic/ print media, both mainstream and community for effective communication with communities and stakeholders. However there is only one community radio station within the municipal jurisdiction. As a result, the municipality has to use national and community media which can hamper communication efforts.

The municipality's website has been revamped and populated with information though there are still challenges relating to timeous updating thereof especially with regard to legislative prescriptions.

No opinion surveys have been conducted.

LGMSA 2000, Chapter 5 and Section 28(1) and 29 indicate the following:

Preparation of a Process Plan for annual review is reflected below:

2.1.1 *Section 28 (1) each municipal council within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its Integrated Development Plan.*

- Chapter 4 indicates that the municipality must through appropriate mechanisms, processes and procedures consult its local community before adopting the process.
- The Municipality must also give notice to the local community of particulars of the process it intends to follow.

2.1.2 *Section 29 (1) indicates the process to be followed by a municipality to draft its integrated development plan, including its consideration and adoption of the draft plan must:*

- (a) Be in accordance with a predetermined programme specifying timeframes for different steps
- (b) Through appropriate mechanisms process and procedures establish in terms of chapter 4, as follows:
  - I. The local community to participate in the drafting of the integrated development plan, and
  - II. Organs of state, including traditional authorities and other role players to be identified and consulted on the drafting of the IDP

# Chapter 2

- III. The local community to be consulted on its developmental needs analysis and priorities
- (c) To provide for the identification of all plans and planning requirements binding on municipality in terms of national and provincial legislation, and
- (d) Be consistent with any other matter that may be prescribed by regulation

Sessions for public consultation are held twice in a year in all 109 villages. The 34 wards are grouped in 8 clusters where wards are grouped in one venue for needs analysis and priority projects discussions around the first consultations.

The second consultations are confirmations and discussions on the approved budget for implementation of the development of the Service Delivery and Budget Implementation Plan. The same cluster system is used but venues are changed to ensure all wards and villages are considered.

During the course of the year, comments and questions are received and are addressed during meetings of community representatives and Councillors.

Mining houses are engaged with the development of social labour plans. Where feasibility studies have not been undertaken challenges arise. Sector departments are also engaged but they do not adhere to the needs analysis and they impose projects in our communities sometimes without the municipal knowledge or them reflected in the IDP document. All the steering committee meetings and forums are held quarterly. And engagements are encouraging for our communities to see the municipality in which they receive a hearing when requested.

Public participation has involved communities in various activities such as policy formulation, budgeting, identification, implementation and monitoring of projects. It has improved in such a way that it created the need for the community to learn more about their rights, and to understand local government and the constraints under which it functions.

Public participation has assisted in ensuring that resources are employed where they are most needed. But the challenge continues where communities find it difficult that their needs are not met and the municipality is not delivering as required.

Needs are endless and challenge is budget constraint in all 107 villages. Public participation allows communities to have ownership of programmes and projects to be implemented in various villages/areas.

The challenge is that the wish list is endless and we do have financial constraints as we depend only on the MIG for capital projects. No revenue for the municipality as we have 107 rural villages and two urban areas

Forums:

Currently there is no coordinated and integrated approach for service delivery forums hence departments are individually handling their own sector forums where there is always duplication of programmes and issues of mutual interest.

# Chapter 2

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	
T 2.5.1	

## COMPONENT D: CORPORATE GOVERNANCE

### CHALLENGES FACED BY NON IMPLEMENTATION OF NEEDS ANALYSIS

There are various challenges that causes IDP unit frustration during public participation processes.

- ✓ Under allocation of budget / Municipal Financial constraint
- ✓ Increase on ad hoc requests by growth in rural areas
- ✓ Not meeting the targets for establishment of Vulnerable Groups
- ✓ Lack of policy and strategy development and lack of capacity
- ✓ Lack of skills audit and Staff shortages;
- ✓ Misalignment of strategic plans and implementation
- ✓ The new demarcation after local government elections resulted in an increase in the number of wards hence there is also a need for an increase in the number of community mobilisers serving the wards
- ✓ Overtime within the IDP unit due to long sessions held with the community and sector department not participating during consultations (spheres of government)
- ✓ IDP unit coordinates, facilitates all sectors and units and it sometimes becomes difficult to achieve our set target as we rely on information from departments
- ✓ Limited and lack of budget provision by council departments for community mobilisation activities
- ✓ Lack of vehicles and support from or vehicle shortages serve as a hindrance with service delivery and mobilisation of communities to participate on IDP consultations
- ✓ Poor attendance and minimal attendance by communities



# Chapter 2

## MITIGATION

- ✓ Council to note that the unit will be preparing IDP for the financial year 2019/2020 towards National Elections and more budget will be required for community mobilization about government services

## OVERVIEW OF CORPORATE GOVERNANCE

There is an established Municipal Public Accounts Committee and a shared Audit Committee in place and functional. There is compliance with legislation and regulations that govern the municipality. The municipality ensures that there is accountability and transparency in the running of its affairs. The municipality also engages its stakeholders in identification of their needs during public participation.

### 2.6 RISK MANAGEMENT

The municipality conducted a strategic risk assessment for 2019/20 financial, subsequent to that a strategic risk register was compiled. Risk management policy strategy and implementation plan are at the draft stage. The fraud prevention and anti-corruption policy 2019/20 was approved by council in May 2019. The fraud strategy, whistle blowing policy, fraud prevention implementation plan, are still at the draft stage. The Municipality conducted a fraud prevention and anti-corruption workshop for municipal councillors, officials and stakeholders on the 14th -15th August 2019, it was coordinated together with Office of the Premier and COGTA.

### 2.7 ANTI-CORRUPTION AND FRAUD

#### FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality has been reporting to COGTA, regarding the implementation of fraud prevention and anti-corruption and ethics. The matters of governance are paramount and with the support from COGTA we will improve towards governance issues.

### 2.8 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management of Moses Kotane Local Municipality has been implemented in terms of Chapter 11 of Municipal Finance Management Act No.56 of 2003; SCM Regulations of 2005. Relevant MFMA circulars clearly set out the required processes and guidance manuals to help ensure that SCM processes provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption. These pieces of legislation and guidelines referred to were the basis for the formulation of MKLM's Supply Chain Management (SCM) policy.

SCM is an integrated function, which deals with the following key functions:

- \*Demand Management
- \*Acquisition Management
- \*Logistic and Disposal Management
- \*Risk and Performance Management.

The SCM Policy and Procedure Manual were reviewed during the financial year so as to cater experienced challenges, intensify controls, streamline processes and promote fairness, cost-

# Chapter 2

effectiveness, efficiency and local economic development. Furthermore, the review was also intended to accommodate National Treasury's recent circulars

## 2.9 BY-LAWS

### COMMENT ON BY-LAWS:

MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

The Spatial Planning and Land Use Management Act (SPLUMA) by law was approved by council in 15/16 financial year

## 2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	
All current budget-related policies	Yes	
The previous annual report (2018/2019)	No	
The annual report (2018/19) published/to be published	No	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2018/19) and resulting scorecards	Yes	
All service delivery agreements (2018/19)	Yes	
All long-term borrowing contracts (2018/19)	No	
All supply chain management contracts above a prescribed value (give value) for 2018/19	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 2018/19	No assets Disposed	
Contracts agreed in 2018/19 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in 2018/19	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2018/19	Yes	

# Chapter 2

---

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### **PUBLIC SATISFACTION LEVELS**

No public satisfaction surveys were conducted on municipal service delivery for the year under review.

# Chapter 3

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

### COMPONENT A: BASIC SERVICES

#### 3.1. WATER PROVISION

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

#### INTRODUCTION TO BASIC SERVICES

The Municipality, through the Infrastructure and Technical Services is responsible for development, operational and maintenance of basic Municipal Infrastructure assets which includes the following:

- Water
- Sanitation
- Roads and Storm water
- Community Facilities (Halls etc.)
- Community Lighting (Street Lights and High Mast Lights)

Over and above the Basic Services, the Municipality also is responsible for the provision of Free Basic Services such as Water, electricity, sewer for consumers who are registered as Indigents.

#### CHALLENGES ENCOUNTERED IN RENDERING THE BASIC SERVICES

As much as the municipality is striving very hard to render basic services, however, there are still challenges that are facing the Municipality.

- Ageing of Infrastructure
- Insufficient funding to carry out maintenance
- Shortage of skilled personnel
- Theft and Vandalism(borehole equipment)
- Boreholes Drying out in other areas
- Water Loss (Through Illegal connections and
- Continuous development of stands in Tribal owned land without engaging with municipal sharing of drinking water with livestock in other villages.

# Chapter 3

## 3.1. WATER PROVISION

### INTRODUCTION TO WATER PROVISION

Moses Kotane Local Municipality is both a Water Service Authority and a Water Service Provider. The Municipality's water supply consists of 75% surface water from Magalies Water and Municipal Plants (Pella & Madikwe) and 25% of underground water. The bulk of the water is from the Vaalkop Water Treatment Plant which is operated by the Magalies Water Board and supplies the areas on the eastern side (Mankwe) of the Municipality. The western side (Madikwe) of the municipality is mostly reliant on underground water, as well as both Madikwe and Pella dams.

The Municipality has developed water master plan. The master plan has covered the entire municipal area in terms of bulk water needs and proposed water plans.

The municipality also caters for indigent population by providing subsidised water and sanitation services.

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2012/2013	628 672	0	754 406	9 336 335	1 886 017
2013/2014	565 391	0	972 484	9 233 891	1 696 176
2014/2015	390 138	0	780 276	9 414 621	1 170 414
2015/2016	470 731	0	752 552	9 406 911	1 411 036
2016/2017	586 354	0	1 026 120	10 847 559	2 198 829
2017/2018	771 652	0	1 543 309	10 031 485	3 086 611
2018/2019	810 627	0	1 621 255	9 727 547	2 778 818
2019/2020	785 840	0	1 571 679	9 430 078	3 174 297

### COMMENT ON WATER USE BY SECTOR:

The municipality has a high volume of unaccountable water loss due to unmetered stand pipes, hydrants and illegal connections.

# Chapter 3

Water Service Delivery Levels		
Description	2018/2019	Households 2019/2020
	Actual No.	
<b>Water: (above min level)</b>		
Piped water inside dwelling	6 482	6 482
Piped water inside yard (but not in dwelling)	19 269	20 188
Using public tap (within 200m from dwelling )	38 758	43 122
Other water supply (within 200m)	6 000	5535
<i>Minimum Service Level and Above sub-total</i>	70 509	75327
<i>Minimum Service Level and Above Percentage</i>	88%	88%
<b>Water: (below min level)</b>		
Using public tap (more than 200m from dwelling)	2 750	2750
Other water supply (more than 200m from dwelling)	5 200	5200
No water supply	1 502	2000
<i>Below Minimum Service Level sub-total</i>	9 452	9950
<i>Below Minimum Service Level Percentage</i>	12%	12%
<b>Total number of households*</b>	<b>79798</b>	<b>80654</b>

Households - Water Service Delivery Levels below the minimum			
Description	Households 2019/2020		
	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>			
Total households	75000		80654
Households below minimum service level	0	0	0
Proportion of households below minimum service level	0%	0	0%
<b>Informal Settlements</b>			
Total households	14 572	14 572	24 572
Households below minimum service level	2 750	2 750	5 750
Proportion of households below minimum service level	19%	19%	23.4%

# Chapter 3

Water Service Objectives Taken from IDP						
Service Objectives  <i>Service Indicators</i>	Outline Service Targets	2019/2020		2018/2019		
		Target	Actual	Target		Actual
		*Previous Year		*Previous Year	*Current Year	
<b>Households without minimum water supply</b>	Number of hh provided with water below RDP standard	5 000	10 000	5 000	5 000	11 798
<b>Ensure water supply</b>	Number of boreholes drilled and equipped	12	7	New	30	35
<b>Ensure water quality</b>	Compliance on Blue Drop	85%	Results not issued yet	Results not issued yet	Results not issued yet	Results not issued yet

Access to Water			
	Households with access to water points	Households with access to piped water	Households receiving 6 kl free
2014/2015	73 598	55 300	61 800
2015/2016	75 000	55 330	61 800
2018/2019	79 798	78 000	75 500
2019/2020	79798	80654	80654

Employees: Water Services					
Job Level	2019/20	Posts	Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
	Employees				
	No.	No.	No.		
1-5	101	201	101	100	50%
5-8	0	0	0	0	0%
8-11	7	6	7	1	17%
10-12	14	16	14	2	13%
12-14	12	14	12	2	14%
15-16	6	8	6	2	25%
17-18	3	6	3	3	50%
19-25	1	4	1	2	50%
<b>Total</b>	<b>148</b>	<b>261</b>	<b>148</b>	<b>112</b>	<b>43%</b>

# Chapter 3

Financial Performance Year 2019/20: Water Services					
R'000					
Details	2017/2018	2019/2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	235 179	243 312	331 153	235 179	-3%
Expenditure:					
Employees	30 457	33 882	30 756	30 457	-11%
Repairs and Maintenance	23 259	23 780	17 024	23 259	-2%
Other	242 272	179 682	168 833	242 272	26%
<b>Total Operational Expenditure</b>	295 988	237 344	216 613	295 988	20%
<b>Net Operational Expenditure</b>	60 809	-5 968	-114 540	60 809	110%

## COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The Municipality has managed to reach various villages that had challenges with regard to water shortages through the implementation of the underground water optimization project, this programme has seen about 8 villages being assisted with additional boreholes and reticulation. As part of ensuring proper planning in future the Municipality has managed to develop a water master plan.



# Chapter 3

## 3.2 WASTE WATER (SANITATION) PROVISION

### INTRODUCTION TO SANITATION PROVISION

The municipality provides sanitation services of high level of service to two townships of Madikwe and Mogwase. About 5 802 households and industrial are catered by the Mogwase and Madikwe Waste Water Treatment Plants. The Mogwase Waste Water Treatment Plant is currently operating at 95%. The Madikwe Sewage pond services Madikwe Township. The Municipality is also embarking on a rural sanitation programme to provide decent sanitation to areas with no access to water borne sanitation.

Sanitation Service Delivery Levels	
Description	*Households
	2019/2020
	Actual
	No.
<b><u>Sanitation/sewerage: (above minimum level)</u></b>	
Flush toilet (connected to sewerage)	6 842
Flush toilet (with septic tank)	
Chemical toilet	
Pit toilet (ventilated)	20 384
Other toilet provisions (above min.service level)	0
<i>Minimum Service Level and</i>	
<i>Above sub-total</i>	24 186
<i>Minimum Service Level and</i>	
<i>Above Percentage</i>	32%
<b><u>Sanitation/sewerage: (below minimum level)</u></b>	
Bucket toilet	
Other toilet provisions (below min.service level)	
No toilet provisions	51 184
<i>Below Minimum Service Level</i>	
<i>sub-total</i>	51 184
<i>Below Minimum Service Level</i>	
<i>Percentage</i>	68%
<b>Total households</b>	<b>80654</b>

# Chapter 3

Households - Sanitation Service Delivery Levels below the minimum				Households
Description	2019/2020			
	Original Budget	Adjusted Budget	Actual	
	No.	No.	No.	
<b>Formal Settlements</b>				
Total households	5 275	6842	6842	
Households below minimum service level	0	0	0	
Proportion of households below minimum service level	0%		0%	
<b>Informal Settlements</b>				
Total households	780	780	780	
Households below minimum service level	0	0	0	
Proportion of households below minimum service level	0%		0%	

Waste Water (Sanitation) Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2018/2019		2019/2020		
		Target	Actual	Target	Actual	
		*Previous Year		*Previous Year	*Current Year	
Service Indicators						
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Number of households provided with sanitation above RDP standard	7000hh	5802	5802	5000	5000	0
Number of households provided with VIP toilets	1650	2200	2200	450	0	0

# Chapter 3

Employees: Sanitation Services					
Job Level	2018/2019	2019/2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1-5	14	37	10	27	72%
8-11	1	1	1	0	0%
12-14	4	2	2	2	50%
15-16	1	6	3	3	50%
<b>Total</b>	<b>20</b>	<b>64</b>	<b>24</b>	<b>40</b>	<b>63%</b>

Capital Expenditure Year 2019/2020: Sanitation Services					
					R' 000
Capital Projects	Year 2017/2018				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	8500	8900	591	-1338%	
Rural Sanitation	8500	8900	591	-1338%	280

## COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The service is the first priority as indicated by communities in the IDP engagement sessions. This budget was allocated to complete the 2018/2019 project as it was delayed and led to withdrawal of MIG Funding by National Treasury. The municipality is experiencing backlog in sanitation services. The estimated cost to eradicate the backlog on sanitation is estimated at R 560 million.

# Chapter 3

## 3.3 ELECTRICITY

### INTRODUCTION TO ELECTRICITY

The Electricity Unit is not providing electricity at household level. The Municipality is not licensed to distribute electricity, however, we do facilitate for household electrification through engagement with Eskom and DOE. The Municipality also provides and maintain community lighting infrastructure (high mast lights and streetlights).

Employees: Electricity Services					
Job Level	2018/2019	2019/2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1-5	4	5	4	1	20%
12-14	3	4	3	1	25%
15-16	1	2	1	1	50%
<b>Total</b>	<b>8</b>	<b>11</b>	<b>8</b>	<b>3</b>	<b>27%</b>

# Chapter 3

Financial Performance Year 2019/2020: Street lights					
R'000					
Details	Year -2018/2019	Year 2019/2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Assistance required for this portion below					
<b>Total Operational Revenue</b>	0	14335	16598	15109	5%
Expenditure:					
Employees	1709	2327	2133	2274	-2%
Repairs and Maintenance	1344	0			
Other	9569	10491	11065	6383	-64%
<b>Total Operational Expenditure</b>	12622	12818	13198	8657	-48%
<b>Net Expenditure</b>	-12622	1517	3400	6452	76%

# Chapter 3

Capital Expenditure Year 2019/2020: Streetlight					
					R' 000
Assistance is required for the portion below					
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	13 635	18 598	13 666	0%	
STREET LIGHTING	13 635	18 598	13 666	0%	
July 2019 to June 2020	18 018	19 488	19 488	0%	

## COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The installation of High Mast Lights within villages is of utmost importance for the reduction of crime and improving visibility at night. The Municipality has managed to install 41 high mast lights in 2019/20, however the Municipality faces challenges in reaching its targets due to delays in energizing of high mast lights by Eskom.

# Chapter 3

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

### INTRODUCTION TO WASTE MANAGEMENT

Waste Management remains one of the fundamental Municipal Legislative functions as made provision in the National Environmental Management Waste Act 59 of 2008. In order to give effect to the requirements of the National Environmental Management Waste Act 59 of 2008 in line with the National Waste Management Strategy 2011, in 2017 the Environment and Waste Management Unit initiated the process of the development of the Municipal Integrated Waste Management Plan (IWMP) as well as Air Quality Management Plan (AQMP). Further Modification and intensive Public consultation for both documents are in progress and the envisaged period of completion is July 2019 subject to the availability of adequate resources to carry put both projects.

The Municipality has recently reviewed the Municipal Solid Waste By-Laws with the aim of addressing the prevailing waste management crisis related to littering/illegal dumping occurring across most Municipal areas. Local community members as well as business owners are one of the greatest contributors of illegal dumping as most these deserted dumps comprise of Domestic, Garden and Building Waste. It has been noted that reckless or illegal disposal of waste is also a result of the prevailing lack of the Municipal Environmental or Waste Policy Enforcement.

Poor or irregular household waste collection is one of the significant contributors of solid-waste mismanagement, within the Municipality. It has also been noted that illegal dumping could also be a result of inadequate environmental awareness as well as limited access to waste management infrastructure in remote areas within the Municipality.

In an effort to address the depicted waste management setbacks, it is within the foremost plans of the Unit y to improve contractual obligations with contracted service providers for waste management (Collection and Disposal) and subsequently intensify monitoring across all Municipal clusters.

Appropriate Access to Municipal Waste Management Infrastructure promotes a clean, healthy and well secured environment for the local community members in line with Section 24 Act 108 Constitution of Republic of South Africa 1998. As a result, the Municipality has two licensed operational Landfill sites situated in Madikwe and Mogwase. The latter is classified as GMB while Madikwe as GSB making provision for General Waste only in terms of the National Environmental Management: Waste Act 59 : National Norms and Standards for Disposal of Waste to Landfill (R636).

Mogwase Landfill site is managed accordingly, in conformity with the Norms and Standards for Waste Storage. However, the seepage of leachate and migration of contaminated runoff water especially during rainy seasons at Mogwase Landfill site may in due course result in significant underground water pollution given the site's sensitivity in relation to geotechnical and geo-hydrological properties. However, at this point, there has not been any evidence of underground contamination from the water quality monitoring results.

Most of the irregularities depicted on site with respect to the requirements of the operational license arise as result of inadequate infrastructural components from the construction phase of the site.

Madikwe Landfill is informally operating through an Operational License issued under the Transitional Council of Madikwe 1996/09/10. The Municipality, through the usage of an Environmental Consultant has undertaken Environmental Impact Assessments in effort to attain a revised Waste Management Licence with the Provincial Department of Rural Environment and Agricultural Development.

# Chapter 3

---

It is within the foremost plan of the Municipality to have the landfill site upgraded and equipped with necessary infrastructural components upon receipt of the revised Waste Management Licence (WML).

The Closure and Rehabilitation processes of Old Mogwase Landfill Site commenced in 2015 and the process was fully completed in March 2019.

In villages with far less volume of waste produced, there has been a need for the Municipality to erect Transfer Stations/ Drop off Centres which must be strategically placed across the Municipality. The Municipality currently has no recycling initiatives in place, as result, the erection of such Recycling Facilities will allow the Municipality to accelerate waste recycling, separation at source and in turn create green job opportunities.

## **Key performance objectives**

- To pursue progressive waste reduction, reuse, recycling and recovering initiatives
- Ensure and encourage the provision of effective waste management services to all the communities;
- Encourage the prevention and minimization of environmental pollution to air, water and land by conducting environmental awareness campaigns, workshops and seminars.
- To maintain and improve the health and safety of the public;
- Support the rehabilitation of polluted water and land areas (Borrow Pits)
- To preserve cultural heritage; balance the need to enhance the built environment with measures which reduce the environmental impact of development
- Provide environmental education and training to communities and all staff members



# Chapter 3

Solid Waste Service Delivery Levels				
Description	2016/2017	2017/2018	2018/2019	Households 2019/2020
	Actual No.	Actual No.	Actual No.	Actual No.
<b><u>Solid Waste Removal: (Minimum level)</u></b> Removed at least once a week	75 193	75 193	75 193	75 193
<b><u>Solid Waste Removal: (Below minimum level)</u></b> Removed less frequently than once a week Using own refuse dump No rubbish disposal				
<b>Total number of households</b>	<b>75 193</b>	<b>75 193</b>	<b>75 193</b>	<b>80 654</b>

Households - Solid Waste Service Delivery Levels below the minimum						
Description	2016/2017	2017/2018	2018/2019	Households 2019/2020		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>						
Total households	0	0	0	0	0	0
Households below minimum service level						
Proportion of households below minimum service level						
<b>Informal Settlements (included above)</b>	0	0	0	0	0	0

# Chapter 3

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	2016-2017		2017-2018			2018-2019	2019-2020	
		Target	Actual	Target		Actual	Target		
		*Current Year (vi)	(vii)	*Previous Year (v)			*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<i>Provision of weekly collection service per household (HH)</i>	Provide waste collection to all wards	75 193	75 193	75 193	75 193	75 193	80 654	90 000	80 654
<i>Proportion of waste that is recycled</i>	Operation of the buyback centre	The buyback centre fully operational	The buyback centre fully operational	The buyback centre fully operational	The buyback centre fully operational	The buyback centre fully operational	Operation of the buyback centre	Electrification of the building, buy-back not yet operational	Operation of the buyback centre
<i>Proportion of landfill sites in compliance with the Environmental Conservation Act 1989.</i>	1. Closure and rehabilitation of the old Mogwase landfill site  2. Operation of the new Mogwase landfill site  3. Fencing of Madikwe landfill site	Rehabilitation of the old Mogwase landfill site	1. Closure and rehabilitation of old landfill site  2. Operation of new Mogwase landfill  3. Madikwe landfill fencing  4. Environmen	Contractor awaiting appointment for second phase for rehabilitation of the landfill site	Rehabilitation of the old Mogwase landfill site	1. Closure and rehabilitation of old landfill site  2. Operation of new Mogwase landfill  3. Madikwe landfill fencing  4. Environmen	Completion of Phase 4 of the Rehabilitation of Old Mogwase Landfill Site	Phase 4 of the Rehabilitation of Old Mogwase Landfill Site fully implemented 2018/2019-	Completion of Phase 4 of the Rehabilitation of Old Mogwase Landfill Site

# Chapter 3

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	2016-2017		2017-2018		2018-2019	2019-2020		
		Target	Actual	Target		Actual	Target		
		*Current Year (vi)	(vii)	*Previous Year (v)			*Current Year (viii)	*Current Year (ix)	*Following Year (x)
			tal signboard installation			tal signboard installation			
	4. Madikwe Landfill upgrade						Madikwe Landfill site upgrade Preliminary Detailed design reports submitted	Upgrade of Madikwe landfill site in 2 Phases (2018/2019)	Environmental Assessments Conducted, Awaiting Variated Waste Management License from the Provincial Department of Rural Environment and Agricultural Development Received partially approved variation.
<b>To reduce and/or prevent adverse</b>	Borrow pit rehabilitation and fencing			The rehabilitation and fencing of	Lerome borrow pit was fully rehabilitate	Lerome borrow pit was fully rehabilitate	Rehabilitation assessment done and proposed	Request for proposal and funding to rehabilitate	Successfully fenced Sanfontien and Lerome borrow

# Chapter 3

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	2016-2017		2017-2018			2018-2019	2019-2020	
		Target	Actual	Target		Actual	Target		
		*Current Year (vi)	(vii)	*Previous Year (v)			*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<i>pollution as per section 24N NEMA 1998</i>				the Lerome borrow pit	d and subsequently fenced	d and subsequently fenced	estimates compiled, Department to request MIG funding for the project.	the borrow pits	pits. Proposals for the Rehabilitation the Borrow Pits drafted, No funds in place to have them implement
<i>To raise awareness around issues pertaining pollution prevention-illegal dumps eradication</i>	Billboards and sign boards installation			The installation of sign boards around Mogwase	The installation of sign boards around Mogwase	The installation of sign boards around Mogwase	Installation of signboards Ledig, Sandfontien, Mabeskraaal, Lesetlheng, Lerome, Mahobieskraal, Mabalstad, Legkraal, Tweelagte, Letlhakeng	Installation of signboards at the following areas: Lerome south, Tweelagte, Mapaputle, Nkogole, Mopyane, Molore, Mogwase Unit 2 &8, Maologane,M okgaloaneng, Losmeitjerie, Obakeng,Ses hibitswe, Vrede,	Signed boards were successfully installed in most of the areas

# Chapter 3

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	2016-2017		2017-2018			2018-2019	2019-2020	
		Target	Actual	Target		Actual	Target		
		*Current Year (vi)	(vii)	*Previous Year (v)			*Current Year (viii)	*Current Year (ix)	*Following Year (x)
								Madikwe,	
<i>The purpose of IEMP is to resolve or lessen any negative development process</i>	Environmental plans and policies			The tender for integrated environmental management plan was advertised	The evaluating team for the tender yet to sit down	The evaluating team for the tender yet to sit down		Implementation and enforcement to take place	Not fully implemented due to the municipal budget constraints

# Chapter 3

Employees: Solid Waste Management Services					
Job Level	(2018/2019)	(2019/2020)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1-5	0	16	0	16	100%
6-8	0	4	0	4	0%
10-12	0	9	0	9	0%
12-14	0	10	1	9	100%
15 - 16	4	5	5	0	100%
17 – 18	0	3	0	3	0%
18 - 25	0	1	0	1	0%
<b>Total</b>	<b>4</b>	<b>48</b>	<b>6</b>	<b>42</b>	<b>90%</b>

Employees: Waste Disposal and Other Services					
Job Level	2018/2019	2019/2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	0	48	6	42	14%
The service is outsourced					

Capital Expenditure Year 2019 -2020: Waste Management Services					
					R' 000
Capital Projects	Year 2019/2020				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	12900	12821	12512	-3%	
LANDFILL SIDE	12900	12821	12512	-3%	12900

## COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

Phase 4 of the rehabilitation has been fully implemented in the 2018/2019 financial year. Received partially approved variation for Madikwe landfill site upgrade.

# Chapter 3

## 3.5 HOUSING

### INTRODUCTION TO HOUSING

Everyone has the right to have access to adequate housing. Key to the roles and responsibilities of Local Government is to ensure the provision of services to communities in a sustainable manner. Priority of Moses Kotane is to eradicate informal settlements and mud houses in our villages. Housing has been a cornerstone of Moses Kotane since 2003. The objectives of human settlements are:

1. Quality control and assurance of housing development
2. Accelerate access to housing through availing land for housing development and development of Community Rental Units for those who do not qualify for housing subsidies.
3. Have the municipality accredited as a housing developer?

The municipality's challenge arises from the fact that implementation of housing is mandated to the provincial human settlement, and not the municipality. Ever rising backlog, illegal occupation of land and RDP houses.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2017/18	75 193	14 427	19.2%
2018/19	75 193	14 427	19.2%

Employees: Housing Services					
Job Level	2017/2018	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
12-14	1	4	4	4	0%
15- 16	4	5	4	1	20%
17 - 18	1	2	1	1	50%
19 - 25	1	1	1	0	0%
<b>Total</b>	<b>7</b>	<b>12</b>	<b>7</b>	<b>5</b>	<b>42%</b>

# Chapter 3

Capital Expenditure Year 2019/2020: Housing Services					
					R' 000
Capital Projects	Year 2019/2020				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Housing	0	0	0		

## COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The role of the Municipality is to facilitate access to housing while top structure construction is the priority of the Provincial Department of Local Government and Human Settlement.



# Chapter 3

## 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Free Basic Services To Low Income Households										
	Total	Number of households								
		Households earning less than R1,100 per month								
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
			Access	%	Access	%	Access	%	Access	%
2013/2014	20 210	20 975	15 000	72%	758	4%	5 092	24%	756	4%
2014/2015	21 884	21 884	17 250	79%	987	5%	17 250	79%	987	5%
2015/2016	19 398	19 398	19 398	100%	1 144	6%	19 398	100%	19 398	100%
2019/2020	22 642	22 642	17 769	78%	971	4%	16 798	74%	971	4%

Financial Performance Year 2019/2020: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year - 2018/2019	Year 2019/2020			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	672873	653000	653000	1020160	64%
Waste Water (Sanitation)	350412	350000	350000	306074	-14%
Electricity	0	4000000	4000000	0	0%
Waste Management (Solid Waste)	562605	530000	530000	460067	-15%
Total	1585890	5533000	5533000	1786301	-210%

# Chapter 3

## COMPONENT B: ROAD TRANSPORT

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

## COMPONENT B: ROAD TRANSPORT

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

### INTRODUCTION TO ROAD TRANSPORT

The municipality does not implement road transport programmes. Road development and maintenance is carried out as part of the infrastructure grant and operational (internal funding) respectively.

## 3.7 ROADS

### INTRODUCTION TO ROADS

The Municipality has an overall responsibility of 2292 KMs of which 147.02 KMs are surfaced and 2145.0 KMs are gravel. The Provincial roads in the municipal jurisdiction are 1145.4 KMs of which 349.4 KMs are surfaced and 796 KMs are gravel. The internal roads within Moses Kotane are eroded due to poor drainage system during raining period, surface cracks caused by heavy vehicles. The department is in the process of sourcing out funding for our roads maintenance plan. The road master plan has been completed.

The current old Yellow Fleet and White Fleet hampers the process maintaining our road network as expected.

Tarred Road Infrastructure					Kilometres
Year End	Total tarred roads	New tar/paved roads	Existing tar roads re-tarred	Existing tar roads re-sealed	Tar roads maintained
2014/15	100	9.6	0	4.9	4.9
2015/2016	100	18.9	0	3	3
2017/2018	100	8,9	0	4,8	9,8
2018/2019	144.62	12.5	0	1.5	0.241
2019/2020	147.02	2.4		0	25

# Chapter 3

Tarred Road Infrastructure					
					Kilometres
Year End	Total tarred roads	New tar/paved roads	Existing tar roads re-tarred	Existing tar roads re-sealed	Tar roads maintained
2014/15	100	9.6	0	4.9	4.9
2015/2016	100	18.9	0	3	3
2017/2018	100	8,9	0	4,8	9,8
2018/2019	144.62	12.5	0	1.5	0.241
2019/2020	147.02	2.4		0	25

Financial Performance Year 2019/2020: Road Services					
					R'000
Details	Year 2017/2018	Year 2019/2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>			69 842	59 554	100%
Expenditure:					
Employees	6 727	10 867	7 705	7 694	-41%
Repairs and Maintenance	15 636	10 460	20 408	20 686	49%
Other	32 941	49 647	51 327	72 536	32%
<b>Total Operational Expenditure</b>	55 304	70 974	79 440	100 916	30%
<b>Net Operational Expenditure</b>	55 304	70 974	9 598	41 362	-72%

Capital Expenditure Year 2019/2020: Road Services					
					R' 000
Assistance requested for this portion below					
Capital Projects	Year 2019/2020				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	61129	62841	91682	33%	
ROADS AND STORM WATER	61129	62841	91682	33%	61129

# Chapter 3

---

## COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Municipality is on average constructing a total of 2.4 km (paved roads) annually. This is not sufficient given the current backlog of over 2145 kilometres of internal roads. The Maintenance of existing roads is also a challenge due to limited resources such as budget, Yellow Fleet and White Fleet, however we always ensure that at 2.4 kilometres of existing roads are refurbished on annual basis

# Chapter 3

## 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

### INTRODUCTION TO TRANSPORT

The municipality is responsible for planning and contracting for public transport services and implementation. The operational licensing is function of the province but can be assigned to municipalities by the Provincial MEC.

According to the National Land Transport Act 5 of 2009, the Municipalities are responsible for:

- Integrated Transport Plan to be prepared by the municipality
- Developing land transport policy and strategy for their areas
- In their capacity as planning authorities, preparing, implementing and monitoring transport in their areas (ITPs)
- Financial planning for land transport in their areas
- Managing the movement of persons and goods in their areas
- Planning, implementing and managing of modally integrated transport networks and travel corridors within the municipal area and liaising with neighbouring municipalities
- Service level planning for passenger rail in consultation with PRASA

Public Transport Projects that were conducted within the municipality are as follows:

- Survey on Public Transport Facilities – by the Province
- Integrated Public Transport network (IPTN) – by the District Municipality
- Rural Roads Assets Management System (RRAMS) – by the District Municipality
- District Integrated Transport Plan (in the process) – by the District

Employees: Public Transport

- The Municipality has one employees for the purpose of coordination with stakeholders.

Challenges:

- Devolution of Public Transport functions to the Municipality
- Lack of personnel
- Budget

Comment on the performance of Public transport

The National Land Transport Act 5 of 2009 requires that local Municipality to prepare for their local Integrated Transport Plan, therefore in this case Public Transport is a core function of the Provincial Department of Community Safety and Transport Management, Bojanala Platinum District Municipality and Local Municipality as a planning authority is doing the coordination in the implementation of the plans for Public Transport services.

# Chapter 3

## 3.9 WASTE WATER (STORMWATER DRAINAGE)

### INTRODUCTION TO STORMWATER DRAINAGE

Most roads constructed under the MIG funding do not make provision for storm water control resulting in the roads not lasting as expected. Funding for storm water reticulation would alleviate the problem encountered.

The storm water maintenance is comprising of redesigning Stormwater layout plans as well as long sections in order to alleviate flooded properties, cleaning of storm water catch pits and storm water open channels, lining of Stormwater channels and construction of Stormwater bridges within the Moses Kotane area.

Storm water Infrastructure				
	Total Storm water measures	New storm water measures	Storm water measures upgraded	Kilometres Storm water measures maintained
2014/15	10.6	10.5	0	0.092
2016/17	0	0	0	0,67
2017/18	0	0	0	0 Km
2018/19	0	0	0	0Km
2019/2020				0.9

Cost of Construction/Maintenance			
	Storm water Measures		
	New	Upgraded	Maintained
2013/2014	1 700 000	600 000	280 000
2014/2015	1 800 000	700 000	330 000
2015/2016	1 900 000	900 000	420 000
2019/2020	61 188 000	0	0

# Chapter 3

## 3.10 PLANNING

This component includes: planning; and local economic development.

### INTRODUCTION TO PLANNING AND DEVELOPMENT

The Municipality's planning and development consist of municipal planning which deal with the following:

- Spatial Development Framework
- Provides information and guidance in regards to planning dealing with issues/queries related to planning and future developments which are linked to the IDP.

A challenge facing the municipality is where land is under tribal control and as such the Municipality cannot generate revenue to assist in the development of bulk infrastructure. Due to lack of funding the municipality cannot develop their own properties.

## 3.10 PLANNING

### INTRODUCTION TO PLANNING

Following the enactment of Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA), Municipalities are required to redress the past spatial and regulatory imbalances. To explicate this notion, Municipality are obligated to regulate its areas of jurisdiction in entirety. Town Planning as the custodian of SPLUMA in Municipalities, is responsible for:

- Development of the Municipal Spatial Development Framework to conform to the principles of spatial justice, spatial sustainability, efficiency, spatial resilience and finally the principle of good administration.
- Development of the Municipal Land Use Management Scheme to promote economic growth, social inclusion, efficient land development and minimal impact on public health, the environment and national resources.

