

2018/2019



Moses Kotane
Local Municipality
ANNUAL
REPORT

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COMPONENT A: MAYOR'S FOREWORD

1.1. MAYOR'S FOREWORD

The President of the Republic of South Africa in his State of the Nation Address 2019 indicated that SONA is important for all South Africans because it presents and highlights government's Programme of Action for the year ahead. The Programme of Action is a government's plan for the country and people of South Africa. Being aware and on par with what government is doing, this will give everyone a platform to be actively involved as well as participating in government's plans to build a better life for all.

Moses Kotane Local Municipality has worked tirelessly towards the development and renewal of infrastructure and provision of improved service delivery to its communities

Public participation is an on-going engagement process, and the following are forms of citizenry participation that are utilized by the Moses Kotane Local Municipality to ensure communities and stakeholders' voices are included in the planning, execution, and review of the IDP, budget, and PMS process through Integrated Development Planning Steering committee meetings and representative forum where feedback is given on the progress of projects implementations.

To improve public participation and accountability within the Moses Kotane Local Municipality, the municipality adopted a Communication Strategy during the course of the 2018/19 financial year. The sole purpose of this policy is to encourage and strengthen public participation. Ward committee members hold meetings every month to discuss issues affecting their communities, which they then forward to ward councillors so that the municipality can become aware and intervene if need be. Moreover, Ward committees as communities are also allowed to have a say in how they are led and express their views.

The 2018/2019 Annual report has been compiled in accordance with the Integrated Development Plan (IDP), Budget and SDBIP as approved by council. The municipality through public participation involves the community and all stakeholders such as Sector departments, Businesses and Mining houses collectively consolidate comments needed for the finalisation of IDP and Budget as required by legislation before the final approval by council and successfully implemented the Service Delivery and Budget Implementation Plan (SDBIP) for 2018/ 2019 in accordance with the following local government key performance areas:

- Basic Service Delivery and Infrastructure Development
- Municipal Transformation and institutional Development
- Local Economic Development
- Municipal financial Viability and Management
- Good Government and Public participation
- Spatial Development framework

In endeavor to create job opportunities the municipality has donated land to the Department of Trade and Industry for establishment of Special Economic Zone to attract investors to Moses Kotane local municipality and create platform for emerging businesses (SMME's).

During the period under review the municipality has successfully improved on the spending of Municipal Infrastructure Grant and the WISIG, by the end of the 2018/2019 financial year the

municipality had spent more than 90% in both grants which resulted in getting additional funding for service delivery in the same financial year. Our Municipality is host to the SEZ (Special Economic Zone) and a lot of work still needs to be done in order to be fully ready for this massive oncoming development. The SEZ requires the municipality to be ready with regards to bulk infrastructure as well as reliable road network.

Our municipality is committed to provide communities with basic services as required despite financial difficulties that the whole country and municipalities are currently facing. The most fundamental challenge for the municipality is the shortage of water, drying up of boreholes and low yield of underground water which compels the municipality to provide water through water tankering, which the municipality has managed to implement, it is also important to indicate that the municipality is doing everything in its power to ensure that communities get access to this scarce resource.

Despite financial challenges that the municipality is facing as result of non-payments of rates & taxes or services, the municipality is still doing everything in its power to ensure that there is water provision, sanitation, electricity supply and other basic services.

Let me take this opportunity to thank honorable councilors for their hard work in difficult conditions to ensure that the needs of their respective communities are given expression in the municipal IDP and the budget respectively and also the municipal manager and the entire administration to enable the municipality to spent the whole capital budget allocated in the year under review.

Council will continue to play oversight role as required and support administration for the attainment of improved audit outcome in the 2018/2019 financial year.

(Signed by : 
Mayor: Clr Ralesole Diale

1.2 MUNICIPAL MANAGER'S OVERVIEW

The 2018/2019 annual report is compiled in terms of section 121 of the municipal finance management Act (MFMA) Act 56 of 2003 which requires the municipality and every municipal entity under the municipality's sole or shared control to prepare an annual report in accordance with this section read with section 46 of Municipal Systems Act 32 of 2000 as amended. The council of a municipality must within nine months after the end of financial year, deal with the draft annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129 of which Annual Performance Report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act (MFMA) 56 of 2003.

The purpose of the draft annual report is:

- To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates to;
- To provide a report on performance against the budget of the municipality or the municipal entity for that financial year;
- To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

This annual report is a reflection of the activities of the municipality carried out during 2018/2019 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 2018/ 2019 financial year municipality implemented various service delivery projects such as construction of bulk water supply, water augmentation, internal roads, high mast lights, Sanitation (VIP Toilets) and community halls, as outlined in the budget, Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIP), However some projects were implemented late in the year due to delays in the approval of technical reports for water projects by the department of Water and Sanitation. For the financial year under review the municipality was allocated an amount of R 170,883,287 million for MIG and also received R43 000 000.00 million for WISG and further R24 000 000.00 for drought relief. The municipality received additional funding due the improved spending on the conditional grants in 2018/2019 financial year.

The municipality continues to experience low revenue collection and that has prompted the council to offer an incentive to consumers who pay old debt with a 50% reduction of the debt provided they make arrangements for payment. Subsequently the municipality appointed a Debt collector to assist in collection of outstanding debt.

By the end of the financial year the expenditure on MIG was 91% and 7% on additional fund, for WSIG expenditure as at the end of June 2019 was at 90% and Drought relief at 51% respectively.

The primary challenge has been work stoppages and delays in the work commencements in various areas resulting from interests by some community groups over business opportunities and employment matters. These stoppages compromised service delivery and budget spending

Despite the challenges, the municipality has performed better over the 2018/2019 financial year as compared to the previous financial year. This performance has been recorded at 60% which is an

1.3. 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 5220km² 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).

1.4 GOOD GOVERNANCE

1.41 Political Governance - Municipal Council

The Municipality is led by Council, the Mayor, Speaker and the Executive Committee, with the Single Whip to ensure Councillor Participation in Municipal programmes. The Mayor is the Head of Executive Committee (EXCO) which comprises of five (10) Councillors who serve in departmental / portfolio committees. The current Municipal Council became in office after Local Government elections in August 2016. However, Councillors found annual IDP adopted by outgone Councillors, hence, the plan was already in place and being implemented with a view of taking delivery to Moses Kotane communities. MKLM Councillors continue to instil the motto of Batho Pele Principle towards all 34 wards, 107 villages and 2 urban areas.

There were programmes made by the office of the premier on implementation of VTSD, where municipality was requested to develop rural economic development strategy to profile its communities. The aims was to ensure that rural development within the Municipality is aligned to the overall package of development plans. The objective is to provide a set of approaches, projects, and interventions aimed at encouraging the development of the rural economy and improving the quality of life and the economic prospects of the communities in the rural areas.

The leadership has been clear that it cannot live on past achievements but projects to be implemented towards their communities. Note has to be taken that wards increased from 31 to 34 with an increase of ward and proportional councillors who are 68 in numbers. During planning phase, it was indicated that developmental needs and programmes to also focus on youth; women; elderly and people living

with disabilities. There was non-functionality of other Council committees which council established good governance committees to ensure operational effectiveness, efficiency and also to strengthen socio-economic needs of the local communities – encouraging plans and piloting VTSD (this also tried to check on what businesses are at local level).

The portfolio committees - section 79 and 80 committees have been crucial in the decision-making process since they critically analyse issues prior and in making recommendations to the Executive Committee before Council sitting. Another important aspect is to ensure functionality of Intergovernmental Relations (IGR) and focus on improving economic growth to create stakeholder value in decision making and projects implementation.

This will continually call for investor attraction and development of business plans for implementation of catalytic projects. The above will automatically grow municipal revenue base, while measures of debt collection are being set. Therefore, infrastructural development will be required, growth and development will be realised and the MKLM will continuously provide basic level of service and a better life to all 107 villages and two urban areas.

Moses Kotane Local municipality must ensure that anyone affected by or interested in a decision making processes should have the opportunity to participate. The process can happen be done in several ways – community members may be provided with information, asked for their opinion, given the opportunity to make recommendations or, in some cases, be part of the actual decision-making process, or by being allowed to make written comments to the municipality.

MKLM Council is the final decision-making body where crucial decisions are taken to lead the municipality to be service delivery oriented and to grow the economy. The Municipal Council is comprised 68 Councillors, 34 ward Councillors, with 34 Proportional Representative Councillors, and 8 Traditional Leaders serving in Council. Like any other institution, good corporate governance remains at the centre for day to day municipal operations. Municipal Council have been and will ensure that municipal Vision, Mission and ethical values underpinning good corporate governance are implemented as per below:

Municipal Vision

“A caring municipality underpinned by minerals, agricultural and eco-tourism economy for the advancement of sustainable services to our communities”

Municipal Mission

To be driven by skilled human capital, conducting high work and service standards incorporating our natural resources to achieve inclusive quality life for our communities.

Municipal Values

- Integrity
- Transparency
- Accountability
- Honesty
- Excellence
- Human Dignity

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

Municipal Mission

- ✓ Providing responsive, transparent and accountable leadership
- ✓ Creating an environment for business growth and job creation
- ✓ Providing sustainable services

1.4.2 Demographic Profile

The Moses Kotane Local Municipality population was reported at 242 553 by 2011 STATSSA Census compared to 237 175 in Census 2001. The Municipality has a predominantly African population with fewer Indian, Coloured and White groups who mostly reside in the Sun City Resort residential complex and Mogwase Unit 2. It should be noted that the recognized legal statistics by National Treasury to be used in development Integrated Development Plan (IDP) is from Census 2011. And below template provide statics of 31 wards instead of 34 after Local Government election August 2016. This is proof that statistics need to be updated and collected to inform proper planning within MKLM.

1.2.3 Ward level Population by Age Group and Gender

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
63705017	515	543	803	755	1932	1605	1185	1406	251	353
63705018	462	434	697	695	1022	903	767	999	261	476
63705019	493	463	797	728	1171	1100	959	1161	231	406
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
63705024	241	212	395	356	689	643	551	662	163	344
63705025	389	388	672	683	1109	1238	965	1145	269	491

AGE	0 - 4		5-14		15 - 34		35 - 64		65 +	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
63705026	410	447	651	656	1353	1286	982	1108	286	404
63705027	512	544	806	788	1618	1386	1102	1153	300	446
63705028	547	588	841	799	1915	1752	1367	1479	119	173
63705029	608	535	837	811	1735	1618	1204	1264	242	391
63705030	411	450	598	577	1457	1332	1004	1066	163	304
63705031	485	394	658	665	1421	1270	994	1094	242	305

Population '000						
Age	2017/2018 (Source: STATSSA)			2018/19 (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.

1.5. 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. We need to note that projects were implemented under such circumstances to ensure provision of quality water and sanitation services to our

communities. Below are the municipal priorities collected during IDP Community consultation for the Financial Year 2018/2019.

Municipal Priorities	Departmental and Parastatals Priorities
Water and Sanitation	Housing (RDP houses) and electrification of households
Roads and Stormwater	Health and Social Development
Institutional Development	Education
Sports and Recreation	Transport and Traffic
Economic Development	Safety and Security
Solid Waste & Environment	Electricity (ESKOM)
Community Participation and Communication	Spoornet
Land & Housing (Land for residential purposes)	
Disaster Mngement	

The first Key Performance Area of Basic Service Delivery met the needs of the community as priority no one (1) and most of the budget was allocated to access of water. Moses Kotane Local Municipality is a water strained municipality with limited financial resources to allocate and implement projects in all 107 villages and two urban areas.

Below households statistics from 2011 indicated the numbers as reflected:

- ✓ Number of households in the Municipality **75 195**
- ✓ Number of billed households in the Municipality **21 300**
- ✓ Number of registered indigent households (Municipal Data) **10 580**
- ✓ Number of indigent households with access to free basic water **10 580**
- ✓ Number of indigent households with access to free basic electricity **10 580**

Municipal Challenges

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 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.

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.

COMMENT ON ACCESS TO BASIC SERVICES:

Waste has been collected in all areas in the Municipality – especially in the two “towns”. Challenges have however been experienced at the villages where the waste removal trucks have not been able to access the households due to narrow roads.

The provision of sanitation has been low in relation to the number of households in the municipality because the RDP houses built are provided with sanitation services. Water connections to residential dwellings have been challenged by the dire shortage of water in the Municipality. This is compounded by the aged water infrastructure that the municipality together with the water provision partners i.e. Magalies Water board and Department of Water Affairs and Sanitation will be working on improving.

1.6.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 2018/2019			
R' 000			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	622 501 000	622 501 000	622 501 000
Taxes, Levies and tariffs	-	-	-
Other	-	-	-
Sub Total	622 501 000	622 501 000	622 501 000
Less: Expenditure	- 562 648 696	-	-562 648 696
FNet Total*	59 852 304	-	852 304

Operating Ratios	
Detail	%
Employee Cost	19,77%
Repairs & Maintenance	8,20%
Finance Charges & Impairment	14,90%

The Municipality has over the past years been maintaining a percentage ratio between 26% and 30% of employee costs. The target of an average of 10% for repairs and maintenance has not been achieved as maintenance plans had not been developed. These plans will be developed for the 2018/2019 financial year.

Total Capital Expenditure: Year 2016/2017 - 2018/2019			
R'000			
Detail	2016/2017	2017/2018	2018/2019
Original Budget	185 873	214 680	622 501
Adjustment Budget	191 778	254 839	254 839
Actual	176 932	330 659	330 9

1.7. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Municipality reviewed its organisational structure in 2017. New positions were created which still require budget to be filled.

1.8. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2018/2019

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 sustained the disclaimer unqualified opinion in the 2018-2019 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.

Auditor General's report for the financial year under review is contained in Chapter 6 of this report

1.9. 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 2018/19 Annual Report to Internal Audit and Auditor-General	
5	Audit/Performance committee considers draft Annual Report of municipality	August
6	Mayor tables the unaudited Annual Report	
7	Municipality submits draft Annual Report including annual financial statements and performance report to Auditor General	
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September - December
9	Auditor General audits Annual Report including Annual Financial Statements and Performance data	
10	Municipalities receive and start to address the Auditor General's comments	January-March
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
12	Audited Annual Report is made public and representation is invited	
13	Oversight Committee assesses Annual Report	March
14	Council adopts Oversight report	
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	
17	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	April

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 in 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*

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 the beginning of the January and February 2018. The above as such, require a formalized strategy/business plan to be developed detailing 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,”*

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.

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.

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.

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.

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.

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.

Chapter 2

POLITICAL STRUCTURE



MAYOR
Cllr Ralesole Diale



SPEAKER
Cllr Siphovava



SINGLE WHIP
Cllr Maria Matshaba

Chapter 2

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

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

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.

Chapter 2

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

Chapter 2

Council Members	FULL/PART TIME	Committees Allocated	*Ward and/ or Party Represented
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
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

Chapter 2

Council Members	FULL/PART TIME	Committees Allocated	*Ward and/ or Party Represented
37. Caroline Motshabi (ANC)	Part Time	LED	ANC
38. Ezekiel Mashimo (ANC)	Part Time	Community Services & Public Safety	ANC
39. Dithothi Tshetlhane (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. Kgomotso 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 Motshegwe (EFF)	Part Time	Planning & Development	EFF
53. Neo Ruele (UCDP)	Part Time	MPAC	UCDP
54. Kgatoentle Kgalegi (EFF)	Part Time	Corporate Services	
55. Jacobeth Segale (EFF)	Part Time	-	EFF
56. Jonathan Sekomeng (DA)	Part Time	Infrastructure & Technical Services	DA
57. Adel Sennelo (EFF)	Part Time	Finance	EFF

Chapter 2

Council Members	FULL/PART TIME	Committees Allocated	*Ward and/ or Party Represented
58. Joyce Tukisi(EFF)	Part Time	Planning & Development	EFF
59. Eva Ditshwene(EFF)	Part Time	–	EFF
60. Gerald Aphiri (EFF)	Part Time	Corporate Services	EFF
61. Phadi Nqothula (ANC)	Part Time	Planning & Development	ANC
62. Efesia Matshereng (ANC)	Part Time	Corporate Services	ANC
63. George Moatshe (ANC)	Part Time	LED	ANC
64. Rebeca Moeng (ANC)	Part Time	Community Services & Public Safety	ANC
65. Karel Sedile (ANC)	Part Time	MPAC	ANC
66. Ismael Siko (EFF)	Part Time	Community Services & Public Safety	EFF
67. Boitumelo Dingaen (EFF)	Part Time	Finance	EFF
68. Letta Modimokwane (ANC)	Part Time	Finance	ANC

Chapter 2

POLITICAL DECISION-TAKING

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
30 August 2019	16/08/2018	FINAL REPORT ON THE RECRUITMENT PROCESS OF THE CHIEF FINANCIAL OFFICER.	<p>RESOLVED</p> <ul style="list-style-type: none"> a) That Council notes the report on the interviews and competency assessments of the top three candidates for the position of Chief Financial Officer of the Moses Kotane Local Municipality. b) That Council appoints the preferred candidate as the Chief Financial Officer of the Moses Kotane Local Municipality subject to compliance with the relevant Legislation and Regulations. c) That a written report on the appointment of the Chief Financial Officer be submitted to the MEC for Local Government within 14 days in terms of Regulation 17 3(b) of the Regulations (2014). (d) That Council resolve on the offer of employment in terms of the current cost structure of the position of the CFO and seek concurrence to waive on same from the MEC and COGTA office. (e) That the Council appoints Mr M. R. Mkhize as the CFO of Moses Kotane Local Municipality.
	17/08/2018:	NOTICE OF EXPIRY ON EMPLOYMENT CONTRACT- HEAD OF DEPARTMENT: COMMUNITY SERVICES	<p>RESOLVED</p> <ul style="list-style-type: none"> (a) That the report on the notice for expiry date on the employment contract HOD: Community Services be noted. (b) That Council advertise and appoint the position of HOD: Community Services as from 15 October 2018 in accordance with the provision of the Local Government: Municipal Systems Act, Act No. 32 of 2000, the Municipal Regulations on the Minimum Competency Levels, 2007, and the Municipal Regulations on the Appointment and Conditions of Employment of Senior Managers, 2014.

Chapter 2

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>(c) That Council reconsider the remuneration package of the new HOD in line with the cost structure of HOD's by means of an application for a waiver during the appointment of the new incumbent.</p> <p>(d) That the following panel be constituted in terms of the regulations:</p> <ul style="list-style-type: none"> • Municipal Manager – Chairperson • Portfolio head or Councillor relevant to the post • Any other relevant senior person other than a Councillor or official of Moses Kotane Local Municipality who has expertise and experience in the advertised post.
	18/08/2018:	INTEGRATED CORPORATE CALENDAR 2018/2019	<p>RESOLVED:</p> <p>a) That the integrated corporate calendar for 2018/ 2019 be approved.</p> <p>b) That the integrated corporate calendar be populated and updated on a regular basis when the need arises.</p> <p>c) That all departments take cognizance of the integrated corporate calendar as the framework of coordination and adhere to the dates.</p> <p>d) That quarterly reports on implementation of the integrated corporate calendar 2018/2019 be submitted to Council for noting.</p>
	19/08/2018:	APPOINTMENT OF ACTING HOD: CORPORATE SERVICES	<p>RESOLVED</p> <p>a) That the report be noted.</p> <p>b) That Council appoints an acting HOD: Corporate Services Ms T. Jalvan for a period not exceeding 3 months or until such time that the position of HOD is filled.</p> <p>c) Council seek concurrence from the MEC for Local Government & Human Settlements for the said extension.</p>
	20/08/2018:	APPOINTMENT OF ACTING: HEAD OF DEPARTMENT: PLANNING AND DEVELOPMENT	<p>RESOLVED</p> <p>(a) That Council note the report.</p> <p>(b) That council appoint acting HOD for Planning and Development Mr V. Mmope.</p> <p>(c) That the acting incumbent be appointed for a period not exceeding 3 months or earlier depending on the finalisation of the recruitment process.</p> <p>(d) Council seek concurrence from the MEC for Local Government & Human Settlements for the said extension</p>

Chapter 2

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
	21/08/2018:	APPOINTMENT OF ACTING: CHIEF FINANCIAL OFFICER (CFO)	RESOLVED (a) That Council note the report. (b) That council appoint acting Chief Financial Officer Mr H. Fourie. (c) That the acting incumbent be appointed for a period not exceeding 3 months or earlier depending on the finalisation of the recruitment process. (d) Council seek concurrence from the MEC for Local Government & Human Settlements for the said extension
	22/08/2018	REPORT ON ESTABLISHMENT OF DISCIPLINARY BOARD FOR FINANCIAL MISCONDUCT	RESOLVED 6.1 That council notes the content of the report 6.2 That the disciplinary board be established in line with section 168 to 175 of MFMA. 6.3 That the head of internal audit form part of the board. 6.4 That Council mandate the Executive to finalise the name of person with financial expertise and other requirements as per regulation on the establishment of the disciplinary board and report back in the next Council for rectification 6.5 The Accounting officer be approved to nominate additional members of the board who are part time basis as an when official depending on the merit of the case to form part of the Board and report back to council for endorsement 6.6 That the committee be endorsed with subsistence and travelling allowance.
	23/08/2018:	REVIEW OF THE EXECUTIVE COMMITTEE OF MOSES KOTANE LOCAL MUNICIPALITY	RESOLVED (a) That Council note the report. (b) That council appoints an Executive Committee in compliance with Section 43 of the Local Government: Municipal Structures Act, Act No. 117 of 1998. (c) That the Moses Kotane Local Municipality Executive Committee of be increase from six to ten. (d) That the four vacancies be declared which will be filled by the incumbents at a special council sitting to be held in 14 days.

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
	24/08/2018:	NOMINATION AND APPOINTMENT OF SELECTION PANEL MEMBERS FOR THE POSITION OF HEAD OF DEPARTMENT: STRATEGIC PLANNING, MONITORING AND EVALUATON	<p>RESOLVED</p> <p>That the report be noted.</p> <p>a) That the selection panel be constituted in accordance with section 12(3) of the Regulations with the following members.</p> <ul style="list-style-type: none"> - The Municipal Manager, Mr. Letsoalo, as Chairperson; - The Portfolio Head of Planning and Development, Clr. Motshabi; - An experienced official from SALGA North West. <p>That the HOD: Corporate Services be appointed to provide secretarial support.</p>
	198/04/2018	REVISED TOP LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR 2017/2018 FINANCIAL YEAR	<p>RESOLVED</p> <p>a) That the revised top layer Service Delivery and Budget Implementation Plan for 2017/ 2018 financial year be approved.</p> <p>b) That the late submission of 2017/2018 Service Delivery and Budget Implementation Plan be condoned.</p>
	199/04/2018	PERFORMANCE MANAGEMENT SYSTEM FRAMEWORK FOR 2018/2019	<p>RESOLVED</p> <p>a) That the Performance Management System Framework for 2018/2019 be considered.</p> <p>b) That workshop be conducted within 14 days to all Councillors.</p>
	216/05/2018	MUNICIPAL COMMUNICATION STRATEGY AND COMMUNICATION POLICIES FOR FINANCIAL YEAR 2018/ 2019	<p>RESOLVED</p> <p>a) That the reviewed communication strategy framework and communication policies for 2018 – 2019 be approved.</p> <p>b) That events management committee be established to oversee all events of Council.</p> <p>c) That internal communication forum be established to integrated communication efforts.</p> <p>d) That unbudgeted communication activities be catered for during adjustment budget 2018/ 2019.</p> <p>e) All advertising be centralized in Communication Unit.</p> <p>f) That the communication strategy and communication policies be reviewed annually.</p>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			g) That the key isolated areas be budgeted for during the budget adjustment be budgeted for.
		220/05/2018:	REVIEWED CORPORATE IDENTITY MANUAL 2018/ 2019 RESOLVED a) That the reviewed Corporate Identity Manual 2018/2019 be approved. b) That employees and Councillors be workshopped on the Reviewed Corporate Identity Manual 2018/ 2019 c) That Communication Unit be custodian of all communication and corporate branding d) All communication and branding be centralised within communication unit e) All communication items be standardised for brand uniformity f) That Communication Unit regularly monitor the usage and compliance of the Corporate Identity Manual.
	238/06/2018:	NARYSEC PROGRESS REPORT	RESOLVED a) That the Council takes note of the report b) That the Council support the programme c) That the programme be included in the IDP d) That the Council note that enrollment of youth in Mabaalstad is for the underpinning land restitution and Mabeskraal is for the sustenance of Agri-Park Concept
	239/06/2018:	NAMPO SHOW REPORT	RESOLVED a) That the programme be fully supported by Council. b) That farmers participate in order to gain relevant networks, information and marketing materials
	240/06/2018:	PROGRESS REPORT ON CWP	RESOLVED 1. That Council takes note of this report

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			2. That Council supports this programme by: <ul style="list-style-type: none"> 2.1 Assisting in the establishment of LRC 2.2 Provision of an office space that is central to all the Wards 2.3 That Municipality to enter into a memorandum of agreement to formalise their respective duties and liabilities.
	01/07/2018:	WATER CONSERVATION AND RUNOFF MANAGEMENT AT SYVERSFONTEIN	RESOLVED <ul style="list-style-type: none"> a) That Council take note of the report b) Moses Kotane Local Municipality (MKLM) and (Rural, Environment and Agricultural Development (READ) to monitor the project regularly for compliance
	02/07/2018	HUMAN SETTLEMENTS SPATIAL TRANSFORMATION PLAN FOR MOSES KOTANE LOCAL MUNICIPALITY	RESOLVED <ul style="list-style-type: none"> a) That Council take note of the report. b) That Council support the implementation of Human Settlements Spatial Transformation Plan for Moses Kotane Local Municipality. c) It is however recommended that the plan also be communicated to the Traditional Authorities/Communities who are affected
	06/07/2018:	PROGRESS REPORT ON 2017/2018 MUNICIPAL INFRASTRUCTURE GRANT (MIG) PROJECTS AND WATER SERVICES INFRASTRUCTURE GRANT (WSIG)	RESOLVED <ul style="list-style-type: none"> a) That Council take note of the report.
	09/08/2018	DRAFT IDP/BUDGET & PMS PROCESS PLAN FOR 2019/2020 FINANCIAL YEAR	RESOLVED <ul style="list-style-type: none"> (a) That Council to note the draft IDP/Budget/PMS Process Plan for financial year 2019/2020,

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>(b) The Council to note the approval of the 2019/2020 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</p> <p>(c) That the approved process plan be submitted to the North West provincial government as legislated.</p> <p>(d) That the ward Councillors forum be convened for the revival of the scheduled consultation meeting and Council accept reviewed schedule of public participation as agreed scheduled.</p>
	10/08/2018	<p>APPLICATION TO RESCIND COUNCIL RESOLUTION 173/02/2014 WHICH DEALT WITH THE DONATION OF LAND TO THE NORTH WEST DEVELOPMENT CORPORATION FOR THE PURPOSES OF ESTABLISHING A SPECIAL ECONOMIC ZONE.</p>	<p>RESOLVED</p> <p>That the Council of the Moses Kotane Local Municipality, to recommend the rescindment of the Council Resolution No 173/02/2014, subject to the following conditions:</p> <p>a) That the item be noted;</p> <p>b) That Council resolve to rescind resolution 173/02/2014</p>
	11/08/2018:	<p>APPLICATION FOR THE LEASE OF COUNCIL LAND TO THE NORTH WEST DEVELOPMENT CORPORATION FOR THE PURPOSES OF ESTABLISHING A SPECIAL ECONOMIC ZONE.</p>	<p>RESOLVED</p> <p>In view of the above, it is recommended that the Council of the Moses Kotane Local Municipality, to lease of Council land to the North West Development Corporation for the purposes of establishing a Special Economic Zone, subject to the following conditions:</p> <p>a) That the item be noted;</p> <p>b) That the identified pockets of land be released to the North West Development Corporation for the purposes of establishing the Special Economic Zone;</p> <p>c) That the total extent of the property to be released be approximately 1057ha;</p> <p>d) That the identified land be released on a long term notarial lease with an option to renew or extend.</p>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<ul style="list-style-type: none"> (e) That all planning requirements and legislation be complied with prior to any construction taking place. (f) That the Municipal Manager be authorized to sign the long term (50 years) notarial lease agreement with the NWDC.
	12/08/2018	ADDITIONAL PROJECTS FOR IMPLEMENTATION IN THE IDP 2018/2019	<p>RESOLVED</p> <ul style="list-style-type: none"> (a) That the Council to note the project received from Bakubung Minerals. (b) That water tankers will be purchased by Bakubung Minerals within the financial year 2018/2019 financial year and donated to the Municipality
31 October 2018			
	62/10/2018	REQUEST FOR CLOSURE OF MUNICIPAL OFFICES.	<p>RESOLVED</p> <ul style="list-style-type: none"> a. That Council grants approval for closure of offices from the 21st December 2018 until 04 January 2019 (last working day being 20th December 2018 until and opening on 07 January 2019). b. That Essential Services of Council proceed to operate during the break. c. That a list of staff members required to be on duty during the break be submitted. 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. e. That the staff required to be on stand-by be compensated with payment of stand-by allowance. f. That the relevant message be published in the local newspaper and be properly communicated to the community, clients and stakeholders.

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			g. That officials take 3 days' annual leave (21, 24 & 27 December 2018) and Council give officials a further 5 days leave (28 & 31 December 2018 and 02, 03 & 04 January 2019).
	64/10/2018:	APPOINTMENT OF ACTING HOD: COMMUNITY SERVICES	RESOLVED (a) That the report be noted. (b) That Council appoints an acting HOD: Community Services for a period not exceeding 3 months or until such time that the position of HOD is filled. (c) Council seek concurrence from the MEC for Local Government & Human Settlements for the said extension. (d) That Council appoints Mr N. Moeng as the Acting HOD: Community Services for a period not exceeding 3 months.
	65/10/2018:	RESCINDMENT OF PART OF COUNCIL RESOLUTION ON ITEM 141/02/2018: ADJUSTMENT BUDGET 2017/2018 (15/1/1) (2017/2018) NO 4.12	RESOLVED (a) That the Council rescind number 4.12 on Item 141/02/2018: ADJUSTMENT BUDGET 2017/2018 that deals with recruitment of ICT staff so as to fast track the filling of all advertised ICT positions. (b) That the Council allow the Municipal Manager to fill the vacancies in ICT in terms of sec55 (e) of the Local Government: Municipal Systems Act No 32 of 2000 and Regulations
	66/10/2018:	REPORT ON MOGWASE DRINKING WATER QUALITY	RESOLVED a) That Council takes note of the report b) That Council considers the replacement of the aged infrastructure as a matter of urgency c) The Council mandates the Accounting Officer to raise funding as well deciding on suitable technologies for the replacement of the aged infrastructure and report back to Council

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
	213/04/2017	DRAFT LIBRARY BY LAWS	<p>RESOLVED</p> <p>a) That the Council takes note of the draft library by laws. b) That the Library by Laws be submitted to Council for approval (including advertisement and public participation) after completion of all necessary consultation processes.</p>
	112/11/2017	REPORT ON THE ESTABLISHMENT OF MOGWASE LIBRARY COMMITTEE	<p>RESOLVED</p> <p>a) That the Council take note of the report.</p> <p>Item referred back – for financial and legal implications to be included.</p>
	113/12/2017	REVIEW OF SOLID WASTE AND ENVIRONMENTAL BY LAWS	<p>RESOLVED</p> <p>a. That the Council note the report. b. That Councillors be work-shopped on by-laws. c. That the Council approves the public participation commence. d. That Office of the Speaker facilitate public participation program on the by-laws</p>
	13/08/2018:	APPLICATION TO REQUEST COUNCIL TO SUPPORT THE DESIGNATION OF A RESTRUCTURING ZONE ON THE REMAINING EXTENT OF THE FARM LEDIG 909 JQ	<p>RESOLVED</p> <p>In view of the above, Executive Committee recommends to the Council of the Moses Kotane Local Municipality, for the Council support on the designation of the restructuring zone on the remaining extent of the farm Ledig 909 JQ</p> <p>a) That the item be noted; b) That Council resolve to support the designation of the restructuring zone on the remaining extent of the farm Ledig 909 JQ.</p>
	14/08/2018	APPLICATION TO REQUEST COUNCIL	<p>RESOLVED</p>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
		TO SUPPORT THE DESIGNATION OF A RESTRUCTURING ZONE ON A PORTION OF PORTION 3 AND 4 OF THE FARM WAAGFONTEIN 89 JQ	In view of the above, Council of the Moses Kotane Local Municipality, to support on the designation of the restructuring zone on a portion of portion 3 and 4 of the farm Waagfontein 89 JQ; a) That the item be noted; b) That Council resolve to support the designation of the restructuring zone a portion of portion 3 and 4 of the farm Waagfontein 89 JQ.
	248/08/2018	IMPLEMENTATION OF MOPYANE RURAL SANITATION PROJECT	RESOLVED a. That Council take note of the report; b. That the project of rural sanitation allocated for Mopyane be re-allocated to another village that has been earmarked to receive a similar project in the next financial year c. That the project be allocated to Makoshong village.
	30/09/2018	FINANCIAL REPORT FOR APRIL 2018 (7/15/1/2/1)	RESOLVED a) That the financial report for April 2018 be accepted and noted.
	31/09/2018	FINANCIAL REPORT FOR MAY 2018 (7/15/1/2/1)	RESOLVED a) That the financial report for May 2018 be accepted and noted.
	32/09/2018	FINANCIAL REPORT FOR JUNE 2018 (7/15/1/2/1)	RESOLVED a) That the financial report for June 2018 be accepted and noted.
	33/09/2018	FINANCIAL QUARTERLY REPORT FOR THE QUARTER ENDING 30 JUNE 2018 (7/15/1/2/1)	RESOLVED a) That the financial quarterly report for the fourth quarter ending 30 June 2018 be accepted and noted.
	34/09/2018	FINANCIAL REPORT FOR JULY 2018 (7/15/1/2/1)	RESOLVED a) That the financial report for July 2018 be accepted and noted.

