



# Annual Report

## 2018/19

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**Molemole Local Municipality**

**Vision: A developmental people driven organization that serves its people**

**Mission: To provide essential and sustainable services in an efficient and effective manner**

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## EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD

#### 1. Introduction

Molemole municipality is endowed with agricultural, tourism and mining potential which need a concerted effort to exploit in order to realize our potential of local economic development for the citizens of this municipality. It is therefore our intention to ensure our service delivery programme is aligned with Limpopo Development plan as well other national policies to ensure a truly integrated development agenda. We continue to participate in the provincial and national forums with a view to come with practical ways to advance the developmental agenda of government. Sector departments are invited to the planning sessions of the municipality for them to appreciate the challenges we face a rural based municipality.

The present Council is in its fourth year of the five year term. This Annual report seeks to provide a comprehensive performance report of the municipality in the 2018/19 financial year. Like any local government authority Molemole municipality is seized with the responsibility to discharge its mandate of providing basic services to the residents of the municipality. The 2018/19 Annual report is based on the approved IDP, Budget as well as performance management system for the 2018/19 financial year. At the start of the 2018/19 financial year I have outlined several service delivery programmes that this Council committed to implement in the financial year. It is therefore logical that we provide the outcome of that implementation programme as part of our commitment to be a transparent, open and accountable administration.

#### 2. Public participation

Our public participation drive continues to be a pillar of our intention to involve the people from the planning, implementation as well as review process of our service delivery agenda. During the 2018/19 the municipality held quarterly outreach programmes to give a report card on our quarterly targets. Molemole municipality is a water services provider while Capricorn District municipality is an authority. We are also pleased with our District municipality for organizing outreach programmes with a view to listen to the concerns of the people on delivery of water and sanitation services in our area.

Furthermore, we appreciate the community of Molemole for their participation during the preparation of the 2019/20 IDP and Budget. It is only through your involvement that we can indeed realize the dream of a developmental local government that serves its people. After a long and hard reflection, and also considering the limited financial resources at our disposal, the Council of Molemole came up with a credible IDP over the next three financial years (2019/20 – 2021/22) that sought to touch the lives of our people across all the wards. Let me also appreciate the community of Molemole for having gone all out an express their hard earned democratic right during the May 2019 National and Provincial Elections. We further encouraged anyone above the age of sixteen (16) to go and register as voters as we prepare for the coming 2021 Local government elections.

#### 3. Capacity building of Councillors

We continue to capacitate our Councillors as well as Ward committees to ensure they oversee the activities of administration. Councillors and Ward Councillors play a key intermediary role between the municipality and the residents, hence in the 2018/19 financial year three training programmes and two training programmes were coordinated for Councillors and Ward Committees, respectively.



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Our council committee continued to hold meetings in line with predetermined schedules. Our governance committees, MPAC and Ethics committees are fully functional and are able to consider quarterly reports and monitor service delivery projects to ensure our people get good value for money invested in such projects.

#### **4. Financial Viability And Sustainability**

The main challenge of unsatisfactory revenue collection is still plaguing our municipality. We however are pleased to report that we have steamed ahead with the full implementation of Credit and debt collection policies to ensure we are able to recover the costs of providing services. It is only through successful recovery of what is due to the municipality that we are able to sustainably continue to discharge our constitutional mandate of providing basic services to our constituency.

I would like to thank the municipal administration, led by the Municipal Manager for their gallant efforts of ensuring adherence to internal control systems. This is evident in the reduction of Auditor-General queries from thirty eight (38) in the previous financial year to the current twenty five (25).

#### **5. Key service delivery programmes in the year under review**

The long outstanding project of Eisleben to Ramokgopa gravel to tar road is finally completed. We made this commitment the previous state of the municipal address. The 400 meter Mohodi to Maponto gravel to tar road project has also been completed. The Matipane to Madikana gravel to tar road project has been at the beginning of third quarter. The projects for upgrading of internal streets for Capricorn Park and Nthabiseng were also completed successfully. All the above projects were completed way ahead of schedule. It is for this reason that COGTA has allocated an additional R 12 million in recognition this achievement. The money has been reallocated to Capricorn Park and Nthabiseng to implement further scope. Our engagements with Sanral to prioritize our D roads are continuing.

Mohodi Sports Complex is one of the projects that has been dragging on for a long time. This Council has committed to finalize implementation of this project in the 2019/20 financial year. Installation of 2500 grandstands have been budgeted for a total amount of R 3 million.

Our cost recovery in electricity sales is still a worrying factor. It is for this reason that a service provider has been appointed towards the end of the 2018/19 financial year for replacement of old meters with smart meters. The intention is ensure the municipality reduces the electricity losses to within the 10% band as required by MFMA. Most importantly, however, is to ensure we are able to recover the cost of buying electricity and channel the money into other key service delivery projects. We further call on our community in Mogwadi and Morebeng to cooperate with the municipality in this regard and further to that discourage illegal connections within our midst.

We are grateful for the continued electrification programme run by Eskom in our villages. In the previous financial year Eskom made a commitment to electrify our villages. Sekakene village in Ward 08, Ga-Phasha in Ward 03 have benefitted from these programme. We are further grateful that the programme will continue well into the 2019/20 financial year, benefitting the community of Kanana (21 households), Rheinland/Westphalia (108 households) and Ga-Phago, Sekuruwe, Kolopo, Flora and Ga-phaudi in Wards 15 & 16, benefitting 120 households.

It is sad to report that Moletji cluster office is behind schedule due to land dispute and capacity challenges of the service provider. We are however still committed to get the office completed, hence the initial contractor was terminated and the project has been reprioritized in the 2019/20 financial year.

To be recognised by our colleagues and peers at a provincial and national government level for our successes is very important as it provides a benchmark for success. We are grateful for the

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recognition by the Premier of Limpopo for consistent unqualified audit opinions in four consecutive financial years.

Although the Municipality faces many challenges, we are very optimistic that together we shall successfully manage to better the lives of our people.

**HONOURABLE MAYOR**  
**CLLR MASILO EDWARD PAYA**



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## **COMPONENT B: MUNICIPAL MANAGER'S OVERVIEW**

Outlined below is a summary of how the municipality has performed on its mandate, powers and function during the year under review.

### **2.1 Institutional Transformation and Organisational Development**

A complete assessment and staff review of our Organogram was done resulting after the successful work study exercise done with COGHSTA. This will provide the necessary skills and staff complement to fulfil the mandate of the Municipality. The outcome of the work study has helped the municipality to identify areas that need to be beefed up with personnel to ensure efficiency of our operations. We have also reconfigured some positions by moving office of the IDP to the Municipal Manager's office. This will ensure IDP Manager will work together with PMS Manager, overseen by the Municipal Manager. The District Job evaluation committee is at an advanced stage of job evaluation to ensure the municipality is on par with its peers in terms of grading of personnel posts.

We have experienced relative stability in the Senior Management positions, with only one vacant position around November 2018 after expiry of the contract of the Senior Manager: Local Economic Development. This position will be filled in the 1st quarter of the 2019/20 financial year.

Employee capacity building is still central to this administration. The municipality has coordinated seven (07) employee training programmes in the year under review. Just over R 400,000 has been spent on employee bursary scheme in support employee career development. We continue to facilitate Internship and learnership programmes, with six programmes facilitated during the 2018/19 financial year. The programmes related to financial management, public administration and Management, communication, Risk management, local economic development, town and urban development. We have also partnered with Services Seta to facilitate a 12 month cleaning and Hygiene internship programme, which benefited about 115 learners. These learners receive a stipend of R 2,000 per month for transport and other logistics.

In the previous financial year we have committed to cascade performance management systems to all levels of employees. It is pleasing to report that much work has been done to realize this goal. Performance plans for Managers have been finalized and will be activated in the first quarter of the 2019/20 financial year. It is our firm commitment to finalize cascading to all employees at the end of the 2<sup>nd</sup> quarter.

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## **2.2 Basic Services and Infrastructure Delivery**

The municipality has been doing very well with implementation of MIG projects. As at June 2019 the municipality spent 97% of MIG funding. This has helped us to get additional funding of R 12 million which has been used to speed up implementation of our two remaining MIG projects, Nthabiseng and Capricorn Internal Streets in Ward one. We have committed in the 2019/20 financial year to conduct feasibility study for further projects. The report of this study will serve as a critical base for registering further service delivery projects in the coming financial years.

As part of our compliance to environmental management prescripts we have finalized the integrated waste management plan in the year under review. Additional skip loader bins have been procured to extend refuse collection in rural villages. This will be complemented by the purchase of a skip loader truck in the 2019/20 financial year.

## **2.3 Local Economic Development**

The Municipality has successfully hosted the 2019 Career and Skills Expo on Friday, 12th of April 2019 at Mohodi Community Hall. The Expo benefited 1115 grade 12 learners of which 618 were females and 497 were males. We have also hosted a successful investor conference in the fourth quarter of the 2018/19. This is our annual event where business, government and civil society converge under one roof to generate creative ideas of boosting economic growth through entrepreneurship. With unemployment figures at alarming levels, this type of conference is a necessity if we are to reverse those figures, especially among the youth sections of our population. It is an accepted fact that small businesses have a high labour absorption rate than their large counterparts. Just over 22% of procurement spent in the 2018/19 financial year went to local suppliers; representing about R 17.8 million in monetary terms.

## **2.4 Financial Viability and Sustainable Management**

The municipality is still heavily grant dependent with 69% of income derived from grant funding. Our enforcement of credit control and debt collection policy is starting to bear some fruits. As at the end of the 2018/19 financial year we had already collected 79% of billed revenue. This improvement will ensure the sustainability of the municipality. We thank the residents of Mogwadi and Morebeng as well as our sector departments for honouring their accounts as and when they become due.

An increase in our revenue is also critical as it helps the municipality to fulfil one of the important mandate, provision of free basic services to the indigents. In the year under review total beneficiaries for free basic services (water, refuse removal and electricity) stood at 5079 with a monthly provision of R 2500 per household.

The total income on investment for the year under review was R 1.8 million compared to R 1.5 million in the 2017/18 financial year. This represents an increase of 20% from the previous financial year. With the current ratio of 3.1 (way above the Treasury norm of 1.5 – 2.11) the municipality had R 3.1 for every R 1 of the current liability. This liquidity level was well on course to

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meet the municipal short-term operational requirements like staff benefits and other payables from exchange transactions. We shall continue to make prudent investment decisions by investing in credible investment portfolios to boost the municipal cash income.

## 2.5 Good Governance and Administration

Following an unqualified audit opinion in the 2017/18 financial year the municipal administration has been working purposefully to address all the thirty eight findings, made of five (5) matters affecting audit report and the balance under Administrative matters. We are proud to report that as at the start of the 2018/19 audit the municipality managed to resolve 95% of issues raised by the Auditor-General for the 2017/18 financial year. It must be reported that the 2018/19 audit was the most exhausting one. Although our intention was to improve on the previous audit opinion we are still pleased to report that we maintained the unqualified audit opinion for the 2018/19 financial year. The total number of findings have reduced from thirty eight (38) to only twenty five (25). This is a great improvement considering that the municipality did not have any irregular expenditure for the year under review. It should also be emphasized that the municipality has incurred an unauthorized expenditure of R 8,835,388 which related to depreciation, bulk electricity purchases, Loss on disposal of assets and Actuarial losses.

The municipality's performance with regard to performance reports is quite satisfactory as all statutory reports are submitted to stakeholders well on time. These include quarterly performance and financial reports, Back to Basics, mid-year performance report, reviewed SDBIP as well as adjustment reports. The 2017/18 Annual report was also submitted well on time after an oversight report by MPAC.

Risk assessment and the development and implementation of measures to mitigate the top 5 risks.

The following top 5 risks have been identified during the Strategic risk assessment:

- a. Inadequate Performance Management Systems
- b. Noncompliance to Supply Chain Management prescripts
- c. Electricity distribution losses
- d. Misalignment of process to ICT Governance Framework
- e. Landfill sites not adequately managed

MOSENA ML  
MUNICIPAL MANAGER



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## **1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

### **a) INTRODUCTION TO BACKGROUND DATA**

Molemole Local Municipality (MLM) is located in the Capricorn District Municipality (CDM) in the Limpopo Province. The neighboring Local Municipalities under the district are Blouberg, Lepelle-Nkumpi and Polokwane. Molemole Local Municipality head office is located in Mogwadi, which is 65 kilometers from the North of Polokwane along the R521. The municipality is bordered by:

- Polokwane Local Municipality to the South;
- Blouberg Local Municipality to the North West;
- Greater Letaba Local Municipality towards the South East; and
- Makhado Local Municipality in the Northern direction

Following the 2016 local government elections and revision of demarcations by the Municipal Demarcation Board (MDB) the total number of wards increased from 14 to 16. The subsequent increase in villages led to an increase of ward committees to 160.

### **b) DEMOGRAPHIC ANALYSIS.<sup>1</sup>**

According to Statssa census report of 2011 the total population for the municipality stood at 108,321, with an average growth rate of -0.1%. The total population has however increased to 125 327 after the incorporation of about sixteen villages from the former Aganang municipality following its disestablishment prior 2016 local government elections. According to the Municipal Capacity Assessment of the Municipal Demarcation Board (2018) the total population of Molemole municipality stands at 126 489, representing an increase of 0.93% or by 1162 more people.

The majority of the population is comprised of Black Africans at 98,4% with the remaining 1.6% made up of whites, Coloured, Indians and other (Statssa,2011). According to Municipal Capacity Assessment report (2018) the municipality has recorded a slight increase in the population of Black Africans to 98.6%. Molemole Local Municipality has a population density of 31.9 persons per square kilometer, which is lower than the district, provincial and national averages of 75.1, 43.2 and 40.9 persons per square kilometers respectively which infers that the municipality is sparsely populated relative to the district, province and South Africa. The Municipality covers an area of 3347km<sup>2</sup>. The total number of households has increased from 30,043 in 2011 to 34,642 in 2018. Furthermore

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<sup>1</sup> The demographic analysis compared data from Statssa 2011, Statssa Community Survey and Municipal Capacity assessment (2018) from MDB. The MDB report (2018) was generated after an assessment of all municipalities to provide services and provides the latest population trends since 2016 Community Survey by Statssa.

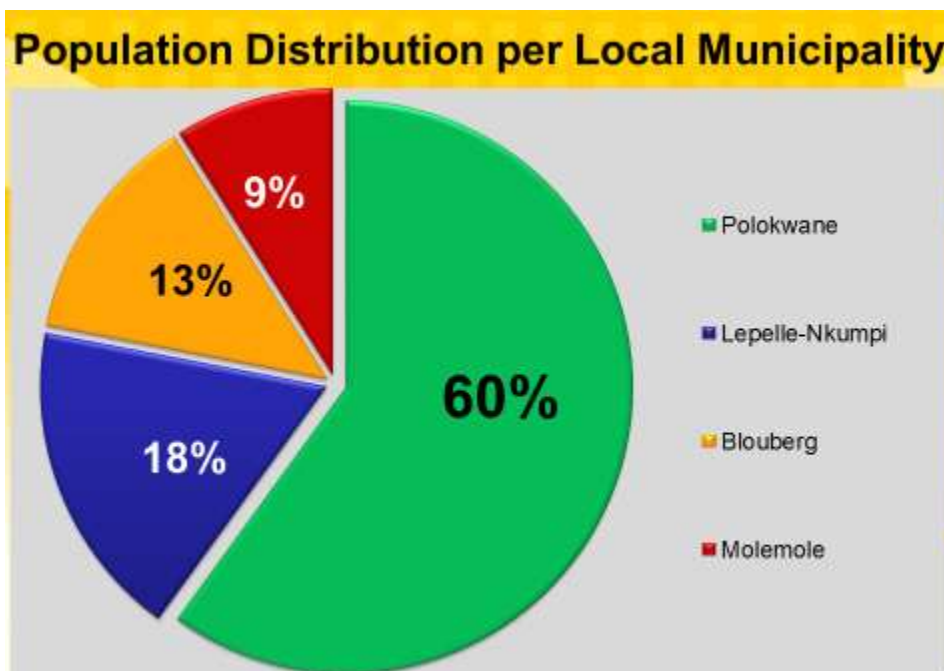
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54% of the households are headed by women. This would require even more resources to provide service delivery infrastructure especially since most of the roads are mainly gravel and require continuous maintenance by the municipality.

## c. POPULATION TRENDS

Demographic trends are key driving forces in any economic development strategy and hence must be considered in any planning process. The demographic profile influences the type and level of demand of goods and services and the pressure on provision of government services to the public. According to **Figure 1.1** below, it is clear that Molemole Municipality has the lowest (8.6%) of population in the CDM District as compared to other four Local Municipalities and only 2% of the population.

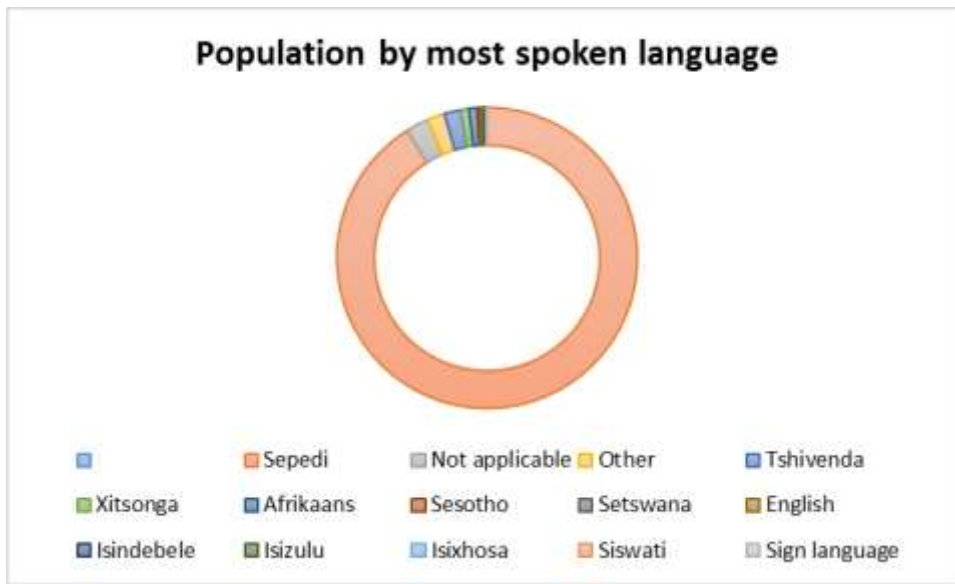


**Figure 1.1: Population Composition in the CDM**

## d. LANGUAGE DISTRIBUTION

The most spoken language in Molemole is Sepedi at 91% compared to 88.6% in the whole of Capricorn and more than 1.5 (54.71%) times the figure in Limpopo. The following figure shows statistics on spoken languages within the municipality.

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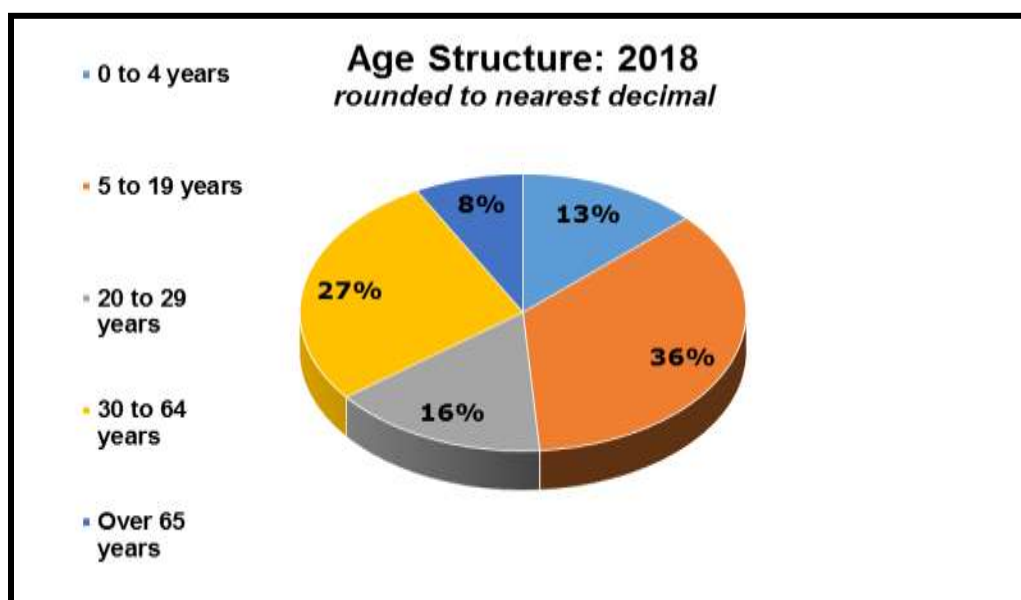
**Figure 1.2: Population by most spoken language community survey: 2016**

## e. AGE DISTRIBUTION

The age structure of a population plays an equally vital role in influencing growth prospects, and will inform planning decisions for the provision of services such as basic services like water, sanitation, refuse removal, electricity infrastructure and transport. Table 1.1 and figure 1.3 below depicts the age distribution of the population as at 2018;

Totals	0 to 4 years	5 to 19 years	20 to 29 years	30 to 64 years	Over 65 years	Total
Total no.	16,570.06	45,156.57	19,858.77	34,910.96	9,992.63	126,489.00
Percentage	13.10%	35.70%	15.70%	27.60%	7.90%	

**Table 1.1: Age Structure of the Population. MDB 2018**





# Chapter 1

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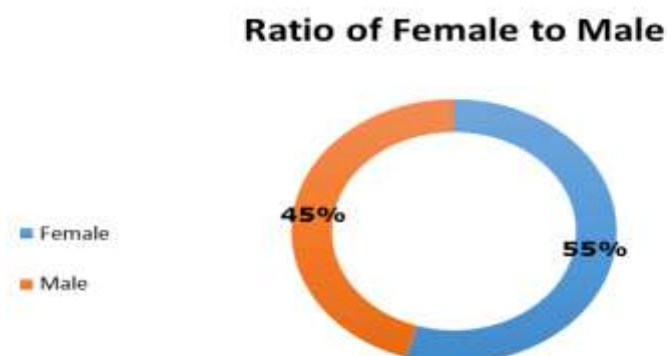
Figure 1.3 depicts age distribution of Molemole population. It is evident from the figure that 51.4% of the population is of a school going age whilst 27.6% are of general working age. Almost 10 000 (7.9%) of the population are of over the age of 65. The intensity of poverty for the municipality has increased by 0.9 percentage points between 2011 and 2016 from 41.7% (21.4% poverty head count) to 42.6% (21.2% poverty head count). Unemployment and incidents of inequality are some of the causes of poverty. This place a burden on the municipality to divert a chunk of its budget on provision of free basic services.

**The composition of the population above can be attributed to the following factors:**

- Young adults and young couples are migrating to urban areas.
- Most wealthy people are also migrating to urban areas to access good basic services as compared to services at local municipalities.
- The decline in population size have negative impact on the investment opportunities and thus affects the economic potential of the municipality.
- Youth between the ages of 18 – 35 are also migrating to urban areas in order to access tertiary education and explore employment opportunities.

**f. GENDER DISTRIBUTION**

The ratio of Female to Male in 2016 is still high at 54.8% to 45.2% (Statssa, 2016), representing 0.7 percentage point increase compared to 2011 census report. This is more than the averages for National (51:49), Limpopo (52.8:47.2) and CDM (53:47), see figure 1.4 below:



**Figure 1.4: Population by gender distribution: Community Survey: 2016**

**g. EDUCATIONAL PROFILE.**

The high proportion of people with no schooling for individuals 20 years or older (20.2%) is a very worrying factor as it may lead to an increase in social ills like teenage pregnancy, unemployability, low participation in economic activity, high incidences of substance and alcohol abuse and poor health. It is even more concerning as 95% of those with no schooling are black Africans reflecting past apartheid imbalances. The table below shows that as at 2016 only 53% of individuals 20 years

# Chapter 1

and older have received some form of education from grade 10 up to PHD level. Improved educational levels can have many benefits for the municipality like ability to participate in the government work, understanding of important messages sent by the municipality, understanding health related messages from government and increased chance of getting employed or even starting your own business. Molemole is serviced by 82 schools comprising 51 primary schools, 30 secondary schools and one (1) combined school. There is one satellite FET College in Ramokgopa village.

Molemole has (2) functional community libraries at Mogwadi and Morebeng and six (6) mobile libraries at schools – four in the East (Sefoloko High School, Kgwadu Primary School, Itshumeleng Primary and Rakgasema Pre-School) and two (2) in the west (Seripa High School and Mangwato Primary School). The municipality also has two libraries in the village, Ramatjowe and Matseke libraries but due to staff shortages and limited resources, the libraries are not functional. There is currently construction of a community library at Ramokgopa village. Most of the schools are currently experiencing shortages of both classrooms and educators hence an imbalance in the teacher/learner ratio. There is also a need for refurbishment of some schools as they are in a dilapidated state. Table 1.2 displays level of education for individuals 20 years and older within Capricorn district jurisdiction:

Level of education	Molemole	Lepelle-Nkumpi	Blouberg	Polokwane	Totals
Bachelors degree	972	1188	614	14146	16920
Honours degree/Post-graduate diploma	795	1,235	945	6,528	9503
Masters degree	76	183	34	1474	1767
PHD	65	101	48	706	920
Post-Higher Diploma (Masters)	793	725	400	4378	6296
Higher Diploma	491	1,086	668	6373	8618
Higher/National/Advanced Certificate with Grade 12	578	1696	776	6884	9934
N4/NTC 4/Occupational certificate NQF Level 5	538	729	349	2,606	4222
N5/NTC 5/Occupational certificate NQF Level 5	215	325	203	1,819	2562
N6/NTC 6/Occupational certificate NQF Level 5	302	458	19	3355	4134
NTCIII/N3	204	401	117	2358	3080
NTCII/N2	208	173	93	1,053	1527
NTC I/N1	267	143	17	649	1076
Certificate with no Grade 12/Std 10	43	137	61	439	680
Diploma with Grade 12	914	2,199	634	14,932	18679
Diploma with no Grade 12	145	365	61	1,875	2446
Do not know	748	966	616	7,049	9379
Grade 0	68	146	83	207	504
Grade 10/Std 8/Form 3	6,355	13,537	9,126	41,863	70881
Grade 11/Standard 9/Form 4/NCV Level 3	7,836	14,197	11,010	51,774	84817
Grade 12/Form 5/Matric/NCV Level 4	13,524	32,281	15,235	154,749	215789
No schooling	12,885	19,151	15,838	42,862	90736
Grade 1/Sub A/Class 1	300	743	728	2,222	3993
Grade 2/Sub B/Class 2	404	1,144	983	2,898	5429
Grade 3/Standard 1/ABET 1	804	1,632	1,227	3,896	7559
Grade 4/Standard 2	857	2,105	1,764	5,804	10530
Grade 5/Standard 3/ABET 2	1,302	2,672	2,190	7,520	13684

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Level of education	Molemole	Lepelle-Nkumpi	Blouberg	Polokwane	Totals
Grade 6/Standard 4	1,691	2,725	2,508	8,133	15057
Grade 7/Standard 5/ABET 3	2,953	7,375	4,548	12,764	27640
Grade 8/Standard 6/Form 1	2,953	7,375	4,548	22,042	36918
Grade 9/Standard 7/Form 2/ABET 4/Occupational certificate NQF Level 1	4,202	7,635	6,074	23,873	41784
Other	916	688	345	6,282	8231
Unspecified	71	38	236	113	458

**Table 1.2: Level of Education in Molemole municipality for Individuals 20 years and older.**

*Source: Statssa 2016 Community Survey*

- The table below reflect educational levels by population group.