The Town Planning as a unit also deals with Land Use Management, application procedures and matters related to the following:

- Rezoning of land,
- Special Consent,
- Relaxation of building lines,
- Subdivision and consolidation of land,
- Township Establishment or the extension of the boundaries of a township
- Division or phasing of a township,
- Removal, amendment or suspension of a restrictive or obsolete condition, servitude or reservation registered against the title of the land,

# Chapter 3

- Approval of the constitution of an owner's association or an amendment of the constitution of the owner's association,
- Permanent closure of any public place,
- Spatial planning and land use management by-laws and policies
- Regulation of outdoor advertisement.
- Geographical Information System function

To improve the Unit's performance, the Municipality is currently reviewing its Spatial Development Framework and also the Land Use Management Scheme to conform to the requirements of the Spatial Planning and Land Use Management Act. Furthermore, the Municipality is required to develop policies such as the; Guesthouse Policy, Tarven Policy, Street Trading Policy etc to fully regulate development with its jurisdictional area.

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2015/16	2017/18	2018/19	2017/18	2018/19	2019/2020
Planning application received	0	4	4	0	0	0
Determination made in year of receipt	0	2	4	0	0	0
Determination made in following year	0	2	0	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	0	0	0	0

Employees: Planning Services				
Job Level	2019/2020			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
10 - 12	1	1	0	100%
12-14	1	1	0	100%
15-16	2	0	2	0%
17-18	2	2	0	100%
19-25	1	0	1	0%
<b>Total</b>	<b>7</b>	<b>4</b>	<b>3</b>	



# Chapter 3

Capital Expenditure 2019/20: Planning Services					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	6 312	none	2 000	32%	
Land tenure upgrade	6 312	none	2 000	32%	

Financial Performance Year 2019/2020: Planning Services					
R'000					
Details	Year 2017/2018	Year 2019/2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	113	140	140	56	-150%
Expenditure:					
Employees	18	1924	635	0	
Repairs and Maintenance					
Other	647	1678	1079	509	-230%
Total Operational Expenditure	665	3602	1714	509	-608%
Net Operational Expenditure	552	3462	1574	453	-664%

Service Objectives  Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/2020		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Number of municipal policies developed and implemented	2 policies	1	0	1	2	0
Land audit report developed and adopted	Approved Council Resolution	1	0	1	1	0
Number of proclaimed township establishment completed	Approved by Council	5 villages	0	5 villages	5 villages	0 village

## COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

The unit is unable to perform as expected due to shortage of permanent staff.

# Chapter 3

## 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

### INTRODUCTION TO ECONOMIC DEVELOPMENT

The Municipality has a number of economic opportunities that range from agriculture, mining, tourism and rural development. Job creation has been facilitated through the establishment and supporting of cooperatives and marketing its municipality through its information centre. Skills transfer through tourism buddies. Monitoring the implementation of SLPs in the mining sector.

### COMMENT ON LOCAL JOB OPPORTUNITIES:

The mining sector is a very important sector that contributes significantly towards both the employment and economic growth of the local municipality. This sector was identified as having a comparative advantage and it was classified as being the current strength of the local economy.

The mining sector is the main contributor towards the total GGP for the local municipality. The finance sector (19.5%), the transport sector (10.9%) and the general government sector (10.0%) are also significant contributors to the local economy.

In order to improve upon the local procurement of the mines, a review of the main products purchased by the mines should be conducted. Whilst it is acknowledged that the local municipality would not be able to provide all the required goods and services to the mines, there are number of consumable goods as well as services that can be provided from the local municipal area.

The tourism sector is unfortunately not classified as a sector on its own, and thus the contribution that tourism makes towards the local municipality cannot be easily quantified. It is one of the key economic sectors which gives the Municipality a comparative advantage over the other municipalities within the NW Province. 3 international icons (Sun City, Madikwe and Pilanesberg Game Reserves) are housed within the municipalities and as such have an impact in terms of job creation of local people. The sector contributes highly to the country's GDP and plays a crucial role in municipal economic growth. It is in this sector where you find street traders / crafters who produce artefacts which are sold to tourists and locals. Most of these traders are located within the game reserves and around the CBD. The traders' activities are done on a full time basis and used to sustain their livelihoods. It is therefore imperative to formalise these traders so as to implement proper regulatory framework/mechanisms for them. Some of the crafters are generating enough income and fall within taxable bracket.

The agricultural sector within the Moses Kotane Local Municipality experienced erratic economic growth during the 1995 – 2010 period. Employment within the agricultural sector has experienced a downturn over the years as employment between the 1995 – 2009 period shrank at an estimated average rate of -9.1%.

Farming activities within the local municipality are subsistence farming activities and the main agricultural produce within the local municipality is: maize, sorghum, sunflower, game farming, livestock farming (cattle & goat).

# Chapter 3

The reason for the limited contribution and relatively poor performance of the agricultural sector is the limited water supply within the local municipality. Furthermore, the constraints facing the agricultural sector include: market & marketing information, transport, storage facilities, and grading and product standards. The lack of agricultural infrastructure prohibits/restricts the type of agricultural activities that can occur within the local municipality.

The following opportunities have been identified for the agricultural sector within the local municipality that could lead to economic growth:

- Support commercialization of small-scale/subsistence farming activities, and
- Support the development of a vibrant agro-processing sector.

These could be achieved through the establishment and support of cooperatives.

The manufacturing sector within the Moses Kotane LM has been growing at an average annual growth rate of 1.0% during the 1995 – 2009 period, whilst the level of employment has been decreasing at an average annual rate of 3.4%.

The main area in which manufacturing activities occur within the Moses Kotane LM is the Bodirelo Industrial Park. There is no real clustering of activities within the Bodirelo Industrial area. It is encouraging that some businesses linked to the mining sectors are located within this industrial area. It should be noted that a number of stands within the local municipality are vacant and the attraction of investment to these areas could be further investigated.

The trade sector in the Moses Kotane LM appears to be underdeveloped. This is illustrated by limited growth in this sector whilst the decline in employment also highlights the challenges experienced within this sector.

Key elements that could be implemented to further develop MKLM economy:

- Agriculture, mining, manufacturing, tourism and utilities are the key sectors that could assist in the development of the local economy,
- The key to ensuring greater economic development is increasing linkages between the various sectors, businesses and communities,
- Government has a key role to play through skills development, information sharing and partnership building

The key to ensuring greater economic growth and development is increasing linkages between the various sectors of the economy.

# Chapter 3

Job creation through EPWP* projects		
	EPWP Projects	Jobs created through EPWP projects
Details	No.	No.
2016/17	4	135
2017/18	3	82
2018/19	3	57
2019/20		1299

Employees: Local Economic Development Services					
Job Level	2017/18	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
12 - 14	2	4	2	2	50%
15 - 16	2	5	2	3	60%
17 - 18	2	3	2	1	33%
19 - 25	1	2	1	1	50%
<b>Total</b>	<b>7</b>	<b>14</b>	<b>7</b>	<b>7</b>	<b>50%</b>

# Chapter 3

Local Economic Development Policy Objectives Taken From IDP						
Service Objectives  Service Indicators	Outline Service Targets	2018/2019		2019/20		
		Target	Actual	Target	Actual	
		*Previous Year		*Previous Year	*Current Year	
1. LED staff training	No. of LED staff trained	0	0	0	0	0
2. Tour Operators Training (First Aid level 2)	No. of capacity building programmes conducted	20	0	20	0	0
3. Hospitality training	No. of capacity building programmes conducted	50	0	50	0	0
4. Poultry Training 16/1748	No. of capacity building programmes conducted	48	0	48	0	0
5. Catering training	No. of capacity building programmes conducted	20	0	20	40	40
6. Sewing Training	No. of capacity building programmes conducted	20	0	20	0	0
7. Goat Management	No. of capacity building programmes conducted	20	0	20	0	0
8. Backyard Garden Management	No. of capacity building programmes conducted	100	0	100	0	0
9. Sunflower Production training	No. of capacity building programmes conducted	20	0	20	0	0

Financial Performance Year 2019/2020 Local Economic Development Services					
R'000					
Details	Year 2017/18	Year 2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees	4 943	5 762	0	5 762	0%
Repairs and Maintenance					
Other	3 701	2 852	0	2 852	0%
Total Operational Expenditure	8 644	8 615	0	8 615	0%
Net Operational Expenditure	8 644	8 615	0	8 615	0%

# Chapter 3

---

## **COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:**

Currently there are no capital projects implemented, however, the Hawkers' stalls project has been approved for funding through the MIG. There is a Farmer Production Support Unit that is being implemented as part of the AgriPark Project through the Department of Rural Development and Land Reform.

# Chapter 3

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### 3.12 LIBRARIES;

#### INTRODUCTION TO LIBRARIES

The library function has devolved to the Moses Kotane Local Municipality through the annual memorandum of agreement with the Department of Arts, Culture Sports & Recreation and the municipality is hosting four libraries (Mabieskraal, Mogwase, Tlokweneng, Manamela libraries) and the department is still responsible for the function.

The library strives to provide, in cooperation with the relevant governing bodies on local and provincial level, dynamic library and information services that meet the educational, informational, cultural, economical, technological and recreational needs of the community at large. Each person must have free access to resources and facilities for information, lifelong learning, culture and recreation.

The service aims to promote the library service and instill a reading culture, improving literacy levels and provide free and open access to information as well as survival information. Present programs include story hours, book talks, life skill training course, literacy training and free public internet access. Reading of literature is promoted to contribute to the upliftment of the community e.g. (Toy programmes and reading awareness programmes etc.)

Library staff receives relevant training and attends workshops and libraries hosts workshops relevant to the community needs.

#### SERVICE STATISTICS FOR LIBRARIES;

Number of books 30500

Number of users- 93500

Toy programmes - 12 per year

Library awareness & marketing programs- 8 per year

# Chapter 3

Libraries: Other Policy Objectives Taken From IDP							
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2017/18		2018/2019		2019/2020	
		Target	Actual	Target		Actual	Target
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)
<b>Provision of library services to the community</b>	Stocking of all Moses Kotane libraries	3	3	3	4	4	4
<b>Library awareness and marketing programs to promote the service</b>	All library users and non-users	8	8	8	8	8	8



# Chapter 3

Employees: Libraries					
Job Level	2018/2019 Employees	2019/2020			
		Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1-5	9	17	9	8	47%
10-12	11	20	11	9	45%
15-16	3	7	3	4	57%
17-18	1	1	1	0	0%
<b>Total</b>	<b>24</b>	<b>45</b>	<b>24</b>	<b>22</b>	<b>49%</b>

## COMMENT ON THE PERFORMANCE OF LIBRARIES

The municipality through MIG provides community facilities and through its operational budget undertakes maintenance, renovations and repairs to Municipal Facilities. Most community halls and municipal buildings and facilities required structural analysis and assessment to comply with the national building regulations and building standards and other pieces of legislations.

# Chapter 3

3.13

## INTRODUCTION TO COMMUNITY FACILITIES

The municipality through MIG provides community facilities and through its operational budget undertakes maintenance, renovations and repairs to Municipal facilities.

## SERVICE STATISTICS FOR COMMUNITY FACILITIES

During the period under review the municipality carried out routine maintenance in Community Halls, Parks, Sports Facilities. The Municipality has 106 facilities (inclusive of municipal offices, community halls, sports facilities and libraries). The Municipal Buildings & Facilities undertakes or provide routine maintenance. The Municipal Buildings maintenance plan has been developed for Municipal offices, excluding community and sports facilities, however the structural Assessment for Community halls and facilities has been done.

Employees: Community Facilities – Parks and Recreation					
Job Level	2018/2019	2019/2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1-5	4	30	30	0	0%
6-8	20	25	20	5	20%
8-11	3	8	6	2	25%
12-14	1	1	1	0	0%
15-16	2	2	2	0	0%
17-18	1	1	1	0	0%
19-25	0	1	0	1	100%
<b>Total</b>	<b>31</b>	<b>68</b>	<b>60</b>	<b>10</b>	<b>15%</b>

Employees: Community Facilities – Municipal Buildings					
Job Level	2018/2019	2019/2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1-5	4	10	3	7	42%
6-8	0	0	0	0	0
8-10	3	5	3	2	25%
8-11	1	6	1	5	12%
12-14	1	1	1	1	100%
17-18	1	1	1	1	100%
<b>Total</b>	<b>9</b>	<b>23</b>	<b>8</b>	<b>16</b>	<b>43%</b>

# Chapter 3

## 3.14 CEMETERIES

### INTRODUCTION TO CEMETERIES

The municipality provides for and maintains gravesites in Mogwase and Madikwe. The municipality gives service in the rural villages as may be requested from time to time with particular reference to fencing of graveyards.

### SERVICE STATISTICS FOR CEMETERIES

During the financial year 141 graves were provided in Madikwe and Mogwase.

Employees: Cemeteries					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
(1-5)	3	8	5	3	37.5%
(8-11)	2	4	2	1	25%

Financial Performance Year 2018/2019: Cemeteries and Crematoriums					
R'000					
Details	Year 2018/2019	Year 2019/2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	16	20	20	15	-33%
Expenditure:					
Employees	376	1131	316	247	-358%
Repairs and Maintenance	27	345	45	0	
Other	550	550	600	551	0%
Total Operational Expenditure	953	2026	961	798	-154%
Net Operational Expenditure	937	2006	941	783	-156%

Capital Expenditure Year 2019/2020: Cemeteries					
R' 000					
Capital Projects	Year 2018/2019				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	0	0	0	0	
FENCING OF CEMENTRIES	0	0	0	0	0

# Chapter 3

---

## 3.15. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

### INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The municipality through the Mayoral special programmes provides support to the aged, the disabled, people living with HIV/Aids, orphans and other vulnerable groups.

### SERVICE STATISTICS FOR CHILD CARE

The child care function is the responsibility of the Department of Social Development. However, the Municipality assists annually with school uniforms and food parcels for vulnerable children.

### COMMENT ON THE PERFORMANCE OF AGED CARE; SOCIAL PROGRAMMES OVERALL:

Mayoral support is provided to all vulnerable groups through the special projects programme.

# Chapter 3

## COMPONENT E: ENVIRONMENTAL PROTECTION

### INTRODUCTION TO ENVIRONMENTAL PROTECTION

#### 3.16 POLLUTION CONTROL

##### INTRODUCTION TO POLLUTION CONTROL

The Municipality has a constitutional mandate to ensure that it guarantees everyone the right to an environment that is not harmful to their health or wellbeing and to have the environment protected for the benefit of present and future generation through reasonable legislative and other measures that prevent pollution, ecological degradation, promote conservation and secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

The Municipality achieves this through

1. Waste Management:
2. Biodiversity Management:
3. Environmental Education and Awareness
4. Enforcement and compliance

Employees: Solid Waste Management Services					
Job Level	(2018/2019)	(2019/2020)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1-5	0	16	0	16	100
6-8	0	4	0	4	100
10-12	0	9	0	9	100
12-14	0	10	0	10	100
15 - 16	4	4	4	4	75
17- 18	0	3	0	3	0
18 - 25		1	0	1	0
<b>Total</b>	<b>4</b>	<b>44</b>	<b>4</b>	<b>44</b>	<b>98</b>

# Chapter 3

## INTRODUCTION TO PUBLIC SAFETY AND SECURITY

Promotion of road safety through effective law enforcement and road safety education.  
 Provision of Security services in all Municipal facilities and buildings  
 Coordination of disaster management programs

Employees: Security and Safety					
Job Level	2018/2019	2019/2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
12-14	5	18	4	14	78
15-16	1	4	3	1	25
17-18	1	1	1	0	0
19-25	1	1	1	0	0
<b>Total</b>	<b>8</b>	<b>24</b>	<b>9</b>	<b>15</b>	<b>63</b>

# Chapter 3

## 3.18 OTHER (DISASTER MANAGEMENT)

### INTRODUCTION TO DISASTER MANAGEMENT

The Disaster Management Services part of responsibilities are as follows:

- Provide and undertake a consultation, training, research, project management, client services for the disaster management of the municipality (institutional Capacity)
- Ensure effective and quick response to incident / disaster affecting vulnerable communities
- Ensure minimization of risk measures in the municipality through risk reduction programme
- Compile contingency plan for events as required Disaster Management Act 57 of 2002 and National Disaster Management Framework.

### POSSIBLE INCIDENTS IN THE MUNICIPALITY

The following are hazards prevails in the municipality though can be classified into different categories: natural disaster, man-made situations and technological:

- Natural Disasters i.e. House Fires, Drought and Flash Floods
- Severe weather- Heavy storm
- Explosions and Bomb threats
- Vehicle accidents
- Stampeding at stadium during events
- Health Hazards i.e. Food and water contamination, Poisoning
- Political stability: Terrorist, Hostage situation, political attacks
- Crime: looting Robbery, Hijacking
- Power and communication Failures
- Interruption of water supply and electrical outages
- Chemical spillages - hazardous incidents

### SERVICE STATISTICS FOR DISASTER MANAGEMENT

52 Incidents  
4 awareness programmes  
4 risk assessments

# Chapter 3

Capital Expenditure 2019/20: Disaster Management					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Disaster Management Grant	0	0	0	0%	0

Financial Performance 2019/2020: Disaster Management									
R'000  Service Indicators	Outline Service Targets	2016/17		2017/18			2018/19	2019/20	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
To promote and support the disaster management programme	Disaster risk reduction education programme	4	4	4	4	4	4	4	
	Disaster Training and Education	4	4	4	4	4	4	4	

## COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT

Disaster Management is a core function of the District Municipality though Moses Kotane Local Municipality facilitates the implementation of the Disaster Management KPI's in line with the District Disaster Management Plan.

The Disaster Management relief that we assist the vulnerable communities are as follows:

- Tents
- Salvage sheets
- Mattresses
- Liaise with other line department (SASSA) for social relief of distress
- Blankets



# Chapter 3

## COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports field; stadiums and swimming pools

### INTRODUCTION TO SPORT AND RECREATION

This component supports and promotes sport within the municipality. It has formed a sports council and been involved in the development of netball teams where leagues compete on weekends and a team represents Moses Kotane at provincial and national levels.

The athletics club is affiliated to Athletics North west North

### 3.19 SPORT AND RECREATION

#### SERVICE STATISTICS FOR SPORT AND RECREATION

2 stadiums (Mogwase and Madikwe)

6 sports grounds (Ramokokastad, Sefikile, Pella, Mabeskraal, Manamela, Silverkraans)

Employees: Sport and Recreation					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 5	25	30	25	25	0%
5 - 7	19	25	19	19	
8 - 11	5	8	5	8	0%
12 - 14	1	1	1	1	0%
15 - 16	3	3	3	0	0%
17 - 18	1	1	1	1	0%
<b>Total</b>	<b>54</b>	<b>68</b>	<b>55</b>	<b>54</b>	

Financial Performance Year 2019/2020: Sport and Recreation					
					R'000
Details	Year 2018/2019	Year 2019/2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		15	15	9	-67%
<b>Expenditure:</b>					
Employees	12 085	16 246	13 586	13 244	-23%
Repairs and Maintenance	1 919	2 080	2 420	2 082	0%

# Chapter 3

Other	5 795	6 554	5 704	19 246	66%
<b>Total Operational Expenditure</b>	19 799	24 880	21 710	34 572	28%
<b>Net Operational Expenditure</b>	19 799	24 865	21 695	34 563	28%

Capital Expenditure Year 2019/2020: Sport and Recreation					
R' 000					
Capital Projects	Year 2019/2020				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	300	300	0		
UPGRADING SPORTS FACILITIES	300	300	0		300

## COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

No capital expenditure was incurred during the financial year. Apart from salaries expenditure incurred was mainly for maintenance of the Mogwase and Madikwe stadiums.

# Chapter 3

## COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

### 3.20 EXECUTIVE AND COUNCIL

This component includes: Executive office (Mayor; Councilors; and Municipal Manager).

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.	%
12-14	3	9	7	2	22%
15-16	0	4	0	4	100%
17-18	4	5	4	1	20%
19-25	1	2	1	1	50%
<b>Total</b>	<b>8</b>	<b>20</b>	<b>12</b>	<b>8</b>	<b>50%</b>

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	2018/2019	2019/2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1-5	0	0	0	0	0%
6-8	0	0	0	0	0%
9-11	0	0	0	0	0%
12-14		3	5	3	0%
15-16	2	4	1	3	75%
17-18	1	2	2	3	60%
19-25	2	3	2	1	33%
<b>Total</b>	<b>5</b>	<b>12</b>	<b>10</b>	<b>10</b>	<b>41%</b>

# Chapter 3

Employees: The Executive and Council					
Job Level	2018/2019	2019/2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Full Time Councillors	13	13	13	0	0%
Ordinary Councillors	65	65	65	0	0%
<b>Total</b>	<b>78</b>	<b>78</b>	<b>68</b>	<b>0</b>	<b>0%</b>

Financial Performance Year 2019/2020: The Executive and Council					
					R'000
Details	Year 2018/2020	Year 2019/2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	2173	1000	1977	1000	0%
Expenditure:					
Employees	29650	38042	33146	32537	-17%
Repairs and Maintenance	1623				
Other	46597	44715	34098	32958	-36%
<b>Total Operational Expenditure</b>	<b>77870</b>	<b>82757</b>	<b>67244</b>	<b>65495</b>	<b>-26%</b>
<b>Net Operational Expenditure</b>	<b>75697</b>	<b>81757</b>	<b>65267</b>	<b>64495</b>	<b>-27%</b>

## COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

There were no capital projects for the financial year under review.

# Chapter 3

## 3.21 FINANCIAL SERVICES

### INTRODUCTION FINANCIAL SERVICES

Moses Kotane Local Municipality remains committed to prudent financial management by strengthening the balance sheet, tightening the credit control and continued improved revenue collection or enhancement strategy.

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	Year 2017/2018		Year 2018/2019			Year 2019/2020	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	128 583	87 432	136 298	65%	144 677 628	53%	144 677 628
Electricity - B							
Electricity - C							
Water - B							
Water - C	184 162	61 076	202 578	65%	208 965 707	26%	208 965 707
Sanitation	4 055	1 593	4 461	65%	2 849 052	30%	2 849 052
Refuse	17 749	352	19 524	65%	14 455 810	2%	14 455 810
Other							

Employees: Financial Services					
Job Level	2018/2019	2019/2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1- 5	2	2	2	0	0%
0 - 7	41	43	42	1	2%
8-11	10	11	9	2	18%
10-12	12	30	19	11	37%
12-14	11	17	12	6	35%
15-16	9	15	9	7	47%
17-18	2	5	3	2	40%
18-25	0	1	1	0	0%
CFO	87	124	97	29	23%
Total	82	86	80	6	7%

# Chapter 3

## 3.22 HUMAN RESOURCE SERVICES

### INTRODUCTION TO HUMAN RESOURCE SERVICES

The human resources unit is responsible for the provision of effective HR to the entire municipality. The priorities were recruitment of staff, occupational health and safety, labour relations and training and development. Appointment of temporary workers and other HR staff was done to improve performance.

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.	%
12-14	3	10	7	2	20%
15-16	0	9	3	6	100%
17-18	4	6	5	1	16%
18-25	1	2	1	1	33%
<b>TOTAL</b>	<b>9</b>	<b>28</b>	<b>14</b>	<b>13</b>	<b>46%</b>

# Chapter 3

## 3.23 3.23 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The unit is responsible for the support function of ICT to the entire municipality for the Provision of ICT equipment and computer networks.

Employees: ICT Services					
Job Level	Year 2018/2019	Year 2019/2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	1	4	1	3	75%
13 - 15	0	7	2	5	71%
17 - 18	1	2	0	2	100%
19 - 25	0	1	1	0	0%
<b>Total</b>	<b>2</b>	<b>14</b>	<b>4</b>	<b>10</b>	<b>71%</b>

Financial Performance Year 2019/2020 : ICT Services					
R'000					
Details	Year -2018/2019	Year 2019/2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	1500	0	0	
Expenditure:					
Employees	1342	4660	3996	1721	170%
Repairs and Maintenance					
Other	62595	33362	76213	61983	46%
<b>Total Operational Expenditure</b>	<b>63937</b>	<b>38022</b>	<b>80208</b>	<b>75681</b>	<b>49%</b>
<b>Net Operational Expenditure</b>	<b>63937</b>	<b>38022</b>	<b>80208</b>	<b>75681</b>	<b>49%</b>

# Chapter 3

Employees: ICT Services					
Job Level	Year 2018/2019	Year 2019/2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	1	4	1	3	75%
15 - 16	2	7	6	1	14%
17 - 18	0	2	1	1	50%
19 - 25	1	1	1	0	0%
<b>Total</b>	<b>4</b>	<b>14</b>	<b>9</b>	<b>5</b>	<b>35%</b>

## COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The following projects were included in the adjustment budget and have been implemented as planned

1. ICT Software Management
2. ICT (SLA) maintenance



# Chapter 3

## 3.24 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

The legal service is responsible for provision of legal services for the municipality. This would include development of by- laws, service level agreements, legal opinions and compilation and maintenance of a valuation roll. Supplementary valuation roll was reviewed and implemented during the year under review. There were no measures taken as no underperformance was experienced.

# Chapter 4

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

### INTRODUCTION

The Municipality has 7 departments, including the office of the Municipal Manager, during the period under review. Those Directorates were (1) Budget and Treasury Office; (2) Corporate Services; (3) Community Services, (4) Local Economic Development; (5) Technical and Infrastructure Services; (6) Planning and Development and (7) Office of the Municipal Manager. All the seven directorates cumulatively contributed to the annual performance report of the Municipality for the period under review. The SDBIP and Annual Performance Report 2019/2020 is arranged in terms of the six Key Performance Areas of Local Government namely;

1. Municipal Transformation and Institutional Development
2. Basic Service Delivery
3. Local Economic Development;
4. Spatial Planning and Rationale
5. Good Governance and Public participation
6. Financial Viability

### 2019/2020 Moses Kotane Local Municipality

Key Performance Area	Total KPIs	Achieved	Not Achieved	Achieved %	Not Achieved %
2019/2020 Institutional Performance	96	60	36	63%	37%

T 4.0.1

# Chapter 4

## 1. Municipal Transformation and Institutional Development

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 1: Municipal Transformation and Institutional Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
<b>Department: Corporate Services</b>										
<b>KPI 1</b> Number of the reports of Special Desk events held	4 events by June 2020	New	4 events held	Achieved	None	None	Operational	Operational	Operational	Agenda, Attendance register and minutes
<b>KPI 2</b> Records management Centralized	Records management to be centralized by June 2020	File plan	Records management system not centralised	Not achieved	Nothing done due to Covid-19 lockdown	To workshop other outstanding departments on records management	Operational	Operational	Operational	None
<b>KPI 3</b> Communication strategy reviewed	Communication strategy reviewed by June 2020	2018/2019 Communication strategy	Communication strategy not centralised	Not achieved	Nothing done due to Covid-19 lockdown	Strategy to be reviewed in the next financial year	Operational	Operational	Operational	n/a

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 1: Municipal Transformation and Institutional Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
<b>KPI 4</b> Number of Newsletters Published	4 newsletters published by June 2020	3 newsletters	2 newsletters published	Not achieved	Nothing done due to Covid-19 lockdown	Strategy to be reviewed in the next financial year	Operational	Operational	Operational	Copies of newsletters
<b>KPI 5</b> Percentage functionality of the call centre	100% functionality of the call centre by June 2020	100% Functionality	100% functional call centre	Achieved	None	None	Operational	Operational	Operational	Call centre reports
<b>KPI 6</b> Employment Equity Plan developed and submitted to Department of Labour	1 plan developed and submitted by June 2020	2018/19 Employment Equity Plan	Employment Equity Plan submitted	Achieved	None	None	Operational	Operational	Operational	Copy of the EE Plan.
<b>KPI 7</b> WSP submitted to the LG_SETA	WSP submitted by April 2020	2018/19 WSP submitted	WSP submitted	Achieved	None	None	Operational	Operational	Operational	Submission letter the WSP and ATR reports by

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 1: Municipal Transformation and Institutional Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
										LGSETA
<b>KPI 8</b> Number of Senior managers posts filled	Three senior managers posts filled by December 2019	5) Three senior managers posts filled	2 senior managers posts advertised	Not achieved	It was send back by council for re-advert	Process for recruitment is unfolding.	Operational	Operational	Operational	copy of adverts
<b>KPI 9</b> Number of Local Labour Forum meetings held	4 LLF meetings held by June 2020	2 LLF meetings	2 LLF meeting held	Not achieved	Non-availability of LLF members	Council adopted code of conduct for LLF Members	Operational	Operational	Operational	Agenda, Attendance register and minutes
<b>KPI 10</b> Percentage of grievances resolved within	100% of grievances resolved within 30 days by June	New	100% of grievances received resolved within	Achieved	None	None	Operational	Operational	Operational	Agenda, Attendance register and minute

# Chapter 4

y Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 1: Municipal Transformation and Institutional Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
30 days	2020		30 days							
<b>KPI 11</b> Organizational Structure Reviewed	Organizational structure reviewed by March 2020	Reviewed organizational	Organizational structure reviewed	Achieved	None	None	Operational	Operational	Operational	Copy of the organizational structure and council resolution
<b>KPI 12</b> Number of the OHS meetings	4 OHS meetings held by June 2020	4 OHS meetings	4 OHS meetings held by June 2020	Achieved	None	None	Operational	Operational	Operational	Minutes, agenda , reports
<b>KPI 13</b> Percentage of fleet management budget spent	100% of fleet management budget spent by June 2020	New	100% of fleet management budget spent	Achieved	None	None	Operational	Operational	Operational	Quarterly expenditure reports

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 1: Municipal Transformation and Institutional Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
<b>KPI 14</b> Number of the Transport & Fleet management reports	4 Transport & Fleet management reports by June 2020	4 reports	4 Transport & Fleet management reports	Achieved	None	None	Operational	Operational	Operational	Copies of reports
<b>KPI 15</b> Percentage of ICT budget spent	100% of ICT budget spent by June 2020	100% budget spent	100% of ICT budget spent	Achieved	None	None	Operational	Operational	Operational	Quarterly expenditure reports
<b>KPI 16</b> Number of ICT reports	4 reports by June 2020	4 reports	4 reports by June	Achieved	None	None	Operational	Operational	Operational	ICT report
<b>KPI 17</b> Number of Mayoral Imbizo held	1 Imbizo by June 2019	2018/19 Imbizo	Nothing done	Not achieved	The councillors are requested to hold only one	Portfolio to have outstanding items speaking about	Operational	Operational	Operational	none

# Chapter 4

y Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 1: Municipal Transformation and Institutional Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
					meeting per quarter and also due to lockdown of Covid-19	community concerns, counsellors to have resolutions of community concerns and provide written feedback				
<b>KPI 18</b> Number of Community meetings held	141 community meetings held by June 202	130 meetings	37 meetings held	Not achieved	The councillors are requested to hold only one meeting per quarter and also due to	Portfolio to have outstanding items speaking about community concerns, counsellors to have resolutions	Operational	Operational	Operational	Attendance registers, report and or minutes



# Chapter 4

y Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
KPA No 1: Municipal Transformation and Institutional Development										
Strategic Objective: To promote accountability, efficiency and professionalism within the Organization										
					lockdown of Covid-19	of community concerns and provide written feedback				
KPI 19 Number of functional Council committee meetings held	6 functional council committee meetings by June 2020	6 functional council committee meetings	6 functional council committee meetings held	Achieved	None	None	Operational	Operational	Operational	Agenda, Attendance register and minutes

# Chapter 4

## 2. Basic Service Delivery and Infrastructure Development

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>"Strategic Objective: Maintain Infrastructure to provide basic services"</b>										
<b>Department: Infrastructure and Technical Services "</b>										
<b>KPI 21</b> Percentage (%) completion of Pella Water Supply (Ward 18) constructed	100% of Pella Water Supply constructed by 30 June 2020	Planning phase	Construction Stage - 20%	Not achieved	None availability of underground water source	Project to be completed in the net financial year	R5 500 000,00	R7 367 933,29	R1 612 636,52	Progress Report
<b>KPI 22</b> Percentage (%) completion of Tlokweng Water Supply (Ward 20) phase 1 constructed	100% of Tlokweng Water Supply (Ward 20) phase 1 constructed by June 2020	40% of Tlokweng Water Supply Constructed	Construction Stage - 85%	Not achieved	Slow performance of the contractor	One-on-one engagement and intention to terminate issued	R5 768 245,00	R5 768 245,00	R4 994 033,61	Progress Report
<b>KPI 23</b> Percentage (%) completion of Tlokweng Water Supply (Ward 20) phase 2 constructed	80% of Tlokweng Water Supply (Ward 20) phase 2 constructed	Phase 1 of the Project	Construction Stage - 85%	Achieved	None	None	R20 756 681,00	R20 756 681,00	R15 871 599,29	Progress Report

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>"Strategic Objective: Maintain Infrastructure to provide basic services</b>										
constructed	by 30 June 2020									
<b>KPI 24</b> Percentage (%) completion of Pella Bulk Water Augmentation (Ward 18) constructed	20% of Pella Bulk Water Augmentation (Ward 18) constructed by June 2020	Phase 1 of the Project	Construction Stage - 0%	Not achieved	Delay in the appointment of the contractor due to the National Lockdown	Project to be completed in the next financial year	R21 475 074,00	R6 100 000,00	R2 447 678,08	Appointment Letter
<b>KPI 25</b> Percentage (%) Construction of Reservoir for Lerome Bulk Water Augmentation	40% Reservoir for Lerome Bulk Water Augmentation constructed by June 2020	Bulk Pipeline and valve chambers completed.	Construction Stage - 70%	Achieved	None	None	R3,000,000,00	R4 104 312	R3 916 189,50	Progress Report
<b>KPI 26</b> Percentage (%) of Ledig Bulk Water Supply (Pump station) constructed	100% of Ledig Bulk Water Supply (Pump station) constructed by June 2020	Phase 1 Completed	Construction Stage - 61%	Not achieved	Delay due to electrification of the pump house by Eskom	Project to be completed in the next financial year	R4,000,000,00	R4 000 000.00	R371 499,58	Progress Report

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>"Strategic Objective: Maintain Infrastructure to provide basic services</b>										
<b>KPI 27</b> Number of Monthly Water Quality Reports Generated	12 Monthly Water Quality reports Generated by June 2020	12 Monthly Reports Generated	9 Water Quality Report submitted	Not achieved	Contract ended and could not enter into new one because of financial constrains	Department will enter into a long term contract.	Operations and maintenance	Operations and maintenance		Water Quality reports
<b>KPI 28</b> Percentage of households with access to water	90% of households with access to water by June 2020	90% of households with access to water	90% of households with access to water	Achieved	None	None	Operational	Operational		Quarterly Reports
<b>KPI 29</b> Percentage of registered Water incident resolved within 72 hours	80% registered water incidents resolve within 72 hours by June 2020	90% registered water incidents resolved within 72 hours	70% Water incidents resolved within 72	Not achieved	Lack of resources to deal with number of incidents	Department must be provided with all tools of trade(manpower, vehicles, tools and material)	Operations & Maintenance	Operations & Maintenance		Quarterly Reports

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>"Strategic Objective: Maintain Infrastructure to provide basic services</b>										
<b>KPI 30</b> Percentage of registered Sanitation incident resolved within 72 hours	90% registered Sanitation incidents resolve within 72 hours by June 2020	90% registered Sanitation incidents resolve within 72 hours	70% Sanitation incidents resolved within 72	Not achieved	Lack of resources to deal with number of incidents	Department must be provided with all tools of trade(manpower, vehicles, tools and material)	Operations and maintenance	Operations and maintenance		Quarterly Reports
<b>KPI 31</b> Number of VIP Toilets constructed(Rural Sanitation) in Uitkyk (122 Units), Disake (115 Units), Makgophe (115 Units), Ramokokastad (115 Units), Bojating (206 Units),Losmytjerie (151 Units),	1465 VIP Toilets constructed(Rural Sanitation) by June 2020	New	122 VIP Toilets Constructed (Uitkyk Village)	Not achieved	Delay in the appointment of the contractor for Disake and Ramokokastad	Project to be completed in the net financial year	R24 111 456,00	R 12 492 236,367	R7 254 812,92	Progress Report and Completion Certificate

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>"Strategic Objective: Maintain Infrastructure to provide basic services</b>										
Mabele A Podi (152 Units), Mabeskraal ward23 (163 Units), Mabeskraal Ward 24 (163 Units),and Sandfontein (163 Units)										
<b>KPI 32</b> Number of high mast lights constructed in Goedeheoop (Ward 1) in Goedeheoop (1 HML), Sesobe (1 HML), Motlhabe (2 HLM), Moruleng ward 9/32 (12 HML), Moruleng ward 32 (5 HML), Phadi (4 HML), Greater Ledig (7 HML), Losmytjerie (4 HML), Ramokokastad (5	41 high mast lights constructed by June 2020	New	0 Installed High Masts Lights	Not achieved	Electrification of the masts by Eskom	One-on-one engagement held with Eskom to fast-track issuing of quotations	R18 017 866	R20 416 972,54	R14 465 266,58	Progress Report

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>"Strategic Objective: Maintain Infrastructure to provide basic services"</b>										
HML), Khayakhulu (7 HML)										
<b>KPI 33</b> Number of kilometres of paved internal roads in Mabodisa,	10.9 kilometres of paved internal roads in Mabodisa completed by June 2020	12Kms of Paved internal Roads	0 Km of Paved roads completed	Not achieved	Progress was affected by the national lockdown due to the Covid-19 pandemic	Programme of works revised and project to be completed in the 2020-21 Financial Year	R56000 000 ,00	R61 188 317,69	R48 409 131,97	Progress Report
<b>KPI 34</b> Number of Community Halls constructed	2 Community Halls constructed by June 2020	Old Community Hall inhabitable	Project Complete	Achieved	Project at practical completion stage	None	R12 000 000 ,00	R15 110 309,29	R16 868 794,16	Practical completion certificate
<b>KPI 35</b> % of Lerome (Mositwane) Bulk Water Augmentation constructed b	100% of Lerome (Mositwane) Bulk Water Augmentation constructed by June 2020	New	Construction Stage - 65%	Not achieved	Review of the layout of the pipeline	Project to be completed in the 2020-21 financial year	R0,00	R2 267 549,90	R2 086 248,08	Progress Report