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
	35/09/2018	INDIGENTS FREE BASIC ELECTRICITY FOR JULY 2018 (7/15/1/2/1)	RESOLVED (a) That the report on free basic services be noted. (b) That the recommendation as reflected in the body of the report be adopted and approved for immediate implementation.
	36/09/2018	SUPPLY CHAIN MANAGEMENT REPORT FOR APRIL 2018	RESOLVED (a) That the contents of the report be noted.
	37/09/2018	SUPPLY CHAIN MANAGEMENT REPORT FOR MAY 2018	RESOLVED (a) That the contents of the report be noted. (b) The matter be referred to MPAC for further investigations and MPAC to report back to council
	38/09/2018:	LED ROGRESS REPORT	RESOLVED a) That the Council takes note of the contents of the reports: Technical SDBIP Procurement Plan.
	39/09/2018:	REPORT ON LOCAL AND PROVINCIAL EXPANDED PUBLIC WORKS PROGRAMMES	RESOLVED a) That the Council takes note of the report b) That this programme be fully supported by Council and administration. c) That since Phase three (3) EPWP projects comes to an end by March 2019 and new projects to be identified for phase four (1).
	40/09/2018:	REPORT ON MAJESTY OIL MILLS OFF-TAKE AGREEMENT FOR SUNFLOWER AND SOYA BEANS PRODUCERS	RESOLVED a) That the Council takes note of the report. b) That the farmers' workshop be conducted by the 27th September 2018. c) That the Council supports the project by visiting the Mill after the workshop has been conducted.

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
	41/09/2018:	AGRIPARK PROGRESS REPORT	<p>RESOLVED</p> <ul style="list-style-type: none"> a) That the Council takes note of the progress report. b) That the Council supports the name change of the project from Makweleng to Moses Kotane FPSU. c) That the Council takes note that FPSU management structure has been established comprising of Rural, Environment and Agricultural Development (READ, MKLM Local Councilor, Community Work Programme (CWP), MKLM –LED Official, DRDLR, Farmers representative, SEDA and Batlhako Ba Matutu Tribal Councilors. d) That the Council notes that a community resolution shall be conducted on the September 26, 2018. e) That a MEMORUNDUM OF AGREEMENT between MKLM farmers' Cooperative and Batlhako ba Matutu community be in place.
31/05/2019	157-05-2019:	REPORT ON COST RECOVERY AND DEBT COLLECTION (5/17/1)	<p>RESOLVED</p> <ul style="list-style-type: none"> a) That the report on cost recovery and debt collection be approve. b) Legal steps to be implemented against all debtors who do not participate in the proposed incentive scheme. They should be handed over to debt collectors with immediate effect to be appointed by Municipal Manager c) The Department of Planning and Development to proceed with local economic development plans and the formalization of new townships d) That an investigation be conducted into the implementation of a pre-paid water system; e) An incentive scheme be introduced for all debtors on a rand-for-rand basis; this implies that 50% of the outstanding amount as at 31 March 2019 be written-off on condition that the consumer settle the balance within 6 months after entering into written arrangements with the Municipality. f) That all outstanding debtors who do not participate in the incentive scheme be handed over to debt collectors in terms of the Municipality's Credit Control and Debt Collection Policy; g) Interest be levied on all arrear accounts with effect from the accounts for January 2011;

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<ul style="list-style-type: none"> h) That the Infrastructure and Technical Department prepare estimates and business plan to legalise illegal yard connections for inclusion in the 2020-2021 capital budget. i) The BTO isolate water accounts from Sewerage; Refuse removal and Property rates for collection by debt collector j) That water accounts be put in abeyance until an amicable solution of the water problem has been found k) That the Municipality in a position to correctly calculate water losses and free basic water to indigent households the water scheme in every village will have to be provided with meters that measure the water pumped and distributed in 2019-2020 financial year with municipal own fund l) That the EXCO Led Committee with the support of BTO to engage with the affected communities regarding the recommendations in the report m) That the Management explore an incentive model for consumers who have been consistent with payment of services and report to council on this.
	94/01/2019	<p>IMPLEMENTATION OF SPATIAL PLANNING AND LAND USE MANAGEMENT ACT WITHIN THE MOSES KOTANE LOCAL MUNICIPALITY.</p>	<p>RESOLVED</p> <p>In view of the above, it is recommended that the of the Moses Kotane Local Municipality, for the implementation of the Spatial Planning and Land Use Management Act by appointing an authorised official/land development officer in terms of section 32 of the Moses Kotane Local Municipality SPLUM By-law, categorisation of applications in terms of section 31 of the MKLM SPLUM By-law and the amendment of the system of delegations in terms of section 56 of Spatial Planning and Land Use Management Act 16/2013, subject to the following conditions:</p> <ul style="list-style-type: none"> a) That the item be noted. b) That the Head of Department: Planning and Development be appointed as the Authorised Official/Land Development Officer in terms of section 32 of the Moses Kotane Spatial Planning and Land Use Management By-Law;

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			<ul style="list-style-type: none"> c) That the categorization of applications set out in Annexure A attached hereto be considered in terms of section 31 of the Municipal SPLUM by-law, read with section 35 (3) of the Spatial Planning and Land Use Management Act 16/2013; d) That the system of delegations be amended in accordance with the schedule attached as outlined in Annexure B
	149/04/2019	FINANCIAL REPORT FOR FEBRUARY 2019 (7/15/1/2/1)	<p>RESOLVED</p> <ul style="list-style-type: none"> a) That the financial report for February 2019 be accepted and noted
	150/04/2019	FINANCIAL REPORT FOR MARCH 2019 (7/15/1/2/1)	<p>RESOLVED</p> <ul style="list-style-type: none"> a) That the Financial report for March 2019 be accepted and noted
	151/04/2019	FINANCIAL QUARTERLY REPORT FOR THE QUARTER ENDING 31 MARCH 2019 (7/15/1/2/1)	<p>RESOLVED</p> <ul style="list-style-type: none"> a) That the financial quarterly report for the second quarter ending 31 March 2019 be accepted and noted. b) That the ward Councillors for the affected billable wards (Madikwe, Mogwase and Mabele-a-Podi) and the Portfolio Committee on Finance engage the affected Communities to encourage them about payment of the services.
	153/04/2019:	SUPPLY CHAIN MANAGEMENT MARCH 2019 REPORT	<p>RESOLVED</p> <ul style="list-style-type: none"> a) That the contents of the report be noted.
	154/04/2019	INDIGENT REPORT ON FREE BASICS FOR MARCH 2019 (7/15/1/2/1)	<p>RESOLVED</p> <ul style="list-style-type: none"> (a) That the report on free basic services be noted (b) That the recommendation as reflected in the body of the report be adopted and approved for immediate implementation.
	156/05/2019	FINAL BUDGET AND MEDIUM TERM REVENUE	<p>RESOLVED</p>

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		<p>AND EXPENDITURE FRAMEWORK 2019/2020 TO 2021/2022 (5/1/1-2019/2020)</p>	<p>a) That the final annual budget of the municipality for the financial year 2019/2020 and the multi-year and single-year capital appropriations as set out in the attached tables be approved.</p> <p>b) 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> <ul style="list-style-type: none"> i. That the tariffs for property rates – as set out in Annexure B ii. That the tariffs for the supply of water – as set out in Annexure A iii. That the tariffs for sanitation services – as set out in Annexure A iv. That the tariffs for solid waste services - as set out in Annexure A v. That the tariffs for other services – as set out in Annexure A <p>c) 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> <p>d) That the amendments to the Budget related policies be approved as indicated in the policy documents hereto attached.</p>
	<p>158/05/2019</p>	<p>FINAL IDP/BUDGET REVIEW FOR FINANCIAL YEAR 2019/2020</p>	<p>RESOLVED</p> <ul style="list-style-type: none"> (c) That the Council note the Final Draft IDP/Budget for financial year 2019/2020. (d) That the Council note the attendance report for 2nd session IDP Public Participation. (e) That the Council note the Top Layer SDBIP.

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			(f) To note the ongoing implementation of strategic plan recommendations.
12/06/2019	165/06/2019	EXTENSION OF ACTING HOD APPOINTMENT: CORPORATE SERVICES	<p>RESOLVED</p> <p>(a) That the report be noted.</p> <p>(b) That Council extends the acting appointment for Mrs J. Malinga HOD: Corporate Services for a period not exceeding 3 months.</p> <p>(c) Council seek concurrence from the MEC for Local Government & Human Settlements for the said extension</p>
	167/06/2019	CONDONATION OF ACTING APPOINTMENT: HOD COMMUNITY SERVICES	<p>RESOLVED</p> <p>a) That Council note the report.</p> <p>b) That council condone the acting capacity of Mr N Moeng for the period May and June 2019.</p> <p>c) That the municipality to write to the MEC for Local Government & Human Settlements to further seek consideration for the said extension.</p>
	160/05/2019:	FINAL REPORT ON THE APPOINTMENT OF SENIOR MANAGER (HOD: COMMUNITY SERVICES)	<p>RESOLVED</p> <p>a) That Council notes the report on the interviews and competency assessments of the top three candidates for the position of HOD: Local Economic Development</p> <p>b) That Council appoints the suitable and preferred candidate HOD: Community Services subject to compliance with the relevant Legislation and Regulations.</p> <p>c) That a written report on the appointment of the HOD: Community Services be submitted to the MEC for 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 and seek concurrence to waive on same from the MEC and COGTA office.</p> <p>e) That the municipality submits a formal report on the recruitment delays and request condonation for the appointment to avoid new expenditure on re-starting the processes.</p>

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			<p>f) That the date of assumption of duty for appointed candidate be the 1st July 2019</p> <p>g) That regulation 16 (7) be complied with (which allows the panel to consider the second and third candidate should the first best decline the offer.)</p> <p>h) That the Council appoints Mr S.S Kotsedi as the suitable candidate and preferred candidate of HOD: Community Services.</p>
	161/06/2019	FINAL REPORT ON THE APPOINTMENT OF SENIOR MANAGER (HOD: STRATEGIC PLANNING)	<p>RESOLVED</p> <p>a) That Council notes the report on the interviews and competency assessments of the top three candidates for the position of HOD: Local Economic Development</p> <p>b) That Council appoints the suitable and preferred candidate as HOD: Strategic Planning subject to compliance with the relevant Legislation and Regulations.</p> <p>c) That a written report on the appointment of the HOD: Strategic Planning be submitted to the MEC for 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 and seek concurrence to waive on same from the MEC and COGTA office.</p> <p>e) That the municipality submits a formal report on the recruitment delays and request condonation for the appointment to avoid new expenditure on re-starting the processes.</p> <p>f) That the date of assumption of duty for appointed candidate be the 1st July 2019 until 1st July 2024.</p> <p>g) That regulation 16 (7) be complied with (which allows the panel to consider the second and third candidate should the first best decline the offer.)</p> <p>h) That the item be referred back.</p>
	162/06/2019	FINAL REPORT ON THE APPOINTMENT OF SENIOR	RESOLVED

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		MANAGER (HOD: PLANNING DEVELOPMENT)	<ul style="list-style-type: none"> a) That Council notes the report on the interviews and competency assessments of the top three candidates for the position of HOD: Planning and development b) That Council appoints the suitable and preferred candidate as HOD: Planning and development subject to compliance with the relevant Legislation and Regulations. c) That a written report on the appointment of the HOD: Planning and development be submitted to the MEC for Local Government within 14 days in terms of Regulation 17 3(b) of the Regulations (2014). d) That Council resolve on the offer of employment in terms of the current cost structure of the position of the HOD and seek concurrence to waive on same from the MEC and COGTA office. e) That the municipality submits a formal report on the recruitment delays and request condonation for the appointment to avoid new expenditure on re-starting the processes. f) That the date of assumption of duty for appointed candidate be the 1st July 2019 g) That regulation 16 (7) be complied with (which allows the panel to consider the second and third candidate should the first best decline the offer. h) That the Council appoints Mr M.S Makgoba as the suitable and preferred candidate of HOD: Planning and development.
	163/06/2019	FINAL REPORT ON THE APPOINTMENT OF SENIOR MANAGER (HOD: LED)	<p>RESOLVED</p> <ul style="list-style-type: none"> a) That Council notes the report on the interviews and competency assessments of the top three candidates for the position of HOD: Local Economic Development b) That Council appoints the suitable and preferred candidate as HOD: Local Economic Development Moses Kotane Local Municipality subject to compliance with the relevant Legislation and Regulations. c) That a written report on the appointment of the HOD: Local Economic Development be submitted to the MEC for Local

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			<p>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 and seek concurrence to waive on same from the MEC and COGTA office.</p> <p>e) That the municipality submits a formal report on the recruitment delays and request condonation for the appointment to avoid new expenditure on re-starting the processes.</p> <p>f) That the date of assumption of duty for appointed candidate be the 1st July 2019</p> <p>d) That regulation 16 (7) be complied with (which allows the panel to consider the second and third candidate should the first best decline the offer.)</p> <p>e) That the Council appoints Ms Madikela Ramorula as the suitable and preferred candidate of HOD: Local Economic Development.</p>

The above resolutions are taken by Council through recommendations of EXCO. EXCO considers submissions made by the various Portfolio committees. Management sees to the implementation of the resolutions and the above resolutions have been implemented.

Chapter 2

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 organise 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.

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TOP STRUCTURE		
	<p>Mr M.V Letsoalo Municipal Manager</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>Ms T. Jalvan Acting Head of Department: Corporate Services</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>Mr M Mkhize Chief Financial Officer</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>Mr T. Chiloane Head of Infrastructure & Technical services</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>Mr N. Moeng Head of Department: Community Services</p>	<p>This Department is responsible for Environmental and Waste Management, Traffic, Security and Library Services</p>	
<p>Mr D. Radiokana Head of Department: Planning & Development</p>	<p>This Department is responsible for Housing, Town Planning LED Services</p>	

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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

The municipality was identified as one of 7 pilot municipalities by the Department of Local Government and Traditional Affairs for the LG Management Improvement Model assessment, which is a self-assessment process on the management practices and work place capabilities, moderated by the Provincial Department.

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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.

2.3 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

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.

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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
 - 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

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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.

2.4 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	

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)

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- ✓ 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

MITIGATION

- ✓ Motivate, support for more budget during the adjustment period during the implementation of the budget for the financial year 2018/19.
- ✓ 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 mobilisation about government services

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COMPONENT D: CORPORATE GOVERNANCE

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.

2.5 RISK MANAGEMENT

RISK MANAGEMENT

The municipality conducted a strategic risk assessment for 2018/19 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 2018/19 was approved during budget speech 2018 and 2019/ 20, was approved during the budget speech (31 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.

2.6 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.

2.7 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Four out of five employees are fully compliant with minimum competency levels for Supply Chain Management, however one employee is currently undergoing training to ensure compliance.

2.8 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

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2.9 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 (2017/18)	No	
The annual report (2017/18) published/to be published	No	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2017/18) and resulting scorecards	Yes	
All service delivery agreements (2017/18)	No	
All long-term borrowing contracts (2017/18)	No	
All supply chain management contracts above a prescribed value (give value) for 2017/18	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 2017/18	No assets Disposed	
Contracts agreed in 2017/18 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 2017/18	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2017/18	No	

Training for all finance staff will be conducted on submission of information.

2.10 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

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

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

COMPONENT A: BASIC SERVICES

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.

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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	4 053 137

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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.

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

Households - Water Service Delivery Levels below the minimum			
Description	Households		
	2018/2019		
	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements			
Total households	75 000	75 000	75 500
Households below minimum service level	0	0	0
Proportion of households below minimum service level	0%	0	0%
Informal Settlements			
Total households	14 572	14 572	14 572
Households below minimum service level	2 750	2 750	2 750
Proportion of households below minimum service level	19%	19%	19%

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Water Service Policy Objectives Taken From IDP						
Service Objectives Service Indicators	Outline Service Targets	2018/2019		2017/18		
		Target	Target	Target		Target
		*Previous Year	*Previous Year	*Previous Year	*Previous Year	
Households without minimum water supply	Number of hh provided with water below RDP standard	5 000	5 000	5 000	5 000	11 798
Ensure water supply	Number of boreholes drilled and equipped	12	New	New	New	35
Ensure water quality	Compliance on Blue Drop	85%	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

Employees: Water Services					
Job Level	2018/19	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Employees				
	No.				
1-5	54	124	60	64	52%
5-8	4	6	4	2	33%
8-11	6	10	4	6	60%
11-12	3	6	3	3	50%
12-14	12-14	14	2	0	100%
15-16	6	12	5	7	58%
17-18	3	6	3	3	50%
19-25	2	4	2	2	50%
Total	92	170	81	89	52%

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Financial Performance Year 2018/2019: Water Services					
R'000					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	194 802	243 312	331 153	235 179	-3%
Expenditure:					
Employees	27 114	33 882	30 756	30 457	-11%
Repairs and Maintenance	13 990	23 780	17 024	23 259	-2%
Other	237 315	179 682	168 833	242 272	26%
Total Operational Expenditure	278 419	237 344	216 613	295 988	20%
Net Operational Expenditure	83 617	-5 968	-114 540	60 809	110%

Capital Expenditure Year 2018/2019 Water Services					
R' 000					
Capital Projects	Year 2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	76202	109380	132209	42%	
WATER	76202	109380	132209	42%	76202

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COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

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.

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		*Households
Description	2018/2019	
	Actual No.	
<u>Sanitation/sewerage: (above minimum level)</u>		
Flush toilet (connected to sewerage)	5 802	
Flush toilet (with septic tank)		
Chemical toilet		
Pit toilet (ventilated)	18 384	
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%	
<u>Sanitation/sewerage: (below minimum level)</u>		
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%	
Total households	79 798	

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Households - Sanitation Service Delivery Levels below the minimum			
Description	2018 /2019		
	Original Budget	Adjusted Budget	Actual
	No.	No.	No.
Formal Settlements			
Total households	5 275	5 275	5 275
Households below minimum service level	0	0	0
Proportion of households below minimum service level	0%		0%
Informal Settlements			
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	2017/2018		2018/2019		
		Target	Actual	Target	Actual	
<i>Service Indicators</i>		*Previous Year		*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Number of households provided with sanitation above RDP standard	7000hh	5802	5802	5802	5802	0
Number of households provided with VIP toilets	1650	2200	2200	450	0	0
VIP management strategy developed	December 2013	0	0	0	0%	0%
% improvement of the green drop status	85%	75%	29%	75%	Unknown %	Results not yet released

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Employees: Sanitation Services					
Job Level	2016/2017	2018/2019			
	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%
Total	20	64	24	40	63%

Financial Performance Year 2018/2019: Sanitation Services					
					R'000
Details	Year 2017/2018	Year 2018/2019			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	17 011	22 338	30 913	12 146	-84%
Expenditure:					
Employees	7 382	8 744	10 404	10 300	15%
Repairs and Maintenance	1 440	1 585	3 532	10 891	85%
Other	6 399	10 257	8 309	13 067	22%
Total Operational Expenditure	15 221	20 586	22 245	34 258	40%
Net Operational Expenditure	-1 790	-1 752	-8 668	22 112	108%

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Capital Expenditure Year 2018/2019: 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.

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 facilitates for household electrification through engagement with Eskom and DOE. The Municipality also provides community lighting infrastructure (high mast lights) and streetlights.

Employees: Electricity Services					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1-5	0	5	0	5	100%
12-14	3	4	3	1	25%
15-16	1	2	1	1	50%
Total	4	11	4	7	64%

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Financial Performance Year 2018/2019: Streetlights						R'000
Details	Year -2017/2018	Year 2018/2019				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	14335	16598	15109	5%	
Expenditure:						
Employees	1709	2327	2133	2274	-2%	
Repairs and Maintenance	1344	0				
Other	9569	10491	11065	6383	-64%	
Total Operational Expenditure	12622	12818	13198	8657	-48%	
Net Expenditure	-12622	1517	3400	6452	76%	

Capital Expenditure Year 2018/2019: Streetlight						R' 000
Capital Projects	Year 0				Total Project Value	
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
Total All	13635	18598	13666	0%		
STREETLIGHTING	13635	18598	13666	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 8 high mast lights in 2018/19, however the Municipality faces challenges in reaching its targets due to delays in energizing of high mast lights by Eskom.

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

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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 out 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 Municipality 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.

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.

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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	2015/2016	2016/2017	2017/2018	Households 2018/2019
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u> Removed at least once a week	75 193	75 193	75 193	75 193
<u>Solid Waste Removal: (Below minimum level)</u> Removed less frequently than once a week Using own refuse dump No rubbish disposal				
Total number of households	75 193	75 193	75 193	80 654

Households - Solid Waste Service Delivery Levels below the minimum						
Description	2015/2016	2016/2017	2017/2018	Households 2018/2019		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	0	0	0	0	0	0
Households below minimum service level						
Proportion of households below minimum service level						
Informal Settlements (included above)	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)	2015-2016		2016-2017		2017-2018	2018-2019		
		Target	Actual	Target		Actual	Target		
		*Current Year (vi)	(vii)	*Previous Year (v)			*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Provision of weekly collection service per household (HH)	Provide waste collection to all wards	75 193	75 193	75 193	75 193	75 193	80 654	90 000	80 654
Proportion of waste that is recycled	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, buyback not yet operational	Operation of the buyback centre
Proportion of landfill sites in compliance with the Environmental Conservation Act 1989.	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	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	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

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Waste Management Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2015-2016		2016-2017		2017-2018	2018-2019		
		Target	Actual	Target		Actual	Target		
		*Current Year (vi)	(vii)	*Previous Year (v)			*Current Year (viii)	*Current Year (ix)	*Following Year (x)
			4. Environmental signboard installation			4. Environmental 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 Varied Waste Management License from the Provincial Department of Rural Environment and Agricultural Development To allow for upgrade activities to commence	
To reduce and/or prevent	Borrow pit rehabilitation			The rehabilitation and	Lerome borrow pit was fully	Lerome borrow pit was fully	Rehabilitation assessment	Request for proposal and funding to	Proposals for the Rehabilitation

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Waste Management Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2015-2016		2016-2017		2017-2018	2018-2019		
		Target	Actual	Target		Actual	Target		
		*Current Year (vi)	(vii)	*Previous Year (v)			*Current Year (viii)	*Current Year (ix)	*Following Year (x)
adverse pollution as per section 24N NEMA 1998	n and fencing			fencing of the Lerome borrow pit	rehabilitated and subsequently fenced	rehabilitated and subsequently fenced	done and proposed estimates compiled, Department to request MIG funding for the project.	rehabilitate the borrow pits	the Borrow Pits drafted, No funds in place to have them implement
To raise awareness around issues pertaining pollution prevention-illegal dumps eradication	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, Mokgaloane ng, Losmeitjerie, Obakeng, Se shibitswe,	Signed boards were successfully installed in most of the areas

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Waste Management Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2015-2016		2016-2017		2017-2018	2018-2019		
		Target	Actual	Target		Actual	Target		
		*Current Year (vi)	(vii)	*Previous Year (v)			*Current Year (viii)	*Current Year (ix)	*Following Year (x)
								Vrede, 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

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Employees: Solid Waste Management Services					
Job Level	(2017/2018)	(2018/2019)			
	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	0	10	100%
15 - 16	4	4	4	4	70%
17 – 18	0	3	0	3	0%
18 - 25	0	1	0	1	0%
Total	4	44	4	44	90%

Employees: Waste Disposal and Other Services					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	0	47	4	0	0

The service is outsourced

Financial Performance Year 2018/2019: Solid Waste Management Services					
					R'000
Details	Year 2017/2018	Year 2018/2019			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	60 765	77 588	68 374	28 614	-171%
Expenditure:					
Employees	1 363	2 740	1 720	1 502	-82%
Repairs and Maintenance	13 576	11 800	14 600	11 128	-6%
Other	59 939	51 951	33 407	44 835	-16%
Total Operational Expenditure	74 878	66 491	49 727	57 465	-16%
Net Operational Expenditure	14 113	-11 097	-18 647	28 851	138%

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Capital Expenditure Year 2018-2019: Waste Management Services					
R' 000					
Capital Projects	Year 2018/2019				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:

1. Phase 4 of the rehabilitation has been fully implemented in the 2018/2019 financial year.
2. Lerome borrow pit was fully fenced 2015/ 2016.
3. Madikwe landfill site fencing completed 2015 /2016
4. Sandfontein borrow pit fenced in 2017/2018
5. Consultant appointed and developed preliminary detailed design for Madikwe Landfill Upgrade (2016/ 2017) and the report / business plan have been submitted to COGTA for MIG funding.

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.

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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	2018/19			
	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%
Total	7	12	7	5	42%

Financial Performance Year 2018/2019: Housing Services					
R'000					
Details	Year 2017/2018	Year 2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	1056	1056	0	
Expenditure:					
Employees	4496	5460	5827	5603	3%
Repairs and Maintenance	248	1080	0	31	-3384%
Other	397	1761	419	367	-380%
Total Operational Expenditure	5141	8301	6246	6001	-38%
Net Operational Expenditure	5141	7245	5190	6001	-21%

Capital Expenditure Year 2018/2019: Housing Services					
R' 000					
Capital Projects	Year 2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Housing	700	700	0		

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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.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	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%

Financial Performance Year 2018/2019: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year - 2017/2018	Year 2018/2019			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	6435	23867	23867	10985	-117%
Waste Water (Sanitation)	0	474	474	281	-69%
Electricity	3381	4000	4000	3984	0%
Waste Management (Solid Waste)	17244	2684	2684	306	-777%
Total	27060	31025	31025	15556	-99%

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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 144.62 KMs are surfaced and 2147.4 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 finding for our roads maintenance plan. The road master plan has been completed.

Frequent breakdown of machinery hampers maintenance of roads. New front end loader, tipper truck and water tanker has been purchased in order to improve service delivery.

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	12.5	12.5	0	1.5	0.241

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Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2015/2016	166	25	14	140
2016/2017	2147	0	8.9	219
2018/2019	2138	0	12.5	65

Financial Performance Year 2018/2019: Road Services					
					R'000
Details	Year 2017/2018	Year 2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue			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%
Total Operational Expenditure	55 304	70 974	79 440	100 916	30%
Net Operational Expenditure	55 304	70 974	9 598	41 362	-72%

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Capital Expenditure Year 2018/2019: Road Services					
R' 000					
Capital Projects	Year 2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	61129	62841	91682	33%	
ROADS AND STORM WATER	61129	62841	91682	33%	61129

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Municipality is on average constructing a total of 9.8 km (paved roads). This is not sufficient given the current backlog of over 2000 kilometres of internal roads. The Maintenance of existing roads is also a challenge due to limited resources such as budget and machinery, however we always ensure that at 4 kilometres of existing roads are refurbished on annual basis.

3.8 TRANSPORT

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

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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.

3.9 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 cleaning of storm water catch pits and storm water channels within the Moses Kotane area.

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

Cost of Construction/Maintenance				R' 000
	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	

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COMPONENT C: PLANNING AND DEVELOPMENT

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,
- Approval of the constitution of an owner's association or an amendment of the constitution of the owner's association,

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- 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	
	2014/15	2015/16	2017/18	2018/19	2017/18	2018/19
Planning application received	0	0	4	4	0	0
Determination made in year of receipt	0	0	2	4	0	0
Determination made in following year	0	0	2	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	2018/2019			
	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%
Total	7	4	3	

Capital Expenditure 2018/19: Planning Services					
R' 000					
Capital Projects	2018/19				
	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%	

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Financial Performance Year 2018/2019: Planning Services						R'000
Details	Year 2017/2018	Year 2018/2019				
	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 <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2017/18		2018/19		
		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

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COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

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

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%.

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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).

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.

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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

Employees: Local Economic Development Services					
Job Level	2017/18	2018/19			
	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%
Total	7	14	7	7	50%

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Local Economic Development Policy Objectives Taken From IDP						
Service Objectives <i>Service Indicators</i>	Outline Service Targets	2017/18		2018/19		
		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 lev 2)	No. of capacity building programmes conducted	20	18	20	0	20
3. Hospitality training	No. of capacity building programmes conducted	50	50	50	0	50
4. Poultry Training 16/1748	No. of capacity building programmes conducted	0	48	48	0	48
5. Catering training	No. of capacity building programmes conducted	0	20	20	0	20
6. Sewing Training	No. of capacity building programmes conducted	0	20	20	0	20
7. Goat Management	No. of capacity building programmes conducted	0	20	20	0	20
8. Backyard Garden Management	No. of capacity building programmes conducted	0	100	100	0	100
9. Sunflower Production training	No. of capacity building programmes conducted	0	20	20	0	20

Financial Performance Year 2018/20189Local Economic Development Services					
					R'000
Details	Year 2017/18		Year 2018/19		
	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%

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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, Tlokweg, 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	Outline Service Targets	2016/17		2017/18		2018/2019	
		Target	Actual	Target		Actual	Target
<i>Service Indicators</i> (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)
Provision of library services to the community	Stocking of all Moses Kotane libraries	3	3	3	4	4	4
Library awareness and marketing programs to promote the service	All library users and non-users	8	8	8	8	8	8

Employees: Libraries					
Job Level	2016/17	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1-5	6	17	9	8	
10-12	9	20	11	9	
15-16	2	7	3	4	
17-18	1	1	1	1	
Total	18	45	24	22	

Financial Performance Year 2018/2019: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	Year 2016/2017	Year 2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	447	1 031	981	1 102	6%
Expenditure:					
Employees	745	1 337	1 112	869	-54%
Repairs and Maintenance					
Other	725	1 861	1 785	6 879	73%
Total Operational Expenditure	1 470	3 198	2 897	7 748	59%
Net Operational Expenditure	1 023	2 167	1 916	6 646	67%

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.

SERVICE STATISTICS FOR COMMUNITY FACILITIES

During the period under review the municipality carried out routine maintenance in Community Halls, Parks, and Sports Facilities. The Municipality has 106 facilities (inclusive of municipal offices, community halls, sports facilities and libraries).

Chapter 3

3.13. COMMUNITY FACILITIES

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	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1-5	4	30	30	0	
6-8	20	25	20	5	
8-11	3	8	6	2	
12-14	1	1	1	0	
15-16	2	2	2	2	
17-18	1	1	1	0	
19-25	0	1	0	1	
Total	31	68	60	10	

Employees: Community Facilities – Municipal Buildings					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1-5	4	10	3	7	
6-8	0	0	0	0	
8-10	3	5	3	2	
8-11	1	6	1	5	
12-14	0	0	0	0	
12-14	1	1	1	1	
17-18	1	1	1	1	
Total	9	23	8	16	

Chapter 3

Financial Performance year 2018/2019: Community Facilities – Parks and Recreation					
R'000					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	12 087				
Expenditure:					
Employees	2 338				
Repairs and Maintenance	1 019				
Other	6 837				
Total Operational Expenditure	10 194				
Net Operational Expenditure	-1 893				

Financial Performance year 2018/2019: Community Facilities – Municipal Buildings					
R'000					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	12 087				
Expenditure:					
Employees	2 338				
Repairs and Maintenance	1 019				
Other	6 837				
Total Operational Expenditure	10 194				
Net Operational Expenditure	-1 893				

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	2016/17	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
(1-5)	3	8	3	5	
(8-11)	2	4	2	1	

Financial Performance Year 2018/2019: Cemeteries and Crematoriums					
					R'000
Details	Year 2017/2018	Year 2018/2019			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
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 2018/2019: Cemeteries and Crematoriums					
					R' 000
Capital Projects	Year 2018/2019				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	1500	1500	538	-179%	
FENCING OFCEMENTRIES	1500	1500	538	-179%	1500

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.

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**

Chapter 3

Employees: Solid Waste Management Services					
Job Level	(2017/2018)	(2018/2019)			
	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
Total	4	44	4	44	98

Chapter 3

Financial Performance Year 2018/2019: Solid Waste Management Services					
R'000					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	55 183				
Expenditure:					
Employees	1 515				
Repairs and Maintenance	5 569				
Other	49 489				
Total Operational Expenditure	56 573				
Net Operational Expenditure	1 390				

COMPONENT F: PUBLIC SAFETY AND SECURITY

This component includes: disaster management coordination and relief materials public nuisances, etc.

3.17 PUBLIC SAFETY AND SECURITY

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	2017/2018	2018/2019			
	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
Total	8	24	9	15	63

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 2017/18: Disaster Management					
R' 000					
Capital Projects	2018/19				
	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 2018/2019: Disaster Management									
R'000	Outline Service Targets	2015/16		2016/17		2017/18	2018/19		
		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	4
	Disaster Training and Education	4	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

COMPONENT H: SPORT AND RECREATION

Chapter 3

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	2017/18	2018/19			
	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%
Total	54	68	55	54	

Chapter 3

Financial Performance Year 2018/2019: Sport and Recreation					
R'000					
Details	Year 2017/2018	Year 2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		15	15	9	-67%
Expenditure:					
Employees	12 085	16 246	13 586	13 244	-23%
Repairs and Maintenance	1 919	2 080	2 420	2 082	0%
Other	5 795	6 554	5 704	19 246	66%
Total Operational Expenditure	19 799	24 880	21 710	34 572	28%
Net Operational Expenditure	19 799	24 865	21 695	34 563	28%

Capital Expenditure Year 2018/2019: Sport and Recreation					
R' 000					
Capital Projects	Year 2017/2018				
	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	2017/2018	2018/2019			
	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%
Total	8	20	12	8	50%

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	2017/2018	2018/2019			
	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%
Total	5	12	10	10	41%

Chapter 3

Employees: The Executive and Council					
Job Level	2017/2018	2018/2019			
	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%
Total	78	78	68	0	0%

Financial Performance Year 2018/2019: The Executive and Council					
					R'000
Details	Year 2017/2018	Year 2018/2019			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	2173	1000	1977	1000	0%
Expenditure:					
Employees	29650	38042	33146	32537	-17%
Repairs and Maintenance	1623				
Other	46597	44715	34098	32958	-36%
Total Operational Expenditure	77870	82757	67244	65495	-26%
Net Operational Expenditure	75697	81757	65267	64495	-27%

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

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

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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. T 3.25.1

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	Year 2016/2017		Year 2017/2018			Year 2018/2019	
	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	128 643	63%	128 583	87 432	68%	136 298	65%
Electricity - B							
Electricity - C							
Water - B							
Water - C	147 057	38%	184 162	61 076	33%	202 578	65%
Sanitation	4 011	47%	4 055	1 593	39%	4 461	65%
Refuse	15 310	2%	17 749	352	2%	19 524	65%
Other							

Employees: Financial Services					
Job Level	16/17		2018/198		
	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

Financial Performance Year 2018/2019: Financial Services					
R'000					
Details	Year 2017/2018	Year 2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	521160	380625	363961	508474	25%
Expenditure:					
Employees	28974	34599	32664	31295	-11%
Repairs and Maintenance	91				
Other	27572	55421	63967	25098	-121%
Total Operational Expenditure	56637	90020	96631	56393	-60%
Net Operational Expenditure	-464523	-290605	-267330	-452081	36%

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	2017/2018	2018/2019			
	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	0	9	100%
17-18	4	6	5	1	16%
18-25	2	3	2	1	33%
TOTAL	9	28	14	13	46%

Chapter 3

Financial Performance Year 2018/2019: Human Resource Services					
R'000					
Details	Year -2017/2018	Year 2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	299	150	150	0	
Expenditure:					
Employees	5700	9202	5710	5462	-68%
Repairs and Maintenance	0	0			
Other	10371	13915	11379	11051	-26%
Total Operational Expenditure	16071	23117	17089	16513	-40%
Net Operational Expenditure	15772	22967	16939	16513	-39%

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. Provision of ICT equipment and computer networks. An ICT assessment was conducted and the strategy was developed and approved by council.