HIGHEST EDUCATIONAL LEVEL	Black African	Coloured	Indian or Asian	White	Other
Grade 0	4030	2	1	16	5
Grade 1 / Sub A	3166	4	-	14	1
Grade 2 / Sub B	3128	1	1	9	1
Grade 3 / Std 1/ABET 1Kha Ri Gude;SANLI	3617	2	2	9	4
Grade 4 / Std 2	3855	1	1	12	9
Grade 5 / Std 3/ABET 2	4112	2	2	21	11
Grade 6 / Std 4	4364	2	5	20	2
Grade 7 / Std 5/ ABET 3	5374	2	4	51	25
Grade 8 / Std 6 / Form 1	7139	15	5	49	22
Grade 9 / Std 7 / Form 2/ ABET 4	6620	7	1	38	16
Grade 10 / Std 8 / Form 3	8286	17	15	117	22
Grade 11 / Std 9 / Form 4	9084	6	6	48	42
Grade 12 / Std 10 / Form 5	10679	7	36	377	26
NTC I / N1/ NIC/ V Level 2	122	-	-	5	5
NTC II / N2/ NIC/ V Level 3	76	-	-	3	-
NTC III /N3/ NIC/ V Level 4	85	-	-	20	1
N4 / NTC 4	73	-	-	6	-
N5 /NTC 5	52	-	-	3	-
N6 / NTC 6	125	-	-	6	1
Certificate with less than Grade 12 / Std 10	74	-	5	-	-
Diploma with less than Grade 12 / Std 10	119	-	1	3	-
Certificate with Grade 12 / Std 10	1014	1	3	24	-
Diploma with Grade 12 / Std 10	1021	-	-	30	-
Higher Diploma	971	2	2	59	-
Post Higher Diploma Masters; Doctoral Diploma	178	-	-	8	-
Bachelor's Degree	530	1	2	38	3

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Bachelor's Degree and Post graduate Diploma	276	-	-	13	-
Honours degree	314	-	2	19	-
Higher Degree Masters / PhD	85	-	2	11	3
Other	147	-	3	10	10
No schooling	12290	5	8	36	49
Unspecified	-	-	-	-	-
Not applicable	15541	62	27	135	36

## h. EMPLOYMENT PROFILE.

Molemole has significant potential in terms of tourism, due to its rich heritage and cultural resources and its location advantage (the N1 links Molemole to Zimbabwe). It has a railway line and the provincial road that links Zimbabwe is always congested with trucks that transport goods between South Africa and Zimbabwe. The development and packaging of the Tropic of Capricorn, shopping centres, the Motumo Trading Post, Machaka Game Reserve and other private game reserves have the potential to stimulate the influx of tourists and make Molemole a preferred tourism destination of choice (Statssa, 2011). According to Statssa 2011 census report 57% of the population is economically active. If we extrapolate the percentage to the 2018 population of 126 489 this means just over 72000 individuals are economically active. Job creation and poverty alleviation still remain important challenges to be addressed. Majority of the people are more concentrated in the public sector and agricultural farms, owing to the rural nature of the municipal economic sector. There are limited industrial areas which can be able to absorb the technical skilled employees.

## i. Molemole Employment Status

The percentage of economically active population increased significantly from 56.9% (61598) in 2011 to 56.9% (70 833) in 2016 (see **Table 1.5**).

Description	2011	2016	Percentage change
Employed	15225	16,399	7.7%
Unemployed	11344	12,540	10.5%
Economically Active	61598	70833 <sup>2</sup>	14.9%
Not Economically Active	46723	55656	19.1%

**Table 1.5: Employment Status per sector. Statssa 2011 and 2016**

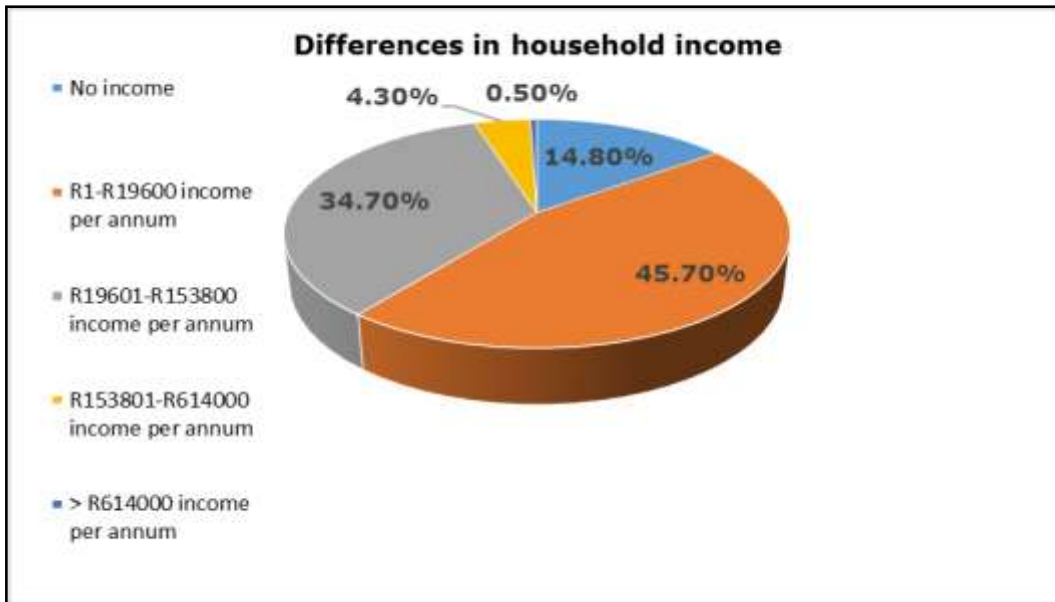
<sup>2</sup> Based on extrapolation of 56.9% of EAP to the 2018 MDB population statistic.

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## j. Molemole Income distribution levels

As with education levels, income levels are concentrated in the low income categories and decrease in the high income brackets. This is an indication of poverty levels or state of communities. Figure 1.5 highlight income disparities across five categories:

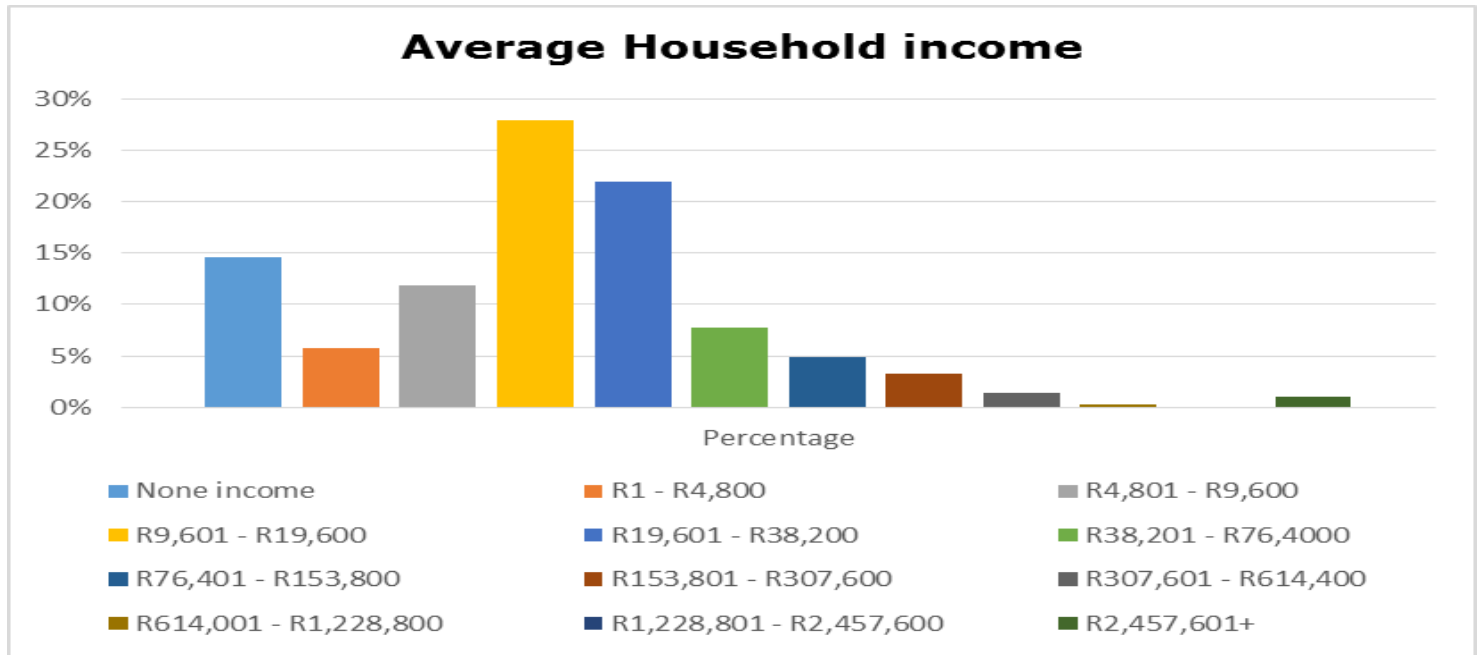


**Figure 1.6: Household income. MDB 2018**

The above figures shows a greater number of people are earning in the R 1 to 19600 income category. This reflects inequality level which undermine efforts to address poverty levels in the municipality.

The figure below shows the average household income in 2011.

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**Figure 1.7: Average household income. Statssa 2016 Community Survey**

## **k. UNEMPLOYMENT RATES.**

Statistics SA (2011) reported an unemployment rate of 42.7% of the working age population (between 15 to 64 years old). Although this has reduced to 39.4% in 2016 as per Statssa Community Survey of 2016, the figure is still at an alarming rate. The main concern is the 52% of youth unemployment in the municipality. Something need to be done like job creation initiatives and promotion of youth entrepreneurships to address this crisis levels.

## **1.2. SERVICE DELIVERY OVERVIEW**

### **1.2.1 SERVICE DELIVERY INTRODUCTION**

#### **A) NORMS AND STANDARDS ON WATER AND SANITATION PROVISION.**

Water and sanitation provisions are guided by the Water Services Act (Act no. 108 of 1997) and National Water Act (Act no. 36 of 1998). The act provides for the rights to access to basic water supply and sanitation services, the setting of national standards and norms (relating to amount, quality, distance from point of use, etc.), protection of water resources, the accountability of the Water Services Providers, the monitoring of water supply and sanitation services. Capricorn District Municipality is still the Water Services Authority within Molemole municipality and as a result the service and maintenance of the water projects still lies with the District Municipality.

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## **B) WATER SOURCES.**

Like other locals in the district the Municipality's source of water is groundwater. The low yields of borehole water is unable to meet the continuous needs of the residents. It is critical that the municipality find alternative sources of water to stem the tide of water shortage in the area. According to Statistics South Africa (2016) the main sources of water in the municipality is as per the table below:

Source of Water	% of the population	Number of Households
Borehole in the yard	14.70%	18,423
Borehole outside the yard	0.60%	693
Flowing water/stream/river	0%	0
Neighbours tap	6.40%	8,067
Other	1.60%	1,977
Piped (tap) water inside the dwelling/house	5.40%	6,720
Piped (tap) water inside yard	47.30%	59,293
Piped water on community stand	14.90%	18,627
Public/communal tap	5.10%	6,388
Rain-water tank in yard	0.20%	234
Spring	0%	0
Water-carrier/tanker	3.90%	4,906
Well	0%	0
		125,328

*Source: Statssa: 2016 Community Survey*

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## **1.3. FINANCIAL HEALTH OVERVIEW**

### **a) FINANCIAL OVERVIEW**

GRAP requires that management performs a brief assessment of the going concern of the institution. Going concern assumption is a fundamental principle in the preparation of financial statements.

Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation or ceasing trading. Accordingly, assets and liabilities of Molemole Local Municipality are recorded on the basis that the municipality will be able to realize its assets and discharge its liabilities in the normal course of business.

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Management of Molemole Local Municipality confirms that no uncertainties were noted in making its assessment. The Municipality is currently facing no cash flow challenges, only general resistance mainly resulting from unpaid services by the surrounding communities, however these is a reason why a formal service(s) Debt Recovery Strategy was approved by Council and is currently implemented. Together with a process of improving service delivery.

## **b) THE CURRENT RATIO**

The current ratio is a liquidity ratio that measures the municipality's ability to pay its short-term debt. To gauge this ability, the current ratio considers the current total assets of the municipality (both liquid and illiquid) relative to current total liabilities.

- **Norm**

**The legislated norm ranges is 1.5 to 2:1**

<b>The Current ratio:</b>	<b>2018/19</b>	<b>2017/18</b>
Current assets	: R 99 981 606	R 113 287 027
Current liability	: R 33 103 849	R 33 995 231
<b>Ratio</b>	<b>3.0:1</b>	<b>3.3:1</b>

- **Interpretation of Results**

The ratio 3:0 for the current year is above the norm which means that the municipality will be able to pay its short term obligations with the available current assets. When comparing the current year ratio to the prior year of 3.3:1 it could be said it is stable, thus no indication of uncertainties on the liquidity of the municipality.

The Going concern assessment took into account all available information for the foreseeable future. Other factors considered include the ones below;

### **i. FINANCIAL**

The Municipality's net assets amount of R 295 523 701 is positive; the Net working Capital of the Municipality is significantly in a healthy balance. The Municipality has been operating in a positive cash flow for the past financial year and it is envisaged that the trend will continue in the following financial year. All creditors were paid as per the goods and services offered within the stipulated 30 day periods. The Municipality does not have significant long term borrowings and do not have any loans with any 3rd party. There are no new financial commitments with any party and priority is



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given to the already roll over project. All the projects listed on the commitments register were provided for on the approved municipal budget.

## **ii. CONTINGENT LIABILITIES**

The pending contingent liabilities as at end of June 2019 amounted to R 4,526,269.00 which constitute 0.02% of the Municipality's net assets. This will not threaten the going concern of the municipality even if it may be required to be paid. All pending legal or regulatory proceedings against the municipality will be resolved and amount due paid if required by law.

## **iii. MITIGATING PLANS**

The municipality's debtors' book amounting to R 97,182,988,59 (including 30% commission receivable from water debtors and interest). This is a huge amount considering that the municipality is heavily reliant on grant funding to discharge its service delivery responsibilities. To this effect the municipality has commenced a rigorous debt collection campaign to liquidate this asset and the collection rate has improved since then. Most of the debtor's amount from municipality emanated through the assets/debtors received from the former disestablished Aganang local municipality after some villages were incorporated into Molemole municipality.

## **iv. CASH FLOW ANALYSIS**

There are no borrowings approaching maturity without realistic prospects of renewal or repayment; or excessive reliance on short-term borrowings to finance long-term assets. The municipal cash flow indicated a positive balance which has been maintained for the previous three consecutive financial years. The municipal cash flow at the current year stood at R 19,373,721 compared to the prior year cash balance of R 41, 774,239 which is a decrease of 53.6% or R 22.6 million. a healthy cash flow has helped the municipality to honour its short-term obligations hence the high current ratio. Lastly, it is pleasing to report that the municipality did not have overdraft facility or any other short/long term loan liability during the year under review.

## **v. OTHER**

The Municipality complied fully with statutory requirements. There is no pending legal or regulatory proceedings against the municipality that may, if successful, result in claims that the municipality is unlikely to be able to honour. There is no threat of any changes in law or regulation or government policy expected to adversely affect the municipality.

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## c) CONCLUSION

Based on the financial assessment outlined above, Management of Molemole Local Municipality believes that the Municipality will continue to be a going concern in the foreseeable future.

The tables below gives overall financial overview for the year under review:

<b>Financial Overview: Year 2018/19</b>			
			<b>R' 000</b>
<b>Details</b>	<b>Original budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>
Income:			
Grants	166,180,979.00	179,235,979.00	177,221,330.00
Taxes, Levies and tariffs	25,349,648.00	25,349,648.00	24,443,738.00
Other	41,264,335.00	58,612,909.00	8,504,416.00
Sub Total	232,794,962.00	263,198,536.00	210,169,484.00
Less: Expenditure	182,357,898.00	203,160,850.00	194,312,242.00
Net Total*	50,437,064.00	60,037,686.00	15,857,242.00
* Note: surplus/(defecit)			T 1.4.2

- Operating Ratios

<b>Operating Ratios</b>	
<b>Detail</b>	<b>%</b>
Employee Cost	42
Repairs & Maintenance	4
Finance Charges & Impairment	2
	T 1.4.3

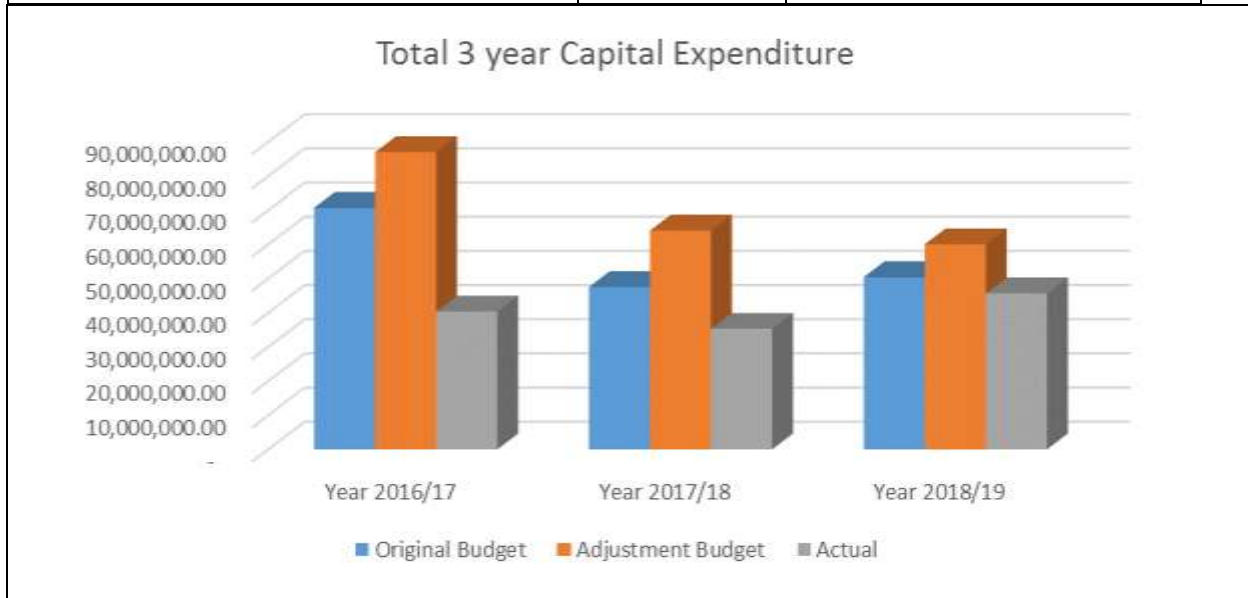
- Three year Capital expenditure

			<b>R'000</b>
<b>Detail</b>	<b>Year 2016/17</b>	<b>Year 2017/18</b>	<b>Year 2018/19</b>
Original Budget	70,727,270.00	47,527,108.00	50,437,065.00
Adjustment Budget	87,014,139.00	64,055,528.00	60,037,686.00

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Actual	40,350,587.00	35,306,420.00	45,682,318.00
			<i>T 1.4.4</i>



# Chapter 1

## 1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

### a) ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipality developed a Workplace Skills plan (WSP) to guide provision of training to employees and Councillors. A total of seven training programmes were coordinated for employees and three programmes for Councillors. An annual training report is submitted to LGSETA as part of compliance to legislative framework. Training programmes covered included Municipal Finance Management Programme, Payroll Management, and Project Management. Furthermore, training on Municipal Governance has been arranged for Admin Staff in the coming financial year. We hope the skills acquired through the training will prepare the employees for promotional opportunities and help enhance the municipal retention and succession strategies.

The following Human Resource Committee have been put in place to assist with HR Governance issues:

- Training Committee
- Employment Equity Committee
- Local Labour Forum
- Employment Equity committee
- Workplace Forum (Local Labour Forum)
- Health & Safety Committee

### b) INTERNAL EMPLOYEE BURSARY PROGRAMME

The following table outlines employees who benefitted from Municipal employee bursary scheme in the year under review:

NO	SURNAME INITIALS	DEPARTMENT	POSITION	COURSE	INSTITUTION	TUITION FEE
1	Wasilota Y	MM s Office	Senior Manager	Advanced Project Management	Cranefield College	R 76 600.00
2	Morokolo MJ	LED	Manager IDP	Honours Business Administration	MANCOSA	R 33 180.00
3	Mankga P	Technical Services	Roads and Storm water Technician	Project Management	Lyceum College	R 18 905.00
4	Mabasa VP	Technical Services	Roads and Storm water Technician	Project Management	Lyceum College	R 18 905.00
5	Sethaba M	Technical Services	Data Capturer	Project Management	Lyceum College	R 18 905.00

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## c) INTERNSHIPS AND LEARNERSHIP

A total of six (6) internship programmes were coordinated during the 2018/19 financial year. These included internships for Financial Management, Administration and Auxiliary services, Town and Regional planning, Communication Services, and Integrated Development as well Internal Auditing.

The municipality has also created opportunities for experiential training for students who need practical experience to qualify for their qualifications. During the year under review the municipality has given opportunities for learners in the areas of Cleaning and Hygiene services, Human Resources Services, Financial Accounting, Local Economic Development as well as Human Resource Management.

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## 1.6 AUDITOR GENERAL REPORT

### 16.1 AUDITOR GENERAL REPORT: YEAR 18/19

Although the municipal council and its administration has put all their efforts in pursuit of the clean audit opinion it is however pleasing that the municipality has once again obtained an unqualified audit opinion with material findings, which is for the fifth consecutive time. We remain committed to be one of the municipalities in the province to achieve the unqualified audit opinion with no material findings. The total number of audit findings for this year has also reduced from thirty eight (38) in the 2017/18 to twenty five (25). The municipality did not incur any irregular expenditure in the year under review.

#### 1.6.2 EXPLANATION TO CLARIFY MATTERS OF EMPHASIS IN THE 2018/19 AUDIT PROCESS

There were material findings that were raised and subsequently resolved during adjustment. The issues raised were included in the audit action plan for 2018/19 to assist management in the improvement of internal controls and to ensure adherence to the applicable laws and legislation.

Material misstatement corrected	
Financial statement item	Finding
<b>Non-current assets</b>	
Property, plant and equipment	Completed projects readily available for use and bringing service benefits are kept as work in progress (WIP) contrary to GRAP requirements.
<b>Class of transactions</b>	
Expenditure	Expenses incurred in prior year included in the current year expenditure (R 2 332 882)

# Chapter 1

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Material misstatement corrected	
Financial statement item	Finding
<b>Account balance</b>	
Water related transactions	Incorrect accounting treatment of payables and receivables from exchange transactions
<b>Disclosure</b>	
Financial Instrument	The cash and cash equivalent is disclosed as a financial liability under Note 46 of the Annual financial statements

### 1.6.3 COMMENT ON THE OVERALL PERFORMANCE OF FINANCIAL SERVICES

Despite the two issues of non-compliance the Auditor-General did conclude that the financial statements presented fairly, in all material respects, the financial position of the Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (Dora).

The Accounting Officer has developed an Audit action plan to address all issues raised by the Auditor-General. These issues relate to internal control deficiency and non-compliance.

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### 1.7 STATUTORY ANNUAL REPORT PROCESS

Molemole municipality has prepared the 2018/19 in line with a prescribed plan. The report is in the new format prescribed by the National Treasury. This, it is believed will ensure the municipality is able to finalize the Annual Report in the first half of the financial year so as to make it more useful for future planning cycles.

The first draft of the report will be presented to Chief Audit Executive for review and ultimately submitted to Audit committee for further assessment. The final draft has been tabled in an open Council before public participation drive by the Municipal Public Accounts Committee. The draft Annual report was also submitted to the office of Auditor General in line with subsection 127 (5) (b) of the Municipal Finance Management Act.

The Statutory process plan for the 2018/19 Annual Report process is depicted in the table below:

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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 4 <sup>th</sup> quarter Report for previous financial year	
4	Submit draft annual report ( Annual Financial Statements and Annual Performance Report ) to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including Annual financial statements and Annual performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
14	Audited Annual Report is made public and representation is invited	February
15	Oversight Committee assesses Annual Report	February - March
16	Council adopts Oversight report	March
17	Oversight report is made public	April
18	Oversight report is submitted to relevant provincial councils	April
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	April

**Table 1.10: Annual report process plan**

N.B. Take note that the above process plan also include the processes to be undertaken by MPAC until the report is approved by Council.

## 1.8 COMMENT ON THE ANNUAL REPORT PROCESS

The office of the Municipal Manager is driving the process plan through the office of the Manager: Executive Support and Manager: PMS. The operational process plan which was adapted from the main statutory plan was developed to assist with collection of departmental reports.

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## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### a) INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The municipality has the following governance structures to oversee administrative functions: Audit Committee, Risk Management Committee, Senior Management and Extended Management Committee. All the governance committees are functional and are able to hold meetings as scheduled. Subcommittees have also been established in various areas to assist high order committees to advance internal control systems. During the year under review the municipality had subcommittees for the following areas: Health and Safety, Local Labour forum, Information and Communication systems, employment equity and *Batho pele*

The municipal council has established its political governance structures to play oversight role to Management activities. These structures are discussed in the following section.

#### 2.1 POLITICAL GOVERNANCE

##### a) INTRODUCTION TO POLITICAL GOVERNANCE

The Municipal Council, its committees, i.e. Portfolio committees, Section 79, Executive Committee as well Municipal Public Accounts Committee (MPAC) are functional and were able to hold their meetings in line with council approved corporate calendar. Council has also constituted Ethics Committee and the Chairperson duly appointed. The Speaker of Council has established a multi-party women caucus comprising of women Councillors from all the parties that constitute the municipal Council.

The portfolio committees were able to hold their monthly meetings to consider issues within their spheres of operation, e.g. Corporate Services, Technical services, Finance, Local Economic and Development as well as Community related issues. All the resolutions from the Portfolio committees were submitted for consideration by the Executive committee with a view to recommend for Council for approval.

The Municipal Public Accounts committee has played a critical oversight over Administrative activities. This involved project visits and monitoring, investigating matters referred to it by Council. The committee was able to consider quarterly performance reports to ensure the community gets good value for the public funds entrusted to Council.

The Ward committees from sixteen wards are fully functional. All ward committees are able to submit their monthly reports to guide the municipality on service delivery needs at ward level. It can be reported that the municipality process 48 reports on a quarterly basis from ward committees.