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>"Strategic Objective: Maintain Infrastructure to provide basic services</b>										
KPI 36 % Construction on the Drought Relieve Programme implemented	100% Construction on the Drought Relieve Programme implemented by June 2020	New	Construction Stage - 100%	Achieved	None	N/a	R0,00	R12 003 212.21	R7 687 352.09	Progress Report and completion certificate



# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
<b>Department: Community Services</b>										
<b>KPI 37</b> Developed Contingency Disaster Management Plan and approved by Council	Developed Contingency Disaster Management Plan and approved by Council by June 2020	New	Not achieved	Not achieved	Plan not approved due to COVID-19	Plan to be approved in the next financial year	Operational	Operational	R0,00	council resolution
<b>KPI 38</b> Developed Crime Prevention Plan and approved by	Developed Crime Prevention Plan and approved by	New	Not achieved	Not achieved	Plan not approved due to COVID-19	Plan to be approved in the next financial year	Operational	Operational	R0,00	council resolution

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
<b>Department: Community Services</b>										
and approved by Council	Council by June 2020									
<b>KPI 39</b> Number of Peace and Stability Programmes Conducted	8 Peace and Stability Programmes Conducted by June 2020	New	9 Peace and Stability Programmes Conducted	Achieved	None	None	Operational	Operational	Ro,00	Attendance Register and Report
<b>KPI 40</b> Percentage of disaster incidents attended	100% of disaster incidents attended	2018/2019 Disaster	100% turnaround time for attending to	Achieved	None	None	Operational	Operational	Ro,00	Incident Register and

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
<b>Department: Community Services</b>										
incidents attended within 48 hours of reporting	within 48 hours of reporting by June 2020	Incidents	disaster incidents within 48 hours of reporting							Report
<b>KPI 41</b> Number of disaster awareness campaigns conducted	4 disaster awareness campaigns conducted by June 2020	2018/2019 disaster awareness	4 disaster awareness campaigns conducted	Achieved	None	None	Operational	Operational	R0,00	Attendance Register and Report

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
<b>Department: Community Services</b>										
<b>KPI 42</b> Number of community based risk assessment conducted	4 community based risk assessment conducted by June 2020	2018/2019 community based risk assessment campaigns	3 community based risk assessment conducted	Not Achieved	Plan not approved due to COVID-19	Plan to be approved in the next financial year	Operational	Operational	Ro,00	Attendance Register and Report
<b>KPI 43</b> Number of road safety awareness campaigns conducted	12 road safety awareness campaigns conducted by June 2020	2018/2019 road safety awareness campaigns	13 road safety awareness campaigns conducted	Achieved	None	The road safety awareness campaign will be conducted in the	Operational	Operational	Ro,00	Attendance Register and Report

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
<b>Department: Community Services</b>										
ns conducted						2020/2021 Financial year				
<b>KPI 44</b> Percentage of households which have access to solid waste removal by June 2019	100% of households which have access to solid waste removal by June 2019	2018/2019 Solid Waste Removal	100% of households which have access to solid waste removal	Achieved	None	None	Operational	Operational	R7 050 744,48	Solid Waste Removal Report
<b>KPI 45</b> Number of safe	12 safe and clean-up Municipality	new	12 safe and clean-up Municipality	Achieved	None	None	Operational	Operational	R0,00	Attendance Register

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
<b>Department: Community Services</b>										
and clean-up Municipality campaigns conducted	campaigns conducted by June 2020		campaigns conducted							and Report
<b>KPI 46</b> Number of reports on the operations and maintenance of Mogwase and Madikwe Landfill site by June 2020	8 reports on the operations and maintenance of Mogwase and Madikwe Landfill site by June 2020	New	8 reports on the operations and maintenance of Mogwase and Madikwe Landfill site	Achieved	None	None	Operational	Operational	R2 177 460,22	Operations Report

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
<b>Department: Community Services</b>										
e Landfill site										
<b>KPI 47</b> Number of Landfill site external environmental audits conducted in Mogwase and Madikwe	2 Landfill site external environmental audits conducted in Mogwase and Madikwe by June 2020	New	2 Landfill site external environmental audits conducted	Achieved	None	None	Operational	Operational	R0,00	External Environmental Audit Report

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
<b>Department: Community Services</b>										
<b>KPI 48</b> Number of reports on Sports Programmes conducted	4 reports on Sports Programmes conducted by June 2020	New	1 report on Sports Programmes conducted	Not achieved	All sports programmes were suspended due to Covid-19 pandemic	This KPI has been migrated to LED Department	Operational	Operational	R0,00	Sports Programmes Reports
<b>KPI 49</b> Number of Municipal Buildings & Facilities	8 Municipal Buildings & Facilities Renovated by June 2020	6 municipal buildings and facilities	6 report on Municipal Buildings & Facilities Repaired and Maintained	Not achieved	None	None	Operational	Operational	R 577 565.00	Maintenance Reports



# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA NO 2 : Basic Service Delivery and Infrastructure Development</b>										
<b>Strategic Objective: To promote accountability, efficiency and professionalism within the Organization</b>										
<b>Department: Community Services</b>										
Facilities Renovated										
<b>KPI 50</b> Number of Library programmes conducted	8 Library programmes conducted by June 2020	2018/2019 Library Programmes	6 library programmes conducted	Not achieved	2 programmes could not be implemented due to COVID-19	Programme to be implemented in the next financial year	Operational	Operational	R0,00	Attendance Register and Report
<b>KPI 51</b> Developed 2019/2020 library business	Developed 2019/2020 library business plan and approved by MANCO by	2018/2019 Library Business Plan	business plan approved	Achieved	None	None	Operational	Operational	R0,00	MANCO Minutes

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
KPA NO 2 : Basic Service Delivery and Infrastructure Development										
Strategic Objective: To promote accountability, efficiency and professionalism within the Organization										
Department: Community Services										
plan and approved by MANCO	June 2020									

# Chapter 4

## 2. Local Economic Development

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 3 : Local Economic Development</b>										
<b>Strategic Objective: To create an enabling environment for social development and economic growth</b>										
<b>KPI 52</b> LED strategy reviewed and approved by council	LED strategy adopted by June 2020	2011 LED strategy	TOR & Specifications Developed and Advertised for tender	Not Achieved	Late appointment of service provider.	Service provider appointed and approval of strategy by Council by end of December 2020	R300 000,00	R0.00	R0,00	Close-out report and final LED Strategy document
<b>KPI 53</b> Development of Arts and Culture Masterplan	Developed Arts and Culture Masterplan by end June 2020	Provincial & National policy guideline	TOR & Specifications Developed and Advertised for tender	Not Achieved	Late appointment of service provider.	Service provider appointed and approval of Master plan by Council by end of December	R300 000,00	R0.00	R0,00	Close-out report and final master-plan

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 3 : Local Economic Development</b>										
<b>Strategic Objective: To create an enabling environment for social development and economic growth</b>										
						2020				
<b>KPI 54</b> Development of Rural Development Commonage Policy by end June 2020	Developed Rural Development Commonage Policy by end June 2020	Rural Development Plan (National)	Developed Rural Development Commonage Policy	Achieved	None	None	Operational	Operational	R0,00	Commonage Policy / MOU / Lease agreements
<b>KPI 55</b> Number of Jobs created through EPWP Projects and capital projects	1 031 Job opportunities created through EPWP by June 2020 and capital projects	57 Job opportunities created	1299 jobs	Achieved	Target affected by capital projects as no projects being done due to COVID-19 lock down	Establishment of EPWP implementing structure	R1 695 000,00	R0.00	R430 268,00	Beneficiaries' list and contracts/ EPWP system reports

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 3 : Local Economic Development</b>										
<b>Strategic Objective: To create an enabling environment for social development and economic growth</b>										
<b>KPI 56</b> Number of jobs created through municipality's local economic development initiatives	1 114 Jobs created by June 2020	1 100 jobs	1009	Not Achieved	1.(Dam desilting) Redirecting of funds due to non-availability of funds 2.(NARYSEC) recruitment process not done due non-council resolution	To recruit for the next financial year	External funding e.g. COGTA & OPEX & DRDLR	R14 362 134.05	R0,00	Beneficiaries' list and contracts/ monthly reports
<b>KPI 57</b> Number of farmers primary cooperatives established in support to Agri-park	11 farmers institutions established by June 2020	10 farmers clusters established	Capturing and online submission of 5 farmers' cooperatives with CIPC	Not Achieved	Delays form CIPC in terms of issuing out of registration certificate	Continuous follow up with CIPC	R0,00	R0,00	R0,00	Copy of cooperative registration certificate

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 3 : Local Economic Development</b>										
<b>Strategic Objective: To create an enabling environment for social development and economic growth</b>										
program										
<b>KPI 58</b> Number of LED projects financially supported	10 local projects financially supported	10 projects	Fencing of 2 traditional Silos in Mabeskraal, Heritage Day Commemoration , 2 Monitoring and evaluation and handover	Not Achieved	Procurement specs not yet signed for implementation . Insufficient funds availability	Approval of specs to be fast-tracked. Review the strategy for 2020/21 financial year.	R2 000 000,00	R400 000	R0,00	Fully comprehensive Report
<b>KPI 59</b> Number of co-operative capacitated	10 Co-operatives by end June 2020	10 Co-operative	4 co-operatives	Not Achieved	Lack of compliance in terms of registration certificates from CIPC. No training took place due to COVID-19 pandemic and regulations	Ongoing strategy for 2020/21 financial year	Operational	Operational	Operational	Full comprehensive report / attendance register

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 3 : Local Economic Development</b>										
<b>Strategic Objective: To create an enabling environment for social development and economic growth</b>										
<b>KPI 60</b> Number of SMEs capacitated	160 SMEs by end June 2020	60 SMEs capacitated	646 SMEs capacitated	Achieved	No training took place due to COVID-19 pandemic and regulations	Ongoing strategy for 2020/21 financial year	Operational	Operational	Operational	Comprehensive report / attendance register
<b>KPI 61</b> Number Stakeholders / sectorial engagement facilitated	16 stakeholders engagement facilitated	8 meetings	13 Agriculture, mining, tourism. Arts & culture	Not Achieved	No meeting held during the 4th quarter period due to COVID-19 pandemic and regulations	On-going strategy for 2020/21 financial year	Operational	Operational	Operational	Comprehensive report / attendance register

# Chapter 4

## 4. Spatial planning and Development

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved and Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 4 : Spatial Development</b>										
<b>Strategic Objective: To create and enabling environment for economic development and decent and sustainable economies</b>										
<b>KPI 62</b> Developed Integrated Spatial Development Framework	Developed Integrated Spatial Development Framework by June 2020	New	Approved Integrated Spatial Development Framework	Achieved	None	None	Operational	Operational	R0,00	Council Resolution
<b>KPI 63</b> Developed Wall to Wall Land Use Scheme	Developed Wall to Wall Land Use Scheme by June 2020	New	Approved Wall to Wall Land Use Scheme	Achieved	None	None	Operational	Operational	R0,00	Council Resolution



# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved and Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 4 : Spatial Development</b>										
<b>Strategic Objective: To create and enabling environment for economic development and decent and sustainable economies</b>										
<b>KPI 64</b> Number of Housing Stakeholder Meetings Held	16 Housing Stakeholder Meetings Held by June 2020	2018/2019 Housing Stakeholder Meetings	0 Meetings were held	Not achieved	No meetings were held due to the regulations implemented to curb the Covid-19 pandemic.	Meetings to be held in the next financial year	Operational	Operational		None
<b>KPI 65</b> Percentage of Turnaround time for attending to Housing Inspections 72 Hours of request	100% Turnaround time for attending to Housing Inspections 72 Hours of request by June 2020	New	100% Turnaround time for attending to Housing Inspections of request	Achieved	None	None	Operational	Operational	R0,00	Housing Inspection Register

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved and Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 4 : Spatial Development</b>										
<b>Strategic Objective: To create and enabling environment for economic development and decent and sustainable economies</b>										
<b>KPI 66</b> Percentage of Turnaround time for approval of Building Plans within 4 weeks of request	100% Turnaround time for approval of Building Plans within 4 weeks of request by June 2020	New	100% Turnaround time for approval of Building Plans within 4 weeks of request	Achieved	None	None	Operational	Operational	R0,00	Building Plans Register
<b>KPI 67</b> Percentage of Turnaround time for issuing of non-compliance notices within 48 hours upon sighting	100% Turnaround time for issuing of non-compliance notices within 48 hours upon sighting by June 2020	New	100% Turnaround time for issuing of non-compliance notices within 48 hours upon sighting	Achieved	None	None	Operational	Operational	R0,00	Council Resolution

# Chapter 4

## 5. Good governance and public participation

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 5 : Good governance and Public Participation</b>										
<b>Strategic Objective: An Efficient, effective, responsive and accountable administration</b>										
<b>KPI 17</b> Reviewed 2020/2021 institutional performance management framework and approved by Council	Approved performance management framework by June 2020	2018/2019 Performance Management framework	Performance Framework approved	Achieved	None	None	Operational	Operational	Operational	Council Resolution
<b>KPI 18</b> Developed 2018/2019 annual performance report and approved by Council	2018/2019 annual performance report approved by August 2019	2017/2018 annual performance report	Draft APR submitted	Not Achieved	Due to Covid-19 submission of the APR was postpone	To be planned in the next financial year	Operational	Operational	Operational	Draft Annual Performance Report

# Chapter 4

<b>KPI 19</b> Developed 2018/2019 Annual report and approved by Council	Approved 2018/2019 annual report by January 2020	2017/2018 Annual Report	Annual Report Approved	Achieved	None	None	Operational	Operational	Operational	Council Resolution
<b>KPI 20</b> Number of signed performance agreements by Municipal Manager and Section 56 employees	7 signed performance agreements by July 2019	6 signed 2018/2019 Performance Agreements	7 performance agreements signed	Achieved	None	None	Operational	operational	Operational	Council Resolution
<b>KPI 68</b> Reviewed 2019/2020 Internal audit charter approved by audit committee	Reviewed 2019/2020 Internal audit charter approved by September 2019	2018/2019 Internal audit charter	Reviewed 2019/2020 Internal audit charter approved	Achieved	None	None	Operational	Operational	Operational	Minutes of the Audit Committee and IA Charter
<b>KPI 69</b> Reviewed 2019/2020 Internal audit methodology	Reviewed 2019/2020 Internal audit methodology approved by	2018/2019 Internal audit methodology	Reviewed 2019/2020 Internal audit methodology	Achieved	None	None	Operational	Operational	Operational	Minutes of the Audit Committee and IA

# Chapter 4

Approved by audit committee	September 2019		approved							Methodology
<b>KPI 70</b> Revised 2019/2020 Risk Based Audit Plan (RBAP) approved by audit committee	Revised 2019/2020 Risk Based Audit Plan (RBAP) approved by September 2019	2018/2019 Risk Based Audit Plan	Revised 2019/2020 Risk Based Audit Plan (RBAP) approved	Achieved	None	None	Operational	Operational	Operational	Minutes of the Audit Committee and Risk Based Audit Plan
<b>KPI 71</b> Number of audit committee meetings held	4 audit committee meetings held by June 2020	4 audit committee meetings	4 audit committee meetings held	Achieved	None	None	Operational	Operational	Operational	Agenda, minutes and attendance register.
<b>KPI 72</b> Updated 2019/2020 valuation roll approved by Council	Approved valuation roll for 2018/2019	New	Approved valuation roll for 2018/2019	Achieved	None	None	Operational	Operational	Operational	Council Resolution
<b>KPI 73</b> Turnaround time for providing legal opinion on by-laws upon	Legal opinion provided within 14 days of request by June 2020	Draft By-Law provided within 14 days	Legal opinion provided within 14 days of request	Achieved	None	None	Operational	Operational	Operational	Legal opinion Register

# Chapter 4

request										
<b>KPI 74</b> Turnaround time for development of service level agreements upon request	Service level agreement developed within 14 days of request by June 2020	Service level agreement developed within 14 days	Service level agreement developed within 14 days of request	Achieved	None	None	Operational	Operational	Operational	Service level agreements register
<b>KPI 75</b> Turnaround time for providing legal opinion upon request	Legal opinion provided within 14 days of request by June 2020	Legal opinion provided within 14 days of request	Legal opinion provided within 14 days of request	Achieved	None	None	Operational	Operational	Operational	Service level agreements register
<b>KPI 76</b> Developed 2020/2021 Draft IDP and approved by Council	Approved 2020/2021 Draft IDP by March 2020	2019/2020 Draft IDP	2020/2021 Draft IDP approved	Achieved	None	None	Operational	Operational	Operational	Council Resolution
<b>KPI 77</b> Reviewed 2020/2021 IDP developed and approved by	Approved 2020/2021 IDP by May 2020	2019/2020 Amended IDP	2020/2021 IDP approved	Achieved	None	None	Operational	Operational	Operational	Council Resolution

# Chapter 4

Council										
<b>KPI 78</b> Developed 2020/2021 IDP,PMS and Budget process plan and approved by Council	Approve IDP,PMS and Budget d process plan by August 2019	2018/2019 Approved IDP,PMS and Budget Process Plan	IDP,PMS and Budget process plan by approved	Achieved	None	None	Operational	Operational	Operational	Council Resolution
<b>KPI 79</b> Number IDP public participation meetings convened	2 Number IDP public participation meetings convened by June 2020	2018/2019 IDP public participation meetings	2 Number IDP public participation meetings convened o	Achieved	None	None	Operational	Operational	Operational	Council Resolution
<b>KPI 80</b> Number of IDP representative forums convened	4 IDP representative forums convened by June 2020	2018/2019 IDP representative forums	4 IDP representative forums convene	Achieved	None	None	Operational	Operational	Operational	Agenda and Attendance register

# Chapter 4

## 6. Financial Viability and Accountability

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 6: Financial Viability and Accountability</b>										
<b>Strategic Objective: Sound Financial Management: Adherence to all laws and regulations as prescribed to Local Government</b>										
<b>KPI 85</b> 2020/2021 Draft budget submitted and tabled by Council	2020/2021 Draft budget submitted and tabled by Council by June 2020	2019/2020 Draft Budget	2020/2021 Draft budget submitted and tabled by Council	Achieved	None	None	Operational	Operational	Operational	Council Resolution
<b>KPI 86</b> 2020/2021 Final budget approved and submitted to Council	2020/2021 Final budget approved by Council by June 2019	2019/2020 Final Budget	Approved final budget	Achieved	None	None	Operational	Operational	Operational	Council Resolution



# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 6: Financial Viability and Accountability</b>										
<b>Strategic Objective: Sound Financial Management: Adherence to all laws and regulations as prescribed to Local Government</b>										
<b>KPI 87</b> Preparation and submission of 2018/2019 financial statements to the Office of the Auditor General	Preparation and submission of 2018/2019 financial statements to the Office of the Auditor General by August 2021	2018/2019 Financial statements	AFS to be submitted by end of October in the next financial year	Not Achieved	None	None	Operational	Operational	Operational	Council Resolution
<b>KPI 88</b> Number of MFMA Section 52 Reports submitted and approved by Council	3 MFMA Section 52 Reports submitted and approved by Council by June 2020	2018/2019 MFMA Section 52 reports	3 MFMA Section 52 Reports submitted and approved	Achieved	None	None	Operational	Operational	Operational	Council Resolution

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 6: Financial Viability and Accountability</b>										
<b>Strategic Objective: Sound Financial Management: Adherence to all laws and regulations as prescribed to Local Government</b>										
<b>KPI 89</b> Percentage of competitive bids awarded within 90 days of advert	100% of competitive bids awarded within 90 days of advert by June 2020	100%	100% of competitive bids awarded within 90 days of advert by June 2020	Achieved	None	None	Operational	Operational	Operational	Award Register and Advertisement
<b>KPI 90</b> Number of SCM Compliance reports submitted to Council	Number of SCM Compliance reports submitted to Council by June 2020	2018/2019 100% of competitive bids awarded within 90 days of advert	Number of SCM Compliance reports submitted	Achieved	None	None	Operational	Operational	Operational	Council Resolution
<b>KPI 91</b> Percentage of RFQ bids	100% of RFQ bids awarded	100% of RFQ bids awarded	100% of RFQ bids awarded within 30 days	Achieved	None	None	Operational	Operational	Operational	Payment Register and Age Analysis

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 6: Financial Viability and Accountability</b>										
<b>Strategic Objective: Sound Financial Management: Adherence to all laws and regulations as prescribed to Local Government</b>										
awarded within 30 days of advert	within 30 days of advert by June 2020	within 30 days of advert by June 2019	of advert							Report
<b>KPI 92</b> % allocation to free Basic Services budget spent	100% allocation to free Basic Services budget spent by June 2020	100% allocation to free Basic Services budget spent by June 2019	71%	Not Achieved	Late registration of indigent and rolling out of the EPWP programme on the verification and registration of indigent	To conduct roadshows	R34 350 000,00	R7 237 000.00	R516 3862.00	Expenditure Reports
<b>KPI 93</b> Percentage of invoices paid within 30 days upon receipt	100% of invoices paid within 30 days upon receipt	100% of invoices paid within 30 days upon receipt	100% of invoices paid within 30 days upon receipt	Achieved	None	None	Operational	Operational	Operational	Payment Register and Age Analysis Report

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
<b>KPA No 6: Financial Viability and Accountability</b>										
<b>Strategic Objective: Sound Financial Management: Adherence to all laws and regulations as prescribed to Local Government</b>										
receipt	by June 2020	by June 2019								
<b>KPI 94</b> Number of reports on inventory count	1 report on inventory count by June 2020	New	1 report on inventory count by June 2020	Achieved	None	None	Operational	Operational	Operational	Stock count reports
<b>KPI 95</b> Number of reports on Immovable Asset Verification	1 report on Immovable Asset Verification by June 2020	New	1 report on Immovable Asset Verification	Achieved	None	None	Operational	Operational	Operational	Report on Immovable Assets Verification
<b>KPI 96</b> Number of reports on Movable Asset Verification	1 report on Movable Asset Verification	New	1 report on Movable Asset	Achieved	None	None	Operational	Operational	Operational	Report on Movable Assets

# Chapter 4

Key Performance Indicators	2019/2020 Annual Target	2018/2019 Baseline	2019/2020 Actual Performance	Achieved/Not Achieved	Challenges	Corrective measures	Annual Budget	Adjusted Budget	Annual Expenditure	Portfolio of Evidence
KPA No 6: Financial Viability and Accountability										
Strategic Objective: Sound Financial Management: Adherence to all laws and regulations as prescribed to Local Government										
Asset Verification	by June 2020		Verification							Verification

# Chapter 4

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### INTRODUCTION

Turnover experienced in scarce skills areas such as town planning due to the municipality's inability to compete with alternative opportunities in terms of benefits. The matter will be addressed through the benchmarking exercise.

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

# Chapter 4

Employees					
Description	2018/19	2019/20			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	26	51	26	25	49%
Waste Water (Sanitation)	92	177	92	77	43.2%
Electricity	3	24	11	13	54.2%
Waste Management	43	32	3	29	90.6%
Housing	5	12	8	7	58%
Roads (Storm water Drainage)	30	42	30	12	28.6%
Transport	23	35	23	12	34%
Planning	5	10	5	5	50%
PMU	5	7	5	2	28.6%
Planning (Strategic & Regulatory)	0	1	0	0	0%
Local Economic Development	10	23	10	13	56%
Community & Social Services	86	202	85	104	51.5%
Budget and Treasury	89	129	98	31	24.0%
Security and Safety	3	4	3	1	63.6%
Sport and Recreation	17	15	9	6	25%
Corporate Policy Offices and Other	137	348	145	261	75%
<b>Totals</b>	<b>523</b>	<b>1108</b>	<b>549</b>	<b>601</b>	<b>54.2%</b>

# Chapter 4

Vacancy Rate: 2019/20			
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%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	6	2	60%
Other S57 Managers (Finance posts)	0	0	0%
Police officers	0	-	-
Fire fighters	0	-	-
Highly skilled supervision: levels 19-25 (excluding Finance posts)	29	12	41.4%
Highly skilled supervision: levels 19-25 (Finance posts)	5	2	40%



# Chapter 4

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2015/16	58	19	305%
2016/17	18	47	38%
2017/18	33	28	84.9%
2018/2019	14	15	107.1%
2019/2020	15	13	87%

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

The municipality had00 an Employment Equity Plan which seeks to address the above.

The only underachievement relates to the employment of persons with disabilities.

# 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.	Leave	0%	80	Policy reviewed are still in a draft and not yet approved by Council
2.	Occupational Health and Safety	0%	80	Policy reviewed are still in a draft and not yet approved by Council
3.	Recruitment, Selection and Appointments	0%	80	Policy reviewed are still in a draft and not yet approved by Council
4.	Policy on imprisoned employees	0%	80	Policy reviewed are still in a draft and not yet approved by Council
5.	Travelling & Subsistence policy	0%	80	Policy reviewed are still in a draft and not yet approved by Council
6.	Bursary policy	0%	80	Policy reviewed are still in a draft and not yet approved by Council
7.	Policy on attendance	0%	80	Policy reviewed are still in a draft and not yet approved by Council
8.	Legal aid policy	0%	80	Policy reviewed are still in a draft and not yet approved by Council

The municipality has a key performance indicator to develop at least one policy in a quarter. Four policies were developed and are still to be approved in the 2018/19.

# 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	0	0	0%	0	
Temporary total disablement	0	0	0%	0	-
Permanent disablement	0	0	0%	0	-
Fatal	0	0	0%	0	-
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

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 1-11)	680	6	239	225	8	7
Skilled (Levels 12-14)	312	2	37	117	8	8
Highly skilled production (levels 14-16)	96	1	13	61	7	9
Highly skilled supervision (levels 17-18)	62	3	9	39	7	13

# Chapter 4

HOU (Levels 19-25)	103	0	7	22	15	39
Senior Management (Section 56)	86	0	3	5	34	75
Municipal Manager	3	0	1	1	3	6
<b>Total</b>	<b>1342</b>	<b>12</b>	<b>309</b>	<b>470</b>	<b>82</b>	<b>80</b>

## COMMENT ON INJURY AND SICK LEAVE:

The municipality did not experience any permanent disability or death as a result of injury on duty. The municipality does not have an appointed Medical doctor however when a need arises the approval of the municipal manager for any referrals is done.

## COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

The Municipality had one employee who was disciplined for financial misconduct and was ultimately dismissed and the matter is referred to the South African Local Government Bargaining Council (SALGBC)

### 4.4 PERFORMANCE REWARDS

#### COMMENT ON PERFORMANCE REWARDS:

No performance bonuses have been awarded by the municipality

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality budgets 1% of its workforce as required and employees are taken through skills development programmes. The municipality budgets for Bursaries over and above this budget. Opportunities presented by SALGA are also utilized for workforce capacity development.

# Chapter 4

## 4.5 SKILLS DEVELOPMENT AND TRAINING

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))
<b>Financial Officials</b>						
<i>Accounting officer</i>	1	0	1	0	1	0
<i>Chief financial officer</i>	1	0	1	0	1	0
<i>Senior managers</i>	3	0	3	0	3	3
<i>Any other financial officials</i>	41	0	41	0	0	29
<b>Supply Chain Management Officials</b>						<b>0</b>
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	2	0	2	2	0	2
<b>TOTAL</b>	<b>48</b>	<b>0</b>	<b>48</b>	<b>2</b>	<b>5</b>	<b>34</b>

# Chapter 4

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2019/20	Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			Actual: End of 2017/18	Actual: End of 2018/19	2019/20 Target	Actual: End of 2017/18	Actual: End of 2018/19	2019/20 Target	Actual: End of 2017/18	Actual: End of 2018/19	2019/20 Target	Actual: End of 2017/18	Actual: End of 2018/19	2019/20 Target
MM and s57	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	3	0	0	0	0	0	0	0	0	0	0	0	3
Councillors, senior officials and managers	Female	50	0	30	0	0	0	0	0	0	0	0	0	30
	Male	44	0	16	0	0	0	0	0	0	0	0	0	16
Technicians and associate professionals*	Female	7	0	0	0	0	0	0	0	0	0	0	0	7
	Male	34	0	5	0	0	0	0	0	0	0	0	0	5
Professionals	Female	31	0	0	0	0	0	0	0	0	0	0	0	0
	Male	24	0	0	0	0	0	0	0	0	0	0	0	-
Sub total	Female	88	0	40	0	0	0	0	0	0	0	0	0	0
	Male	105	0	21	0	0	0	0	0	0	0	0	0	21
<b>Total</b>		<b>193</b>	<b>0</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>82</b>

# Chapter 4

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

The municipality does plan for training in that it submits a WSP every year. The only challenge is that accommodation for training is also funded in the same budget. This affects the achievement of training planned for the year. Expenditure normally exceeds the budget. We did not manage to spend all what we budgeted due to non-availability of funds.

## **COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE**

### **INTRODUCTION TO WORKFORCE EXPENDITURE**

It is important to manage the workforce so that the municipality does not waste financial resources at the expense of service delivery. The procedure for filling of vacancies ensures that only budgeted positions are filled. This is done by filling a request which should be confirmed on the budget for the expected position by the budget and treasury department and approval by the municipal manager.

#### **4.6 EMPLOYEE EXPENDITURE**

### **COMMENT ON WORKFORCE EXPENDITURE:**

The municipality has no positions budgeted for resulting in savings. A high number of positions resulted from the review of the structure in 2017. Positions will be filled as per priority list.

# 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

No appointments were made on posts not approved.

## COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

The municipality is currently reviewing all job descriptions subsequent to the strategic planning session held.

### DISCLOSURES OF FINANCIAL INTERESTS

None has been reported in the financial year under review.



# Chapter 5

## CHAPTER 5 – FINANCIAL PERFORMANCE

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

Financial Performance of Operational Services						
R '000						
Description	Year - 2019/2020	Year 2019/2020			Year 2019/2020 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustment s Budget
<b>Operating Cost</b>						
Water	23 042	252 660	305 044	378 521	50	24
Waste Water (Sanitation)	8 456	24 238	8 452	26 830	11	217
Electricity	13 219	13 609	13 609	7 649	-44	-44
Waste Management	12 097	46 600	46 600	50 916	9	9
Housing	6 346	5 822	5 522	5 373	-8	-3
Component A: sub-total	63 161	342 929	379 227	469 289	37	24
Waste Water (Stormwater Drainage)	5 304					
Roads	5 304	83 834	71 782	62 839	-25	-12
Transport	4 630					
Component B: sub-total	9 554	83 834	71 782	62 839	-25	-12
Planning	1 354	2 005	3 011	1 821	-9	-40
Local Economic Development	2 340	6 677	5 522	5 373	-20	-3
Component B: sub-total	3 693	8 682	8 534	7 194	-17	-16
Community & Social Services	4 291					
Security and Safety	4 971	29 150	21 620	23 288	-20	8
Sport and Recreation	4 971	29 289	25 716	43 771	49	70
Corporate Policy Offices and Other	4 971	423 184	446 134	378 177	-11	-15
Component D: sub-total	29 145	481 623	493 470	445 236	-8	-10
<b>Total Expenditure</b>	<b>119 497</b>	<b>917 067</b>	<b>953 012</b>	<b>984 558</b>	<b>-5</b>	<b>-4</b>

# Chapter 5

Grant Performance						
Description	Year -1	2019/2020		Year 0 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>22,574</b>	<b>437,830</b>	<b>373,298</b>	<b>434,445</b>	-1	16
Equitable share	17,303	429,267	366,320	426,929	-1	17
Municipal Systems Improvement		1,695	1,695	1,559	-8	-8
Department of Water Affairs	4,283	1,700	1,700	1,700	0	0
Levy replacement	988			914		
Other Grants		5,168	3,583	3,343	-35	-7
<b>Total Operating Transfers and Grants</b>	<b>22,574</b>	<b>437,830</b>	<b>373,298</b>	<b>434,445</b>	<b>-45</b>	<b>18</b>
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						T 5.2.1

Repair and Maintenance Expenditure: 2019/2020				
	R' 000			
	Original Budget	Adjustment Budget	Actual	Budget variance (%)
Repairs and Maintenance Expenditure	143 480	45 738	43 510	- 5%
T 5.3.4				

# Chapter 5

Cash Flow Outcomes					R'000
Description	Year -1	2019/2020			
	Audited Outcome	Original Budget	Adjusted Budget	Actual	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Ratepayers and other		247 134	133 989	150 247	
Government - operating		437 830	374 462	435 638	
Government - capital		199 524	206 106	206 067	
Interest		17 390	6 000	5 587	
Dividends					
<b>Payments</b>					
Suppliers and employees		(686 837)	(567 214)	(603 117)	
Finance charges		(3 689)	(3 689)		
Transfers and Grants					
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	–	<b>211 352</b>	<b>149 654</b>	<b>194 421</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE					
Decrease (Increase) in non-current debtors					
Decrease (increase) other non-current receivables					
Decrease (increase) in non-current investments					
<b>Payments</b>					
Capital assets		(200 374)	(206 106)	(141 696)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	–	<b>(200 374)</b>	<b>(206 106)</b>	<b>(141 696)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Short term loans					
Borrowing long term/refinancing					
Increase (decrease) in consumer deposits					
<b>Payments</b>					
Repayment of borrowing		(7 960)	(7 960)	(7 842)	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	–	<b>(7 960)</b>	<b>(7 960)</b>	<b>(7 842)</b>	
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	–	<b>3 018</b>	<b>(64 412)</b>	<b>(15 914)</b>	
Cash/cash equivalents at the year begin:		47 399	64 693	64 693	
Cash/cash equivalents at the year end:		255 330	281	48 780	

Source: MBRR A7

T 5.9.1

# Chapter 5

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 2019/2020			Variance: Current Year 2019/2020	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A -Pella Water Supply (Ward 18) constructed	R5 500 000,00	R7 367 933,29	R1 612 636,52	29%	134%
B - Tlokweng Water Supply (Ward 20) phase 1	R5 768 245,00	-	R4 994 033,61	87%	0%
C - Tlokweng Water Supply (Ward 20) phase 2	R20 756 681,00	-	R15 871 599,29	76%	0%
D - Pella Bulk Water Augmentation (Ward 18)	R21 475 074,00	R6 100 00,00	R2 447 678,08	11%	28%
E - Reservoir for Lerome Bulk Water	R3,000,000,00	R4 104 312,00	R3 916 189,50	131%	137%
* Projects with the highest capital expenditure in Year 2019/2020					
<b>Name of Project - A</b>	<b>Pella Water Supply (Ward 18) constructed</b>				
Objective of Project	Increasing of the bulk water supply and installation of storage facilities				
Delays	None availability of underground water source				
Future Challenges	None				
Anticipated citizen benefits	Increased supply of water and storage in the village				
<b>Name of Project - B</b>	<b>Tlokweng Water Supply (Ward 20) phase 1</b>				
Objective of Project	Increasing of the bulk water supply in Tlokweng				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Improved access of water to Tlokweng community members				
<b>Name of Project - C</b>	<b>Tlokweng Water Supply (Ward 20) phase 2</b>				
Objective of Project	Increasing of the bulk water supply in Tlokweng				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Improved access of water to Tlokweng community members				
<b>Name of Project - D</b>	<b>Pella Bulk Water Augmentation (Ward 18)</b>				
Objective of Project	Increasing of the bulk water supply and installation of storage facilities in Tlokweng village				
Delays	Delay in the appointment of the contractor due to the National Lockdown				
Future Challenges	None				
Anticipated citizen benefits	Increased supply of water and storage in the village				
<b>Name of Project - E</b>	<b>Reservoir for Lerome Bulk Water</b>				
Objective of Project	Increased water storage in Lerome				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Increased access to water to communities				
					T 5.7.1

# Chapter 5

Actual Borrowings: 2019/2020			
R' 000			
Instrument	Year -2	Year -1	2019/2020
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans		31322	22656
Short-Term Loans		12508	13332
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	0	43 830	35 988
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans			
Short-Term Loans			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Entities Total</b>	0	0	0

# Chapter 5

## COMPONENT D: OTHER FINANCIAL MATTERS

### SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

All bid committees were functional during the financial year under review, for the first time all tender documents were submitted for audit purposes. There were no councilors that are part of any SCM committees in the year under review. The SCM officials are all competent in terms of the regulations.

### GRAP COMPLIANCE

#### GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The financial statements were prepared in terms of GRAP standards and practices

# Chapter 6

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS



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 Moses Kotane Local Municipality

#### Report on the audit of the financial statements

##### Qualified opinion

1. I have audited the financial statements of the Moses Kotane Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2020, and 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. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Moses Kotane Local Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2019 (Act No. 16 of 2019) (DoRA).

##### Basis for qualified opinion

###### Consumer debtors

3. I was unable to obtain sufficient appropriate audit evidence for consumer debtors and the related allowance for impairment as the municipality did not have adequate systems to maintain records for unusual debtors accounts that were not allocated to a specific account holder. I was unable to confirm these consumer debtors by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the consumer debtors of R66 738 120 as disclosed in note 10 or the related debt impairment expense of R43 510 147 as presented in the statement of financial performance.

###### Employee related cost

4. I was unable to obtain sufficient appropriate audit evidence for the covid 19 allowances paid by the municipality as no evidence was provided that a council approved policy exists or that a special resolution was taken in line with the SALGA directive and ratified by council to support the basis used to calculate the amounts paid to employees who worked during the lockdown period. I was unable to confirm this covid 19 allowance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the covid 19 allowance of R10 563 946 included in employee related costs as disclosed in note 22 to the financial statements.

# Chapter 6

---

## Expenditure

5. I was unable to obtain sufficient appropriate audit evidence for contracted services as the municipality did not provide supporting documentation that the goods and services were received relating to these contracted services. I was unable to confirm the receipt of these contracted services by alternative means. In addition, contrary to the requirements of GRAP 1, *Presentation of financial statements*, the municipality presented some of the expense items included in these contracted services using the function and presented others by nature. I was unable to quantify the impact of this incorrect classification as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustment was necessary to the contracted services of R126 871 597 (2019: R123 813 453) as disclosed in note 29 to the financial statements.