Employees: ICT Services					
Job Level	Year 2017/2018	Year 2018/2019			
	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%
Total	2	14	4	10	71%

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Financial Performance Year 2018/2019: ICT Services						R'000
Details	Year -2017/2018	Year 2018/2019				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	1500	0	0		
Expenditure:						
Employees	1342	4660	3996	1721	170%	
Repairs and Maintenance						
Other	62595	33362	76213	61983	46%	
Total Operational Expenditure	63937	38022	80208	75681	49%	
Net Operational Expenditure	63937	38022	80208	75681	49%	

Capital Expenditure Year 2018/2019: ICT Services						R' 000
Capital Projects	Year 2018/2019					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	1500	10600	7913	81%		
COMPUTER EQUIPMENT	1000	500	7913	87%	1000	

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.

Financial Performance Year 2018/2019: Legal Services					
					R'000
Details	Year -2017/2018	Year 2018/2019			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue					
Expenditure:					
Employees	887	1 004	1024	1040	3%
Repairs and Maintenance					
Other	16	49	21	10	-390%
Total Operational Expenditure	903	1053	1045	1050	0%
Net Operational Expenditure	903	1053	1045	1050	0%

Capital Expenditure Year 2018/2019: Property; Legal; Risk Management and Procurement Services					
R' 000					
Capital Projects	Year 2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10 040 000		956 550	-9	
Supply and delivery of paper for a period of twelve months on as and when bases	500 000	-	120 400	-3	as and when
Supply and delivery of store material for a period of twelve months on as and when basis	5 375 000	-		#DIV/0!	as and when
Supply and delivery of tyres for a period of twelve months on as and when bases.	4 165 000	-	673 876	-5	as and when
Supply and delivery of water treatment chemicals for a period of twelve months on as and when basis		-	162 274	1	as and when
Requests for proposals to conduct the ICT audit and development of and ICT strategy to align with MKLM IDP			36 425 600	1	25 000 000
Construction of highmast lights for Seshibitswe and Vrede villages	3 400 000	-	2 812 163	-0	3 793 287
Construction of new Kameelboom community hall	1 800 000	-	1 042 160	-1	1 822 362
Construction of Tlhatlaganyane Community Hall	1 800 000	-	1 319 368	-0	1 800 516
Construction of Molatedi Community Hall	1 800 000	-	455 213	-3	1 787 089
Construction of new Sefilile Community Hall	1 800 000	-	299 783	-5	141 973
Construction of Sandfontein storm water	6 500 000	-	17 800 553	1	4 478 109

Chapter 3

Construction of stormwater management channels in losmytjerie	10 139 784	-	3 105 373	-2	3 260 776
Construction of internal roads in Mmopyane	6 650 008	-	2 984 850	-1	5 860 913
Legkraal and Lesetlheng Roads Phase 1	8 000 000	-	1 879 430	-3	9 772 156
Rural Sanitation Programme Phase III	16 500 000	-	3 343 457	-4	5 966 868
Supply and delivery of breeding stock	1 000 000	-	484 600	-1	484 600
Supply and Delivery of PPE	1 068 406	-	792 966	-0	404 932
Construction of ratsegae and Masekoloane Internal Roads and storm water	13 500 000	-	3 379 050	-3	3 379 050
Ground water optimization	6 700 000	-	2 158 822	-2	

Chapter 4

COMPONENT I: ORGANISATIONAL PERFORMANCE SCORECARD

2018/2019 ANNUAL PERFORMANCE REPORT AGAINST THE TOP LAYER SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN

Infrastructure and Technical Services													
Water and Sanitation													
Strategic Objective: Improvement and expansion of bulk infrastructure, Development and implementation of Integrated Master Plan and Developmental regulation by-law (Technical engineering service operations)													
IDP linkage Budget Linkage/ Vote Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance (Baseline)	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence		
MKW63	Capital	ITS1	Basic Service Delivery and Infrastructure Development	Number of water supply projects constructed	4 Water supply projects constructed (Lerome, Phela, Tlokeng and Mabeeskraal) by June 2019	New	0 Water supply project constructed	Not Achieved	R 28 933 236,00	R 5 994 253,00	Delays by DWS in approving the Technical Reports for Lerome and Pella projects due to the reduced scope of work; delays in finalising design as a result poor water quality for Tlokeng	Intervention from COGTA to fast track the process Project to be implemented in the 2019-20 financial year; Project to be implemented over a two year period. Mabeeskraal project	Completion Certificate
	Capital	ITS2		Number of bulk water augmentation projects completed	4 bulk water augmentation projects completed (Mokgalwana, Lerome, Voordonker and Mositwana) by May 2019	New	1 bulk water augmentation project completed - Mokgalwana	Not Achieved	R 50 226 067,00	R 24 216 232,00	Lerome project delayed due to reallocation of reservoir site; Voordonker and Mositwana delayed due to revision of scope of work	Lerome, Voordonker and Mositwana projects to be completed in 2019/2020 financial year. Management to allow for approval due processes by sector departments as part of the implementation	Completion Certificates
MKW79	Capital	ITS3		Number of Ground water Optimisation projects-phase 4 & 3 completed	5 Ground water Optimisation Phase 4 & 3 completed (Khayakhulu, Welverdiert, Seolong, Mapaputle and Dekameekuil) by May 2019	New	2 Ground water Optimisation projects in Khayakhulu and Welverdiert completed	Not Achieved	R 11 500 000,00	R 10 403 660,00	Seolong, Mapaputle and Dekameekuil projects started late due to the delay in awarding of projects	Municipality to put more resources to ensure that tenders are awarded on time in the next financial year	Completion Certificate
MKW80	Capital	ITS4		Mogwase Feasibility Study conducted (Aged infrastructure)	Mogwase Feasibility Study conducted (Aged infrastructure) by December 2018	New	Mogwase Feasibility Study not conducted	Not Achieved	R 2 000 000,00	None	Only analytical investigation was carried out but not physical inspection Funds reallocated during budget adjustment	To carry out a physical inspection by means of CCTV technology Funds to allocated in the next financial year	Feasibility Study Report
MKW87	Capital	ITS5		Number of Kilometres refurbishment of Mogwase Sewer Outfall Pipeline	1,2 KMs of refurbishment of Mogwase Sewer Outfall Pipeline by June 2019	1,1 Kilometres	1,2 KMs of refurbishment of Mogwase Sewer Outfall Pipeline completed	Achieved	R 9 000 000,00	R1 364 394,00	None	None	Completion Certificate

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IDP linkage Budget Linkage/ Vote Number Item Number Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance (Baseline)	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
MKW289 Capital ITS6	Number of high mast lights installed	22 high mast lights instilled by June 2019	25 high mast lights	8 high mast lights instilled	Not Achieved	R 7 800 002,00	R 5 965 798,00	Tenders were re-advertised due no responsive Bids which lead to late appoint of contractors	Contractors urged to increase resources on site to complete outstanding works	Completion Certificate
MKW290 Capital ITS7	Number of VIP Toilets constructed	1352 Toilets constructed by March 2019	2200 VIP Toilets	973 VIP Toilets completed	Not Achieved	R 18 000 000,00	R 15 922 649	Contractor started in Phalane first and now busy in David Katnagel. Project started very late due to the relocation of project from Mopyane to Makoshong	Engagement held with the contractor to speed up implementation. Encouraging the contractor to put more resources on site	Completion Certificate
MKW289 Capital ITS8	Number of kilometres of roads and stormwater constructed	460 metres of stormwater constructed by March 2019	New	294.4 metres of stormwater constructed	Not Achieved	R 4 799 990,00	R3 998 581,00	Slow progress of the contractor	Intention to terminate the contract has been issued, contractor still to improve	Completion Certificate
MKW291 Capital ITS9	Number of kilometres of internal roads constructed	9.8 kilometres of internal roads constructed by March 2019	New	8.69 kilometres of internal roads completed	Achieved	R 39 946 386,00	R 37 162 650,00	Mabele A Podi delayed due to inclement weather, however the project was completed in June 2019	Management to ensure that all targets are aligned to the financial year end in order to cater for unforeseen circumstances.	Completion Certificate
MKW291 Capital ITS10	Number of community halls constructed	3 community halls constructed by March 2019	3 halls	2 community halls completed in Seolong and Mokgalwaneng	Not Achieved	R 17 502 857,00	R 16 012 752,00	Construction of Makoshong community hall delayed due slow performance by contractor	One-on-one engagement held with the contractor to improve the progress	Completion Certificate
MKW291 Capital ITS11	Construction of traders stalls - Mogwase	100% construction of 1 traders stalls - Mogwase by June 2019	New	Construction stage - 22,56 %	Not Achieved	R 4 823 722,00	R 4 823 722,00	Delay in the appointment of the contractor	Contractor to increase resources on site to recover	Completion Certificate

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Community Services										
Strategic Objective										
Development and implementation of Integrated Master Plan , Promote a safe and healthy environment										
IDP linkage Budget Linkage/ Vote Number Item Number Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance (Baseline)	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
MKD87 Operational COMSERV 2	Turn around time to attend to all disaster incidents reported	Attend to all disaster incidents reported within 48 hours by June 2019	48 hours	68 incidents attended within 48 hours	Achieved	OPEX	None	None	None	Incident register and report
MKD93 Operational COMSERV 3	Construction of licencing testing station	Construction of licencing testing station in Moruleng by March 2019	New	No progress	Not Achieved	R 4 000 000,00	None	The licencing testing station in Moruleng was not constructed due to municipality not being able to access the loan	To allocate Budget for the project in the next financial year	Completion Certificate
MKD93 Operational COMSERV 3	Puchasing of new Vehicles	Purchasing of new Vehicles by March 2019	New	No puchasing of new vehicles was done	Not Achieved	R 8 000 000,00	None	Purchasing of new vehicles was not done due to municipality not being able to access the loan	To allocate Budget for vehicles in the next financial year	Delivery Note
Strategic Objective										
Promote a safe and healthy environment										
IDP linkage Budget Linkage/ Vote Number Item Number Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance (Baseline)	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
MKSAC28 Operational COMSERV 6	Number of road safety and crime prevention campaigns conducted	16 safety and crime prevention campaigns conducted by June 2019	36 campaigns	16 safety and crime prevention campaigns conducted	Achieved	R 600 000,00	R 167 250,00	None	None	Reports and attendance register
MKSAC28 Operational COMSERV 6	Rehabilitation of Old Mogwase Landfill Site Phase 4	Rehabilitation of old Mogwase Landfill Site Phase 4 by March 2019	Rehabilitation of Mogwase Landfill Site Phase 3	Rehabilitation of old Mogwase Landfill Site Phase 4 completed	Achieved	R 11 423 000,00	R 11 423 000,00	None	None	Completion Certificate
MKSAC33 Operational COMSERV 6	Percentage of budget spent on maintenance of landfills (Mogwase and Madikwe)	100% budget spent on maintenance of landfills by June 2019	2017/2018 maintenance reports	80 % of the budget spent	Not Achieved	R 14 500 000,00	R 11 632 175,00	Due to the unavailability of funds, the service provider has not been paid although the site operations had regularly compliant	To ensure proper planning and timely payment of Service providers in the financial year	Expenditure reports
MKSAC33 Operational COMSERV 6	Number of cemeteries fenced	4 cemeteries fenced by June 2019	7 cemeteries	Not done	Not Achieved	R 500 000,00	None	Budget not cash backed	To be allocated budget in the next financial year	Completion Reprots

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IDP Linkage/ Budget Linkage/ Vote Number	Operational Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance (Baseline)	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
Operational	COMSERV/8	Basic Service Delivery and Infrastructure Development	Percentage of households provided with refuse removal services	100 % of Households provided with removal services by June 2019	Waste collection reports	75% of households refuse collected	Not Achieved	R 23 000 000,00	R 5 288 058,36	Disagreements regarding the appointment of labourers between the service provider and Councillors	To engage with the service provider to rectify the prevailing challenge	Waste collection reports
Operational	COMSERV/9		Number of environmental outreach programmes conducted	32 environmental outreach programmes conducted	24 environmental outreach programmes conducted	32 environmental outreach programmes conducted	Achieved	R 2 900 000,00	None	None	None	Environmental outreach programmes reports
Operational	COMSERV/1		Percentage of budget spent on repair and maintenance of buildings and facilities	100 percent of budget on building repairs and maintenance spent by June 2019	New	65% of budget spent	Achieved	R 5 100 000,00	R 3 346 058,00	Delay in the appointment of service provider	To ensure proper planning and timely appointment of Service providers in the financial year	Expenditure reports
Operational	COMSERV/		Percentage of budget spent on repair and maintenance of fleet	100 percent of budget spent on repair and maintenance of fleet by June 2019	New	122% of budget spent	Achieved	R 900 000,00	R 1 101 619,29	Wrong allocation of vote	Expenditure adjusted	Expenditure reports
Operational	COMSERV/		Percentage of budget spent on security services rendered	100% Percentage of budget spent on security services rendered by June 2019	100% expenditure	72% of budget spent	Not Achieved	R 24 000 000	R 17 483 926	Delay in the payment of service provider due to budget constraints	To ensure proper planning and timely payment of Service providers in the financial year	Expenditure reports

Chapter 4

Planning and Development:														
Town Planning														
Strategic Objective		To ensure provision and access to land for proper coordination of land use development.												
IDP linkage	Budget Linkage	Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence	
Operational	Operational	MKED67	Basic Service Delivery and Infrastructure Development	Review of the Municipal Spatial Development Framework	Municipal Spatial Development Framework reviewed by June 2019	New	Draft SDF	Achieved	R 800 000,00	None	None	None	Council Resolution	
		MKED68		Developed Wall to Wall Land Use Scheme	Developed Wall to Wall Land Use Scheme by June 2019	New	Adopted LUS	Not Achieved	R 800 000,00	R0.00	Certain clauses/ sections had to be amended prior publication of the LUS , however the document is	Clauses have been amended and sent out for comments	Council Resolution	
		PD3		Establishment of a SPLUMA Appeal Authority	Established SPLUMA Appeal Authority by June 2019	New	SPLUMA Appeal Authority not established	Not achieved	Operational	Operational	There was a delay in acquiring the Terms of Reference from the Department of Rural Development and Land	The Municipality has engaged with other Municipalities to benchmark and further engaged with MISA for intervention.	Council Resolution	
		PD4		Development of a SPLUMA aligned Delegations	Developed SPLUMA aligned delegations by June 2019	New	T rditional Authorities map	Achieved	Operational	Operational	None	None	Council Resolution	
		PD5		Percentage of GIS data Collated (Servitudes)	100% of GIS data collated in Mankwe(Servitudes) by March 2019	New	100% of GIS collected Land ownerships maps	Achieved	Operational	Operational	None	None	Updated Geo-Information System	
Housing														
Strategic Objective		To facilitate the provision of subsidized housing to low income groups												
IDP linkage	Budget Linkage	Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence	
Operational	Operational	PD6	Basic Service Delivery and Infrastructure Development	Compilation of housing needs beneficiary register for MKLM	Beneficiary register for MKLM compiled by June 2019	New	Not done	Not Achieved	Operational	Operational	No staff to perform function due to budget constraints	Removed during SDBIP review	Completed Beneficiary registers	
				PD7	Number of housing project steering committee meetings held	16 meetings held by June 2019	12 Meetings	20 Stakeholder meetings held	Achieved	Operational	Operational	None	None	Minutes and attendance register
				PD8	Turnaround time for attending housing inspection requests	Housing inspections attended to within 72 hours of request by June 2019	72 Hours	29 Inspections attended to within 72 hours of request	Achieved	Operational	None	None	None	Housing Inspection Register and inspection reports

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IDP linkage	Budget Linkage	Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
Operational	Operational	PD9	Basic Service Delivery and Infrastructure Development	Turnaround time for approval of building plans upon submission	Approval of building plans within 4 weeks of submission by June 2019	4 Weeks	113 Building plans submitted and approved within 4 weeks	Achieved	Operational	Operational	None	None	Building plans register
		PD10		Turnaround time for issuing of non-compliance notices upon sighting	Non-compliance notices issued within 48 hours of sighting by June 2019	48 Hours	1 transgressions non-compliance notices issued within 48 hours of sighting	Achieved	Operational	Operational	None	None	Non-compliance register
Local Economic Development													
Strategic Objective													
To promote economic growth (ACT; agriculture, culture, tourism, mining)													
IDP linkage	Budget Linkage	Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
Operational	1025301150308	PD11		Number of temporary Jobs created through LED initiatives and Capital Projects	321 of Jobs created through LED initiatives and Capital Projects by June 2019	New	No jobs created	Not achieved	OPEX/Capital	None	Delayed due to the late appointment of service providers for implementation of capital projects	Fast tracking the implementation in the next financial year, issuing appointment letters and signing of service level agreements	Beneficiaries' Contracts/ Monthly reports
		PD12		Number of Jobs created through EPWP Projects	57 of Jobs created through EPWP Projects by June 2019	82 Jobs	57 jobs	Achieved	R 1 000 000,00	R 984 645,00	None	None	Beneficiaries' Contracts/Monthly expenditure reports
		PD13		Number of LED Projects financially supported	10 LED Projects financially supported by end June 2019	10 projects	11 LED Projects financially supported	Achieved	R 600 000,00	R 213 373,40	None	None	Expenditure reports
Operational		PD14		Number of LED programmes coordinated	6 LED programmes coordinated	5 programmes	2 programmes (Mahika Mahikeng, Certificate awards)	Not achieved	R 2 000 000,00	R 150 620,00	Non-response of bidders - training	Training to be provided in the next quarter	Programme report/ Attendance register
Operational		PD15		Number of feasibility studies conducted	2 feasibility studies conducted by End December 2018	2 studies	No feasibility studies conducted	Not achieved	R 300 000,00	R6,466.84	Non-response of bidders - for training	Reassess and Readjust	Feasibility study Report
Operational		PD16		Arts and culture masterplan developed	Arts and culture masterplan developed by March 2019	1 plan	Arts and culture masterplan not developed	Not achieved	R 500 000,00	None	Are not achievable, to hard to measure, poorly defined	Proper consultation with major stakeholder (infrastructure)	Council Resolution
Operational		PD17		Number of Sectoral fora meetings held	10 Sectoral fora meetings held by June 2019	10 meetings	10 Sectoral fora meetings held	Achieved	Operational	None	None	None	Minutes & attendance register

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Corporate Services											
Strategic Objective		To provide administrative support services for the Municipality									
Human Resources											
IDP Linkage Budget Linkage/ Vote Number Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance (Baseline)	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
Operational	CORP1	2018 -2023 Employment equity plan submitted to Department of Labour	2018 -2023 Employment equity plan submitted by September 2018	2017/2018 Employment Equity plan Report	EE plan was not submitted	Not Achieved	Operational	None	Delays in the training of committee members by labour department	Fast track training of members in the first quarter	Acknowledgement letter
		2018/2019 Employment equity report submitted to Department of Labour	Employment Equity Plan report submitted by January 2019	2017/2018 Employment Equity plan Report	EE report submitted to labour	Achieved	Operational	None	None	None	Acknowledgement letter
		Percentage of budget spent in the implementation of the Work Skills Plan	100% of budget spent in the implementation of the Work Skills Plan by June 2019	2017/2018 expenditure report	20% of budget spent	Not Achieved	Operational	R 455 931,92	Budgetary problems	The skills audit report to be finalised in the second quarter	Expenditure report
		Conduct skills audit for all employees	Conduct skills audit by September 2018	2017/2018 reports	Skills audit conducted	Achieved	Operational	None	None	None	Skills audit report
		2018/2019 workplace skills plan submitted to LGSETA	Workplace skills plan submitted by April 2019	2017/2018 Workplace skills plan	Workplace skills plan submitted to LGSETA	Achieved	Operational	None	None	None	Acknowledgement letter
		Development of Job descriptions for all positions	All positions by september 2018	Draft Job descriptions	Job descriptions done	Achieved	Operational	None	None	None	Job description report
Operational	CORP7	Number of OHS meetings held	4 Meetings by June 2019	2017/2018 reports	3 Meetings held	Not Achieved	Operational	None	None	None	Minutes and attendance registers
		Municipal Wellness day held	Municipal Wellness held by Sept 2018	2015/2016 wellnessday	Wellnessday was held on the 19 October 2018	Achieved	Operational	None	None	None	Wellnessday report
		Number of senoir managers posts filled	3 senoir managers posts filled by September 2018	New	3 senoir managers posts filled	Achieved	Operational	None	None	None	Appoitment letters
		Number of ordinary council meetings held	4 ordinary council meetings held by June 2019	4 council meetings	8 council meetings held	Achieved	Operational	None	None	None	Notice of council meeting/attendance regiser/ Agenga/minutes

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IDP linkage Budget Linkage/ Vote Number Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance (Baseline)	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
Operational CORP 11	Institutional Development & Municipal Transformation	Turn around time in handling grievances upon submission	Grievances handled within 30 days upon submission by June 2019	2017/2018 grievance process report	1 grievance resolved within 30 days	Achieved	Operational	None	None	None	Grievance process report
Operational CORP 12		Turn around time in handling disciplinary cases upon inception	Handling disciplinary case within 6 months upon inception by June 2019	2017/2018 disciplinary process report	Cases still within the time frame	Achieved	Operational	None	None	None	Disciplinary process report
Operational CORP 13		Number of local labour forum meetings held	12 local labour forum meetings held by June 2019	2017/2018 minutes and agendas	3 meetings held	Not Achieved	Operational		Meetings postponed due to inavailability of members	Meeting will take place in the next quarter	Minutes and attendance registers
Information and Communication Technology											
IDP linkage Budget Linkage/ Vote Number Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance (Baseline)	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
MKD32 Operational CORP 14	Institutional Development & Municipal Transformation	Percentage of allocated ICT budget spent	100% allocated ICT budget spent by June 2019	2017/2018 ICT report	333 % achieved	Achieved	R 27 000 000,00	R 80 276 474,64	None	None	Quarterly expenditure report
Operational CORP 15		Number of reports on ICT repairs and maintenance	4 reports on ICT repairs and maintenance by June 2019	2017/2018 ICT report	4 repairs and maintenance report	Achieved	R 80 000 ,00	None	None	None	Repairs and maintenance reports
Operational CORP 16		Turn around time for attending to ICT requests	All requests attended within 2 working days by June 2019	2017/2018 ICT report	35 Website uploads within 2 working days	Achieved	Operational	None	Insufficient support by service provider	Meeting to be held with the service provider	Quarterly registers
Communications and IGR											
Strategic Objective		To create an enabling environment for active participation and an administrative culture characterised by accountability, transparency and efficiency									
IDP linkage Budget Linkage Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance (Baseline)	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
Operational CORP 17 CORP 18 CORP 19	Good governance and public participation	Reviewed communication strategy framework and approved by Council	Approved communication strategy framework by September 2018	Approved Communication strategy framework	Communication strategy framework approved	Achieved	Operational	None	None	None	Council resolution and approved communication strategy framework
		Integrated corporate calendar developed and approved by Council	Approved integrated corporate calendar by September 2018		Integrated corporate calendar approved	Achieved	Operational	None	None	None	Council resolution & Integrated Corporate Calendar
		Number of communication strategic documents reviewed and approved by Council	4 Approved communications strategic documents by December 2018	New	No documents were approved	Not Achieved	Operational	None	No documents were prepared for approval	Documents will be prepared and submitted in the next financial for approval	Council resolution & Communication strategic documents

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IDP linkage	Budget Linkage	Item Number	Key Performance Area	Key Performance Indicator	Annual Target	Baseline	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
Operational	Operational	CORP20	Good governance and public participation	Number of communication forum meetings held	4 meetings by June 2019	2016/2017 external communication stakeholder forum meetings	3 meeting held	Not Achieved	Operational		Failure to secure a suitable date with members	The meeting will be held in the third quarter	Minutes and attendance register
		CORP21		Number of newsletters published	4 newsletters published by June 2019	4 Newsletters	2 newsletter was published	Achieved	Operational	None	None	None	None
Budget and Treasury Office													
Strategic Objective				To increase revenue collection									
IDP linkage	Budget Linkage/ Vote Number	Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance (Baseline)	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
Operational	Operational	BTO 1	Financial Viability and Management	Percentage of a municipality's capital budget actually spent on capital projects	100% municipality's capital budget actually spent on capital by June 2019	New	66.3% of capital budget	Not Achieved	R 204 883 285,00	R 135 808 040,00	Slow spending on water projects No spending on vehicles and Trader Stalls	Speed up spending on water service infrastructure grant projects	Sec 71 Reports
		BTO 2		Percentage of indigent households with access to free basic services	100% of indigent households with access to free basic services by June 2019	New	100% of capital budget	Achieved	Operational	R 5 107 415,00	None	None	Indigent report
		BTO 3		Percentage increase of revenue collected	40% increase of revenue collected by June 2019	40% collection rate	40% of capital budget	Achieved	Operational	R 184 262 989,00	None	None	Billing Report/collection rate report
Operational	Operational	BTO 4	Financial Viability and Management	2018/2019 adjustment budget submitted to Council	2018/2019 adjustment budget submitted to Council by February 2019	2017/2018 Adjustment Budget	Adjustment Budget was submitted to Council	Achieved	Operational	None	None	None	Council Resolution
		BTO 5		2019/2020 Draft budget and policies submitted to Council	2019/2020 Draft budget and policies submitted to Council by March 2019	2018/2019 Draft Budget	Developed 2019/2020 draft Budget and policies approved	Achieved	Operational	None	None	None	Council Resolution
		BTO 6		Developed 2019/2020 Budget and policies approved by Council	Developed 2019/2020 Budget and policies approved by Council by May 2019	2018/2019 Approved Budget	Developed 2019/2020 Budget and policies approved	Achieved	Operational	None	None	None	None
Operational	Operational	BTO 7	Municipal Financial Viability	Annual Financial Statements developed	AFS developed by August 2018	2016/2017 AFS	Submitted to Auditor General on 31 August 2018	Achieved	Operational	None	None	None	Acknowledgement letter
		BTO 8		MID-Term budget and performance assessment report developed	MID-Term budget and performance assessment report developed by January 2019	2017/2018 MID-Term budget and performance assessment report	Mid-Term budget and performance assessment report developed	Achieved	Operational	None	None	None	None

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IPD linkage Budget Linkage/ Vote Number Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance (Baseline)	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
Operational Operational BTO 9	Financial Viability and Management	Procurement plan for 2018/2019 developed	Procurement plan for 2018/2019 developed by July 2018	Procurement plan for 2017/2018	Procurement plan developed	Achieved	Operational	None	None	None	Procurement plans
Operational Operational BTO 10		Percentage of allocation to free Basic Services budget spent	100% of allocation to free Basic Services budget spent by June 2019	100%	22% of budget spent	Not Achieved	R 62 644 000,00	R 14 213 482,00	Refuse journal will only be passed at year end for those consumers who are not receiving accounts	Will be adjusted accordingly during the adjustments budget	Indigent/expenditure report
Operational Operational BTO 11		Percentage of operating budget spent	100% of operating budget spent by June 2019	100%	87% of budget spent	Not Achieved	R 858 515 690,00	R 744 735 281,00	underspending on salaries due to vacancies not filled and bulk water accounts only paid until January 2019.		Sec 71 Reports
Operational Operational BTO 12	Financial Viability and Management	Number of compliance reports to council(MFMA Sec 71)	12 compliance reports to council(MFMA Sec 71) by June 2019	12 reports	11 reports	Not Achieved	Operational	None	Due to financial year end processes not yet finalised		Council Resolution
Operational Operational BTO 13		Number of compliance reports to council(MFMA Sec 52)	4 compliance reports to council(MFMA Sec 52) by June 2019	4 reports	3 report	Not Achieved	Operational	None	Due to financial year end processes not yet finalised		Council Resolution
Performance Management System											
Strategic Objective											
To improve institutional performance											
IPD linkage Budget Linkage/ Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance (Baseline)	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
Operational Operational PMS1	Institutional development and transformation	Reviewed 2019/2020 institutional performance management framework and approved by Council	Approved performance management framework by May 2018	2018/2019 Performance Management framework	Draft 2019/2020 performance management framework	Not achieved	Operational	None	Delayed due to postponed portfolio meeting	To be tabled in the next portfolio meeting	Performance Management Systems Framework & Council resolution
Operational Operational PMS2		Developed 2017/2018 annual performance report in line with Section 46 of the Municipal Systems Act	2017/2018 Section 46 Report generated by August 2018	2016/2017 Section 46 report	Section 46 Annual performance report developed	Achieved	Operational	None	None	None	Annual performance report
Operational Operational PMS3		Developed 2017/2018 Annual report and approved by Council	Approved 2017/2018 annual report by January 2019	2016/2017 Annual Report	2017/2018 Annual report approved by council	Achieved	Operational	None	None	None	Annual Report & Council resolution
Operational Operational PMS4		Number of signed performance agreements by Municipal Manager and Section 56 employees	6 signed performance agreements by July 2018	Approved 2017/2018 Performance Agreements	6 Performance agreements signed	Achieved	Operational	None	None	None	Signed performance agreements
Operational Operational PMS5		Number of developed SDBIP quarterly performance reports and adopted by Council	3 adopted SDBIP quarterly performance reports by June 2019	2017/2018 SDBIP quarterly performance reports	31 SDBIP quarterly performance reports	Achieved	Operational	None	None	None	Quarterly performance reports & Council Resolution
Operational Operational PMS6	Institutional development and transformation	Developed 2019/2020 Service Delivery and Budget Implementation Plan and approved by Mayor	Approved 2018/2019 SDBIP by June 2019	2018/2019 Approved Service Delivery Budget Implementation Plan	Draft 2019/2020 SDBIP	Achieved	Operational	None	None	None	Signed SDBIP

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Legal Services											
IDP linkage Budget Linkage/ Vote Number Item Number Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence	
Operational Operational LS1	Turnaround time for providing legal opinion on by-laws within 14 days upon request	Legal opinion provided within 14 days of request by June 2019	By-laws developed within 14 days	3 Legal opinion provided within 14 days of request	Achieved	Operational	None	None	None	Legal opinion register	
	Turnaround time for development of service level agreements within 14 days upon request	Service level agreement developed within 14 days of request by June 2019	Service level agreement developed within 14 days	46 Service level agreement developed within 14 days of request (SLA's)	Achieved	Operational	None	None	None	SLA register	
Operational LS3	Updating of 2017/2018 valuation roll for council approval	Valuation roll approved by council by June 2019	Updated 2017/2018 Valuation roll approved by Council	Supplementary Valuation Roll received 20 February 2019. Approved by Council 29 March 2019 - Resolution No. 131/03/2019. Roll advertised in Gov. Gazette and Local media for inspection from 1 April to 31 May 2019.	Achieved	Operational	None	None	None	Council resolution	
Integrated Development Plan											
Strategic Objective											
To foster community involvement through public participation and instil an attitude of ownership for development											
IDP linkage Budget Linkage Item Number Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance (Baseline)	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence	
Operational Operational IDP1 IDP2 IDP3 IDP4 IDP5 IDP6 IDP7	Development of process plan for 2019/2020	Process plan for 2019/2020 by August 2018	2018/2019 Process plan	Process plan developed	Achieved	Operational	None	None	None	Council resolution	
	Municipal strategic plan facilitated	Municipal strategic plan facilitated by March 2019	2018/2019 Strategic plan report	Strategic plan not facilitated	Not Achieved	Operational	None	None	None	Council resolution	
	Developed Draft IDP and approved by Council	Approved 2019/2020 Draft IDP by March 2019	2018/2019 Draft IDP	Approved 2019/2020 Draft IDP approved by council	Achieved	Operational	None	None	None	Council resolution	
	Final IDP approved by Council	Approved 2019/2020 IDP by May 2019	2018/2019 Final IDP	Final 2019/2020 IDP approved by Council on 31 May 2019	Achieved	Operational	None	None	None	Council resolution	
	Number of IDP representative forums convened	4 IDP representative forums convened by June 2019	2017/2018 IDP representative forums	2 IDP Representative Forum held	Not Achieved	Operational	R15 000,00	None	None	Minutes and attendance register	
	Number of IDP steering committees convened	4 IDP Steering committee meetings Convened by June 2019	4 IDP Steering committee meetings	2 IDP Steering Committee convened	Not Achieved	Operational	None	None	None	IDP processes be a standard item in all Management meetings	Minutes and attendance register
	Number of IDP public participation conducted	2 IDP public participation sessions conducted by June 2019	4 IDP public participation sessions	2 IDP Public Participation held	Achieved	Operational	R 3 193 884,00	R 729 788,95	Awaiting final expenditure since other payments are still in process	None	Minutes and attendance register

Chapter 4

Internal Audit													
Strategic Objective													
IDP linkage	Budget Linkage	Item Number	Key Performance Area	Key Performance Indicator	Annual Target	2017/2018 Financial Year Performance	Annual Actual	Status (achieved/not achieved)	Annual Budget	Annual Expenditure	Challenges/Reason for Underperformance	Measures taken to improve performance	Portfolio of Evidence
Operational	Operational	IA1	Good governance and public participation	2018/2019 Internal Audit charter submitted for audit committee approval	Approved 2018/2019 Internal Audit charter by June 2018	2017/2018 Internal Audit Charter	18/19 Internal Audit charter approved on the 27th September 2018	Achieved	Operational	None	None	None	Approved 2018/2019 Internal Audit charter and AC minutes
		IA2		Revised 2018/2019 risk based audit plan submitted for audit committee approval	Approved 2018/2019 risk based audit annual plans by August 2018	2017/2018 Internal Audit Risk Based Plan	18/19 Risk Based Internal Audit approved on the 27th September 2018	Achieved	Operational	None	None	None	Revised RBA strategic and annual plans & AC minutes
		IA3		Number of audit committee meetings held	4 audit committee meetings held by end of June 2019	4 meetings	4 Audit Committee Meetings held	Achieved	Operational	None	None	None	Attendance register/ minutes
		IA4		Number of Audit committee assessment reports submitted to council	2 Audit committee assessment reports submitted to council by June 2019	2 Audit committee assessment reports	1 Audit committee assessment report submitted and presented to Council on the 20th December 2018	Not Achieved	Operational	None	Audit committee meeting was not held in the 2nd quarter, the AC members did not develop an assessment report	AC assessment report will be submitted to council after the AC meeting.	Audit committee assessment reports

Chapter 4

Summary of Municipal Performance for 2018/2019 financial year

Department	Total KPIs	Achieved	Not Achieved	Percentage
Infrastructure and Technical Services	11	2	9	18%
Community Services	12	7	5	58%
Planning and Development	10	7	3	70%
Local Economic Development	7	3	4	42%
Corporate Services	21	15	6	71%
Budget and Treasury Office	13	8	5	61%
Office of the Municipal Manager	20	15	5	75%
Total	94	57	37	60%

Municipal Challenges

The municipality did not perform well, due to the following challenges:

1. Continuous acting in senior management positions
2. Delays by Department of Water Services in approving the Technical Reports for Lerome and Pella water projects and delays in finalising designs resulting in poor quality water for Tlokweg.
3. Lerome project was delayed due to reallocation of reservoir site; Voordonker and Mositwana were delayed due to revision of project's scope.
4. Re-advertisement of tenders which lead to late appointment of contractors.
5. David Katnagel VIP toilets project was not completed due to slow performance by the contractor, Makoshong VIP toilets started late due to the relocation of project from Mopyane to Makoshong.