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## b) Composition of Municipal Council

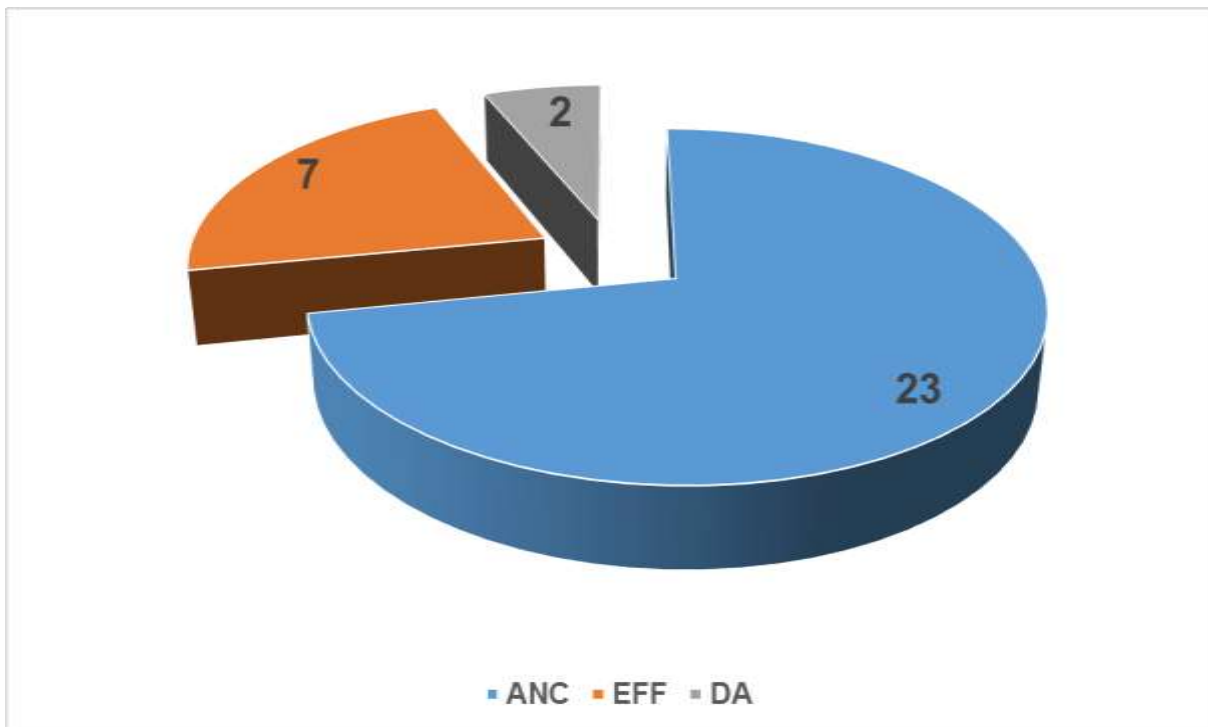


Figure 1.9: Council composition for the current term

## c) POLITICAL DECISION-TAKING.

The Management committee will resolve on issues to be considered by the portfolio committees as part of oversight. Once the portfolio committees consider the issues as referred to by the Management committee they will recommend for an EXCO and Council sitting to consider such issues and to resolve on them for implementation by the Management committee.

A proposed agenda with date, time and items to be discussed will be prepared for approval by the Mayor and Speaker as the chairpersons of Executive Committee and Council, respectively. Unless if a special council sitting is proposed, an invitation to the public will be issued in line with the Municipal Structures Act, 1998 (Act 117 of 1998).

First, Exco will consider portfolio reports for recommendation to Council. Council as the final arbiter, will take a resolution after having satisfied itself of the reports before it. Only then can the decisions of Council be implemented by Management. There are two traditional authorities who have been nominated to attend council meetings, namely: Machaka and Ramokgopa Traditional Authorities.

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The political executive structure of the municipality is depicted below:



**Cllr. M.E Paya  
Mayor**



**Cllr. M.S Moreroa  
Council Speaker**



**Cllr. M. E Rathaha  
Chief Whip**



**Cllr. N.W Seakamela  
Portfolio Chairperson:  
Finance**



**Cllr. M.D Lehong  
Portfolio Chairperson:  
Technical Services**



**Cllr. M.P Tawana  
Portfolio Chairperson:  
Corporate Services**



**Cllr. N.F Rampyapedi  
Portfolio Chairperson:  
Community Services**



**Cllr. D. Meso  
Portfolio Chairperson:  
LED&P**



**Cllr. T.P Rathete  
Chairperson: Municipal  
Public Accounts Committee**

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## 2.2 ADMINISTRATIVE GOVERNANCE

### a) INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Other administrative subcommittees that assist Management in executing its functions are: Batho Pele committee, OHSa committee, Local Labour forum, Bid committees (Specification, Evaluation and Adjudication), Employment Equity committee and Training committee. These subcommittees have all convened their scheduled meetings successfully. With cascading of PMS to all employees in the 2019/20 financial year, the municipality will establish the PMS committee.

It is through the functionality of these committees that the municipality was able to resolve a total of 36 out of 38 audit findings raised in the 2017/18 financial audit report. Furthermore, an average of 92% of internal audit findings were resolved.

It should however be reported that the Risk Committee chairperson has resigned from the committee and the municipality is currently in the final stages of finding a suitable replacement. The municipality appreciate the support given by Capricorn District municipality to ensure our Risk committee is able to perform its function. The strategic and operational risk registers for 2019/20 have been compiled together with mitigation strategies. The progress is being monitored and reported to both Risk Management and Audit committees on a quarterly basis.

### b) HOW THE MUNICIPAL MANAGER AND SENIOR MANAGERS WORK TOGETHER COOPERATIVELY IN THEIR THEMATIC AND SERVICE GROUP ROLES TO MAKE THE GREATEST IMPACT ON SERVICE DELIVERY

The municipality had a relatively stable top leadership during the 2018/19 financial year despite the contract for Senior Manager: LED&P having expired in November 2018. A Manager for Town and Regional planning has been appointed by Council to act as the Senior Manager whilst the recruitment process was underway. It is expected that the process will be finalized by the 2<sup>nd</sup> quarter of the 2019/20 financial year.

All Senior Managers account to the Municipal Manager as head of administration. This is done through Management committee, comprising of Executive Management as well as Extended Management committee meeting. Management committee meetings are held in line with the approved corporate calendar. Decisions of management are referred to relevant portfolio committees for consideration and recommendation to Council for approval.

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The Senior Managers are responsible for communicating with their respective departments through middle Managers and ensure that matters discussed at Senior Management level are cascaded down for effective execution of the targets set-out for each department per the IDP with respective middle managers. Decisions approved by Council are binding and become obligatory for management to implement them. Departmental Managers hold general staff meetings to cascade management decisions to all levels of employees and for implementation.

## c) TOP ADMINISTRATIVE STRUCTURE

DESIGNATION	INITIALS AND SURNAME	Key Performance Areas
<b>Municipal Manager</b>	<b>Mr. M.L Mosena</b>	Oversee overall administration of the municipality, Interact with Mayor and Council committees, Implement Council resolutions and other Governance committees, Performance Management and Monitoring, Legal services, Enforce Internal Control systems, Risk Management, Implementation of IGR initiatives and Oversee functions of all municipal departments.
<b>Chief Financial Officer</b>	<b>Ms. K. Zulu</b>	Budget and Reporting, Revenue Management, Expenditure Management and Supply chain management
<b>Senior Manager: Corporate Services</b>	<b>Mr. K.E Makgatho</b>	Administration and Auxiliary services, Human Resources management and labour relations, Information and Communication Technology and Council Support services.
<b>Senior Manager: Technical Services</b>	<b>Mr. Y. Wasilota</b>	Implementation of Service delivery projects/programmes, Electrical and Maintenance services, Oversee management of Municipal Infrastructure Grant (MIG), Provision and maintenance of water and sanitation services
<b>Senior Manager: Community Services</b>	<b>Ms. M.F Mabuela</b>	Maintenance of social and public amenities, Implementation of EPWP programmes, Environmental management, Traffic and Law enforcement.
<b>Senior Manager: LED&amp;P</b>	<b>Vacant</b>	Local economic development, Town and Regional planning services

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## Senior Management Team



**Ms. K.W Zulu**  
**Chief Financial Officer**



**Mr. Y. Wasilota**  
**Technical Services**



**Mr. M.L Mosena**  
**Municipal Manager**



**Mr. K.E Makgatho**  
**Corporate Services**



**Ms. M.F Mabuela**  
**Community Services**

*N.B. The contract for Senior Manager: LED & P expired in November 2018. Recruitment process is underway to find a replacement.*

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## COMPONENT B: INTERGOVERNMENTAL RELATIONS

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

#### 2.3 INTERGOVERNMENTAL RELATIONS

##### a) NATIONAL, PROVINCIAL AND DISTRICT INTERGOVERNMENTAL STRUCTURES

The municipality has been well represented in all the National Intergovernmental structures through the office of the Mayor, Speaker, Chief Whip as well as the Municipal Manager. These structures include, among others: National SALGA, Cooperative Government and Traditional Affairs, Presidential summits, other structures initiated by the various departments.

The municipality is also fully represented in all Provincial and District structures to report on issues relating to provincial service delivery. It is our firm belief that these structures are critical in that we are able to share best practices which can be duplicated in our local municipality. These include Premier and Executive Mayor's IGRs, Salga working groups which are attended by relevant departments and Portfolio Councillor. These forums are convened on a monthly and quarterly basis.

Other forums where the municipality is represented include: Provincial and District IDP Managers' forums, Disaster and Environmental forums, Provincial Thusong Service center forums, Batho Pele forums, Provincial and District Service Complaints forums, Back to Basics forums, Provincial and District Special Programmes forums (HIV/AIDS, Disability, Youth, Older persons and Women & Children).

##### b) RELATIONSHIPS WITH MUNICIPAL ENTITIES

The Municipality does not have any entity.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### a) OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The continued success of a municipality is determined to a large extent, on the accountability of all key role players and stakeholders in the local governance process. The municipality public accountability is premised on the vision and mission that puts people at the forefront in all the developmental agenda. The IDP process plan is a tool used to involve the communities to undertake all the stages of the development of the IDP. Four (4) public consultative meetings were held in all the four clusters, covering all the sixteen (16) wards of the municipality. The Municipal Public Accounts committee has held public participation on the 2017/18 Annual report to give the

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communities an opportunity to reflect on the implementation of the IDP. Open Council meetings are also held to allow the community to observe proceedings of council meetings.

## 2.4 PUBLIC MEETINGS

### a) Communication, Participation And Forums

Public engagements with communities is integral part of the municipal operations. The municipality engaged the public across all the sixteen wards during the planning sessions from the Ward based planning up to a stage where the final IDP is approved by Council. During the 2018/19 financial year IDP public consultation meetings were held as follows:

Date	Venue	Ward number	Participating Wards
15 April 2019	Ramothhale Primary School	Ward 04	Wards 1,2,3 & 4
16 April 2019	Sekakene Community Hall	Ward 08	Wards 5,6,7,8 & 9
17 April 2019	Mogwadi Community Hall	Ward 11	Wards 10,14,15 & 16
18 April 2019	Milano Sports Ground	Ward 11	Wards 11,12 & 13,

Furthermore, the municipality coordinated IDP representative forum meetings which were attended by Traditional Authorities, business forums, faith based organizations, civil society formations as well as political and administrative leadership of the municipality.

The Municipal Public Accounts committee has coordinated public participation on the 2017/18 financial year as follows:

Date	Participating Wards
07 March 2019	10,11,12,13,14,15 & 16
08 March 2019	Wards 1,2,3,4,5,6,7,8 & 9

### b) Ward Committees

The municipality is proud to report that all the sixteen Ward Committees are functional and have been able to submit their monthly reports on time. Ward committees submit a total of 192 (48 per quarter) in the year under review. The eighth ward committee conference was held in November 2018 and we are pleased to report that it was well attended by all ward committees, as well as representatives from sector departments, our sister municipalities (CDM, Blouberg, Lepelle Nkumpi), representatives from traditional authorities.

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## c) Municipal Outreach Meetings

The table below give detailed report on the public meetings for the 2018/19 financial year:

Nature and purpose of the meeting	Venue of event	Number of participating Municipal Councilors	Number of participating Municipal administrators	Number of Community members attending	Date of the sittings/event
Council Meeting	Mogwadi council chamber	31	14	30	28 August 2018
Open Council meeting	Maponto Community hall – Ward 12	27	9	220	27 August 2018
Council Meeting	Mogwadi council chamber	28	9	0	29 October 2018
Mayoral Imbizo for 1 <sup>st</sup> Quarter report	Sekakene Community Hall – Ward 08	25	6	520	18 October 2018
Council Meeting	Mogwadi council chamber	23	6	0	14 November 2018
Special Council	Mogwadi council chamber	24	5	0	15 January 2019
Open Council Meeting	Rheiland Pre School – Ward 14	26	12	121	30 January 2019
Council meeting	Mogwadi council chamber	<b>28</b>	<b>8</b>	<b>0</b>	26 February 2019
Mayoral Imbizo for second Midyear report	Mabitsela Sports ground – Ward 16	<b>28</b>	<b>6</b>	<b>495</b>	15 March 2019
Open Council meeting	Aces Sport Ground- Ward 11	<b>29</b>	<b>8</b>	<b>600</b>	29 March 2019
Special council meeting	Mogwadi Council Chamber	21	10	0	30 April 2019
Ordinary Open council and State of the Municipal Address	Motswapo Community hall – Ward 09	<b>30</b>	<b>5</b>	<b>594</b>	<b>29 May 2019</b>
Special Council meeting	Council Chamber	17	7	0	28 June 2019



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## 2.5 IDP PARTICIPATION AND ALIGNMENT

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

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## COMPONENT D: CORPORATE GOVERNANCE

### a) OVERVIEW OF CORPORATE GOVERNANCE

Molemole municipality consists of seven service points for the residents in both Mogwadi and Morebeng. Mogwadi is home for the municipal head office as well as one Driver's License and Testing Center (DLCTC), Technical Office and Library services. In Morebeng there is a satellite office, a DLTC as well as the Library. The municipality has entered a service level agreement with departments of Sports, Arts and Culture and Transport for the running of DLTC and Library Services. The construction of Moletji Office Cluster to cater for Wards 10,15 & 16 was delayed due to land claim dispute and the incapacity of the contractor. The project was terminated at the end of 2018/19 financial year and the municipality has prioritized its implementation in the by the end of the 2019/20 second quarter.

We engaged with COGHSTA to assist the municipality with review of the organizational structure with a view to come up with an efficient organogram that can ensure effective administration. The outcome of this review has assisted the municipal leadership to craft a responsive structure for the 2019/20 financial year. The reviewed structure enjoyed full support of the Labour organization and Council before approval by the municipal manager. It is believed the reviewed structure will also stabilize the workforce and reduce turnover rates.

It was reported that the municipality has migrated to the online leave management system as a way to manage employee leave. The main objective of this migration was to reduce the huge leave provision experienced in the previous financial years. The municipality introduced forced leaves in the fourth quarter to address this challenge and we are grateful to report that the initiative has led to a reduction of leave provision. These mechanisms will be applied in the coming financial years until we make a significant dent on the leave provision figure of above R 5 million.

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### 2.6 RISK MANAGEMENT

Section 62(i) (c) of the Municipal Finance Management Act, 2003 (Act 53 of 2003) requires a municipality to have and maintain an effective, efficient and transparent system of risk management. According to Public Sector Risk Management framework the Risk Management Committee is an oversight committee responsible to the Accounting Officer for the monitoring of risk management (i.e. to assist in designing, implementing and coordinating the institution's risk management initiatives). The municipality has experienced a setback after the resignation of the Risk Committee chairperson during the course of the financial year under review. To plug the gap left by the resignation the municipality requested CDM to second an official from within its Risk

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Management division to serve as standby chairperson whilst the replacement of the permanent chair is sought. The municipality is grateful for the support given by the district as it has made sure that the Risk Committee is able to function relatively well. Although there is no legal mandate for the establishment of the Risk Management committee it remains our commitment to have this governance policy to play oversight over operations of the municipality. The committee relied on the Batho Pele principles, the King IV report on Corporate Governance. A total of four (4) Risk Management committee meetings were held during the year under review. Risk Management activities are coordinated by the Risk Officer, who is permanently employed by the municipality. One internship position was created and funded in the organizational structure. The position will be filled in the first half of the 2019/20 financial year.

The 2018/19 risk management policies were reviewed and approved by Council to cater for changing risk management trends. The following policies were reviewed:

- **Risk Management Policy,**
- **Risk Management Strategy**
- **Risk Management Charter**
- **Risk Management Strategy**
- **Risk Management Plan.**
- **Whistleblowing policy**
- **Fraud Prevention Strategy and Policy**
- **Gift Management policy**

Risk Management assessment was conducted in the fourth quarter of the 2018/19 financial year and the outcome of the process was the identification of the Strategic and Operational Risk Register for attention by management in the 2019/20 financial year:

## a. Strategic Risk register

The following strategic risks were identified:

No	Strategic objective	Risk description at Strategic Objective level	Risk category	Primary Cause (Risk at Operational level)	Secondary Cause (Risk at Business unit level)	Effect (Impact)
1	To manage and coordinate spatial planning within the municipality	Noncompliance to SPLUMA	Service delivery	Weak internal controls in spatial rationale	No municipal tribunal in place to consider land use applications	Poor Town
2	To enhance economic growth and job creations	Inadequate attraction of investors	Local Economic Development	Weak economic development	Inadequate Local Economic Development strategy	Poor Town
3	To promote sustainable basic services and infrastructure	Ageing Infrastructure	Basic service delivery	Inadequate	Inadequate implementation of infrastructure master plan.	Dilapidated infrastructure

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No	Strategic objective	Risk description at Strategic Objective level	Risk category	Primary Cause (Risk at Operational level)	Secondary Cause (Risk at Business unit level)	Effect (Impact)
4	development	Electricity Distribution Losses	Basic service delivery	Weak internal controls in electrical unit	1, Poor monitoring of electricity connection (purchases vs sales) by municipality. 2, Theft and Vandalism of electrical infrastructure 3, Lack of bulk meters to confirm electrical meter unit	Dilapidated infrastructure
5	To ensure sound and stable financial management	Low revenue streams and collection	Financial Viability	Weak internal controls in Revenue Management	1, Lack of revenue enhancement strategy. 2, Unregistered State properties 3, Negative socio political factors	Full dependence on Grants
6		Material misstatements in the Annual financial statements( AFS)		Weak internal controls in review of AFS	1, Non adherence to AFS process plan timeline and GRAP. 2, Misalignment of transactions and reporting items due to MSCOA implementation	Negative Audit Outcome
7	Maintain strong financial management environment	Unauthorised procurement of goods and services may be made	Financial sustainability	Weak internal controls in procurement	Poor management supervision and oversight	Unauthorised, Irregular and Fruitless expenditure may occur, leading to qualified financial statements
8	To ensure institutional structures and plans are properly resourced to respond transformational objectives	Inadequate performance management system	Municipal transformation and Organizational Development	Weak internal controls in PMS unit	PMS unit not capacitated and PMS not cascaded to the lower officials	Low employees morals
9		Ineffective Disaster Recovery Plan	Information Technology	Weak internal controls in IT unit	Unauthorised access to the system	Loss of municipal data
10		Ineffective leave management	Municipal transformation and Organizational Development	Weak internal controls in Human Resource Unit	High financial liability to municipal balance sheet.	Financial liability

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No	Strategic objective	Risk description at Strategic Objective level	Risk category	Primary Cause (Risk at Operational level)	Secondary Cause (Risk at Business unit level)	Effect (Impact)
11	To ensure that Waste Disposal is adequately managed	Waste Disposal not adequately managed	Waste Disposal	Weak internal controls in Community Services	Air Pollution to the community	Death to the community

## 2.7 ANTI-CORRUPTION AND FRAUD

### a) ANTI-FRAUD AND CORRUPTION STRATEGY

Fraud and Corruption represent a significant potential risk to the Municipality's assets, service delivery efficiency and reputation. The Municipality will not tolerate corruption or fraudulent activities, whether internal or external to the institution and will vigorously pursue and prosecute any parties which engage in such practices or attempt to do so by all legal means available. Hence the municipal fraud risk register has identified eight (8) risks during the current year for attention and to ensure proper mitigating controls are put in place.

Communities are also encouraged to report all incidents relating to fraud and corruption to the district share hotline. As the Municipality we will ensure that all incident reported are followed up and investigated. The hotline number is 0800 205 053 or [cdm@tip-offs.com](mailto:cdm@tip-offs.com) or [www.tip-offs.com](http://www.tip-offs.com). There was no tangible evidence of corruption in the year under review and this can be attributed to internal control efficiencies.

### b) Internal Audit

The Internal Audit unit of the Municipality consists of Chief Audit Executive (CAE). The position CAE was renamed after work study that was conducted by Coghsta to assist the municipality's structure to align with that of other municipalities. The unit has One (1) Internal Audit who reports directly to the CAE and One (1) Intern. The unit reports administratively to the Accounting Officer and functionally to the Audit Committee. The main purpose of the unit was to assess the internal control environment and other risks within the municipality and provide advice to the Accounting Officer and Audit Committee in line with Section 165(2)(a)(b) of the MFMA. The Internal Audit conducted its audit in line with the approved risk based internal audit plan 2018/19. The progress report on the implementation of the plan was reported to the Audit Committee on a quarterly basis. Capricorn District Municipality conducted Quality Assessment on the work of Internal Audit during November 2018, the final outcome of the review indicated that Internal Audit Generally Conforms to the International Standards for the Professional Practise of Internal Auditing.

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## 2.8 SUPPLY CHAIN MANAGEMENT

### a) OVERVIEW SUPPLY CHAIN MANAGEMENT (SCM)

Section 217(1) of the Constitution of South Africa requires that every organ of the state and all public institutions and related structures shall contract for goods and services in accordance with a system which is Fair, Equitable, Transparent, Competitive and Cost effective

The above principles are ushered and are made alive through a range of legislation and supply chain management is governed and enforced in compliance with the constitutional principles through the procurement policy framework Act (Act 5 of 2005) as amended and the appropriate SCM regulations. The municipality applies SCM principles to procure goods and services for the municipality.

### b) SCM POLICY

The council of the Municipality approved the supply chain management policy on the 29<sup>st</sup> May 2019. The policy is in line with requirements of section 112 of the MFMA as well as principles outlined in Municipal Supply Chain Regulations (2005). The SCM practices are also guided by the various Circulars issued by Treasury from time to time. The provisions of these circulars are filtered in the SCM policy during Annual policy reviews. The policy review is also guided by shortcomings identified during Audit process, both internally and externally.

### c) SCM UNIT

The SCM unit falls under the Budget and Treasury Department and consists of the SCM Manager who reports directly to the Chief Financial Officer. There is also the Asset Officer, Procurement Officer, Procurement Clerk and 2x Inventory Clerks. The CFO is the Accounting Officer for the department. The position for Accountant Assets became vacant after the previous incumbent was appointed as the SCM Manager following the resignation of the SCM Manager to pursue a career as CFO at Blouberg Municipality. Recruitment process is fully underway to find a suitable replacement as the municipality view asset management as a critical function in the unit.

### d) BID COMMITTEES

All members of bid committees are delegated in writing by the municipal manager to serve on these respective committees. These delegations are accepted in writing. Molemole municipality has put in place mechanism to ensure that the committees that preside over procurement are

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independent from one another. Councillors are not sitting in any committees, however, they receive reports on SCM implementation on quarterly basis.

## The following Officials served as chairpersons on the bid committees

Names	Official Position Held	Committee
Ms. Lethuba	Manager: Budget & Reporting	Bid Specification Committee
Mr. Modisha N.J	Manager: Executive Support	Bid Evaluation Committee
Ms. Zulu K.	Chief Financial Officer	Bid Adjudication Committee

### e) TENDER ADVERT AND AWARDS

Tenders are advertised on e-tender publication portal as well as the municipal website. During the year under review the municipality has stopped selling hard copies of tender documents and uploads them on E-tender portal. We have since augmented this by creating a specific link on the website where users can access municipal tender documents. This has save the municipality time and money for buying paper and tonners. This is part of our objective of moving towards a paperless operation to boost efficiency. We are pleased to report that this has been going so well with very minimal inconveniences to the public users. A total of 28 tenders were awarded during the 2018/19 financial year at a total value of R 115,975,593.49

The Supply Chain Management unit continue to play an important role of advancing empowerment policies of national government through procurement of goods and services to local businesses, youth and women-led small businesses. This is done in line with the Section 217 of the Constitution to advance the principles of Equity, fairness, competitiveness, cost-effectiveness and transparent. The table below outlines procurement statistics for the 2018/19 financial year:

2018/19 Procurement statistics					
Quarter	Total Procurement Bill	Bill spent on Local Suppliers	% Percentage	% of District Suppliers	% outside district
1 <sup>st</sup>	65 364 411.44	2 425 421.00	3.71%	53.62%	42.67%
2 <sup>nd</sup>	17 570 868.51	11 764 699.89	66.96%	25.58%	7.47%
3 <sup>rd</sup>	R 9 382 447.59	R 3 161 889.09	33.70%	41.16%	25.14%
4 <sup>th</sup>	R 50 615 149.94	R 9 812 504.77	19.39%	21.77%	58.85%
<b>Total</b>	<b>R 142 932 877.48</b>	<b>R 27 164 514.75</b>	<b>19.01%</b>	<b>38.07%</b>	<b>42.92%</b>

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<b>Qtr.</b>	<b>RFQ</b>	<b>Tender</b>	<b>Totals</b>
1st Q	R 7,765,370.55	R 57,599,040.89	R 65,364,411.44
2nd Q	R 6,006,800.11	R 11,564,068.44	R 17,570,868.55
3rd Q	R 5,771,193.10	R 3,611,246.50	R 9,382,439.60
4th Q	R 7,413,912.28	R 43,201,237.66	R 50,615,149.94
Totals	26,957,276.04	115,975,593.49	142,932,869.53

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## 2.9 BY-LAWS

### a) Introduction to By-laws

Capricorn District Municipality have developed Waste Management by-law for the municipality to help in managing waste management within the municipal jurisdiction. The municipality has developed SPLUMA by-laws during the year which was taken to Council to approve for public consultation.

### b) COMMENT ON BY-LAWS:

The Local Economic division has developed draft by-laws for street trading, outdoor advertising. The by-laws will be presented to Council for approval and subsequently for public consultation.

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## 2.10 WEBSITES

### a) COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

Molemole municipality conforms to section 21 of the Municipal Systems Act, 2000 (Act 32 of 2000 as amended) and section 75 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), whose main objective it is to notify the community about municipal events or any statutory matters which are of public interest. During the financial year the municipal website was used to publicise notices on Mayoral outreach programmes, section 71 reports, Quarterly reports, all budget related reports in the spirit of openness, accountability and transparency as espoused in section 195 of the Constitution of 1996, (Act 108 of 1996). The website is also used to publicize government wide reports as well as other service delivery programmes.

The municipality has in the 2018/19 financial year began the process of upgrading the website to make it more user-friendly and also be a hub of information for our users. Users are now able to download important information on government-wide policies and other service delivery



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programmes. Following the launch of Facebook and Twitter accounts in 2017/18 the municipality is pleased so far with the interactions recorded so far. The number of followers has increased to 1,740 facebook likes and 437 followers in the 2018/19 financial year. The two accounts are used to communicate with the wider public and followers to these channels continue to grow. All our Councillors have gmail and whatsapp accounts which we use to pass on important Council information like invitations for Council meetings by both the municipality and other stakeholders. This is part of our objective to run a paperless administration in support of a greener environment and embracing of the 4<sup>th</sup> industrial revolution. The initiative is also saving the municipality from paying overtime for drivers who will be delivering packages to each of the Councillors' homes. The municipality is also saving on paper used to make packages.