## Irregular expenditure

6. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R53 140 037 (2019: R45 911 914) in contravention with the supply chain management requirements which were not included in the irregular expenditure disclosed. In addition, council approved a write off of irregular expenditure of R28 218 910 without following the requirements of section 32(2) of the MFMA, resulting in irregular expenditure being understated by this amount. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the total irregular expenditure that should have been disclosed in note 45 to the financial statements.

## Context for the opinion

7. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
8. 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 other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Material uncertainty relating to going concern

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.
11. I draw attention to note 42 to the financial statements, which indicates that the municipality incurred a net loss of R597 542 during the year ended 30 June 2020 and, as of that date the municipality's current liabilities exceeded its current assets by R157 226 238. These events or conditions, along with other matters as set forth in note 41, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

## Emphasis of matter

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

## Unauthorised expenditure

13. As disclosed in note 43 to the financial statements, unauthorised expenditure of R103 033 251 was incurred in the current year and the unauthorised expenditure of R408 923 487 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.



# Chapter 6

---

## Fruitless and wasteful expenditure

14. As disclosed in note 44 to the financial statements, fruitless and wasteful expenditure of R1 273 493 was incurred in the current year and the fruitless and wasteful expenditure of R11 881 638 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA

## Other matter

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

## Unaudited disclosure notes

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

## Responsibilities of the accounting officer for the financial statements

17. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the DoRA and for such internal control as the accounting officer determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
18. In preparing the financial statements, the accounting officer is responsible for assessing the Moses Kotane 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

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

## Report on the audit of the annual performance report

### Introduction and scope

21. 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 objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
22. 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

# Chapter 6

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.

23. 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 objectives presented in the annual performance report of the municipality for the year ended 30 June 2020:

Objectives	Pages in the annual performance report
KPA 3: Basic service delivery and infrastructure development	x – x

24. 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.
25. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

## KPA 3: Basic service delivery and infrastructure development

### Various Indicators

26. The evidence for measuring the planned indicators listed below was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, limitations were placed on the scope of my work and I was unable to audit the reliability of the achievements reported against listed targets in the annual performance report.

Indicator Number	Indicator description	Target	Reported achievement
KPI 22	Percentage (%) completion of Tlokwen Water Supply (Ward 20) phase 1 constructed	100% of Tlokwen Water Supply (Ward 20) phase 1 constructed by June 2020	Not achieved - Construction Stage - 85%
KPI 24	Percentage (%) completion of Pella Bulk Water Augmentation (Ward 18) constructed	20% of Pella Bulk Water Augmentation (Ward 18) constructed by June 2020	Not achieved - Construction Stage - 0%
KPI 25	Percentage (%) Construction of Reservoir for Lerome Bulk Water Augmentation	40% Reservoir for Lerome Bulk Water Augmentation constructed by June 2020	Achieved - Construction Stage - 70%

### Various Indicators

27. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information and method of collection or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement of the indicators listed below. This was due to a lack of measurement definitions and processes. I was unable to confirm that the indicators are well-defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the achievements reported in the annual performance report of the listed indicators.

# Chapter 6

Indicator Number	Indicator description	Target	Reported achievement
KPI 28	Percentage of households with access to water	90% of households with access to water by June 2020	Achieved - 90% of household with access to water
KPI 44	Percentage of households which have access to solid waste removal	100% of households which have access to solid waste removal by June 2019	Achieved - 100% of households which have access to solid waste removal

## Other matters

28. We draw attention to the matters below. Our opinion is not modified in respect of this matter.

### Achievement of planned targets

29. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 26 to 27 of this report.

### Adjustment of material misstatements

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 3: Basic service delivery and infrastructure development. As management subsequently corrected only some of the misstatements, I reported material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## Report on audit of compliance with legislation

### Introduction and scope

31. 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.

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

### Strategic planning and performance management

33. A performance management system was only adopted by council on 29 August 2019 and was therefore not adopted timeously with the 2019-20 IDP as required by section 38(a) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) and regulation 8 of the Municipal planning and performance management regulations.

### Financial statements and annual report

34. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

35. The 2018-19 annual report was not made public after being tabled in council, as required by section 127(5)(a) of the MFMA.

# Chapter 6

---

36. The local community was not invited to submit representations in connection with the 2018-19 annual report, as required by section 127(5)(a) of the MFMA.
37. The oversight report adopted by the council on the 2018-19 annual report was not made public, as required by section 129(3) of the MFMA.

## Expenditure management

38. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.
39. Reasonable steps were not taken to prevent irregular expenditure, in contravention of section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for modified opinion paragraph. The majority of the disclosed irregular expenditure was caused by management non-compliance to supply chain regulations. This non-compliance was also reported in the prior year.
40. Reasonable steps were not taken to prevent unauthorised expenditure of R103 033 251 as disclosed in note 42 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by management overspending on certain votes within their budget. This non-compliance was also reported in the prior year.
41. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R1 273 493 as disclosed in note 43 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by interest being charged on overdue accounts for bulk water purchases. This non-compliance was also reported in the prior year.

## Procurement and contract management

42. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.
43. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the Tlokwen Water Supply phase 2.
44. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
45. Sufficient appropriate audit evidence could not be obtained that contract were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
46. Some of the construction contracts were awarded to contractors that were not registered with the CIDB and/or did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).
47. All of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by regulation 8(2) of the 2017 preferential procurement regulations.
48. Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by regulation 8(5) of the 2017 preferential procurement regulations.

# Chapter 6

---

49. All of the commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by regulation 8(5) of the 2017 preferential procurement regulations.
50. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the construction of the internal road in Motsana village.
51. 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. Similar non-compliance was also reported in the prior year.

## Consequence management

52. 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

53. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
54. My opinion on the financial statements and findings on the reported performance information and compliance with legislation does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
55. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
56. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

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

# Chapter 6

---

- 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, portfolio of evidence was not complete for all items recorded and management did not adequately ensure the collection, collation, verification, storing and reporting of actual performance information.
- Management of the municipality failed to implement recommendations by internal audit and the audit committee. As a result, they were unable to provide adequate oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations. Internal audit and the audit committee did not provide sufficient assurance on the quality of the financial statements and performance report prior to submission to the external auditors as a number of material misstatements were identified during the audit which could have been prevented had proper oversight been implemented.

*Auditor-General*

Rustenburg

1 March 2021



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# Chapter 6

---

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS



Moses Kotane Local Municipality  
Annual Financial Statements  
for the year ended June 30 2020



# Chapter 6

<b>Business address</b>	Stand No.933 Station Road Unit 3 Mogwase Shopping Complex Mogwase 0314
<b>Postal address</b>	Private Bag X1011 Mogwase 0314
<b>Bankers</b>	Standard bank ABSA
<b>Auditors</b>	The Auditor General of South Africa

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### General Information

<b>Nature of business and principal activities</b>	The municipality is, within its financial and administrative capacity to: -Provide democratic and accountable government for the community; -To ensure the provision of services to the community in a sustainable manner; -To promote social and economic development; -To promote a safe and healthy environment; and - To encourage the involvement of the community and community organisations in the matters of the municipality.
<b>Executive committee</b>	
<b>Mayor</b>	Cllr. R. Diale
<b>Councillors</b>	Cllr. S. Vava (Speaker) ( Deceased May 2020) Cllr.G. Moatshe (Acting Speaker) Cllr. M. Matshaba (Single Whip) Cllr. T. Manganye (Chair of MPAC) Cllr. T. Bothokwane (Portfolio Head of Planning and Development) Cllr. MN Nkotswe (Portfolio Head of Local Economic Development) Cllr. T. Thobokwe (Portfolio Head of Corporate services) Cllr. L. Kapari (Portfolio Head of Finance) Cllr. X. Kheswa (Portfolio Head of Community Services and PublicSafety) Cllr. MS. Manganye (Portfolio Infrastructure Technical Services)
<b>Grading of local authority</b>	Medium Four
<b>Accounting Officer</b>	Mr. M.V. Letsoalo
<b>Chief Finance Officer</b>	Mr. M. Mkhize
<b>Registered office</b>	Stand No.933 Station Road Unit 3 Mogwase Shopping Complex Mogwase 0314



# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Index

---

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

	Page
Accounting Officer's Responsibilities and Approval	3
Audit Committee Report	4
Accounting Officer's Report	5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 11
Accounting Policies	12 - 33
Notes to the Annual Financial Statements	34 - 77
Appendixes:	
Appendix A: Schedule of External loans	79
Appendix B: Analysis of Property, Plant and Equipment	80
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	84

# Chapter 6

---

COID	Compensation for Occupational Injuries and Diseases
CIGFARO	Chartered Institute of Government Finance Audit and Risk Officers
DBSA	Development Bank of Southern Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSA	Municipal Systems Act
MKLM	Moses Kotane Local Municipality

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 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 period 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 Minister of Finance had exempted municipalities and municipal entities from complying with the deadlines stated in sections 126(1) and (2), 127 (1) and (2), 129(1) and 133(2) of the Local Government, Municipal Finance Management Act, 2003 (Act No. 56 of 2003). Therefore, the municipalities and municipal entities must submit their annual financial statements within two months after 31 August 2020 which is the 31 October 2020.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

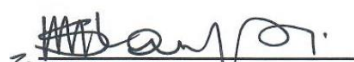
The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2021 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

# Chapter 6

---

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's Internal Auditors.

The annual financial statements set out on pages 5 to 78, which have been prepared on the going concern basis, were approved by the accounting officer on February 26, 2021 and were signed by:

  
Mr M.V. Letsoalo  
Municipal Manager

Mogwase

Friday, February 26, 2021

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Audit Committee Report

We are pleased to present the Audit Committee's report for the financial year ended June 30, 2020.

#### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved audit committee charter and section 186 (4) (b) of the MFMA . During the financial year 4 meetings were held.

Name of member	Number of meetings attended
----------------	-----------------------------

#### Audit committee members from 1 July 2019 to 30 June 2020

Mr Ignatius Mogotsi (Chairperson from 1 July 2019 to 30 June 2020) (contract expired on 30 June 2020)	4
Mr Tichaona Zororo ( contract expired on 30 June 2020)	3
Mr M Makgale (contract expired on 30 June 2020)	4
Mr S.A.B Ngobeni ( contract expired on 30 June 2020)	2
Ms J Masite (contract expired on 30 June 2020)	4

#### Audit committee members for the financial year 2020/2021

Mr Bruno Seabela (Chairperson) (appointed from September 2020)	1
Ms Lorato Moyo (appointed from September 2020)	1
Mr Alicia Tjale (appointed from September 2020)	1
Mr Tichaona Zororo (appointed from September 2020)	1
Mr Ignatius Mogotsi (appointed from September 2020)	1

#### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 186(2) of the MFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee charter, which codifies specific responsibilities entrusted and delegated to it by the municipal Council, and details the manner in which the Audit committee operates

We confirm that the Audit committee has reviewed the unaudited Annual Financial Statements and Annual Performance report for the 2019/2020 financial year.

The Audit committee is satisfied that the Internal audit is operating efficiently and effectively, and that they were involved in addressing the risks pertinent to the municipality. The Internal audit activity was also afforded the opportunity to review the unaudited Annual Financial Statements and Annual Performance report.

  
Chairperson of the Audit Committee

Date: 26/02/2021

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Officer's Report

---

The accounting officer submits his report for the period ended June 30, 2020.

#### 1. Review of activities

##### Main business and operations

The municipality is engaged in local service delivery to the surrounding community of Moses Kotane and operates under the Bojanala Platinum District Municipality.

Net deficit of the municipality was R 597,542 (2019: deficit R 165,883,936).

#### 2. Going concern

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.

#### 3. Subsequent events

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

#### 4. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

#### 5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report was:

Mr. M.V. Letsoalo

#### 6. Corporate governance

# Chapter 6

---

## **General**

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

The municipality confirms and acknowledges its responsibility to exercise the Municipality's executive and legislative authority within the constitutional system of cooperative governance envisaged in Section 41 of the Constitution, as stated in the Local Government Municipal Systems Act. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the MSA on a three monthly basis.

## **Remuneration**

The upper limits of the remuneration, allowances and benefits of the Accounting Officer, the Head of Departments and the Councillors of the municipality, as disclosed in note 22 and in note 23 of the financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of the Public Office Bearers Act and the Minister of the Provincial and Local Governments determination in accordance with the Act.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Statement of Financial Position as at June 30, 2020

Figures in Rand	Note(s)	2020	2019 Restated*
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment property	2	154,834,422	154,940,542
Property, plant and equipment	3	2,916,955,731	2,932,663,369
Intangible assets	4	13,898,513	19,113,750
Heritage assets	5	14,000	14,000
		<b>3,085,702,666</b>	<b>3,106,731,661</b>
<b>Current Assets</b>			
Inventories	6	9,751,478	11,724,948
Receivables from exchange transactions	7	-	1,221,711
Receivables from non-exchange transactions	8	4,230,725	4,323,531
VAT receivable	9	16,865,996	16,499,821
Consumer debtors	10	66,738,120	28,187,103
Non current assets held for sale	33	2,335,533	-
Cash and cash equivalents	11	48,779,535	64,693,149
		<b>148,701,387</b>	<b>126,650,263</b>
<b>Total Assets</b>		<b>3,234,404,053</b>	<b>3,233,381,924</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other financial liabilities	13	22,656,329	31,322,416
Provisions	14	30,928,154	30,917,922
		<b>53,584,483</b>	<b>62,240,338</b>
<b>Current Liabilities</b>			
Other financial liabilities	13	13,331,560	12,507,487
Payables from exchange transactions	15	246,349,126	219,629,405
Unspent conditional grants and receipts	12	42,631,424	61,087,248
Provisions	14	3,615,515	2,427,951
		<b>305,927,625</b>	<b>295,652,091</b>
<b>Total Liabilities</b>		<b>359,512,108</b>	<b>357,892,429</b>
<b>Net Assets</b>		<b>2,874,891,945</b>	<b>2,875,489,495</b>
Accumulated surplus		<b>2,874,891,950</b>	<b>2,875,489,490</b>



# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Statement of Financial Performance for the year ended 30 June 2020.

Figures in Rand	Note(s)	2020	2019 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	17	176,992,179	154,198,624
Interest received	18	46,684,559	30,989,769
Commissions received		195,294	181,343
Rental income		83,677	42,260
Sale of stands/land		19,111	300,000
Other income	19	2,388,074	1,482,550
<b>Total revenue from exchange transactions</b>		<b>226,362,894</b>	<b>187,174,546</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	20	141,209,467	134,800,237
Interest - Taxation revenue		21,300,719	19,573,060
<b>Transfer revenue</b>			
Government grants & subsidies	21	599,073,120	572,781,972
Public contributions and donations		-	3,910,239
Fines, Penalties and Forfeits		5,600,000	2,505,080
<b>Total revenue from non-exchange transactions</b>		<b>767,183,306</b>	<b>733,570,588</b>
<b>Total revenue</b>	16	<b>993,546,200</b>	<b>920,745,134</b>

# Chapter 6

<b>Expenditure</b>			
Employee related costs	22	(235,992,526)	(201,703,902)
Remuneration of councillors	23	(27,006,883)	(25,512,410)
Depreciation and amortisation	24	(147,787,108)	(160,973,920)
Finance costs	26	(5,347,470)	(6,177,546)
Lease rentals on operating lease		(1,703,225)	(2,053,038)
Debt Impairment	27	(201,036,122)	(297,432,176)
Repairs and Maintenance	31	(43,510,147)	(56,700,979)
Bulk purchases	28	(106,261,836)	(98,807,858)
Contracted services	29	(126,871,597)	(123,813,453)
General Expenses	30	(89,041,394)	(109,406,788)
<b>Total expenditure</b>		<b>(984,558,108)</b>	<b>(1,082,582,070)</b>
<b>Operating surplus (deficit)</b>		<b>8,988,092</b>	<b>(161,836,936)</b>
Loss on disposal of assets and liabilities		(6,704,291)	(3,218,660)
Fair value adjustments		-	2,515
Impairment loss	25	(2,828,061)	(783,485)
Inventories losses/write-downs		(53,282)	(47,370)
		<b>(9,585,634)</b>	<b>(4,047,000)</b>
Taxation		-	-
<b>Surplus (deficit) for the year</b>		<b>(597,542)</b>	<b>(165,883,936)</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Statement of Changes in Net Assets for the year ended 30 June 2020.

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	3,410,748,844	3,410,748,844
Adjustments		
Correction of errors	(373,143,627)	(373,143,627)
Change in accounting policy	3,768,207	3,768,207
<b>Balance at July 1, 2018 as restated*</b>	<b>3,041,373,424</b>	<b>3,041,373,424</b>
Changes in net assets		
Surplus/(Deficit) for the year	(154,056,708)	(154,056,708)
Correction of errors	(13,165,359)	(13,165,359)
Change in accounting policy	1,338,133	1,338,133
Total changes	(165,883,934)	(165,883,934)
<b>Restated* Balance at July 1, 2019</b>	<b>2,875,489,492</b>	<b>2,875,489,492</b>
Changes in net assets		
Surplus for the year	(597,542)	(597,542)
Total changes	(597,542)	(597,542)
<b>Balance at June 30, 2020</b>	<b>2,874,891,950</b>	<b>2,874,891,950</b>

Note(s)

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Cash Flow Statement for the year ended 30 June 2020.

Figures in Rand	Note(s)	2020	2019 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from consumers		147,561,616	143,189,496
Grants		580,617,296	622,397,277
Interest income		5,586,510	4,689,317
Other Income		2,686,156	1,986,154
		<u>736,451,578</u>	<u>772,262,244</u>
<b>Payments</b>			
Cash paid to suppliers and employees		(603,117,223)	(566,120,306)
<b>Net cash flows from operating activities</b>	32	<u>133,334,355</u>	<u>206,141,938</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(141,695,942)	(145,488,184)
Proceeds from sale of property, plant and equipment	3	290,000	480,497
<b>Net cash flows from investing activities</b>		<u>(141,405,942)</u>	<u>(145,007,687)</u>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(7,842,015)	(2,463,491)
Finance lease movements		-	(1,187,051)
<b>Net cash flows from financing activities</b>		<u>(7,842,015)</u>	<u>(3,650,542)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(15,913,602)</u>	<u>57,483,709</u>
Cash and cash equivalents at the beginning of the year		64,693,149	7,209,436
<b>Cash and cash equivalents at the end of the year</b>	11	<u>48,779,547</u>	<u>64,693,145</u>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### 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						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	184,251,428	-	184,251,428	178,992,179	(7,259,249)	47.1
Interest received (trading)	48,190,000	-	48,190,000	46,684,559	(1,505,441)	47.2
Commissions received	180,000	-	180,000	195,294	15,294	Difference below R 1 000 000
Rental income	51,000	20,000	71,000	83,677	12,677	Difference below R 1 000 000
Sale of stands/ Land	600,000	290,000	890,000	19,111	(870,889)	Difference below R 1 000 000
Other income	1,800,500	900,000	2,700,500	2,388,074	(312,426)	Difference below R 1 000 000
<b>Total revenue from exchange transactions</b>	<b>235,072,928</b>	<b>1,210,000</b>	<b>236,282,928</b>	<b>226,362,894</b>	<b>(9,920,034)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	142,163,600	-	142,163,600	141,209,467	(954,133)	Difference below R 1 000 000
Interest, Dividends and Rent on Land	17,000,000	786,790	17,786,790	21,300,719	3,513,929	47.2

# Chapter 6

<b>Transfer revenue</b>						
Government grants & subsidies-operational	637,354,000	(56,698,000)	<b>580,656,000</b>	599,073,120	<b>18,417,120</b>	47.3
Fines, Penalties and Forfeits	4,500,000	(1,000,000)	<b>3,500,000</b>	5,600,000	<b>2,100,000</b>	47.4
<b>Total revenue from non-exchange transactions</b>	<b>801,017,600</b>	<b>(56,911,210)</b>	<b>744,106,390</b>	<b>767,183,306</b>	<b>23,076,916</b>	
<b>Total revenue</b>	<b>1,036,090,528</b>	<b>(55,701,210)</b>	<b>980,389,318</b>	<b>993,546,200</b>	<b>13,156,882</b>	
<b>Expenditure</b>						
Personnel	(270,274,660)	24,977,125	<b>(245,297,535)</b>	(235,992,526)	<b>9,305,009</b>	47.5
Remuneration of councillors	(25,371,420)	(5,354,824)	<b>(30,726,244)</b>	(27,006,683)	<b>3,719,561</b>	47.6
Depreciation and amortisation	(154,536,733)	-	<b>(154,536,733)</b>	(147,787,108)	<b>6,749,625</b>	47.7
Finance costs	(3,688,959)	-	<b>(3,688,959)</b>	(5,347,470)	<b>(1,658,511)</b>	47.8
Lease rentals on operating lease	(3,900,000)	2,659,459	<b>(1,240,541)</b>	(1,703,225)	<b>(462,684)</b>	Difference below
						R 1 000 000
Debt Impairment	(122,540,000)	(57,608,200)	<b>(180,148,200)</b>	(201,036,122)	<b>(20,887,922)</b>	45.9
Repairs and maintenance	(143,480,000)	97,741,525	<b>(45,738,475)</b>	(43,510,147)	<b>2,228,328</b>	47.10
Bulk purchases	(103,700,000)	32,700,000	<b>(71,000,000)</b>	(106,261,836)	<b>(35,261,836)</b>	47.11
Contracted services	(25,316,500)	(72,070,127)	<b>(97,386,627)</b>	(126,871,598)	<b>(29,484,971)</b>	47.12
General Expenses	(114,432,050)	38,519,617	<b>(75,912,433)</b>	(89,041,394)	<b>(13,128,961)</b>	47.13

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### 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						
<b>Total expenditure</b>	<b>(967,240,322)</b>	<b>61,564,575</b>	<b>(905,675,747)</b>	<b>(984,558,109)</b>	<b>(78,882,362)</b>	
<b>Operating surplus</b>	<b>68,850,206</b>	<b>5,863,365</b>	<b>74,713,571</b>	<b>8,988,091</b>	<b>(65,725,480)</b>	
Loss on disposal of assets and liabilities	-	-	-	(6,704,291)	(6,704,291)	47.14
Impairment loss	-	-	-	(2,828,062)	(2,828,062)	47.15
Inventories losses/write-downs	-	-	-	(53,282)	(53,282)	Difference below R 1 000 000
	-	-	-	(9,585,635)	(9,585,635)	
<b>Deficit before taxation</b>	<b>68,850,206</b>	<b>5,863,365</b>	<b>74,713,571</b>	<b>(597,544)</b>	<b>(75,311,115)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>68,850,206</b>	<b>5,863,365</b>	<b>74,713,571</b>	<b>(597,544)</b>	<b>(75,311,115)</b>	

Differences below R 1 000 000 have been considered to be immaterial.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 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 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

##### 1.2 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.

##### 1.3 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:

##### Trade receivables / Held to maturity investments and/or loans and 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.



# Chapter 6

---

## **Impairment testing**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of the assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

## **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 14 - Provisions.

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.3 Significant judgements and sources of estimation uncertainty (continued)

##### Useful lives of waste and water network 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.

##### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the recoverable amount. Significant debtors are individually assessed for impairment and insignificant debtors are grouped and impaired as a portfolio.

#### 1.4 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.

# Chapter 6

---

## **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.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.5 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.

# Chapter 6

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.

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

Item	Depreciation method	Estimated useful life
Land	Straight line	Infinite
Buildings	Straight line	30 years
Infrastructure - Electricity	Straight line	20 - 100 years
Infrastructure - Roads	Straight line	10 - 100 years
Infrastructure - Water	Straight line	15 -80 years
Infrastructure- Stormwater	Straight line	20-50 years
Infrastructure - Sewerage	Straight line	15 -20 years
Infrastructure- ICT	Straight line	10-50 years
Infrastructure - Airports	Straight line	20 years
Access control security measures	Straight line	3 - 5 years
Recreation facilities	Straight line	20 -25 years
Furniture and fittings	Straight line	7 years
Motor vehicles	Straight line	5 - 15 years
Office equipment	Straight line	5 - 7 years
Plant and equipment	Straight line	4 - 15 years

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.5 Property, plant and equipment (continued)

For the detailed useful lives of assets, refer to the municipality's asset management policy

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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 the correction of these errors resulted in the following effects.

# Chapter 6

---

## 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.

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.6 Intangible assets (continued)

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.

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.



# Chapter 6

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3-15 years

## 1.7 Heritage assets

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.7 Heritage assets (continued)

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

#### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are measured at cost.

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

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

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

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

# Chapter 6

---

## **Impairment**

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

## **Derecognition**

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

### **1.8 Financial instruments**

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.8 Financial instruments (continued)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

# Chapter 6

---

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

#### 1.8 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

##### 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.

##### 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.

##### 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.

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.

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.8 Financial instruments (continued)

##### 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.

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.

# Chapter 6

---

## **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. The obligation for retentions is considered to have expired when the retention is unclaimed for more than 3 years from the date the defect liability period expired.

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).

## **Presentation**

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

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.



# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### Statutory receivables (continued)

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.

#### 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 as per GRAP 13 appendix 1.

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

##### Finance leases - lessee

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

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

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

##### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

#### 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.

# Chapter 6

---

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.

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.11 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

#### 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.

# Chapter 6

---

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.

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 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.

Any impairment loss of a revalued 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 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.

##### 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.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

# Chapter 6

---

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.

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

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

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.

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.

#### 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 tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset 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:

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

#### 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.

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

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 Employee benefits

##### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.



# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.13 Employee benefits (continued)

##### Defined contribution plans

Fixed contributions are paid into a separate entity (a fund) and the municipality will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions meet the definition of a defined contribution plan.

##### Recognition and measurement

When an employee has rendered service to an entity during a reporting period, the entity shall recognise the contribution payable to a defined contribution plan in exchange for that service:

- (a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity shall 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
- (b) as an expense

#### 1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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.

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.14 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.14 Provisions and contingencies (continued)

##### Decommissioning, restoration and similar liability

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

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.

If the related asset is measured using the revaluation model:

- 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;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

# Chapter 6

---

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.

## 1.15 Commitments

Capital commitments are disclosed in the financial statements and they represent the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

## 1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.16 Revenue from exchange transactions (continued)

##### 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 services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

# Chapter 6

---

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 .

## **Interest, royalties and dividends**

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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

## **1.17 Revenue from non-exchange transactions**

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.17 Revenue from non-exchange transactions (continued)

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

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

#### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### Fines

Revenue from the issuing of fines 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.

The municipality has two types of fines: spot fines and summonses. The revenue from summonses is recognised on issue.

# Chapter 6

---

## Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

### 1.18 Investment income

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

### 1.19 Borrowing costs

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



# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

#### 1.19 Borrowing costs (continued)

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

#### 1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote and
- expenditure not in accordance with the purpose of a vote.

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.

#### 1.21 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.

#### 1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA as follows:

Irregular expenditure is defined in section 1 of the MFMA as follows:

"irregular expenditure", in relation to a municipality or municipal entity, means—

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

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

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

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

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

# Chapter 6

---

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Accounting Policies

---

#### 1.22 Irregular expenditure (continued)

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

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

#### 1.23 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.

# Chapter 6

---

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.

## 1.24 Events after reporting date

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

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

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

# Chapter 6

---

## **Moses Kotane Local Municipality**

Annual Financial Statements for the year ended June 30, 2020

### **Accounting Policies**

---

#### **1.24 Events after reporting date (continued)**

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.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand

2020

2019

#### 2. Investment property

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	154,834,422	-	154,834,422	154,940,542	-	154,940,542

#### Reconciliation of investment property - 2020

	Opening balance	Disposals	Total
Investment property	154,940,542	(106,120)	154,834,422

#### Reconciliation of investment property - 2019

	Opening balance	Fair value adjustments	Total
Investment property	154,938,027	2,515	154,940,542

#### Pledged as security

Investment property was not pledged as security for financial liabilities.

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.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand

#### 3. 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	17,684,093	-	17,684,093	17,684,093	-	17,684,093
Buildings	211,996,282	(95,568,507)	116,427,775	211,996,282	(87,874,486)	124,121,796
Plant and machinery	6,060,469	(4,356,576)	1,703,893	6,245,741	(4,150,962)	2,094,779
Furniture and Fixtures	53,265,616	(38,881,629)	14,383,987	53,181,188	(34,562,286)	18,618,902
Motor vehicles	39,307,125	(23,989,678)	15,317,447	68,455,477	(43,429,881)	25,025,596
Infrastructure	4,599,016,557	(2,309,098,659)	2,289,917,898	4,472,715,898	(2,207,339,717)	2,265,376,181
Community	514,042,975	(253,789,324)	260,253,651	493,100,907	(238,303,809)	254,797,098
Building WIP	753,272	-	753,272	753,272	-	753,272
Infrastructure WIP	187,659,093	-	187,659,093	210,948,174	-	210,948,174
Community assets WIP	12,854,622	-	12,854,622	13,243,478	-	13,243,478
<b>Total</b>	<b>5,642,640,104</b>	<b>(2,725,684,373)</b>	<b>2,916,955,731</b>	<b>5,548,324,510</b>	<b>(2,615,661,141)</b>	<b>2,932,663,369</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand

#### 3. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Other changes	Disposals	Transfers	Change in estimate	Depreciation	Impairment loss	Total
Land	17,684,093	-	-	-	-	-	-	-	17,684,093
Buildings	124,121,796	-	-	-	-	-	(7,694,021)	-	116,427,775
Plant and machinery	2,094,779	-	-	(21,513)	-	81,662	(451,026)	(9)	1,703,893
Furniture and fixtures	18,618,902	172,260	-	(36,972)	-	1,425,827	(5,783,635)	(12,395)	14,383,987
Motor vehicles	25,025,596	-	-	(530,233)	(5,110,365)	(24,284)	(4,002,441)	(40,826)	15,317,447
Infrastructure	2,265,376,181	144,236,147	(2,219,817)	(6,838,137)	-	513,479	(111,149,955)	-	2,289,917,898
Community	254,797,098	20,965,473	-	(21,443)	-	14,349	(15,501,826)	-	260,253,651
Building WIP	753,272	-	-	-	-	-	-	-	753,272
Infrastructure WIP	210,948,174	131,074,219	-	(10,093,108)	(144,270,192)	-	-	-	187,659,093
Community WIP	13,243,478	20,542,536	-	-	(20,931,392)	-	-	-	12,854,622
	<b>2,932,663,369</b>	<b>316,990,635</b>	<b>(2,219,817)</b>	<b>(17,541,406)</b>	<b>(170,311,949)</b>	<b>2,011,033</b>	<b>(144,582,904)</b>	<b>(53,230)</b>	<b>2,916,955,731</b>

##### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Other changes	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	17,684,093	-	-	-	-	-	-	17,684,093
Buildings	131,831,615	-	-	-	-	(7,709,819)	-	124,121,796
Plant and machinery	3,191,647	131,590	-	(605,459)	-	(622,447)	(552)	2,094,779
Furniture and fittings	24,531,449	413,537	-	(1,311,837)	-	(4,911,104)	(103,143)	18,618,902
Motor vehicles	27,539,936	2,877,240	-	(46,614)	-	(4,665,176)	(879,790)	25,025,596
Infrastructure	2,277,707,532	105,784,145	1,184,881	(3,210,442)	-	(116,089,935)	-	2,265,376,181
Community	264,484,061	5,254,740	-	-	-	(14,941,703)	-	254,797,098
Building WIP	753,272	-	-	-	-	-	-	753,272
Infrastructure WIP	188,517,838	128,262,031	-	-	(105,831,695)	-	-	210,948,174
Community Assets WIP	-	18,450,668	-	-	(5,207,190)	-	-	13,243,478
	<b>2,936,241,443</b>	<b>261,173,951</b>	<b>1,184,881</b>	<b>(5,174,352)</b>	<b>(111,038,885)</b>	<b>(148,940,184)</b>	<b>(783,485)</b>	<b>2,932,663,369</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>3. Property, plant and equipment (continued)</b>		
<b>Pledged as security</b>		
The mayoral house is pledged as security for the mortgage bond for R 1 520 000 with ABSA bank.		
<b>Property, plant and equipment in the process of being constructed or developed</b>		
<b>Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected</b>		
KOFFIEKRAAL HIGHMAST LIGHT	1,273,213	-
BRAKUIL HIGHMAST LIGHT	2,189,709	-
MANAMELA HIGHMAST LIGHT	1,389,365	-
SEOLONG HIGHMAST LIGHT	482,995	-
RATAU HIGHMAST LIGHT	476,245	-
MONTANA HIGHMAST LIGHT	741,085	-
VOORDONKER HIGHMAST LIGHT	481,829	-
MAUBANA HIGHMAST LIGHT	1,304,381	-
UITKYK 2 HIGHMAST LIGHT	1,402,182	-
LEGKRAAL HIGHMAST LIGHT	1,126,286	-
LEGOGOLWE HIGHMAST LIGHT	382,790	-
MANAMAKGOTHEING HIGHMAST LIGHT	2,019,203	-
MONONONO HIGHMAST LIGHT	583,084	-
HIGHMAST LIGHTS LEGOGOLWE	27,950	-
Included in property, plant and equipment are high mast lights that have been identified as taking significantly longer period of time to complete than expected, due to the delay in connection of the high mast lights to the eskom power grid.		
	<b>13,850,297</b>	<b>-</b>

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.



# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand

#### 4. 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	48,292,444	(34,393,931)	13,898,513	53,605,265	(34,491,515)	19,113,750

#### Reconciliation of intangible assets - 2020

	Opening balance	Change in estimate	Amortisation	Total
Computer software, other	19,113,750	1,842,511	(7,057,748)	13,898,513

#### Reconciliation of intangible assets - 2019

	Opening balance	Derecognition	Change in estimate	Amortisation	Total
Computer software, other	27,468,463	(6,630)	17,625	(8,385,709)	19,113,750

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand

#### 5. Heritage assets

	2020			2019		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	14,000	-	14,000	14,000	-	14,000

#### Reconciliation of heritage assets - 2020

	Opening balance	Total
Historical monuments	14,000	14,000

#### Reconciliation of heritage assets 2019

	Opening balance	Total
Historical monuments	14,000	14,000

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>6. Inventories</b>		
Maintenance materials	9,700,637	11,678,680
Water for distribution	50,841	46,268
	<b>9,751,478</b>	<b>11,724,948</b>
Inventories written off during the year	(53,282)	(47,370)
<b>Inventory pledged as security</b>		
There is no inventory pledged as security.		
<b>7. Receivables from exchange transactions</b>		
Bakwena systems - Photocopiers	-	1,221,711
<b>Receivable from Exchange Transactions</b>		
Gross Balances	2,443,422	2,443,422
Less: Allowance for impairment	(2,443,422)	(1,221,711)
	<b>-</b>	<b>1,221,711</b>
<b>Financial asset receivables included in receivables from exchange transactions above</b>	<b>-</b>	<b>-</b>
<b>Total receivables from exchange transactions</b>	<b>-</b>	<b>1,221,711</b>
<b>8. Receivables from non-exchange transactions</b>		
Fines	354,454	511,515
Other receivables from non-exchange revenue	2,925,177	3,025,636
Sundry Debtors	951,094	786,380
	<b>4,230,725</b>	<b>4,323,531</b>
<b>Financial asset receivables included in receivables from non-exchange transactions above</b>	<b>3,876,271</b>	<b>3,812,016</b>
<b>Total receivables from non-exchange transactions</b>	<b>4,230,725</b>	<b>4,323,531</b>
<b>9. VAT receivable/payable</b>		
VAT	16,865,996	16,499,821
<b>VAT</b>		
VAT receivable from SARS	5,330,142	2,836,759
VAT input provision	15,466,282	15,512,514
VAT output provision	(3,930,428)	(1,849,452)
	<b>16,865,996</b>	<b>16,499,821</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>10. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	384,300,227	318,184,344
Water	725,508,026	563,652,548
Sewerage	18,230,588	16,281,517
Refuse	92,892,322	78,232,723
Water consumption from last reading until 30th	2,763,689	5,417,872
	<b>1,223,694,852</b>	<b>979,749,004</b>
<b>Less: Allowance for impairment</b>		
Rates	(351,798,920)	(308,752,201)
Water	(895,703,626)	(548,855,058)
Sewerage	(16,658,486)	(15,730,990)
Refuse	(92,795,700)	(78,214,652)
	<b>(1,156,956,732)</b>	<b>(951,561,901)</b>
<b>Net balance</b>		
Rates	32,501,307	7,412,143
Water	29,804,400	14,797,490
Sewerage	1,572,102	541,527
Refuse	96,622	18,071
Water consumption from the last readings	2,763,689	5,417,872
	<b>66,738,120</b>	<b>28,187,103</b>
<b>Included in above is receivables from exchange transactions</b>		
Water	29,804,399	14,797,490
Sewerage	1,572,101	541,527
Refuse	96,623	18,071
Water consumption from the last readings	2,763,689	5,417,872
	<b>34,236,812</b>	<b>20,774,960</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	32,501,307	7,412,143
<b>Net balance</b>	<b>66,738,119</b>	<b>28,187,103</b>
<b>Rates</b>		
Current (0 -30 days)	12,850,743	11,412,502
31 - 60 days	12,343,938	9,188,048
61 - 90 days	12,957,696	8,003,001
91 - 120 days	12,274,102	7,904,656
121 - 365 days	333,873,748	279,647,324
Less: Allowance for impairment	(351,798,920)	(308,743,388)
	<b>32,501,307</b>	<b>7,412,143</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>10. Consumer debtors (continued)</b>		
<b>Water</b>		
Current (0 -30 days)	29,595,688	18,618,499
31 - 60 days	17,876,736	19,177,710
61 - 90 days	19,172,852	19,177,710
91 - 120 days	20,164,661	5,578,022
121 - 365 days	638,698,090	501,100,607
Less: Allowance for impairment	(695,703,627)	(548,855,058)
	<b>29,804,400</b>	<b>14,797,490</b>
<b>Sewerage</b>		
Current (0 -30 days)	292,999	248,565
31 - 60 days	274,510	245,282
61 - 90 days	293,760	241,128
91 - 120 days	300,835	281,403
121 - 365 days	17,068,485	15,265,139
Less: Allowance for impairment	(16,658,487)	(15,739,990)
	<b>1,572,102</b>	<b>541,527</b>
<b>Refuse</b>		
Current (0 -30 days)	1,371,477	1,212,355
31 - 60 days	1,364,052	1,206,538
61 - 90 days	1,357,194	1,199,100
91 - 120 days	1,353,520	1,185,549
121 - 365 days	87,446,079	73,429,181
Less: Allowance for impairment	(92,795,700)	(78,214,652)
	<b>96,622</b>	<b>18,071</b>
<b>Water consumption from the last readings</b>		
Current (0 -30 days)	2,763,689	5,417,872
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(951,561,901)	(664,664,663)
Contributions to allowance	(211,365,419)	(309,135,443)
Debt impairment written off against allowance	5,970,588	22,238,205
	<b>(1,156,956,732)</b>	<b>(951,561,901)</b>

# Chapter 6

---

## **Statutory receivables general information**

### **Credit quality of consumer debtors**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

### **11. Cash and cash equivalents**

Cash and cash equivalents consist of:

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>11. Cash and cash equivalents (continued)</b>		
Cash on hand	113	20,000
Bank balances	4,396,411	12,208,149
Short-term deposits	44,383,011	52,467,000
	<b>48,779,535</b>	<b>64,693,149</b>

Cash and cash equivalents held by the Municipality that are not available for use by the economic entity 107,700 107,700

During the current financial year the municipality had a fleet card facility of R 1 200 000 with ABSA which was cancelled before June 2020. A new facility for R 1 000 000 with Standard Bank has since commenced from the beginning of July 2020.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2020	June 30, 2019	June 30, 2018
Standard Bank Current-Account Number: 41980182	2,352,823	9,163,924	1,094,392	2,352,823	9,180,325	(70,077)
Call MIG Standard Bank Account number: 228810957004	26,590,239	40,686,241	624,427	26,590,239	41,001,789	624,427
Call MKLM Standard Bank Account number: 22881095	157,604	48,064	130,681	157,604	48,277	130,681
WSIG Account NKLM MUNIC INFRA - Account number: 228810957	17,635,167	11,311,123	-	17,635,167	11,416,918	-
ABSA Rustenburg Branch Account number: 4050414471	651,498	1,795,791	1,726,005	651,498	1,798,407	-
Housing Account - Account number: 4059219109	-	47	986	-	47	986
Traffic Account - Account number: 4070118019	-	403,736	343,923	-	381,289	345,281
ABSA Fixed deposit -12 months Eskom Account number: 206225080	357,015	330,999	307,191	380,844	356,855	307,191
Standard Bank Borongwa Account number: 41980255	648,200	376,093	-	648,199	306,550	-
Traffic - Account number: 41980247	363,048	182,691	-	363,048	182,691	-
<b>Total</b>	<b>48,755,594</b>	<b>64,298,709</b>	<b>4,227,605</b>	<b>48,779,422</b>	<b>64,673,148</b>	<b>1,338,488</b>

# Chapter 6

---

## 12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

### Unspent conditional grants and receipts

Municipal Infrastructure Grant	26,332,861	43,653,570
Library Grant	816,497	477,899
Water and Sanitation Grant	14,889,762	15,295,304
EPWP Grant	135,866	347,260
PMU Grant	240,102	1,313,215
Small Business Enterprise	216,336	-
	<b>42,631,424</b>	<b>61,087,248</b>



# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>12. Unspent conditional grants and receipts (continued)</b>		
<b>Movement during the year</b>		
Balance at the beginning of the year	61,087,249	11,471,943
Additions during the year	214,297,295	235,664,003
Income recognition during the year	(172,143,769)	(186,048,698)
Roll over denied	(60,609,351)	-
	<b>42,631,424</b>	<b>61,087,248</b>
<b>13. Other financial liabilities</b>		
<b>At amortised cost</b>		
INCA annuity loan	12,039,373	14,333,755
ABSA annuity loan	4,493,154	6,086,357
DBSA	19,455,362	23,409,791
	<b>35,987,889</b>	<b>43,829,903</b>
<b>Total other financial liabilities</b>	<b>35,987,889</b>	<b>43,829,903</b>
<b>Non-current liabilities</b>		
At amortised cost	22,656,329	31,322,416
<b>Current liabilities</b>		
At amortised cost	13,331,560	12,507,487

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand

#### 14. Provisions

##### Reconciliation of provisions - 2020

	Opening Balance	Current-Service Cost	Utilised during the year	Actuarial loss/Gain	Change in provision	Interest	Total
Environmental rehabilitation	17,119,111	-	-	-	(2,219,817)	1,402,880	16,302,154
Long-service awards	15,390,122	1,456,000	(1,362,583)	(20,353)	-	1,187,794	16,651,000
Workmen's compensation	836,640	-	(836,640)	-	1,590,515	-	1,590,515
	<b>33,345,873</b>	<b>1,456,000</b>	<b>(2,199,203)</b>	<b>(20,353)</b>	<b>(629,302)</b>	<b>2,590,654</b>	<b>34,543,669</b>

##### Reconciliation of provisions - 2019

	Opening Balance	Current-Service Cost	Utilised during the year	Actuarial Loss / Gain	Change in provision	Interest	Total
Environmental rehabilitation	26,410,844	-	(11,585,615)	-	1,184,881	1,109,001	17,119,111
Long-service awards	15,607,093	1,370,970	(2,006,413)	(840,825)	-	1,259,297	15,390,122
Workmen's compensation	836,640	-	-	-	-	-	836,640
	<b>42,854,577</b>	<b>1,370,970</b>	<b>(13,592,028)</b>	<b>(840,825)</b>	<b>1,184,881</b>	<b>2,368,298</b>	<b>33,345,873</b>

Non-current liabilities	30,928,154	30,917,922
Current liabilities	3,615,515	2,427,951
	<b>34,543,669</b>	<b>33,345,873</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

#### 14. Provisions (continued)

##### Environmental rehabilitation provision

In terms of the licensing of the landfill refuse sites, the municipality will incur rehabilitation costs to restore the site at the end of its useful life. Provision has been made for the net present value of the restoration costs.

##### FINANCIAL ASSUMPTIONS USED

###### Unit Costs

Unit costs for each of the cost elements are obtained annually by means of a commercial quotation. Details of this are provided separately.

###### CPI

The CPI2 is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last quarter amounted to 2.4107%.

###### Discount Rate

GRAP 19 states that where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material. GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. Normally corporate bond rates are used to determine the discount rate. In line with GRAP 25 Defined benefit plans, government bond rates may also be used to determine the discount rate. The liability for this purpose is in most cases determined for a government entity (municipality). Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used.

The rate most consistent with the remaining life of the landfills published at the end of the quarter that includes the financial year-end date was used.

For landfills with an expected remaining life of three years or less, the rate associated with a maximum period of 3 years is used.

For landfills with an expected remaining life of four or five years, the rate associated with a maximum period of 5 years is used.

For landfills with an expected remaining life of more than five years, the rate associated with a maximum period of 10 years is used.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

#### 14. Provisions (continued)

##### Employee benefit cost provision

The Municipality offers all its employees long service award for employees that have been with the Municipality for more than 10 years and every 5 years thereafter.

##### SECTION 5: KEY ASSUMPTIONS

In estimating the unfunded liability for LSA of the Municipality a number of actuarial assumptions are required. The GRAP 25 Statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the LSA arrangement – this is determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and Current-Service costs are recognised over time.

The key financial and demographic assumptions are summarised below.

##### Key Financial Assumptions

The key financial assumptions used for the liabilities at the Valuation Date and the expense figures for the ensuing year are as follows:

Assumption	Value p.a.
Discount rate	7.27%
General earnings inflation rate (long-term)	3.90%
Net effective discount rate	3.24%

The earnings used in the valuation include an increase on 1 July 2020 of 6.25% as per the SALGBC Circular No.: 02/2020. The next general earnings increase was assumed to take place on 1 July 2021.

##### Key Demographic Assumptions used

Assumption	Value
Average retirement age	62
Mortality during employment	SA 85-90
	Age Female Male
	20 0% 0%
Withdrawal from service (sample annual rates)	30 6% 6%
	40 5% 5%
	50 3% 3%
	55 0% 0%

##### Workmen's compensation

The municipality is required to contribute to the compensation fund in terms of the Compensation for Occupational Injuries and Diseases Act. The provision is based on the provisional assessment that was done by the Compensation Commissioner for the 2019/2020 assessment.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>15. Payables from exchange transactions</b>		
Trade payables	96,298,025	100,803,850
Payments received in advanced	60,320,689	54,310,380
Other payables	20,588,050	5,489,958
Accrued leave pay	31,117,447	26,260,984
Retentions	33,191,985	32,764,233
Unallocated receipts	4,834,930	-
	<b>246,349,126</b>	<b>219,629,405</b>
<b>16. Revenue</b>		
Service charges	176,992,179	154,198,624
Interest received	46,684,559	30,989,769
Commissions received	195,294	161,343
Rental income	83,677	42,280
Sale of stands/land	19,111	300,000
Other income	2,388,074	1,482,550
Property rates	141,209,467	134,800,237
Interest, Dividends and Rent on Land	21,300,719	19,573,060
Government grants & subsidies	599,073,120	572,781,972
Public contributions and donations	-	3,910,239
Fines, Penalties and Forfeits	5,600,000	2,505,080
	<b>993,546,200</b>	<b>920,745,134</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	176,992,179	154,198,624
Interest received	46,684,559	30,989,769
Commissions received	195,294	161,343
Rental income	83,677	42,280
Sale of stands/land	19,111	300,000
Other income - (rollup)	2,388,074	1,482,550
	<b>226,362,894</b>	<b>187,174,546</b>

# Chapter 6

---

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

**Taxation revenue**

Property rates	141,209,487	134,800,237
Interest	21,300,719	19,573,060

**Transfer revenue**

Government grants & subsidies	599,073,120	572,781,972
Public contributions and donations	-	3,910,239
Fines, Penalties and Forfeits	5,600,000	2,505,080

<b>767,183,306</b>	<b>733,570,588</b>
--------------------	--------------------

**17. Service charges**

Sale of water	164,322,996	147,279,422
Sewerage and sanitation charges	2,664,841	2,273,943
Refuse removal	10,004,342	4,645,259

<b>176,992,179</b>	<b>154,198,624</b>
--------------------	--------------------

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>18. Interest income</b>		
Interest - Receivables	41,098,049	26,300,452
Interest -Bank	5,586,510	4,689,317
	<b>46,684,559</b>	<b>30,989,769</b>
<b>19. Other income</b>		
Clearance certificates	2,171	62,613
Drainage fees	261	417
Sale of tender documents	488,591	547,900
Valuation services	2,645	1,312
Cemetery	11,728	15,478
Town planning	133,970	106,926
Recoveries	1,126,949	175,579
Photocopies and faxes	24,990	41,818
Advertisements	25,940	306,718
Water connections	49,932	10,099
LG Seta refund	372,243	213,690
Insurance claims received	135,244	-
Licence fees	13,410	-
	<b>2,388,074</b>	<b>1,482,550</b>
<b>20. Property rates</b>		
<b>Rates received</b>		
Commercial	41,799,319	39,768,167
State	85,855,457	79,490,456
Residential	5,410,392	8,217,909
Mining	10,421,853	9,832,515
Industrial	5,876	5,435
Less: Income forgone	(2,283,430)	(2,514,245)
	<b>141,209,467</b>	<b>134,800,237</b>

Assessment rates are levied on the total value of property of which the valuation must be performed every four years in terms of the Municipal Property Rates Act. Interim valuations are processed on a monthly basis to take into account changes in individual property value due to alterations, completions, consolidations and subdivisions.

Rates are levied monthly on property owners and are payable at the end of each month. Owners are allowed to pay the 12 monthly instalments annually by 30 September each year. Interest is levied on outstanding rates amounts.

The new general valuation will be implemented on 01 July 2021.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>21. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	426,929,351	386,733,274
Expanded Public Works Grant	1,559,133	652,739
Project Management Unit Grant	3,342,535	2,338,498
Financial Management Grant	1,700,000	1,700,000
Library grant	646,402	1,673,048
Disaster relief grant	268,000	-
	<b>434,445,421</b>	<b>393,097,559</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	119,776,502	127,229,717
Water Services Infrastructure Grant	40,110,238	52,454,696
Small business enterprise grant	4,740,959	-
	<b>164,627,699</b>	<b>179,684,413</b>
	<b>599,073,120</b>	<b>572,781,972</b>
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	43,653,570	936,299
Current-year receipts	146,109,363	170,883,287
Conditions met - transferred to revenue	(119,776,502)	(127,229,717)
Roll over denied	(43,653,570)	(936,299)
	<b>26,332,861</b>	<b>43,653,570</b>
The grant was utilised to construct roads, streetlighting, water and sewerage infrastructure. Conditions still to be met - remain liabilities (see note 12).		
<b>Library Grant</b>		
Balance unspent at beginning of year	477,899	1,338,669
Current-year receipts	985,000	916,000
Conditions met - transferred to revenue	(646,402)	(1,673,048)
Roll denied	-	(103,722)
	<b>816,497</b>	<b>477,899</b>



# Chapter 6

---

Conditions still to be met - remain liabilities (see note 12).

## Department of water services and Refurbishment Grant

Balance unspent at beginning of year	15,295,304	7,827,138
Current-year receipts	55,000,000	67,750,000
Conditions met - transferred to revenue	(40,110,238)	(52,454,697)
Roll over denied	(15,295,304)	(7,827,137)
	<b>14,889,762</b>	<b>15,295,304</b>

Conditions still to be met - remain liabilities (see note 12).

## Expanded Public Works Grant

Balance unspent at beginning of year	347,260	-
Current-year receipts	1,695,000	1,000,000
Conditions met - transferred to revenue	(1,559,133)	(652,740)
Roll over denied	(347,261)	-

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>21. Government grants and subsidies (continued)</b>		
	<b>135,866</b>	<b>347,260</b>
Conditions still to be met - remain liabilities (see note 12).		
<b>Financial Management Grant</b>		
Current-year receipts	1,700,000	1,700,000
Conditions met - transferred to revenue	(1,700,000)	(1,700,000)
	-	-
Conditions still to be met - remain liabilities (see note 12).		
<b>MIG (PMU) Grant</b>		
Balance unspent at beginning of year	1,313,215	1,369,837
Current-year receipts	3,582,637	3,651,713
Conditions met - transferred to revenue	(3,342,535)	(2,338,498)
Roll over denied	(1,313,215)	(1,369,837)
	<b>240,102</b>	<b>1,313,215</b>
Conditions still to be met - remain liabilities (see note 12).		
<b>Small business enterprise grant</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	4,957,295	-
Conditions met - transferred to revenue	(4,740,959)	-
	<b>216,336</b>	-
Conditions still to be met - remain liabilities (see note 12).		
<b>Municipal disaster relief grant</b>		
Current-year receipts	268,000	-
Conditions met - transferred to revenue	(268,000)	-
	-	-
Conditions still to be met - remain liabilities (see note 12).		

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>22. Employee related costs</b>		
Basic	152,174,881	129,885,377
Bonus	9,892,414	8,877,255
Medical aid - company contributions	11,489,846	10,025,952
UIF	960,264	872,493
SDL	1,948,074	1,438,981
Leave pay provision charge	6,079,957	8,508,318
Bargaining council	64,709	62,802
Travel, motor car, accommodation, subsistence and other allowances	1,618,593	1,028,593
Overtime payments	7,759,942	10,785,527
Long-service awards	2,623,441	1,789,442
Acting allowances	821,273	1,971,132
Housing benefits and allowances	478,039	411,318
Standby allowance	2,054,179	2,601,536
Pension fund company contributions	27,217,010	23,254,825
Shift allowance	248,158	230,351
Covid 19 allowance	10,563,946	-
	<b>235,992,526</b>	<b>201,703,902</b>
<b>Remuneration of municipal manager</b>		
Annual Remuneration	1,149,782	1,211,748
Car Allowance	222,593	222,593
Performance Bonuses	100,979	93,309
Contributions to UIF, Medical and Pension Funds	188,415	51,813
Paid out	(1,661,769)	(1,579,463)
	<b>-</b>	<b>-</b>
<b>Remuneration of Acting Municipal Manager</b>		
Annual Remuneration	-	32,578
Paid out	-	(32,578)
	<b>-</b>	<b>-</b>
<b>Remuneration of Chief Financial Officer</b>		

# Chapter 6

---

Annual Remuneration	1,000,573	698,721
Car Allowance	218,000	182,000
Contributions to UIF, Medical and Pension Funds	228,929	160,562
Performance Bonus	83,493	-
Paid out	(1,528,995)	(1,019,283)

---

-	-
---	---

---

## Remuneration of the Acting Chief Financial Officer

Annual Remuneration	-	65,572
Paid out	-	(65,572)

---

-	-
---	---

---

## Remuneration of HOD community services

Annual Remuneration	1,055,573	407,371
Contributions to UIF, Medical and Pension Funds	1,898	21,044
Car allowance	240,000	-

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>22. Employee related costs (continued)</b>		
Paid out	(1,297,469)	(428,415)
	-	-
<b>Remuneration of acting HOD community services</b>		
Annual Remuneration	33,053	96,740
Paid out	(33,053)	(96,740)
	-	-
<b>Remuneration of HOD infrastructure and technical services</b>		
Annual Remuneration	504,822	1,128,730
Car Allowance	60,000	144,000
Contributions to UIF, Medical and Pension Funds	790	1,890
Leave pay out	271,494	-
Paid out	(837,106)	(1,274,620)
	-	-
<b>Remuneration of acting HOD infrastructure and technical services</b>		
Annual Remuneration	101,278	36,538
Paid out	(101,278)	(36,538)
	-	-
<b>Remuneration of HOD Economic Development</b>		
Annual Remuneration	1,085,573	-
Car Allowance	240,000	-
Contributions to UIF, Medical and Pension Funds	1,896	-
Paid Out	(1,327,469)	-
	-	-
<b>Remuneration of acting HOD corporate service</b>		
Annual Remuneration	250,202	335,930
Paid out	(250,202)	(335,930)
	-	-
<b>Remuneration of HOD planning and development</b>		

# Chapter 6

---

Annual Remuneration	848,866	-
Car Allowance	165,000	-
Contributions to UIF, Medical and Pension Funds	154,534	-
Paid out	(1,168,400)	-
	-	-

## Remuneration of acting HOD planning and development

Annual Remuneration	-	163,311
Paid out	-	(163,311)
	-	-

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>23. Remuneration of councillors</b>		
Mayor	803,630	587,471
Single Whip	421,491	403,188
Executive Committee	4,419,414	3,515,940
Speaker	416,320	453,976
Councillors	10,126,995	10,023,536 *
Councillors pension and medical aid contributions	2,878,405	2,685,461
Traveling allowance	5,194,440	5,121,049
Cell phone allowance	2,945,988	2,741,809
	<b>27,006,683</b>	<b>25,512,410</b>

#### In-kind benefits

The Mayor, Speaker, Single Whip, MPAC Chair and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor is entitled to stay at the mayoral residence owned by the Municipality. The Mayor has use of a Council owned vehicle for official duties.

The Council has complied with the provision of Section 7(3) of the Remuneration of Public Office Bearers Act, and concurrence for the implementation of the Council Resolution item number 172/05/2020 in line with the government gazette number 43246, dated 24 April 2020.

#### 24. Depreciation and amortisation

Property, plant and equipment	142,571,870	148,940,184
Intangible assets	5,215,238	12,033,736
	<b>147,787,108</b>	<b>160,973,920</b>

#### 25. Impairment of assets

<b>Impairments</b>		
Property, plant and equipment	53,229	783,485
Non current assets held for sale	2,774,832	-
The impairment loss relates to cost to sell assets that were identified by the municipality in the current year as held for sale.		
	<b>2,828,061</b>	<b>783,485</b>

# Chapter 6

---

The main classes of assets affected by impairment losses are:

Infrastructure work in progress ( high mast lights)

Transport assets held for sale

## Value in use

The value in use for the high mast lights impaired is Nil as these assets are not in use..

## Fair value less cost to sell

The fair value less cost to sell for the high mast lights is nil because there is no active market to sell the assets.

## 26. Finance costs

Non-current borrowings	5,347,470	6,177,548
------------------------	-----------	-----------



# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>27. Debt impairment</b>		
Bakwena Systems	1,221,711	1,221,711
Consumer Debtors	188,869,106	294,129,384
Traffic Fines	5,412,891	2,081,081
Bad debts written off	5,532,414	-
	<b>201,036,122</b>	<b>297,432,176</b>
<b>28. Bulk purchases</b>		
Water	106,261,836	98,807,858
<b>Water losses</b>		
Units purchased	15,998,115	15,724,679
Units sold	(12,823,818)	(12,945,861)
<b>Total loss</b>	<b>3,174,297</b>	<b>2,778,818</b>
Value of loss	23,295,165	18,186,510
Percentage Loss	20 %	18 %
<b>29. Contracted services</b>		
Business and Advisory	21,131,836	5,729,548
Call Centre	6,537,522	5,062,373
Cleaning Services	11,470	271,157
Insurance	-	482,243
Community development	77,809	1,600,994
Refuse Removal	21,152,233	21,168,867
Security Services	22,490,495	20,839,717
Sewerage Services	53,633,002	61,457,674
Transport Services	1,837,230	6,745
Water Tankers	-	7,194,135
	<b>126,871,597</b>	<b>123,813,453</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>30. General expenses</b>		
Audit fees	4,579,808	3,430,412
Advertising	417,187	901,871
Bank charges	265,715	516,388
Cleaning	-	403,962
Consulting and professional fees	1,840,633	12,309,258
Consumables	1,574,500	4,527,768
Catering services	872,800	3,098,440
Entertainment	327,477	226,820
Fines and penalties	329,464	-
Hire	1,818,785	3,392,817
Insurance	1,583,136	1,583,808
Community development and training	5,609,307	7,569,359
Conferences and seminars	10,261	-
Motor vehicle expenses	98,250	474,048
Fuel and oil	10,240,453	14,628,088
Postage and courier	7,823	4,983
Printing and stationery	-	257
Software expenses	897,626	548,743
Staff welfare	4,051,441	1,187,381
Subscriptions and membership fees	2,485,887	2,570,904
Telephone and fax	13,398,438	13,571,238
Training	863,799	6,497,238
Travel - local	1,758,404	4,918,887
Rural sanitation	7,065,068	12,311,171
Electricity	24,541,752	11,539,199
Uniforms	903,111	662,301
Chemicals	3,500,269	2,535,451
	<b>89,041,394</b>	<b>109,406,788</b>
<b>31. Repairs and maintenance</b>		
Buildings	4,238,985	21,771,736
Motor vehicles	7,292,651	5,208,959
Infrastructure	31,978,511	29,653,572
Computer equipment	-	66,712
	<b>43,510,147</b>	<b>56,700,979</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>32. Cash generated from operations</b>		
Deficit	(597,542)	(165,883,936)
<b>Adjustments for:</b>		
Depreciation and amortisation	147,787,108	160,973,920
Gain on sale of assets and liabilities	6,704,291	3,218,660
Donations	-	(3,910,239)
Inventory write off	53,282	47,370
Fair value adjustments	-	(2,515)
Impairment deficit	2,828,061	783,485
Debt impairment	201,036,122	297,432,176
Movements in provisions	3,417,619	(9,508,704)
<b>Changes in working capital:</b>		
Inventories	1,920,188	(2,923,715)
Receivables from exchange transactions	-	(601)
Consumer debtors	(249,916,436)	(191,011,833)
Other receivables from non-exchange transactions	(5,320,085)	(2,997,294)
Payables from exchange transactions	27,279,848	33,451,455
VAT	16,597,723	36,858,404
Unspent conditional grants and receipts	(18,455,824)	49,615,305
	<b>133,334,355</b>	<b>206,141,938</b>

### 33. Non current assets held for sale

Management took a decision to dispose a fleet of transport assets.

#### Description of the asset(s), group of assets and liabilities or, component

##### Motor vehicles and accessories

Carrying values of the assets	5,110,365	-
Impairment loss	(2,774,832)	-
	<b>2,335,533</b>	<b>-</b>

#### Carrying values

Carrying values of the assets	2,335,533	-
-------------------------------	-----------	---

#### Facts and circumstances of the disposal

Management took a decision to dispose the transport assets as these assets had become expensive to maintain, the mileage of the assets was very high and the physical condition of these assets had deteriorated.

# Chapter 6

---

## 34. Financial instruments disclosure

### Categories of financial instruments

2020

#### Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	-	-
Other receivables from non-exchange transactions	-	4,230,725	4,230,725
Consumer debtors	-	66,738,120	66,738,120
Cash and cash equivalents	48,779,535	-	48,779,535
	<b>48,779,535</b>	<b>70,968,845</b>	<b>119,748,380</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>34. Financial instruments disclosure (continued)</b>		
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Other financial liabilities	(35,987,889)	(35,987,889)
Trade and other payables from exchange transactions	(150,076,060)	(150,076,060)
	<b>(186,063,949)</b>	<b>(186,063,949)</b>
<b>2019</b>		
<b>Financial assets</b>		
	<b>At amortised cost</b>	<b>Total</b>
Trade and other receivables from exchange transactions	1,221,711	1,221,711
Other receivables from non-exchange transactions	4,323,531	4,323,531
Consumer debtors	28,187,103	28,187,103
Cash and cash equivalents	64,693,149	64,693,149
	<b>98,425,494</b>	<b>98,425,494</b>
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Other financial liabilities	(43,829,903)	(43,829,903)
Trade and other payables from exchange transactions	(138,888,041)	(138,888,041)
	<b>(182,717,944)</b>	<b>(182,717,944)</b>
<b>35. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	131,055,664	90,353,095 *
<b>Total capital commitments</b>		
Already contracted for but not provided for	131,055,664	90,353,095
<b>Authorised operational expenditure</b>		
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	131,055,664	90,353,095

This committed expenditure relates to infrastructure projects and will be financed by grants from national Treasury.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>36. Contingencies</b>		
<b>Claims against the Municipality</b>		
Fencecor Construction	2,842,111	2,842,111
Van Heerden Construction	1,078,782	1,078,782
Mogaki Civils	470,428	-
Rakidi	74,715	74,715
Claim for Death-Konopi	9,400,000	9,400,000
Mafoko Brothers	319,919	536,958
Ramathunya/Seeletso JV	106,932	-
Vick Pule Construction	1,146,004	-
Mr. P.N. Makganya	34,764	-
Vega Turnkey Projects	141,641	-
Sitona Mining	-	463,525
Casper Jacobs Construction	-	968,621
Department of Local Government and Human Settlements	32,591,311	32,591,311
MTN	90,484	-
Enigma chartered Accountants	5,211,874	-
	<b>53,508,963</b>	<b>47,956,023</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

#### 36. Contingencies (continued)

##### Fencecor Construction

Fencecor Construction was a sub-contractor for construction of the new Mogwase Waste Disposal Site. Fencecor is suing the Municipality for payment of R 2 842 111 which flows from a cession/direct payment agreement between the main contractor, Fencecor and the Municipality.

The Municipality is defending the matter since maximum amount of cession has already been paid and exceeded. The case is currently in Court and we are awaiting finalisation and verdict. It is unlikely that Municipality will incur any further costs.

##### Van Heerden Construction

Van Heerden Construction is a sub-contractor of Lefika La Thaba, a contractor that was appointed by the Municipality. Van Heerden is claiming R 1 078 782. Van Heerden obtained a Court order and Writ of execution against Lefika La Thaba, Dr. Mokgothu, the owner of Lefika La Thaba as well as the Municipality.

It was established that the Municipality has an amount of R 833 000 left on the project. The amount was paid over to the trust account of Sakkie Smith Attorneys for safekeeping pending finalisation of the matter. The case is handled by Sakkie Smith Attorneys in Mogwase and is still in progress.

##### Mogaki Civils

Flowing from the Van Heerden case above, a further claim was received from Mogaki Civils for an amount of R 470 426.30. This is a legitimate claim since the Municipality entered into a cession agreement to this amount with Lefika La Thaba and Mogaki Civils. They were informed of the situation and have not taken any action. Municipality has filed all necessary papers but no correspondence in last two years. Van Heerden (Dominus Litis) needs to make the next move. The Municipality will incur costs after the exact amounts due to the following parties had been established. Still in progress. The case is handled by Sakkie Smith Attorneys in Mogwase.

##### Rakidi

Claim for R 74 715.00 for written-off taxi allegedly caused by municipality's driver Mr. Boqo. Insurance needs blood test results before paying out but SAPS not willing to release blood test results until case is finalised. Sheriff attached one municipal vehicle but not yet removed. Municipality defending on basis that employee (Boqo) performed a delictual act, in defiance of an express instruction and outside the course and scope of his employment and therefore not vicariously liable. Court ruled in Municipality's favour and the matter has hopefully been concluded. No further expenses is expected to be incurred by the Municipality. Case is handled by Pretorius Attorney

##### Claim for death-Konopi & Tsatsimpe

Claim for R 9.4 Million (4.7 Million x 2 children) for death of breadwinner on road between Sun City and Mabeskraal. Municipality is the second defendant and the Department of Public Works the first defendant. Municipality is defending the case based on fact the municipality is not responsible for maintenance of the road and therefore not liable for death. The case is still in progress and is handled by Pretorius Attorneys.

##### Mafoko Brothers

Received letter of demand, related Tender 004/MKLM/2015/2016. The letter of demand states a claim amount, as at 12 November 2018, for R 319 919.34. Municipality defended on basis that claim is for unauthorised work done and that the consultant should be held responsible for payment. Consultant was however liquidated. Mafoko Brothers instituted legal action and obtained cost order against municipality. LM Pretorius Attorneys is defending the case.

# Chapter 6

---

## Ramathunya/Seeletso JV

Claim for R 343 585.70 on Tender 019/MKLM/2013/2014(A&B). Matter defended stating that MKLM only owing R 236 653.55 plus VAT at 14%. Municipality only paid the amount of R 236 653.55 since the JV does not exist anymore. MKLM requested the attorneys to submit an invoice for the VAT amount but they turned out to be non-compliant in terms of tax matters. The MKLM can therefore not pay over the VAT since it will not be in a position to claim it back from SARS. The attorneys of the JV has since lodged a claim for the VAT amount which has been placed in dispute and is defended.

## Vick Pule Construction

Claim for R 1 146 003.85 from Vick Pule Construction, being unpaid retention monies and additional repairs done, on Tender 001/MKLM/2015/2016. Currently under investigation. No legal action instituted yet..

## Mr. I.M. Mokoena

Claim for compensation for injuries sustained due to pothole on road R556 Sun City Road. No amount stated yet as it is still being determined by experts. The case is handled by Shuping Attorneys in Rustenburg.

## Mr. P.N. Makganya



# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

#### 36. Contingencies (continued)

Claim by Mr. Makganya for damages sustained due to alleged accident with municipal employee, Mr. Z. Mooketsi, to the amount of R 34 763.73. Sheriff with execution order at Moses Kotane municipal offices – attached assets but not removed. Case defended on basis that last correspondence was received in 2016 and no notices were since delivered to the execution debtors, MKLM and Mooketsi. The case is handled by Sakkie Smith Attorneys in Rustenburg.

#### Vega Turnkey Projects

Claim by Vega for R 141 640.79 on Tender 025/MKLM/2011/2012, High Mast Lighting Tlokeng. Letter of demand received. Case still being investigated.

#### Sitona Mining

Sitona Mining is a sub-contractor of Lefika La Thaba, a contractor that was appointed by the Municipality. Sitona is claiming an amount of R 463 525 plus interest and costs because they alleged that the Municipality did not honour the direct payment agreement signed between all the parties. The Municipality is defending the claim based on the fact that Sitona never submitted an invoice for payment in terms of the direct payment agreement. In the current year the possibility of outflow of resources has been considered to be remote because there were no movement on the case for the last 3 years.

#### Casper Jacobs Construction

The contractor is claiming R 988 621 on three different projects from the Municipality. The Municipality is of the view that the claims have prescribed and entered a plea to this effect. The case is handled by Sakkie Smith Attorneys in Mogwase and is still in progress. In the current year the possibility of outflow of resources has been considered to be remote because there were no movement on the case for the last 3 years.

#### Mafoko Brothers

Claim for R 536 957.91 on Tender 004/MKLM/2015/2016. Still investigating

#### Department of Local Government and Human Settlements

In the past the municipality received funds from the Department of Local Government and Human Settlements to be utilised for the Housing Subsidy System. Of the funds received the department has concluded that there is an unspent portion of R 32 591 311 by the municipality. The municipality is challenging this claim.

#### MTN

MTN claims an amount of R 90 484.06 for unpaid services. They allege that there was a contract which the Municipality has breached. More information has been requested. No legal action taken yet.

#### Enigma chartered Accountants

Enigma was appointed on a commission basis of 20% (All inclusive) on all monies due to the Municipality collected. After expiry of their contract they claim an amount of R 5 211 874.84 being Value Added Tax. The Municipality is defending the claim on basis of the "All inclusive" provision.

The case is handled by Setshedi, Makgale and Matlapeng Attorneys in Rustenburg.

#### Contingent assets

##### National Treasury

R 2 338 498

On 2 December 2019, the National Treasury offset an amount of R62.9 million from the municipality's 2019/20 Equitable Share. The unspent amount was in respect of the Municipal Infrastructure Grant (R47.3 million), the Water Services Infrastructure Grant (R15.3 million) and the Expanded Public Works Programme (R347 thousand) as per the 2019 pre-audited Annual Financial Statements. The MIG amount should have been R44.9 million not R47.3 million that was offset. National Treasury confirmed the error however they could not provide the municipality with the guarantee that the amount will be refunded as the refund will only be confirmed by future events which includes the performance of the municipality in the current year.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

#### 37. Related parties

##### Relationships

Councillors

For details of councillors remuneration and transactions with the municipality refer to note 23.

##### Head of Departments

Municipal Manager  
Chief Financial Officer  
Community Services  
Planning and Development  
Technical Services  
Local Economic Development

Mr M.V Letsoalo  
Mr M Mkhize  
Mr S Kotsedi  
Mr M Makgoba  
Mr T Chiloane ( contract expired in November 2019)  
Ms G.R Madikela

##### Related party transactions

The services rendered to related parties are charged at approved tariffs that were advertised to the public. The amounts outstanding are unsecured and will be settled in cash .

##### Compensation of related parties

Compensation of Key Management Personnel and Councillors is set out in notes 22 and 23 of the Annual Financial Statements.

#### 38. Change in accounting estimate

##### Property, plant and equipment

The remaining useful life (RUL) is an estimation of the amount of years that the asset will be able to safely perform its intended function. During the 2019/2020 financial year physical verification of assets occurred and part of the procedures regarding physical verification is the condition assessment of assets. The condition of an asset has a direct impact on the remaining useful life of an asset. The impact of the condition assessment performed resulted in decrease in depreciation by R 2 011 033.31.

##### Intangible assets

The useful life of the MS Office was estimated in the 2016/17 Financial Year as 3 years (36 Months). At the the beginning of the 2019/20 Financial Year Management revise the estimate from 36 months to 44 Months as the Microsoft licences will only be expire 31 December 2020. Management also add additional useful life of 2 years for the Evenus Solar Sytem, HR and Payroll System. The effect of the revision has decrease the depreciation charge for the year of R 5 494 419.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

#### 39. Prior period errors

The correction of the error(s) resulted in adjustments as follows:

##### Receivable from non exchange transactions

Receivable from non exchange transactions was overstated as a result of the errors below:

- (a) During the year the municipality noted that Housing debtors were overstated by R 8 467 594 due to mathematical error on the Housing debtors register.
- (b) It was further noted that Housing debtors were incorrectly capitalised as an asset in the previous years of which they should have been expensed because they do not meet both the definition and the recognition criteria for an asset. The effect of the correction was R 2 156 404.
- (c) The municipality also noted that Fruitless and Wasteful expenditure of R 77 114 which related to interest on late payment of Eskom account was incorrectly capitalised before investigations were finalised. The error has been subsequently corrected.

##### Property plant and equipment

Property plant and equipment was overstated due to errors and omissions on the asset registers. Correction of these errors resulted in net movement in property plant and equipment as summarised below:

- decrease in land	- R 244 028 828.
- increase in buildings	R 12 551 157
- decrease in infrastructure	- R 112 238 767
- increase in infrastructure WIP	- R 43 626 240
- increase in community assets	R 18 828 751
- increase in plant and machinery	R 5 191
- increase in furniture and fixtures	R 447 762
- increase in motor vehicles	R 2 061 194

##### Intangible assets

Intangible assets were overstated due to the errors below

- (a) During the audit of the 2018/19 financial year, we identified assets in the Intangibles Asset Register that should have been included in the GRAP 17 Fixed Asset register. The net reclassification effect is R1 172 971
- (b) During the review of the prior year Intangible asset register we noted that the GIS Development System was incorrectly recognised as an intangible asset instead of an expense. The net effect of the correction is R 9 808 000
- (c) In 2019 audit it was noted that software expenses were incorrectly recognised as intangible assets instead of recognised as an expense. The net effect of the correction was R 2 185 441.
- (d) The municipality also noted that HR and the VMS system was overstated in the prior year as these systems were not utilised. The net effect of the correction was R 16 149 386.
- (e) We further noted that the VMWare and Telephone softwares have indefinite useful lives but however they were incorrectly depreciated. The correction of the misstatement resulted in increase in intangible assets by R 6 090 553.
- (f) We also noted that the Hpearuba licences for switches was incorrectly depreciated which resulted in an increase in intangible assets by R 2 559 256.