Recommendations

1. Projects not completed in current year will be finalised in the 2019-20 financial year;
2. Mabelskraal project to be implemented over a two-year period.
3. Projects not implemented due to budgetary challenges should be allocated funds in the next financial year.
4. To lobby COGTA to fast track the process for approval of technical reports by Department of Water Services.
5. To have monthly progress report meetings with service providers in infrastructure related projects.
6. Introduction of service provider's performance assessment.
7. The municipality should consider setting aside planning fund to ensure infrastructure projects are finalised well in time.

Chapter 4

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

Employees					
Description	2017/18	2018/19			
	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%
Totals	523	1108	549	601	54.2%

Chapter 4

Vacancy Rate: 2018/19			
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)	5	3	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%
Total	39	17	43.6%

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2014/15	62	16	388%
2015/16	58	19	305%
2016/17	18	47	38%
2017/18	33	28	84.9%
2018/2019	14	15	107.1%

Chapter 4

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.

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1.	Leave	-	80	Policy reviewed are still in a draft and not yet approved by Council
2.	Occupational Health and Safety	-	80	Policy reviewed are still in a draft and not yet approved by Council
3.	Recruitment, Selection and Appointments		80	Policy reviewed are still in a draft and not yet approved by Council
4.	Policy on imprisoned employees		80	Policy reviewed are still in a draft and not yet approved by Council
5.	Travelling & Subsistence policy		80	Policy reviewed are still in a draft and not yet approved by Council
6.	Bursary policy		80	Policy reviewed are still in a draft and not yet approved by Council
7.	Policy on attendance		80	Policy reviewed are still in a draft and not yet approved by Council
8.	Legal aid policy		80	Policy reviewed are still in a draft and not yet approved by Council

Chapter 4

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.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost 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	-
Total	0	0	0	0	

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost 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
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
Total	1342	12	309	470	82	80

Chapter 4

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)

Chapter 4

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.

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))
Financial Officials						
<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
Supply Chain Management Officials						0
<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
TOTAL	48	0	48	2	5	34

Chapter 4

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2018/2019	Number of skilled employees required and actual as at 30 June 2018/19											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of 2016/17	Actual: End of 2017/18	2017/18 Target	Actual: End of 2016/17	Actual: End of 2017/18	2017/18 Target	Actual: End of 2016/17	Actual: End of 2017/18	2017/18 Target	Actual: End of 2016/17	Actual: End of 2017/18
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
Total		193	0	61	0	0	0	0	0	0	0	0	0	82

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 (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	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

51 STATEMENTS OF FINANCIAL PERFORMANCE

Description	Year 2018/2019										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
R thousands	1	2	3	4	5	6	7	8	9	10	11
Financial Performance											
Property rates	124 692	8 622	133 314			133 314	134 800		(1 486)	1%	8,11%
Service charges	145 025	36 095	181 120			181 120	154 199		26 921	-15%	6,33%
Investment revenue	70 900	(7 021)	63 879			63 879	50 563		13 316	-21%	-28,68%
Transfers recognised - operational	393 082	(9 214)	383 868			383 868	572 782		(188 914)	49%	45,72%
Other own revenue	8 300	(1 202)	7 098			7 098	8 404		(1 306)	18%	1,25%
Total Revenue (excluding capital transfers and contributions)	741 999	27 280	769 279			769 279	920 748		(151 469)	20%	24,09%
Employee costs	233 218	(15 996)	217 222			217 222	201 704		15 518	-7%	-13,51%
Remuneration of councillors	28 852	(1 532)	27 320			27 320	25 512		1 808	-7%	-11,57%
Debt impairment	106 186		106 186			106 186	297 432		(191 246)	180%	180,10%
Depreciation & asset impairment	130 138	9 953	140 091			140 091	159 814		(19 723)	14%	22,80%
Finance charges	7 000	300	7 300			7 300	6 178		1 122	-15%	-11,75%
Materials and bulk purchases	80 000	18 700	98 700			98 700	98 808		(108)	0%	23,51%
Transfers and grants											
Other expenditure	273 121	21 578	294 699			294 699	285 356		9 343	-3%	4,48%
Total Expenditure	858 515	33 003	891 518			891 518	1 074 804		(183 286)	21%	25,19%
Surplus/(Deficit)	(116 516)	(5 723)	(122 239)			(122 239)	(154 057)		31 818	26%	32,22%
Transfers recognised - capital	204 883	33 750	116 394			116 394	153 166		(36 772)	32%	-25,24%
Contributions recognised - capital & contributed assets											
Surplus/(Deficit) after capital transfers & contributions	88 367	28 027	116 394			116 394	891		115 503	-99%	-98,99%
Share of surplus/ (deficit) of associate											
Surplus/(Deficit) for the year	88 367	28 027	116 394			116 394	891		115 503	-99%	-98,99%
Capital expenditure & funds sources											
Capital expenditure											
Transfers recognised - capital	204 884	33 749	238 633			238 633	179 684		58 949	-25%	-12,30%
Public contributions & donations											
Borrowing	14 000	(14 000)									
Internally generated funds	22 850	(401)	22 449			22 449	46 450		(24 001)	107%	103,28%
Total sources of capital funds	241 734	19 348	261 082			261 082	226 134		34 948	-13%	-6,45%
Cash flows											
Net cash from (used) operating	217 956	(9 012)	208 944			208 944	213 820		(4 876)	2%	-1,90%
Net cash from (used) investing	(241 733)	3 100	(238 633)			(238 633)	(152 685)		(85 948)	-36%	-36,84%
Net cash from (used) financing	4 500	(1 400)	3 100			3 100	(3 651)		6 751	-218%	-181,12%
Cash/cash equivalents at the year end	11 705	4 112	15 817			15 817	64 693		(48 876)	309%	452,70%

Chapter 5

R '000						
Description	Year -2017/18	Year 2018/19			Year 2018/19 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water		215 526	235 361	314 426	(98 900)	(79 065)
Waste Water (Sanitation)		23 081	24 405	32 008	(8 928)	(7 604)
Electricity		1 583	20 801	15 649	(14 066)	5 152
Waste Management		55 237	55 896	47 212	8 025	8 684
Housing		7 020	4 964	5 367	1 654	(403)
Component A: sub-total		302 448	341 426	414 662	(112 214)	453 640
Waste Water (Stormwater Drainage)						
Roads		86 401	74 096	133 512	(47 111)	121 207
Transport		14 160	16 733	14 324	(164)	16 897
Component B: sub-total		100 561	90 829	147 836	(47 275)	138 104
Planning		2 652	1 672	445	2 208	(536)
Local Economic Development		11 784	8 615	8 953	2 831	5 784
Component B: sub-total		14 436	10 287	9 397	5 039	5 248
Planning (Strategic & Regulatory)						
Local Economic Development						
Component C: sub-total						
Community & Social Services						
Environmental Protection						
Health						
Security and Safety		25 485	24 879	21 349	4 136	20 743
Sport and Recreation		24 896	32 771	33 189	(8 293)	41 064
Corporate Policy Offices and Other		44 948	42 790	38 834	6 115	36 675
Component D: sub-total		95 329	100 440	93 371	1 958	98 482

Chapter 5

5.2 GRANTS

Grant Performance						
R' 000						
Description	Year - 2017/18	Year 2018/19			Year 2018/19 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:		436 082	450 702	433 746	-1%	-4%
Equitable share		386 730	376 600	376 600	-3%	0%
Extended Public Works		1 000	1 000	653	-35%	-35%
Department of Water Affairs		43 000	67 750	52 455	22%	-23%
Municipal Finance Management		1 700	1 700	1 700	0%	0%
PMU		3 652	3 652	2 338	-36%	-36%
Provincial Government:		-	916	1 777		94%
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation			916	1 777		94%
Drauhgt Relief						
District Municipality:	-	-	-	-		
<i>[insert description]</i>						
Other grant providers:	-	-	-	-		
<i>[insert description]</i>						
Total Operating Transfers and Grants		436 082	451 618	435 523	0%	-4%

5.3 ASSET MANAGEMENT

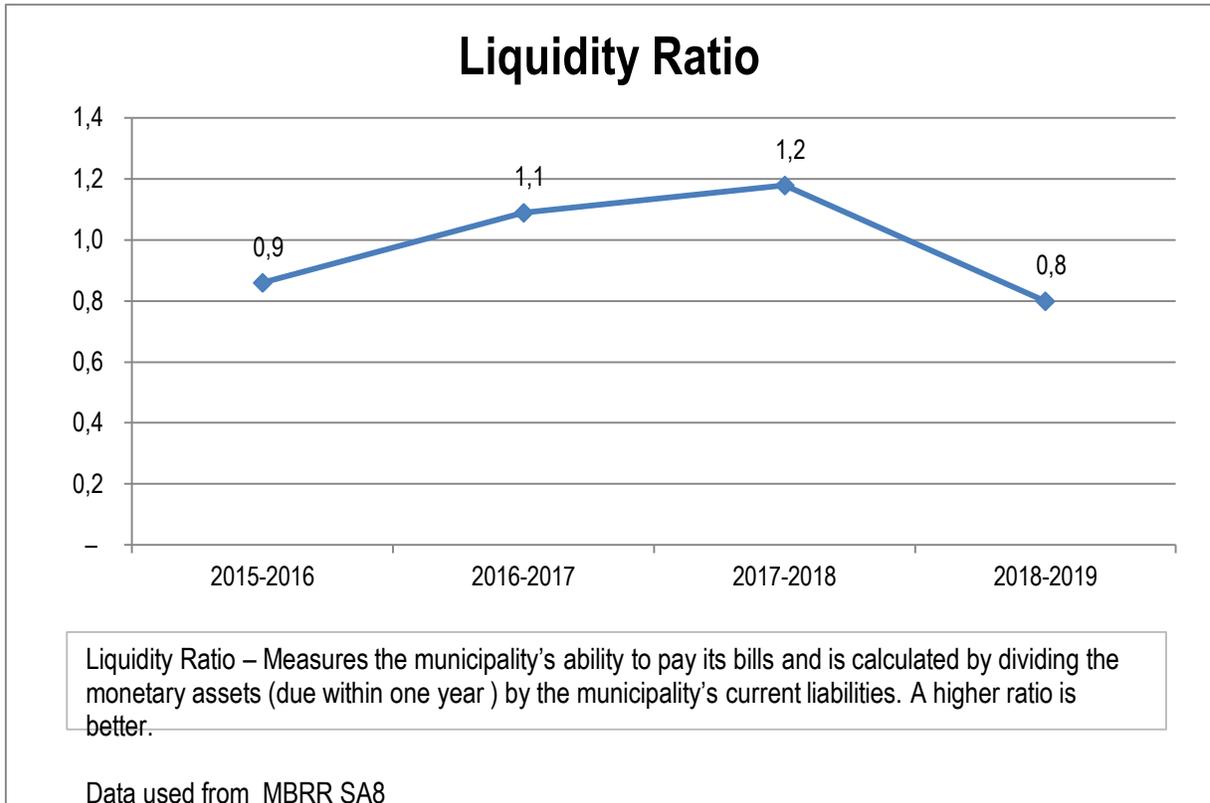
INTRODUCTION TO ASSET MANAGEMENT

Over the years Moses Kotane Local Municipality has been dependent in the service providers for the performance of this function. In the year under review with an environment that is vast in nature containing ±30 000 assets in the registers the municipality only allocated two officials to manage the assets. That did not yield good result in the municipality compelling management to review the structure and creative dedicated unit that will be entrusted with the assets management function. The appointment could not be made due to the moratorium issued by the office of the premier. Once the moratorium is lifted the Municipality fill vacant positions, capacitate this unit by ensuring hands on training and other relevant training that are necessary for the assets management such as GRAP trainings.

Chapter 5

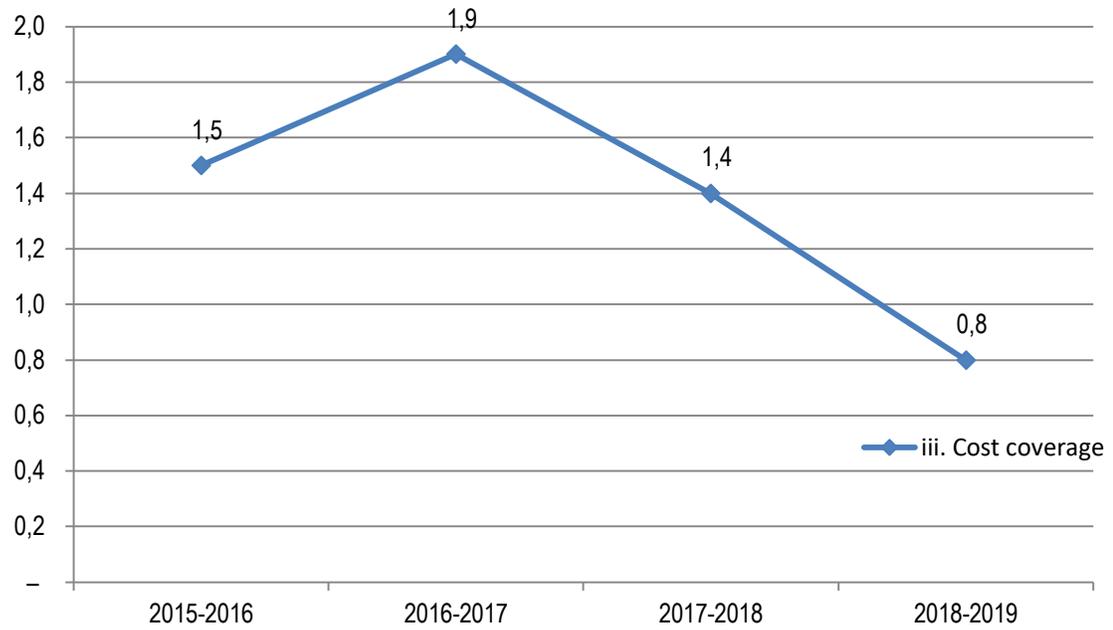
Repair and Maintenance Expenditure: Year 2018/19				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	50 250 000	54 670 399	56 700 979	-13%
				T 5.3.4

5.4 RATIOS BASED ON KEY PERFORMANCE INDICATORS FINANCIAL



Chapter 5

Cost Coverage

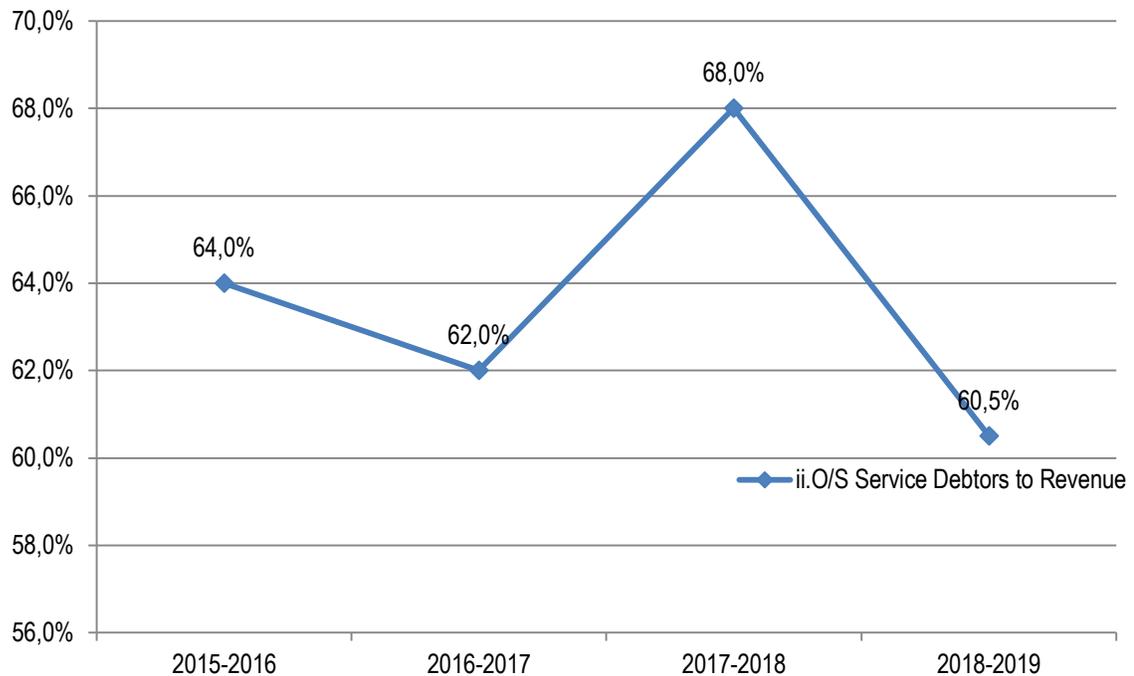


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

Chapter 5

Total Outstanding Service Debtors

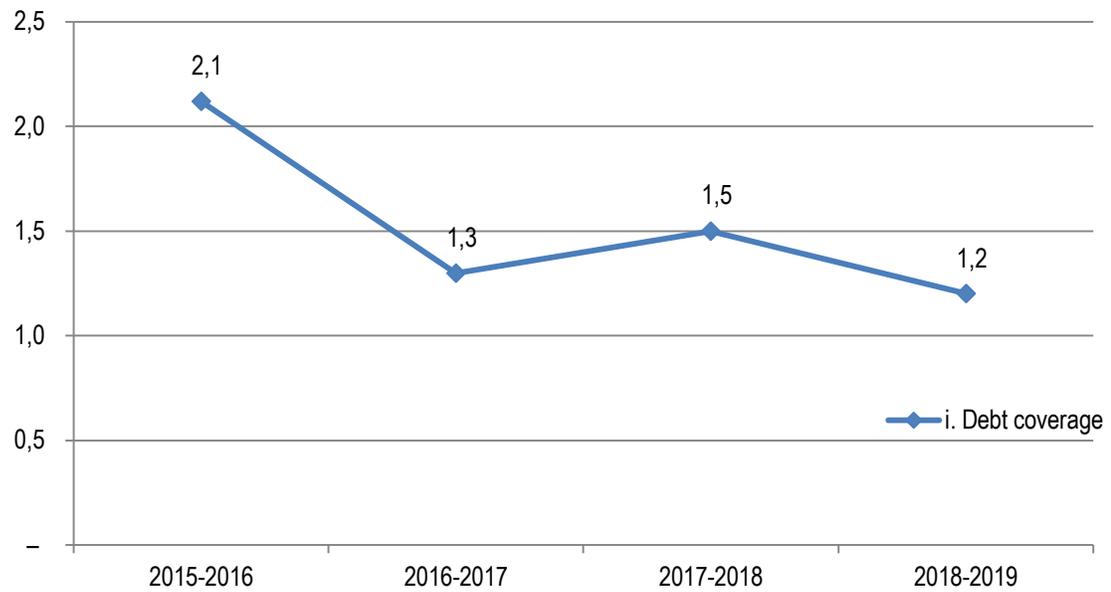


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

Data used from MBRR SA8

Chapter 5

Debt Coverage

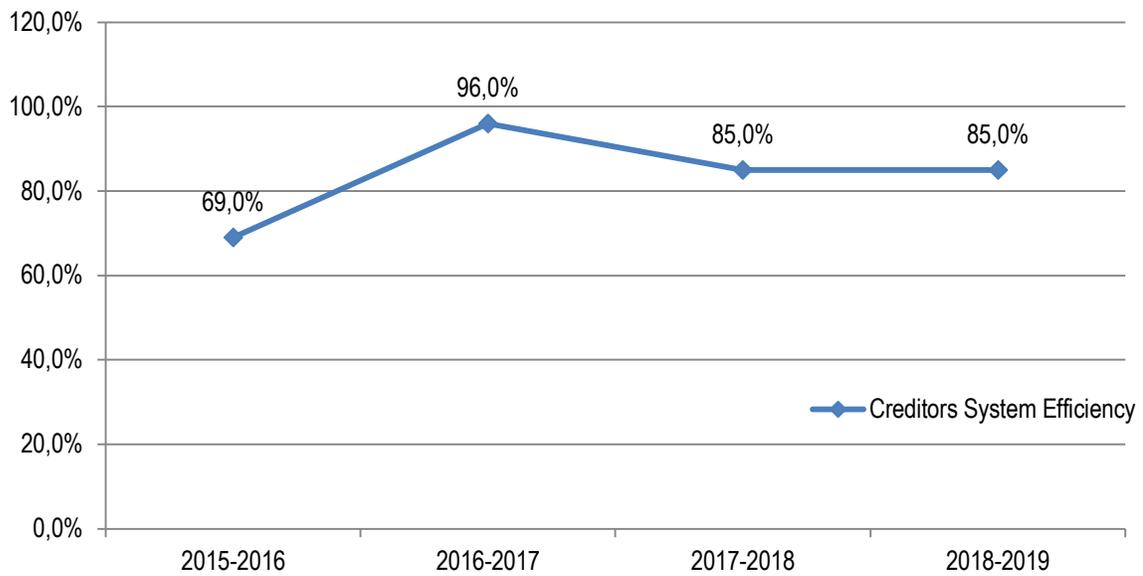


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

Chapter 5

Creditors System Efficiency

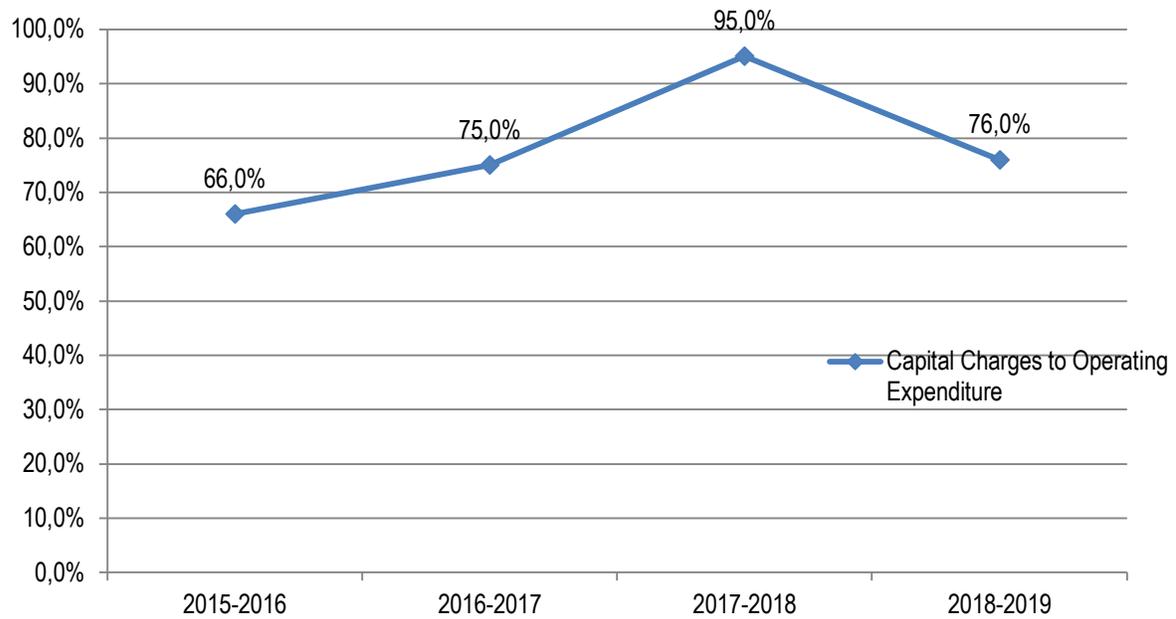


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

Chapter 5

Capital Charges to Operating Expenditure

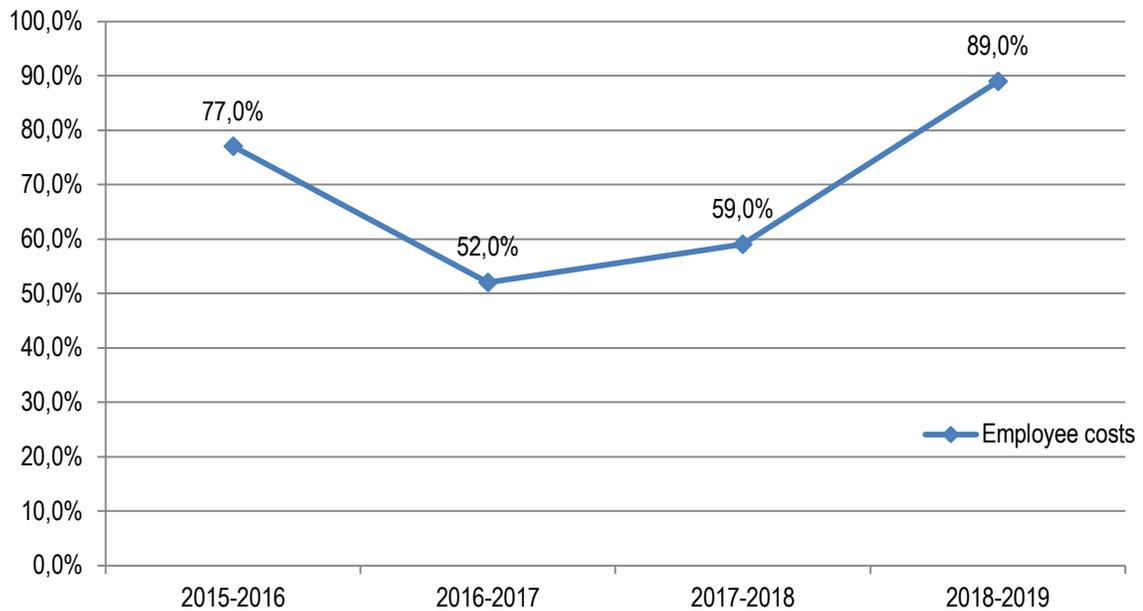


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

Chapter 5

Employee Costs

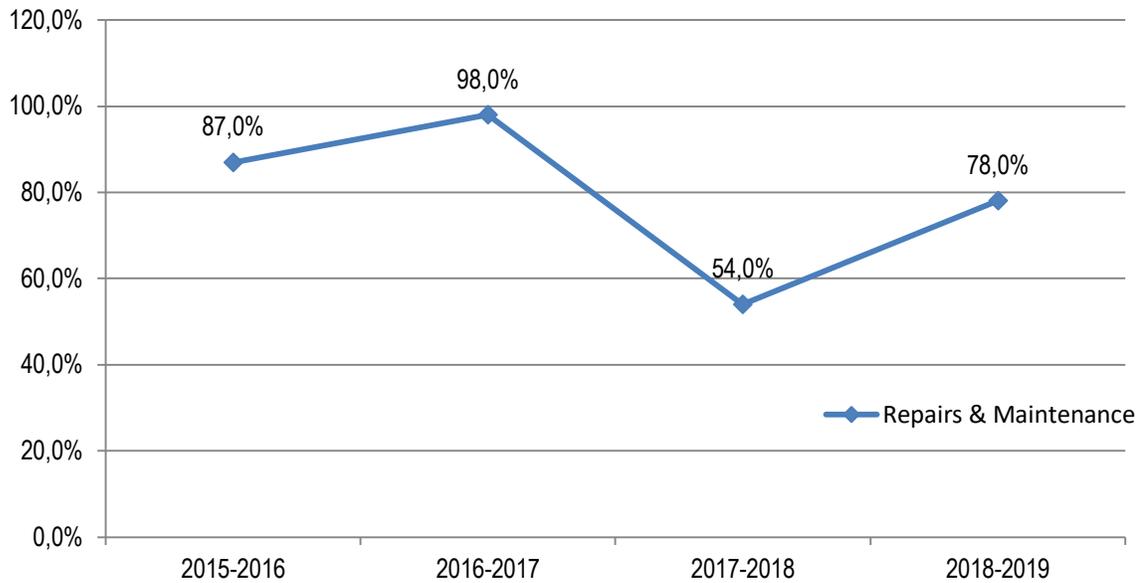


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

Chapter 5

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

Chapter 5

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The municipality is currently financing its capital projects through loans, grants and leases. The projects emanate from a 5 year IDP which runs on a 3 year MTREF. There are no capital programmes done outside these and are done without confirmed funding

Capital Expenditure of 5 largest projects*

R' 000

Name of Project	Current: Year 2018/2019			Variance: Current Year 2018/2019	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Mogwase land Fill Rehabilitation -Phase 4	8 423 000	9 448 876	7 213 872	-14%	-24%
B - Uitkyk Internal Roads Phase II	10 008 250	10 417 152	9 545 733	-5%	-8%
C - Mabel A Pudi Internal Roads & Stormwater	12 000 000	14 639 915	13 710 217	14%	-6%
D - Tlokweng Water Supply	12 073 933	6 305 688	8 986 245	-26%	43%
E - Development and Equipment of Existing Boreholes	0	24 750 000	15 789 658		-36%

* Projects with the highest capital expenditure in Year 0

Name of Project - A	Mogwase land Fill Rehabilitation -Phase 4
Objective of Project	Rehabilitation and closure of the landfill site in Mogwase
Delays	None
Future Challenges	None
Anticipated citizen benefits	Improved health benefit for the communities in Mogwase
Name of Project - B	Uitkyk Internal Roads Phase II
Objective of Project	Construction of 2,3 km of internal roads in Uitkyk village
Delays	None
Future Challenges	None
Anticipated citizen benefits	Improved access to services by community members
Name of Project - C	Mabel A Pudi Internal Roads & Stormwater
Objective of Project	Construction of 2,3 km of internal roads in Mabele-a-Podi village and stormwater structures
Delays	None
Future Challenges	None
Anticipated citizen benefits	Improved access to services by community members
Name of Project - D	Tlokweng Water Supply
Objective of Project	Increasing of the bulk water supply and installation of storage facilities in Tlokweng village
Delays	Delay due to sub-contracting on the project
Future Challenges	None
Anticipated citizen benefits	Increased supply of water and storage in the village
Name of Project - E	Development and Equipment of Existing Boreholes
Objective of Project	Increased bulk water supply to 9 villages through drilling and equipping new boreholes
Delays	None
Future Challenges	None
Anticipated citizen benefits	Increased access to water to communities

T 5.7.1

Chapter 5

5.8

Actual Borrowings: Year -2017/18 to Year 2018/19			
			R' 000
Instrument	Year -2016/17	Year -2017/18	Year 2018/19
Municipality	53621000	46293000	43829000
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	1532000	111187051	
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	55 153 000	157 480 051	43 829 000
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0

Chapter 5

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The Municipality experiences service backlogs in water, electrification of households by Eskom, internal and external roads by provincial departments. This is a moving target due to the increase in the number of households in different areas.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	Year - 2017/2018	Current: Year 2018/2019		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other		272 602	208 745	143 189
Government - operating	381 723	362 472	383 868	393 098
Government - capital	214 280	191 077	229 633	179 684
Interest	26 367	66 038	31 939	4 689
Other income	-	8 300	7 098	1 986
Payments				
Suppliers and employees	(573 665)	(576 804)	(637 941)	(552 265)
Finance charges	(6 830)	(7 323)	(7 300)	(6 178)
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	229 626	308 062	(208 944)	(213 819)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Prior Year Adjustments				
Payments				
Capital assets	(257 130)	(330 358)	(238 633)	(152 685)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(257 130)	(330 358)	(238 633)	(152 685)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				

Chapter 5

Cash Flow Outcomes				
				R'000
Description	Year - 2017/2018	Current: Year 2018/2019		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Short term loans Borrowing long term/refinancing	000	000	000	000
Finance Lease Payments				
Payments				
Repayment of borrowing	(8 497)	(7 327)	(9 500)	(3 650)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2 497)	(7 327)	(9 500)	(3 650)
NET INCREASE/ (DECREASE) IN CASH HELD	(30 001)	(29 623)	(39 189)	(57 483)
Cash/cash equivalents at the year begin:	50 000	30 981	55 006	7 209
Cash/cash equivalents at the year-end:	19 999	1 358	15 817	64 693

COMMENT ON CASH FLOW OUTCOMES:

The Municipality net cash has increased as compared to the prior year by 64%. This is due to the fact that there was recovery of debts from government department and a bigger roll over on the MIG funds (from R2.3 million back to R14 Million).