<b>Municipal website: content and currency of material</b>		
<b>Documents published on the municipality`s /entity`s website</b>	<b>Yes/No</b>	<b>Publishing date</b>
Current annual and adjustment budgets and all budget related documents	Yes	Annual
All current budget related policies	Yes	July 2019
The previous annual report (2017/18)	Yes	30 March 2019
The annual report for 2018/19 published / to be published	Yes	2019/20 4 <sup>th</sup> Quarter
All current performance agreements required in terms of section 57 (1) (b) of the MSA and resulting score cards	Yes	31 July 2019
All service delivery agreements (2019/20)	N/A	
IDP 2019/20	Yes	July 2019
All long term borrowing contracts (2018/19)	N/A	
All supply chain management contracts above a prescribed value (give value)	N/A	
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)	Yes	Yearly
Contracts agreed in 2018/19 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
PPP agreements referred to in section 120	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during (2017/18)	Yes	After approval by Council

# Chapter 3

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## b) Communication with Internal stakeholders

Communication unit is responsible for communicating with Councillors, Employees, Molemole residents. Bulk sms, private mail accounts and WhatsApp are used to interact with these stakeholders on issues relating to municipal functions.

### 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The municipality attends uses the following channels to afford the community to report on service delivery complaints and suggestions: -

- Presidential and premier hotlines
- Suggestions boxes
- Suggestion books.
- Through our social media, i.e. Facebook and Twitter.
- Community Protests
- Municipal Outreach programmes

The local Batho Pele committee is functioning well since its establishment in the previous financial year. The committee holds monthly meetings and its mandate has been extended to consider all issues raised during the municipal Imbizos as well as issues raised during community protests. The committee recommended that all departments be represented in the committee to ensure a speedy resolution of cases referred to it. Service standards have been reviewed and ultimately approved by Council for implementation in the 2019/20 financial year.

The council approved service standards booklets are published and available in the office. The booklets are distributed to community during Mayoral outreach programmes as part of educating our people on the level and standard of services they can expect from the municipality. The service standards poster frames have been placed in all entrance to offices of all municipal service points.

#### a) THE REPORT ON COMPLAINTS MANAGEMENT DURING THE 2018/19 FINANCIAL YEAR IS TABULATED BELOW:

Division	Total cases received	Total cases resolved	Total outstanding cases
Administration	0	0	0
<b>Road &amp; Storm Water</b>	<b>2</b>	<b>0</b>	<b>0</b>
Water & Sanitation	0	0	0
<b>Electricity</b>	<b>1</b>	<b>0</b>	<b>0</b>
Parks & Cemetery and Refuse Removal	0	0	0
Library	0	0	0

# Chapter 3

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<b>Division</b>	<b>Total cases received</b>	<b>Total cases resolved</b>	<b>Total outstanding cases</b>
Traffic	0	0	0
IDP	0	0	0
Town Planning	0	0	0
<b>Income</b>	<b>1</b>	<b>0</b>	<b>0</b>
Municipal Manager	0	0	0
<b>TOTAL CASES</b>	<b>04</b>	<b>02</b>	<b>02</b>

## **b) CHALLENGES ON COMPLAINTS MANAGEMENT**

The number of complaints from Presidential and Premier hotline has decreased dramatically. On the other hand the municipality has seen an increase in the number of complaints/compliments registered through the suggestions books and boxes installed in all municipal service points. Complaints management has not been serving in all management committee meetings. This will need to improve in the coming financial year more so that there will be a spike in community protests as we are heading for local government elections.

# Chapter 3

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

# Chapter 3

## 1. FINANCIAL PERFORMANCE OF THE MUNICIPALITY FOR THE FINANCIAL YEAR 2018/19

### 1.1 TOTAL REVENUE AND EXPENDITURE BY SOURCE

DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	% EXPENDITURE /REVENUE	VARIANCE	REASONS FOR VARIANCE
	R	R	%	%	
<b>Revenue By Source</b>					
Property Rates	14,480,287	14,480,287	101	-1	None
Service Charges	10,869,361	9,790,658	90	10	The process of converting all the municipal customers to prepaid electricity meters lead to the reduction in electricity usage and the implementation of the credit control and the debt collection procedures restricted users to utilized electricity in some other occasions as the electricity was disconnected.
Rental of facilities and equipment	268,878	456,493	170	-70	Revised Service level agreement with the department of public works lead to the increment on the rental accrual schedule.
Interest earned-external investment	2,000,000	1,820,125	91	9	The Municipality had less excess cash to invest as expected
Interest earned-outstanding debtors	1,403,689	1,066,849	76	24	Payments received for long outstanding debtors lead to the reduction in the interest amount/billed.

# Chapter 3

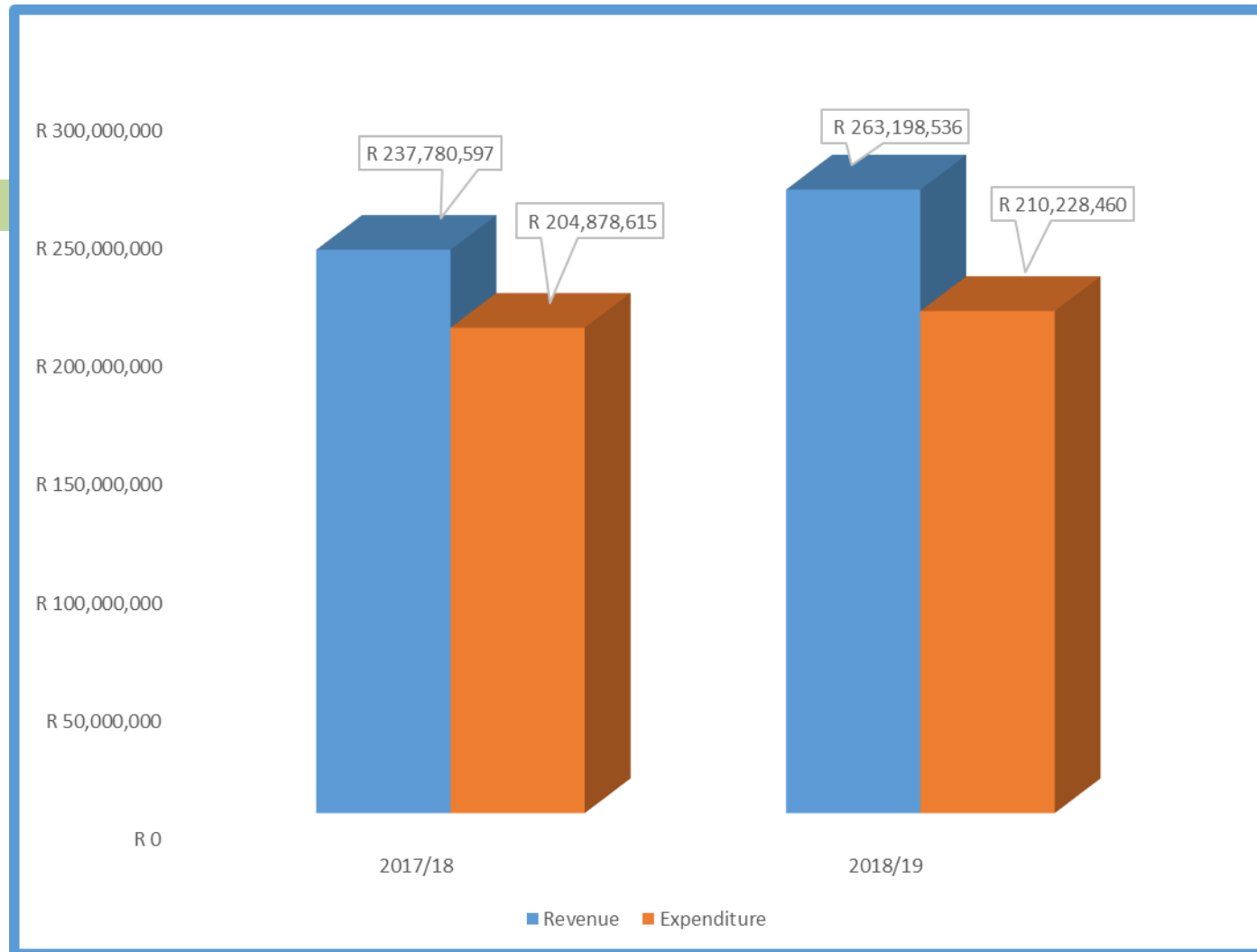
DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	% EXPENDITURE /REVENUE	VARIANCE	REASONS FOR VARIANCE
Fines	1,165,286	843,859	72	28	Two municipal traffic vehicle has technical challenges during the financial year which lead to the traffic officers shifts to be reduced from two shift to one shift.
Licenses and permits	6,691,601	3,563,142	53	47	Departmental system technical challenges lead to the municipality to return clients in several occasions which caused a serious reduction in revenue.
Agency services	2,347,046	673,187	29	71	Instability of water supply due to the 100% reliance on ground water lead to the reduction in revenue.
Transfers and subsidies	179,235,979	177,221,330	99	1	None
Other revenue	44,736,409	213,972	0	100	The sale of stands process was finalized later which lead to the municipality not to sold the properties before the end of the financial year.
<b>Total Revenue ( including Capital transferred)</b>	<b>263,198,536</b>	<b>210,228,462</b>	<b>80</b>	<b>20</b>	

The Annual budget for 2018/19 financial year amounts to **263,198,536**. The actual expenditure for the period ending 30 June 2019 amounts to **210,228,462**. On average **100%** of all allocated budget should be spent by end of financial year, the municipality has spent **80%** on operating expenditure inclusive of staff benefits.

# Chapter 3

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## 1.2 GRAPHICAL ILLUSTRATION: REVENUE AND EXPENDITURE FOR 2017/18 AND 2018/19



# Chapter 3

## 1.3 OPERATING BUDGET AND EXPENDITURE FOR THE 2018/19 FINANCIAL YEAR

DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	% EXPENDITURE / REVENUE	VARIANCE	REASONS FOR VARIANCE
Employee related costs	84,772,673	78,988,942	93	7	Vacant posts not filled
Remuneration of Councillors	12,865,286	12,328,370	96	4	None
Debt impairment	5,506,700	4,740,081	86	14	Impairment budget was only inclusive of municipal service related debtors excluding the agency fee provision.
Depreciation	8,148,576	8,931,838	110	-10	WIP project transferred to completed project
Bulk purchases	7,800,000	9,419,063	121	-21	The municipality estimated less usage of electricity taking into account the removal of electricity meters to replace with smart meters
Contracted services	32,369,925	27,401,825	85	15	Repairs and maintenance budget (R 8.7 million) was included in the contracted services budget
Finance Charges	1,184,232	1,154,598	97	3	
General Expenses	50,513,458	46,737,086	93	7	Receivables from Exchange and non-exchange transaction was budgeted in one vote. It will be split in the new financial year.
<b>TOTAL OPERATING EXPENDITURE</b>	<b>203,160,850</b>	<b>189,701,803</b>	93	7	

The total annual operating budget for the financial year 2018/19 amounts to **203,160,850** and the actual expenditure from 01 July 2018 to 30 June 2019 amounted to **189,701,803 (93%)** compared to the proportional percentage of **100%**. This expenditure include the employee and Councillor Remuneration costs for the financial year under review



# Chapter 3

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## 1.4 CAPITAL BUDGET AND EXPENDITURE FOR THE 2018/19 FINANCIAL YEAR

DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	% EXPENDITURE \ REVENUE	VARIANCE	REASONS FOR VARIANCE
	R	R	%	%	
Property, Plant and Equipment	<b>60,037,686</b>	45,682,358	76	24	The municipality has a balance of (R 1.6 million)
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>60,037,686</b>	<b>45,682,358</b>	76	24	

Expenditure in respect of capital projects up to 30 June 2019 amounts to **R 45,682,358** against an Annual budget of **R 60,037,686** which is **76%** against the annual budget.

# Chapter 3

## 1.5 GRAPHICAL ILLUSTRATION: ANNUAL BUDGET VS ACTUAL EXPENDITURE PER FINANCIAL YEAR



## 1.6 COMPREHENSIVE ANALYSIS OF SERVICE DEBTORS

- The Outstanding Service Debtors As At 30 June 2019 Amounts to **R 97,182,988,59** and Is Made Up As Follows:

Debtors Ageing as per age Analysis of 30 June 2019					
Category	Current (0 - 30 days)	31 - 60 days	61 - 90 days	+90 days	Total Service Debt
Electricity	226 529,13	58 045,73	52 570,13	3 064 164,61	3 401 309,60
Other service charges	24 327,88	23 147,14	11 907,26	551 193,34	610 575,62
Rates : Agricultural properties	206 033,35	102 062,07	102 176,23	8 754 189,72	9 164 461,37
Rates : Business and commercial	263 774,88	112 000,27	111 770,43	3 407 497,71	3 895 043,29
Rates : Farm					128,39

# Chapter 3

Debtors Ageing as per age Analysis of 30 June 2019					
Category	Current (0 - 30 days)	31 - 60 days	61 - 90 days	+90 days	Total Service Debt
properties	64,50	32,27	31,62	-	
Rates : national government	1 506 266,59	746 863,25	743 587,50	54 913 951,42	57 910 668,76
Rates : Public service infrastructure	1 868,60	897,02	926,52	69 877,92	73 570,06
Rates : Residential development	323 093,57	146 814,59	152 212,68	7 395 022,90	8 017 143,74
Rates : Residential Vacant land	9 158,76	4 034,64	4 348,38	133 493,54	151 035,32
Waste	372 275,60	169 179,28	178 855,09	8 267 484,96	8 987 794,93
Waste water	151 340,39	64 710,82	70 372,12	1 159 699,01	1 446 122,34
Water	270 989,73	141 728,46	106 895,95	3 005 521,03	3 525 135,17
<b>Grand Total</b>	<b>3 355 722,98</b>	<b>1 569 515,54</b>	<b>1 535 653,91</b>	<b>90 722 096,16</b>	<b>97 82 988,59</b>

1.7 GRAPHICAL ILLUSTRATION: TOTAL DEBT 2017/18 AND 2018/19



# Chapter 3

## 2. 170NON-FINANCIAL/SERVICE DELIVERY PERFORMANCE

### 5.1 SUMMARY OF NON-FINANCIAL PERFORMANCE PER MUNICIPAL DEPARTMENTS DURING 2017/18 FY

o	Department	No. of planned targets	No of targets achieved	% targets achieved	No of targets not achieved	% targets not achieved	No of targets discontinued	% targets discontinued
1	Corporate Services	13	10	77%	03	23%	0	0%
2	Technical Services	09	03	33%	06	67%	0	0%
3	Community Services	5	1	20%	04	80%	0	0%
4	Local Economic Development and Planning	20	17	89%	02	11%	01	5%
5	Finance/Budget and Treasury	29	24	86%	04	14%	01	3%
6	Municipal Manager's Office	25	17	68%	08	32%	0	0%
<b>Total</b>		<b>101</b>	<b>72</b>	<b>71%</b>	<b>27</b>	<b>29%</b>	<b>02</b>	<b>2%</b>

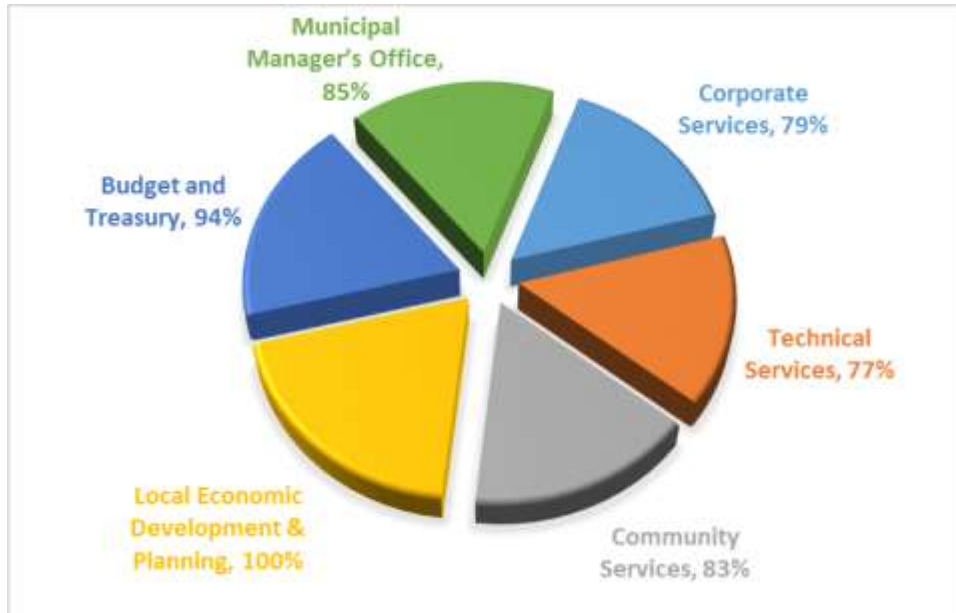
# Chapter 3

## 5.2 SUMMARY OF NON-FINANCIAL PERFORMANCE PER MUNICIPAL DEPARTMENTS DURING 2018/19 FY

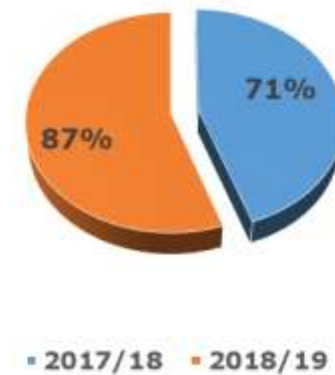
No	Department	No. of planned targets	No of targets achieved	% targets achieved	No of targets not achieved	% targets not achieved	No of targets Discontinued / Target not verifiable	% targets discontinued
1	Corporate Services	19	15	79%	04	21%	0	0%
2	Technical Services	13	11	79%	02	15%	0	0%
3	Community Services	12	10	83%	02	17%	0	0%
4	Local Economic Development & Planning	19	19	100%	0	0%	0	0%
5	Budget and Treasury	31	29	93%	02	7%	0	0%
6	Municipal Manager's Office	33	28	85%	05	15%	0	0
	<b>Total</b>	<b>127</b>	<b>111</b>	<b>87%</b>	<b>16</b>	<b>13%</b>	<b>0</b>	<b>0%</b>

# Chapter 3

## 5.3 GRAPHICAL ILLUSTRATION: PERCENTAGE OF TARGETS ACHIEVED



### COMPARISON OF TARGETS ACHIEVED PER FINANCIAL YEAR



*N.B: There were 127 targets in the 2018/19 financial year compared to (97) targets in the 2017/18 financial year. The municipality's performance has improved by 23% despite additional thirty (30) targets during the 2018/19 financial year.*

# Chapter 3

## 3. SUMMARY OF NON- PERFORMANCE OF SET TARGETS AND MEASURES TO IMPROVE PERFORMANCE

TARGETS NOT ACHIEVED	CHALLENGE	CORRECTIVE MEASURES
<b>1. LED&amp;P Department</b>		
None	None	None
<b>2. TECHNICALSERVICES</b>		
<ul style="list-style-type: none"> <li>- Mohodi sports complex.</li> <li>- Blading of gravel road</li> <li>- Upgrading of Electricity Network</li> </ul>	<ul style="list-style-type: none"> <li>- 2000 Steel grandstand not installed in line with target.</li> <li>- Persistent Mechanical breakdown of Plant. Ageing Infrastructure plant</li> <li>- The community's unwillingness to allow the Contractor to commence with the scope of works.</li> </ul>	<ul style="list-style-type: none"> <li>- Provision for installation of 2000 grandstand made for 2019/20 Financial year.</li> <li>-Budget Provision made for procurement of new plant</li> <li>-The project will be rolled over into 2019/20 financial year</li> </ul>
<b>3. CORPORATE SERVICES</b>		
<ul style="list-style-type: none"> <li>- Disaster Recovery Plan (DRP) not implemented</li> </ul>	<ul style="list-style-type: none"> <li>- No responsive bids during competitive bidding processes</li> </ul>	<ul style="list-style-type: none"> <li>- Sourcing the services of SITA to provide the municipality with DRP the solution</li> </ul>
<ul style="list-style-type: none"> <li>- 04x Councillors training programmes coordinated</li> </ul>	<ul style="list-style-type: none"> <li>- Amount left after the roll out of the 1 x training programme was not enough to fund the second programme.</li> </ul>	<ul style="list-style-type: none"> <li>- Ensures that all targets are reached in every quarter for 2019/20 financial year</li> </ul>
<ul style="list-style-type: none"> <li>- 75% of Internal Audit queries implemented</li> </ul>	<ul style="list-style-type: none"> <li>- Training not provided to the ICT personnel and ICT Steering Committee.</li> <li>- Performance agreements not signed by Employees</li> <li>- Proof of implementation of the following standards was not provided (a) Information Security Standards ISO 27002 (b) ITIL IT service management</li> <li>- Training not provided to the ICT personnel and ICT Steering</li> </ul>	<ul style="list-style-type: none"> <li>- Outstanding findings to be implemented in the 1<sup>st</sup> Quarter of 2019/20</li> </ul>

# Chapter 3

TARGETS NOT ACHIEVED	CHALLENGE	CORRECTIVE MEASURES
	Committee. - Lack of a Formalized Security Awareness Program - Lack of a Formal and Functional Disaster Recovery Plan - Impact assessment not performed for changes - Lack of Service Level Reporting - Inadequate back-up and restore process	
<b>4. COMMUNITY SERVICES</b>		
- 600 x chairs and 10x tables - Strategic risk not addressed	- 500 chairs procured due to budget constraints - Budget allocated to landfill and landfill activities for 2021/22 financial year.	- None - Temporary measure taken to record and report on waste management by interns from DEA and University of Limpopo using SAWIS.
<b>OFFICE OF MUNICIPAL MANAGER</b>		
- 67% Auditor General queries implemented - 57% of Internal Audit queries implemented	- Queries relates to misalignment between IDP and SDBIP.	- Alignment of SDBIP & APR to be done for 2019/20 and independently reviewed.
- 1x Fraud Awareness campaigns conducted instead of 2	- Unavailability of Fraud facilitators from COGHSTA	- To be implemented in-house the 2ND Quarter of 2019/20
- 50% of Risks implemented	- No PMS Coordinator to capacitate the unit	- Appointment of PMS prioritized for 2019/20
- 92% of AC resolutions implemented	- Ethics register not developed. Risk Officer still benchmarking with other institutions. - Scheduled of meetings for Risk committee not compiled - Quarterly assessment of senior managers	The outstanding resolutions will be finalized by 1 <sup>st</sup> Quarter 2019/20



# Chapter 3

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TARGETS NOT ACHIEVED	CHALLENGE	CORRECTIVE MEASURES
	<ul style="list-style-type: none"> <li>Close out report for Risk and Audit units</li> <li>Special Audit committee to consider municipal performance</li> </ul>	
<b>BUDGET AND TREASURY</b>		
<ul style="list-style-type: none"> <li>- 97% of Auditor General queries addressed</li> <li>- 76% of Internal audit queries addressed</li> </ul>	<ul style="list-style-type: none"> <li>-Electricity distribution losses above the threshold</li> <li>- Verification of Assets</li> <li>- Inadequate Cash Management</li> </ul>	<ul style="list-style-type: none"> <li>- Service Provider appointed to install smart meters to reduce the losses.</li> <li>- Internal Audit to conduct a retest</li> <li>- Investigation in progress. To be completed by 31<sup>st</sup> August 2019.</li> </ul>

## 1.5 Departmental performance against planned targets as per the 2018/19 SDBIP

The Departmental Scorecards (detailed SDBIP) capture the performance of each Department. Unlike the Municipal Scorecard, which reflects on the strategic performance of the Municipality, the Departmental SDBIP 2018/19 provides a comprehensive picture of the performance per Department. It consists of objectives, indicators and targets derived from the approved SDBIP.