##### Investment property

During the physical verification of investment property done in the current year, the municipality noted that an eskom substation was included in the investment property register however the municipality has no control over the substation - The correction of the error resulted in decrease in investment property by R 269 325.

# Chapter 6

---

## **Payables**

During the year it was noted that payables for the 2019 financial year were understated by R 471 263 because of expenditure that was paid in the current year but relating to prior year.

The retentions register was overstated due to errors and omissions on the register, the correction of the error resulted in a decrease in trade payables by R 1 274 267.

## **Vat**

In 2017 the debt impairment was overstated due to vat on impaired debtors that was expensed. The correction of the error resulted in increase in vat by R 10 687 572. In addition vat was understated due to errors on the retentions register the net effect of the correction resulted in an increase in vat receivable by R 163 338.

## **Interest Received**

During the year we noted that revenue from exchange transactions was overstated by R 19 573 060, due to interest from non exchange transactions that was incorrectly disclosed as revenue from exchange transactions. The restatement resulted in increase in revenue from non exchange and decrease in revenue from exchange transactions by R 19 573 060.

## **General Expenses**

(a) During the year it was noted that ward committees were incorrectly presented on the face of the financial statements. The expenditure relating to ward committees was reclassified to general expenses. The correction resulted in an increase in general expenses of R 4 498 089.

(b) In the prior year general expenses were understated by R 471 263 because of expenditure that was paid in the current year but relating to prior year.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>39. Prior period errors (continued)</b>		
(c) It was further noted that expenditure relating to VIP toilets that should have been expensed in the prior year was incorrectly capitalised as an asset, the net effect of the correction was R 7 677 671.		
(d) The general expenses note ( Note 29) was incorrect in the previous year as some of the expenses were incorrectly classified per the note. Refer below for the detailed reclassification of these expenses.		
<b><u>Depreciation</u></b>		
Depreciation for 2018/2019 financial year was understated by R 1 159 560 due to errors and omissions on the fixed asset registers.		
<b><u>Gain (loss) on disposal of assets and liabilities</u></b>		
(a) Gains (loss) on disposal of assets were understated by R 3 858 133 due to errors and omissions on the asset register.		
(b) An impairment loss of R 785 607 relating to prior year has been reclassified to impairment losses.		
<b><u>Impairment loss</u></b>		
(a) An impairment loss of R 785 607 relating to prior year has been reclassified to impairment losses from gains (loss) on disposal of assets and liabilities.		
(b) In addition impairment losses in the prior year was overstated by R 2 122 due to errors and omissions on the asset register.		
<b><u>Statement of cashflow</u></b>		
In the prior year investing activities were overstated R 7 677 851 and operating activities were understated by R 7 677 851 as a result of VIP toilets that were recognised as an asset in the prior year instead of being expensed.		
<b><u>Related party transactions</u></b>		
Related party transactions were understated by R 5 931 129, due to omissions on the related party register.		

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand 2020 2019

#### 40. Prior period errors and reclassifications

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

##### Statement of financial position

2019

	Note	As previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
<b>Assets</b>						
<b>Non Current Assets</b>						
Investment property		155,209,867	(269,325)	-	-	154,940,542
Property, plant and equipment		3,298,663,154	(367,172,756)	-	1,172,971	2,932,663,369
Intangible assets		39,779,740	(19,493,018)	-	(1,172,971)	19,113,751
Heritage assets		14,000	-	-	-	14,000
<b>Current Assets</b>						
Inventories		11,724,948	-	-	-	11,724,948
Receivable from exchange transactions		1,221,711	-	-	-	1,221,711
Receivable from non exchange transactions		15,024,843	(10,701,112)	-	-	4,323,531
Vat Receivable		6,672,804	10,524,234	(697,217)	-	16,499,821
Consumer debtors		28,187,102	-	-	-	28,187,102
Cash and cash equivalents		64,693,148	-	-	-	64,693,148
<b>Liabilities</b>						
<b>Non Current Liabilities</b>						
Other financial Liabilities		(31,322,416)	-	-	-	(31,322,416)
Provisions		(30,917,921)	-	-	-	(30,917,921)
<b>Current Liabilities</b>						
Other financial liabilities		(12,507,487)	-	-	-	(12,507,487)
Payables from exchange transactions		(226,235,959)	803,004	5,803,550	-	(219,629,405)
Unspent conditional grants		(61,087,248)	-	-	-	(61,087,248)
Provisions		(2,427,950)	-	-	-	(2,427,950)
Accumulated Surplus		(3,256,692,136)	386,308,973	(5,106,333)	-	(2,875,489,496)
		-	-	-	-	-

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019				
40. Prior period errors and reclassifications (continued)						
Statement of financial performance						
2019						
	Note	As previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges		154,198,824	-	-	-	154,198,824
Interest received		50,562,829	-	-	(19,573,080)	30,989,769
Commission received		161,343	-	-	-	161,343
Rental income		42,280	-	-	-	42,280
Sale of stands/land		300,000	-	-	-	300,000
Other Income		1,482,551	-	-	-	1,482,551
<b>Revenue from non-exchange</b>						
Property Rates		134,800,237	-	-	-	134,800,237
Interest received		-	-	-	19,573,080	19,573,080
Government grants		572,781,972	-	-	-	572,781,972
Public donations		3,910,239	-	-	-	3,910,239
Fines		2,505,080	-	-	-	2,505,080
<b>Expenditure</b>						
Employee related cost		(201,703,902)	-	-	-	(201,703,902)
Remuneration of councillors		(25,512,410)	-	-	-	(25,512,410)
Depreciation		(159,814,360)	(1,159,580)	-	-	(160,973,920)
Finance cost		(8,177,546)	-	-	-	(8,177,546)
Lease rentals on operating lease		(2,053,038)	-	-	-	(2,053,038)
Debt impairment		(297,432,176)	-	-	-	(297,432,176)
Repairs and maintenance		(56,700,979)	-	-	-	(56,700,979)
Bulk purchases		(98,807,858)	-	-	-	(98,807,858)
Contracted services		(123,813,453)	-	-	-	(123,813,453)
Ward committees		(4,498,089)	-	-	4,498,089	-
General expenses		(96,759,764)	(8,148,934)	-	(4,498,089)	(109,406,787)
Loss on disposal of assets		(1,483,413)	(3,858,987)	1,338,133	785,607	(3,218,660)
Fair value adjustment		2,515	-	-	-	2,515
Inventory losses		(47,370)	-	-	-	(47,370)
Impairment loss		-	2,122	-	(785,607)	(783,485)
<b>Surplus (deficit) for the year</b>		<b>(154,056,708)</b>	<b>(13,165,359)</b>	<b>1,338,133</b>	<b>-</b>	<b>(165,883,934)</b>

# Chapter 6

---

## Cash flow statement

2019

	Note	As previously reported	Correction of error	Re-classification	Restated
Net cash flow from operating activities		213,819,810	-	(7,677,851)	206,141,759
Net cash flow from investing activities		(152,685,538)	-	7,677,851	(145,007,687)
Net cash flow from financing activities		(3,650,542)	-	-	(3,650,542)
		<b>57,483,530</b>	<b>-</b>	<b>-</b>	<b>57,483,530</b>



# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019			
40. Prior period errors and reclassifications (continued)					
2020					
	Note	As previously reported	Correction of error	Re-classification	Restated
General expenses					
Audit fees		3,430,412	-	-	3,430,412
Advertising		5,739,965	-	(4,838,094)	901,871
Bank charges		516,386	-	-	516,386
Cleaning		403,962	-	-	403,962
Consulting and professional fees		14,481,272	6,448	(2,178,464)	12,309,256
Consumables		4,561,145	-	(33,377)	4,527,768
Catering services		3,085,940	12,500	-	3,098,440
Entertainment		3,047,681	-	(2,820,861)	226,820
Insurance		1,583,808	-	-	1,583,808
Hire		-	-	3,392,817	3,392,817
Community development and training		1,215,760	-	6,353,599	7,569,359
Motor vehicle expenses		977,095	-	(503,047)	474,048
Fuel and oil		14,626,088	-	-	14,626,088
Postage and courier		4,983	-	257	5,240
Printing and stationery		1,507,771	-	(1,507,771)	-
Software expenses		422,651	-	126,092	548,743
Staff welfare		187,381	-	1,000,000	1,187,381
Subscriptions and membership fees		2,926,608	-	(355,704)	2,570,904
Telephone and fax		13,571,238	-	-	13,571,238
Training		125,846	-	6,371,392	6,497,238
Travel and accomodation		4,662,912	250,075	3,900	4,916,887
Electricity		11,539,199	-	-	11,539,199
Rural Sanitation		-	7,677,671	4,633,500	12,311,171
Uniforms		662,301	-	-	662,301
Leamerships and internships		4,192,928	-	(4,192,928)	-
Supply of indigent services		1,000,000	-	(1,000,000)	-
Chemicals		2,286,432	202,239	46,780	2,535,451
		96,759,764	8,148,933	4,498,091	109,406,788

#### Restatements to the notes to the financial statements

##### Contingent liabilities

In the prior year contingent liabilities were overstated by R 18 000 000, due to the claim by North West Development Corporation. The municipality is of the view that the chances of settling the claim are remote because the municipality is not liable for the infrastructure development effected by NWDC. Therefore the claim does not meet the definition of a contingent liability because the possibility of an outflow of economic resources is remote.

##### Irregular expenditure

As previously reported	532,469,514	-
Correction of error	478,632,577	-
<b>Restated opening balance</b>	<b>1,011,102,091</b>	<b>-</b>

Irregular expenditure was understated in the prior year due to errors and omissions on the irregular expenditure register. Correction of these errors resulted in an increase in irregular expenditure by R 478 632 577.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>40. Prior period errors and reclassifications (continued)</b>		
<b>Fruitless and wasteful expenditure</b>		
As previously reported	10,448,371	-
Correction of error	1,435,267	-
<b>Restated opening balance</b>	<b>11,881,638</b>	<b>-</b>

Fruitless and wasteful expenditure was understated in the prior year due to errors and omissions on the register. Correction of these errors resulted in an increase in fruitless and wasteful expenditure by R 1 435 267.

#### Unauthorised expenditure

Opening balance	380,641,028	-
Correction of error	28,282,459	-
<b>Restated opening balance</b>	<b>408,923,487</b>	<b>-</b>

Unauthorised expenditure was understated in the prior year by R 28 282 459 due to errors and omissions on the unauthorised expenditure calculation.

#### Change in accounting policy

##### Retentions

The Municipality changed the accounting for retentions to write off all retentions that are older than 3 years from the date the defect liability ends. This resulted in net decrease in payables from exchange transactions of R 5 803 550, net decrease in Vat of R 607 217 and a net decrease in losses on disposal of assets and liabilities of R 1 338 133.

##### Commitments

The accounting policy for commitments was changed in the current year financial year to only disclosed capital commitments. The change resulted in the net decrease of R329 312 581 in commitments.

#### Commitments

	As previously reported	Correction of error	Change in accounting policy	Restated amount
Commitments	482,371,042	(62,705,326)	(329,312,581)	90,353,095

#### 41. 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.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

#### 41. Risk management (continued)

##### Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

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

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..

##### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of receivables from exchange transactions, receivables from none exchange transactions, VAT receivable, prepayments, consumer debtors and cash and cash equivalents.

The Municipality manages credit risk in its borrowing and investment activities by dealing with well established financial institutions of high credit standing, and by spreading its exposure over a range of institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the Municipality's credit control and debt collection policy. The Municipality's credit exposure is spread over a large number and a wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad debts and allowance for doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies and the consumer debtors note in the financial statements.

The municipality does not have any credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings. The carrying amount of financial assets recorded in the annual financial statements, which is net of impairment losses, represents the municipality's maximum exposure to the credit risk with out taking into account the value of any collateral obtained.

Financial instruments relating to credit risks were not quantified in the credit risks note disclosed in the prior year.

# Chapter 6

---

## **Market risk**

### **Interest rate risk**

Interest rate risk is defined as that fair value of future cashflows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents investments, and loan payables. The municipality is not exposed to interest rate risk on these financial instruments as the rates applicable are fixed interest rates.

Potential concentration of interest rate risk consist mainly of variable rate deposit investments, long term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counter party exposures from its money market investment operations by only dealing with well established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

#### 42. Going concern

We draw your attention to the fact that although the municipality reported a deficit of R 597 542 for the year ended 30 June, 2020, the municipality had accumulated surplus of R 2 874 891 950 and that the municipality's total assets exceed its liabilities by R 2 874 891 945. However current liabilities exceeds current assets by R 157 226 238.

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 municipality is experiencing cashflow challenges as a result of low debtors collection rate which has an impact on the municipality's ability to pay creditors timeously. This results in material uncertainty for the municipality to continue as going concern as it has to rely on grants from national government in order to meet the working capital, however ability of the municipality to continue as a going concern is dependent on a number of factors not just the financial factors. The municipality is a service delivery vehicle of government and there has not been any indication from National Government to discontinue the operation of the municipality and the medium term revenue and expenditure framework has made allocations to the municipality. The most significant of these is that the accounting officer will continue to procure funding for the ongoing operations of the municipality.

#### 43. Unauthorised expenditure

Opening balance as previously reported	380,641,028	353,908,100
Correction of prior period error	28,282,459	-
<b>Opening balance as restated</b>	<b>408,923,487</b>	<b>353,908,100</b>
Add: Expenditure identified - current	103,033,251	26,732,928
<b>Closing balance</b>	<b>511,956,738</b>	<b>380,641,028</b>

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	61,152,741	341,387,297
Cash	41,880,510	67,536,190
	<b>103,033,251</b>	<b>408,923,487</b>

# Chapter 6

## Analysed as follows: non-cash

Employee related cost (leave provision)	-	326,077
Depreciation and amortisation	15,053,221	58,412,502
Loss on disposal of property, plant and equipment	6,704,292	6,398
Provision of impairment	39,083,070	282,594,952
Loss on inventory write off	-	47,370
Provision for long service awards	312,158	-
	<b>61,152,741</b>	<b>341,387,297</b>

## Analysed as follows: cash

Computer software and licenses	7,064,885	21,669,018
Cell and telephone cost	3,143,829	201,225
Fuel and oil	2,993,697	7,838,695
Sanitation VIP toilets	2,039,972	8,085,015
Sanitation: Repair and maintenance of property, plant and equipment	-	11,532,129
Bulk purchase water	19,617,389	8,663,926
Electricity consumption Eskom	-	3,244,974
Water: Repairs and maintenance of property, plant and equipment	-	6,301,208
Audit fees	1,579,808	-
Refuse removal contract	2,352,234	-
Security services	3,088,696	-
	<b>41,880,510</b>	<b>67,536,190</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand

#### 43. Unauthorised expenditure (continued)

##### Unauthorised expenditure: Budget overspending – per municipal department

Municipal Council	-	328,077
Municipal Manager	1,891,966	-
Budget and Treasury Office	-	118,148,837
Corporate Services	10,728,770	35,801,109
Community Services	24,304,432	32,020,525
Technical and Infrastructure	66,108,083	222,628,939
	<b>103,033,251</b>	<b>408,923,487</b>

#### 44. Fruitless and wasteful expenditure

Opening balance as previously reported	10,446,371	9,774,358
Correction of prior period error	1,435,267	-
<b>Opening balance as restated</b>	<b>11,881,638</b>	<b>9,774,358</b>
Add: Expenditure identified - current	1,273,493	672,013
<b>Closing balance</b>	<b>13,155,131</b>	<b>10,446,371</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

#### 44. Fruitless and wasteful expenditure (continued)

##### Details of fruitless and wasteful expenditure

Interest on overdue accounts	11,201,158
Construction expenditure	385,825
Fines	20,000
Reversal of recoverable amount	1,218,685
Penalties	329,463
	<u>13,155,131</u>

In addition the municipality incurred interest as a result of late payments on Magalies Water, Telkom and Eskom accounts. Construction expenditure relates to expenditure incurred on the construction of a Hall in an area reserved for mining expansion during 2014/15 financial year. Fruitless and wasteful expenditure was reported to Council and referred to MPAC for further investigation.



# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>45. Irregular expenditure</b>		
Opening balance as previously reported	532,489,514	467,822,417
Correction of prior period errors	478,632,577	-
<b>Opening balance as restated</b>	<b>1,011,102,091</b>	<b>467,822,417</b>
Add: Irregular Expenditure - current year	145,727,962	64,647,097
Less: Amount written off - current	(28,218,910)	-
<b>Closing balance</b>	<b>1,128,611,143</b>	<b>532,469,514</b>

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

	Details of irregular expenditure-current year	
Competitive bidding process not followed	84,957,484	4,676,149
Three written quotations not invited	1,654,456	6,718,557
Declaration of interest not submitted		54,693
Tax clearances not obtained	38,331	875,518
Regulation 32 appointments	30,103,270	35,657,710
SCM processes not followed	4,818,800	4,711,090
Deviations	24,155,620	11,953,380
	<b>145,727,961</b>	<b>64,647,097</b>

#### Cases under investigation

Irregular expenditure was reported to Council and has resolved on referring the expenditure to MPAC for further investigations, investigations for other causes of irregular expenditure are in progress.

#### Amounts written-off

After the MPAC investigations, the municipal council adopted the MPAC recommendation to write-off an amount of R 28,218,910 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>46. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government-SALGA</b>		
Current year subscription / fee	2,319,960	2,203,311
Amount paid - current year	(2,319,960)	(2,203,311)
	-	-
<b>Audit fees</b>		
Current year	4,579,808	3,430,412
Amount paid - current year	(4,579,808)	(3,430,412)
	-	-
<b>PAYE and UIF</b>		
Current year	36,204,152	23,607,551
Amount paid - current year	(27,966,107)	(23,607,551)
	8,238,045	-
<b>Pension and Medical Aid Deductions</b>		
Current year	38,653,300	33,280,777
Amount paid - current year	(38,653,300)	(33,280,777)
	-	-
<b>VAT</b>		
VAT receivable	16,865,996	16,499,821

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

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand 2020 2019

#### 46. 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 June 30, 2020:

June 30, 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor D Chaka	735	11,626	12,361
Councillor D.S Kodongo	133	12,523	12,656
Councillor J.E.D Ditshwene	206	4,325	4,531
Councillor L Kapari	181	3,036	3,217
Councillor G Kgarimetsa	1,243	26,114	27,357
Councillor L.M Mmolawa	2,017	53,405	55,422
Councillor R.P Motlhaga	201	4,491	4,692
Councillor C.N Motshabi	1,038	10,698	11,736
Councillor M.S Mabitsela	1,328	21,938	23,266
Councillor M Nkotswe	1,469	13,463	14,932
Councillor A Nquthula	1,245	8,767	10,012
Councillor D.H Radiokana	201	4,497	4,698
Councillor R.J Manganye	1,146	19,394	20,540
Councillor J.M Segale	1,279	13,083	14,362
Councillor P Thoboke	16,818	17,108	33,926
Councillor A Letswamotse	9	952	961
	<b>29,249</b>	<b>225,420</b>	<b>254,669</b>

June 30, 2019	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor D Chaka	5,782	3,734	9,516
Councillor D.S Kodongo	129	12,554	12,683
Councillor J.E.D Ditshwene	182	3,541	3,723
Councillor L Kapari	158	2,352	2,510
Councillor G Kgarimetsa	16,898	3,734	20,632
Councillor L.M Mmolawa	43,787	3,734	47,521
Councillor R.P Motlhaga	178	3,727	3,905
Councillor C.N Motshabi	891	6,091	7,582
Councillor M.S Mabitsela	14,382	3,654	18,036
Councillor M Nkotswe	1,256	7,756	9,012
Councillor A Nquthula	4,187	3,734	7,921
Councillor D.H Radiokana	178	3,734	3,912
Councillor R.J Manganye	1,000	14,951	15,951
Councillor J.M Segale	4,163	11,356	15,519
Councillor P Thoboke	18,921	3,734	22,655
	<b>112,092</b>	<b>88,986</b>	<b>201,078</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand 2020 2019

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

##### Purchase from persons in service of the state

The municipality made the following payments to companies/persons in the service of the state:

Supplier Name	Related person	Organ of the State	Capacity at Municipality	Relationship	2020	2019
Oarabile Projects Pty Ltd	M.I Ramasodi	National Trade and Industry	Supplier	State employee	29,940	28,684
White Leopard Trading	B.R Makola	Department of Education	Supplier	State employee	518,274	1,712,343
Genplay Broadcast Media	Kefiwe Motloba	Transnet Group	Supplier	State employee	66,948	35,270
GijimaHoldings Pty Ltd	Ashwin Hirjee Trimjee	The Kwazulu Natal Royal Household Trust	Supplier	State employee	27,800	41,700
Majakathata Catering (SA) Pty Ltd		GP: Community Safety	Supplier	State employee	-	20,800
Raps Photography and project CC	Rapula Joel Mancai	South African Broadcast Corporation	Supplier	State employee	-	139,983
Sir Max Consulting Pty Ltd	Ndileleni Joseph Max	South African Broadcasting Corporation	Supplier	State employee	-	20,000
Barloworld	Nomavuso Patricia	Transnet Group	Supplier	State employee	-	33,298
Betram Pty Ltd	Mnxasana HT Maluleka	Public Investment Corporation Limited	Supplier	State employee	-	3,758,200
Sorona Concepts	G.I Aphiri		Councillor	Business associates	-	1,950
Mo Kasi Creations and Media Pty Ltd	M.S Magoro	Moses Kotane Local Municipality	Building Inspector	Business associates	48,860	55,612
Keletsabotselo Solutions Pty Ltd	P Nqothula	Moses Kotane Local Municipality	Councillor	Business associates	9,080	42,260

# Chapter 6

Malebogo Trading and Projects Pty Ltd	S.T Tladi	Moses Kotane Local Municipality	Councillor	Business associates	15,000	10,000
Bathihale Consulting	B. Molefe	Moses Kotane Local Municipality	Head of Unit- Internal Audit	Spouse	-	613,201
Phepo Ntle Consultancy and Projects	L. Lamola	Moses Kotane Local Municipality	Security Officer	Spouse	3,750	10,040
Atlegang Ma Afrika Trading and Projects Pty Ltd	T.C Mutlaneng	Moses Kotane Local Municipality	Admin Clerk Human Settlements	Business associates	-	20,989
					<b>719,652</b>	<b>6,544,330</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

#### 46. Additional disclosure in terms of Municipal Finance Management Act (continued) Incident

#### 47. Budget differences

##### Material differences between budget and actual amounts

- 47.1 The difference in the billing is due to the lockdown under covid-19, which resulted in less consumption of water by businesses.
- 47.2 The variance is due to increase in outstanding debtors than expected.
- 47.3 The difference is due to R 60 609 351 that was withheld by Treasury for underspending on conditional grants that was deducted from equitable shares.
- 47.4 More traffic fines were issued in the current year than budgeted for.
- 47.5 The amount saved on employee related cost is due to vacant positions not filled in the current year as expected as well as the late appointment of some positions.
- 47.6 The variance of 12% was due to vacancies during the current year.
- 47.7 The variance is mainly due to the restatement of property, plant and equipment.
- 47.8 The variance is due to the finance charges for the landfill site that was not budgeted for.
- 47.9 The variance of 12% is due to increase in non performing debtors mainly influenced by the lock down in the current financial year as a result Covid 19.
- 47.10 The variance is due to less maintenance done in the current year than expected because of the COVID-19 regulations.
- 47.11 The variance of 50% was due to insufficient budget and also increase in water consumption due to lockdown as more water was consumed by residential consumers.
- 47.12 The variance was due to the cost for consultants for the recovery of additional property rates, VAT, recovering of outstanding debts from debtors, computer software, security services and the removal of refuse contributes to the overspending on this item.
- 47.13 The expenditure on the following items contributes to the overspending on this item telephone and cell phone contracts R3 747 532, VIP toilets R7 015 088. The expenditure on this item is also reflected under revenue this project is funded by MIG. The purchase of fuel R3 040 452, the contribution to the Workmans Compensation Commissioner R2 651 441 and the purchase of electricity for the municipal buildings and the water boreholes in the villages.
- 47.14 The reason for the variance of 100% was due to the loss not budgeted for.
- 47.15 The reason for the variance of 100% was due to the loss not budgeted for.

# Chapter 6

## Moses Kotane Local Municipality Appendix A June 2020

### Schedule of external loans as at 30 June 2018

Loan Number	Redeemable	Balance at Sunday, June 30, 2019	House owners insurance	Redeemed written off during the period	Balance at Tuesday, June 30, 2020	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
<b>Loans</b>							
Civic centre extension 3	10202511024 01	10,97%	5,095,327	-	1,507,376	3,587,951	-
			5,095,327	-	1,507,376	3,587,951	-
<b>Development bank of South Africa</b>							
Roads & Stormwater	100840/1	11,4%	4,729,115	-	655,886	4,073,229	-
Street lighting - Sun City	100840/1	11,4%	3,834,872	-	536,634	3,298,238	-
Street Mabela A Podi	101899	10,03%	1,389,804	-	515,303	874,501	-
Water	10248/1	8,80%	13,456,001	-	2,246,607	11,209,394	-
			23,409,792	-	3,954,430	19,455,362	-
<b>INCA</b>							
Civic Centre Extension 1	6457	11,4%	5,144,807	-	1,528,885	3,615,922	-
Civic Centre Extension 2	9078	11,48%	7,433,809	-	501,620	6,932,189	-
INCA Paypoints (Community Halls)	18721	13,85%	1,755,140	-	263,877	1,491,263	-
			14,333,756	-	2,294,382	12,039,374	-
<b>Bonds</b>							
Mayoral house	8065717250	11,4%	991,029	-	85,827	905,202	-
			991,029	-	85,827	905,202	-
Total external loans			43,829,904	-	7,842,015	35,987,889	-

# Chapter 6

## Moses Kotane Local Municipality Moses Kotane Local Municipality Appendix B June 2020

### Analysis of property, plant and equipment as at 30 June 2020 Cost

#### Monthly

	Opening Balance	Prior period error	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Prior year adjustment	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Land and buildings</b>													
Land	261,712,921	(244,028,828)	-	-	-	17,684,093	-	-	-	-	-	-	17,684,093
Buildings	211,596,262	-	-	-	-	211,698,282	(87,874,496)	-	-	(7,594,021)	-	(95,688,607)	116,427,775
Community facilities	493,100,907	-	20,965,474	(23,405)	-	614,042,879	(238,303,809)	14,349	1,962	(15,591,826)	-	(263,788,324)	260,253,552
Work-in-progress: Buildings	753,272	-	-	-	-	763,272	-	-	-	-	-	-	753,272
Work in progress: Community facilities	13,243,478	-	20,542,536	-	(20,891,982)	12,864,622	-	-	-	-	-	-	12,864,622
	<b>980,808,880</b>	<b>(244,028,828)</b>	<b>41,608,010</b>	<b>(23,405)</b>	<b>(20,891,982)</b>	<b>767,331,246</b>	<b>(328,178,296)</b>	<b>14,349</b>	<b>1,962</b>	<b>(23,196,847)</b>	<b>-</b>	<b>(348,367,831)</b>	<b>407,879,414</b>
<b>Infrastructure</b>													
Roads Network Infrastructure	1,200,818,745	-	13,029,772	(12,112,589)	-	1,201,736,928	(482,782,723)	211,418	6,858,401	(47,879,411)	-	(693,682,916)	668,143,613
Storm Water Infrastructure	86,110,433	-	18,385,693	(177,130)	-	104,318,996	(39,741,117)	-	114,734	(3,119,061)	-	(42,746,444)	61,573,552
Water Supply Network Infrastructure	2,822,472,711	-	111,612,143	(3,425,952)	-	2,930,658,902	(1,527,682,259)	302,061	1,904,400	(49,932,570)	-	(1,676,408,968)	1,355,250,634
Electrical Network Infrastructure	131,615,329	-	312,080	-	-	151,927,409	(54,839,300)	-	-	(2,922,340)	-	(67,780,640)	74,156,869
Sanitation Network Infrastructure	157,138,781	-	896,422	-	-	168,035,203	(72,236,305)	-	-	(2,754,188)	-	(74,980,489)	83,044,710
Solid waste Infrastructure	35,017,562	(2,219,817)	-	-	-	32,797,746	(14,187,082)	-	-	(959,651)	-	(16,148,733)	17,651,012
Information and Communication Infrastructure	39,542,336	-	-	-	-	39,542,336	(5,872,031)	-	-	(3,582,732)	-	(9,454,763)	30,067,573
Work-in-progress : Roads Network Infrastructure	14,196,630	-	42,005,912	-	(16,108,320)	41,097,222	-	-	-	-	-	-	41,097,222
Work -in-progress: Storm Water Infrastructure	13,280,084	-	2,951,802	-	(18,231,888)	-	-	-	-	-	-	-	-
Work -in-progress: Water Supply Network Infrastructure	153,132,363	-	52,736,540	-	(98,410,007)	108,458,896	-	-	-	-	-	-	108,458,896
Work -in-progress: Electrical Network Infrastructure	23,606,206	-	13,221,936	-	-	36,828,142	-	-	-	-	(13,850,297)	(13,860,297)	22,977,846
Work -in-progress: Sanitation Network Infrastructure	5,533,888	-	6,635,049	-	(8,894,100)	3,274,837	-	-	-	-	-	-	3,274,837
Work -in-progress: Solid waste Infrastructure	1,199,007	-	-	-	(1,199,007)	-	-	-	-	-	-	-	-
	<b>4,883,864,076</b>	<b>(2,219,817)</b>	<b>281,788,349</b>	<b>(16,716,871)</b>	<b>(140,841,320)</b>	<b>4,798,876,818</b>	<b>(2,207,389,717)</b>	<b>613,479</b>	<b>8,877,636</b>	<b>(111,149,863)</b>	<b>(13,850,297)</b>	<b>(2,322,848,863)</b>	<b>2,465,728,880</b>



# Chapter 6

## Moses Kotane Local Municipality Moses Kotane Local Municipality Appendix B June 2020

### Analysis of property, plant and equipment as at 30 June 2020 Cost Monthly

	Opening Balance	Prior period error	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Prior year adjustment	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Heritage assets</b>													
Scripture	14,000	-	-	-	-	14,000	-	-	-	-	-	-	14,000
	14,000	-	-	-	-	14,000	-	-	-	-	-	-	14,000
<b>Other assets</b>													
Furniture and Fittings	16,481,664	-	130,497	(29,382)	-	16,682,779	(9,692,732)	-	25,690	(1,213,467)	(5,187)	(10,886,898)	5,697,083
Office Equipment	35,737,449	962,075	41,762	(59,449)	-	36,682,837	(24,355,291)	(514,252)	25,169	(3,144,341)	(7,258)	(27,886,833)	8,686,504
Motor vehicles	67,671,095	784,387	-	(3,062,533)	(26,086,818)	39,307,190	(44,825,753)	1,395,871	23,507,754	(4,026,725)	(40,626)	(23,888,878)	15,317,451
Plant & Equipment	6,223,737	22,004	-	(185,272)	-	6,060,469	(4,134,150)	(15,813)	163,759	(369,364)	-	(4,339,668)	1,703,501
	126,113,945	1,768,466	172,258	(3,336,838)	(26,086,818)	96,853,216	(53,907,928)	884,798	23,722,872	(8,763,897)	(53,221)	(87,227,878)	31,406,538

# Chapter 6

## Moses Kotane Local Municipality Moses Kotane Local Municipality Appendix B June 2020

### Analysis of property, plant and equipment as at 30 June 2020 Cost

	Opening Balance	Prior period error	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Prior year adjustment	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Total property plant and equipment</b>													
Land and buildings	960,806,860	(244,028,828)	41,508,010	(23,405)	(20,881,382)	767,351,246	(326,178,295)	14,348	1,962	(23,195,847)	-	(348,367,801)	407,973,414
Infrastructure	4,683,654,075	(2,219,817)	261,788,349	(15,715,671)	(140,841,820)	4,788,876,816	(2,207,339,717)	513,479	8,877,535	(111,149,953)	(13,850,297)	(2,822,948,853)	2,463,726,663
Heritage assets	14,000	-	-	-	-	14,000	-	-	-	-	-	-	14,000
Other assets	126,113,945	1,768,466	172,259	(3,335,636)	(28,086,818)	88,883,216	(83,007,926)	864,796	23,722,372	(8,753,897)	(53,221)	(87,227,878)	31,405,339
	<b>6,780,686,880</b>	<b>(244,480,179)</b>	<b>303,488,618</b>	<b>(19,074,712)</b>	<b>(187,868,621)</b>	<b>6,642,664,078</b>	<b>(2,618,626,838)</b>	<b>1,382,824</b>	<b>32,801,889</b>	<b>(143,089,887)</b>	<b>(13,803,518)</b>	<b>(2,739,634,880)</b>	<b>2,803,119,418</b>
<b>Intangible assets</b>													
Computers - software & programming	76,116,052	(22,261,489)	-	-	-	53,854,563	(36,336,312)	(6,961,029)	-	(1,396,063)	-	(44,693,404)	9,161,159
	<b>76,116,052</b>	<b>(22,261,489)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,854,563</b>	<b>(36,336,312)</b>	<b>(6,961,029)</b>	<b>-</b>	<b>(1,396,063)</b>	<b>-</b>	<b>(44,693,404)</b>	<b>9,161,159</b>
<b>Investment properties</b>													
Investment property	155,209,887	(269,325)	-	-	-	154,940,562	-	-	(106,120)	-	-	(106,120)	154,834,422
	<b>155,209,887</b>	<b>(269,325)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>154,940,562</b>	<b>-</b>	<b>-</b>	<b>(106,120)</b>	<b>-</b>	<b>-</b>	<b>(106,120)</b>	<b>154,834,422</b>

# Chapter 6

## Moses Kotane Local Municipality

### Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2020

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld	Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr				
FMS	MKLM	1,700	-	-	-	1,700	(650)	(730)	(170)	(150)	(1,700)	-	n/a
Water Infr	MKLM	11,000	27,500	16,500	-	55,000	(3,939)	(13,100)	(11,553)	(11,530)	(40,110)	(15,295)	n/a
Grant													
EPWP	MKLM	424	763	508	-	1,695	(48)	(844)	(273)	(504)	(1,559)	(347)	n/a
Library	MKLM	-	985	-	-	985	(218)	(95)	(116)	(218)	(646)	-	n/a
Equitable Share	MKLM	178,861	80,142	107,317	-	366,320	(178,861)	(80,142)	(107,317)	-	(366,320)	-	n/a
MIG	MKLM	66,506	43,355	39,831	-	149,692	(19,526)	(38,724)	(28,632)	(32,895)	(123,120)	(44,967)	n/a
Disaster Grant	MKLM	-	-	-	268	268	-	-	-	(268)	(268)	-	n/a
Small Business Grant	MKLM	1,365	3,592	-	-	4,957	(3,847)	(894)	-	-	(4,741)	-	n/a
		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
		250,856	156,337	164,156	268	580,617	(207,089)	(134,329)	(148,061)	(45,655)	(538,464)	(60,609)	

The financial figures above have been rounded to the nearest one thousand Rand (R000).