Chapter 5

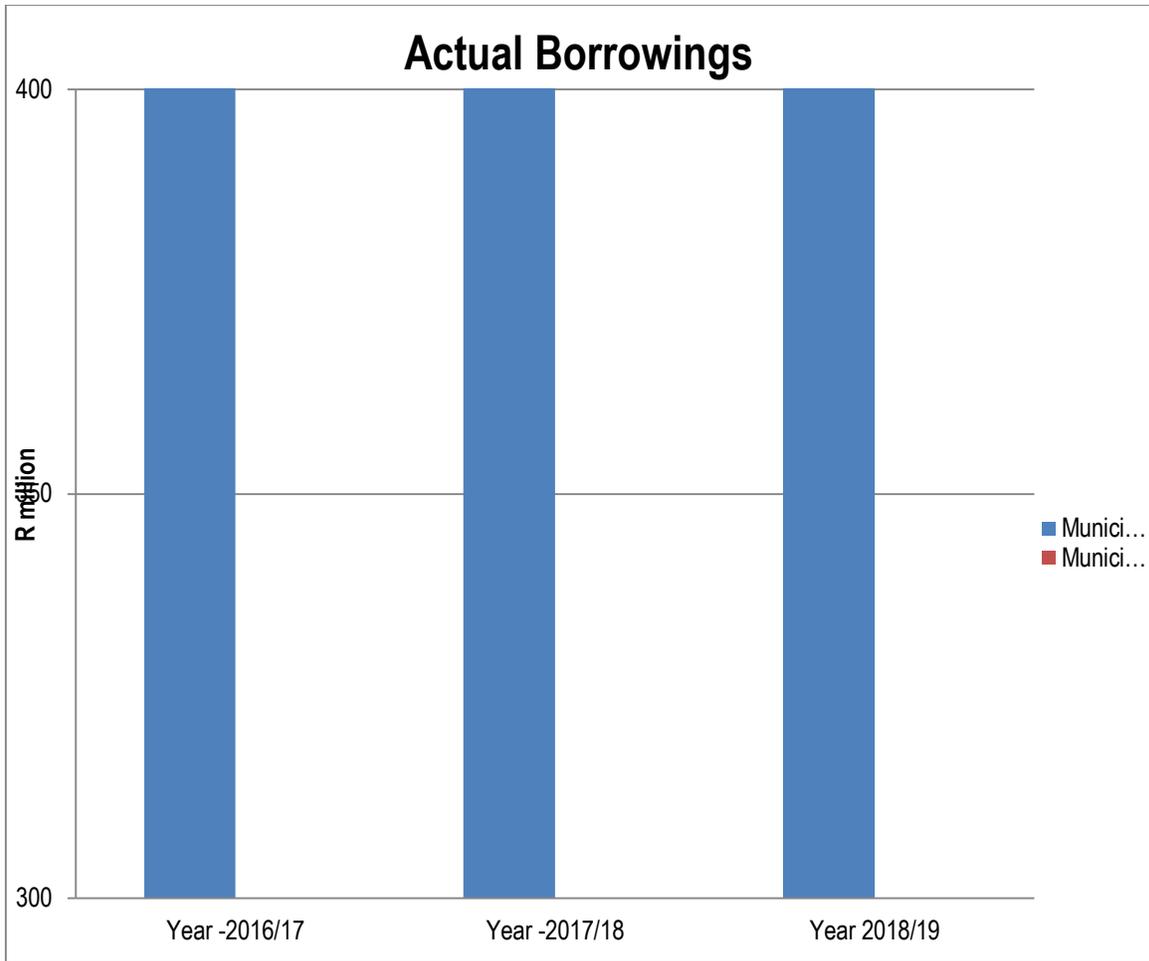
5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality is currently financing its capital projects through loans, grants, own revenue and leases. No new borrowings have been incurred in the current year except the reclassification of the previously recorded loans to the finance leases.

Actual Borrowings: Year -2017/18 to Year 2018/19			
	R' 000		
Instrument	Year -2016/17	Year -2017/18	Year 2018/19
Municipality	53621000	46293000	43829000
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	1532000	111187051	
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	55 153 000	157 480 051	43 829 000
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0

Chapter 5



Chapter 5

Municipal and Entity Investments			
			R' 000
Investment* type	Year -2016/17	Year -2017/18	Year 2018/19
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	2227600	1062000	52376427
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	2227600	1062000	52376427
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	2227600	1062000	52376427
			T 5.10.4

COMMENT ON BORROWING AND INVESTMENTS:

The municipality's investments were done in accordance to Cash and Management Policy of the Municipality however the investment portfolio has not been diversified, the Municipality believes that ABSA is a safe and secure institution for municipal investment.

Chapter 5

COMPONENT D: OTHER FINANCIAL MATTERS

5.11 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.

5.12 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



Report of the auditor-general to the North West provincial legislature and the council on 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 170 to 244, which comprise the statement of financial position as at 30 June 2019, and the statement of financial performance, statement of changes in net assets, cash flow statement and 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 2019, 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, 2018 (Act No. 1 of 2018) (DoRA).

Basis for qualified opinion

Property, plant and equipment

3. The municipality recognised items that did not meet the definition of assets in accordance with GRAP 17, Property, plant and equipment as infrastructure. Unsurveyed and planned roads were included in the current and prior year infrastructure assets register. Consequently, infrastructure assets included property, plant and equipment was overstated and the accumulated surplus was overstated by R57 660 310 in the current and prior year. Additionally, assets that were completed during the year were incorrectly recognised work in progress (WIP). Consequently, infrastructure assets was understated and infrastructure WIP included in property, plant and equipment as disclosed in note 4 to the financial statements was overstated by R10 943 438.
4. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figures for property, plant and equipment amounting to R114 892 628 as

disclosed in note 35 and 36 to the financial statements. The restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by sufficient supporting audit evidence. I was unable to confirm the full extent of this restatement by alternative means. Consequently, I was unable to determine whether any further adjustments relating to this restatement was necessary as disclosed in note 35 and note 36 to the financial statements. There was a resultant impact on the accumulated surplus.

Intangible assets

5. I was unable to obtain sufficient appropriate audit evidence for intangible assets due to the poor status of accounting records. In addition, the municipality recognised items that should be expensed as intangible assets, in contradiction with GRAP 31, Intangible Assets. Consequently, intangible assets was overstated and general expenses understated by R9 808 000. Furthermore, management did not assess the impairment of these intangible assets as required by GRAP 21, Impairment of non-cash-generating assets. I was unable to confirm these intangible assets by alternative means. Consequently, I was unable to determine whether any further adjustments relating to intangible assets of R39 779 740 (2018: R51 757 557) as disclosed in note 5 to the financial statements were necessary.

Receivables from non-exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for housing debtors, included in receivables from non-exchange transactions, due to the poor status of accounting records. I was unable to confirm these housing debtors by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the housing debtors of R10 623 599 (2018: R10 623 599) included in receivables from non-exchange transactions as disclosed in note 9 to the financial statements.

Consumer debtors

7. During 2018, I was unable to obtain sufficient appropriate audit evidence for consumer debtors due to the status of the accounting records and lack of a detailed age analysis in support of these debtors. Consequently, I was unable to determine whether any adjustments was necessary to consumer debtors of R146 310 712 as disclosed in note 10 to the financial statements. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. I was still unable to confirm these consumer debtors by alternate means. Consequently, my opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the current year's figures.

Expenditure

8. I was unable to obtain sufficient appropriate audit evidence for contracted services or the restatement of the corresponding figure for contracted services as the municipality did not provide supporting documentation for the expenditure incurred relating to these contracted services or restatement. In addition, contrary to the requirements of GRAP 1, Presentation of financial statements, the municipality presented these expenses using the function whereas the rest of the expenditure is presented by nature. I was unable to confirm these contracted services by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the contracted services of R123 813 453 (2018: R81 362 140) as presented in the statement of financial performance.
9. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figures for debt impairment, repairs and maintenance, and general expenses. As described in the statement of financial performance, the restatement was made to rectify a



previous year misstatement, but the restatement could not be substantiated by sufficient supporting audit evidence. I was unable to confirm these restatements by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the corresponding figure of debt impairment of R172 644 083, repairs and maintenance of R79 718 489 and general expenses of R116 544 991 as presented in the statement of financial performance.

Unauthorised expenditure

10. Section 125 of the MFMA requires the disclosure of unauthorised expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure as the municipality did not have an adequate system of internal control to disclose unauthorised expenditure and did not keep proper records. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment relating to unauthorised expenditure of R380 641 028 (2018: R353 908 100) as disclosed in note 39 to the financial statements was necessary.

Fruitless and wasteful expenditure

11. Section 125 of the MFMA requires the disclosure of fruitless and wasteful expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for fruitless and wasteful expenditure as the municipality did not have an adequate system of internal control to disclose fruitless and wasteful expenditure and did not keep proper records. I was unable to confirm the fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustment relating to fruitless and wasteful expenditure of R10 446 371 (2018: R9 774 358) as disclosed in note 40 to the financial statements was necessary.

Irregular expenditure

12. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure due to nonsubmission of information in support of this disclosure. I was unable to confirm the irregular expenditure by alternative means. In addition, the municipality made payments of R177 315 083 (2018: R147 249 670) in contravention with the supply chain management requirements which were not included in the irregular expenditure disclosed. 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. Consequently, I was unable to determine whether any further adjustment relating to the irregular expenditure of R532 469 514 (2018: R467 822 417) as disclosed in note 41 to the financial statements was necessary.

Prior period errors

13. I was unable to obtain sufficient appropriate audit evidence that management has properly disclosed all adjustments made to correct prior period errors, due to the status of the accounting records and non-submission of information in support of these adjustments. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to confirm whether adjustments made to correct prior period errors was correctly disclosed in notes 35 and 36 to the financial statements as required by GRAP 3, Accounting policies, changes in accounting estimates and errors.

Government grants and subsidies



14. During 2018, I was unable to obtain sufficient appropriate audit evidence for revenue from capital government grants received due to the status of the accounting records and lack of information in support of these amounts. I was unable to determine whether any adjustments were necessary to revenue from capital government grants of R191 076 911 as disclosed in note 21 to the financial statements. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. I was still unable to confirm this revenue from capital government grants by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Cash flow statement

15. During 2018, I was unable to obtain sufficient appropriate audit evidence for the calculation of the net cash flows from operating activities, investing activities and financing activities in the cash flow statement, as the municipality did not appropriately account for cash and non-cash items as required by GRAP 2, Cash flow statements. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. I was still unable to confirm these cash flows by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Context for the opinion

16. 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.

17. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants, parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA codes) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

18. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Material uncertainty related to going concern

20. I draw attention to note 38 to the financial statements, which indicates that the municipality incurred a net loss of R154 065 708 during the year ended 30 June 2019 and, as of that date the municipality's current liabilities exceeded its current assets by R174 734 289, these events or conditions, along with matters as set forth in note 38, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.



Material losses

21. As disclosed in note 26 to the financial statements, material losses of R294 129 381 (2018: R167 279 083) was incurred as a result of increase in the impairment of consumer debtors. Other matters

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

Unaudited disclosure notes

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

Unaudited supplementary schedules

24. The supplementary information set out on pages 2402-244 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

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

26. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

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

27. 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.

28. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.



Introduction and scope

29. 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 the selected key performance area presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
30. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
31. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected key performance area presented in the annual performance report of the municipality for the year ended 30 June 2019:

Key performance area	Pages in the annual performance report
KPA 3 – Basic services delivery and infrastructure development	116 – 117

32. 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.
33. The material findings in respect of the usefulness and reliability of the selected key performance area are as follows:

KPA 3 – Basic services delivery and infrastructure development

Mogwase feasibility study conducted (Aged infrastructure)

34. The reported measures taken to improve performance against the planned target, did not agree to the supporting evidence provided. As based on the supporting evidence provided, there was no budget set aside for 2019-20 financial year to carry out a physical inspection by means of CCTV technology.

Number of households provided with refuse removal services

35. The indicator and target approved in the service delivery and budget implementation plan was “Indicator - Number of households provided with refuse removal services” and “Target - 75 193 households provided with removal services by June 2019”. However, the indicator and target

were changed to “Indicator - Percentage of households provided with refuse removal services” and “Target - 100% of Households provided with removal services by June 2019” without the necessary approval.

36. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 75% of Households provided with refuse removal services by June 2019. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 75% of households refuse collected as reported in the annual performance report.

Various indicators

37. The targets for the indicators listed below were changed without obtaining the necessary approval.

Indicator Number	Indicator description	Initial target	Revised target
ITS2	Number of bulk water augmentation projects completed	6 bulk water augmentation projects completed by May 2019	4 bulk water augmentation projects completed (Mokgalwana, Lerome, Voordonker and Mositwana) by May 2019
ITS3	Number of Ground water Optimisation projects- phase 4 & 3 completed	6 Ground water Optimisation Phase 4 & 3 completed by May 2019	5 Ground water Optimisation Phase 4 & 3 completed (Khayakhulu, Welverdiend, Seolong , Mapaputle and Dekameekuil) by May 2019
ITS4	Mogwase Feasibility Study conducted (Aged infrastructure)	Mogwase Feasibility Study conducted (Aged infrastructure) by June 2018	Mogwase Feasibility Study conducted (Aged infrastructure) by December 2018

Other matters

38. I draw attention to the matters below.

Achievement of planned targets

39. Refer to the annual performance report on pages 116 to 128 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 29 to 38 of this report.

Adjustment of material misstatements

40. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Basic Services 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.

Introduction and scope

41. 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.

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

Annual financial statements and annual report

43. 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 current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

44. I was unable to obtain sufficient appropriate audit evidence that the oversight report adopted by the council on the 2017-18 annual report was made public, as required by section 129(3) of the MFMA.

Strategic planning and performance management

45. A performance management system was only adopted by council on 30 August 2018 and was therefore not adopted timeously with the 2018-19 interegrated development plan (IDP) as required by section 38(a) of the MSA and regulation 8 of the Municipal planning and performance management regulations.

Expenditure management

46. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

47. Reasonable steps were not taken to prevent unauthorised, irregular, fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised, irregular, fruitless and wasteful expenditure could not be quantified as indicated in the basis for qualified opinion paragraphs. The majority of the disclosed irregular expenditure was caused by management non-compliance to supply chain regulations and majority of the disclosed unauthorised expenditure was caused by management overspending on certain votes within their budget. This non-compliance was also reported in the prior year.

48. Expenditure was incurred in excess of the approved budget, in contravention of section 87(8) of the MFMA.

Chapter 6

Procurement and contract management

49. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.
50. 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.
51. Awards were made to providers who were in the service of other state institutions or whose directors or principal shareholders were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).
52. 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.
53. Persons in service of the municipality whose partners and associate had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).

Consequence management

54. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA. This non-compliance was also reported in the prior year
55. 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(2)(b) of the MFMA. This non-compliance was also reported in the prior year.

Other information

56. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
56. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
58. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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59. 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.

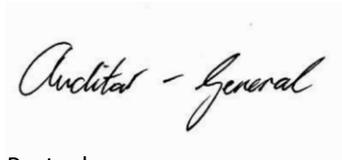
Internal control deficiencies

60. 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.

- Council did not exercise adequate oversight and decisive actions were not taken to address risks to ensure complete and accurate financial statements and performance reporting and compliance with laws and regulations. Related internal controls were not appropriately implemented nor improved upon. Furthermore, the action plan to address prior year audit findings was not adequate as numerous instances of repeat audit findings were identified which negatively impacts on the assurance level provided by leadership.
- Management failed to implement effective controls to ensure that all information in the financial statements and annual performance report were reliable before submission for audit as basic accounting errors were identified due to management and staff not preparing properly reconciled financial and performance information and staff not fully understanding the requirements of the financial and performance reporting frameworks which could have been prevented had reasonable due care been exercised. Management could not always provide adequate evidence or reconciliations in support of the information presented in the financial statements. Management did not adequately review and monitor compliance with applicable laws and regulations resulting in material non-compliance findings which could have been prevented.
- 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

Chapter 6

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.



30 November 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Moses Kotane Local Municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipality to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

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CHAPTR 6 – ANNUAL FINANCIAL STATEMENTS



Moses Kotane Local Municipality
Annual Financial Statements
for the year ended June 30, 2019

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Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2019

General Information

Nature of business and principal activities	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.
Executive committee	
Mayor	Cllr. R. Diale
Councillors	Cllr S. Vava (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 Public Safety) Cllr. MS. Manganye (Portfolio Infrastructure Technical Services)
Grading of local authority	Medium Four
Accounting Officer	Mr. M.V. Letsoalo
Chief Finance Officer	Mr. M. Mkhize
Registered office	Stand No.933 Station Road Unit 3 Mogwase Shopping Complex Mogwase 0314
Business address	Stand No.933 Station Road Unit 3 Mogwase Shopping Complex Mogwase 0314
Postal address	Private Bag X1011 Mogwase 0314
Bankers	Standard bank ABSA

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Moses Kotane Local Municipality
Annual Financial Statement for the year ended June 30, 2019
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The report and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Appendixes:

Appendix A: Schedule of External loans

COD	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of Southern Africa
MSA	Municipal Systems Act
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
CIGFARO	Chartered institute of Government Finance Audit and Risk Officers
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)

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Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Accounting Officer's Responsibilities and Approval

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

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

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

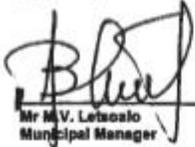
The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting 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, 2020 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.

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

The annual financial statements set out on pages 6 to 74, which have been prepared on the going concern basis, were approved by the accounting officer on 22 November 2019 and were signed by:


Mr M.V. Letsoalo
Municipal Manager

Mogwasa

Friday, November 22, 2019

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Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Audit Committee Report

We are pleased to present the Audit Committee's report for the financial year ended June 30, 2019.

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. During the financial year 4 meetings were held.

Name of member	Number of meetings attended
Mr I.S. Mogotsi (Chairperson)	4
Mr M. Makgale	4
Mr S.A.S. Ngobeni	3
Ms S.J. Masite	4
Mr T. Zororo	3

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 156(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 2018/2019 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 August 2019

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Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Accounting Officer's Report

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

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 154,056,708 (2018: deficit R 55,445,916).

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 have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

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

Name

Mr. M.V. Letsoalo

6. Corporate governance

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 discusses 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 executive directors 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.

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Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Statement of Financial Position as at June 30, 2019

Figures in Rand	Note(s)	2019	2018 Restated*
Assets			
Current Assets			
Inventories	7	11,724,948	8,848,603
Receivables from exchange transactions	8	1,221,711	2,443,423
Receivables from non-exchange transactions	9	15,024,643	14,108,434
VAT receivable		6,672,804	28,525,146
Consumer debtors	10	28,187,102	146,310,712
Cash and cash equivalents	11	64,693,148	7,209,436
		<u>127,524,356</u>	<u>207,445,754</u>
Non-Current Assets			
Investment property	3	155,209,867	155,207,352
Property, plant and equipment	4	3,298,663,154	3,291,386,913
Intangible assets	5	39,779,740	51,757,557
Heritage assets	6	14,000	14,000
		<u>3,493,666,761</u>	<u>3,498,365,822</u>
Total Assets		<u>3,621,191,117</u>	<u>3,705,811,576</u>
Liabilities			
Current Liabilities			
Other financial liabilities	14	12,507,487	7,085,924
Finance lease obligation	12	-	1,187,051
Payables from exchange transactions	16	226,235,959	193,255,767
Unspent conditional grants and receipts	13	61,087,248	11,471,943
Provisions	15	2,427,951	14,286,257
		<u>302,258,645</u>	<u>227,286,942</u>
Non-Current Liabilities			
Other financial liabilities	14	31,322,416	39,207,470
Provisions	15	30,917,922	28,568,320
		<u>62,240,338</u>	<u>67,775,790</u>
Total Liabilities		<u>364,498,983</u>	<u>295,062,732</u>
Net Assets		<u>3,256,692,134</u>	<u>3,410,748,844</u>
Accumulated surplus		<u>3,256,692,136</u>	<u>3,410,748,840</u>

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Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Statement of Financial Performance for the year ended 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	154,198,624	136,000,077
Interest received		50,562,829	66,035,201
Commissions received		161,343	152,386
Rental Income		42,260	7,054
Sale of stands/land		300,000	460,000
Other Income	19	1,482,551	936,242
Total revenue from exchange transactions		206,747,607	203,590,960
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	20	134,800,237	122,556,701
Transfer revenue			
Government grants & subsidies	21	572,781,972	555,082,375
Public contributions and donations		3,910,239	-
Fines, Penalties and Forfeits		2,505,080	5,315,890
Total revenue from non-exchange transactions		713,997,528	682,954,966
Total revenue	17	920,745,135	886,545,926
Expenditure			
Employee related costs	22	(201,703,902)	(186,306,006)
Remuneration of councillors	23	(25,512,410)	(24,207,715)
Depreciation	24	(159,814,360)	(180,939,080)
Finance costs	25	(6,177,546)	(6,177,263)
Lease rentals on operating lease		(2,053,038)	(820,704)
Debt impairment	26	(297,432,176)	(172,644,083)
Repairs and Maintenance		(56,700,979)	(79,718,489)
Bulk purchases	27	(98,807,858)	(87,863,925)
Contracted services		(123,813,453)	(81,362,140)
Ward committees		(4,498,089)	(5,202,228)
General Expenses	28	(96,759,764)	(116,544,991)
Total expenditure		1,073,273,575	(941,786,624)
Operating deficit		(152,528,440)	(55,240,698)
Loss on disposal of assets and liabilities		(1,483,413)	(100,554)
Fair value adjustments		2,515	31,124
Inventories losses/write-downs		(47,370)	(135,788)
		(1,528,268)	(205,218)
Deficit for the year		(154,056,708)	(55,445,916)

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Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Statement of Changes in Net Assets for the year ended 30 June 2019

Figures in Rand	Accumulated surplus	Total net assets
Balance at July 1, 2017	3,466,194,756	3,466,194,756
Changes in net assets		
Surplus/(Deficit) for the year	(55,445,916)	(55,445,916)
Total changes	<u>(55,445,916)</u>	<u>(55,445,916)</u>
Restated* Balance at July 1, 2018	3,410,748,844	3,410,748,844
Changes in net assets		
Surplus for the year	(154,056,708)	(154,056,708)
Total changes	<u>(154,056,708)</u>	<u>(154,056,708)</u>
Balance at June 30, 2019	<u>3,256,692,136</u>	<u>3,256,692,136</u>

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Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Cash Flow Statement for the year ended 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
Cash flows from operating activities			
Receipts			
Receipts from consumers		143,189,496	272,602,814
Grants		622,397,277	553,549,349
Interest Income		4,689,317	66,037,935
Other Income		1,986,154	-
		<u>772,262,244</u>	<u>892,190,098</u>
Payments			
Cash paid to suppliers and employees		(558,442,634)	(539,601,612)
Net cash flows from operating activities	30	<u>213,819,610</u>	<u>352,588,486</u>
Cash flows from Investing activities			
Purchase of property, plant and equipment	4	(153,165,855)	(95,679,579)
Proceeds from sale of property, plant and equipment	4	480,497	-
Net cash flows from Investing activities		<u>(152,685,358)</u>	<u>(94,828,630)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(2,463,491)	(7,327,263)
Finance lease movements		(1,187,051)	(1,842,016)
Repayment in liabilities		-	(272,362,735)
Net cash flows from financing activities		<u>(3,650,542)</u>	<u>(281,532,014)</u>
Net increase/(decrease) in cash and cash equivalents		<u>57,483,710</u>	<u>(23,772,158)</u>
Cash and cash equivalents at the beginning of the year		7,209,436	30,981,594
Cash and cash equivalents at the end of the year	11	<u>64,693,146</u>	<u>7,209,436</u>

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Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	145,025,000	36,095,000	181,120,000	154,198,624	(26,921,376)	Less water was sold due to the unavailability of water and therefore less consumption
Interest received (trading)	70,900,000	(7,021,000)	63,879,000	50,562,829	(13,316,171)	Less money invested in the current year as compared to prior year. Less funds available due to cash flow constrains
Commissions received	180,000	-	180,000	161,343	(18,657)	Commission received on deductions from employees salaries regarding insurance
Rental Income	10,000	-	10,000	42,260	32,260	Rentals from unit 8 flats did not materialise as planned.
Sale of stands/ Land	606,400	-	606,400	300,000	(306,400)	No provision for sale of stands as sales are unpredictable.
Other income	1,903,600	(196,500)	1,707,100	1,482,551	(224,549)	Some income did not materialise as planned. Such as LGSETA refunds.
Total revenue from exchange transactions	218,625,000	28,877,500	247,502,500	206,747,607	(40,754,893)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	124,692,000	8,622,414	133,314,414	134,800,237	1,485,823	N/A

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Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Transfer revenue						
Government grants & subsidies	393,081,713	229,419,285	622,500,998	572,781,971	(49,719,027)	Difference is due to conditional grants conditions not met during the year.
Public contributions and donations	-	-	-	3,910,239	3,910,239	Grant received fro Bojanala Platinum District Municipality for refurbishment of water assets
Fines, Penalties and Forfeits	5,600,000	(1,050,000)	4,550,000	2,505,080	(2,044,920)	There were no camera fines issued since January to date due to speed cameras not working.
Total revenue from non-exchange transactions	523,373,713	236,991,699	760,365,412	713,997,527	(46,367,885)	
Total revenue	741,998,713	265,869,199	1,007,867,912	920,745,134	(87,122,778)	
Expenditure						
Personnel	(233,218,000)	15,996,000	(217,222,000)	(201,703,902)	15,518,098	Not all vacant posts were filled, there is a high vacancy rate
Remuneration of councillors	(28,852,000)	1,532,000	(27,320,000)	(25,512,410)	1,807,590	N/A
Depreciation and amortisation	(130,138,000)	(9,953,000)	(140,091,000)	(159,814,360)	(19,723,360)	Depreciation increased due to new asset additions.
Finance costs	(7,000,000)	(300,000)	(7,300,000)	(6,177,546)	1,122,454	Due to decrease in financial liabilities.
Lease rentals on operating lease	(1,900,000)	-	(1,900,000)	(2,053,038)	(153,038)	.
Debt Impairment	(106,186,000)	-	(106,186,000)	(297,432,176)	(191,246,176)	Debt Impairment has increased due to introduction of an incentive scheme for 50% debt reduction to encourage long outstanding debt recovery.

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Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Repairs and Maintenance/Contractors	(54,645,000)	(3,905,399)	(58,550,399)	(56,700,979)	1,849,420	Reclassification of expenditure under contracted services
Bulk purchases	(80,000,000)	(8,000,000)	(88,000,000)	(98,807,858)	(10,807,858)	Bulk water is based on water consumption and more water had been consumed.
Consulting Services & outsourced	(154,498,000)	6,337,314	(148,160,686)	(123,813,463)	24,347,233	Reclassification of expenses which were previously classified as contracted services to general expenses N/A
Ward Committees	(4,600,000)	-	(4,600,000)	(4,498,089)	101,911	
General Expenses	(57,478,010)	(34,709,591)	(92,187,601)	(96,759,764)	(4,572,163)	Reclassification of expenses which were previously classified as contracted/outsourced services to general expenses, Inflation Increase in fuel, computer and telephone expenses..
Total expenditure	(858,515,010)	(33,002,676)	(891,517,686)	(1,073,273,575)	(181,755,889)	
Operating deficit	(116,516,297)	232,866,523	116,350,226	(152,528,441)	(268,878,667)	
Loss on disposal of assets and liabilities	-	-	-	(1,483,413)	(1,483,413)	
Fair value adjustments	-	-	-	2,515	2,515	
Inventories losses/write-downs	-	-	-	(47,370)	(47,370)	
	-	-	-	(1,528,268)	(1,528,268)	
Deficit before taxation	(116,516,297)	232,866,523	116,350,226	(154,056,709)	(270,406,935)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(116,516,297)	232,866,523	116,350,226	(154,056,709)	(270,406,935)	

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Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2019

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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.

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 goodwill and tangible assets.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

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Moses Kotane Local Municipality

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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.

Post retirement benefits

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

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.

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.

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Moses Kotane Local Municipality

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Accounting Policies

1.4 Investment property (continued)

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.

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

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, its deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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Accounting Policies

1.5 Property, plant and equipment (continued)

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

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 - Gas	Straight line	20 years
Infrastructure - Sewerage	Straight line	15 - 20 years
Infrastructure - Pedestrian malls	Straight line	20 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

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

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.

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Moses Kotane Local Municipality

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Accounting Policies

1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software	Straight line	4 years

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Accounting Policies

1.7 Heritage assets

Assets are resources controlled by an municipality 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 municipality'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.

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

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.

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.

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Moses Kotane Local Municipality

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Accounting Policies

1.7 Heritage assets (continued)

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.

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.

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

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Accounting Policies

1.8 Financial Instruments (continued)

- 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.

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 unissued 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.

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.

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Accounting Policies

1.8 Financial Instruments (continued)

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.

Financial assets measured at cost:

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

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1.8 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.

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 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.

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.

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Accounting Policies

1.9 Leases (continued)

Finance leases - lessee

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

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.

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

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

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

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

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

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

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

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of cash-generating assets

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

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

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

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Moses Kotane Local Municipality

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1.11 Impairment of cash-generating assets (continued)

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

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

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

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

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

Useful life is either:

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

Identification

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

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

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

Value in use

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

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

Discount rate

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

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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.

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1.11 Impairment of cash-generating assets (continued)

Reversal of Impairment loss

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

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

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

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

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

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

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

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

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

Redesignation

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

1.12 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

Useful life is either:

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

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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 asset is determined using the following approach:

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.

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

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.

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

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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.

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 32.

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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.

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

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.16 Revenue from exchange transactions

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.

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1.16 Revenue from exchange transactions (continued)

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.

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.

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 .

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1.16 Revenue from exchange transactions (continued)

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.

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.

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1.17 Revenue from non-exchange transactions (continued)

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-imbursment 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.

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

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

1.21 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.

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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.

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.

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1.23 Related parties (continued)

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

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

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

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

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

1.24 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.

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

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Separate Financial Statements	April 1, 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	April 1, 2020	Unlikely there will be a material impact
• Guideline: Accounting for Arrangements Undertaken I.t.o the National Housing Programme	April 1, 2019	Unlikely there will be a material impact
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	April 1, 2019	Unlikely there will be a material impact
• GRAP 7 (as revised 2010): Investments in Associates	April 1, 2019	Unlikely there will be a material impact
• GRAP 8 (as revised 2010): Interests in Joint Ventures	April 1, 2019	Unlikely there will be a material impact
• GRAP 18 (as amended 2016): Segment Reporting	April 1, 2019	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	April 1, 2019	Unlikely there will be a material impact
• GRAP 105: Transfers of functions between entities under common control	April 1, 2019	Unlikely there will be a material impact
• GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	April 1, 2019	Unlikely there will be a material impact
• GRAP 107: Mergers	April 1, 2019	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	April 1, 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	April 1, 2019	Unlikely there will be a material impact
• IGRAP 11: Consolidation – Special purpose entities	April 1, 2019	Unlikely there will be a material impact
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	April 1, 2019	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	April 1, 2019	Unlikely there will be a material impact
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	April 1, 2019	Unlikely there will be a material impact

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3. Investment property

	2019			2018		
	Cost / Valuation	Fair value adjustment	Carrying value	Cost / Valuation	Fair value adjustment	Carrying value
Investment property	155,209,867	-	155,209,867	155,207,352	-	155,207,352

Reconciliation of investment property - 2019

	Opening balance	Fair value adjustments	Total
Investment property	155,207,352	2,515	155,209,867

Reconciliation of investment property - 2018

	Opening balance	Total
Investment property	155,207,352	155,207,352

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Moses Kotane Local Municipality
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4. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	261,712,921	-	261,712,921	261,712,921	-	261,712,921
Buildings	204,594,369	(93,023,730)	111,570,639	204,594,370	(85,885,969)	118,708,401
Building WIP	783,272	-	783,272	783,272	-	783,272
Infrastructure	4,689,061,094	(2,311,446,146)	2,377,614,948	4,603,232,098	(2,195,958,706)	2,407,273,392
Infrastructure WIP	254,574,419	-	254,574,419	202,712,831	-	202,712,831
Community	454,166,570	(218,198,223)	235,968,347	448,890,883	(204,259,079)	244,631,804
Community assets WIP	13,243,478	-	13,243,478	-	-	-
Plant and machinery	6,223,737	(4,134,149)	2,089,588	8,916,966	(5,731,995)	3,184,971
Furniture and fixtures	52,219,113	(34,047,973)	18,171,140	54,793,720	(30,878,538)	23,915,182
Motor vehicles	67,790,155	(44,825,753)	22,964,402	68,253,486	(39,759,047)	28,494,439
Total	6,004,339,128	(2,705,675,374)	3,298,663,754	5,853,860,247	(2,562,473,334)	3,291,386,913

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Moses Kotane Local Municipality

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	261,712,921	-	-	-	-	-	-	261,712,921
Buildings	118,708,401	-	-	-	-	(7,137,762)	-	111,570,639
Building WIP	753,272	-	-	-	-	-	-	753,272
Infrastructure	2,407,273,392	86,892,924	-	-	-	(116,551,368)	-	2,377,614,948
Infrastructure WIP	202,712,531	133,379,668	-	-	(61,517,780)	-	-	284,574,419
Community	244,631,804	5,316,612	-	-	-	(13,980,069)	-	235,968,347
Community WIP	-	-	18,422,667	-	(5,179,189)	-	-	13,243,478
Plant and machinery	3,184,971	131,592	-	(605,459)	-	(620,964)	(552)	2,089,588
Furniture and fixtures	23,915,182	413,586	-	(1,311,837)	-	(4,742,648)	(103,143)	18,171,140
Motor vehicles	28,494,439	-	-	(46,614)	-	(4,801,511)	(681,912)	22,964,402
	3,291,386,913	226,134,382	18,422,667	(1,963,910)	(86,696,969)	(147,834,322)	(785,607)	3,298,663,154

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Moses Kotane Local Municipality

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Land	261,712,921	-	-	-	261,712,921
Buildings	127,949,885	-	(4,685,291)	(4,556,193)	118,708,401
Building WIP	-	753,272	-	-	753,272
Infrastructure	2,437,417,654	113,544,103	(8,189,026)	(135,499,339)	2,407,273,392
Infrastructure WIP	72,716,407	129,996,124	-	-	202,712,531
Community	347,315,125	19,708,769	(109,477,141)	(12,914,949)	244,631,804
Plant and equipment	3,578,014	262,777	-	(655,820)	3,184,971
Furniture and fixtures	28,221,148	1,649,393	(6,396)	(5,948,963)	23,915,182
Motor vehicles	34,302,317	912,829	(862,853)	(5,857,854)	28,494,439
	3,313,213,471	268,827,267	(123,220,707)	(165,433,118)	3,291,386,913

5. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	76,116,052	(36,336,312)	39,779,740	75,845,834	(24,088,277)	51,757,557

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software, other	51,757,557	(11,977,817)	39,779,740

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5. Intangible assets (continued)

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software, other	59,350,133	7,913,386	(15,505,962)	51,757,557

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6. Heritage assets

	2019			2018		
	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 - 2019

	Opening balance	Total
Historical monuments	14,000	14,000

Reconciliation of heritage assets 2018

	Opening balance	Total
Historical monuments	14,000	14,000

7. Inventories

Maintenance materials	11,678,680	8,727,833
Water	46,268	73,400
Unsold Properties Held for Resale	-	47,370
	<u>11,724,948</u>	<u>8,848,603</u>

Inventory has been restated according to GRAP 3. Refer to Note 35 "Prior Period Adjustments" for the details of the restatement.