# Chapter 3

## 3.1 LOCAL ECONOMIC DEVELOPMENT AND PLANNING

Key Performance Area 1: Spatial Rationale													
Outcomes 9: Responsive, Accountable, Effective and Efficient Local Government System													
Outputs :													
<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Improving access to basic services</li> <li>Implementation of the community works programme</li> <li>Actions supportive of the human settlement outcome</li> </ul>													
Key Organizational Strategic Objectives Strategic Objectives													
To enhance conditions for economic growth and job creation To manage and coordinate spatial planning within the municipality													
Project No	Priority Area (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual Target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget/ Expenditure	Means of verification
1.	Spatial Planning	Number of workshop conducted	Spatial planning awareness	2x workshop conducted	4x Spatial awareness workshop conducted	None	<b>Achieved</b> 4x spatial awareness workshops conducted	<b>Achieved</b> 4x workshop conducted	<b>Old</b>	None	None	<b>Budget R60,000.00</b>  <b>Expenditure R 59,410.00</b>	Invites, Agenda, program, presentations
2.		Number of settlements demarcated	Demarcation of sites	New Indicator	1x settlement demarcated	None	None	<b>Achieved</b> 1x settlement demarcated	<b>New</b>	None	None	<b>Budget R400,000</b>  <b>Expenditure R150 000</b>	Advert, appointment letter, Layout plan, Approval letter
3.		Percentage of building plans received processed	Processing of building plans received	100% processing of received building plans	100% processing of received building plans	None	<b>Achieved</b> 100% (25 out of 25) of buildings plans received and processed	<b>Achieved</b> 100% (23 out of 23) of received building plans processed	<b>Old</b>	None	None	<b>Opex</b>	Building Plan Register
4.	Percentage of Land use	Processing of	100% Processing of	100% Processing of	None	<b>Achieved</b> 100% (18	<b>Achieved</b> 100% (32	<b>Old</b>	None	None	<b>Opex</b>	Land use application	

# Chapter 3

Key Performance Area 1:			Spatial Rationale										
Outcomes 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs :			<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, planning and support</li> <li>• Improving access to basic services</li> <li>• Implementation of the community works programme</li> <li>• Actions supportive of the human settlement outcome</li> </ul>										
Key Organizational Strategic Objectives			To enhance conditions for economic growth and job creation										
Strategic Objectives			To manage and coordinate spatial planning within the municipality										
Project No	Priority Areas (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual Target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget/ Expenditure	Means of verification
		applications processed	received land use application	g of received land use applications	received land use applications		<b>out of 18)</b> land use applications received processed	of 32) of land use applications processed					register
5.		No of sites pegged	Pegging of sites	180 sites to be pegged	250 sites to be pegged	None	<b>Achieved</b> 180 sites pegged in Mogwadi and Morebeng	<b>Achieved</b> 250 sites pegged	<b>Old</b>	None	None	<b>Budget R200 000</b> <b>Expenditure R197,641.65</b>	Advert, Appointment letters, certificate of completion from land surveyor Map
6.	LED	Number of LED stakeholder engagement held	LED Stakeholder engagements	4x LED forum meetings held	4x LED forum meetings held	None	<b>Achieved</b> 4x LED forum meetings held	<b>Achieved</b> 4x LED forum meeting held	<b>Old</b>	None	None	<b>Budget R70,377.00</b> <b>Expenditure 64,045.00</b>	Invites, attendance registers, agenda and reports

# Chapter 3

Key Performance Area 1:			Spatial Rationale										
Outcomes 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs :			<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, planning and support</li> <li>• Improving access to basic services</li> <li>• Implementation of the community works programme</li> <li>• Actions supportive of the human settlement outcome</li> </ul>										
Key Organizational Strategic Objectives			To enhance conditions for economic growth and job creation										
Strategic Objectives			To manage and coordinate spatial planning within the municipality										
Project No	Priority Areas (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual Target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget/ Expenditure	Means of verification
7.		Number of investor conference held	Investor conference	1x investor conference held	1x investor conference held	None	<b>Achieved</b> 1x SMME/ Investor Conference held	<b>Achieved</b> 1x investor conference	<b>Old</b>	None	None	<b>Budget R 300,000.00</b> <b>Expenditure R 289,535.00</b>	Report on conference with attendance register and photos
8.		Number of career EXPO held	Molemole career Expo	1x Career Expo held	1x Career Expo to be held	None	<b>Achieved</b> 2x Career EXPOs held	<b>Achieved</b> 1x Career Expo held	<b>Old</b>	None	None	<b>Budget R 180,000.00</b> <b>Expenditure R 177,345.00</b>	Reviewed concept document and ToR, career expo report
9.		Number of agriculture graduates capacitated	Youth in agriculture programme	6x Agriculture graduates appointed and capacitated	6x graduates capacitated in agriculture programmes	None	<b>Achieved</b> 6x graduates capacitated in Agricultural Programmes	<b>Achieved</b> 6x graduates capacitated in Agricultural Programmes	<b>Old</b>	None	None	<b>Budget R 480,000</b> <b>Expenditure R 480,000</b>	Capacity building reports

# Chapter 3

Key Performance Area 1:			Spatial Rationale										
Outcomes 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs :			<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Improving access to basic services</li> <li>Implementation of the community works programme</li> <li>Actions supportive of the human settlement outcome</li> </ul>										
Key Organizational Strategic Objectives			To enhance conditions for economic growth and job creation										
Strategic Objectives			To manage and coordinate spatial planning within the municipality										
Project No	Priority Areas (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual Target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget/ Expenditure	Means of verification
10.	LED	Number of SMME's capacitated	Capacity building of SMME's	20x SMME's capacitated	20x SMME's to be capacitated	None	<b>Achieved</b> 20x SMME's capacitated	<b>Achieved</b> 20x SMME's capacitated	Old	None	None	<b>Budget R180 000.00</b>  <b>Expenditure R170.050.00</b>	Reviewed concept document and ToR capacity building report with list of all trained SMME's
11.	IDP	Number of IDP/Budget reviewed	Development and review of IDP/Budget	One reviewed adopted 2017/2018 IDP/Budget	1x Adoption of credible 2019/2020 IDP	None	<b>Achieved</b> 2018/2019 IDP compiled and adopted	<b>Achieved</b> 2019/20 IDP compiled and adopted	Old	None	None	<b>Budget R419,150.00</b>  <b>Expenditure R280,450.00</b>	Attendance registers, Invites, Agenda and IDP/BUDGET document
12.		Number of IDP representative forums held	IDP representative forums	Functional 2017/2018 IDP representative forum	3x IDP representative forum meetings coordinated	None	<b>Not Achieved</b> 2x IDP Representative Forum meetings coordinated	<b>Achieved</b> 3 x IDP Representative forum meeting coordinated	Old	None	None	<b>Budget R135,350.00</b>  <b>Expenditure R97,730.00</b>	Attendance registers, invites Agenda and presentation of process plan

# Chapter 3

Key Performance Area 1:			Spatial Rationale										
Outcomes 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs :			<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, planning and support</li> <li>• Improving access to basic services</li> <li>• Implementation of the community works programme</li> <li>• Actions supportive of the human settlement outcome</li> </ul>										
Key Organizational Strategic Objectives			To enhance conditions for economic growth and job creation										
Strategic Objectives			To manage and coordinate spatial planning within the municipality										
Project No	Priority Area (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual Target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget/ Expenditure	Means of verification
13.		Number of strategic planning sessions coordinated	Strategic planning sessions	3x strategic planning sessions held	3x strategic planning to be held	None	<b>Achieved</b>  3x strategic sessions held	<b>Achieved</b> 3x strategic planning session held	Old	None	None	<b>Budget R553,270.00</b>  <b>Expenditure R403,846.80</b>	Attendance registers, Invite, Agenda and IDP/BUDGET document
14.		Number of approved IDP documents printed	Printed IDP documents	200 2017/2018 IDP documents printed	Printing of 200 2018/2019 IDP documents	None	<b>Achieved</b> 200 IDP Documents printed	<b>Achieved</b> 200 IDP Documents printed	Old	None	None	<b>Budget R191,100.00</b>  <b>Expenditure R191,100.00</b>	2018/2019 IDP documents printed
15.	External Audit	Percentage of audit queries addressed	Audit action plan	New Indicator	100% of Auditor general queries addressed	None		No queries raised for the financial year	New	None	None	Opex	Updated Audit action plan
16.	Internal Audit	Percentage of internal audit queries addressed	Audit action plan	New indicator	100% of internal audit queries addressed	None		No queries raised for the financial year	New	None	None	Opex	Updated audit action plan

# Chapter 3

<b>Key Performance Area 1:</b>			<b>Spatial Rationale</b>										
<b>Outcomes 9:</b>			<b>Responsive, Accountable, Effective and Efficient Local Government System</b>										
<b>Outputs :</b>			<ul style="list-style-type: none"> <li>• <b>Implement a differentiated approach to municipal financing, planning and support</b></li> <li>• <b>Improving access to basic services</b></li> <li>• <b>Implementation of the community works programme</b></li> <li>• <b>Actions supportive of the human settlement outcome</b></li> </ul>										
<b>Key Organizational Strategic Objectives</b>			<b>To enhance conditions for economic growth and job creation</b>										
<b>Strategic Objectives</b>			<b>To manage and coordinate spatial planning within the municipality</b>										
<b>Project No</b>	<b>Priority Areas (IDP)</b>	<b>Key performance indicator</b>	<b>Project Name</b>	<b>Baseline</b>	<b>2018/19 Annual Target</b>	<b>Revised 2018/19 Annual Target</b>	<b>2017/18 Actual Achievement</b>	<b>2018/19 Actual achievement. Achieved/ Not achieved</b>	<b>New /Old Indicator</b>	<b>Challenges</b>	<b>Corrective measures</b>	<b>Budget/ Expenditure</b>	<b>Means of verification</b>
17.	Risk Management	Percentage of risks resolved within timeframe as specified in the risk register	Risk register	0% of risks resolved within the timeframe as specified in the register	100% of risks resolved within the timeframe as specified in the register	None	<b>Not Achieved</b>  0% of risks resolved within the timeframe as specified in the register	<b>Achieved</b> 100% (2 of 2) of risks resolved within the timeframe as specified in the register	Old	None	None	Opex	Strategic Risk Register
18.	Council	Percentage of Council resolutions implemented	Implementation of council resolutions	New indicator	100% of council resolutions implemented	None		<b>Achieved</b> 100% (14 of 14) of Council resolutions implemented	New	None	None	Opex	Updated Council Resolution register

# Chapter 3

<b>Key Performance Area 1:</b>			<b>Spatial Rationale</b>										
<b>Outcomes 9:</b>			<b>Responsive, Accountable, Effective and Efficient Local Government System</b>										
<b>Outputs :</b>			<ul style="list-style-type: none"> <li>• <b>Implement a differentiated approach to municipal financing, planning and support</b></li> <li>• <b>Improving access to basic services</b></li> <li>• <b>Implementation of the community works programme</b></li> <li>• <b>Actions supportive of the human settlement outcome</b></li> </ul>										
<b>Key Organizational Strategic Objectives</b>			<b>To enhance conditions for economic growth and job creation</b>										
<b>Strategic Objectives</b>			<b>To manage and coordinate spatial planning within the municipality</b>										
<b>Project No</b>	<b>Priority Areas (IDP)</b>	<b>Key performance indicator</b>	<b>Project Name</b>	<b>Baseline</b>	<b>2018/19 Annual Target</b>	<b>Revised 2018/19 Annual Target</b>	<b>2017/18 Actual Achievement</b>	<b>2018/19 Actual achievement. Achieved/ Not achieved</b>	<b>New /Old Indicator</b>	<b>Challenges</b>	<b>Corrective measures</b>	<b>Budget/ Expenditure</b>	<b>Means of verification</b>
19.	Audit committee	Percentage of audit committee resolutions implemented	Implementation of Audit committee resolutions	New indicator	100% of Audit council resolutions implemented	None		<b>Achieved</b> 100% (1 of 1) of Audit Committee resolutions implemented	New	None	None	Opex	100% of audit committee meetings resolutions implemented



# Chapter 3

## 7.2 TECHNICAL SERVICES

Key Performance Area (KPA) 2:				BASIC SERVICE DELIVERY									
Outcome 9:				Respective, Accountable ,Effective and Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Organizational Strategic Objectives				<ul style="list-style-type: none"> <li>To provide sustainable basic services and infrastructure development</li> <li>To improve /upgrade conditions of municipal roads and storm water infrastructure and maintenance</li> </ul>									
Strategic Objectives				To provide sustainable basic services and infrastructure development									
Project No	Priority Areas (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement Achieved/ Not achieved	New /Old Indicator	Challenges/Reason for variance	Corrective measures	Budget /Expenditure	Means of verification
20.	Roads and storm water infrastructure	Number of road KM's upgraded	Mohodi to Maponto Gravel to Tar	3.5 km gravel to tar road constructed	Constriction of 0.4 km tar road	None	<b>Achieved</b> 3.5 km gravel to tar road constructed	<b>Achieved</b> 0.4km of tar road constructed	Old	None	None	<b>Budget R5,704,335</b>  <b>Expenditure R5,704,334.83</b>	Specification, Advert, SLA, appointment letter, progress report and completion certificate
21.		Number of road KM's upgraded	Ramokgopa to Eisleben gravel to tar	8.5 km gravel to tar road constructed	Construction of 2.5 km tar road	None	<b>Not Achieved</b>  1,5 km of roads constructed and completed	<b>Achieved</b> 2.5km of tar road constructed	Old	None	None	<b>Budget R13,502,077.00</b>  <b>Expenditure R13,497,316.84</b>	SLA, appointment letter, progress report and completion certificate

# Chapter 3

Key Performance Area (KPA) 2:				BASIC SERVICE DELIVERY									
Outcome 9:				Respective, Accountable ,Effective and Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Organizational Strategic Objectives				<ul style="list-style-type: none"> <li>To provide sustainable basic services and infrastructure development</li> <li>To improve /upgrade conditions of municipal roads and storm water infrastructure and maintenance</li> </ul>									
Strategic Objectives				To provide sustainable basic services and infrastructure development									
Project No	Priority Areas (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement Achieved/ Not achieved	New /Old Indicator	Challenges/Reason for variance	Corrective measures	Budget /Expenditure	Means of verification
22.		Approved design report for Capricorn Park Internal Street	Capricorn park internal street	New indicator	Designs of 5km internal streets	None	N/A	<b>Achieved</b> Final Design report approved	New	None	None	<b>Budget R 1,965,552.00</b> <b>Expenditure R 1,920,140.63</b>	Appointment letter of consultant and approved design report
23.	Roads and storm water Infrastructure	Number of road km upgraded	Matipana to Madikana gravel to tar	9.5 km gravel to tar road constructed	Constructions of 1.5 km tar road	None	<b>Not Achieved</b>	<b>Achieved</b> 1.5 km of tar road constructed	Old	None	None	<b>Budget R 7,794,261.00</b> <b>Expenditure R7,793,757.76</b>	SLA, appointment letter, progress report and completion certificate
24.		Number of road km upgraded	Nthabiseng internal streets phase 1	Approved design report	Construction of 1.5 km internal streets	None	<b>Not Achieved</b>	<b>Achieved</b> 2.5km of internal streets constructed	New	Received additional MIG funding of R 6 million from COGTA.	None	<b>Budget R17,890,824</b> <b>Expenditure R16,869,098.51</b>	SLA, Appointment letter, progress report and completion certificate

# Chapter 3

Key Performance Area (KPA) 2:				BASIC SERVICE DELIVERY									
Outcome 9:				Respective, Accountable ,Effective and Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Organizational Strategic Objectives				<ul style="list-style-type: none"> <li>To provide sustainable basic services and infrastructure development</li> <li>To improve /upgrade conditions of municipal roads and storm water infrastructure and maintenance</li> </ul>									
Strategic Objectives				To provide sustainable basic services and infrastructure development									
Project No	Priority Areas (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement Achieved/ Not achieved	New /Old Indicator	Challenges/Reason for variance	Corrective measures	Budget /Expenditure	Means of verification
25.		Number of roads and storm water infrastructure bladed	Blading of gravel roads	New Indicator	603 km of gravel roads bladed and storm water maintained	None		<b>Not Achieved</b> 467 km of gravel roads to be bladed and storm water maintained	New	Persistent Mechanical breakdown of Plant. Ageing Infrastructure plant	Budget provision for procurement of new plant made in 2019/20	Opex	Monthly reports and signed worksheets

# Chapter 3

Key Performance Area (KPA) 2:				BASIC SERVICE DELIVERY									
Outcome 9:				Respective, Accountable ,Effective and Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Organizational Strategic Objectives				<ul style="list-style-type: none"> <li>To provide sustainable basic services and infrastructure development</li> <li>To improve /upgrade conditions of municipal roads and storm water infrastructure and maintenance</li> </ul>									
Strategic Objectives				To provide sustainable basic services and infrastructure development									
Project No	Priority Areas (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement Achieved/ Not achieved	New /Old Indicator	Challenges/Reason for variance	Corrective measures	Budget /Expenditure	Means of verification
26.	Sports facilities	Phase 3 of Mohodi sports complex completed.	Mohodi sports complex phase 3	Completed phase 1&2 Mohodi sports complex	Construction of phase 3 for Mohodi Sports Complex	Construction of 1 x Ablution block and change rooms, 1 x combination courts, 1 x ticket office with guard house, 1 x 2000 steel grandstand and 1 x parking area	<b>Not Achieved</b>	<b>Not achieved</b> Construction of 1 x Ablution block and change rooms, 1 x combination courts, 1 x ticket office with guard house, and 1 x parking area	Old	2000 Steel grandstand not installed in line with target.	Provision for installation of 2000 grandstand made for 2019/20 Financial year. <b>N.B. Savings from another contract or was transferred to this project for completion.</b>	<b>Budget R5,510,246</b>  <b>Expenditure R 3,893,553.93</b>	Progress report and practical completion certificate

# Chapter 3

Key Performance Area (KPA) 2:				BASIC SERVICE DELIVERY									
Outcome 9:				Respective, Accountable ,Effective and Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Organizational Strategic Objectives				<ul style="list-style-type: none"> <li>To provide sustainable basic services and infrastructure development</li> <li>To improve /upgrade conditions of municipal roads and storm water infrastructure and maintenance</li> </ul>									
Strategic Objectives				To provide sustainable basic services and infrastructure development									
Project No	Priority Areas (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement Achieved/ Not achieved	New /Old Indicator	Challenges/Reason for variance	Corrective measures	Budget /Expenditure	Means of verification
27.	Electricity Network	Number of Electricity meters replaced & installed	Installation and replacement of Electricity bulk meters	480 of Electricity meters replaced & installed	220 Electricity meters installed & replaced	None	<b>Not achieved.</b>	<b>Not Achieved.</b> Appointment of Service Provider, site establishment and procurement of material.	Old	The community's unwillingness to allow the Contractor to commence with the scope of works.	The project will be rolled over into 2019/20 financial year.	<b>Budget R2,400,000</b> <b>Expenditure R1,306,428.75</b>	Specification committee report, Appointment Letter. SLA. Completion certificate
28.	AG Action Plan	Percentage of Audit queries addressed	Audit action plan	New Indicator	100% of Auditor general queries addressed	None		No queries raised for the financial year	New	None	None	Opex	Audit action plan

# Chapter 3

Key Performance Area (KPA) 2:				BASIC SERVICE DELIVERY									
Outcome 9:				Respective, Accountable ,Effective and Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Organizational Strategic Objectives				<ul style="list-style-type: none"> <li>To provide sustainable basic services and infrastructure development</li> <li>To improve /upgrade conditions of municipal roads and storm water infrastructure and maintenance</li> </ul>									
Strategic Objectives				To provide sustainable basic services and infrastructure development									
Project No	Priority Areas (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement Achieved/ Not achieved	New /Old Indicator	Challenges/Reason for variance	Corrective measures	Budget /Expenditure	Means of verification
29.	Internal Audit	Percentage of internal audit queries addressed	Audit action plan	New indicator	100%of internal general queries addressed	None		No queries raised for the financial year	New	None	None	Opex	Updated audit action plan
30.	Risk Management	Percentage of risks resolved within timeframe as specified in the risk resolutions implemented	Risk register	% of risks resolved within the timeframe as specified in the risk register	100% of risks resolved within the timeframe as specified in the register	None		<b>Achieved</b> 100% (2 of 2)of risks resolved timeframe as specified in the register	Old	None	None	Opex	Strategic Risk Register and Operational Risk register

# Chapter 3

Key Performance Area (KPA) 2:				BASIC SERVICE DELIVERY									
Outcome 9:				Respective, Accountable ,Effective and Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Organizational Strategic Objectives				<ul style="list-style-type: none"> <li>To provide sustainable basic services and infrastructure development</li> <li>To improve /upgrade conditions of municipal roads and storm water infrastructure and maintenance</li> </ul>									
Strategic Objectives				To provide sustainable basic services and infrastructure development									
Project No	Priority Areas (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement Achieved/ Not achieved	New /Old Indicator	Challenges/Reason for variance	Corrective measures	Budget /Expenditure	Means of verification
31.	Council	Percentage of council resolutions implemented	Implementation of council resolutions	New indicator	100% of council resolutions implemented	None		<b>Achieved</b> 100% (09 out of 09) of council resolutions implemented	New	None	None	Opex	Updated council resolution register
32.	Audit Committee	Percentage of audit committee resolutions implemented	Implement audit committee resolutions	New indicator	100% of audit committee resolutions implemented	None		<b>Achieved</b> 100% (2 of 2) of audit committee resolutions implemented	New	None	None	Opex	Updated Audit committee resolution register

# Chapter 3

## 7.3 COMMUNITY SERVICES

Key Performance Area (KPA) 2:				BASIC SERVICES DELIVERY									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Improving access to basic services</li> <li>Implementation of the community works programme</li> <li>Actions supportive of the human settlement outcome</li> </ul>									
Key Strategic Organizational Objectives and Strategic objective				To provide sustainable basic services and infrastructure development									
Project No	Priority Areas (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual Target	2017/18 Actual Achievement	2018/19 Actual achievement Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
33.	Social services and amenities	Compiled Integrated Waste Management Plan	Develop IWMP	New indicator	Development of IWMP	None		<b>Achieved</b> Developed IWMP	New	None	None	<b>Budget R550,000,00</b> <b>Expenditure R485,246.50</b>	Specification report.  Approved IWMP Council resolution
34.		Number of bulk refuse containers supplied	Supply of bulk refuse container	New Indicator	Supply of 10 x 6M3 bulk refuse containers	None		<b>Achieved</b> 10x 6m3 Bulk refuse container delivered	New	None	None	<b>Budget R 264,000.00</b> <b>Expenditure R263,580.86</b>	Appointment letter.
35.		Number of furniture items supplied	Supply of Mogwadi community hall furniture	New indicator	600 x chairs and 10x tables	None		<b>Not Achieved</b> 500x Chairs and 10x tables were purchased and delivered	New	500 chairs procured due to budget constraints	None	Budget R 190,123 Expenditure R189,060.00	Appointment letter and delivery note



# Chapter 3

Key Performance Area (KPA) 2:				BASIC SERVICES DELIVERY									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, planning and support</li> <li>• Improving access to basic services</li> <li>• Implementation of the community works programme</li> <li>• Actions supportive of the human settlement outcome</li> </ul>									
Key Strategic Organizational Objectives and Strategic objective				To provide sustainable basic services and infrastructure development									
Project No	Priority Areas (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual Target	2017/18 Actual Achievement	2018/19 Actual achievement Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
36.	Traffic and Licensing	Number of roadblocks staged within the required timeframe	Law enforcement operations	New Indicator	48x roadblocks staged	None		<b>Achieved</b> 48x roadblocks staged	New	None	None	Opex	Law enforcement operations plans and reports
37.		Percentage of drivers licenses examined	Management of drivers licenses	New indicator	100% of drivers licenses clients examined	None		<b>Achieved</b> 100% (4809) of drivers licenses examined	New	None	None	Opex	Reconciliation report and RD report
38.		Percentage of learners licenses examined	Management of learners licenses	New indicator	100% learners licenses examined	None		<b>Achieved</b> 100% (3465) of learners licenses examined	New	None	None	Opex	Reconciliation report and RD report
39.	Traffic and Licensing	Percentage of vehicles registered	Registration of motor vehicles	New indicator	100% of received applications for vehicle registration processed	None		<b>Achieved</b> 100% (891) of received applications for vehicle registration processed	New	None	None	Opex	Report on number of motor vehicle registered

# Chapter 3

<b>Key Performance Area (KPA) 2:</b>				<b>BASIC SERVICES DELIVERY</b>									
<b>Outcome 9:</b>				<b>Responsive, Accountable, Effective and Efficient Local Government System</b>									
<b>Outputs :</b>				<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, planning and support</li> <li>• Improving access to basic services</li> <li>• Implementation of the community works programme</li> <li>• Actions supportive of the human settlement outcome</li> </ul>									
<b>Key Strategic Organizational Objectives and Strategic objective</b>				<b>To provide sustainable basic services and infrastructure development</b>									
<b>Proj ect No</b>	<b>Priori ty Areas (IDP)</b>	<b>Key perform ance indicator</b>	<b>Project Name</b>	<b>Baseli ne</b>	<b>2018/19 Annual Target</b>	<b>Revis ed 2018/ 19 Annual Target</b>	<b>2017/1 8 Actual Achieve ment</b>	<b>2018/19 Actual achievement Achieved/ Not achieved</b>	<b>New /Old Indic ator</b>	<b>Challenges</b>	<b>Correcti ve measur es</b>	<b>Budget /Expenditur e</b>	<b>Means of verificati on</b>
40.	AG Action plan	Percentage of audit queries addressed	Audit action plan	New indicator	100% of Auditor general queries addressed	None		No queries raised for the financial year	New	None	None	Opex	Audit action plan
41.	Internal Audit	Percentage of internal audit queries addressed	Audit action plan	New indicator	100% of internal queries addressed	None		No queries raised for the financial year	New	None	None	Opex	Updated Audit action plan

# Chapter 3

Key Performance Area (KPA) 2:				BASIC SERVICES DELIVERY									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, planning and support</li> <li>• Improving access to basic services</li> <li>• Implementation of the community works programme</li> <li>• Actions supportive of the human settlement outcome</li> </ul>									
Key Strategic Organizational Objectives and Strategic objective				To provide sustainable basic services and infrastructure development									
Project No	Priority Areas (IDP)	Key performance indicator	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual Target	2017/18 Actual Achievement	2018/19 Actual achievement Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
42.	Risk Management	Percentage of risks resolved within timeframe as specified in the register	Risk register	0% of risk resolved within the timeframe as specified in the register	100% of risk resolved within the timeframe as specified in the register	None	0% risks resolved	<b>Not Achieved</b> 0% risks resolved	Old	Budget allocated to landfill and landfill activities for 2021/22 financial year.	Temporary measure taken to record and report on waste management by interns from DEA and University of Limpopo using SAWIS.	Opex	Strategic Risk Register
43.	Council	Percentage of council resolutions implemented	Implementation of Council resolutions	New indicator	100% of council resolutions implemented	None		Achieved 100% (04 of 04) resolutions implemented	New	None	None	Opex	Updated Council resolution register

# Chapter 3

<b>Key Performance Area (KPA) 2:</b>				<b>BASIC SERVICES DELIVERY</b>									
<b>Outcome 9:</b>				<b>Responsive, Accountable, Effective and Efficient Local Government System</b>									
<b>Outputs :</b>				<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, planning and support</li> <li>• Improving access to basic services</li> <li>• Implementation of the community works programme</li> <li>• Actions supportive of the human settlement outcome</li> </ul>									
<b>Key Strategic Organizational Objectives and Strategic objective</b>				<b>To provide sustainable basic services and infrastructure development</b>									
<b>Proj ect No</b>	<b>Priori ty Areas (IDP)</b>	<b>Key perform ance indicator</b>	<b>Project Name</b>	<b>Baseli ne</b>	<b>2018/19 Annual Target</b>	<b>Revis ed 2018/ 19 Annual Target</b>	<b>2017/1 8 Actual Achieve ment</b>	<b>2018/19 Actual achievement Achieved/ Not achieved</b>	<b>New /Old Indic ator</b>	<b>Challenges</b>	<b>Correcti ve measur es</b>	<b>Budget /Expenditur e</b>	<b>Means of verificati on</b>
44.	Audit Committee	Percentag e of Audit committe e resolutio ns implemen ted	Implement ation Audit committee resolutions	New indicato r	100%of Audit committe e resolutio ns implemen ted	None		No AC resolutions taken	New	None	None	Opex	Updated audit Committe e resolution register

# Chapter 3

## 7.4 CORPORATE SERVICES

Key Performance Area (KPA) 6:				Municipal Transformation and Organizational Development									
Outcome 9:				Responsive ,Accountable, Effective and Efficient Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Strategic Organizational Objectives and strategic objectives				Provide an accountable and transparent municipal through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement . Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
45.	Administration	Number of office furniture procured and allocated	Procurement of office furniture	37 office furniture items procured	Procurement of 12 office furniture items	Procurement of 39 office furniture items	<b>Achieved</b> Procured 37x furniture and allocated to officials	<b>Achieved</b> 45x office furniture procured	Old	None	None	<b>Budget R200 000</b>  <b>Expenditure R199,171.27</b>	Approved specification, Delivery Notes, Appointment Letters Invoices
46.		Number of municipal vehicles procured	Procurement of municipal vehicles	1x municipal bakkie procured	Procurement of 2x municipal Sedans	None	<b>Achieved</b> Procured 1x bakkie	<b>Achieved</b> 2x municipal sedans procured	Old	None	None	<b>Budget R 630,487.00</b>  <b>Expenditure R630,369.56</b>	Approved specification, Delivery Notes, Appointment Letters Invoices
47.	Resources	Developed and Submitted	Development of WSP and ATR	Approved 2017/1	Development of Workpla	None	<b>Achieved</b> Workpla	<b>Achieved</b> WSP and ATR developed	Old	None	None	Opex	Approved WSP and ATR

# Chapter 3

Key Performance Area (KPA) 6:				Municipal Transformation and Organizational Development									
Outcome 9:				Responsive ,Accountable, Effective and Efficient Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Strategic Organizational Objectives and strategic objectives				Provide an accountable and transparent municipal through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement . Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
		workplace skills plan and annual tanning report(ATR) submitted to LGSETA)		8 Workplace skills plan	ce skills plan and annual training report		ce skills plan and Annual Training report(WSP and ATR submitted to LGSETA BY 30 April	and Submitted to LGSETA					acknowledgement letter from LGSETA
48.		Number of Employee training programmes coordinate	Training of Employees	06x Training programmes coordinated	4x Employees training programme coordinated	Coordinate 5x training programs to capacitate municipal officials	<b>Achieved</b> 6x training programmes for employees	<b>Achieved</b> 7x Training programmes coordinated	Old	None	None	<b>Budget R 650,000</b>  <b>Expenditure R 459,485.77</b>	Attendance registers and employee Training Report

# Chapter 3

Key Performance Area (KPA) 6:				Municipal Transformation and Organizational Development									
Outcome 9:				Responsive ,Accountable, Effective and Efficient Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Strategic Organizational Objectives and strategic objectives				Provide an accountable and transparent municipal through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement . Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
49.	Human Resources Management	Number of Councillors training programmes coordinate	Training of Councillors	10x Training programmes coordinated	04x Councillors training programmes coordinated	Coordinate 5x training programmes to capacitate municipal Councillors	<b>Achieved</b> 10x programmes undertaken	<b>Not achieved</b> 03x Training programmes coordinated	Old	Amount left after the roll out of the 1 x training programme was not enough to fund the second programme .	Ensures that all targets are reached in every quarter for 2019/20 financial year	<b>Budget R 250,000</b>  <b>Expenditure R 130,755</b>	Attendance registers and Councillor Training Reports
50.		Percentage of Bursaries/ Loan awarded to officials and Councillors	Internal Bursary/Loans fund	100% of eligible employees and Councillors awarded with bursary /Loan in line with available budget	100% of eligible employees and Councillors awarded with bursary/ Loan in line with available budget	100% of eligible employees awarded with bursary in line with available budget	<b>Achieved</b> 100% of eligible employees and Councillors awarded with bursary/ Loan in line with available budget	<b>Achieved</b> 100% (25 of 25) of eligible employees awarded with bursary in line with available budget	Old	None	None	<b>Budget R230,405</b>  <b>Expenditure R 474,489.25</b>	Signed Bursary/ Loan agreement

# Chapter 3

Key Performance Area (KPA) 6:				Municipal Transformation and Organizational Development									
Outcome 9:				Responsive ,Accountable, Effective and Efficient Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Strategic Organizational Objectives and strategic objectives				Provide an accountable and transparent municipal through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement . Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
51.	Human Resources Management	Number of internship/ Experiential training programmes coordinate	Facilitation of internships and experiential training	09 Learners enrolled for experiential training programme and 09 appointed as Interns	Facilitate 06 Internships/ Experiential training programmes	Facilitate 02 Internships/ Experiential training programmes	<b>Achieved</b> Placed 06x learners on internship and Experiential Training programme	<b>Achieved</b> 6x Internships/ Experiential programmes facilitated.	Old	None	None	Opex	Internship/ Experiential training agreements
52.		Approved Employment equity report submitted to DOL	Development of Employment equity report	1x employment equity report submitted to DOL	Development of Employment equity report for submission to DOL	None	<b>Achieved</b> 1x employment equity report submitted to DoL by January 2018	<b>Achieved</b> Employment equity report submitted to DoL	Old	None	None	Opex	Approved Employment equity report



# Chapter 3

Key Performance Area (KPA) 6:				Municipal Transformation and Organizational Development									
Outcome 9:				Responsive ,Accountable, Effective and Efficient Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Strategic Organizational Objectives and strategic objectives				Provide an accountable and transparent municipal through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement . Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
53.	Human Resources Management	% installation of fire detectors and alarm system	Installation of Fire detectors and alarm system.	Fire detector not recommended for municipal buildings	100% installation of fire detectors and alarm system	None	<b>Not achieved</b>	<b>Achieved</b> 100% Firefighting equipment installed in Municipal buildings	Old	None	None	<b>Budget R45,950.00</b> <b>Expenditure R 45,950.00</b>	Approved Specification, Delivery note and Appointment letter

# Chapter 3

Key Performance Area (KPA) 6:				Municipal Transformation and Organizational Development									
Outcome 9:				Responsive ,Accountable, Effective and Efficient Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Strategic Organizational Objectives and strategic objectives				Provide an accountable and transparent municipal through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement . Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
54.	ICT	Number of ICT systems maintained and licensed	Maintenance of IT systems and licenses	7x ICT systems maintained and licensed (Microsoft, Symantec and backup exec, Venus, Payday and GIS licenses are in place	9X ICT systems maintained and licensed	8X ICT systems maintained and licensed	<b>Achieved</b> 7x ICT systems maintained and licensed (Microsoft, Symantec and backup exec, Venus, Payday and GIS licenses are in place	<b>Achieved</b> 8X ICT systems maintained and licensed	Old	None	None	<b>Budget R1,789,986</b>  <b>Expenditure R1,654,775.11</b>	Approved specification, Appointment letters Delivery note Invoices DRP implementation report.