# Chapter 6

## APPENDICES

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
1	COP 1: ISS. 8	HR: Evaluation controls not in place	Employee Cost	<p>1. There are no controls for employees skills and competencies to be regularly evaluated in order to establish whether they are still relevant and adequate to carry out the municipality's objectives.</p> <p>2. The municipality has performance management policy and employees sign performance agreements but during the 2019/20 financial year the municipality did not evaluate the performance of employees and management.</p>	Management failed to place proper controls in place	Employees skills and competencies should be regularly evaluated	Skills audit report has not been implemented as yet	Finalize and implement the skills audit report through engagements we	30/06/2021	Hod: Corporate Services and PMS: Head of Unit
2	COP 2: ISS. 12	Management performance reviews were not prepared	Employee Cost	No performance reviews (by an evaluation panel) were performed for section 57 employees during the 2019/2020 financial year.	Management has not set up a functional structure to implement the process reviewing section 57 employee's performance contracts.	Management should ensure that performance reviews for Section 57 are performed as a measure against their indicator and targets set for the year.	Lack of proper internal controls	Management to implement standard operating procedures	30/06/2021	Hod: Corporate Services
3	COP 2: ISS. 13	Remuneration package as per contract does not agree to gazette remuneration	Employee Cost	During the understanding of the system for employee related costs we noted that the all-inclusive remuneration package for the (HOD: Community Services) as per his fixed term contract is not in line with the Upper Limits of Total Remuneration packages payable to and Managers directly accountable to Municipal Managers Government Gazette no. 43122, 20 March 2020	Management did not exercise oversight responsibility regarding compliance and related internal controls.	Management should ensure that the amount remuneration agrees to the legislated amount.	Non compliance to SALGA regulations	Classify the difference as irregular expenditure	30/06/2021	Hod: Corporate Services

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
4	COP2: ISS. 14	Insufficient approval for the COVID 19 Allowance payment paid out to the employees.	Employee Cost	Insufficient approval for the COVID 19 Allowance payment paid out to the employees. The allowance was not adequately budgeted for and results in unforeseen and unavailable expenditure.	Management did not obtain sufficient approval for the payment of the COVID 19 allowances	Management should obtain sufficient approval for the payment of the COVID 19 allowances	Management oversight as the situation was entirely novel	Management should draft a policy to ensure that all covid 19 processes and transactions are conducted in compliance to the regulations	30/06/2021	Hod: Corporate Services
5	COP1: ISS. 15	No ICT steering committee	IT	During the planning phase of the Audit we have identified that the municipality does not have an ICT steering committee. The committee was last active in 2017 and currently has not active members	Non-compliance with the ICT policy	Management should establish the ICT steering committee and ensure that prior the end of the term of its members, new members are selected	It is informed by the Municipal Corporate Governance for ICT and ICT policy framework which is yet to be approved by council	Speed up the process of reviewing all Corporate services policies to them approved by council	30/06/2021	Hod: Corporate Services
6	CAF3: ISS. 21	Expenditure : Current Year - Write-off.	Irregular Expenditure	During testing of the current year write-off of irregular expenditure, we noticed the following: 1. Municipal Public Accounts Committee conducted an investigation and recommended to council to write-off irregular expenditure after the financial year end as per item 24/08/2020. 2. Approval by the accounting officer/council not submitted for the item 24/08/2020.	Lack of management oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Management should ensure irregular expenditure written off is only written off on the AFS in the year the investigation is completed and presented to council for write-off as well as the year council approves the write-off.	MFMA circular 68 was incorrectly applied	Management to provide council with training on the processes to be followed prior to irregular expenditure write off	30/06/2021	CFO

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
7	CAF 3: ISS 15	Risk identification process by management not sufficient	Risk Management	<p>During testing performed on the municipality's internal controls it was noted that the risk register compiled by management is more at an overall strategic level than at a operational and departmental level as such management will not identify risk specific risks related to their the finance department and other departments that could be useful for management to be able to implement compensating controls to mitigate these risk and there by improve the overall control environment.</p> <p>As a base management have not identified and added risk areas identified from both internal audit and external audit and by so doing try put measures in place to try and mitigate and address these risks.</p>	Management's risk assessment procedures are at an overall strategic level other than at an operational level.	Management need to ensure that risk assessment procedures adopted and implemented at the municipality cover all areas of the municipality to ensure that all risks are identified appropriately addressed.	Insufficient staff compliment Inadequate training for the CRO	Get vacancies filled within the unit CRO to receive the necessary training to get capacitated.	30/06/2021	HoU:Risk management
8	CAF 6: ISS 18	Unauthorized, Irregular and fruitless & wasteful expenditure was not reported to the AG.	Irregular Expenditure	During the walkthrough process performed on fruitless and wasteful, unauthorized and irregular expenditure, it was noted that no report was submitted to the Auditor General.	Lack of oversight by management when reporting to the MPAC and the AGSA.	Management should ensure that all information relating to irregular expenditure must be reported and filed correctly.	Management oversight	Management to ensure that all legislative compliance reporting issues are adhered to	30/06/2021	CFO
9	CAF 6: ISS 16	Irregular Expenditure: Duplicate payment vouchers identified on the irregular expenditure register	Irregular Expenditure	During testing of irregular expenditure - we noted duplicate payment vouchers included in the irregular expenditure register	This is due to lack of management oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Management should ensure irregular expenditure is reviewed thoroughly to ensure the register is accurate and complete.	Inadequate review of financial statements before submission	Management should perform proper reviews of financial statements and supporting schedules to ensure accuracy of disclosure notes	30/06/2021	CFO

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
10	CAF7 ISS 61	Irregular Expenditure: Prior Period Error - Incorrect amounts included in the register	Irregular Expenditure	During testing of irregular expenditure - prior period error, we noted the following: 1. Irregular expenditure incurred is NOT recorded at the correct amount in the irregular expenditure register and ultimately in the annual financial statements. 2. As the municipality is registered for VAT, verified that the irregular expenditure was NOT disclosed exclusive of VAT.	This is due to lack of management oversight responsibility regarding financial and performance reporting and compliance and related internal controls	Management should ensure irregular expenditure in the prior period error is included at the correct amount and also exclusive of VAT to ensure the accuracy and valuation of the irregular expenditure register.	Inadequate review of financial statements before submission	Management should perform proper reviews of financial statements and supporting schedules to ensure accuracy of disclosure notes	30/06/2021	CFO
11	COP1: ISS 16	MPAC members with no relevant qualifications/experience	Compliance	Through understanding the Municipal Public Accounts Committee (MPAC) we noted that the following members do not have the necessary financial skills to fulfil the duties of MPAC: - Thomas Manganye (Chairperson) - Theresa Boikanyo (Member) - Ranko Motlhaga (Member) - Mamiki Radiokana (Member) - Neo Ruele (Member) - Karel Sedile (Member) - Solomon Tladi (Member) - Thulani Kunene (Member) - Molotsi Mosito (Member)	Members were not vetted for experience and qualifications before being appointed by council.	The Municipality should reevaluate the MPAC members	Councillors are voted into council and not selected as per the qualifications and skills criteria.	MPAC committee and officials to be afford training in order to capacitate them and improve on reports.	30/06/2021	CFO

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
12	COP 1: ISS. 7	Vacancy rate of the municipality	SCM	During the planning phase of the audit we identified that there is vacancy of key positions:  1. HOU: Supply chain Management 2. Head of strategic planning, monitoring and Development 3. HOD: Cooperate Services 4. HOD: Local Economic Development	The municipality does not have enough funds to fill in the vacancies.	Key positions should be filled.	Lack of budget	Prioritise the budget to get the vacancies filled	30/06/2021	CFO
13	COP 1: ISS. 8	Non-Approval of policies	Compliance	We noted that the following policies of the Municipality have not yet been approved by council:- Acting policy- Attendance and Punctuality policy- Leave Policy- Legal Aid Policy- Occupational, Health and Safety Policy- Overtime Policy- Policy on imprisoned employees- Recruitment Policy- Travel and Subsistence Policy- IT Security Policy- Moses Kotane Land Disposal Policy 2010- Corporate Governance ICT Policy Framework (MCGICTPF)	The policies have not been to council for approval even though there are engagements and consultations taking place for these policies.	All policies that have not yet been approved should be presented to the council for final approval.	Processes to review the corporate policies has been started and there were delays in sending them to council for approval	Speed up the process of reviewing all Corporate services policies to them approved by council	30/06/2021	Hod: Corporate Services



# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
14	CAF3: ISS.32	Consequence Management: Non-compliance to MFMA Section 32	Compliance	As per discussion with management on the 28th September 2020 we noted that for unauthorised, irregular and fruitless and wasteful expenditure incurred they have appointed MPAC committee to conduct investigations for any Unauthorised, Irregular, Fruitless and Wasteful Expenditure incurred, however no investigations were conducted by a disciplinary board for 2019/20 financial period. - Furthermore, it was noted that no telephonic records are kept for recording purposes of any fraud reported by through the fraud hotline.	This is due to lack of management oversight over controls to ensure that policies and procedures are complied with.	Management should ensure that policies and procedures are appropriately monitored and applied throughout the financial period.	MPAC transfers the cases to the disciplinary board if the committee is unable to handle the case, there have not been any cases which where necessary to transfer to the disciplinary board.	Cases would be transferred to the disciplinary board as when cases are identified where MPAC are unable to investigate.	30/06/2021	CFO
15	CAF3: ISS.34	Consequence Management: Non-compliance with Financial Misconduct.	Compliance	During the walkthrough performed on consequence management, it was noted that a disciplinary board has not been established, and no investigations have been performed by the disciplinary board.	This is due to lack of management oversight over controls to ensure that policies and procedures are complied with.	Management should ensure that policies and procedures are appropriately monitored and applied throughout the financial period.	The disciplinary board has been established and it refers to incumbent's positions and not names in particular	Cases would be transferred to the disciplinary board as when cases are identified where MPAC are unable to investigate.	30/06/2021	CFO

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
16	COP 1: ISS.2	Use of consultants	SCM	<p>Various issues were noted over management's process over the appointment and use of consultants:-</p> <ul style="list-style-type: none"> <li>• As per section 5.5 e) The municipality's SCM policy sec 35 has an "Appointment of consultants" that does not define the main purposes and objective for appointing consultants nor include measures to address over reliance on consultants.</li> <li>• As per section 5.5 f) The municipality does not have a consultancy reduction plan in place.</li> <li>• As per section 5.5 d) The municipality does not have a transfer of skill clause in the SLA for PK Financial Consultants and IPIN Technologies.</li> </ul>	Management did not update the SCM policy to include all requirement for use of consultants, as well as not including a reductions plan on the use of consultants.	Management should also ensure that skills are transferred to municipal officials when consultants are used, as well as a reduction plan in place as to not over rely on consultants.	Lack of adequate skills	Management to ensure proper transfer of skills and monthly reports regarding the process of the skills transfer.	30/06/2021	CFO

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
17	CAF 6	Asset register does not meet the requirement of the Asset policy	Intangible assets	<p>Contrary to the requirements of the MFMA, we have noted, during the testing of intangible assets, that the intangible asset register of the municipality is not maintained as per the requirements of the Assets Policy of the municipality. The register does not reflect the following as per the policy:</p> <ul style="list-style-type: none"> <li>• the location of the asset</li> <li>• the valuer who did the (last) revaluation</li> <li>• whether this is a cash or non-cash generating asset</li> <li>• whether the asset is required to perform basic municipal services;</li> </ul> <p>Furthermore through the overall inspection of the Intangible Asset Register we noted that it is not easy to read and does not enough information to actually understand what the type intangible asset is listed. The asset names are abbreviated and no Product ID/ License keys are listed to differentiate the intangible asset from each other.</p>	This is as a result of the lack of proper record keeping	<p>Management should ensure that full and proper records of the intangible assets in the asset register of the municipality are kept and that they comply with the asset policy.</p> <p>Further recommendation on the intangible asset register of items to be included in order to be able to be understood and read better:</p> <ul style="list-style-type: none"> <li>- Name of the assets should be written in full.</li> <li>- A full description of the asset as well.</li> <li>- The date of termination/expiry of each intangible asset as per agreement/contract/purchase document.</li> <li>- Product keys/License key and the year it relates to or it was updated.</li> </ul>	Lack of product knowledge by system owners and ICT unit Inadequate review of financial statements before submission	<p>Conduct an audit of all departmental software and request support from suppliers before year end. Update the SOP's to include asset requirements as part of deliverables(e.g. product key, expiration dates of licences.)</p> <p>Management should perform proper reviews of financial statements and supporting schedules to ensure accuracy of disclosure notes</p>	30/06/2021	Head of Unit: Assets

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
18	CAF 6: ISS 15	Intangible Asset: Information not received	Intangible assets	The municipality failed to submit the following information as per request for information no. 23 the municipality, contracts/ agreements relating to the following intangible assets as per asset register: - HR Payroll System - Payroll Software	As per management the contracts / agreement are from many years back and they cannot locate them.	Management should locate the purchase agreements and submit the information the auditors.	Lack of product knowledge by system owners and ICT unit Inadequate review of financial statements before submission	Conduct an audit of all departmental software and request support from suppliers before year end. Update the SOP's to include asset requirements as part of deliverables(e.g. product key, expiration dates of licences.) Management should perform proper reviews of financial statements and supporting schedules to ensure accuracy of disclosure notes	30/06/2021	Head of Unit: Assets

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
19	COP 1: ISS.4	Investment Property: Prior period error	Investment property	<p>The following asset was in substance sold in 2011 but has however been derecognised in this current year of assessment:</p> <p>Asset: Erf 922</p> <p>Component ID [SG Code] Erf PTN Area Code Registration Division / Township / Suburb / Farm Name MAP feature ID Carrying value (opening balance) Closing Carrying Balance T0JQ00970000092200013 922 13 T0JQ0097 MOGWASE UNIT 2 MOGWASE UNIT 2 106120 0</p>	The municipality's system to reconcile assets that are under the municipality's control as per the definition of an asset, as well as to ensure that the FAR is properly maintained and updated for any changes that may occur relating to: Disposals and Additions, did not detect that Erf 922 was in substance sold in 2011, which is the date that the municipality lost control over the asset, and the date in which the asset had to be derecognised as per Grap 16.	<p>1.The Municipality should regularly update its FAR for any changes that may occur.</p> <p>2.The Municipality should consider the recognition of transactions based on the substance rather than the legal form.</p> <p>3.The Municipality should perform regular asset counts and reconciliations and ensure that the counts are performed on a 100% of all of its assets.</p>	<p>1, Inadequate review of financial statements before submission 2, lack of departmental interactions 3,inadequate follow up of registration requirements as per sale agreements 4, lack of monthly reconciliation</p>	Management should perform proper reviews of financial statements and supporting schedules to ensure accuracy thereof management to create a shared drive for achieving of information for ease of access of information reconciliation to be performed between assets and planning on status of land on a monthly basis	30/06/2021	Head of Unit: Assets HoD: Planning and development Town Planner

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
20	COP 1: ISS. 10	Asset verification partially completed.	PPE	During the planning phase of the audit, we have identified that the municipality has not verified all the assets during the 2019/2020 financial year. Further noted that through Inquiry with Management we confirmed that they could not perform 100% of the inventory count in the current year due to the Covid-19 Lockdown We have inspected the HR230 report ( Age analysis per store) for the year and confirmed that there is a number of slow-moving inventories which have not moved since 2017 that management have yet to write off or impair.	This is as a result of the employees not available to open the office for the asset department to complete the verifications as a result of the Covid-19 lockdown	In instance where employees are unavailable, Management should send out a formal communication to all staff members informing them the avail themselves for the assets verifications	1, Inadequate review of financial statements before submission 2, lack of departmental interactions 3,inadequate follow up of registration requirements as per sale agreements	Management should perform proper reviews of financial statements and supporting schedules to ensure accuracy thereof management to create a shared drive for achieving of information for ease of access of information	30/06/2021	Head of Unit: Assets
21	COP 1: ISS. 11	No Movable assets reconciliation prepared	PPE	During the Planning phase of the Audit, we have identified that Management does not prepare monthly reconciliations for the movable assets	This is as a result of lack of internal control within the Municipality Impact This leads to a potential risk of completeness and valuation of movable assets	Management should prepare monthly reconciliations for movable assets	Lack of proper internal controls	Implement the standard operating procedures	30/06/2021	Head of Unit: Assets
22	CAF 6: ISS 12	Repairs and maintenance invoices not paid within 30 Days	Compliance	The following invoices were not paid within 30 days	Management did not ensure that creditors are paid timeously, leading to invoices being paid after 30 days which is non-compliance with the MFMA	Management must ensure that supplier's invoices are paid within 30 days as required by the act. To avoid exceeding the 30 days compliance, management should ensure that invoices are arranged and paid on a First-In-First-Out	Lack of proper internal controls,	Management to agree project costing with consultant prior to sign off of project	30/06/2021	CFO

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
						basis				
23	CAF 6: ISS 51	Trade payables - payments not made within 30 days of receipt of invoice	Compliance	The following invoices were not paid within 30 days of receipt of invoice	Management did not ensure that creditors are paid timeously, leading to invoices being paid after 30 days which is non-compliance of section 65(2) of the MFMA	Management must ensure that supplier's invoices are paid within 30 days as required by the MFMA.	Lack of proper internal controls,	Management to agree project costing with consultant prior to sign off of project	30/06/2021	CFO

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
24	CAF3: ISS. 19	AOPO: IDP and Budget non-compliance issues identified	PRE-DETERMINED OBJECTIVES	<p>During the understanding of the IDP and budget process the following evidence was not provided:</p> <p>(1) Evidence was not provided by the municipality to proof that within ten working days after the municipal council had approved the annual budget and the three adjustment budgets approved during the 2019/20 financial year of the municipality. The municipal manager must in accordance with section 21A of the Municipal Systems Act made public the approved annual budget and supporting documentation and the resolutions referred to in section 24 (2) (c) of the Act. Furthermore the municipal manager must also make public any other information that the municipal council considers appropriate to facilitate public awareness of the annual budget, including—</p> <p>(a) summaries of the annual budget and supporting documentation in alternate languages predominant in the community; an</p> <p>(b) information relevant to each ward in the municipality.</p> <p>(2) Evidence was not provided by the municipality to proof that within 14 days of the adoption of its integrated development plan in terms of subsection (1) or (3)—</p> <p>(a) give notice to the public -</p> <p>(i) of the adoption of the plan; and</p> <p>(ii) that copies of or extracts from the plan are available for public inspection at specified places; and</p> <p>(b) publicise a summary of the plan.</p> <p>(3) We noted that none of the officials from the district municipality participated in any of the IDP representative forum meetings for the drafting of the 2019/20 IDP did not make an input or give comments on the IDP. Furthermore inspected the minutes of the IDP representative forum meeting and the attendance register and confirmed that they didn't take part of the meetings.</p>	<p>Management did not place an advert in any newspapers to give notice to the public that the IDP, Annual budget and any of the adjusted budgets have been adopted by council. Relating to the officials from the district municipality</p> <p>Officials of the district municipality were invited however they did not attend the meetings. Impact</p>	<p>Management should ensure that they exercise their oversight responsibility regarding financial and performance reporting and compliance with related internal controls and regulations.</p>	lack of internal control	management to perform quality review processes on calculation used in asset register preparation	30/06/2021	CFO
							Municipality	APPENDICES 332		



# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
25	CAF 5: ISS 49	AOPO: Information regarding measures to improve performance	PRE-DETERMINED OBJECTIVES	The following information was not provided for audit purposes as per Request for Information no.03 [Dated 22 September 2020 due 30 September 2020]: The supporting documentation relating to the measures taken to improve performance for the following indicators was not submitted for audit:	The above-mentioned deficiency is caused by the lack of proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support non-financial reporting.	Management should ensure that all requested information is submitted within 5 (five) working days from the date of the communication as stipulated in the engagement letter.	lack of internal control	management to perform quality review processes on calculation used in asset register preparation	30/06/2021	PMS:Head of Unit
26	COP 1: ISS 6	AOPO: Non-compliance with Municipal Planning and Performance Management	PRE-DETERMINED OBJECTIVES	As per inspection of the IDP it was noted, that the IDP was adopted on the 31/05/2019 and the PMS policy for the 2019/20 financial year was adopted by council on the 29/08/2020. Therefore the PMS Policy was only adopted after the municipality had commenced with the process of setting KPIs and targets for the 2019/20 IDP.	Delay on the approval of the PMS policy	Management should ensure that the PMS policy is adopted before or the same time as the process of setting KPIs and targets for IDP is done.	lack of internal control	management to perform quality review processes on calculation used in asset register preparation	30/06/2021	PMS:Head of Unit
27	COP 1: ISS 7	AOPO: Municipality's 2019/20 risk register/risk assessment report was adopted by council on 30/06/2020	Risk Management	We noted that the municipality has a risk assessment report/risk register for 2019/20 financial year and confirmed that the municipality performed a detailed risk assessment process that entailed risk identification, risk analysis and action plans on which the municipality can perform in order to avoid or mitigate risks identified. However the risk assessment report/risk register was only adopted by council on the 30/06/2020 which is the end of the 2019/20 financial year.	The risk register/risk assessment report for 2019/20 was adopted by council at the end of the 2019/20 financial year instead of being approved before the beginning of the 2019/20 financial year.	Management should ensure that the risk register/risk assessment report is adopted by council before its implemented	Lack of proper internal controls,	Management to agree project costing with consultant prior to sign off of project	30/06/2021	HoU:Risk management

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
28	COP 4: ISS 23	AOPO: The supporting evidence provided does not relate to the indicator and target as per SDBIP and APR	PRE-DETERMINED OBJECTIVES	During the understanding of the process and walk-through of Key Performance Indicators under Basic Service and Infrastructure Development, we noted that the supporting evidence provided does not relate to the indicator and target as per SDBIP and APR for the following	This is due to the lack of oversight while compiling the Annual Performance Report.	Management should ensure that the correct information is used when compiling the Annual Performance Report.	lack of internal control	management to perform quality review processes on calculation used in asset register preparation	30/06/2021	PMS:Head of Unit
29	COP 4: ISS 26	AOPO: Supporting evidence not submitted for audit	PRE-DETERMINED OBJECTIVES	The following information was not provided for audit purposes as per Request for Information no.03 [Dated 22 September 2020 due 30 September 2020]:	The above-mentioned deficiency is caused by the lack of proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support non-financial reporting	Management should ensure that all requested information is submitted within 5 (five) working days from the date of the communication as stipulated in the engagement letter.	Lack of proper record keeping and insufficient review of supporting prior to submission to PMS and internal audit	Management should ensure that performance information and supporting evidence is accurate and factually correct prior to submission for audit.	30/06/2021	PMS:Head of Unit
30	CAF 3: ISS 23	Non-compliance in respect to SCM deviations	SCM	During testing performed on SCM deviations, it was noted that the following deviations did not comply with regulations as required by the Municipal Supply Chain Management Regulations and MFMA:  Furthermore some of the bidders appointed did not meet the minimum requirements as they had not submitted compulsory documents like MBD4 and tax clearance certificates.	The above-mentioned deficiency is caused by improper planning on the part of management as some of the reason provided included them wanting to spend funds before the financial year end.	Management should ensure that they adhere to the SCM regulation and reasons for deviations fall within those allowed by law.	Lack of proper planning	Submission of procurement plans from all departments timeously	30/06/2021	Acting Head of Unit: SCM

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
31	CAF 3: ISS. 37	Deficiencies noted in SCM Processes.	Internal control deficiency	Internal control deficiencies have been identified during the review of Procurement and contract management: 1) Significant vacancies within Supply Chain management prevailed during the financial year. 2) The Manager: Compliance is currently performing the role of 3 positions including the HoU: SCM. 3) No training has been attended by SCM officials.	Management does not monitor the entity's internal controls.	Management should review the functionality of the SCM department by capacitating them with accredited staff and should ensure that training is provided in a timely manner.	There is a litigation case which is still on going with regard to the Head of Unit position. An appointment will be made subsequent to finalizing the case	Speed up the process to finalize the litigation case.	30/06/2021	Acting Head of Unit: SCM
32	CAF 3: ISS. 33	CIDB Requirements	SCM	During the testing performed on CIDB requirements, the CIDB requirements could not be tested, as no supporting tender document was obtained. The only supporting information obtained was the appointment letter and deviation form was provided	The above-mentioned deficiency is caused by non-compliance with regulations as set out by Government.	Management should ensure that they adhere to applicable supply chain management regulations	MFMA circular 68 was incorrectly applied Lack of proper record keeping on tender files	Management to ensure all required documents are included in the tender files prior to awarding contracts. Management to ensure periodic training for SCM officials and Bid committee members.	30/06/2021	Acting Head of Unit: SCM
33	CAF 3: ISS. 31	Incorrect classification of receivables in respect of Eskom deposit.	Receivables from non-exchange transactions	During testing performed it was noted that the Eskom deposits are in respect of electrical issues regarding community halls which can be used by Eskom if any issue arise in the future are disclosed under current assets as receivables from non-exchange transactions for an amount of R1 791 297. This amount has been incorrectly classified as a current asset instead of a non-current asset. Based on the nature of the amount, it is not expected to be realised within 12 months.	Management of the municipality does not have proper record keeping system in place. Furthermore, An adequate review of the requirements of the standards was not performed prior to the preparation of the financial statements.	Management should ensure that they have proper record keeping system in place and the municipality complies with the requirements of the GRAP standards.	Inadequate review of financial statements before submission	Management should perform proper reviews of financial statements and supporting schedules to ensure accuracy o	30/06/2021	HoU:Revenue

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
34	CAF3: ISS 40	Incorrect calculation in respect of impairment on traffic fines.	Receivables from non-exchange transactions	During audit work performed, it was noted that management had incorrectly calculated the impairment in respect of traffic fines	An adequate review of the assets and liabilities was not performed prior to the preparation of the financial statements. Furthermore, management of the municipality does not have proper record keeping system in place	Management should ensure that they have proper record keeping systems in place and the municipality complies with the requirements of the GRAP standards and Municipal Finance Management Act.	Inadequate review of financial statements before submission	Management should perform proper reviews of financial statements and supporting schedules to ensure accuracy	30/06/2021	HoU: Revenue
35	CAF7: ISS 43	Debt write off inconsistent with the approved council resolution	Consumer Debtors	During testing performed it was noted that the municipality has not complied with the requirements as set out in terms of the approved council resolution on the incentive scheme implemented on the write off of long outstanding debts as written arrangements have not been entered into with debtors.  Furthermore, it was noted that the legal action was not instituted against the debtors who have not taken up the proposed incentive scheme in accordance with the credit control and debt collection policy.	Management of the municipality does not have proper record keeping systems in place and have not performed an adequate review of the resolutions passed in respect of the debt write off and corresponding action to be implemented	Management should ensure that they have proper record keeping system in place and the municipality complies with the resolutions passed by Council.	Due to covid 19 all credit control measures were nationally suspended and the municipality was unable to implement its credit control policy	The debt collector has since resumed following on bad debts	30/06/2021	HoU: Revenue
36	CAF7: ISS 44	Bad debts written off - Write off cannot be traced to individual debtor	Consumer Debtors	During testing performed it was noted that the municipality has not complied with the requirements as set out in terms of the approved council resolution on the incentive scheme implemented as a write off was made which could not be traced to an individual debtor and related to an excess write off.	Management of the municipality does not have proper record keeping systems in place and have not performed an adequate review of the resolutions passed in respect of the debt write off.	Management should ensure that they have proper record keeping system in place and the municipality complies with the council resolutions passed	Due to covid 19 all credit control measures were nationally suspended and the municipality was unable to implement its credit control policy	The debt collector has since resumed following on bad debts	30/06/2021	HoU: Revenue

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
37	CAF 7: ISS 46	Unusual debtors accounts	Consumer Debtors	During testing performed on consumer debtors, it was noted that the municipality has accounted for the following as consumer debtors and recognized revenue, debtors and impairment in respect of the following debtors with unusual names and the municipality itself	Management of the municipality does not have a proper record keeping system in place.	Management should ensure that full and proper records of the municipality's financial affairs are maintained in accordance with prescribed norms and standards and that services are charged and debtors raised in respect of appropriate verifiable persons.	Lack of proper records keeping	Management to continuously perform data cleansing to ensure correctness of information.	30/06/2021	Head of Unit: Revenue
38	CAF 7: ISS 47	Credit control and debt collection not implemented	Consumer Debtors	<p>During testing performed it was noted that the municipality has not complied with the requirements as set out in terms of the approved council resolution and the requirements in terms of the Municipal Systems Act, Municipal Finance Management Act and the credit control and debt collection policy, as they have not implemented any discontinuance of services or legal action against debtors whose accounts are overdue.</p> <p>Furthermore, notices were not sent out to debtors whose accounts have been overdue throughout the financial year.</p>	Management of the municipality does not have proper record keeping systems in place and have not performed an adequate review of the resolutions passed, credit control and debt collection policy and the Municipal Systems Act and MFMA.	Management should ensure that they comply with the approved policies, council resolutions and requirements of the Municipal Systems Act and Municipal Finance Management Act.	Due to covid 19 all credit control measures were nationally suspended and the municipality was unable to implement its credit control policy	The debt collector has since resumed following on bad debts	30/06/2021	HoU: Revenue

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
39	CAF 7: ISS 39	Debtor does not qualify for write off as payment not received.	Consumer Debtors	During testing performed it was noted that the municipality has not complied with the requirements as set out in terms of the approved council resolution on the incentive scheme implemented on the write off of long outstanding debts as the debt has been written off without receipt of payment from the debtor. From the sample selected for testing, the following debtors' debt had been written off in the absence of receipt of payment:	Management of the municipality does not have proper record keeping systems in place and have not performed an adequate review of the resolutions passed in respect of the debt write off and corresponding action to be implemented.	Management should ensure compliance with the requirements as per the approved council resolution are satisfied prior to the write off of debt as bad debts.	Due to covid 19 all credit control measures were nationally suspended and the municipality was unable to implement its credit control policy	The debt collector has since resumed following on bad debts	30/06/2021	HoU: Revenue
40	CAF 7: ISS 40	Amount written off does not agree to the recalculated amount	Consumer Debtors	During testing performed, it was noted that the amounts written off in respect of the following debtors do not agree to the recalculated amount as per the approved resolution in respect of the incentive scheme offered	Management of the municipality does not have proper record keeping system in place and did not perform an adequate review of the approved council resolution.	Management should ensure compliance with the requirements as per the approved council resolution are satisfied prior to the write off of debt as bad debts.	Lack of review of reconciliations and the billing system	Management to implement standard operating procedures	30/06/2021	HoU: Revenue
41	CAF 3: ISS 41	Traffic fines: Cut-off issue	Revenue	.We further noted that the following transaction was not disclosed in the correct financial period	The issue was caused by management not ensuring that all the fines that are supposed to be included in the Fines, penalties and forfeits listing are included before submitting the listing to the auditors	Management should ensure that they review the fines, penalties and forfeits listing before submission is made to the auditors	Lack of review of fines reconciliations	Management to ensure implementation of standard operating procedures	30/06/2021	Head of Unit: Revenue
42	CAF 3: ISS 45	Limitation on Sale of stands/land	Revenue	Management was unable to provide the auditors with signed contracts for the sale of land/stand as disclosed on the face of the financial statements	Management does not monitor to ensure that there is proper record keeping.	Management should ensure proper record keeping	Lack of proper records keeping	Management to improve on proper record keeping measures	30/06/2021	Head of Unit: Revenue

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
43	CAF 6: ISS 12	Completeness of the sale of water	Revenue	Through the testing performed on the sale of water it was noted that the following accounts were not billed for water for all 12 months	This is due to lack of oversight by management	Management should ensure that revenue is billed monthly as per the requirements of the MFMA	Lack of review of the billing reports and the billing system	Management to ensure implementation of standard operating procedures	30/06/2021	Head of Unit: Revenue
44	CAF 7: ISS 12	Rates charged on the Municipality's property	Revenue	During the audit work performed, it was noted that property rates has been charged on the following properties which are owned by the Municipality It was further noted that the following properties do not appear under Properties registered in the name of the Municipality as per Deed Search performed and no property rates were charged on the properties	The first issue was caused by management billing the Municipality for the Properties owned by the Municipality and the second one might be caused by management not charging property rates on properties not owned by the Municipality	Management should ensure that property rates is only charged on rateable properties	Delay in transferring properties at the deeds office	Planning department to expedite the transfer process	30/06/2021	HoD: Planning and Development HoU: Revenue HoU: Planning and development
45	CAF 10: ISS 136	Employee Cost: Misstatement on the covid 19 allowance calculations.	Employee Cost	The following differences were noted in the Covid 19 allowance recalculation as per the policy document received	Management of the municipality did not apply the requirements of the circular correctly.	Management should ensure that they apply policies and procedures correctly to ensure compliance	Management oversight as the situation was entirely novel	Management should draft a policy to ensure that all covid 19 processes and transactions are conducted in compliance to the regulations	30/06/2021	HoD: Corporate Services
46	CAF 10: ISS 16	Irregular expenditure: Prior Period Error - Completeness	Irregular Expenditure	Though inspection of the prior year irregular expenditure register we have noted the below: Non-compliance have been identified in the prior year for below suppliers, the payments in the prior year have NOT been included in the prior year irregular expenditure register at the correct amount.	No proper controls are in place to ensure that reviews are performed timeously to ensure irregular expenditure register is accurate and complete	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance	MFMA circular 68 was incorrectly applied Lack of proper record keeping on tender files	Management to ensure all required documents are included in the tender files prior to awarding contracts. Management to ensure periodic training for SCM officials and Bid committee	30/06/2021	CFO

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
						reporting.		members.		
47	CAF 10: ISS 144	Irregular expenditure: Current Year - Completeness	Irregular Expenditure	Though inspection of the prior year irregular expenditure register we have noted the below: Non-compliance have been identified in the prior year for below suppliers, the payments in the prior year have NOT been included in the prior year irregular expend	No proper controls are in place to ensure that reviews are performed timeously to ensure irregular expenditure register is accurate and complete	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	MFMA circular 68 was incorrectly applied Lack of proper record keeping on tender files	Management to ensure all required documents are included in the tender files prior to awarding contracts. Management to ensure periodic training for SCM officials and Bid committee members.	30/06/2021	CFO
48	CAF 11: ISS 144	Non-compliance with section 122 of the MFMA.	Compliance	Based on the work performed, various findings that are materially misstated have been identified. Refer to communication of findings that have been issued relating to those matters.	The municipality does not have proper procedures in place to prevent issues that have arisen.	Management should ensure that they place proper procedures in place to prevent issues that have arisen.	Inadequate review of financial statements before submission	Management should perform proper reviews of financial statements and supporting schedules to ensure accuracy	30/06/2021	CFO
49	CAF 11: ISS 145	Non-compliance with section 127(5) and 129(1) of the MFMA	Compliance	The municipality did not make the oversight report public after it was adopted by council. The annual report was not made public and public was not invited to make comments on the annual report after it was adopted in council	Municipality did not have proper procedures in place to ensure that the oversight report was made public	Management should ensure that they place proper procedures in place to ensure that ordinary council meetings take place	This was due to covid 19 as the council could not sit in April 2020	Council resumed sitting virtually and council operations are now efficient	30/06/2021	HoD: Corporate Services



# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
						timeously				
50	CAF 8: ISS. 02	General Expenses: Invoices not paid within 30 days.	Compliance	The following invoices were not paid within 30 days:	Management did not ensure that creditors are paid timeously, leading to invoices being paid after 30 days which is non-compliance with the MFMA.	Management must ensure that supplier's invoices are paid within 30 days as required by the act. To avoid exceeding the 30 days compliance, management should ensure that invoices are arranged and paid on a First-In-First-Out basis.	Liquidity challenges	Improve on cash management, i.e. improve on debtors' collection In addition, management to ensure that invoices are paid in first in first out basis	30/06/2021	CFO
51	CAF 8: ISS. 00	Contracted Services: Invoices not paid within 30 days	Compliance	The following invoices were not paid within 30 days	Management did not ensure that creditors are paid timeously, leading to invoices being paid after 30 days which is non-compliance with the MFMA.	Management must ensure that supplier's invoices are paid within 30 days as required by the act. To avoid exceeding the 30 days compliance, management should ensure that invoices are arranged and paid on a First-In-First-Out basis.	Liquidity challenges	Improve on cash management, i.e. improve on debtors' collection In addition, management to ensure that invoices are paid in first in first out basis	30/06/2021	CFO

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
52	CAF 8: ISS. 32	Contracted Services: No documentation exists to indicate that goods/services are actually received.	Expenditure	Delivery notes/Good received notes were not attached for the following samples and therefore occurrence could not be tested	Lack of effective control and record keeping by management	Management should ensure that GRN/Delivery notes are received for all expenditure and that the GRN/Delivery note should be thoroughly checked and reconciled	Lack of proper recording keeping.	Management to ensure that all invoices are submitted with sufficient and appropriate evidence for the goods supplied or services rendered.	30/05/2021	Manager: Creditors
53	CAF 8: ISS. 35	Operating Leases: Invoices not paid within 30 days	Compliance	The following invoices were not paid within 30 days	Management did not ensure that creditors are paid timeously, leading to invoices being paid after 30 days which is non-compliance with the MFMA.	Management must ensure that supplier's invoices are paid within 30 days as required by the act	Liquidity challenges	Improve on cash management, i.e. improve on debtors' collection In addition, management to ensure that invoices are paid in first in first out basis	30/06/2021	CFO
54	CAF 8: ISS. 38	Bulk Purchases: Invoice not paid within 30 days	Compliance	The following invoices were not paid within 30 days	Management did not ensure that creditors are paid timeously, leading to invoices being paid after 30 days which is non-compliance with the MFMA	Management must ensure that supplier's invoices are paid within 30 days as required by the act	Liquidity challenges	Improve on cash management, i.e. improve on debtors' collection In addition, management to ensure that invoices are paid in first in first out basis	30/06/2021	CFO
55	CAF 9: ISS. 56	1. Contracted Services: Presentation of Note 29 note in line with Grap 1.	Disclosure	Note 29 as disclosed on the notes to the financial statements is not in line with Grap requirements as management have still not disclosed the expenses incurred according to their nature but rather a combination of function and nature	Critical review of annual financial statement was not performed to verify that all notes and disclosure were in line with Grap	Management should review the AFS to ensure it is in line with GRAP	Inadequate review of financial statements before submission	To ensure thoroughly and reviewed timeously	31/03/2021	Manager: Financial Statements

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
56	CAF 11: ISS. 17	SCM: Non-compliance on Competitive bidding	SCM	During testing performed on Competitive Bidding, it was noted that the following bids did not comply with regulations as required by the SCM Regulations and MFMA:	The above-mentioned deficiency is caused by non-compliance with regulations as set out by Government	Management should ensure that regulations as set out by government are followed when evaluating tender documents	Inadequate training of SCM officials and Bid committee members	Management to ensure periodic training to SCM officials and Bid committee members	30/06/2021	Acting Head of Unit: SCM
57	-CAF 8: ISS. 19	1. SCM: Non-compliance with regulations on Local Production and Content. (IRR)	SCM	During testing performed on Local Content, it was noted that the following bids and quotations did not comply with regulations as required by the Preferential Procurement Policy Regulations:	The above-mentioned deficiency is caused by non-compliance with regulations as set out by Government	Management should ensure that when bid are drafted and evaluated, local content requirements are added to ensure compliance with regulations	Inadequate training of SCM officials and Bid committee members	Management to ensure periodic training to SCM officials and Bid committee members	30/06/2021	Acting Head of Unit: SCM
58	CAF 8: ISS. 20	SCM: Non-compliance in Contract Management	SCM	During testing performed on Contract Management, it was noted that the following bids and deviations did not comply with regulations as required	The above-mentioned deficiency is caused by non-compliance with regulations as set out by Government.	Management should ensure that all requirements of legislation is followed	Inadequate training of SCM officials and Bid committee members	Management to ensure periodic training to SCM officials and Bid committee members	30/06/2021	Acting Head of Unit: SCM
59	CAF 10: ISS. 35	Employee Costs: Misstatement on the overtime testing	Employee Cost	The following total differences were noted in the overtime line	Management of the municipality does not have a proper record keeping system in place	Management should ensure that they have proper record keeping systems in place	Lack of review of overtime reconciliations	Management should implement the standard operating procedures	30/06/2021	Acting Head of Unit: SCM
60	CAF 11: ISS. 19	Employee Costs: Possible misstatement identified on employee allowances.	Employee Cost	The following differences were noted on the allowances testing: 1. Acting Allowance As per the SALGA collective agreement the acting allowance is based on 13.5% of the incumbent's salary, therefore the following differences were noted on the recalculation based on the collective agreement:	Management of the municipality does not have a proper record keeping system in place.	Management should ensure that they have proper record keeping systems in place	Lack of review of payroll reconciliations	Management should implement the standard operating procedures	30/06/2021	Acting Head of Unit: SCM