8. Receivables from exchange transactions

Bakwena systems - Photocopiers	<u>1,221,711</u>	<u>2,443,423</u>
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Receivable from exchange transactions has been restated according to GRAP 3. Refer to Note 35 "Prior Period Adjustments" for the details of the restatement

9. Receivables from non-exchange transactions

Fines	511,515	403,780
Housing debtors	10,623,599	10,623,599
Other receivables from non-exchange revenue	3,102,750	2,294,553
Sundry Debtors	786,779	786,502
	<u>15,024,643</u>	<u>14,108,434</u>

Receivable from non exchange transactions has been restated according to GRAP 3. Refer to Note 35 "Prior Period Adjustments" for the details of the restatement

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10. Consumer debtors		
Gross balances		
Rates	316,164,344	261,595,584
Water	563,652,548	456,506,242
Sewerage	16,281,517	14,402,567
Refuse	78,232,723	69,938,651
Water consumption from last reading until 30th	5,417,872	8,532,331
	<u>979,749,004</u>	<u>810,975,375</u>
Less: Allowance for impairment		
Rates	(308,752,201)	(139,141,565)
Water	(548,855,058)	(441,398,012)
Sewerage	(15,739,991)	(14,298,614)
Refuse	(78,214,652)	(69,826,472)
	<u>(951,561,902)</u>	<u>(664,664,663)</u>
Net balance		
Rates	7,412,143	122,454,019
Water	14,797,490	15,108,230
Sewerage	541,526	103,953
Refuse	18,071	112,179
Water consumption from the last readings	5,417,872	8,532,331
	<u>28,187,102</u>	<u>146,310,712</u>
Included in above is receivables from exchange transactions		
Water	102,743,851	15,108,230
Sewerage	3,129,046	103,953
Refuse	11,908,628	112,179
Water consumption from the last readings	5,417,872	8,532,331
	<u>123,199,397</u>	<u>23,856,693</u>
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	80,787,572	122,454,019
	<u>203,986,969</u>	<u>146,310,712</u>
Net balance		
Rates		
Current (0 -30 days)	11,412,502	11,878,112
31 - 60 days	9,188,048	10,153,183
61 - 90 days	8,003,001	9,128,289
91 - 120 days	7,904,656	8,805,288
121 + days	279,647,324	221,630,712
Provision for bad debts	(308,743,388)	(139,141,565)
	<u>7,412,143</u>	<u>122,454,019</u>

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Moses Kotane Local Municipality Annual Financial Statements for the year ended June 30, 2019

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10. Consumer debtors (continued)		
Water		
Current (0 -30 days)	18,618,499	27,763,430
31 - 60 days	19,177,710	14,546,203
61 - 90 days	19,177,710	14,141,758
91 - 120 days	5,578,022	10,837,472
121 + days	501,100,607	389,197,379
Provision for bad debts	(548,855,058)	(441,398,012)
	<u>14,797,490</u>	<u>15,108,230</u>
Sewerage		
Current (0 -30 days)	248,565	401,882
31 - 60 days	245,282	276,157
61 - 90 days	241,128	261,816
91 - 120 days	281,403	284,198
121 + days	15,265,139	13,178,514
Provision for bad debts	(15,739,991)	(14,298,614)
	<u>541,528</u>	<u>103,953</u>
Refuse		
Current (0 -30 days)	1,212,355	1,417,249
31 - 60 days	1,206,538	1,522,339
61 - 90 days	1,199,100	1,509,316
91 - 120 days	1,185,549	1,489,395
121 + days	73,429,181	64,000,352
Provision for bad debts	(78,214,652)	(69,826,472)
	<u>18,071</u>	<u>112,179</u>
Water consumption from last reading until the 30th		
Current (0 -30 days)	<u>5,417,872</u>	<u>8,532,331</u>
Reconciliation of allowance for impairment		
Balance at beginning of the year	(664,664,663)	(486,241,414)
Contributions to allowance	(309,135,443)	(178,423,249)
Debt impairment written off against allowance	22,238,204	-
	<u>(951,561,902)</u>	<u>(664,664,663)</u>
11. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	20,000	20,000
Bank balances	11,849,261	7,014,688
Short-term deposits	52,823,887	174,748
	<u>64,693,148</u>	<u>7,209,436</u>

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11. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2019	June 30, 2018	June 30, 2017
Standard bank current - Account number: 41980182	9,163,924	1,094,392	-	9,180,325	(70,077)	-
Call MIG Standard Bank - Account number: 228810957-004	40,686,241	624,427	-	41,001,789	624,427	-
Call MKLM Standard Bank - Account number: 228810957	48,064	130,681	-	48,277	130,681	-
WSIG Account NKLM MUNIC INFRA - Account number: 228810957	11,311,123	-	-	11,416,918	-	-
ABSA Rustenburg Branch - Account number: 4050414471	1,795,791	1,726,005	8,277,624	1,798,407	-	8,092,164
Housing Account - Account number: 4058219109	47	986	432,597	47	985	436,716
Traffic Account - Account number: 4070118019	403,736	343,923	151,731	381,289	345,281	156,678
Petty cash	20,000	-	-	20,000	-	-
ABSA Fixed deposit -12 months Eskom Account number: 2062250801	330,999	307,191	283,977	356,855	307,191	305,294
Standard Bank Borongwa - Account number: 41980255	376,093	-	-	306,550	-	-
Traffic - Account number: 41980247	182,691	-	-	182,691	-	-
Total	64,318,709	4,227,605	9,145,929	64,693,148	1,338,488	8,990,852

12. Finance lease obligation

Minimum lease payments due

- within one year	-	1,187,051
- In second to fifth year inclusive	-	-
- later than five years	-	-

Present value of minimum lease payments

-	1,187,051
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The average lease term is between 3 to 5 years and the average effective borrowing rate was between 6,1% and 10%. Interest dates are coupled to prime and CPI index at the contract date. The municipality's obligation under finance leases are secured by the lessor's chargeover the leased assets.

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant	43,653,570	936,299
Library Grant	477,899	1,338,669
Water and Sanitation Grant	15,295,304	7,827,138
EPWP Grant	347,260	-
PMU Grant	1,313,215	1,369,837
	61,087,248	11,471,943

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13. Unspent conditional grants and receipts (continued)		
Movement during the year		
Balance at the beginning of the year	11,471,943	13,004,975
Additions during the year	235,664,003	196,110,897
Income recognition during the year	(186,048,698)	(197,643,929)
	<u>61,087,248</u>	<u>11,471,943</u>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. See note for reconciliation of grants from National/Provincial Government. These amounts are invested in a ring-fenced investment until utilised.

14. Other financial liabilities

At amortised cost		
INCA annuity loan	14,333,755	14,704,767
ABSA annuity loan	6,086,357	7,520,159
DBSA	23,409,791	24,068,468
	<u>43,829,903</u>	<u>46,293,394</u>
Total other financial liabilities	<u>43,829,903</u>	<u>46,293,394</u>
Non-current liabilities		
At amortised cost	<u>31,322,416</u>	<u>39,207,470</u>
Current liabilities		
At amortised cost	<u>12,507,487</u>	<u>7,085,924</u>

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15. Provisions

Reconciliation of provisions - Restatements of notes to the financial statements

	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)	-	1,184,861	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
	42,854,577	1,370,970	(13,592,028)	(840,825)	1,184,861	2,368,298	33,345,873

Reconciliation of provisions - 2018

	Opening Balance	Current-Service Cost	Utilised during the year	Actuarial Loss/ (Gain)	Change in provision	Interest	Total
Environmental rehabilitation	29,829,314	-	-	-	(4,344,625)	926,155	26,410,844
Long-service awards	14,138,129	1,286,880	1,098,723	(2,062,416)	-	1,145,777	15,607,093
Workmen's compensation	1,000,000	-	(108,627)	-	(54,733)	-	836,640
	44,967,443	1,286,880	990,096	(2,062,416)	(4,399,358)	2,071,932	42,854,577

Non-current liabilities	30,917,922	28,568,320
Current liabilities	2,427,951	14,286,257
	33,345,873	42,854,577

Environmental rehabilitation provision

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Moses Kotane Local Municipality

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15. Provisions (continued)

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.

Assumptions Used

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

The CPI 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 4.1947%.

The 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.

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

Assumptions Used

Key Financial Assumption

Assumption	Value p.a.
Discount rate	8.13%
General earnings inflation rate (long-term)	5.53%
Net effective discount rate	2.46%

The earnings used in the valuation include an increase on 1 July 2019 of 6.50% as per the SALGBC Circular No.: 01/2019. The next earnings increase was assumed to take place on 1 July 2020

In estimating the unfunded liability for LSA of Moses Kotane Local Municipality a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased (i.e. neither imprudent nor excessively conservative) and mutually compatible (i.e. reflective of the economic relationships between factors such as return on assets and inflation rates). This appendix reviews the most important of these assumptions. **Financial Assumptions**

It is difficult to predict future investment returns and earnings inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate

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15. Provisions (continued)

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 8.13% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 8.13% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 2.97%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the JSE after the market close on 28 June 2019.

Introduction

In estimating the unfunded liability for LSA of Moses Kotane Local Municipality a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased (i.e. neither imprudent nor excessively conservative) and mutually compatible (i.e. reflective of the economic relationships between factors such as return on assets and inflation rates). This appendix reviews the most important of these assumptions.

Financial Assumptions

It is difficult to predict future investment returns and earnings inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 8.13% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 8.13% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 2.97%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the JSE after the market close on 28 June 2019.

Earnings Inflation Rate

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee's earnings at the date of the award.

The assumption is traditionally split into two components, namely General Earnings inflation and Promotional Earnings Escalation. The latter is considered under demographic assumptions.

General Earnings Inflation

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

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15. Provisions (continued)

The expected inflation assumption of 4.53% was obtained from the differential between market yields on index-linked bonds (2.97%) consistent with the estimated terms of the liabilities and those of nominal bonds (8.13%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1+8.13\%-0.50\%)/(1+2.97\%))-1$.

Thus, a general earnings inflation rate of 5.53% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 2.46%.

It has been assumed that the next earnings increase will take place on 1 July 2020. This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee's earnings at the date of the award.

The assumption is traditionally split into two components, namely General Earnings inflation and Promotional Earnings Escalation. The latter is considered under demographic assumptions.

General Earnings Inflation

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

The expected inflation assumption of 4.53% was obtained from the differential between market yields on index-linked bonds (2.97%) consistent with the estimated terms of the liabilities and those of nominal bonds (8.13%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1+8.13\%-0.50\%)/(1+2.97\%))-1$.

Thus, a general earnings inflation rate of 5.53% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 2.46%.

It has been assumed that the next earnings increase will take place on 1 July 2020.

Key Demographic Assumptions

Assumption	Value
Average retirement age	62
Mortality during employment	SA 85-90
Withdrawal from service (sample annual rates)	See Table A2.2

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15. Provisions (continued)

Demographic assumptions are required about the future characteristics of current employees who are eligible for LSA.

We have conducted GRAP 25 actuarial valuations for about 200 municipalities across South Africa over a period of about 15 years, which has enabled us to generate a large database relating to current and former municipal employees. Using this information, we recently performed analyses to assess appropriate ballpark-levels for the demographic assumptions required in municipal GRAP 25 actuarial valuations. The following assumptions were revised to reflect the results of our analyses: average retirement age and withdrawal rates.

Promotional Earnings Scale

The annual inflation rates below are in addition to the General Earnings inflation assumption of 5.53% per annum for all employees.

Age band	Additional promotional scale
20 – 24	5.0%
25 – 29	4.0%
30 – 34	3.0%
35 – 39	2.0%
40 – 44	1.0%
> 44	0.0%

Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement.

Pre-retirement Mortality

SA85-90 ultimate table, adjusted down for female lives.

Withdrawal from Service

If an employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below.

This Valuation		Previous Valuation	Age	Females	Males
Age	Females	Males	20	9%	9%

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15. Provisions (continued)						
20	24%	16%	25	8%	8%	
25	24%	16%	30	6%	6%	
30	18%	12%	35	5%	5%	
35	15%	10%	40	5%	5%	
40	10%	8%	45	4%	4%	
45	6%	6%	50	3%	3%	
50	4%	4%	55	0%	0%	
55	2%	2%	> 55	0%	0%	
> 55	0%	0%				
16. Payables from exchange transactions						
Trade payables			100,332,587			97,308,539
Payments received in advanced			54,310,380			32,259,428
Other payables			5,489,958			4,306,557
Accrued leave pay			26,260,984			24,192,918
Retentions			39,842,050			35,188,325
			<u>226,235,959</u>			<u>193,255,767</u>
17. Revenue						
Service charges			154,198,624			136,000,077
Interest received			50,562,829			66,035,201
Commissions received			161,343			152,386
Rental income			42,260			7,054
Sale of stands/land			300,000			460,000
Other income			1,482,551			936,242
Property rates			134,800,237			122,556,701
Government grants & subsidies			572,781,972			555,082,375
Public contributions and donations			3,910,239			-
Fines, Penalties and Forfeits			2,505,080			5,315,890
			<u>920,745,135</u>			<u>886,545,926</u>
The amount included in revenue arising from exchanges of goods or services are as follows:						
Service charges			154,198,624			136,000,077
Interest received			50,562,829			66,035,201
Commissions received			161,343			152,386
Rental income			42,260			7,054
Sale of stands/land			300,000			460,000
Other income			1,482,551			936,242
			<u>206,747,607</u>			<u>203,590,960</u>

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17. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	134,800,237	122,556,701
Transfer revenue		
Government grants & subsidies	572,781,972	555,082,375
Public contributions and donations	3,910,239	-
Fines, Penalties and Forfeits	2,505,080	5,315,890
	<u>713,997,528</u>	<u>682,954,966</u>
18. Service charges		
Sale of water	147,279,422	123,283,679
Sewerage and sanitation charges	2,273,943	2,254,605
Refuse removal	4,645,259	10,461,793
	<u>154,198,624</u>	<u>136,000,077</u>
19. Other income		
The amount included in other income arising from exchanges of goods or services are as follows:		
Clearance certificates	62,613	12,615
Drainage fees	417	447
Sale of tender documents	547,900	760,400
Valuation services	1,312	1,975
Cemetery	15,477	15,478
Town planning	106,926	55,947
Staff Recoveries	175,579	89,180
Photocopies and faxes	41,819	-
Advertisements	306,718	-
Water connections	10,099	-
LG Seta refund	213,690	-
	<u>1,482,550</u>	<u>936,242</u>

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20. Property rates		
Rates received		
Commercial	39,768,167	36,064,635
State	79,490,456	71,083,831
Residential	8,217,909	6,387,690
Mining	9,832,515	9,276,720
Industrial	5,435	5,238
Less: Income forgone	(2,514,245)	(261,413)
	<u>134,800,237</u>	<u>122,556,701</u>
Valuations		
Residential	1,699,265,772	1,615,666,772
Commercial	545,472,000	246,001,000
Industrial	174,463,000	169,995,000
State	1,085,800,000	1,292,670,000
Churches	13,665,000	12,915,000
Mining	125,840,000	125,840,000
Other holiday resorts	3,500,000	160,393,000
Sun City	640,000,000	640,000,000
Municipal	70,392,000	136,410,000
Farms and Tribal Land	1,972,537,000	1,815,644,000
Vacant Land	152,267,000	87,206,000
	<u>6,483,201,772</u>	<u>6,302,740,772</u>

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2016. The valuations were done by Mod Hope Properties valuers on behalf of the Municipality.

The new general valuation will be implemented on 01 July 2020.

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Figures in Rand	2019	2018
21. Government grants and subsidies		
Operating grants		
Equitable share	386,733,274	357,438,446
Expanded Public Works Grant	652,739	1,000,000
Library grant	1,673,048	1,101,855
Project Management Unit Grant	2,338,498	2,765,163
Financial Management Grant	1,700,000	1,700,000
	<u>393,097,559</u>	<u>364,005,464</u>
Capital grants		
Municipal Infrastructure Grant	127,229,717	137,343,701
Provincial Infrastructure Grant	-	6,560,348
Water Services Infrastructure Grant	52,454,696	47,172,862
	<u>179,684,413</u>	<u>191,076,911</u>
	<u>572,781,972</u>	<u>555,082,375</u>
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	936,299	-
Current-year receipts	170,883,287	138,280,000
Conditions met - transferred to revenue	(127,229,717)	(137,343,701)
Roll over denied	(936,299)	-
	<u>43,653,570</u>	<u>936,299</u>
Library Grant		
Balance unspent at beginning of year	1,338,669	1,090,523
Current-year receipts	916,000	1,350,000
Conditions met - transferred to revenue	(1,673,048)	(1,101,854)
Refund	(103,722)	-
	<u>477,899</u>	<u>1,338,669</u>
Department of water services and Refurbishment Grant		
Balance unspent at beginning of year	7,827,138	-
Current-year receipts	67,750,000	61,560,348
Conditions met - transferred to revenue	(52,454,697)	(53,733,210)
Roll over denied	(7,827,137)	-
	<u>15,295,304</u>	<u>7,827,138</u>
Expanded Public Works Grant		
Balance unspent at beginning of year	-	958,190
Current-year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	(652,740)	(1,000,000)
Roll over denied	-	(958,190)
	<u>347,260</u>	<u>-</u>
Financial Management Grant		

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Figures in Rand	2019	2018
21. Government grants and subsidies (continued)		
Current-year receipts	1,700,000	1,700,000
Conditions met - transferred to revenue	(1,700,000)	(1,700,000)
	<u>-</u>	<u>-</u>
MIG (PMU) Grant		
Balance unspent at beginning of year	1,369,837	-
Current-year receipts	3,651,713	4,135,000
Conditions met - transferred to revenue	(2,338,498)	(2,765,163)
Roll over denied	(1,369,837)	-
	<u>1,313,215</u>	<u>1,369,837</u>

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Figures in Rand	2019	2018
22. Employee related costs		
Basic	129,865,377	123,192,232
Bonus	8,877,255	7,842,095
Medical aid - company contributions	10,025,952	9,176,605
UIF	872,493	861,739
SDL	1,438,981	1,479,830
Leave pay provision charge	8,508,318	2,996,316
Bargaining council	62,802	62,084
Travel, motor car, accommodation, subsistence and other allowances	1,028,593	883,395
Overtime payments	10,765,527	9,843,825
Long-service awards	1,789,442	2,675,603
Acting allowances	1,971,132	2,090,485
Car allowance	-	15,000
Housing benefits and allowances	411,318	373,279
Standby allowance	2,601,536	3,059,665
Pension fund company contributions	23,254,825	21,540,575
Shift allowance	230,351	213,278
	<u>201,703,902</u>	<u>186,306,006</u>
Remuneration of municipal manager		
Annual Remuneration	1,211,748	858,495
Travel Allowance	222,593	148,395
Bonuse	93,309	-
Contributions to UIF, Medical and Pension Funds	51,813	32,315
Total paid	<u>(1,579,463)</u>	<u>(1,039,205)</u>
	-	-
MV Letsoalo was appointed as the Municipal Manager in October 2017		
Remuneration of Acting Municipal Manager		
Annual Remuneration	32,578	35,858
Total paid out	<u>(32,578)</u>	<u>(35,858)</u>
	-	-
TT Chloane was the acting Municipal Manager in January and February 2019		
Remuneration of Chief Financial Officer		
Annual Remuneration	696,721	-
Travel Allowance	162,000	-
Contributions to UIF, Medical and Pension Funds	160,562	-
Total Paid	<u>(1,019,283)</u>	<u>-</u>
	-	-
The Chief Finance Officer M Mkhize was appointed in October 2018		
Remuneration of Acting Chief Financial Officer		
Annual Remuneration	65,572	43,933
Total Paid	<u>(65,572)</u>	<u>(43,933)</u>
	-	-

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22. Employee related costs (continued)		
H Fourie acted as a CFO from July to September 2018		
Remuneration of community services director		
Annual Remuneration	407,371	1,137,323
Contributions to UIF, Medical and Pension Funds	21,044	46,752
Paid Out	(428,415)	(1,184,075)
	<u>-</u>	<u>-</u>
The community service director CK Molokoane terminated his contract in October 2018		
Remuneration of acting community services director		
Annual Remuneration	96,740	-
Paid out	(96,740)	-
	<u>-</u>	<u>-</u>
Mr ND Moeng has been acting Community Service director from November 2018 to date		
Remuneration of infrastructure and technical services director		
Annual Remuneration	1,128,730	1,045,350
Travel Allowance	144,000	144,000
Contributions to UIF, Medical and Pension Funds	1,890	1,884
Total paid	(1,274,620)	(1,191,234)
	<u>-</u>	<u>-</u>
TT Chiloane is the director infrastructure and technical services		
Remuneration of acting infrastructure and technical services		
Annual Remuneration	36,538	-
Paid out	(36,538)	-
	<u>-</u>	<u>-</u>
BS Maseoane acted as the director infrastructure and technical services in November 2018.		
Remuneration of corporate service director		
Annual Remuneration	-	229,427
Car Allowance	-	15,000
Contributions to UIF, Medical and Pension Funds	-	52,343
Paid out	-	(296,770)
	<u>-</u>	<u>-</u>
PP Shikwane corporate service director terminated his contract in September 2017.		
Remuneration of acting corporate service director		
Annual Remuneration	335,930	138,530
Paid out	(335,930)	(138,530)
	<u>-</u>	<u>-</u>
T Jaivan acted as the corporate service director from September 2017 until December 2018.		

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22. Employee related costs (continued)

FD Radiokana acted from January to February 2019

Remuneration of planning and development director

Annual Remuneration	-	867,998
Car Allowance	-	66,000
Contributions to UIF, Medical and Pension Funds	-	156,928
Paid out	-	(1,090,926)
	<u>-</u>	<u>-</u>

Planning and Development director AM Sefanyetso terminated his contract in May 2018.

Remuneration of acting planning and development director

Annual Remuneration	163,311	-
Paid out	(163,311)	-
	<u>-</u>	<u>-</u>

MV Mope acted as the director planning and development from June 2018 to December 2018.

FT Mogolwane acted from January 2019 to February 2019

23. Remuneration of councillors

Mayor	567,471	541,211
Single WHIP	403,168	390,169
Executive Committee	3,515,940	5,491,970
Speaker	453,976	432,968
Councillors	10,023,536	9,240,361
Councillors pension and medical aid contributions	2,685,461	2,491,324
Travelling allowance	5,121,049	5,022,262
Cell phone allowance	2,741,809	-
Oversight committee	-	597,450
	<u>25,512,410</u>	<u>24,207,715</u>

In-kind benefits

The Mayor, Speaker 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 121/01/2018 in line with the government gazette number 41335 Notice 1440, dated 15 December 2017.

24. Depreciation and amortisation

Property, plant and equipment	147,836,543	165,433,118
Intangible assets	11,977,817	15,505,962
	<u>159,814,360</u>	<u>180,939,080</u>

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Figures in Rand	2019	2018
25. Finance costs		
Non-current borrowings	6,177,546	6,177,263
26. Debt impairment		
Bakwena Systems	1,221,711	-
Consumer Debtors	294,129,381	167,279,578
Traffic Fines	2,081,084	5,364,505
	<u>297,432,176</u>	<u>172,644,083</u>
27. Bulk purchases		
Water	98,807,858	87,863,925
28. General expenses		
Audit fees	3,430,412	2,568,089
Advertising	5,739,965	10,025,897
Bank charges	516,386	462,100
Cleaning	403,962	1,059,919
Consulting and professional fees	14,481,272	13,482,949
Consumables	4,551,145	4,547,246
Catering services	3,085,940	4,662,843
Entertainment	3,047,681	6,036,844
Insurance	1,583,808	1,150,605
Community development and training	1,215,760	600,703
Conferences and seminars	-	55,148
Motor vehicle expenses	977,095	745,495
Fuel and oil	14,626,088	13,198,835
Postage and courier	4,983	7,639
Printing and stationery	1,507,771	2,682,108
Software expenses	422,651	4,304,283
Staff welfare	187,381	327,923
Subscriptions and membership fees	2,926,608	4,315,016
Telephone and fax	13,571,238	12,298,697
Training	125,846	136,699
Travel - local	4,662,912	4,101,229
Electricity	11,539,199	17,095,908
Uniforms	662,301	2,378,147
Other expenses	-	36,289
Leaverships and Internships	4,192,928	4,860,117
Supply of indigent services	1,000,000	618,547
Chemicals	2,286,432	4,785,716

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29. Distribution losses		
Reconciliation of water losses		
Kilolitres bought	15,724,679	15,582,173
Kilolitres sold	(12,945,861)	(13,685,836)
Kilolitres lost	2,778,819	1,896,337
Value of loss	18,186,510	11,247,701
Percentage of losses	18	12
Reasons for losses		
Burst pipes		
Undetected leaks underground		
Open spaces & sports fields that are still unmetered		
30. Cash generated from operations		
Deficit	(154,056,708)	(55,445,916)
Adjustments for:		
Depreciation and amortisation	159,814,360	180,939,080
Gain on sale of assets and liabilities	1,483,413	100,554
Donations	(3,910,239)	-
Inventory write off	47,370	-
Fair value adjustments	(2,515)	(31,124)
Interest on overdue accounts	(45,873,512)	-
Debt impairment	297,432,176	172,644,083
Movements in provisions	(9,508,704)	30,062,179
Movement in tax receivable and payable	-	784
Changes in working capital:		
Inventories	(2,923,715)	9,497,220
Receivables from exchange transactions	(601)	(883,779)
Consumer debtors	(145,138,321)	(30,740,630)
Other receivables from non-exchange transactions	(2,997,294)	(14,108,434)
Vat receivable	36,858,403	-
Payables from exchange transactions	32,980,192	118,294,478
VAT	-	(68,253,762)
Unspent conditional grants and receipts	49,615,305	10,513,753
	213,819,610	352,588,486

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31. Commitments		
Authorised capital expenditure		
• Property plant and equipment	153,058,461	117,523,882
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	-	97,784,615
Total capital commitments		
Already contracted for but not provided for	153,058,461	117,523,882
Not yet contracted for and authorised by accounting officer	-	97,784,615
	153,058,461	215,308,497
Authorised operational expenditure		
• Corporate	329,312,581	344,256,062
Total operational commitments		
Authorised	329,312,581	344,256,062
Total commitments		
Total commitments		
Capital expenditure	153,058,461	215,308,497
Operational expenditure	329,312,581	344,256,062
	482,371,042	559,564,559

This committed expenditure relates to Infrastructure projects and operational expenditure and will be financed by grants from national treasury

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32. Contingencies

The Municipality has contingent liabilities for R 65 883 712 (2018: R 65 999 055) relating to unresolved legal cases. The total amount is made up of the following cases.

1. Fencacor Construction

Fencacor Construction was a sub-contractor for construction of the new Mogwase Waste Disposal Site. Fencacor is suing the Municipality for payment of R 2 842 111 which flows from a cession/direct payment agreement between the main contractor, Fencacor 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.

Case handled by Van Rooyen, Thiabe, Wessels Attorneys in Matfkeng.

2. NWDC

The Municipality is in dispute with NWDC regarding payment of property rates. NWDC owes the Municipality in excess of R 36 Million from July 2002. In return NWDC claims compensation from the Municipality for infrastructure installed in Bodirelo in the 1980's to the amount of R 18 Million as well as arrear rental amounts for office accommodation in Bodirelo. The matter was referred to Provincial and National Treasury for mediation and possible arbitration.

The Municipality have reached an agreement with NWDC whereby mutual payment by the parties for their respective dues will start on 1 October 2014. The Municipality is paying its dues but NWDC is not.

The arrear amounts due still needs to be resolved and the parties will consider all options, including high level political intervention and arbitration.

3. 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 allege 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.

Still in progress. The case is handled by Sakkie Smith Attorneys in Mogwase.

4. 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.

5. Casper Jacobs Construction

The contractor is claiming R 968 621 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.

6. Ama-Ndebele Nation Ledig

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32. Contingencies (continued)

The Ama-Ndebele Nation in Ledig took the Municipality to court demanding an undertaking in writing to supply water for agriculture, mining and industry. The Municipality is defending the matter on two grounds:

Whether the Ama-Ndebele Nation is recognised as an authority; and

That water for mining and agriculture can only be considered if basic water services of communities have been addressed.

Still in progress. The case is handled by Sakkie Smith Attorneys.

7. 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.

Still in progress. Case is handled by Pretorius Attorneys.

8. Claim for death-Konopi

Claim for R 9,4 Million (4,7 Million x 2 children) for death of breadwinner on road between Sun City and Mabasakraal. 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.

Still in progress. Case is handled by Pretorius Attorneys.

9. Mafoko Brothers

Claim for R 536 957.91 on Tender 004/MKLM/2015/2016. Still investigating.

10. 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 32 519 000 by the municipality.

The municipality is challenging this claim.

33. Related parties

Relationships

Accounting Officer

Refer to accounting officer's report note

Councillors

Refer to note 23 and note 42

Members of key management

Refer to note 22

Related party transactions

Awards made to the spouses of employees

Bothale Consulting

613,201

1,580,085

Boitumelo Molefe (HOU Internal Audit) is a related party of Bothale Consulting and the amount paid during the year to the company was R 613 201 and R 1 580 085 last year.

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34. Change in accounting estimate

The estimated remaining useful life of the assets was reviewed and amended to ensure an accurate systematic allocation of the depreciable amount over the remaining useful life.

The effect of the change in estimate are as follows:

Statement of financial performance	
Decrease in depreciation	4 173 981.

Statement of financial position	
Increase in property plant and equipment	4 173 981

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35. Prior period errors

The correction of the error(s) results in adjustments as follows

1. Inventory was overstated by R 10 475 425 in the prior year as a result of land that was recognised as held for sale. The land is registered in the name of the Municipality but however the Municipality does not have control of the property and does not expect any future economic benefits to flow to the entity from the land. Maintenance materials was understated by R 9 631 as a result of incorrect accounting.
2. Receivable from exchange transactions was overstated by R 7 251 496 from housing debtors which was classified as receivables from exchange transaction instead of non exchange transactions. In addition receivables from exchange transactions was also understated by R 885 209 due to calculation error.
3. Receivable from non exchange transactions was understated by R 7 251 496 from housing debtors that was disclosed as receivable from exchange transaction instead of receivable from non exchange transactions. In addition receivable from non exchange transaction was also understated by R 1 694 871 as result of calculation errors made on the reconciliations.
4. During the current year it was noted that Vat was overstated by R 8 068 276 as a result of incorrect accounting.
5. Consumer debtors were overstated by R 136 367 313 in the 2017/18 financial year as a result of the accounting policy not aligned to the requirements of GRAP. The accounting policy did not provide for impairment on government debtors. In addition debt impairment for the prior year was also understated by R 48 805 205.
6. In the prior year cash and cash equivalent was understated by R 5 850 948 as result of receipts not updated on the cashbook on time and also payments made on the last day of the year only reflecting in the next financial year.
7. The opening balances for the following assets were discovered to have been mistated due to omissions and incorrect accounting made on the fixed asset register: Investment property was overstated by R 10 082 645. Property, plant and equipment was understated by R 114 892 626 and intangible assets were overstated by R 6 884 294. In addition depreciation was understated by R 11 611 324.
8. The current portion of the finance lease liabilities was understated by R 957 964 and the non current portion was overstated by the same amount due to classification error.
9. Payables from exchange transactions was understated in the prior year due to the following: trade payables were understated by R 18 390 155 due to expenditure incurred in 2017/18 financial year that was only paid in 2018/19 financial year. payments received in advance was understated by R 7 514 351 arising from unallocated receipts that were not updated on the cashbook. other payables were understated by R 2 260 097 as a result of incorrect accounting and retentions were understated by R 2 474 414 because of vat that was not raised on the retentions and also omissions made on the retentions register
10. Rental income was overstated by R 76 199 as a result of billing error in the prior years.
11. Employee related costs were understated in the prior year as a result of classification error in the prior year. The employee related costs arising from the long service awards provision and leave pay provision were disclosed as general expenses in the prior year.
12. Outsourced services were overstated in the prior year as a result of classification error. The expenditure has now been classified as repairs and maintenance.
13. General expenses and contracted services were mistated in the prior year as a result of incorrect accounting and classification errors.
14. Finance costs was overstated by R 1 145 494 due to classification error..

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35. Prior period errors (continued)

The correction of these errors resulted in the following effects

Effects of the errors on accumulated surplus.

Decrease in Accumulated Surplus due to error 1	(10,465,794)
Decrease in Accumulated Surplus due to error 2	885,209
Decrease in Accumulated Surplus due to error 3	1,694,871
Decrease in Accumulated Surplus due to error 4	(8,068,276)
Decrease in Accumulated Surplus due to error 5	(136,367,314)
Decrease in Accumulated Surplus due to error 7	66,880,078
Decrease in Accumulated Surplus due to error 9	7,997,239
	<u>(77,443,987)</u>

36. Prior-year adjustments

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

Statement of financial position

2018

	Note	As previously reported	Correction of error	Re-classification	Restated
Inventories		19,314,397	10,465,794	-	8,848,603
Receivables from exchange transactions		8,899,629	885,209	(7,251,496)	2,443,423
Receivables from non exchange transactions		5,162,067	1,694,871	7,251,496	14,108,434
Vat receivables		36,593,422	8,068,276	-	28,525,146
Consumer debtors		282,678,028	(136,367,314)	-	146,310,714
Investment property		165,290,000	(10,082,648)	-	155,207,352
Property plant and Equipment		3,176,494,885	114,892,628	-	3,291,387,513
Cash and Cash equivalent		1,358,488	5,850,948	-	7,209,436
Intangible Assets		57,596,228	(5,838,671)	-	51,757,557
		-	-	-	-
Payables from exchange transactions		(163,100,348)	(7,997,239)	-	(193,255,767)
Provisions		(43,154,577)	300,000	-	(42,854,577)
		<u>3,547,131,216</u>	<u>(18,128,146)</u>	-	<u>3,469,687,831</u>

Statement of financial performance

2018

	Note	As previously reported	Correction of error	Re-classification	Restated
Rental Income		85,253	(78,199)	-	7,054
Other Income		941,162	(4,920)	-	936,242
Employee related costs		(180,634,674)	-	(5,671,332)	(186,306,006)
Debt impairment		(123,838,875)	(48,805,208)	-	(172,644,083)
Contracted Services		(80,749,696)	(612,444)	-	(81,362,140)
Depreciation		(169,327,756)	(11,611,324)	-	(180,939,080)
Outsourced Services		(72,728,922)	-	72,728,922	-
Repairs and Maintenance		-	(6,989,567)	(72,728,922)	(79,718,489)
General expenditure		(180,594,310)	39,523,481	4,525,838	(116,544,991)
Finance Costs		(7,323,040)	-	1,145,494	(6,177,546)
Surplus for the year		<u>(794,170,858)</u>	<u>(28,578,181)</u>	-	<u>(822,749,039)</u>

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37. 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.

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 timely 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 non-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 without 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.

Market risk

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37. Risk management (continued)

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.

38. Going concern

We draw attention to the fact that although the municipality reported a deficit of R 154 056 706 at June 30, 2019, the municipality had accumulated surplus of R 3 256 692 136 and that the municipality's total assets exceed its liabilities by R 3 256 692 136. However current liabilities exceeds current assets by R 174 734 289 .

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.

We are experiencing cashflow challenges as a result of low debtors collection rate which has an impact on our ability to pay our 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 an indication from National Government to discontinue the operation of the municipality and the medium term expenditure framework has made allocations to the municipality . The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

39. Unauthorised expenditure

Opening balance	353,908,100	90,796,425
Prior period error on opening balance	-	26,826,253
Unauthorised expenditure-current year	26,732,928	151,266,242
Prior period error adjustment	-	85,019,180
Unauthorised expenditure	380,641,028	353,908,100

Prior period errors are differences between unauthorised expenditure per AFS line items as previously disclosed compared to unauthorised expenditure per budget vote.