# Chapter 3

Key Performance Area (KPA) 6:				Municipal Transformation and Organizational Development									
Outcome 9:				Responsive ,Accountable, Effective and Efficient Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Strategic Organizational Objectives and strategic objectives				Provide an accountable and transparent municipal through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement . Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
55.	ICT	Percentage of implementation of DRP	Implementation of Disaster recovery plan	New Indicator	100% implementation of disaster recovery Plan	None		<b>Not achieved.</b>	New	No responsive bids during competitive bidding processes	Sourcing the services of SITA to provide the municipality with DRP the solution	<b>Budget R 1,200,000</b> <b>Expenditure R0</b>	Approved Specification, Advert
56.	Council Support	Number of council meeting coordinated	Coordination of council meeting	New Indicator	4X Council meeting coordinate	None	<b>Achieved</b> 4x Council meetings coordinated	<b>Achieved</b> 4x Council meetings held	New	None	None	Opex	Attendance registers Notice agenda Resolutions
57.		Number of ward committees capacity building programme coordinate	Ward committee capacity building programme	New Indicator	Coordinate 2x ward committees capacity building program	None	<b>Achieved</b> 1x Ward committee capacity building program	<b>Achieved</b> 2x ward committee capacity building programmes	Old	None	None	<b>Budget R 400,000.00</b> <b>Expenditure R 399,983.48</b>	Attendance registers

# Chapter 3

Key Performance Area (KPA) 6:				Municipal Transformation and Organizational Development									
Outcome 9:				Responsive ,Accountable, Effective and Efficient Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Strategic Organizational Objectives and strategic objectives				Provide an accountable and transparent municipal through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement . Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
58.		Number of ward committee conference	Ward committee conference held	New Indicator	1x Ward committee conference	None	Achieved 1x Ward Committee conference coordinate	Achieved. 1x Ward committee conference coordinated	Old	None	None	<b>Budget R1,150,000</b> <b>Expenditure R1,146,484.29</b>	Attendance register
59.	AG Action Plan	Percentage of audit queries addressed	Audit action plan	New Indicator	100% of Auditor General queries addressed	None		<b>Not Achieved</b> 100% (2 of 2) of Auditor General queries addressed	New	None	None	<b>Opex</b>	Audit action plan
60.	Internal Audit	Percentage of internal audit queries addressed	Audit action plan	New indicator	100% of internal audit queries addressed	None		<b>Not Achieved</b> 75% (18 of 24) of Internal audit queries addressed	New	PMS not cascade to all employees. ICT governance framework.	Outstanding findings to be implemented in the 1st Quarter of 2019/20	<b>Opex</b>	Updated Audit action plan

# Chapter 3

Key Performance Area (KPA) 6:				Municipal Transformation and Organizational Development									
Outcome 9:				Responsive ,Accountable, Effective and Efficient Local Government System									
Outputs:				Implement a differentiated approach to municipal financing, planning and support									
Key Strategic Organizational Objectives and strategic objectives				Provide an accountable and transparent municipal through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement . Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
61.	Risk Management	Percentage of risks resolved within the timeframe as specified in the risk register	Risk register	New indicator	100% of risk resolved within the timeframe as specified in the register	None		<b>Achieved</b> 100% of risk resolved within the timeframe as specified in the register	New	None	None	<b>Opex</b>	Strategic risk register
62.	Council	Percentage of council resolutions implemented	Implementation of council resolutions	New indicator	100% of council resolutions implemented	None		<b>Not Achieved</b> 83% (20 of 24) of Council resolutions implemented	New	Council resolutions deferred to Portfolio committees	Resolutions to be implemented in 2019/20 Financial year	<b>Opex</b>	Updated council resolution register
63.	Audit committee	Percentage of Audit committee resolutions implemented	Implementation of Audit committee resolutions	New indicator	100% of Audit committee resolutions implemented	None		<b>Achieved</b> 100% (9 of 9) of Audit committee resolutions implemented	New	None	None	<b>Opex</b>	Updated Audit Committee resolution register

# Chapter 3

## 7.5 MUNICIPAL MANAGER'S OFFICE

Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>Deepen democracy through a refined ward committee model</li> <li>Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
64.	Legal Advisory services	Percentage of cases instituted and defended	Litigation Management	New Indicator	100% of cases instituted and defended	None	<b>Achieved</b> 100% of cases instituted and defended	<b>Achieved</b> 100% (7 of 7) of cases instituted and defended	New	None	None	<b>Budget R 842 400.00</b>  <b>Expenditure R 664,646.40</b>	Contingent liability report
65.		Percentage of legal advises provided	Provision of legal advisory services	100% of legal advises provided	100% of legal advises provided	None	<b>Achieved</b> 100% of legal advises provided	<b>Achieved</b> 100% (11 of 11) of legal advises provided	Old	None	None	<b>Opex</b>	Case register SLAs Reports and/or written opinions
66.		Percentage of by-laws reviewed	Review of by laws	New indicator	100% of bylaws reviewed	None	<b>Achieved</b> 100% of bylaws reviewed	<b>Achieved</b> 100% (5 of 5) of by-laws reviewed	New	None	None	<b>Budget R158,673</b>  <b>Expenditure R 0</b>	Reports and/or drafted by laws

# Chapter 3

Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>• Deepen democracy through a refined ward committee model</li> <li>• Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				<p>To ensure that institutional arrangements are transparent efficient and effective</p> <p>To ensure that good governance and public participation is sustained and enhances transparency and accountability</p>									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
67.	Communications	Number of printing and publications done	Printing of newsletters	12000 x newsletters printed	10 000 x newsletters printed	6 000 x newsletters printed	<b>Achieved</b> 12000 x newsletters printed	<b>Achieved</b> 6 000 x newsletters printed	Old	None	None	<b>Budget R850,000</b>  <b>Expenditure R 842,420.87</b>	Specification, Advertisement, Order and delivery note
68.			Printing of Diaries, Calendars and Know your leaders (KYL)	-500 x Diaries -1500 x Calendars -1000 x Know your leaders	-1000 x Diaries 1500 x Calendars -1000 x Know your leaders	None	<b>Achieved</b> 500x Diaries -1500x Calendars -1000x Know your leaders	<b>Achieved</b> 1000x Diaries, 1500x calendars and 500x KYL delivered and distributed	Old	None	None		Specification Advertisement, Order and delivery note
69.			Printing annual report	100X Annual report printed	100% Annual report printed	200X Copies of Annual report printed.	<b>Achieved</b> 100x Annual reports printed.	<b>Achieved</b> 200x Annual Reports Printed	New	None	None		Approved specification, Advert, Order and Delivery

# Chapter 3

Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>• Deepen democracy through a refined ward committee model</li> <li>• Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				<p>To ensure that institutional arrangements are transparent efficient and effective</p> <p>To ensure that good governance and public participation is sustained and enhances transparency and accountability</p>									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
													note
70.	Communications	Number of Event Management Equipment procured	Procurement of Event Management Equipment	Procured branding material	Procured of National Corporate Flags, Municipal Branding and Load hailers	Procurement of 4x Municipal and 4xNational Corporate Flags, 06x Loud Hailers and 10x Municipal Branding material.	<b>Achieved</b> Procured 1x banner wall, 2x Budget roll up, 2x pop up banner, 2x fountain flag, 1x Country flag, 2x telescopic flag, 2x sharkfin flag, 1x fold up table, 1x director chair, 1x Gazebo	<b>Achieved</b> 6x Municipal and 4xNational Corporate Flags, 06x Loud Hailers and 10x Municipal Branding material.	Old	None	None	<b>Budget R 150,000</b>  <b>Expenditure R 136,108.70</b>	Approved specification, Advert, Order and Delivery note



# Chapter 3

Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>• Deepen democracy through a refined ward committee model</li> <li>• Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				<p>To ensure that institutional arrangements are transparent efficient and effective</p> <p>To ensure that good governance and public participation is sustained and enhances transparency and accountability</p>									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
71.		Percentage of municipal activities published and marketed	Marketing, Publicity and Advertised	100% municipal Activities marketed and publicised	100% of Municipal Activities marketed, advertised and publicised	None	<b>Achieved</b> 100% of Municipal Activities marketed, advertised and publicized	<b>Achieved</b> 100% of Municipal Activities marketed, advertised and publicized	Old	None	None	<b>Budget R 492,225</b> <b>Expenditure R 489,471.77</b>	Approved specification, Advert, Order and Delivery note
72.	Internal Audit	Information Technology (IT) Audit conducted	IT Audit application control	New indicator	IT Audit application control conducted	IT Audit conducted.		<b>Achieved</b> 1x IT Audit application control conducted	New	None	None	<b>Budget R500,000</b> <b>Expenditure R 378,000</b>	Specification, Advert, Appointment letter final IT audit report
73.		Number of Audit steering committee meetings coordinated	Audit Steering committee meetings	New Indicator	4 x Audit steering committee meeting coordinated	None		<b>Achieved</b> 4x Audit steering committee meeting coordinated	New Indicator	None	None	<b>Opex</b>	Minutes, Attendance register

# Chapter 3

Key Performance Area (KPA) 5:		GOOD GOVERNANCE & PUBLIC PARTICIPATION											
Outcome 9:		Responsive, Accountable, Effective and Efficient Local Government System											
Outputs:		<ul style="list-style-type: none"> <li>• Deepen democracy through a refined ward committee model</li> <li>• Administration and financial capability</li> </ul>											
Key Strategic Organizational Objectives and strategic objectives		To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability											
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
74.	Internal Audit	Number of performance audit reports submitted to council	Performance Audits	4x Performance audits report submitted to council	4x Performance audits report submitted to council	None	<b>Achieved</b> 4x Performance audits report submitted to council	<b>Achieved</b> 4x Performance audit report submitted to Council.	Old	None	None	<b>Opex</b>	Performance audit report
75.		Number of audit committee meetings coordinated	Audit committee meetings	6X Committee meetings coordinated	4x Audit committee meeting coordinated	None	<b>Achieved</b> 6X Committee meetings coordinated	<b>Achieved</b> 4x Audit Committee meetings coordinated	Old	None	None	<b>Opex</b>	Minutes, Attendance register Audit committee quarterly reports
76.	Risk management	Number of risk management committee meetings	Risk management committee meeting (RMC)	4x RMC meetings coordinated	4x RMC meetings coordinated	None	<b>Achieved</b> 4x RMC meetings coordinated	<b>Achieved</b> 4x Risk Management Committee meetings coordinated	Old	None	None	<b>Opex</b>	Minutes of meetings and Attendance Register

# Chapter 3

Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>• Deepen democracy through a refined ward committee model</li> <li>• Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
77.	Risk management	Number of strategic risk assessment report compiled	Strategic Risk Assessment	One 2018/2019 Strategic risk assessment conducted and report compiled	One 2019/2020 Strategic risk assessment conducted and report compiled	None	<b>Achieved</b> 1x 2018/2019 Strategic risk assessment conducted and report compiled	Achieved 1x 2019/2020 Strategic risk assessment conducted and report compiled (20/05/19)	Old	None	None	<b>Opex</b>	Strategic Risk Assessment report and register
78.	Risk management	Number of operational risk assessment report compiled	Operational risk assessment	One 2018/19 Operational risk register	One 2019/2020 Operational risk register compiled	None	<b>Achieved</b> 1x 2018/19 Operational risk register	<b>Achieved</b> 1x 2019/2020 Operational risk register compiled	New	None	None	<b>Opex</b>	Operational risk register
79.	Risk management	Number of Fraud awareness campaign conducted	Fraud Awareness Campaigns	Two Fraud awareness campaign	Two Fraud awareness campaign	None	<b>Achieved</b> 2x Fraud awareness campaign	<b>Not achieved</b> 1x Fraud awareness conducted	Old	Unavailability of Fraud facilitators from CDM and CoGHSTA	Awareness has been moved to 2nd quarter	<b>Opex</b>	Attendance register

# Chapter 3

Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>• Deepen democracy through a refined ward committee model</li> <li>• Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				<p>To ensure that institutional arrangements are transparent efficient and effective</p> <p>To ensure that good governance and public participation is sustained and enhances transparency and accountability</p>									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
				conducted	conducted		conducted					of 2019/20 financial year	
80.	Performance Management System	Number of SDBIP Quarterly Performance Reports	Quarterly SDBIP Performance Reports	4x Quarterly SDBIP Performance Reports	4x Quarterly SDBIP Performance Reports	None	<b>Achieved</b> 4x Quarterly SDBIP Performance Reports	<b>Achieved</b> 4x Quarterly SDBIP Performance Reports	Old	None	None	<b>Opex</b>	Quarterly SDBIP Performance Report
81.		Number of performance Assessment conducted	Performance Assessment of Snr Managers	2x 2017/18 Snr Managers performance assessments conducted	4x Performance assessment conducted	2x Performance assessments conducted	<b>Not Achieved</b> 2x 2017/8 Snr. Managers performance assessments conducted	<b>Achieved</b> 2x Performance assessments conducted	Old	None	None	<b>Opex</b>	Performance assessment report

# Chapter 3

Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>• Deepen democracy through a refined ward committee model</li> <li>• Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				<p>To ensure that institutional arrangements are transparent efficient and effective</p> <p>To ensure that good governance and public participation is sustained and enhances transparency and accountability</p>									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
82.	Performance Management System	Compiled Annual performance report	Compilation and submission of Annual performance report	Compiled and submitted 2016/17 Annual performance report compiled and submitted	Compilation and submission of 2017/18 Annual performance report	None	<b>Achieved</b> 2016/17 Annual performance report compiled and submitted	<b>Achieved</b> 1x Annual Performance report compiled and submitted	Old	None	None	<b>Opex</b>	2017/18 Annual Council resolution of the approval of Performance report
83.		Annual Report (AR) compiled and submitted	Compilation and submission of Annual report	Compiled and submitted Approved 2016/17 AR	Compilation and submission of 2017/18 Annual report	None	<b>Achieved</b> 2016/17 Annual report compiled	<b>Achieved</b> 2017/18 Annual report compiled and printed.	Old	None	None	<b>Opex</b>	Council resolution on approved 17/18 AR

# Chapter 3

Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>• Deepen democracy through a refined ward committee model</li> <li>• Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
84.		Developed Service delivery and budget implementation plan (SBDIP)	Development of 2019/2020 SDBIP	Approved 2018/19 SDBIP	Approved 2019/20 SDBIP	None	<b>Achieved</b> 2018/19 SDBIP compiled and approved	<b>Achieved</b> 2019/20 SDBIP compiled and approved	Old	None	None	<b>Opex</b>	Approved SDBIP 2019/20 Council resolution
85.	Performance Management System	Reviewed Service delivery and budget implementation plan (SBDIP) consolidated	Reviewed of 2018/2019 SDBIP	Reviewed 2017/18 SDBIP	Reviewed of 2018/2019 SDBIP	None	<b>Achieved</b> reviewed 2018/19 SDBIP approved	<b>Achieved</b> Reviewed 2018/19 SDBIP compiled and approved	Old	None	None	<b>Opex</b>	Reviewed SDBIP 2018/19 report Council resolution
86.		PMS Automated System	Procurement of automated Performance Management system	New indicator	4x PMS Implementation reports	Procurement of an Automated PMS	New	<b>Achieved</b> 1x Procurement of Automated PMS	New	None	None	<b>Budget R 1,400,000</b> <b>Expenditure R 888,633.68</b>	Implementation report SLA Appointment letter
87.	of	Number of HIV/AIDS	HIV/AIDS council	1x HIV/AI	Coordinate 4x	None	<b>Not Achieved</b>	<b>Achieved</b> 4X HIV	Old	None	None	<b>Opex</b>	Attendance

# Chapter 3

Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>• Deepen democracy through a refined ward committee model</li> <li>• Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
		council meetings held	meetings	DS council meeting held	HIV/AIDS council meetings		1x HIV/AIDS council meeting held	events held					register Minutes
88.	Office of the Mayor	Number of Youth activities/events coordinated	Youth Development programmes	1x Youth Event held	Coordinate 4x Youth forum meetings	Coordinate 3x Youth forum meetings	<b>Not Achieved</b> 1x Youth Event held	<b>Achieved</b> 3x Youth forum meetings held	Old	None	None	<b>Opex</b>	Attendance register Minutes
89.		Number of Women and children activities/events coordinated	Women and Children development programmes	4x events held	Coordinate 4x Women/children meetings	Coordinate 2x Women/children meetings	<b>Achieved</b> 4x Events held	<b>Achieved</b> 2x women/children meetings Coordinated	Old	None	None	<b>Opex</b>	Attendance register Minutes
90.		Number of activities/events related to people with disability	Disability development programmes	3x Disability forum held	Coordinate 4x disability forum meeting	None	<b>Not Achieved</b> 3x events/activities/m	<b>Achieved</b> 4x disability forum meeting held	Old	None	None	<b>Opex</b>	Attendance register Minutes

# Chapter 3

Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>• Deepen democracy through a refined ward committee model</li> <li>• Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				<p>To ensure that institutional arrangements are transparent efficient and effective</p> <p>To ensure that good governance and public participation is sustained and enhances transparency and accountability</p>									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
		coordinated					meetings.						
91.	Office of the Mayor	Number of older person activities/events coordinated	Older persons programmes	4x Older persons events	Coordinate 4x older persons meetings	Coordinate 2x older persons meetings	<b>Achieved</b> 3x events/activities/meetings held	<b>Achieved</b> 2x older persons meetings	Old	None	None	<b>Opex</b>	Attendance register  Minutes
92.	AG action plan	Percentage of audit queries addressed	Audit action plan	100% of Auditor General queries addressed	100% of Auditor general queries addressed	None		<b>Not Achieved</b> 67% (2 of 3) of Auditor General queries addressed	New	Queries relates to misalignment between IDP and SDBIP.	Alignment of SDBIP & APR done for 2019/20 and independently reviewed.	<b>Opex</b>	Updated AG action plan



# Chapter 3

Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>• Deepen democracy through a refined ward committee model</li> <li>• Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				<p>To ensure that institutional arrangements are transparent efficient and effective</p> <p>To ensure that good governance and public participation is sustained and enhances transparency and accountability</p>									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
93.	Internal Audit	Percentage of internal audit queries addressed	Audit action plan	New indicator	100%of internal audit queries addressed	None		<b>Not Achieved</b> 57% (4 of 7) of Internal audit queries addressed	New	Queries relates to misalignment between IDP and SDBIP.	Alignment of SDBIP & APR to be done for 2019/20 and independently reviewed	<b>Opex</b>	Updated Audit action plan
94.	Risk Management	Percentage of risks resolved within timeframe as specified in the risk register	Risk register	50% of risks resolved within the timeframe as specified in the register	100%of risks resolved within the timeframe as specified in the register	None	<b>Not Achieved</b> 50% of risks resolved within the timeframe as specified in the register	<b>Not Achieved</b> 50% (1 of 2) of risks resolved within timeframe as specified in the risk register	Old	No PMS Coordinator to coordinate cascading of PMS to lower level.	PMS Coordinator prioritized for 2019/20 financial year	<b>Opex</b>	Strategic risk register

# Chapter 3

Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>• Deepen democracy through a refined ward committee model</li> <li>• Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				<p>To ensure that institutional arrangements are transparent efficient and effective</p> <p>To ensure that good governance and public participation is sustained and enhances transparency and accountability</p>									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New /Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
95.	Council	Percentage of Council resolutions implemented	Implementation of council resolutions	New indicator	100% of council resolutions implemented	None		<b>Achieved</b> 100% (17 of 17 of council resolutions implemented)	New	None	None	<b>Opex</b>	Updated council resolution register
96.	Audit committee	Percentage of audit committee resolutions implemented	Implementation of Audit committee resolutions	New indicator	100% of audit committee meetings resolutions implemented	None		<b>Not Achieved</b> 92% (58 of 63) of Audit committee resolutions implemented	New	5x Audit committee resolutions not implemented	Outstanding resolutions to be implemented in the 2019/20 Financial year	<b>Opex</b>	Updated Audit committee resolution register

# Chapter 3

## 7.6 BUDGET AND TREASURY DEPARTMENT

Key Performance Area (KPA) 4 :				MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:1 & 7:				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure sound and stable financial management									
Proj ect No	Prior ity Area s(ID P)	KPI	Project Name	Baseli ne	2018/1 9 Annual Target	Revised 2018/1 9 Annual target	2017/18 Actual Achieve ment	2018/19 Actual achieveme nt. Achieved/ Not achieved	New / Old Indic ator	Challenges	Correcti ve measur es	Budget / Expenditur e	Means of verificati on
97.	Budget and Reporting	Approved adjustment budget	Adjustment budget	2017/18 Adjustment budget approved	Approved adjustment budget	None	<b>Achieved</b> 1x 2017/18 Approved adjustment budget	<b>Achieved</b> 1x 2018/19 adjustment budget approved	Old	None	None	<b>Opex</b>	Council resolution on approved adjustment budget
98..		Developed and tabled Draft 2019//20 annual budget	2019/20 Draft annual budget	Adopted 2018/19 budget	Developed and tabled Draft 2019/20 annual budget	None	<b>Achieved</b> 1x 2018/19 Draft budget tabled to Council	<b>Achieved</b> 1x 2019/20 Draft budget developed tabled to Council	Old	None	None	<b>Opex</b>	Council resolution on approved 2019/20 Annual budget
99.		Adopted 2019/20 Annual budget	Adoption of 2019/20 Annual budget	Approved 2018/19 budget	Adoption of 2019/20 Annual budget	None	<b>Achieved</b> 2018/19 Annual Budget	<b>Achieved</b> 1x 2019/20 Annual budget adopted	Old	None	None	<b>Opex</b>	Council resolution on adopted 2019/20 annual budget
100.		Submitted 2018/19 Annual Financial	Submission of 2018/19 AFS	2016/17 Annual financial	2017/18 Annual financial statemente	None	<b>Achieved</b> 2016/17 AFS	<b>Achieved</b> 2017/18 Annual financial	Old	None	None	<b>Budget</b> R900 000.00 <b>Expenditur</b>	Acknowledgement letter Approved

# Chapter 3

Key Performance Area (KPA) 4 :				MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:1 & 7:				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure sound and stable financial management									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New / Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
		statements to Auditor General		Statements submitted to the General Auditor General	Statements submitted to the General Auditor General		submitted	statement submitted to the Auditor General				e R764,290.00	Annual Financial Statements.
101.	Budget and Reporting	Number of Section 71 reports submitted to Treasury	Submission of Section 71 reports	12X Section 71 reports submitted to Treasury	12x Section 71 reports submitted to Treasury	None	<b>Achieved</b> 12X Section 71 reports submitted	<b>Achieved</b> 12X Section 71 reports submitted	Old	None	None	<b>Opex</b>	Acknowledgement letter  Signed Section 71 reports
102.		Number of Section 52 reports submitted	Submission of section 52 reports	4x Quarterly reports submitted	4x Quarterly Report	None	<b>Achieved</b> 4x quarterly reports	<b>Achieved</b> 4x quarterly reports	Old	None	None	<b>Opex</b>	Council Resolution  Signed section 52 reports