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
61	CAF 11: ISS. 122	Employee Cost: Possible misstatement noted on councillor allowances.	Employee Cost	The following difference were noted on the councillor allowances line item	Management of the municipality does not have a proper record keeping system in place	Management should ensure that they have proper record keeping systems in place	Lack of review of payroll reconciliations	Management should implement the standard operating procedures	30/06/2021	Manager: Payroll
62	CAF 12: ISS. 114	Employee costs: Non Compliance Identified with Upper Limits	Compliance	Municipal Manager along with senior managers are remunerated above the Local Government: Upper limits of total remuneration packages payable to municipal managers and managers directly accountable to the municipal manager limit, Irregular expenditure of R2,177,235.55 arises as a result of this non-compliance with applicable regulation	No processes in place to rectify and align total remuneration of the Municipal manager and Senior managers with Local Government: Upper limits of total remuneration packages payable to municipal managers and managers directly accountable to the municipal manager. Impact	Management must ensure that rectify and align total remuneration packages of s56 and s57 managers with the applicable regulation.	Non compliance to SALGA regulations	Classify the difference as irregular expenditure	30/06/2021	Hod: Corporate Services
63	CAF 8: ISS. 133	Contracted Services: No contract exists with River service station. (IRR)	Irregular Expenditure	The tender process was not followed when selecting River station as a supplier, no SLA exists between Moses Kotane Local Municipality and River service station. Therefore it is a non compliance with the Supply Chain Management policy.	Management not adhering to SCM policies and tender processes	Management should comply with SCM policies and ensure that tender processes are adhered to when selecting a supplier	Inadequate planning on the appointment of the service provider	To ensure that procurement plans are drafted and finalized timeously to avoid gross non compliance with SCM regulations	30/06/2021	CFO
64	CAF 8: ISS. 91	Incorrect classification of bonus received: Non compliance with Grap 25.	Employee Cost	The amount of R30,000 has been incorrectly classified as a bonus while it should be classified as a normal employee benefit. This is due to the fact that through inspection of a letter of declaration from HOU: Legal, he receives an amount of R30,000 as a lump sum on each anniversary of	Management did not properly apply the requirements of Grap 25	The classification in terms of the nature of the expenditure should be corrected as the expenditure is not a bonus but a normal employee benefit	Inadequate review of financial statements before submission	To ensure thoroughly and reviewed timeously	30/06/2021	CFO

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
				his employment. The Lump sum is as a result of a reduced payment from his monthly salary and thus is not a bonus to HOU: Legal for his services.						
65	CAF 9: ISS. 109	Employee Costs: Limitation of scope: Incomplete documents received for the Covid-19 allowance.	Employee Cost	As per RFI 72 submitted on the 01/12/2020 and due on the 03/12/2020, the following information relating to the Covid-19 allowance was not received: - List from the different departments on the employees they deemed essential and had to work during the Covid-19 hard lockdown and thus were eligible to receive the Covid-19 allowance. 1. - Minutes and any supporting documents that indicate that the Covid-19 allowance was approved by the council and the accounting officer. 2. - A Listing of the Covid-19 allowance that was paid after year end till the 31st November 2020.	Management of the municipality does not have proper record keeping system in place	Management should ensure that all requested information is submitted within the stipulated time frame as agreed with the auditors, unless a different time line is expressly agreed in writing with the auditors	Management oversight as the situation was entirely novel	Management should draft a policy to ensure that all Covid-19 processes and transactions are conducted in compliance to the regulations	30/06/2021	HoD: Corporate Services
66	CAF 9: ISS. 110	Employee Cost: Limitation of Scope: Incomplete information received relating to the overtime testing	Employee Cost	Information not submitted for the following employee, in relation to RFI 22 that was sent out	Management of the municipality does not have a proper record keeping system in place	Management should ensure that all requested information is submitted within the stipulated time frame as agreed with the auditors, unless a different time line is expressly agreed in writing with the auditors	Lack of proper records keeping	Management to improve on records keeping mechanisms	31/03/2021	Manager: Payroll

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
67	CAF 9: ISS: 15	Remuneration of Councillors: Difference noted between the payday system and the general ledger.	Employee Cost	Through performing the completeness test for remuneration of councilors, the following difference was noted:	Management did not ensure that transactions on the payday system relating to the remuneration of councilors have been accurately transferred to the general ledger to ensure completeness there off.	Where the accounting system differs from the payroll system used, a reconciliation of the payroll to the general ledger must be performed on a monthly basis and any differences followed up with sufficient and appropriate supporting documents.	Lack of review of payroll reconciliations	Management should implement the standard operating procedures	31/03/2021	Manager: Payroll
68	CAF 11: ISS: 142	SCM: Non-compliance - Deviation for repairs are not valid	SCM	During the testing of the quotation process, it was noted the following deviations occurred, even though the municipality had appointed a panel of service providers specifically for the repairs to motor vehicles	This is due to Non-compliance of the SCM Policies	Management should ensure that all requirements of MFMA and SCM regulations are followed, and to take into account the service providers which were appointed	Inadequate training of SCM officials and Bid committee members	Management to ensure periodic training to SCM officials and Bid committee members	30/06/2021	Acting Head of Unit: SCM
69	CAF 8: ISS: 107	Distribution losses - Difference between management's estimate and recalculated loss.	Water losses	During the testing performed on distribution losses, it was noted that the estimate recognized by management differed from the recalculated estimate as follows	Management of the municipality does not have proper record keeping system in place.	Management of the municipality should ensure that the municipality maintains accurate and complete records that are kept in accordance with the prescribed norms and standards	Lack of proper record keeping	Management should improve on records keeping mechanisms to ensure that correct estimates are utilized	30/06/2021	CFO

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
70	CAF9: ISS: 26	Risk Management: Issues noted	Compliance	1. Financial risk managementThe following statements were included which are not relevant / applicable for the municipality:- the municipality's activities exposure to currency risk, fair value interest rate risk and price risk.- the municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize 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	Management oversight with compliance with GRAP 104	Management should seek to present the Risk Management not in compliance with GRAP	Inadequate review of financial statements before submission	To ensure thoroughly and reviewed timeously	30/05/2021	Manager: AFS
71	CAF8: ISS: 05	Consumer debtors - Incorrect estimate made in respect of unbilled revenue (water in pipes).	Consumer Debtors	During the testing performed on unbilled revenue, it was noted that management has not taken into account the opening balance of water in pipes as at 01 June 2020 in determining the estimated unbilled revenue as at 30 June 2020. Furthermore, the readings could not be obtained as no readings as at that date had been taken. Furthermore, during testing of the provision raised in respect of water in pipes, differences were identified in the amount as per management's calculation and the amount recalculated as follows	Management of the municipality does not have proper record keeping system in place	Management of the municipality should ensure that the municipality maintains accurate and complete records and takes readings as at 01 June each year to take into account the opening balance in determining the estimate	Water readings are not done on a monthly basis	Management to ensure that standard operating procedures are implemented	31/05/2021	HoU: Revenue
72	CAF10: ISS: 12: PPE	Community assets WIP additions	PPE	During the testing of community assets WIP additions we have identified a difference in the valuation of the unbundled assets. This is mainly due to the differences between the payment certificates/invoices and the allocated cost.	This is due to Management not capitalizing all costs incurred in the current financial year	Management should capitalise all cost incurred for WIP projects	Lack of proper internal controls,	Management to agree project costing with consultant prior to sign off of project	31/03/2021	HoU: Assets

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
73	CAF 10: ISS. 18	PPE: Infrastructure WIP additions	PPE	During the testing of Infrastructure WIP additions we have identified a difference in the cost incurred in the current year. This is mainly due to the differences between the payment certificates/invoices and the capitalised cost	This is due to Management not capitalizing all costs incurred to construct the community assets	Management must ensure that calculations are reviewed for accuracy	Lack of proper internal controls,	Management to agree project costing with consultant prior to sign off of project	31/03/2021	HoU: Assets
74	CAF 11: ISS. 48	Infrastructure Assets: Remaining Useful Life	PPE	Through the inspection of the Fixed asset register we have identified that Management has adjusted the condition of the Assets but has not performed a remaining useful life assessment as required by Grap 17 and the asset management policy of the municipality	This is due to non-compliance with Grap 17 requirements	Management should perform a condition assessment for assets which have adjusted conditions	lack of internal control	Management to perform quality review processes on calculation used in asset register preparation	31/03/2021	HoU: Assets
75	CAF 11: ISS. 49	Community Assets: Remaining Useful Life assessment	PPE	We have inspected the FAR for community assets and have identified that the following assets have an adjusted condition (Change in condition) but management has not performed a RUL assessment	This is due to non-compliance with Grap 17 requirements	Management should perform a condition assessment for assets which have adjusted conditions	lack of internal control	Management to perform quality review processes on calculation used in asset register preparation	31/03/2021	HoU: Assets
76	CAF 11: ISS. 50	Buildings: Assessment of Remaining Useful Lives	PPE	We have inspected the FAR for buildings and have confirmed that the following assets have an adjusted condition ( Change in condition) but not RUL assessment has been performed by management	This is due to non-compliance with Grap 17 requirements	Management should perform a condition assessment for assets which have adjusted conditions	lack of internal control	Management to perform quality review processes on calculation used in asset register preparation	31/03/2021	HoU: Assets
77	CAF 11: ISS. 52	Property Plant and Equipment: Infrastructure Additions	PPE	During the testing of Infrastructure additions we have identified a difference in the valuation of the unbundled assets. This is mainly due to the differences between the payment certificates/invoices and the allocated cost	This is due to Management not capitalizing retention and Guarantee payment amount to the asset	Management should capitalize all cost necessary to construct the asset	Lack of proper internal controls,	Management to agree project costing with consultant prior to sign off of project	31/03/2021	HoU: Assets



# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
78	CAF 11: ISS 143	PPE: Community Assets additions testing.	PPE	During the testing of community assets additions we have identified a difference in the valuation of the unbundled assets. This is mainly due to the differences between the payment certificates/invoices and the allocated cost.	This is due to Management not capitalizing all costs incurred to construct the community assets.	Management should ensure that all expenditure incurred to construct the assets is capitalized.	lack of internal control	Management to perform quality review processes on calculation used in asset register preparation	31/03/2021	HoU: Assets
79	CAF 12: ISS 151	PPE: Property, plant and equipment under-insured	PPE	Based on analysis of the insurance contract we have identified that the assets of the municipality has been under insured, refer to a table below for details.	Management does not update the insurance contracts as per the value of the assets	Managements needs to review the insurance contract and ensure that the contract does cover the carrying value of the assets	Lack of review of cover on the assets	Management to ensure that regular review of the insurance cover is conducted at least yearly	31/03/2021	HoU: Assets
80	CAF 13 ISS 153	PPE: Buildings prior period error - Journal 14	PPE	Through testing of the prior period error No.14 as per the FAR, we have confirmed that management has adjusted the cost of the following buildings:	This is due management adjusting the cost of the prior year assets	Management should use the correct unit rates for the assets	lack of internal control	Management to perform quality review processes on calculation used in asset register preparation	31/03/2021	HoU: Assets

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
81	CAF 11: ISS. 140	Inventory: Limitation of scope.	Inventory	As we could not perform the stock count in June 2020, we performed a stock count on 01 December 2020 and performed roll back procedures to test the Inventory balance as at 30 June 2020. As part of our roll back procedures we had to request supporting documents for movement identified between 01 December and 30 June 2020. During the stock count performed on the 1st of December 2020, a movement was identified between the stock recorded at 31 September 2020 and stock count performed on 01 December 2020, however management could not provide supporting documents for the movement identified and I could not determine whether the stock counted related to the year under review or not. The information was requested on RFI 77 that was due on 08 December 2020. The following differences were noted:	This is due to lack of oversight and proper filing by management.	Management should have proper record keeping to ensure requested information is submitted to the auditor's.	Lack of proper records keeping	Management to ensure improved proper records keeping	30/06/2021	HoU: Assets
82	CAF 9: ISS. 116	Inventories: Issues identified on Inventory	Inventory	The following transactions were not recorded in the correct period	The above-mentioned deficiency is caused by the lack of proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support non-financial reporting	Management should ensure that all requested information is submitted within 3 (Three) working days from the date of the communication as stipulated in the engagement letter and enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and	Lack of review of the inventory system	Management to implement standard operating procedures	30/06/2021	HoU: Assets

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
						available to support non-financial reporting				

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
83	CAF 8: ISS. 17	Investment Property: Opening balances Under and Overstated	Investment Property	<p>A. We noted the following issues which will affect the opening balances as follows: 1. Investment Property - Opening Balance- A sale of stand no 13/922, Unit 2, Mogwase at the fair value of R106 120 was sold on the 7th August 2008 according to the purchase sale agreement received as supporting evidence from management but the movement of the sale was still reflected on the Financial Statements and on the fixed asset register submitted for audit as a disposal in the current financial year.- As a result the Investment Property opening balance is overstated by R106 120. 2. Accumulated Surplus - Opening Balance- A loss on disposal was recognized at R106 120 under expenditure line item "loss on disposal" and on that note it has two problems: &gt; The amount calculated as the loss is incorrect as it should be the difference of the Fair Value and purchase price at R52 348 (R106 120 Less R53 772) &gt; Since the sale took place in 2008 as per the purchase agreement it is supposed to form part of the Accumulated surplus opening balance not the movement. &gt; Therefore the opening balance is overstated at R52 348.B. During completeness testing we noted that some of the Investment property items that did not appear on the Investment Property Register appeared on the SOF Register created for "Property in Municipalities name that is not recognized in the financials". Relating to property that was sold and is with the purchaser but the name is still MKLM at the Deeds Office. The the register has the following balances and there is no disclosure made on the financial statements by management to that effect and majority of the properties have been on the register for a number of years without the transfer going through:</p>	Management's oversight of controls around the sale and transfer of municipal properties	Management should take into account the issues raised and address them	Inadequate review of financial statements and asset registers before submission	To ensure thoroughly and reviewed timeously	31/03/2021	Head of Unit: Assets HoD: Planning and development Town Planner
							Municipality	APPENDICES	352	

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
84	CAF 10: ISS. 33	1. Repairs and Maintenance : Deviation from SCM policy.	SCM	Inspected the following invoice and verified that SCM procedures were not followed as there is a contract already in place with various contractors and the deviation does not state why they deviated from not using their contracted suppliers	Management has deviated from SCM policies by using a service provider ( GCF Torque) while already having a contract in place with Maleka Makgona Trading & Projects for the same services. No reason has been given for the deviation of SCM policy	Management should ensure that all requirements of MFMA and SCM regulations are followed, and to take into account the service providers which were appointed	Management oversight	Management to ensure that all work of contracts running should not be duplicated	31/03/2021	Acting Head of Unit: SCM
85	CAF 14: ISS. 21	Repairs and Maintenance: Incorrect classification of expenses	Repairs and Maintenance	It was noted while testing repairs and maintenance that the transactions listed below were incorrectly classified as repairs and maintenance.	Management did accurately review the nature of the expenditure to ensure it is classified correctly	Management must ensure that expenditure is classified and recorded based on their nature	Lack of reconciliations and review	Management to implement standard operating procedures	31/03/2021	Manager: Creditors
86	CAF 8: ISS. 00	General Expenses: Limitation of scope	Expenditure	Supporting documentation for the following transactions was not sufficient- No contract/quotations were attached	Relating to the adopted IDP and budgets Management did not place an advert in any newspapers to give notice to the public that the IDP, Annual budget and any of the adjusted budgets have been adopted by council. Relating to the officials from the district municipality Officials of the district municipality were invited however they did not attend the meetings.	Management should ensure that they exercise their oversight responsibility regarding financial and performance reporting and compliance with related internal controls and regulations.	Lack of proper records keeping	Management to improve on records keeping mechanisms	31/03/2021	Manager: Creditors

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
87	CAF 10: ISS. 13	SCM: Non-compliance with PPPF Act	SCM	During testing performed on Preference points system (PPPF Act), it was noted that the following deviations did not comply with regulations as required by the PPPF Act	The above-mentioned deficiency is caused by non-compliance with regulations as set out by Government	Management should ensure that all parts of regulations are followed, even when deviations are noted.	Inadequate training of SCM officials and Bid committee members	Management to ensure periodic training to SCM officials and Bid committee members	30/06/2021	Acting Head of Unit: SCM
88	CAF 10: ISS. 16	SCM: Non-compliance noted in the quotation process.	SCM	During testing performed on the testing of the Quotation process, the following exceptions were noted:	The above-mentioned deficiency is caused by non-compliance with regulations as set out by Government	Management should ensure that all requirements of the quotation process is followed, and if deviations are noted, sufficient support is attached	Inadequate training of SCM officials and Bid committee members	Management to ensure periodic training to SCM officials and Bid committee members	30/06/2021	Acting Head of Unit: SCM

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
89	CAF 10: ISS. 37	SCM: No interest declared by suppliers employed by the state	SCM	The following employees are business partners with directors' of companies who do business with the municipality and have failed to disclose their interest as per the inspected MBD 4.	The municipality did not ensure that they comply with the Supply Chain Management Regulations throughout the financial year.	1. Invitation for bids must stipulate as a condition to tender that bidders must sign and submit a declaration of interest. 2. Prospective suppliers must be required to submit a declaration of interest when they apply for registration on the list. 3. These conditions must clearly be stated in the SCM policy 4. A register of interest must be established and all employees and role players must be required to declare their personal financial interest and those of their close family members, partners and associates. 5. Disciplinary action must be instituted against officials and role players who have failed to comply with the policy of the department. 6. These cases must be investigated for possible undue influence in the process and appropriate action taken against the affected official or role player in accordance with the policies and procedures of the department. 7. Other action may include cancelling the	Officials do not disclose to the municipality business they are involved in Furthermore, the municipality can only rely on the CSD system to pick up such relations but it has proven insufficient.	Management to get officials to declare and implement consequence management	30/06/2021	HoU: SCM
							Municipality	APPENDICES	355	

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
90	CAF 10: ISS88	SCM: Non-disclosure of awards made to person's with conflict of interest.	Compliance	It was noted that the following awards were not disclosed in note 44 of the financial statements:	This is due to Non-compliance of the SCM Policies	Management should ensure that all requirements of MFMA and SCM regulations are followed	Officials do not disclose to the municipality business they are involved inFurthermore, the municipality can only rely on the CSD system to pick up such relations but it has proven insufficient.	Management to get officials to declare and implement consequence management	30/06/2021	HoU: SCM
91	CAF 10: ISS104	Sundry Debtors - Limitation of Scope and not assessed for impairment.	Receivables from non-exchange transactions	During testing performed on sundry debtors, supporting documentation was not provided in respect of the following debtors	Management of the municipality does not have proper record keeping system in place	Management should ensure that all requested information is submitted within the stipulated time frame as agreed with the auditors, unless a different time line is expressly agreed in writing with the auditors. Furthermore, management should ensure that the receivables should be assessed for recoverability	Inadequate review of financial statements before submission	To ensure thoroughly and reviewed timeously	30/05/2021	HoU: Revenue



# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
92	CAF 10: ISS 138	Consumer Debtors: Discounting not performed on interest charged to consumer debtors	Consumer Debtors	Based on the testing performed, discounting is not performed before the charging interest on debtors' accounts. Therefore, the municipality does not take into consideration the interest that could be potentially be charged on overdue accounts by discounting the consumer debt receivable as the interest is only calculated for amounts over 60 days. As a result of interest not being at the prevailing rate and debts being expected to be paid after the payment terms agreed upon, the interest is understated and the amount should be discounted using the rate charged by the municipality over the first 60 days.	An adequate review of the financial statements was not performed prior to submitting the financial statements for audit. The result is that the disclosure in the financial statements is not sufficient	Management should ensure adequate record keeping and discount debtors' balances over the first 60 days where interest is not charged. Furthermore, the council of the municipality should exercise oversight in reporting.	Inadequate review of financial statements before submission	To ensure thoroughly and reviewed timeously	30/05/2021	HoU: Revenue
93	CAF 11: ISS 146	Consumer debtors: Outstanding debt under 90 days	Consumer Debtors	During testing performed on the impairment on consumer debtors, it was noted that the following debtors has outstanding debts below 90 days however payments had not been received during the year and the debtors were billed during the year and are not new debtors	Management of the municipality does not have proper record keeping system in place	Management should ensure that full and proper records of the financial affairs of the municipality are kept in accordance with the prescribed norms and standards	Lack of review of reconciliations and the billing system	Management to ensure implementation of standard operating procedures	30/05/2021	HoU: Revenue
94	CAF 8: ISS 13	Consumer debtors - differences between age analysis and billing reports.	Consumer Debtors	During testing performed on the impairment on consumer debtors, it was noted that the amounts as per the age analysis and amounts as per the billing reports did not agree in respect of the following debtors	Management of the municipality does not have proper record keeping system in place.	Management should ensure that full and proper records of the financial affairs of the municipality are kept in accordance with the prescribed norms and standards	Lack of review of reconciliations and the billing system	Management to ensure implementation of standard operating procedures	30/05/2021	HoU: Revenue

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
95	CAF 10: ISS. 139	Property Rates: Rates charged on the Municipality's property.	Revenue	During the testing performed, it was found out that the following property has been charged property rates whereas it is owned by the Municipality according to Deed Search performed:	This is caused by management charging property rates on properties owned by the Municipality.	Management should ensure that property rates is only charged on ratable properties.	Lack of proper records keeping	Management to continuously perform data cleansing to ensure correctness of information.	30/06/2021	Head of Unit: Revenue
96	CAF 8: ISS. 108	Revenue from exchange transactions: Sale of water - account 70190768.	Revenue	The closing meter reading is less than the opening reading, the consumption billed is also not equal to the movement, and no support could be obtained for the meter readings.	This is due to lack of oversight by management	Management should ensure that their records are kept in accordance with the MFMA and GRAP.	Lack of proper records keeping and review	Management to ensure improved proper records keeping	30/05/2021	HoU: Revenue
97	CAF 8: ISS. 119	Fines: Completeness issue identified on the fine book register	Revenue From Non Exchange Transactions	During the audit performed, it was noted that the Municipality started preparing the fine book register from October 2019 and no register was kept before October, as we cannot verify how many fine books are in circulation as a specific point we cannot verify the completeness of fines issued by the municipality	This is caused by management not preparing fine book register in a timely manner.	Management should ensure that they keep a record of all fine books issued.	Lack of proper records keeping and review	Management to ensure improved proper records keeping	30/05/2021	HoU: Revenue
98	CAF 9: ISS. 130	Sale of Water: Recoverability of revenue	Revenue	The following account has "Empty house" as an account holder name which gives doubt on the recoverability of the revenue:	Lack of oversight by management to ensure that the recoverability is probable before opening an account and billing the account	Management should ensure the recoverability of revenue before they recognise it	Lack of proper records keeping	Management to continuously perform data cleansing to ensure correctness of information.	30/06/2021	Head of Unit: Revenue
99	CAF 5: ISS. 110	AOPO: Baseline disclosed in APR does not agree/consistent to previous financial year's	PRE-DETERMINED OBJECTIVES	During the testing of Key Performance Indicators under Basic Service and Infrastructure Development, we noted that the 2018/19 baseline disclosed in the 2019/20 APR does not agree/consistent to previous financial year's performance as per 2018/19 audited APR:	This is due to the lack of oversight while compiling the Annual Performance Report.	Management should ensure that the correct information is used when compiling the Annual Performance Report.	Inadequate review of quarterly reports.	Management should ensure that performance information and supporting evidence is accurate and factually correct		PMS: Head of Unit

# Chapter 6

No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	End Date	Responsible Manager
		performances						prior to submission for audit.		

# GLOSSARY

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	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.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	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.
<b>Basic municipal service</b>	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.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	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.
<b>General performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key</b>	• Service delivery & infrastructure

# GLOSSARY

<b>performance areas</b>	<ul style="list-style-type: none"> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	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".
<b>Outputs</b>	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.
<b>Performance Indicator</b>	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)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	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.
<b>Performance Targets:</b>	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.
<b>Service Delivery Budget Implementation Plan</b>	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.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

# APPENDICES

## APPENDICES

### APPENDIX A – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Bid specification committee	Determine the specifications of goods and services to be procured by the municipality in line with municipal supply chain management policy and other relevant statute
bid evaluation committee	Evaluate bids in line with the published specifications, municipal supply chain management policy and other relevant statute.
Bid adjudication committee	Adjudicates bid in line with municipal supply chain management policy and other relevant statute
Assets management and disposal committee	Plan and report to council on disposal of municipal assets.

### APPENDIX B –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Department	Head of Department/Manager (State title and name)
Municipal Manager's Office	Municipal Manger :Mr M.V Letsoalo
Corporate Services	Acting HOD: Mr S.S Kotsedi
Planning and Development	HOD: Mr M Makgoba
Budget and Treasury Office	CFO: Mr M Mkhize
Community Services	HOD: Mr S.S Kotsedi
Infrastructure and Technical Services	Acing HOD: Mr B Maseloane

# APPENDICES

## APPENDIX C

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	No	No
Building regulations	Yes	No
Child care facilities	No	No
Electricity and gas reticulation	No	No
Firefighting services	No	No
Local tourism	Yes	No
Municipal airports	No	No
Municipal planning	Yes	No
Municipal health services	No	No
Municipal public transport	No	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	No
Storm water management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	Yes	No
Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	No	No
Facilities for the accommodation, care and burial of animals	No	No
Fencing and fences	No	No
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	No	No
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	No	No
Municipal abattoirs	No	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	Yes	No
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No

# APPENDICES

## APPENDIX D – WARD REPORTING

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Victor Kheswa (EXCO Member)	1.Jacoline Pitso 2.Ipeleng Segale 3.Mandisa Tunzi 4.Wendy Matlapeng 5.Reginald Nkele 6.Xolile Vetshe 7.Ntombizakhe Dayele 8.Motlogelwa Ramokoka 9.Botshelo Nageng 10.KaraboSegakweng	Yes	12	12	
2	Poloko Lesomo	1.Elizabeth Motaung 2.Mmaphefo Mothibi 3.Dinah Ditsele 4.Idah Dinake 5.Dipolelo Molefe 6.Lillian Ndlovu 7.Matheo Ramatlhape 8.Kgomotso Maotoe 9.Thapelo Ntshabele 10.Tebogo Mokoka	Yes	12	12	



# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
3	Solomon Tladi	1.Mpho Mkgosi 2.Tumisang Sole 3.Hannah Legoale 4.Maria Nokwane 5.Baneeleng Dibobo 6.Dinah Ramalosa 7.Dorcas Tlholoe 8.Gladys Xhale 9.Nthati Magano 10.Ziphora Legoale	Yes	12	12	
4	Bertha Ponosho	1.Lenah Mokale 2.Dipuo Molosiwa 3.Morwe Mokemong 4.Ellen Ntsileng 5.Sophy Mooketsi 6.Motheo Mokale 7.Gloria Nyamane 8.Godfrey Sedirol 9.Sekgele Ngakane	Yes	12	12	

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
5	Thato Motshegare	1.Norah Monageng 2.Kefilwe Pholo 3.Banyana Pheyaga 4.Rapula Masilo 5.Catherine Mekomela 6.Solomon Banda 7.Suzan Makete 8.Moses Blom 9.Itereleng Sesinyi 10.Jeffery Sedumedi	Yes	12	12	
6	Karel Sedile	1.Jimmy Khunou 2.Wilson Mtengozo 3.Christopher Moalusi 4.Mothusi Rakuba 5.Joyce Tshabalala 6.Simphiwe Kalela 7.Tshegofatso Mula 8.Emily Segogoana 9.Jabulile Matsepe 10.Moses Dichabe	Yes	12	12	
7	No ward committees					

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
8	Rebecca Moeng	1.Phiri Tau 2.Balebetse Ramagogodi 3.Oratile Medupe 4.Isaac Molemane 5.Roselina Maine 6.Olefile Pilane 7.Patrick Mosime 8.Sonyanalisa Raikane 9.Thateng Menyatswe 10.Edna Sikayi	Yes	12	12	
9	Phadie Nquthula	1.Caroline Malapile 2.Mavis Pilane 3.Nyana Makaudi 4.Patricia Teke 5.Realinda Kotsedi 6.Linda Khunou 7.Africa Tlhasi 8.Lebogang Makanye 9.Patrick Matsila 10.Oupa Pilane	Yes	12	12	

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
10	George Moatshe	1.Stunford Nkomo 2.Salamina Khunou 3.Rapholo Makgamatha 4.Hilda Maupi 5.Boitumelo Matabane 6.Kija Nyirenda 7.Daphney Moabi 8.Dikgang Seleka 9.Francina Kgwale 10.	Yes	12	12	
11	Efesia Matshereng	1.Sinah Ditsele 2.Mamiki Mphela 3.Seth Tshintu 4.Maalosa Ramokoka 5.Modiegi Selokelo 6.Stemmie Ratlala 7.Oupa Moleswa 8.Violet Mphela 9.Dikeledi Maledu 10.Mmaleso Kekana	Yes	12	12	

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
12	Aaron Ramokoka	1.Bontle Bosielo 2.Welcome Matshoga 3.Mmalekgoa Ramokoka 4.Esrom Botsi 5.Caroline Maema 6.David Lekoto 7.Lebogang Sito 8.Asaph Makinita 9.Jonas Mogale 10.Mosidi Tshoma	Yes	12	12	
13	Patrick Tame	1.Nthati Ntwape 2.Dineo Letsholo 3.Elias Letsholo 4.Gabriel Thoka 5.Monti Khumalo 6.Dumisani Jentile 7.Phulane Botlhokwane 8.Leoko Mangwegape	Yes	12	12	

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1422	Lizzy Kgame	1.Thabo Morake 2.Matshoko Masilo 3.Elizabeth Xaba 4.Pouline Lesele 5.Boniswa Matshini 6.Kgomotso Leteane 7.Odirile Lekgetho 8.Edward Makgale 9.Sannah Mokgosi 10.Tsietsi Tseladimitlwa	Yes	12	12	
15	Solomon Mabitsela	1.Modikela Segoe 2.Mathibela Molefe 3.Onkutlwile Matlhola 4.Johannes Mantyio 5.Kingsley Moteane 6.Thato Mosako 7.Johanna Mfi 8.Tshidi Kgotsang 9.Boruthwane Hlungwane 10. Moses Rakoma	Yes	12	12	

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
16	David Chaka	1.Freda Mqhushekiwe 2.Daniel Molapisi 3.Nome Sebegu 4.Mary Marumagae 5.Ofentse Loeto 6.Dikgang Khumalo 7.Thabo Rampete 8.Pauline Motsomane 9.Motsamai Ndlovu 10.Johannes Molemane	Yes	12	12	
17	Bushy Solomon Manganye (EXCO Member)	1.Katlego Masimong 2.Reginald Letsholo 3.Evelyn Nkoane 4.Mmamokete Njoro 5.Kegopotswe Mokwena 6.Petrus Motlhatswi 7.Katlego Madiseng 8.Claudina Serole 9.Kopano Khunou 10. Peter Seemise	Yes	12	12	

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
18	Mamiek Radiokana	1.Hannah Lesesjane 2.David Moletsane 3.Elsie Madubung 4.Tshepang Khoza 5.Mpole Nkwe 6.Richard Mothabane 7.Carol Mosome 8. Ben Kotane 9. 10.	Yes	12	12	
19	Harry Kodongo	1.Patience Mekgwe 2.Elzonia Motlhako 3.Doris Maotoe 4.Daniel Lesejane 5.Tiny Van Vuur 6.Kagiso Modikwe 7.Mamaki Kgatshe 8.Julia Kgosimang 9.David Moatle 10	Yes	12	12	
20	Obed Motsisi	1.Lebogang Kgaswane 2.Mmamosiane Nkwe 3.Petrus Motlhabi	Yes	12	12	



# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
		4.Esther Kgaswane 5.Mittah Tiholwe 6.Samson Kgaswane 7.Mpipi Tiholoe 8.Stephen Mashabela 9.Itumeleng Kgasoane 10.Mmadikeledi Bogatsu				
21	Tshepo Khumalo	1.Pauline Mfati 2.Martius Kekae 3.Tebogo Semakane 4.Daniel Molet 5.Sidwell Leso 6.Rosina Moime 7.John Motseokae 8.Mpho Motsatsi 9.Tsholofelo Phiri 10.Simon Mabe	Yes	12	12	

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
22	Mita Khutsafalo Khunou	1.Mpho Ramathhape 2.Motsei Khunou 3.Mpho Molefe 4.Tumelo Mokone 5.Matshidiso Phefo 6. Motshwere Motlhanka 7.Johannes Masilo 8.Dikeledi Rapole 9.Ralikeleko Sefotho 10.Kegomoditswe Ramoabi	Yes	12	12	
23	Nketu Nkotsoe ( <b>Exco Member</b> )	1.Hilda Mosime 2.Violet Mpangeva 3.Kerileng Sebole 4.Johanna Masiangoako 5.Jane Mokgoebi 6.Lizzie Bogatsu 7.Jane Mopedi 8.Daphney Thondwane 9.Lesego Ramokgadi 10.Solomon Dirole	Yes	12	12	

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
24	Abish Magodiello	1.Mary Dibodu 2.Tshepo Moilwa 3.Linki Motsisi 4.Eva Mosimanyana 5.Mogomotsi Mpangeva 6.Anna Koitsiwe 7.Rahab Mathulwe 8.Kebonyeng Madikela 9.Irene Mosimanyana 10Phillip Sekao	Yes	12	12	
25	Johannes Mosito	1.Sello Segone 2.Thabo Mabale 3.Onnica Mabakeng 4.Solomon Letlape 5.Mpoko Rakhudu 6.Ben Tawana 7.Gift Mongwe 8.Mary Modise 9.Mpho Matshego 10.	Yes	12	12	

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
26	Hendrick Sekao	1.Poppy Masike 2.Catherine Toobi 3.Matlakala Ramela 4.Mogotsi Moruane 5.Thabo Mokone 6.Priscilla Moloana 7.Bakang Siko 8.Patricia Machete 9.Mmapula Marobe 10Lebogang Mothoane	Yes	12	12	
27	Joseph Sibanda	1.Mpho Mabele 2.Beauty Chibelu 3.Kgomotso Sibanda 4.David Koitsewe 5.Judith Sojane 6.Josephine Rachomanyane 7.Maphefo Tlagadi 8.Tryphina Mabue 9.Rosina Mogoma 10Jane Nhasengo	Yes	12	12	

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
28	Rose Lukhele	1.Marea Tekana 2.Martha Shaai 3.Tebogo Disetlhe 4.Sipho Mzelem 5.Tshireletso Maphosa 6.Mapula Ramosunya 7.Elizabeth Moutloatse 8.Sophie Moroalla 9.Mosiako Dithasi 10Thabo Letshwiti	Yes	12	12	
29	Kagiso Bubisi	1.Leatile Ratsoga 2.Phola Matlala 3.Thabang Maime 4.Thekwe Modise 5.Aaron Kgabo 6.Ishmael Mogapi 7.Neo Phofu 8.Maikano Mataboge 9.Maria Kwenaitse 10. Boitumelo Morero	Yes	12	12	

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
30	Chonko Tryphosa Bothokwane (EXCO Member)	1.Jabulile Mbele 2.Anna Monye 3.Regina Tshabalala 4.Patricia Mokobane 5.Innocentia Mkhwanazi 6.Martha Phiri 7.Joseph Mmope 8.Modisa Kekana 9.Emily Sibeko 10 Bishop Mathibedi	Yes	12	12	
31	Orepa Kgarimetsa	1.Morena Thale 2.Keneilwe Motswasele 3.Mesejeng Pilane 4.Ipeleng Moeti 5.Alice Kgosi 6.Lebogang Meselane 7.Sina Modibe 8.Baatseba Gouwe 9.Kagiso Mokwena 10Elsan Kgarimetsa	Yes	12	12	

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
32	Thapelo Thoboke (EXCO Member)	1.Doreen Mokoka 2.Amelia Mafilika 3.Tshegofatso Seake 4.Ditshele Maloba 5.Petrus Maungwa 6.Bennedid Ledoaba 7.Jane Tshite 8.Jane Ntsoe 9.Joshua Phiri 10.Patrick Segone	Yes	12	12	
33	Diphetogo Mmolawa	1.Lerato Mfolwe 2.Thabang Kgwakgwa 3.Nelly Mokgobu 4.Bosekilwe Rakobane 5.Badanile Jezile 6.John Ncube 7.Josiah Tsholo 8.Lucky Molapo 9.Mmabatho Moanakwena 10.Absalom Mataboge	Yes	12	12	

# APPENDICES

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
34	Dipuo Tau	1.Stanley Moatshe 2.Rebaemetse Otukile 3.Emily Motshegwa 4.Masego Segone 5.Elizabeth Mamadi 6.Galeboe Diale 7.Shimankie Ramokoka 8.Modise Sibanda 9.Bachipile Mahuma 10.Rosina Moloko	Yes	12	12	



# APPENDICES

## APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2019/2020

Municipal Audit Committee Recommendations		
Dates of Committee Meetings	Committee recommendations during 2019/2020	Recommendations adopted (enter Yes) If not adopted (provide explanation)
26 <sup>th</sup> August 2019 2 <sup>nd</sup> October 2019 20 <sup>th</sup> January 2020 22 <sup>nd</sup> June 2020	Audit Committee recommended that management must implement recommendation made by Internal Audit, External Audit and the Audit Committee, to strengthen and improve the control environment so that emerging and identified risks can be managed and mitigated timeously.	Yes