The Unauthorised expenditure was mainly due to over spending on contracts amounts. The current total balance including the opening balance will be dealt with in accordance with the MFMA requirements.

The Unauthorised expenditure was reported to Council and has resolved on condoning the expenditure (refer to item 137/03/2019). The Municipality is in the process of complying with MFMA section 170 condonement.

40. Fruitless and wasteful expenditure

Opening balance	9,774,358	8,986,252
Prior period error	-	788,106
Fruitless and wasteful expenditure-Current year	672,013	-
Fruitless and wasteful expenditure	10,446,371	9,774,358

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40. Fruitless and wasteful expenditure (continued)

The prior period error resulted from interest paid due to late payments on supplier accounts that was erroneously omitted and not disclosed.

The Municipality incurred interest as result of late payment of Magalies water, Telkom and Eskom accounts.

The Fruitless and wasteful expenditure was reported to Council and has resolved on condoning the expenditure (refer to Item 137/03/2019). The Municipality is in the process of complying with MFMA section 170 condonement.

41. Irregular expenditure

Opening balance	467,822,417	421,458,505
Add: Irregular Expenditure - current year	52,693,717	14,940,815
Investigated - Not irregular expenditure	-	(5,231,252)
Prior period error	-	36,654,349
Deviations	11,953,380	-
	<u>532,469,514</u>	<u>467,822,417</u>

Details of Irregular expenditure – current year

Three quotes not attached	6,718,557	1,359,970
Non disclosure of Interest	54,693	-
Tax non-compliance	875,518	24,121
Regulation 32 appointments	35,657,710	36,654,349
Competitive bidding process not followed	4,676,149	-
SCM processes not followed	4,711,090	4,970,256
Deviations	11,953,380	3,355,216
	<u>64,647,097</u>	<u>46,363,9</u>

The prior period error resulted from the inclusion of SCM regulation 32 appointments that were erroneously omitted and not disclosed and a correction of total irregular expenditure amount after investigations.

The Irregular expenditure was reported to Council and has resolved on referring the expenditure to MPAC (refer to Item 137/03/2019). The Municipality is in the process of complying with MFMA section 170 condonement.

All possible irregular expenditure is being investigated, once all technical processes are finalised and satisfied that transactions are indeed irregular, the register will then be updated to include those transactions.

42. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government-SALGA

Opening balance	2,319,960	2,203,311
Current year subscription / fee	(2,319,960)	(2,203,311)
	<u>-</u>	<u>-</u>

Audit fees

Current year subscription / fee	3,430,412	2,568,089
Amount paid - current year	(3,430,412)	(2,568,089)
	<u>-</u>	<u>-</u>

PAYE and UIF

Current year subscription / fee	23,607,551	26,597,013
Amount paid - current year	(23,607,551)	(26,597,013)
	<u>-</u>	<u>-</u>

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Moses Kotane Local Municipality

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42. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Pension and Medical Aid Deductions		
Current year subscription / fee	33,280,777	30,717,180
Amount paid - current year	(33,280,777)	(30,717,180)
	<u>-</u>	<u>-</u>
VAT		
VAT receivable	-	28,525,146
VAT payable	(3,111,621)	-
	<u>(3,111,621)</u>	<u>28,525,146</u>

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

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42. 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, 2019:

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.ED 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	6,691	7,582
Councillor M.S Mabitsele	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 Radlokana	178	3,734	3,912
Councillor S.M Manganye	1,000	14,951	15,951
Councillor JM Segale	4,163	11,356	15,519
Councillor P Thoboke	18,921	3,734	22,655
	112,092	88,986	201,078

June 30, 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor D.S Kodongo	-	12,167	12,167
Councillor P Motswenyane	112	8,864	8,976
Councillor ML Mmolawa	-	21,994	21,994
Councillor D Chaka	77	6,991	7,068
Councillor G Madisa	6	2,511	2,517
Councillor G Kgarimetsa	912	13,457	14,369
Councillor JM Segale	785	13,714	14,499
Councillor R.P Motlhaga	1,280	37,061	38,341
Councillor A Nquthula	570	5,710	6,280
Councillor P Tirubuke	732	16,265	16,997
Councillor C.N Motshabi	576	3,438	4,014
Councillor M Nkotswe	666	3,281	3,947
Councillor D.H Radlokana	-	8,952	8,952
Councillor L Kapari	9,296	40,193	49,489
Councillor AJ Letswamotse	-	888	888
Councillor L.M Mmolawa	493	6,983	7,476
Councillor M.S Mabitsele	576	12,977	13,553
Councillor S.M Manganye	576	11,371	11,947
Councillor J.ED Ditshwene	-	38,088	38,088
Councillor RA Diala	16,727	117,229	133,956
	33,384	382,134	415,518

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Appendix B

Analysis of property, plant and equipment as at 30 June 2019
Cost
Accumulated depreciation & impairment loss

Property, plant and equipment	Original cost		Accumulated depreciation		Impairment loss		Net book value	
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Buildings	14 000	-	14 000	-	-	-	-	-
Other assets	17 428 117	154 868	17 582 985	154 868	17 582 985	154 868	17 428 117	17 582 985
Furniture and fittings	120 000	120 000	120 000	120 000	120 000	120 000	-	120 000
Motor vehicles	88 500 000	(7 224 125)	81 275 875	81 275 875	81 275 875	81 275 875	-	81 275 875
Plant & Equipment	8 124 857	122 281	8 247 138	122 281	8 247 138	122 281	8 124 857	8 247 138
158 633 867	(1 983 294)	156 650 573	(1 983 294)	154 667 279	(1 983 294)	152 683 985	154 667 279	156 650 573

Intangible assets

Buildings

Other assets

Furniture and fittings
Motor vehicles
Plant & Equipment

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Missouri Kansas Local Municipality
 Appendix F
 Disbursements of Grants and Subsidies in terms of Section 133 MFRMA, 06 of 2003

Names of Grants	Names of origin of state or municipal entity	Quarterly Receipts				Quarterly Expenditures				Grants and Subsidies delayed / withheld				Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant program in the latest Division of Revenue Act	Reason for noncompliance
		Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr			
MIG	National Government	46 535	-	28 000	-	74 835	-	-	-	29 588	-	-	-	-	Yes	
PMG	National Government	1 700	-	-	-	1 700	136	1 188	221	1 700	-	-	-	-	Yes	
Water Mfg Grant	National Government	23 000	-	34 750	-	67 750	-	-	-	52 455	-	-	-	-	Yes	
EPWP	National Government	250	-	750	-	1 000	118	294	124	653	-	-	-	-	Yes	
Library	National Government	-	918	-	-	918	1 130	147	280	1 673	-	-	-	-	Yes	
Football teams	National Government	61 137	-	25 953	-	86 730	-	-	-	86 730	-	-	-	-	Yes	
		42 822	916 89 093	-	32 631	1 391	898	1 435	605 72 779	-	-	-	-	-		

Note: A municipality should provide additional information on how a grant was spent per Vote. This includes allocations from the Equitable Share.

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CHAPTER 6 – ACTION PLAN

Responsible Department: Revenue

Exception reference Number	Finding	Finding Type	Due Date	Root cause	Action by Management	Progress to date-comment	Responsible Officials and Consultant
CAF 6: ISS 49 Audit Report Finding	As per RFI 41 submitted on 18/09/2019, supporting information was not obtained for the following items relating to the expenditure of Housing Debtors: <ul style="list-style-type: none"> No Support have been obtained for the following 	Internal control difeciency	30/03/2020	Poor records keeping as information dating as far back as 2002 cannot be located. Old financial system crashed and cannot retrieve any financial data prior to 2011	Discussions with the department of human settlements are in progress to assist the two entities with the information gap and eventually write off the debtor	In-progress	HoU: Revenue
CAF 11:ISS 91	When we were testing completeness of receivables from exchange transaction for Bakwena systems it was noted that no payments were made in the prior year hence 50% of the outstanding balance was impaired in the current, however we cannot confirm how the municipality is going to be able to recover the outstanding balance due to the fact that through inspection of the Bakwena systems it was not that Bakwena has ceased operations also there was an agreement letter	Technical GRAP Issue	30/03/2020	Late payment discussions were held which resulted in the letter being not signed as at 30 June 2019	Management managed to obtain a signed debt agreement from the debtor and payments may commence as early as January 2020	In-progress	HoU: Revenue

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Responsible Department: Revenue							
Exception reference Number	Finding	Finding Type	Due Date	Root cause	Action by Management	Progress to date-comment	Responsible Officials and Consultant
	which was dated 25th of September 2019 were by the owner of Bakwena did not sign to acknowledge the agreement.						
CAF 11:ISS 92 Audit Report Finding	When we were testing receivables from non-exchange transaction for housing debtors we have noted that no payment has been received since from 2016/17 financial period up to date and no signed agreement to acknowledge the debt or communication between the municipality and Provisional Treasury regarding housing debtors amount disclosed under receivable from non-exchange transaction therefore we are unable to confirm how the municipality is going to recover the amount.	Technical GRAP Issue	30/03/2020	Poor records keeping as information dating as far back as 2002 cannot be located. Old financial system crashed and cannot retrieve any financial data prior to 2011	Discussions with the department of human settlements are in progress to assist the two entities with the information gap and eventually write off the debtor	In-progress	HoU: Revenue
CAF 1: ISS 5	We noted that the following policy was not developed by the Municipality: - Debt write-off policy	Compliance	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	In-progress	HoU: Revenue

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Responsible Department: Revenue							
Exception reference Number	Finding	Finding Type	Due Date	Root cause	Action by Management	Progress to date-comment	Responsible Officials and Consultant
CAF 14: ISS.149:	<p>Receivables from exchange transaction</p> <p>Through inspection of the annual financial statement for 2018/19 financial period, we noted that receivables from exchange transactions relating to Bakwena systems is incorrectly disclosed on note number 8 due to the fact that there was a provision of 50% which was provided during 2018/19 financial period however on the note the provision for impairment is not disclosed but on the face of the statement of financial position the amount disclosed is the net off of the gross amount and provision of impairment made during the year. Please refer below regarding the disclosure note inspected</p>	Technical GRAP Issue	30/03/2020	Inadeqaute review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	HoU: Revenue

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Responsible Department: BTO							
Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
Caf 1 :ISS 3	During the planning phase of the audit inspected the VAT Reconciliation for January 2019 and February 2019 and noted that the VAT reconciliations were not signed as evidence of review and we could not verify any other way that management had reviewed the recons.	Internal control difeciency	30/03/2020	Management oversight	.Creditors' practitioner to prepare and creditors' manager to review and sign off.	Not yet started	HoU: Expenditure, budget and reporting
CAF 1: ISS 12	1.) The revenue from exempt and zero-rated transactions was not declared on the VAT 201 forms for the year. 2.) The VAT forms did not have dates when completed 3.) The VAT 201 forms are not reviewed which is a control deficiency.	Internal control difeciency	30/03/2020	Lack of thorough review	Creditors' practitioner to prepare and creditors' manager to review and sign off.	Not yet started	HoU: Expenditure, budget and reporting
CAF 14: ISS. 140:	During procedures performed on Consumer Debtors it was noted that: There was amount of R 22, 238,302.90 which related to a debtors in the prior period which was written off in the current year. Although the issue was correctly accounted for in the current period, the accounting treatment in	Technical GRAP Issue	30/03/2020	Inadeqaute review of financial statements	Prepare AFS on a timely basis to give sufficient time for thorough review.	In-progress	HoU: Revenue

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Responsible Department: BTO							
Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
	the prior year was incorrect. As there was no legal rights to receive the amount in the prior period, this amount should have been removed from the gross debtor balance, despite the difference having no impact on the net balance.						
CAF 13: ISS.100:	1) The following was noted with regards to the accounting policy of Investment Property as per the annual financial statements: As per note 1.4, the last sentence included in this subsection, was not completed. The sentence reads as follows: "The nature OR type of properties classified as held for strategic purposes are as follows:" 2) The restated reconciliation as per note 3 in the annual financial statements, is not complete as the restatement was made based on additions and disposals/write-offs which should be separately	Technical GRAP Issue	30/03/2020	Inadeqaute review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	HoU: Assets

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Responsible Department: BTO							
Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
	indicated as such in the reconciliation. 3) Insufficient information with regards to the prior year balance corrected, was disclosed in the Annual Financial statements as per note 35 and 36. It should be specifically indicated what the amount consists of, but only the nett effect of the restatement was shown and no detail was given in the description of what the restatement consists of.						
CAF 13: ISS.113:	During testing performed on Investment property, the following was noted: 1. Properties previously included in the Investment property register under Unit 6, was consolidated to property with Component ID T0JQ00000000006000008 (Farmland JQ Erf 60, Portion 8). This was indicated as such by the response received on request for information 72. It was however noted, that the properties consolidated to the	Technical GRAP Issue	30/03/2020	Rezoning and updating of the valuation rolls	Reliance can be place on valuation of professional valuers	Not yet started	HoU: Assets

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Responsible Department: BTO							
Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
	mentioned property, exceeds the value of the mentioned property. The value of the properties taken off the Investment property register, amounts to R 44 625 000 whereas property TOJQ0000000006000008 has a closing carrying value of R 1 019 274.91. Examples of the properties indicated as being consolidated, is as follows:						
CAF 6: ISS 51	Differences has been noted between the 2018 Opening Carrying amount for PPE in Note 4 of the Annual Financial Statements and the Fixed Asset Register:	Technical GRAP Issue	30/03/2020	Inadequate review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	HoU: Assets
CAF 8: ISS 81	During the assets verification process the roads listed below were part of our sample but upon verification it was noted that these were not actual roads that meet the recognition criteria for roads as they did not show of the different layers required for road recognition.	Technical GRAP Issue	30/03/2020	Technical error on the asset register.	To write off all the assets which do not meet the recognition criteria	Not yet started	HoU: Assets
CAF 3:ISS 26	The immovable asset register is not internally maintained by the Municipality. The	Internal control deficiency	30/03/2020	Inadequate skills in-house	Capacitate the relevant personnel and	Not yet started	HoU: Assets

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Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
	Municipality is using registers prepared and maintained by consultants.				adequately staff the relevant units where necessary.		
CAF 1: ISS 17	The immovable asset Fixed Asset Register has all items as required by GRAP 17 except for "Person responsible for safeguarding and maintaining the asset".	Technical GRAP Issue	30/03/2020	Inadequate review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	HoU: Assets
CAF 19: ISS.175:	1. The asset below which was completed during the year has not been capitalised at year end, and is incorrectly reported as WIP in the financial statements submitted for audit 2. The VIP toilets constructed below which were completed during the year should have been transferred from WIP to General Expenditure because the municipality has no control over them once completed. Therefore they are incorrectly reported as WIP in the financial statements submitted for audit:	Technical GRAP Issue	30/03/2020	Inadequate review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	HoU: Assets
CAF 11:ISS 93	During the physical verification of Movable Assets, it was noted that the following asset was not in a	Technical GRAP Issue	30/03/2020	Management oversight	Ensure all assets are physically verified and	Not yet started	HoU: Assets

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Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
	working condition and significant components have been removed from the asset, however the Municipality did not assess the asset for impairment as required by GRAP:				conditions assessed.		
CAF 11:ISS 93	The asset count reports for the 2018 and 2019 financial years have not been noted by the council.	Internal control deficiency	30/06/2020	Management oversight	Management will ensure that all asset counts reports are presented before council.	Not yet started	HoU: Assets
CAF 6: ISS 52 Audit Report Finding	Intangible assets: Information not received.	Limitation of Scope	30/03/2020	Service provider delayed in submitting the unbundling information	Management has already received the information and will do the unbundling of the invoice amount	In progress	HoU: Assets
CAF 8: ISS 35	1) The following items were identified on the Intangible Asset Register, which should not have been capitalised as an Intangible asset due to the nature of the asset.	Technical GRAP Issue	30/03/2020	There were no clear definitions between Assets unit and ICT unit	Assets unit together with ICT unit verify all the intangible assets on the register and ensure that all assets on the register meet the definition criteria.	Not yet started	HoU: Assets
CAF 8: ISS 66	1) It was noted that the descriptions used for multiple Intangible assets, was not descriptive. For example: "Software", "Server software",	Technical GRAP Issue	30/03/2020	There were no clear definitions between Assets unit and ICT unit	Assets unit together with ICT unit verify all the intangible assets on the register	Not yet started	HoU: Assets

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	<p>"desktop software" and "payroll software".</p> <p>2) Method of Financing. A column was noted in the register, but the column was not used for all assets.</p> <p>3) Physical location of asset. A column was noted in the register. It was however not indicated for all the assets.</p> <p>Due to the insufficient description of the Intangible Assets as per the Intangible Asset Register, it led to the following:</p> <p>1) Whether the following items as impaired per the Intangible Asset Register, was still in use or not:</p>				and ensure that all assets on the register meet the definition criteria.		
CAF 8: ISS 67	The following was not correctly disclosed in the financial statements:1) No note was included in the Annual Financial Statements for the change in accounting policy with regards to Intangible assets.2) As per the accounting policy, Intangible assets are written-	Technical GRAP Issue	30/03/2020	Inadequate review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	HoU: Assets

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	off over a 4-year period. There was however a change in write-off for some intangible assets over a period of 9 years and to an indefinite write-off period.						
CAF 8: ISS 70 Audit Report Finding	During procedures performed, it was noted that the following developed systems, was incorrectly included as intangible assets on the intangible asset register.	Technical GRAP Issue	30/03/2020	There were no clear definitions between Assets unit and ICT unit	Assets unit together with ICT unit verify all the intangible assets on the register and ensure that all assets on the register meet the definition criteria.	Not yet started	HoU: Assets
CAF 11: ISS 69	During the inspection procedures performed on the two systems classified as intangible assets, in particular the Vehicle Management System (VMS) and the Human Resources (HR) System, it was noted that the systems are ready for use but not yet utilised. Per our understanding, the systems are not yet utilised by the municipality as training must still be given to employees by the service provider on how to use these systems. The HR system and VMS	Internal control deficiency	30/03/2020	Inadequate training on the systems	Management to receive training on these particular systems and to implement operations	Not yet started	HoD: Corporate Services and HoU: ICT

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	was capitalized on the 31st of May 2017 and the 17th of September 2017 respectively, which indicates that the system was already available for use at that date. A significant amount of time has passed from these dates and still these systems are not utilized.						
CAF 1: ISS 18	Supporting documentation to support the intangible assets business process was not obtained. The documentation include: 1. Any reconciliations performed (AR to GL) 2. Asset Register as at 28 February 2019 3. Approved IT Business Plan 4. Amortization to for the 8 months	Limitation of Scope	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	In progress	HoU: Assets
CAF 13: ISS.68:	1) The following properties were identified which is still registered in the name of the municipality, but over which the municipality does not have control as these properties were removed from the "Land held for sale"	Internal control deficiency	30/03/2020	A lot of information involving debtors was not available	Data cleansing has commenced and names in the process of change in the system	In progress	HoU: Assets

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	previously included under revenue.						
CAF 6: ISS 45	As per inspection of the Annual Financial Statements 2019, Note 36. "Prior-year adjustments" - Statement of financial position 2018), it was noted that the "Correction of error" amount for Payables from exchange transactions is incorrect. Note 36 in the Annual Financial Statements is as follows:	Technical GRAP Issue	30/03/2020	Inadequate review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started.	HoU: Expenditure, budget and reporting
CAF 8: ISS 64	The following invoices were not paid within 30 days of receipt of invoice:	Compliance	30/03/2020	Municipality experienced cash flow challenges	Improve on cash management in future	Not yet started.	HoU: Expenditure, budget and reporting
CAF 8: ISS 75	The detailed listing management included in the audit pack for unallocated deposits, contained bulk receipts. The listing should contain individual payments to enable us to select a sample.	Technical GRAP Issue	30/03/2020	Inadequate review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	In progress	HoU: Expenditure, budget and reporting
CAF 8: ISS 76	As per note 16 Payables from exchange transactions included in Payments received in advance are amounts related to unallocated deposits which	Technical GRAP Issue	30/03/2020	Inadequate review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	In progress	HoU: Expenditure, budget and reporting

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Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
	have been incorrectly disclosed as part of payments received in advance.						
CAF 8: ISS 77	The following supplier statement was not received for RFI 60. Due 07/10/2019	Limitation of Scope	30/03/2020	Service provider delayed in submitting the requested information to municipality	To ensure that external information is requested timeously	Not yet started.	HoU: Expenditure, budget and reporting
CAF 1: ISS 16	During the time when we were performing walk through for trade payables business process, it was noted that management does not prepare reconciliations for each creditor to ensure that the recorded amount throughout the financial period agrees to the creditor's outstanding balance at year end.	Internal control deficiency	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	In progress	HoU: Expenditure, budget and reporting
CAF 12: ISS.105:	Expenditure: Invoices not paid within 30 days.	Compliance	30/03/2020	Municipality experienced cash flow challenges	Improve on cash management in future	Not yet started.	HoU: Expenditure, budget and reporting
CAF 13: ISS.115:	The following invoices where not paid in 30 day; Remaining population	Compliance	30/03/2020	Municipality experienced cash flow challenges	Improve on cash management in future	Not yet started.	HoU: Expenditure, budget and reporting
CAF 12: ISS.108:	1. Restatement journal 152Audit2019 is not checked by a reviewer (not signed). This is a control	Internal control deficiency	30/03/2020	Poor internal controls and lack of standard operating	Get the draft SOPs approved and implement with immediate	Not yet started.	HoU: Expenditure, budget and reporting

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	<p>deficiency.</p> <p>2. Restatement journal 67Audit2019 has no sufficient support. This journal is for retention write off from 2011/12 that cannot be supported (R380,493.67). (Limitation of scope)</p> <p>3. Restatement CaseWare journal relating to unallocated deposits from ABSA has the following issues:</p> <ul style="list-style-type: none"> - The listing relating to ABSA contains amounts relating to deposits in Standard bank. (R21,926.11 on 18/12/2017). (Control deficiency) - Deposit amount R117,802.28 on 02/03/2018 cannot be traced through to the bank statement. (Limitation of scope) 			procedure Inadequate review of financial statements	effect. Prepare AFS on a timely basis to give sufficient time for review.		
CAF 13: ISS.111:	The following contracts were not received regarding retentions. Initially requested with RFI15. Bophirima Consortium Civec	Limitation of Scope	30/03/2020	Project documents from 2011/2012 cannot be located due to poor records keeping	Management has already commenced scanning of documents for preservation and improve on records keeping	On-Going	HoU: Assets HoD: ITS

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CAF 7: ISS 60	Request for Information 28 of 2019 dated 12th of September 2019 was due on 17th of September 2019. <ul style="list-style-type: none"> • No registers could be obtained in order to verify the traffic fines books that were issued. • Camera fine number: 20/27430/031/054911 was a gap identified and no explanation could be obtained for this gap. 	Internal control deficiency	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	In progress	HoU: Revenue
CAF 7: ISS 61	During audit procedures performed on Revenue from Service Charges through Water, it was noted that: 1) Sun City were charged at rate of R15.54 during the period under review, whereas the approved tariff for Sun City is R15.50. 2) An account of an indigent debtor was captured as 6 houses hold members which resulted in 36 kl of water per month being free of charge. 3) The scale used to calculate the water revenue was incorrectly applied, a	Internal control deficiency	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	In progress	HoU: Revenue

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	domestic consumer was charged based on the small business tariff scale as per details below:- Account No: 70197805 Meter No: 37034653						
CAF 14: ISS.147:	Discounting is not performed before the charging interest on debtors' accounts.As a result of interest not being at the prevailing rate and debts are expected to be paid after thepayment terms agreed, therefore the amount should be discounted using the rate charged by themunicipality over the first 60 days.	Technical GRAP Issue	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	Not yet started	HoU: Revenue
CAF 8: ISS 74	During audit procedures performed on Revenue from traffic fines, it was noted that: There were differences noted between the ticket price for: 1) "Operated a vehicle whilst the stop lamps are not in a good working condition", which the price list as R300, but the officers charged R500. 2) "Failure to fasten seat belt" which the price list indicates a price of R 500, whereas the issued fines were at R200.	Compliance	30/03/2020	Traffic officers used their discretion on per case basis	To enforce the use of the rule book as offences are identified.	Not yet started	HoD: Community Services and Chief of traffic

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	<p>These issues were noted on the following fines:</p> <p>50/005749/031/151579 50/005748/031/151577 50/005747/031/151575 50/005746/031/151573 50/005745/031/151571 50/005743/031/151567 50/005742/031/151565</p>						
CAF 8: ISS 85	<p>During audit procedures performed on Revenue, it was noted that all fines recorded post year end from our sample were actually issued during the year of assessment. This is a fundamental issue which may lead to material misstatements in Revenue.</p>	Technical GRAP Issue	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	Not yet started	HoU: Revenue
CAF 1: ISS 11	<p>We could not confirm segregation of duties for an Invoice for 1 Rexel Shredder Advanced Auto - Jam Ribbon Cut RLS32 301032, for an amount of R29,808.00, received from Bidvest Waltons on 14 November 2018, account no. GPMOS005 and customer no. 0001043552. There is no Goods Received Note for the Shredder as</p>	Internal control deficiency	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	Not yet started	HoU: Expenditure, budget and reporting

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	evidence that it was received & signed for by a different person (Segregation).						
CAF 16: ISS.79:	The occurrence of the following transaction could not be confirmed based on the supporting evidence submitted by management, Inspected the invoice and based on the support submitted, the occurrence of the transactions could not be confirmed as the invoices only have one bulk amount not allocated to the individual lines and we could not verify with any support that the actual monthly system upgrades/ updates took place. Further inspection of the invoices we noted monthly billing related to 290 HP Laptops and 150 HP Desktop however from inspection of the asset register we could not verify these number of laptops and desktops.	Internal control deficiency	30/03/2020	The issue was caused by an ambiguous contract	Add Addendum to the contract to clarify the issue	Not yet started	HoU: Expenditure, budget and reporting
CAF 14: ISS.116:	Remaining population Supporting documentation for	Limitation of Scope	30/06/2020	There was a misunderstanding	Ensure that the submitted	Not yet started	HoU: Expenditure,

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	the following transactions was not sufficient;			regarding the information provided	information is discussed with the auditor prior submission.		budget and reporting
CAF 14: ISS.118:	The following expenses have been presented on the face of Annual Financial Statements using their function instead on their nature. Majority of the expenditure line items on the face of the Statement of Financial Performance are presented using their nature other than the two listed below.	Technical GRAP Issue	30/03/2020	Difference between MSCOA and GRAP classification issue	Management will classify in accordance to GRAP as it takes precedence	Not yet started	HoU: Expenditure, budget and reporting
CAF 14: ISS.119:	During testing performed on Contracted services, it was noted that there was items which were incorrectly classified as Contracted services, these items should have been included in Subsistence and travel:	Technical GRAP Issue	30/03/2020	Mapping on the MSCOA data strings	Review the ledger and correct wrongly classified transactions		HoU: Expenditure, budget and reporting
CAF 14: ISS.120:	During the testing of expenditure it was noted that the same invoice relating to the following transaction was submitted for payment more than once:	Internal control deficiency	30/03/2020				HoU: Expenditure, budget and reporting

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Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
CAF 14: ISS.150:	<p>As inspected in the current year financial statements submitted for audit management of the municipality restated their prior period expenditure on the face of the financial statements and further restated the individual accounts these transactions related to.</p> <p>As the individual expenditure accounts were restated management had to provide with a prior year GL that agreed the new amounts as restated but the GL provided does not agree as the system was closed and the adjustment were only passed on case-ware.</p> <p>As per the face of the current year financial statements the comparative amounts and the amounts per signed prior year AFS the following differences have been noted.</p>	Technical GRAP Issue	30/03/2020	Inadequate review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started.	HoU: Expenditure, budget and reporting
CAF 6: ISS.50	1) During the walk-through performed on the Provision for Environmental Rehabilitation of Landfill Site	Internal control deficiency	30/03/2020	Poor internal controls and lack of standard	Get the draft SOPs approved and implement	Not yet started	HoU: Expenditure, budget and reporting

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	<p>it was noted that the asset manager should prepare the journal and that it should be approved by Budget Manager but after inspecting journal number 19022019 it was noted that the journal was processed by Mr. Fourie (HOU: Expenditure) and approved by Mr. Shonga (Creditors Manager).</p> <p>2) During the walk-through performed on Provision for Long service awards it was noted that journal number 109Audit2019 was prepared by Tebogo Mogorosi (Financial Statement Preparation Manager) and approved Koketso Komane (Creditors Admin: Inter).</p>			operating procedure	with immediate effect.		
CAF 13: ISS.123:	Management did not disclose accurate amounts as per the valuator's report for long service awards.	Technical GRAP Issue	30/03/2020	Professional judgement error due to lack of thorough review of AFS	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	HoU: Expenditure, budget and reporting
CAF 11: ISS 73	<p>1. Difference between commitments schedule and payment vouchers/invoices for Big Time Strategic Consultants.</p> <p>There was also a difference</p>	Technical GRAP Issue	30/06/2020	Inadequate review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	

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	<p>on the contract amount as per commitments register and the contract amount on the contract of big time of 141,911,039.75.</p> <p>The net effect on the balance of the commitment is a difference of 138,401,993.85</p> <p>2. Difference on recalculated commitment amount:</p>						
CAF 3: ISS 4:	<p>Through testing of the completeness of commitments it was noted that the following contracts on the contracts register did not appear on the commitments register as at 28 February 2019.</p> <p>It was further noted that some of the contracts on the contracts register do not have a contract value, instead it was stated that the contract was Rate Based.</p>	Compliance	30/06/2020	Inadequate review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	
CAF 19: ISS.173:	<p>During the audit it was noted that the opening balances and corresponding figures to the current year amounts maybe be materially misstated due to prior year qualifications not</p>	Technical GRAP Issue	30/03/2020	Systematical error in the numerical labeling of payment vouchers. There mistake occurred	Payment voucher numbers have been resolved	In- progress	CFO and manager AFS

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	being adjusted. - only material misstatements which was identified in the prior year is the one which relates to government grant and subsidies amounting to R7 412 021.00 whereby requested information could not be provided therefore the misstatement identified will be reported in the audit report. Management also agreed that they did not restate the cash flow statement.			on the payment voucher numbers			
CAF 11: ISS 95	We had requested information as per RFI 16 on 16/09/2019 and the following information is outstanding; - 044/MKLM/2018/2019: we did not receive the winning bidders bid documents (MLO Investments)	Limitation of Scope	30/06/2020	Poor records keeping	Improve records keeping and implement movement control procedures	Not yet started	HoU: SCM
CAF 11: ISS 96	During our testing performed we have identified that the contract register submitted to the auditors is incomplete. The following suppliers are not disclosed on the Contract Register:	Compliance	30/06/2020	Inadequate review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	HoU: SCM

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CAF 1: ISS 13	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) An annual Procurement Plan was not developed by the municipality for the 2018/19 financial year No evidence could be obtained to confirm the submission of the Procurement Plan to Treasury.	Internal control deficiency	30/06/2020	No budget to fill the vacancies Poor internal controls and lack of standard operating procedure	Prioritize the filling of vacancies in the new financial year. Get the draft SOPs approved and implement with immediate effect.	Not yet started	HoU: SCM
CAF 12: ISS.103:	Non-Compliance with SCM policy and the MFMA throughout the competitive bidding process	Compliance	30/03/2020	Poor due diligence by the Bid committees	Provide training for Bid committees	Not yet started	HoU: SCM
CAF 12: ISS.104:	SCM: No interest declared by suppliers employed by the state	Compliance	30/06/2020	Municipality solely relies on declaration of interest forms as well as CSD and the 2 mechanisms are failing to curb this risk	Management to take action against those responsible for declaring but failed to do so.	Not yet started	HoU: SCM
CAF 13: ISS.127:	As per inspection of the deviation form 3749 it states that the filters were operating without sand filters and as a result the it	Compliance	30/06/2020	Poor planning Lack of internal controls	Management to enforce the use of procurement plans as well as implement SOPs	Not yet started	HoU: SCM

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	was producing water not suitable for human consumption. Due to specialty of work the service provider was appointed to replace the filters, the reason provided is not acceptable as sand in the sand filters is required to be changed after a certain period, therefore the municipality knew that the sand filters require to be changed and could have been replaced it before the situation escalated.					to ensure maintenance routines are planned accordingly	
CAF 13: ISS.128:	Through inspection of the AFS we have confirmed that management has not disclosed the deviations for the year in the notes which amounts to R25,819,915.71(as per deviation report) as required by the SCM regulation 36.	Technical GRAP Issue	30/03/2020	Inadequate review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	HoU: SCM
CAF 13: ISS.130:	Through inspection of the Bid documents of MLO Investments for contract No.044/MKLM/2018/2019 we confirmed that the bidder did not sign the MBD 4 certificate	Compliance	30/03/2020	Poor due diligence by the Bid committees	Provide training for Bid committees	Not yet started	HoU: SCM

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	therefore it was incomplete but were still awarded the tender.						
CAF 13: ISS.131:	<p>Contract – 003/MKLM/2018/2019: Through inspection of bid documents returned we confirmed that the bidder has an Excavator, Hyundai light load bakkie, Honey Sucker tank (Hino), Mercedes Honey sucker tank, Hino Super F Honey sucker tank, Grader and isuzu Light load bakkie. They did not provide any other evidence that they own a roller compactor nor a tipper truck, but they were awarded points for having both and if we were to deduct the points they were inaccurately award they now have 41 points which makes them not functional</p> <p>Contract – 005/MKLM/2018/2019; Through inspection of the contract we confirmed that the tender was awarded to Lacamorra</p>	Compliance	30/03/2020	Poor due diligence by the Bid committees	Provide training for Bid committees	Not yet started	HoU: SCM

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	Trading Pty Ltd but they were not evaluated based on the 80/20 preferential point system nor were they assessed for functionality						
CAF 13: ISS.132:	For Re-Advert 018/MKLM/2018/2019 management inaccurately used to 90/10 point system to evaluate the tender documents, the tender value was less than R50 million.	Compliance	30/03/2020	Poor due diligence by the Bid committees	Provide training for Bid committees	Not yet started	HoU: SCM
CAF 13: ISS.134:	SCM: Insufficient reasons on deviations	Compliance	30/03/2020	Poor planning Lack of internal controls	Management to enforce the use of procurement plans as well as implement SOPs to ensure maintenance routines are planned accordingly	Not yet started	HoU: SCM
CAF 13: ISS.135:	Through inspection of the deviation letter(4827) for Thabane Mechanics for major repairs of municipal services for an amount of R459,618.00 we confirmed that it was not approved by the by the accounting officer, nor	Internal control deficiency	30/03/2020	Lack of internal controls	Implement SOPs to ensure maintenance routines are planned accordingly	Not yet started	HoU: SCM

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	has it been recommended by the CFO						
CAF 13: ISS.136:	We have received the document file for the regulation 32 contract but it is missing the following information- The contracts for Gensize consulting services and Kunene Makopo Risk Solutions- We have received the consent from Moretele local municipality to utilise the services of Gensize consulting services but no consent for Kunene Makopo Risk Solutions has been obtained- Cost benefit Analysis where management demonstrates the benefits and discounts of participating in the contract	Compliance	30/06/2020	Poor planning Lack of internal controls	Management to enforce the use of procurement plans as well as implement SOPs to ensure maintenance routines are planned accordingly	Not yet started	HoU: SCM
CAF 14: ISS.154:	SCM: Limitation of Scope (Contracts and Progress reports/Minutes)	Compliance	30/03/2020	Lack of internal controls	Implement SOPs to ensure maintenance routines are planned accordingly	Not yet started	HoU: SCM
CAF 14: ISS.156:	Big time report on a quarterly basis on all the issues identified and work performed and the municipality relies on these reports for effective contract	Internal control deficiency	30/03/2020	There is a capacity issue regarding records management as the position has long been vacant	Prioritize the filling of vacancies in the new financial year. Get the draft	Not yet started	HoU: SCM

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	<p>management, This is not efficient as the reports of Bigtime Strategic consultants has a disclaimer which states that " Bigtime Strategic Consultants reserves the right to reserve this document and to make changes from time to time in the content hereof with obligation of Bigtime strategic Consultants to notify any person of such revision or change."</p> <p>This simply means that the content of the report may change at anytime without the municipality being informed of their change which may result in the municipality not being up to date with all performance of the service provider.</p> <p>Management receives reports from Big time on work they have done in that quarter, however management has not provided us with evidence with regards to their monitoring process over the</p>				SOPs approved and implement with immediate effect.		