# Chapter 3

Key Performance Area (KPA) 4 :				MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:1 & 7:				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure sound and stable financial management									
Proj ect No	Prior ity Area s(ID P)	KPI	Project Name	Baseli ne	2018/1 9 Annual Target	Revised 2018/1 9 Annual target	2017/18 Actual Achieve ment	2018/19 Actual achieveme nt. Achieved/ Not achieved	New / Old Indic ator	Challenges	Correcti ve measur es	Budget / Expenditur e	Means of verificati on
103.		Number of MSCOA post implementation reports	mSCOA post implementation plan	4x Report submitted	4x Quarterly report submitted Council	None	<b>Achieved</b> 4x quarterly reports	<b>Achieved</b> 4x quarterly reports	Old	None	None	<b>Opex</b>	Council resolution  mSCOA post implementation reports
104.	Budget and Reporting	2018/19 Section 72 (mid-year) report	Compilation and submission of 2018/19 Section 72 report	2017/18 Section 72 report	Section 72 report submitted	None	<b>Achieved</b> 1x section 72 reports submitted	<b>Achieved</b> 1x section 72 reports submitted	Old	None	None	<b>Opex</b>	Acknowledgement letter  Signed of section 72 report.
105.	Supply chain Management	Number of infrastructure assets revaluation reports	Revaluation of infrastructure Assets	2017/18 report on revaluation of infrastructure assets.	Revaluation of 4X infrastructure Assets	None	<b>Achieved</b> 4x Revaluation Reports	<b>Achieved</b> 4x Revaluation Reports	Old	None	None	<b>Budget R 1,300,000.00</b>  <b>Expenditure R1,116,345.65</b>	Signed specification, Advertisement, Appointment letter, Infrastructure Revaluation reports

# Chapter 3

Key Performance Area (KPA) 4 :				MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:1 & 7:				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure sound and stable financial management									
Proj ect No	Prior ity Area s(ID P)	KPI	Project Name	Baseli ne	2018/1 9 Annual Target	Revised 2018/1 9 Annual target	2017/18 Actual Achieve ment	2018/19 Actual achieveme nt. Achieved/ Not achieved	New / Old Indic ator	Challenges	Correcti ve measur es	Budget / Expenditur e	Means of verificati on
106.	Supply chain Management	Number of fixed assets register (FAR) & general ledger (GL) reconciliati on	Fixed Assets register reconciliati on report	12x FAR and GL reconcil iation	12x FAR and GL reconcil iation	None	<b>Achieved</b> 12x FAR and GL reconcil iation	<b>Achieved</b> 12x FAR and GL reconcil iation	Old	None	None	<b>Opex</b>	Far and GL Reconcilia tion Report
107.		Number of Asset verification reports	Physical Assets Verification	2x Physical assets verificati on reports	2x Physical assets verificati on reports	None	<b>Achieved</b> 2X Assets verificati on reports	<b>Achieved</b> 2X Assets verificati on reports	Old	None	None	<b>Opex</b>	Physical Asset verificati on reports
108		Number of inventory Count reports	Inventory Count	4X Inventor y Count reports	4X Inventor y Count reports	None	<b>Achieved</b> 1x Inventory Count Report	<b>Achieved</b> 4x Inventory Count Report	Old	None	None	<b>Opex</b>	Inventory Count Report
109.		Developed procureme nt plan	Developme nt of Procureme nt Plan	1x Signed Procure ment plan	2018/19 Signed Procure ment plan	None	<b>Achieved</b> 1x Signed Procure ment plan	<b>Achieved</b> 1x Signed procurement plan	Old	None	None	<b>Opex</b>	Signed 2018/19 procureme nt plan

# Chapter 3

Key Performance Area (KPA) 4 :				MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:1 & 7:				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure sound and stable financial management									
Project No	Priori ty Area s(ID P)	KPI	Project Name	Baseli ne	2018/1 9 Annual Target	Revised 2018/1 9 Annual target	2017/18 Actual Achieve ment	2018/19 Actual achievem ent. Achieved/ Not achieved	New / Old Indic ator	Challenges	Correcti ve measur es	Budget /Expenditur e	Means of verificati on
110.	Supply chain Management	Number of SCM performance reports	Supply Chain Management(SCM) performance plan	4x SCM performance reports	4x SCM performance reports	None	<b>Achieved</b> 4x SCM performance reports	<b>Achieved</b> 4x SCM performance reports	Old	None	None	<b>Opex</b>	SCM performance report And Council resolution
111.	Revenue Management	Percentage of revenue Collected	Management of Revenue collection	New Indicator	50% collection in billed revenue	None		<b>Achieved</b> 79% has been collected against billing	New	None	None	Opex	Revenue collection report (BS902 report)
112.		Reclassified debtors' accounts.	Customer data cleansing	New Indicator	Transfer of opening balances from Venus to solar	None		<b>Achieved</b> Uploading of verified and reviewed data(debtor) and MSCOA compliant analysis done	New	None	None	<b>Budget</b> R 500 000.00  <b>Expenditure</b> R 398,000.00	Age analysis report

# Chapter 3

Key Performance Area (KPA) 4 :				MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:1 & 7:				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure sound and stable financial management									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New / Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
113.	Revenue Management	Updated General Valuation Roll (GVR) and developed Supplementary valuation roll (SVR)	Updating GVR and Development of Supplementary valuation roll	New Indicator	Maintenance of the General Valuation roll and the development of the supplementary valuation roll	None		<b>Achieved</b> 1x Maintenance of the General Valuation roll and the development of the supplementary valuation roll	New	None	None	<b>Budget</b> R 300,000.00  <b>Expenditure</b> R 299,400.00	General Valuation roll and the supplementary valuation roll report
114.		Number of Debtors reconciliation reports	Debtors reconciliation reports	12x Debtors reconciliation reports	12x Debtors reconciliation reports	None	<b>Not Achieved</b> 6x monthly debtors reconciliation done	<b>Achieved</b> 12x Debtors reconciliation reports	Old	None	None	Opex	Debtors reconciliation report
115.		Number of Traffic and Licensing reconciliation reports	12 x Traffic and Licensing reconciliation reports	12x Traffic and Licensing reconciliation	12x Traffic and Licensing reconciliation	None	<b>Achieved</b> 12x reports were done and	<b>Achieved</b> 12x Traffic and Licensing reconciliation reports	Old	None	None	Opex	12x Traffic and Licensing reconciliation



# Chapter 3

Key Performance Area (KPA) 4 :				MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:1 & 7:				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure sound and stable financial management									
Project No	Priority Areas(IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New / Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
				iation report	ation reports		reconciled .						reports
116.	Expenditure Management	Number of salary reports (Employees and Councillors)	Salary reconciliations reconciled to General Ledger	12x Salary reconciliation reports	12x Salary reports reconciled to General Ledger	None	<b>Not achieved</b>	<b>Achieved</b> 12x Salary reports reconciled to General Ledger	Old	None	None	Opex	System salary reports, HR Memos, S&T CLAIMS, and Overtime claims GL, Reconciliations.
117.		Number of VAT 201 reconciliations submitted to SARS	VAT 201 reconciliations	6x VAT 201 reconciliations submitted to SARS	6x VAT 201 reconciliations submitted to SARS	None	<b>Achieved</b> 6x VAT 201 reconciliations submitted to SARS	<b>Achieved</b> 6x VAT 201 reconciliations submitted to SARS	Old	None	None	Opex	Output VAT reports, Inputs VAT invoices, VAT 201 Forms, Reconciliations.

# Chapter 3

Key Performance Area (KPA) 4 :				MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:1 & 7:				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure sound and stable financial management									
Project No	Priority Areas(IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New / Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
118.	Expenditure Management	Number of Expenditure on staff benefits reports reconciled to General Ledger	Expenditure on staff benefits(M FMA section 66)	12 Reports on Expenditure on staff benefits completed	12 x Expenditure on staff benefits reports reconciled to the General Ledger	None	<b>Achieved</b> 12x Reports on Expenditure on staff benefits reports reconciled to General Ledger	<b>Achieved</b> 12x Reports on Expenditure on staff benefits reports reconciled to General Ledger	Old	None	None	Opex	Salary reconciliation, System salary reports
119.		Number of Petty Cash reconciliations and registers	Petty Cash reconciliations registers	12x Petty Cash reconciliation and registers completed	12x Petty Cash reconciliation and registers completed	None	<b>Achieved</b> 12x Petty Cash reconciliation Reports	<b>Achieved</b> 12x Petty Cash reconciliation Reports	Old	None	None	Opex	Petty cash vouchers, cash slips, replenishment reports
120.		Number of updated retention registers	Retention register	1x Updated retention	1x Updated retention	None	<b>Achieved</b> Updated project	<b>Achieved</b> 1x Updated retention register	Old	None	None	Opex	Retention register, Project certificate

# Chapter 3

Key Performance Area (KPA) 4 :				MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:1 & 7:				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure sound and stable financial management									
Project No	Priority Areas (IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New / Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
				n register	register		and retention register compiled						S, Supplier invoices, reconciliation reports
121.	Expenditure Management	Number of creditors reports reconciled	Creditor's reconciliation reports	12x Creditors reports reconciled	12x Creditors reconciliation reports	None	<b>Achieved</b> 12x creditors reconciliation	<b>Achieved</b> 12x Creditors reconciliation reports	Old	None	None	Opex	Creditors reconciliation reports
122.		Number of updated UIF register	Unauthorised irregular and fruitless and wasteful expenditure register (UIF)	New Indicator	1x updated UIF registers	None		<b>Achieved</b> 1x updated UIF register	New	None	None	Opex	Updated UIF register

# Chapter 3

Key Performance Area (KPA) 4 :				MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:1 & 7:				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure sound and stable financial management									
Project No	Priority Areas(IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New / Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
123.	AG action plan	Percentage of audit queries addressed	Audit action plan	New indicator	100% of Auditor general queries addressed	None		<b>Not achieved</b> 97% of Auditor General queries addressed	New	Electricity distribution losses above the threshold	Service Provider appointed to install smart meters to reduce the losses.	Opex	Updated Audit action plan
124.	Internal Audit	Percentage of internal audit queries addressed	Audit action plan	New indicator	100% of internal audit queries addressed	None		<b>Not Achieved</b> 76% (19 of 25) of Internal Audit queries addressed	New	Verification of Assets. Inadequate Cash Management	Internal Audit to conduct a retest. Investigation in progress . To be completed by 31st August 2019	Opex	Updated Audit action plan

# Chapter 3

Key Performance Area (KPA) 4 :				MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:1 & 7:				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, planning and support</li> <li>Administration and financial capability</li> </ul>									
Key Strategic Organizational Objectives and strategic objectives				To ensure sound and stable financial management									
Project No	Priority Areas(IDP)	KPI	Project Name	Baseline	2018/19 Annual Target	Revised 2018/19 Annual target	2017/18 Actual Achievement	2018/19 Actual achievement. Achieved/ Not achieved	New / Old Indicator	Challenges	Corrective measures	Budget /Expenditure	Means of verification
125.	Risk Management	Percentage of risks resolved within timeframe as specified in the risk register	Risk register	34% of risks resolved	100%of risks resolved within the timeframe as specified in the register	None	<b>Not Achieved</b> 34% of risks resolved	<b>Achieved</b> 100% (3 of 3) of risks resolved within the timeframe as specified in the risk register	Old	None	None	Opex	Strategic risk register
126.	Council	Percentage of Council resolutions implemented	Implementation of council resolutions	New indicator	100% of council resolutions implemented	None		<b>Achieved</b> 100% (38 of 38) of Council resolutions implemented	New	None	None	Opex	Updated council resolution register
127.	Audit committee	Percentage of audit committee resolutions implemented	Implementation of Audit committee resolutions	New indicator	100% of audit committee meetings resolutions implemented	None		<b>Achieved</b> 100% (27 of 27) of Audit Committee resolution implemented	New	None	None	Opex	Updated Audit committee resolution register

# Chapter 3

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## 4. KEY CHALLENGES DURING THE YEAR UNDER REVIEW - 2018/19

- During the year under review the municipality was confronted with the following challenges which affected service delivery performance:

DESCRIPTION OF CHALLENGE	PROPOSED INTERVENTION
Persistent breakdowns of service delivery infrastructure: Graders, Waste trucks and TLB	Provision has been made for procurement of additional equipment in the 2019/20 Financial year
Persistent Community Protests delayed installation of Smart meters in Mogwadi	The Project has been rolled over into 2019/20 Financial year
Persistent non-payment of services by ratepayers led to missing of revenue targets	The municipality started with disconnections for non-paying ratepayers and encourage those affected to make payment arrangements

# Chapter 3

## COMPONENT A: BASIC SERVICES

### a) INTRODUCTION TO BASIC SERVICES

Section 152 (1) (b) of the constitution of South Africa, 1996 (Act 108 of 1996), as amended obligates Molemole municipality to provide sustainable services to communities. Provision of basic services is the main constitutional mandate assigned to a local municipality. The basic services in the context of Molemole municipality include water, sanitation, electricity, waste management, free basic services to support the indigents. According to Statssa Community Survey (2016) there is 82.7% of household having access to piped water, leaving about 17% backlog. Furthermore about 47% of the households have boreholes inside their yards.

### 3.1. WATER PROVISION

As a water services provider Molemole municipality has entered into a service delivery agreement with Capricorn District Municipality, the water services authority. The agreement put an obligation on the district to provide operation and maintenance services of the water services infrastructure. In the year review the district has allocated four (4) water tankers to deliver water to communities most affected by the inconsistent supply of water as well as in new settlements with no infrastructure. The district has allocated funds in the 2018/19 financial year for the implementation of Water scheme in selected wards within Molemole municipality. The table below priority areas and communities that will benefit from the initiative:

Project Name	Ward Benefited	Project cost	Progress to date
Molemole Cluster A (Makgato, Mokganya & Molotong water supply	2, 3 & 5	16,2 million	100%
Nthabiseng / Capricorn Park water supply	01	R 2,4 million	100%
Sephala, Mokupu, Thoka, Makwetja water supply	04	R 22.6 million	72.5%
Molemole Sanitation (Rheinland, Schoenveld, kanana)	14, 15	R 5,2 million	100%
Matseke Water Supply	7	11,5 million	90%

Source: CDM: 2018/19 Annual Performance Report

# Chapter 3

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## **a) COMMENT ON WATER SERVICES PERFORMANCE OVERALL:**

Seventy one percent of indigent households received free basic water as at the end of the 2018/19 financial year. This is two percentage points improvement in the 2010 District Socio-Economic Impact Assessment Study. The municipality will continue to increase capacity to reach all qualifying indigents to ensure compliance to government's social assistance programme.

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## **3.2 WASTE WATER (SANITATION) PROVISION**

### **a) INTRODUCTION TO SANITATION PROVISION**

Sanitation, or waste water services is also a function of the Capricorn District Municipality. It remains the responsibility of the district to provide sanitation facilities to the residents of Mogwadi, Morebeng as well as in all the villages of the municipality. Mogwadi and Morebeng have flush toilet systems while the other villages are using Pit latrines either provided by the district or the families are able to build one for themselves. According Statssa Community Survey (2016) Molemole municipality has a backlog of 82%. Molemole municipality is grateful for CDM providing 457 households with sanitation services in the 2018/19 financial year. This require a concerted effort from both the municipality and the CDM as provision of proper sanitation services is critical for the health of the community, young and old. Currently only residents of Mogwadi and Morebeng are levied for sanitation facilities, which is a source of revenue for the municipality.

### **b) COMMENT ON SANITATION SERVICES PERFORMANCE**

Capricorn district is currently implementing a multi-year sanitation project in the villages of Ga-Phaudi and Flora, under Ward 16. As at the end of the financial year under review about 35% of households received free basic sanitation services. This is slight improvement from the 30.2% recorded in 2010 by CDM. The tables below outline the financial performance of the municipality in relation to Sanitation services in the year under review.



# Chapter 3

Financial Performance Year 2018/19: Water Services					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	2368846	1905100	1905100	444026	-329%
Expenditure:					
Employees	6042826	6289774	6419287	6128971	-3%
Repairs and Maintenance	0				0%
Other	2251414	79052	79052	1554616	95%
<b>Total Operational Expenditure</b>	8294240	6368826	6498339	7683588	17%
<b>Net Operational Expenditure</b>	5925394	4463726	4593239	7239562	38%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.1.8					

Financial Performance Year 2017/18: Sanitation Services					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	802026	824397	824397	242794	-240%
Expenditure:					
Employees	1903387	2192836	2192836	2428734	10%
Repairs and Maintenance	0				0%
Other	1168006	58578	58578	21344	-174%
<b>Total Operational Expenditure</b>	3071393	2251414	2251414	2450078	8%
<b>Net Operational Expenditure</b>	2269367	1427017	1427017	2207283	35%
T 3.2.8					

# Chapter 3

## 3.3 ELECTRICITY

### a) INTRODUCTION TO ELECTRICITY

The main source of electricity within the municipality is Eskom. The municipality haven't as yet made investments on solar power supply services as an alternative to electricity. Currently the municipality is licensed to reticulate electricity in the two towns, i.e. Mogwadi and Morebeng. All the remaining villages in the sixteen wards are relying on Eskom for electricity supply. The municipality has applied for additional license to include Fatima village into its areas of electricity supply. It is hoped that the approval of this license will serve as additional source of revenue for the municipality. 4872 indigents received free basic electricity in the financial year under review. The municipality continues to engage Eskom to include new settlements in its electrification programme as part of government's Integrated National Electrification Programme. The table below give an update on electrification programme approved by Eskom in the year under review.

Project Name/Village name	Ward number	Budget	Number of connections
Sekakene	08	R 3,437,100.00	183
Greenside/Molotong	03	R 3,443,855.64	250
Ga-Phasha	03	R 2,862,440.82	92

*Source: Eskom Back to Basic report: 2019*

*The following projects will be undertaken in the 2019/20 financial year:*

Project Name/Village name	Ward number	Budget	Number of connections
Kanana	14	R 410,514.00	21
Rheinland/Westphalia	14	R 1,083,000.00	50

# Chapter 3

The municipality acknowledge the persistent electricity losses experienced year in year out. It has been discovered that one of the causes of these losses are illegal connections in the two licensed areas. Another cause of this problem is the ageing and antiquated infrastructure. To address this problem the municipality has made budget provision to install smart meters which will serve as an effective internal control to pick up illegal connections from the desktop. The smart metering project will continue in the next financial year. Discussions are ongoing with the affected residents to get a buy- on this critical internal control. The financial performance in respect of Electricity services in the 2018/19 financial is tabulated below. This performance relates to expenditure on employees as well as repair and maintenance of electricity infrastructure.

<b>Financial Performance Year 2018/19: Electricity Services</b>					
					<b>R'000</b>
<b>Details</b>	<b>2017/2018</b>	<b>2018/2019</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	8440945	9198752	9198752	8396818	-10%
<b>Expenditure</b>					
Employees	3040873	3016137	3016137	2464298	-22%
Repairs and Maintenance	260074	600000	600000	459701	-31%
Other	9830425	13268887	12693887	10389118	-28%
<b>Total Operational Expenditure</b>	13131372	16885024	16310024	13313117	-27%
<b>Net Operational Expenditure</b>	4690427	7686272	7111272	4916298	-56%
<i>T 3.6.1</i>					

- The table below outline capital project implemented in the 2018/19 financial year:

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Capital Expenditure Year 2018/19: Electricity Services					
R' 000					
Capital Projects	2018/19				
	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	R 900,000	R 2,819,070	R 1,315,139	32%	
UPGRADING ELECT NETWORK CTVT METERS	R 900,000	R 2,400,000	R 1,032,750	13%	280
SUPPLY AND INSTALLATION OF ELECTRICAL NETWORK CLUSTER 3	R 0	R 419,070	R 282,389	100%	150
				0%	320
				0%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.3.8

# Chapter 3

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## 3.4 WASTE MANAGEMENT

### a) INTRODUCTION TO WASTE MANAGEMENT

Molemole municipality aims to achieve the target set by the National Government for refuse collection, disposal sites, street cleaning and recycling. Molemole has three licensed waste disposal sites, the Mogwadi, Morebeng and Ramokgopa landfill sites but only two landfill sites (Mogwadi and Morebeng) are currently in use to dispose waste from the two towns and surrounding villages. The function for Waste management resides within the Community Service department and is led by Superintended Waste and Environmental Management. The Waste collection is rendered mainly in Morebeng Towns and Mogwadi Town. The municipality also receives EPWP grant from the department of Public works and has recruited a total number of 81 (beneficiaries) in the year under review to assist with Waste Collection services. The EPWP programme will continue again in the 2019/20 financial year with about 74 beneficiaries to be recruited.

Currently, refuse collection is done consistently in Mogwadi and Morebeng towns and benefit about 2664 households. Refuse collection services in the residential areas are rendered once a week and twice a week for businesses. These includes residents qualifying for free basic services. The municipality has commenced with bulk refuse collection (garden waste and builders' rubble, etc.) and has purchased a further 10 6m<sup>3</sup> bulk containers to continue the roll out. Waste collection for bulk refuse containers is done on a weekly basis. A Service level agreement was entered into with Property owners of Botlokwa shopping complex for bulk refuse removal, providing another revenue stream for the municipality.

In the previous financial year it was reported that the municipality made provision for the development of Integrated Waste Management Plan. The project has been implemented and the service provider has submitted the final to serve as a guide to deal with the illegal dumping within our communities. The IWMP will assist in identifying gaps in the current waste management practices within the municipality such that waste management planning can focus on addressing the major shortfalls in respect of current waste management practices. The table below outline solid waste service delivery levels in the year under review:

# Chapter 3

<b>SOLID WASTE SERVICE DELIVERY LEVELS</b>		
<b>Description</b>	<b>2017/18 Actual No</b>	<b>2018/19 Actual No</b>
Solid waste removal: (minimum level)		
<i>Removed at least three times a week</i>	2664	2664
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No. of rubbish disposal sites	2	2
<i>Total number of households</i>	2664	2664
T 3.4.2		

- The employee statistics for waste management services are tabled below:

<b>Employees: Solid Waste Management Services</b>					
<b>Job Level</b>	<b>2017/18</b>	<b>2018/19</b>			
	<b>Employees No.</b>	<b>Posts No</b>	<b>Employees No.</b>	<b>Vacancies (full time equivalent) No.</b>	<b>Vacancies (as a % of total posts)</b>
0-3					
4-6	08	13	13	0	0%
7-9	03	05	05	0	0%
10-12	01	01	01	0	0%
13-15	01	01	01	0	0%
16-18	01	01	01	0	0%
19-20	0	0	0	0	0%
Total	14	21	21	0	
T3.4.5					

# Chapter 3

Financial Performance Year 2018/19: Solid Waste Management Services					
R'000					
Details	Year 2017/18	Year 2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	1931476	2374553	2374553	2037689	-17%
Expenditure:					
Employees	3984214	4570726	4570726	4445736	-3%
Repairs and Maintenance	0				0%
Other	1967277	1729426	2120656	4089856	58%
<b>Total Operational Expenditure</b>	5951491	6300152	6691382	8535592	26%
<b>Net Operational Expenditure</b>	4020015	3925599	4316829	6497903	40%
<i>T 3.4.7</i>					

The total capital expenditure for waste management services is as follows:

Capital Expenditure Year 2018/19: Waste Management Services					
R' 000					
Capital Projects	Year 2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1,050,000	1,004,123	937,887.36	12%	
Development of IWMP	550,000	550,000	485, 246.50	13%	550,000
500 Chairs and 10 Tables	200,000	190,123	189,060.00	6%	190,123
Supply of 10 x 6M3 bulk refuse containers	300,000	264,000.00	263, 580.86	14%	264,000
<i>T 3.4.9</i>					

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## 3.5 HOUSING

Molemole is not a housing implementation agency but depends on COGHSTA for provision of RDP houses. The municipality only provides land for construction of such units and assists with distribution of such units after completion. COGHSTA has approved an RDP allocation of 400 beneficiaries within Molemole municipality. Ward Councillors are currently busy with submissions of deserving beneficiary list. Once completed this list will be sent to COGHSTA for the project to be rolled out in the 2018/19 financial year. This is much appreciated as having a place called home as a basic need. The housing backlog is currently at 950 of which 550 units were built in the year 2017/18. Due to the backlog there were illegal land invasion that took place in 2017, the municipality is planning to sell 400 stands in Mogwadi and Morebeng which could also assist in addressing the housing backlog, even though it is not a low cost housing.

Since completion of the verification process towards normalization of disparities which resulted from improper allocation of RDP units in 2012, the municipality is still awaiting the awarding of title deeds by the Deeds Office.

### a) HOUSING CHALLENGES.

During the year under the municipality has experienced the following challenges regarding RDP housing:

- Incorrect allocation to undeserving beneficiaries
- Land claim disputes with the traditional authorities.
- The municipality doesn't have a dedicated section in the organizational structure to deal with housing related issues. However, the Manager: Social services is currently performing the function considering that housing service delivery is not a competency of the municipality. The Manager: Social services is assisting with coordinating beneficiary details with Ward Councillors for submission with COGHSTA: Limpopo. The following table outlines the employee for housing services within the municipality.



# Chapter 3

Employees: Housing Services					
Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	01	01	01	0	0%
19 - 20	0	0	0	0	0%
Total	01	01	01	0	0%
					<i>T 3.5.4</i>

## 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

### a) INTRODUCTION TO FREE BASIC SERVICES

According to CDM Socio-Economic Impact Survey (2010) the distribution of free basic services in the municipality was as follows:

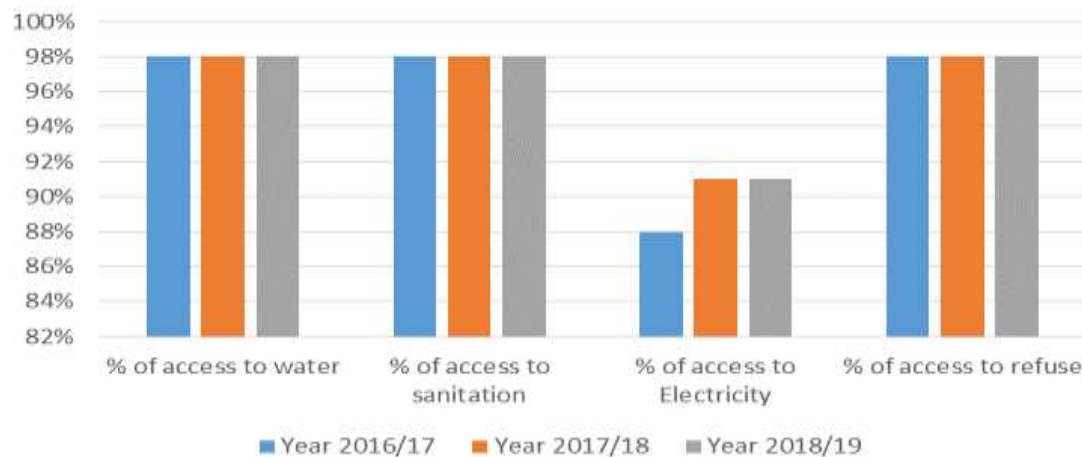
Access to Free basic water	Access to Free basic Electricity	Access to Free basic sanitation
69.1% (the highest within the district)	51.2 (the highest within the district)	30.2% (2 <sup>nd</sup> highest after Blouberg)

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The Free Basic Services Unit has rolled out much needed free basic services to indigent households in this financial year with great impact on free water, sewerage, sanitation and electricity. A total of 4872 households received free basic services including our two towns namely Mogwadi and Morebeng. Council has approved the extension of Free Basic alternative Energy to rural villages. The resolution will be implemented in the 2019/20 financial year. The Free Basic Services Policy is reviewed annually for approval by Council.