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	contract or ways they ensure that the report contents are true and accurate.						
CAF 14: ISS.157:	We have obtained an audit report for the audit of the landfill site performed by Environmental and Sustainability Solutions CC which showed several non-compliance with relevant laws and regulations but we have not received any evidence where management shows how they have rectified or plans they have put in place to ensure they comply.	Compliance	30/03/2020	There is a capacity issue regarding records management as the position has long been vacant	Prioritize the filling of vacancies in the new financial year. Get the draft SOPs approved and implement with immediate effect.	Not yet started	HoU: SCM
CAF 19: ISS.162:	The following supplier employed by another state has failed to disclose their interest	Compliance	30/03/2020	Municipality solely relies on declaration of interest forms as well as CSD and the 2 mechanisms are failing to curb this risk	Management to take action against those responsible for declaring but failed to do so.	Not yet started	HoU: SCM
CAF 19: ISS.163:	Through the audit testing we have performed we confirmed that one supplier was appointed on four projects on the same day through a deviation. it is unlikely that 4 emergencies happen on the same day and one supplier is	Internal control deficiency	30/03/2020	Lack of internal controls	Implement SOPs to ensure maintenance routines are planned accordingly	Not yet started	HoU: SCM

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	used for all 4 of them in different areas, It seems as though Management has favored (Was biased) one supplier to do perform all of the services.						
CAF 19: ISS.164:	SCM: Insufficient reasons for deviations.	Compliance	30/03/2020	Poor planning Lack of internal controls	Management to enforce the use of procurement plans as well as implement SOPs to ensure maintenance routines are planned accordingly	Not yet started	HoU: SCM
CAF 19: ISS.166:	Through inspection of the AFS we confirmed that the following awards were not disclosed in the notes - Related parties	Technical GRAP Issue	30/03/2020	Municipality solely relies on declaration of interest forms as well as CSD and the 2 mechanisms are failing to curb this risk	Management to take action against those responsible for declaring but failed to do so.	Not yet started	HoU: SCM
CAF 19: ISS.167:	Through our testing we have confirmed that the services for transport and catering are notprocured through quotation process as the fee for all transport service are all procured at standardrate by the municipality. The	Compliance	30/03/2020	Council resolved that catering and transport will have a standard rate and the suppliers will be rotated from the supplier database which resulted in	Council to rescind the resolution which was taken and everything procured to go through a competitive process	Not yet started	HoU: SCM

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	following services were obtained:			contravention with SCM processes			
CAF 19: ISS.174:	<p>Through inspection of the bid documents for Katlego Baphiring (031/MKLM/2018/2019) we noted that:</p> <p>AFS for 2 prior years (Instead of 3 years) were attached and an affidavit (signed by the director)stating that the 2018 AFS are not yet ready as their firm is still busy preparing them.</p> <p>No letter from the firm to corroborate the story has been attached and the requirement specifically states that Audited AFS for 3 years must be attached and the winning bidder has failed to do so.</p> <p>through further inspection of rates and taxes attached we confirmed that one of the directors (Mabalane SHK & Mannathoko MA) has been overdue for 30 days and no certificate of commitment for municipal services has been attached.</p>	Compliance	30/03/2020	Poor due diligence by the Bid committees	Provide training for Bid committees	Not yet started	HoU: SCM

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CAF 1: ISS 6	<p>The following was noted during testing of the business process:</p> <ul style="list-style-type: none"> • No personnel is hired to perform this function for the municipality. • The municipality does not have a formal procedure on how to detect or correct any errors identified. The workings are not even reviewed. • The water loss calculated each and every month is incorrect because they do not take into account the balance at the beginning of the month in the reservoirs when calculating the water loss at the end of the month. Only the meter readings of water going out is taken into account. • Even if the sales report reflects more than what the total purchases say, the system does not raise an issue or exception. <p>For example, during the month of August 2018: Ø Total Water Purchases</p>	Internal control deficiency	30/06/2020	Lack of skills	Consultants to transfer the required skills	Not yet started	HoU:Revenue and HoU water and sanitation

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	<p>were 1,207,150 Ø Water Sales Report were 1,911,352 Purchased is less than sold.</p> <p>The workings for water loss calculations for 2018 up to date were also not reviewed by the Head of Unit: Water Service.</p>						
CAF 6: ISS 46	<p>During the testing of the disclosure of note 11 (cash and cash equivalents) it was noted that neither the bank statement or the cashbook balance reflects the amount on the face of the financial statements for the June 2018 comparative balance.</p>	Technical GRAP Issue	30/03/2020	Restatement of the prior year	None, the comparative year falls away	Not yet started	HoU: Expenditure, budget and reporting
CAF 8: ISS 83	<p>When we performed bank reconciliation testing for cash and cash equivalent for the period ended 30 June 2019, we have noted that some of the reconciling items relates to the direct deposit which were directly deposited in to the municipal bank account however they were not captured in to the cash book during the period which they were received .For detailed breakdown of this</p>	Technical GRAP Issue	30/03/2020	Inadeqaute review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	HoU: Expenditure, budget and reporting

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	transactions please refer below.						
CAF 11: ISS 19	<p>Through inspection of the bank confirmation received from the bank we have noted that cash and cash equivalent note number 11 as per AFS inspected is incomplete. For detailed breakdown of this transactions please refer below:</p> <p>Standard bank account it was noted that there is facilities for fleet card amounting to 1 000 000.00</p> <p>For Absa bank it was noted that the securities and facilities were not disclosed in the AFS</p> <p>Absa Facilities account number 4050414471 Term Loan - R 5 163 000.00 Guarantee - R 108 000.00 Mortgage Loan - R982 000.00 Fleet Card - R 1 200 000.00</p> <p>Securities: 1st Continuous Covering</p>	Technical GRAP Issue	30/03/2020	The requested confirmations from the bank did not state the securities and guarantees	Interrogate the confirmations received from the bank before any disclosures on the AFS.	Not yet started	HoU: Expenditure, budget and reporting

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	<p>Mortgage Bond for R1 520 000.00 over erf 739, Rustenburg. Bong Registration 103284/2007 BN107825/02, 2 Motor graders, 1 tractor, 1 heavy compactor kw 4x4, 1 tripper, 1 portablehome for operators, 1 water tanker, 1 lowbed trailer and mechanical horse, 1 front end loader.</p> <p>Details of Pledged/Ceded balances: Unlimited Cession of ABSA term deposit, account number 2062250801.</p>						
CAF 1: ISS 1	<p>During the testing of the bank reconciliation of the Water Service Infrastructure Grant Account (Short-term deposit account), we identified that the bank reconciliation was performed by Head of Unit of Expenditure (Mr Fourie) and it was reviewed and approved by a personnel at a level below the HOU of Expenditure. Details of the reconciliation: Bank Account no: 228810957-003 Date:</p>	Internal control deficiency	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	Not yet started	HoU: Expenditure, budget and reporting

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	February 2019 Prepared by: Mr Fourie (HOU: Expenditure) Reviewed by: Thembi Lebusa (Manager: Budget and Reporting)						
CAF 13: ISS.124:	When we were performing testing for prior year bank reconciliations , we noted that there were differences between the cash book and bank balance. Also for differences identified we were unable to identify them on the bank reconciliation which were submitted for 2017/18 financial period. For detailed breakdown of differences identified please refer below	Technical GRAP Issue	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	Not yet started	HoU: Expenditure, budget and reporting
CAF 6:ISS 30	Planning - Policies not approved (HR).	Compliance	30/03/2020	Delays of conclusions from the relevant stakeholders, i.e. LLF, management, unions, etc.	Fast track the engagements to reach a solution.	Hod: corporate Services	CAF 6:ISS 30
CAF 3:ISS 27	Through obtaining an understanding of the Municipality we noted that there were changes on the organisational structure and the council resolution has not	Limitation of Scope	30/03/2020	The secretariat unit erroneously omitted the changes to the structure when	HoD: Corporate Services	Hod: Corporate Services and HoU: HR	CAF 3:ISS 27

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	<p>been presented by management as evidence that the changes were approved.</p> <p>The changes were as follows: 1. The following positions were moved under the substructure HOU: Human Resource Development; i. Manager: Training and Skills Development and sub, ii. Officer: Skills Development, and iii. Admin Clerk: Training & Skills Development to the following substructure HOU: Organisational Development.</p> <p>2. New positions added to the structure. - The only document received from the Municipality is minutes of ordinary council meeting dated 31 May 2018 that indicated that the changes were suggested but no council resolution has been received.</p>			documenting the minutes of council			
CAF 1: ISS 14	As per discussion with management on the 18th June 2019 we noted that for	Compliance	30/03/2020	Process have not yet been put into	Management to engage all stakeholders to	CFO	CAF 1: ISS 14

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	unauthorised, irregular and fruitless and wasteful expenditure incurred they have appointed MPAC committee to conduct investigations for any UIFW incurred however no investigations were conducted for 2018/19 financial period. Furthermore the disciplinary board was appointed, however the composition of the board is invalid since the resolution doesn't state the names of the officials.			place to start the investigations	fast track the implementation of these processes.		
CAF 1: ISS 15	During the walk through we have performed we noted that unauthorised, irregular and fruitless wasteful expenditure incurred during the 2018/19 financial period, no proof was submitted to confirm that the accounting officer informed the mayor, the MEC for local government in the province and the Auditor-General in writing.	Compliance	30/03/2020	Management oversight	Management to ensure that the compliance issues are addressed.	CFO	CAF 1: ISS 15
CAF 3: ISS 28:	Through understanding the Municipal Public Accounts Committee (MPAC) we noted that the following members do not	Compliance	30/03/2020	MPAC members a chosen from a council pool of which members were voted for to	N/A	N/A	CAF 3: ISS 28:

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	have the necessary financial skills to fulfil the duties of MPAC:			be on the council and not through skills and qualification			
CAF 19: ISS.172:	Through inspection of the contracts of BDO advisory and JBFE, we have confirmed that there is no clause/ reference which stipulates the transfer of skills by the consultants.	Compliance	30/06/2020	Lack of capacity and relevant skills of municipal personnel	Transfer of skills to form part of terms of references of consultants to ensure that the transfer of skills is monitored, controlled and evaluated.	CFO	CAF 19: ISS.172:
CAF 19: ISS.159:	1) However material misstatements have been identified in the financial statements submitted for audit purpose by the municipality on 31 August 2019, the following are examples of misstatements identified.a) CAF 4: ISS.40: Prior Period Errors: No supporting schedules were submitted for reinstated and disclosures not disclosed as prior period errorb) CAF 4: ISS.41: Current Year AFS: Amounts as per AFS does not agree to the supporting schedulesc) CAF 8: ISS.70: Intangible assets - Items that should	Compliance	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	CFO	CAF 19: ISS.159:

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	<p>have been expensedd) CAF 8: ISS.81: PPE - Items verified do not meet the definition of an asset.e) CAF 8: ISS.86: Unspent conditional grants disclosure.f) CAF 11: ISS.92: Receivables from Non-exchange transactions - Acknowledgement of Housingdebt2) Evidence has not been submitted to confirm that within 7 days of adopting the oversight reportthe municipality made the oversight report public.3) However up on inspection of note 39 to the financial statements we identified that themunicipality incurred unauthorised expenditure of R26 732 928, note 40 fruitless and wastefulexpenditure R672 013 and note 41 Irregular Expenditure of R52 693 717.</p>						
CAF 19: ISS 165	<p>During the compliance testing of roads infrastructure the following deficiencies were identified:1. Roads maintenance plan for routine maintenance and renewal for the roads infrastructure</p>	Compliance	30/06/2020	<p>Lack of capacity Lack of proper internal controls Budget constraints</p>	<p>Prioritize filling of vacant posts Implement the SOPs</p>	HoD: ITS	CAF 19: ISS 165

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	<p>wasnot approved.2. A priority list of roads infrastructure for the renewal and routine maintenance projects was notdeveloped for the period under review.3. There are insufficient qualified technical staff to meet project needs in relation to roadsinfrastructure due to two vacancies in the Project Management Unit.4. The supply chain policy did not support the implementation of the best practice requirements ofthe Standard for Infrastructure Procurement and Delivery Management (SIPDM) regarding water,roads and sanitation infrastructure) issued by National Treasury.5. Corrective actions to address all findings raised in the prior year were not implemented.6. The specifically selected roads infrastructure project is "Construction of 2,3KMs - Mabela-A-Podiroads and stormwater" and the following information could not be confirmed relating to the project:a) Supporting</p>						

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	documents regarding guarantees / Warranties for equipment regarding the contractor (Promptique Trading 9CC) was not submitted for audit to confirm if that it had elapsed before or was close to lapsing at commissioning.						
CAF 19: ISS.169	During the work performed on compliance with regard to support to local government the following issues were identified: 1. Evidence could not be provided to confirm whether a needs analysis was performed and an integrated support plan was developed for Moses Kotane Local Municipality identified as a priority in terms of the national Back to basics support initiative. 2. The technical support plan developed for Moses Kotane Local Municipality did not clearly define the roles and responsibilities of the various role players in the province. 3. Evidence could not be provided to confirm whether the Moses Kotane Local Municipality was prioritised for	Compliance	30/06/2020	Lack of capacity Lack of proper internal controls Budget constraints	Prioritize filling of vacant posts Implement the SOPs	All Departments	CAF 19: ISS.169

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	support in curbing UIFW although it is one of the municipalities with the highest UIFW in the province.4. MISA's Municipal Infrastructure Performance Management Information System (MIPMIS) was not used to encourage greater expenditure on infrastructure maintenance and to enforce asset management over the life-cycle of assets at municipal level.						
CAF 19: ISS.170:	Non-compliance - Water and sanitation services- During the compliance testing performed on Water and Sanitation services the following deficiencies were identified:a) Issues identified relating to water services:1. The backlog in the provision of water services is due to:- the lack of sufficient water infrastructure to meet the needs of the municipality;- weak water infrastructure in need of repair;- insufficient funding received for water infrastructure needs;2. A policy on routine maintenance of water infrastructure was	Compliance	30/06/2020	Budget constraints Inadequate filling of vacancies	Prioritize filling of vacant posts	HoU: Water and sanitation	CAF 19: ISS.170:

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	<p>not developed.3. No condition assessments of water infrastructure were performed to inform the waterinfrastructure maintenance plan.4. The requirements of the standard procedures were not adhered to in conducting the conditionassessments of water infrastructure.5. The "as and need to be" not an appropriate alternative basis for determining the details of theroutine maintenance plan and budget.6. There are insufficient qualified technical staff to meet project needs in relation to waterinfrastructure due to two vacancies in the Project Management Unit.7. No environmental policy was established for the identification and monitoring of environmentalrisks relating to water provision.8. No action plan was established actions were taken to address regular water shortages andfrequent disruptions in water supply during the period under review.9. Water losses were incorrectly</p>						

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	calculated or did not agree with the supporting						
CAF 13: ISS.71:	<p>Various issues were noted over management's process over the appointment and use of consultants:-</p> <ul style="list-style-type: none"> · 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. she municipality did not perform gap analysis prior to the appointment of consultants · The municipality does not have a consultancy reduction plan in place. · The municipality did not ensure that transfer of skills is included in the terms of reference for BDO. · Measures were not put in place to monitor and evaluate the performance of the consultants. 	Compliance	30/06/2020	Lack of capacity and relevant skills of municipal personnel	Transfer of skills to form part of terms of references of consultants to ensure that the transfer of skills is monitored, controlled and evaluated.	CFO	CAF 13: ISS.71:
CAF 12: ISS. 42	During testing performed on the municipality's internal controls it was noted that the	Compliance	30/03/2020	Lack of capacity in the risk management unit	Prioritize the filling of vacancies in the	Not yet started	CRO

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	risk register compiled by management is more at an overall strategic level than at an 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. 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.					risk management unit	
CAF 5: ISS 44:	We noted that the municipality has a risk assessment report/risk register for 2018/19 financial year and confirmed that the municipality performed a detailed risk assessment process that entailed risk identification, risk analysis	Compliance	30/03/2020	Lack of capacity in the risk management unit	Prioritize the filling of vacancies in the risk management unit	Not yet started	CRO

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	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 not adopted by council.						
CAF 1: ISS 22:	In order to complete the Fraud Risk Assessment we issued Fraud Risk Questionnaires to 29 employees and only 6 responses were received. The following individuals have not submitted their questionnaires: - Bafedile Moselane- Thabo Mogothlane- Ramasela Ngobeni	Compliance	30/03/2020	The employees were not available due to resignation, suspension and sick leave	N/A	Not yet started	CRO
CAF 13: ISS.87:	As per the IT Environment Checklist completed for the municipality various control deficiencies were noted and listed below:- Capacity and skills As per inspected approved organisational structure of the 14 positions available in the Information and communication technology unit only 4 positions were filled there by	Internal control deficiency	30/03/2020	No clear directives on responsibilities between ICT unit and the appointed service provider	ICT not to be out sourced in future.	Not yet started	HOU: ICT

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	<p>making the municipality ICT unit over reliant on consultants.</p> <p>User Access Management</p> <ul style="list-style-type: none"> · There are no processes in place to ensure that users' access and privileges on all financial systems would periodically be reviewed to confirm that such access and privileges are still commensurate with their job responsibilities. <p>Program change management</p> <ul style="list-style-type: none"> · No formally documented and approved processes in place to manage upgrades/updates made to all financial / performance information systems? · formal change request documentation completed indicating the change to be made and the reasons for all changes to the financial systems? <p>Information Technology Governance</p> <ul style="list-style-type: none"> · The municipality have not performed an IT Risk/Control Assessment. 						

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CAF 3:ISS 20	No performance reviews (by an evaluation panel) were performed for section 57 employees and higher during the year under review.	Compliance	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	Not yet started	CFO HoD: Corporate Service HoU: PMS
CAF 12: ISS.101	During the testing of appointments of employees we noted that the following was not done by the municipality for all appointments except for the CFO: The screening report to verify qualifications of the candidates were not performed by the municipality during the short listing process. Security checks were not performed by HR during the short listing process to ensure that the candidates do not have a criminal record.	Compliance	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	Not yet started	HoD: Corporate Service
CAF 2: ISS 21	Planning - During the understanding of the system for employee related costs we noted that the all-inclusive remuneration package for the Chief Financial Officer as per his fixed term contract is not in line with the Upper Limits of Total	Compliance	30/03/2020	Lack of review and poor internal controls	Implement the SOPs to curb these control deficiencies	Not yet started	HoD: Corporate Service

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	Remuneration packages payable to and Managers directly accountable to Municipal Managers Government Gazette no. 41173, 10 October 2017. Refer to table below for the difference:						
CAF 12: ISS.106:	Employees Cost - No Qualifications.	Compliance	30/03/2020	Management oversight	Thoroughly review job post requirements and ensure that only qualified candidates are shortlisted	Not yet started	HoD: Corporate Service
CAF 14: ISS.122:	Employee Cost - Leave Days Pay-out.	Compliance	30/03/2020	Municipality is awaiting deceased estate certification from the courts	Management can only pay out the leave days once the deceased estate certification is received from the courts	In progress	HoD: Corporate Service
CAF 17: ISS.137:	Non-compliance identified- 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 ,	Compliance	30/03/2020	Management oversight	Declare the expenditure as irregular and get council to investigate the case	Not yet started	CFO

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	Fruitless and Irregular expenditure of R330,732.82 arises as a result of this non-compliance with applicable regulation.						
CAF 13: ISS.138:	The payroll reconciliation was accurately performed however was not reviewed/approved by senior personnel.	Internal control deficiency	30/03/2020	Poor internal controls	Implement the SOPs to curb these control deficiencies	In progress	HoD: Corporate Service
CAF 3: ISS 25:	Planning - Entity and its Environment: Significant positions not filled	Compliance	30/03/2020	No budget to fill the vacancies Poor internal controls and lack of standard operating procedure	Prioritize the filling of vacancies in the new financial year.	Not yet started	HoD: Corporate Service
CAF 8: ISS 62	During testing performed on the leave accrual, it was noted that the system does not cap the leave balance to 48 days per employee as stated in the Leave Policy. The closing balances on the listing was capped at 48, however opening balances was not capped at 48. This means that the system does not cap leave balances at 48 days.	Compliance	30/03/2020	Management have not yet engaged employees and unions about forfeiting leave days which are more than 48 days	Management to engage employees and unions with regard to leave compliance issue.	Not yet started	HoD: Corporate Service

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CAF 6: ISS 31	During the observation of the stock count, inquiry was made with the count team and noted that the count team were not provided with the stock count procedures, before the count started. Further noted that the damaged stock is not separated from the stock that are in a perfect condition and a record of damaged stock is not kept.	Internal control deficiency	30/06/2020	Procedures for stock counters were given out although management failed to read them with the stock counters to ensure that there is a certain level of understanding	Management will ensure to read out and engage with stock counters prior to commencing of stock count.	Not yet started	HoU:Assets
CAF 6: ISS 32	The following differences could not be found in the warehouse but appeared on the inventory listing:	Limitation of Scope	30/06/2020	Lack of thorough review	Management to conduct stock counts bi-annually to ensure that these risks are mitigated	Not yet started	HoU:Assets
CAF 7: ISS 33	The following was noted as per the issue vouchers inspected: The two issue vouchers as indicated below, had the line items as also indicated below, which was not captured on the system. It	Internal control deficiency	30/06/2020	Lack of thorough review	Management to conduct stock counts bi-annually to ensure that these risks are mitigated	Not yet started	HoU:Assets

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	was however confirmed that these items were out of stock at time of issue. The items however were not indicated as out of stock on the issue voucher.						
CAF 7: ISS 38	When the inventory as at hand on the 13th of August 2017, was transferred from the old system, to the new system, the weighted average cost price was used instead of the FIFO cost price. This was noted for the following items:	Internal control deficiency	30/03/2020	Lack of thorough review	Management will re-evaluate the entire cost price of inventory.	Not yet started	HoU:Assets
CAF 7: ISS 36	During testing performed on Inventory, it was noticed that the system automatically posts a debit entry into the Inventory account when inventory is ordered and subsequently reverses entries for ordered when the inventory is received stock, but then post another debit into the inventory account. The risk comes in at period end and month end	Internal control deficiency	30/03/2020	It is an automated system	None. The chance of this risk occurring is less, it is how the system has been developed to function	N/A	HoU:Assets

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	reporting in cases where the inventory is ordered but not received yet but in the municipality's books it shows that they have inventory in their books but at that stage it would just be the order entry and not the actual inventory received at that point.						
CAF 7: ISS 37	The following items were identified as still in stock but was bought more than 3 years ago:	Internal control deficiency	30/06/2020	Due to aged municipal infrastructure, the stock is still used for repairs and maintenance. The stock cannot be obsolete	Utilize the stock till it is finished. The stock in question are pipes and connectors of which will never become obsolete.	N/A	HoU:Assets
CAF 7: ISS 53	Request for Information 42 of 2019 dated 18 September 2019 was due on 23 September 2019. A stationary register, indicating all empty pre-printed, municipality books, for example Store requisition/Issue voucher	Limitation of Scope	30/03/2020	Management oversight.	To ensure implementation of the control.	Not yet started	HoU:Assets

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Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
	books, received and issued, could not be obtained for audit purposes.						
CAF 7: ISS 57	<p>It was noted that on 30 June 2019, there was a difference in value between the actual inventory on hand and the system at the Madikwe inventory store.</p> <p>Final stock listing: R 6 364 106.00 Amount as per TB: R 5 484 924.86 Difference: R 879 181.14</p> <p>Council approval for the write-off of stock to the value of R 644 771.57 was approved by council on the 30th of July 2019. The difference of R 234 409.57 will first be investigated by management before approval for write-off will be obtained from management.</p> <p>However, the amount as per</p>	Technical GRAP Issue	30/03/2020	Management conducting investigation processes	Investigations are on-going to write off the balance	In progress	HoU:Assets

Chapter 6

Responsible Department: BTO							
Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
	the financial statements already excludes the amount of R 879 181.14 as at 30 June 2019.						
CAF 7: ISS 58	It was noted during the inspection of the insurance contract, that there was a difference between the value of the stock insured and the value of the actual inventory on hand.	Internal control deficiency	30/03/2020	Management oversight.	Management to re-visit the insurance and to ensure that updates are made on a regular basis as stock is consumable	Not yet started	HoU:Assets
CAF 7: ISS 59	Request for Information 42 of 2019 dated 18 September 2019, number 2) c) the following could not be obtained:For the reconciliations performed between the stock counted and the inventory system, the reconciliations were not signed as proof of review by the officer in charge.	Internal control deficiency	30/03/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	In progress	HoU:Assets

Chapter 6

Responsible Department: BTO							
Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
CAF 1:ISS 8	Through conducting our planning procedures we noted that there is 434 items with a total value of R1,686,878.65 and total Quantity of 6,178 that are regarded as slow moving stock by the Municipality. According to the HR230 Report of Age Analysis per store we noted that all this slow moving stock is labelled "TAKE ON" and was uploading on the 2017/09/13 when the Solar system was first implemented by the Municipality. On that note technically it was slow moving from that day (Almost two years) but as a matter of fact it is possible that the items have been slow moving for over two years.	Technical GRAP Issue	30/06/2020	Poor internal controls and lack of standard operating procedure	Get the draft SOPs approved and implement with immediate effect.	Not yet started	HoU:Assets
CAF 4:ISS 40 Audit Report Finding	Execution - No supporting schedules were submitted for restated amounts and the disclosures not disclosed on the prior period error note	Technical GRAP Issue	30/03/2020	Balances from 2012/2013 cannot be supported due to poor records keeping. WUIF		Not yet started	CFO

Chapter 6

Responsible Department: BTO							
Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
				was has not been condoned resulting in the huge balance and dates from prior years			
CAF 4:ISS 41 Audit Report Finding	Execution - Amount as per AFS does not agree to the supporting schedule	Technical GRAP Issue	30/03/2020	Balances from 2012/2013 cannot be supported due to poor records keeping. WUIF was has not been condoned resulting in the huge balance and dates from prior years		Not yet started	CFO
CAF 19: ISS.168:	As per the request for information number 87 relating to irregular expenditure which was requested on the 11th of November 2019 and due on the 14th of November 2019. Listed below information was not submitted. When we conducted testing for irregular expenditure which was condoned during 2017/18 financial period we noted that irregular expenditure was understated	Compliance	30/06/2020	Lack of thorough review of AFS	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	CFO

Chapter 6

Responsible Department: BTO							
Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
	due to the fact that as per irregular expenditure register the incurred expenditure was removed, however based on the supporting evidence we were able to confirm that this expenditure constitutes irregular expenditure because SCM policies and procedures were not followed. For detailed breakdown of this transactions please refer below						
CAF 19: ISS.171:	When we were testing completeness for irregular expenditure we noted that contracts which were identified as irregular expenditure in the prior year were not included as part of irregular expenditure in the current year as per irregular expenditure register inspected. Please refer below regarding detailed breakdown of such contracts	Compliance	30/06/2020	Lack of thorough review of AFS	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	CFO
CAF 1: ISS 9:	When we were testing contingent liability, we noted that there were difference between the litigation	Internal control deficiency	30/30/2019	Inadequate review of financial statements	Prepare AFS on a timely basis to give sufficient time for review.	Not yet started	CFO

Chapter 6

Responsible Department: BTO							
Exception reference Number	Finding	Finding Type	Due Date	Root Cause	Action by Management	Progress to date-Comment	Responsible Official
	register and the confirmation received from the attorneys. For detailed breakdown of this transactions please refer below						
CAF 11: ISS 88	Insufficient information received for the following journals:	Limitation of Scope	30/03/2020	Lack of thorough review of journals due to poor internal control measures	Implement the SOPs to mitigate these internal control deficiencies	Not yet started	HoU: Expenditure, budget and reporting
CAF 11: ISS 89	Differences were noted between the journal passed and supporting documentation for the following journals:	Internal control deficiency	30/03/2020	Lack of thorough review of journals due to poor internal control measures	Implement the SOPs to mitigate these internal control deficiencies	Not yet started	HoU: Expenditure, budget and reporting
CAF 5:ISS 39	Through the comparison of the IDP, SDBIP and APR, it was noted that there is key performance areas within the IDP that does not appear in the SDBIP or APR. These are indicated as below: It was however noted that Spatial Rationale is identified as a separate KPA in the IDP however in the SDBIP and APR, this KPA is combined with Basic Service Delivery.	30/03/2020	Lack of management review	Management to review the SDBIP to ensure that Spatial Rationale KPA is included and is separated from Basic Service Delivery KPA To review SDBIP and structure it as per Key Performance Indicator.	Not yet started	HOU: PMS	CAF 5:ISS 39

GLOSSARY

GLOSSARY

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

GLOSSARY

Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	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. Section 1 of the MFMA defines a "vote" as: <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> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

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.

APPENDICES

APPENDIX B –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Department	Head of Department/Manager (State title and name)
Municipal Manager's Office	Mr M.V Letsoalo
Corporate Services	Ms T. Jalvan
Planning and Development	Mr F Radiokana
Budget and Treasury Office	Mr M Mkhize
Community Services	Mr N Moeng
Infrastructure and Technical Services	Mr T. Chiloane

APPENDICES

APPENDIX C

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
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

DECEASED
RESIGNED
REPLACEMENT
Dissolved due to Cllr's resignation

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	

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Functionality of Ward Committees						
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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	
3	Solomon Tladi	1.Mpho Mokgosi 2.Tumisang Sole 3.Hannah Legoale 4.Maria Nokwane 5.Baneeleng Dibobo 6.Dinah Ramalosa 7.Dorcas Tiholoe 8.Gladys Xhale 9.Nthati Magano 10.Ziphora Legoale	Yes	12	12	

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Functionality of Ward Committees						
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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 10.	Yes	12	12	
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	

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Functionality of Ward Committees						
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6	Karel Sedile	1.Jimmy Khunou 2.Wilson Mtengezo 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						
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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	

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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 Tshintlo 4.Maalosa Ramokoka 5.Modiegi Selokelo 6.Stemmie Ratlala 7.Oupa Molesywa 8.Violet Mphela 9.Dikeledi Maledu 10.Mmaleso Kekana	Yes	12	12	

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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	

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1422	Lizzy Kgame	1.Thabo Morake 2.Matsheko 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 Kgotlang 9.Boruthwane Hlungwane 10. Moses Rakoma	Yes	12	12	

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16	David Chaka	1.Freda Mqhushekiwe 2.Daniel Molapisi 3.Nome Sebego 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	

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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	Mamikie Radiokana	1.Hannah Lesesjane 2.David Moletsane 3.Elsie Madubung 4.Tshepang Khoza 5.Mpole Nkwe 6.Richard Motlhabane 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	

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		4.Esther Kgaswane 5.Mittah Tiholwe 6.Samson Kgaswane 7.Mpipi Tiholoe 8.Stephen Mashabela 9.Itumeleng Kgaswane 10.Mmadikeledi Bogatsu				
21	Tshepo Khumalo	1.Pauline Mfati 2.Martius Kekae 3.Tebogo Semakane 4.Daniel Molete 5.Sidwell Leso 6.Rosina Moime 7.John Motseokae 8.Mpho Motsatsi 9.Tsholofelo Phiri 10.Simon Mabe	Yes	12	12	

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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 (Exco Member)	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 Diole	Yes	12	12	

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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	

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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	

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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 Ditlhasi 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 Kwenaite 10. Boitumelo Morero	Yes	12	12	

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30	Chonko Tryphosa Botlhokwane (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 10Elsion Kgarimetsa	Yes	12	12	

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32	Thapelo Thoboke (EXCO Member)	1.Doreen Mokoka 2.Amelia Mafilika 3.Tshegofatso Seake 4.Ditsehele Maloba 5.Petrus Maungwa 6.Bennedid Ledoaba 7.Jane Tshite 8.Jane Ntsoe 9.Joshua Phiri 10Patrick 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 10Rosina Moloko	Yes	12	12	

APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2018/19

Municipal Audit Committee Recommendations		
Dates of Committee Meetings	Committee recommendations during 2018/19	Recommendations adopted (enter Yes) If not adopted (provide explanation)
27th September 2018 04th October 2018 29 April 2019 20 June 2019	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

APPENDIX G: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	17/18	Current: 18/19			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Municipal Council - Vote 1	1 000	0	0			
Office of Accounting Officer - Vote 2	0					
Budget and Treasury Office - Vote 3	508 474	123 249	102 589			
Corporate Services - Vote 4	0	-150	-150			
Community Services - Vote 5	52 348	-35 256	-32 256			
Planning and Development - Vote 6	56	-1 140	-1 140			
Total Revenue by Vote	887	141 673	130 473			

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

The Municipality complied with the conditions of the grants that were received by the Municipality. All the grants listed were used for operational purposes.