Free Basic Services To Low Income Households										
Financial Year	Number of households									
	Total	Households earning less than R3,500 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
Year 2016/17	5 147	5 147	5 069	98%	5 069	98%	4 537	88%	5 069	98%
Year 2017/18	5 147	5 147	5 055	98%	5 055	98%	4 706	91%	5 055	98%
Year 2018/19	5 147	5 147	5 055	98%	5 055	98%	4 706	91%	5 055	98%
										T 3.6.3

Access to Free basic Services: three year period



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- Financial performance for free basic services

Service Delivered	2017/18	2018/19			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budgeted
Water	0	0	0	0	0
Waste Water (Sanitation)	0	0	0	0	0
Electricity	3,094,950.00	4,609,081.00	4,109,081.00	2,828,646.00	-63%
Waste Management (Solid Waste)	0	0	0	0	0
<b>Total</b>	<b>3,094,950.00</b>	4,609,081.00	4,109,081.00	2,828,646.00	-63%
					T3.6.4

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## COMPONENT B: ROAD TRANSPORT

### 3.7 ROADS

#### a) INTRODUCTION TO ROADS

As per the commitment made by the Honourable Mayor, Councillor M.E Paya to give a concerted attention to the long outstanding road infrastructure projects in the 2018/19 financial year, it is pleasing to report that the long outstanding project for Ramokgopa to Eisleben to gravel to tar road project has finally completed. Molemole municipality rely on the Municipal Infrastructure Grant (MIG) to implement road infrastructure projects in the 2018/19 financial year. MIG allocation in the 2018/19 was R R 34,493,000.00 which is an increase of 35.5% (or R 9.1 million) compared to the 2017/18 financial year. Five percent (or R 1,724,650) of the allocations went to cover PMU overheads (salaries, furniture and office equipment). The funding was used to implement the following road infrastructure projects:

Item	Project Name	Ward(s) benefitted	Contract Amount	Expenditure	% Construction	Remarks
1	Mohodi-Maponto Internal Streets phase 2	12	R 5 705 035.00	R5,704,334.83	100%	None
2	Capricorn Park Internal Streets Phase 1	01	R 1 965 552.00	R 1,920,140.63	100%	None
3	Nthabiseng Internal Streets phase 2	01	R 9 000 000.00	R16,869,098.51	100%	None
4	Matipana-Madikana Internal Streets phase 2	13	R 7 887 711.00	R R7,793,757.76	100%	None
5.	Ramokgopa to Eisleben gravel to tar road	02	R R13,502,377	R 12,574,190	100%	None

There was a marked improvement in spending on MIG funding in the 2018/19 financial year. This is all thanks to the dedication and effort put in by the Municipal administration as led by the Municipal Manager. The total expenditure for MIG funded road projects stood at 100% by the 30<sup>th</sup> June 2019, with 68% expenditure recorded in the 1<sup>st</sup> half of the year. The municipality is proud to report that Molemole is one of the top performing municipalities in Limpopo as a recognition for excellence was allocated an additional MIG funding of R 12, million by Cooperative Governance and traditional affairs. The funding was equally shared among the only MIG funded projects, Capricorn Park Internal Street and Nthabiseng internal street. Service Providers have been appointed as at end of June 2019 to implement a further one kilometre each for Capricorn and Nthabiseng Internal Streets. As at June 2019 92.5% (R 11 094 370.87) of expenditure had already been

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realized. This is a good story for the residents of Ward 01 in particular and the whole municipality in general as it means the municipality will speed up implementation of road infrastructure projects. Below is a tabulated information on gravel roads, employees falling under road infrastructure unit as well as financial performance of the unit for the year under review.

<b>Gravel Road Infrastructure</b>				
				<b>Kilometers</b>
<b>Year</b>	<b>Total gravel roads</b>	<b>New gravel roads constructed</b>	<b>Gravel roads upgraded to tar</b>	<b>Gravel roads graded/maintained</b>
2016/17	618	0	5	613
2017/18	613	0	10	613
2018/19	603		6.9	467
				<i>T 3.7.2</i>

<b>Tarred Road Infrastructure</b>					
					<b>Kilometers</b>
<b>Year</b>	<b>Total tarred roads</b>	<b>New tar roads</b>	<b>Existing tar roads re-tarred</b>	<b>Existing tar roads re-sheeted</b>	<b>Tar roads maintained</b>
2016/17	26	5	0	0	0
2017/18	36	10	0	0	0
2018/19	43.9	6.9	0	0	0
					<i>T 3.7.3</i>

<b>Cost of Construction/Maintenance</b>						
						<b>R' 000</b>
<b>Year</b>	<b>Gravel</b>			<b>Tar</b>		
	<b>New</b>	<b>Gravel – Tar</b>	<b>Maintained</b>	<b>New</b>	<b>Re-worked</b>	<b>Maintained</b>
2016/17	0	19000	0	19000	0	0
2017/18	0	25700	0	25700	0	0
2018/19	0	46493	0	46493	0	0
						<i>T 3.7.4</i>

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Employees: Road Services					
Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0		0	0
4 - 6	4	4		1	25%
7 - 9	2	2		1	50%
10 - 12	2	2		0	0%
13 - 15	0	0		0	0
16 - 18	0	0		0	0
19 - 20	1	1		1	0%
Total	9	4		4	0%
					T3.7.7

Financial Performance Year 2018/19: Road Services					
					R'000
Details	Year 2017/18	Year 2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	7936934	10515787	25279801	22982631	54%
Expenditure:					
Employees	2434384	3411816	3411816	2556074	-33%
Repairs and Maintenance	3253105	4212100	5473737	5313701	21%
Other	2249445	2891871	16394248	15112856	81%
<b>Total Operational Expenditure</b>	7936934	10515787	25279801	22982631	54%
<b>Net Operational Expenditure</b>	7936934	10515787	25279801	22982631	54%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.7.8

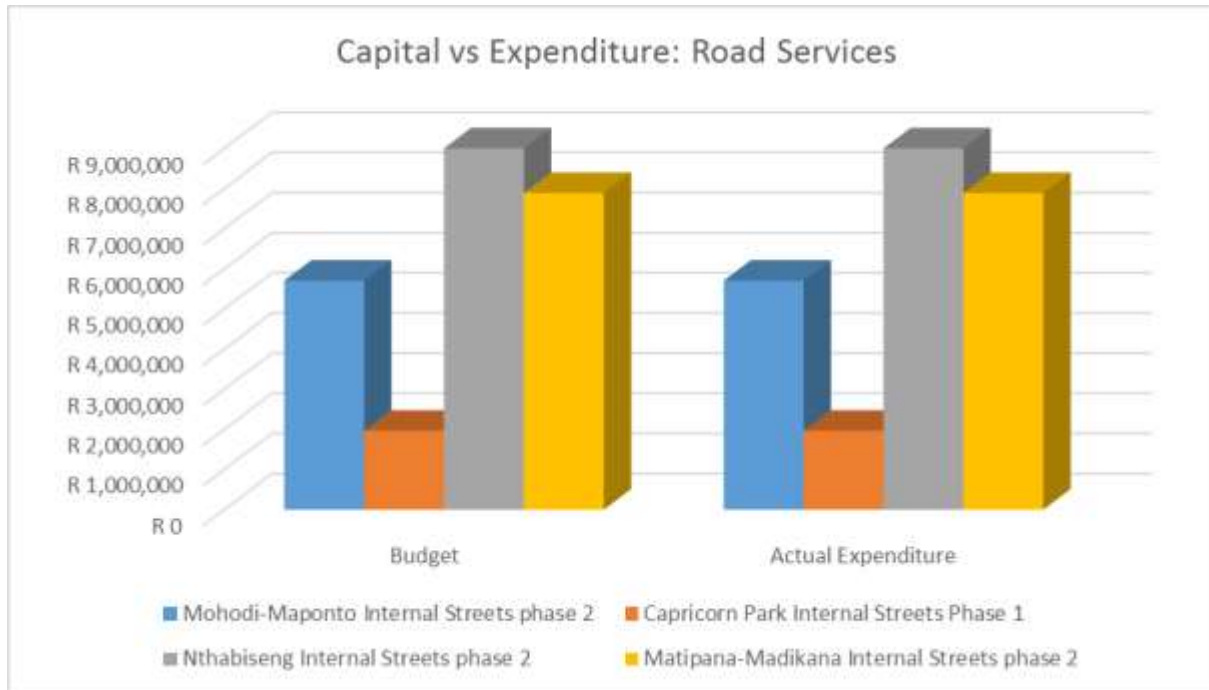
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Capital Expenditure Year 2018/19: Road Services					
R' 000					
Capital Projects	Year 2018/19				
	Budget R	Adjustment Budget R	Actual Expenditure R	Variance from original budget	Total Project Value R
<b>Total All</b>	<b>24558298</b>	<b>40154882</b>	<b>34206570</b>	<b>28%</b>	
MATIPANA TO MADIKANA GRAVEL TO TAR	7887711	8691039	6777181	-16%	8691039
NTHABISENG INTERNAL STREET	9000000	16890824	14710822	39%	16890824
MOHODI MAPONTO ROAD	5705035	5704335	5017917	-14%	5704335
CAPRICON PARK INTERNAL STREET	1965552	8868684	7700650	74%	8868684
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.7.9</i>

Capital expenditure 2018/19: Road Services & Storm Water: Own funding					
R` 000					
Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Ramokgopa to Eisleben gravel to tar road	R 12 208 715.00	R13,502,377	R 12,574,190	0	R13,502,377

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

### a) INTRODUCTION TO TRANSPORT

Public transport forms a key part in the socio-economic development of our municipality. It also assists in providing communities with access to opportunities outside the local community. This is important to our Municipality as there are no opportunities for sustainable



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employment in most villages. The communities are mostly dependent on public transport to reach health care facilities, schools and other social facilities.

The Limpopo's road network within the District consist of National, Provincial and District roads. The national roads are managed by SANRAL, Provincial and District road network is managed by Road Agency Limpopo and the Provincial Department of Public Works, Roads and Infrastructure. The municipality has Law Enforcement Officers and through concerted law enforcement and educational campaigns, we strive for the reduction of fatal crashes on our municipal roads especially along the N1 from Polokwane to Musina. Operating from the limited budget it is difficult for the municipality to plan for a 24 hours' law enforcement deployment on critical routes and hotspots on the road, however the traffic division managed to conduct 48 road blocks in 2018/19 financial year for the safety of our people, driver and vehicle fitness, minimizing traffic violations. The municipality is operating two Driver's License and Testing Centres operating in Mogwadi and Morebeng. For the year under review the two centres have processed a total of 2643 driver's licenses and 1879 learner's licenses. A further 258 of received applications for vehicle registrations were processed.

The railway line that runs between Musina and Johannesburg passes in our municipality with Morebeng as one of the stations. There is no landing strip in the municipal area. Apart from the road network, there is a railway line servicing the Molemole LM. This line links Polokwane to Makhado and other towns in the north and south via Molemole LM in a north-south direction. Currently this line only provides a freight service and long distance passenger service. There is a need to unearth economic activities emanating from this railway line. Being a municipality that its economy is mainly on agriculture, the railway could serve as a link to transport fruit and vegetables to the market.

The municipality now have eleven existing and functional scholar patrol points attended to within the municipality. Due to a skeletal traffic staff other scholar patrols are conducted by the Molemole Community Safety Forum (CSF). The patrol points are:

- Dendron primary school
- Deelkraal primary school
- Boduma primary school
- Lephale primary school
- Kgothloana primary school
- Nhlodimele primary school

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- Nandedi primary school
- Phala primary school
- Lehaiwa secondary school
- Kgwadu primary school
- Makgato cross

## **b) CDM Integrated Transport Plan**

The CDM Integrated Transport Plan (2007, ITP) prioritized the following projects for tarring over a short to medium term period:

- Surfacing of Road **D2037** linking Mogwadi to Bandelierkop; (not yet surfaced)
- Surfacing of Road **D15 (P54/1)** linking between CDM and Vhembe DM around Morebeng; (not yet surfaced)
- Surfacing of Road **D3459** which is gravel road between Ga-Kgare and Road D1200;(surfaced) and
- Surfacing of Road **D879** which is road between Boschbokhoek and Provincial Road D1356.

N.B. The roads mentioned above have not yet been surfaced except Road **D3459**, gravel road between Ga-Kgare and Road **D1200**.

## **c) POSSIBLE CAUSES OF ACCIDENTS.**

- Pedestrians;
- Fatigue;
- Un-safe Overtaking;
- Reckless driving;
- Over speeding;
- Use of cell phone while driving;
- Drunken driving and
- Road conditions (permanent pot holes)

# Chapter 3

## d) CHALLENGES PERTAINING TO PUBLIC TRANSPORT.

- Lack of efficient public transport accessibility due to poor road infrastructure;
- High taxi fare tariffs in areas where road infrastructure is poor;
- Increased motor vehicle ownership and reluctance to use public transport;
- None compliance with transport permits to public transport owners, especially the bus and taxi industry;
- Lack of access to, and within villages;
- Lack of storm water provision on most of our municipal roads;
- Lack of fencing on some of key strategic Municipal, Provincial and National Roads;
- Stray animals cause accidents which at some stage claims many lives and
- Lack of clear road markings and signage.

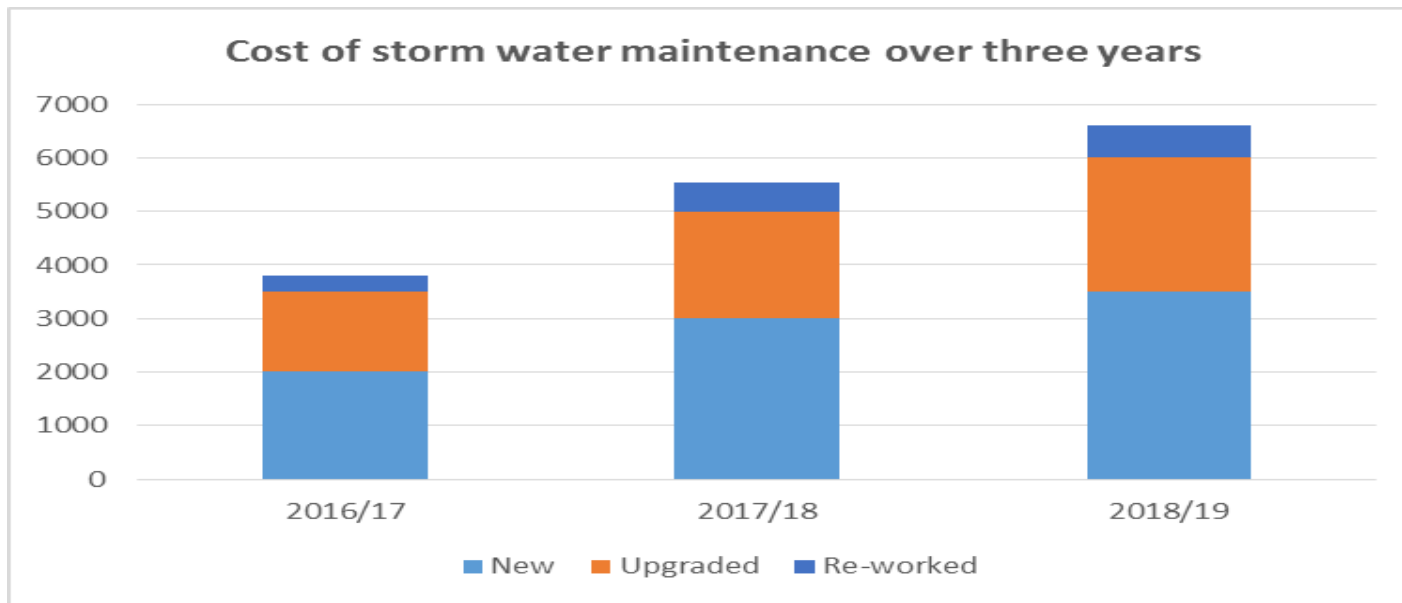
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### 3.9 WASTE WATER (STORMWATER DRAINAGE)

Storm water Infrastructure				
	Kilometers			
	Total Storm water measures	New Storm water measures	Storm water measures upgraded	Storm water measures maintained
2016/17	145	20	3	110
2017/18	165	20	5	130
2018/19	185	20	10	150
				<i>T 3.9.2</i>

# Chapter 3

Cost of Construction/Maintenance			
R' 000			
Year	Storm water Measures		
	New	Upgraded	Re-worked
2016/17	2000	1500	300
2017/18	3000	2000	550
2018/19	3500	2500	600
<i>T 3.9.3</i>			



# Chapter 3

<b>Employees: Storm water Services</b>					
<b>Job Level</b>	<b>2017/18</b>	<b>2018/19</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 - 3	0	0	0	0	0%
4 - 6	0	1	4	1	100%
7 - 9	6	1	2	1	100%
10 - 12	2	1	2	1	100%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	1	1	1	100%
<b>Total</b>	<b>8</b>	<b>4</b>	<b>9</b>	<b>4</b>	<b>100%</b>
					<i>T3.9.6</i>

# Chapter 3

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## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.10 PLANNING

#### a) INTRODUCTION TO PLANNING

The municipality's planning strategy is to promote orderly development by implementing Integrated Development Planning and Spatial Rationale Principles. Molemole is characterized by first and second order settlement patterns. An analysis of the regional and local context of Molemole Local Municipality has revealed a Municipality as mentioned earlier that is characterized by a fragmented spatial structure comprising of small, low density, spatially segregated settlements with limited economic and social opportunities which have created unviable and unsustainable settlements.

The potential for mining activities, vegetable and livestock farming provide opportunities for backward and forward linkages which will open up job opportunities and more economic opportunities in other sectors such as agro-processing, beneficiation projects, etc. This scenario is likely to help the municipality to have balance of economic growth in primary, secondary and tertiary sector. The LED strategy provides an indication of LED programmes, projects, stakeholders and the institutional requirements to implement the LED strategy.

The dominant economic sectors (mining, tourism and subsistence farming) characterizing Molemole local municipality should be protected and exploited via appropriate spatial allocation. Similarly, there is a need for the diversification of the economy by focusing on all economic sectors (e.g. tourism), and not just the primary sector (e.g. mining). Such an approach would render Molemole local municipality less vulnerable to external pressures.

Molemole Local Municipality (MLM) is located in the Capricorn District Municipality (CDM) in the Limpopo Province. The neighboring local municipalities forming the CDM are Blouberg, Aganang, Lepelle-Nkumpi and Polokwane. The Municipality has two towns known as Mogwadi (formerly known as Dendron) which is the administrative and economic capital of the Municipality and Morebeng. The two towns were classified as District Growth Points by Capricorn District Municipality. The municipality is institutionalizing initiatives to expand the two towns spatially and economically. These includes fast tracking funds to install bulk infrastructure in the newly demarcated sites in Morebeng and Mogwadi

# Chapter 3

Molemole Spatial Development Framework, Molemole Land Use Scheme contribute to effective spatial development and land use planning in the area of municipal jurisdiction (villages and town settlements). The implementation of the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) will allow for greater number of land development applications to be considered. This would be an improvement on the current scenario where many applications are lodged in terms of the proclamation R188.

The municipality has procured a software for the Geographic Information System (GIS). The software assists with reliable database to sustain the priority of providing reliable data and mapping information to stakeholders and investors. The availability of this information plays a vital role in informing the municipal stakeholders and investors of the location of infrastructure investments.

<b>Applications for Land Use Development</b>						
Detail	<b>Formalizations of Townships</b>		<b>Rezoning</b>		<b>Building plans</b>	
	<b>2017/18</b>	<b>2018/2019</b>	<b>2017/18</b>	<b>2018/2019</b>	<b>2017/18</b>	<b>2018/2019</b>
Planning application received	0	0	1	0	25	23
Determination made in year of receipt	0	0	5	1	25	23
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	0	0	1	1
Applications outstanding at year end	0	0	1	1	15	6

# Chapter 3

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

T 3.10.4

Financial Performance Year 2018/19: Planning Services					
					R'000
Details	Year 2017/18	Year 2018/19			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	71158	15147692	15147692	144249	-10401%
Expenditure:					
Employees	959887	2746208	2746208	2568123	-7%
Repairs and Maintenance	0	0	0	0	0%
Other	3282907	2285597	3307566	2875783	21%
<b>Total Operational Expenditure</b>	4242794	5031805	6053774	5443907	8%
<b>Net Operational Expenditure</b>	4171636	-10115887	-9093918	5299658	291%

*Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.*

T 3.10.5



# Chapter 3

<b>Capital Expenditure 2018/19: Planning Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>2018/19</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
<b>Total All projects</b>	<b>600,000</b>	<b>600,000</b>	<b>347,642</b>	<b>-73%</b>	/
<b>1x settlement demarcated</b>	<b>400,000</b>	<b>400,000</b>	<b>150,000</b>	<b>-167%</b>	<b>150,000</b>
<b>250 sites to be pegged</b>	<b>200,000</b>	<b>200,000</b>	<b>197,641.65</b>	<b>-1%</b>	<b>197,641.65</b>
<i>T 3.10.6</i>					

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

### a) INTRODUCTION TO ECONOMIC DEVELOPMENT

The reviewed Local Economic Development strategy has once again identified Agriculture, Tourism and Manufacturing as the dominating economic sectors in the municipality. The strategy further recommends the optimization of the three sectors for growing and sustaining the economy. This five years strategy has also identified other projects which are to assist in improving the economy of the municipality. It is believed through partnership with the private sector and civil society these economic sectors will bear the desired fruit for the benefit of all.

LED projects implemented in the 2018/19 financial year are listed below:

- Career and skills expo which was hosted at Mohodi Community Hall. The expo benefitted 1,115 grade 12 learners (618 females and 497 males) from 15 different schools.
- Over 25 Small, Medium, and Micro Enterprises were trained on business management skills. Community Work Programme remains in existence in the municipality where 1149 participants from 16 wards took part in the programme.

# Chapter 3

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- Youth in Agriculture Programme seeks to incubate the young people possessing qualifications in agriculture, the municipality has during the 2018/19 financial managed to place 6 graduates in two farms (Elimak Farming and Mapfresh produce Enterprise cc). This is an ongoing partnership with the Department of Agriculture, Capricorn District Municipality, Department of Cooperative Governance, Human Settlements and Traditional Affairs. We hope these will go a long way in motivating more youth to take on agricultural related courses in institutions of higher learning. The following table outline job opportunities created by sector for the past three years;
- Small business development conference: The Municipality hosted the third annual Small Business Development Conference for two days on the 19th and the 20th of June 2019 at Corner Stone Boutique Hotel located at Mohodi, Ha- Manthata Village. Over 112 delegates from various sectors, i.e. private, public sectors and mostly the business community attended the conference.

One of the areas with prospect for economic growth is Tourism. The municipality has seen an increase in the number of guest houses in recent past, not only in the two towns, but also within our villages. The intention of the municipality is to create exploit the tourism sector to increase the number of visitors to our shores. This will obviously benefit the hospitality industry and create the much needed job opportunities. See the table below on total employment by sector as reported in the 2011 census. Our engagements with CDM to revamp Motumo trading post are ongoing and we hope to make a breakthrough to realize its potential in the medium term.

<b>Workers 15 years and Older by Sector</b>		
<b>Description</b>	<b>Total employment</b>	<b>Total in %</b>
In the formal sector	9881	8%
In the informal sector	3115	2%
Do not know	273	0%
Private household	3477	3%
Not applicable	109760	87%
Total	126506	
Source: Statssa 2011		

# Chapter 3

N.B. Not data was collected for a period between 2016/17 and 2018/19 on Economic Employment by Sector. The above table however paints a bleak picture on the number of participants in the labour market. It remains our responsibility to work with other spheres of government create economic opportunities to increase the number of job opportunities for the people. This would go a long way in boosting the local economic growth through increased economic sectors through the multiplier effect.

<b>Jobs Created during 2018/19 by LED Initiatives (Excluding EPWP projects)</b>				
<b>Total Jobs created / Top 3 initiatives</b>	<b>Jobs created No.</b>	<b>Jobs lost/displaced by other initiatives No.</b>	<b>Net total jobs created in year No.</b>	<b>Method of validating jobs created/lost</b>
Total (all initiatives)				
2015/16	10	-2	08	Service Level agreements
2016/17	34	-2	32	Service Level agreements
2017/18	35	-2	33	Service Level agreements
Initiative A (2017/18)	10	-2	08	Service Level agreements
Initiative B (2017/18)	06	0	60	Service Level agreements
Initiative C (2018/19)	19	0	19	Service Level agreements

<b>Job creation through EPWP and CWP projects</b>		
<b>Details</b>	<b>Jobs created through EPWP (Infrastructure &amp; Environment) projects No.</b>	<b>Jobs created through CWP projects No.</b>
2016/17 FY	374	1245
2017/18 FY	100	1356
2018/19 FY	85	1123

# Chapter 3

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.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	1	1	1	0	0%
T 3.10.6					

Financial Performance Year 2017/18: Local Economic Development Services					
					R'000
Details	Year 2017/18	Year 2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	2067566	3175165	3175165	2424043	-31%
Expenditure:					
Employees	1110065	2201113	2201113	1574136	-40%
Repairs and Maintenance	0	0	0	0	0%
Other	957502	974052	974052	849907	-15%
<b>Total Operational Expenditure</b>	2067566	3175165	3175165	2424043	-31%
<b>Net Operational Expenditure</b>	0	0	0	0	0
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.11.9					

# Chapter 3

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### 3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

#### a) LIBRARIES

The municipality has three functional libraries, Mogwadi, Ramokgopa and Morebeng. For extension of services to schools, there are seven mobile libraries at Rakgasema Pre-School in Eisleben, Kgwadu Primary School in Sekonye, Itshomeleng Primary School in Nthabiseng, Sefoloko High School in Mokomene, Mangwato Primary School in Mohodi and Seripa High School in Brussels. The Librarians visit these mobiles once a month for support and monitoring. Shortage of staff and furniture are challenges identified in 2017/18 and also the consistent cut-off of electricity.

The municipality has a Service Level Agreement with the Department of Arts and Culture where issues pertaining to support from the department in terms of provision of personnel, equipment and maintenance of infrastructure are clearly outlined. In 2018/19 financial year the department of Arts Sports & Culture seconded an additional official to Molemole local municipality.

<b>Employees: Libraries, Archives, Museums, Galleries, Community facilities, Other</b>					
<b>Job Level</b>	<b>2017/18</b>	<b>2018/19</b>			
	<b>Employees No.</b>	<b>Posts No</b>	<b>Employees No.</b>	<b>Vacancies (full time equivalent) No.</b>	<b>Vacancies (as a % of total posts)</b>
0-3	0	0	0	0	0%
4-6	0	0	0	0	0%
7-9	01	01	01	0	0%
10-12	01	01	01	0	0%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	0	02	02	0	0%
					T3.12.4

# Chapter 3

<b>Financial Performance Year 2018/19: Libraries; Archives; Museums; Galleries; Community Facilities; Other</b>					
<b>R'000</b>					
<b>Details</b>	<b>Year 2017/18</b>	<b>Year 2018/19</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	5148668	272038	272038	353834	23%
Expenditure:					
Employees	14646335	2207097	2256607	2106921	-5%
Repairs and Maintenance	1346347	426732	426732	397251	0%
Other	7972375	790346	800346	1039615	24%
<b>Total Operational Expenditure</b>	23965057	3424175	3483685	3543787	3%
<b>Net Operational Expenditure</b>	18816389	3152137	3211647	3189952	1%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
<i>T 3.12.5</i>					

Capital Expenditure for Libraries, Archives, Museums, Galleries and Community facilities:

<b>Capital Expenditure Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>Year 0</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
None	None	None	None	None	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
<i>T 3.12.6</i>					

# Chapter 3

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## 3.13 CEMETORIES AND CREMATORIIUMS

### a) CEMETERIES

The municipality still has two cemeteries in our towns of Mogwadi and Morebeng. Both cemeteries are fenced but still lack ablution blocks. The cemeteries are maintained on a continuous basis by the staff from Community services department. The municipality is responsible for digging graves as and when there is need by appointing a service provider. Rural communities are supported by grading of roads leading to cemeteries and cutting of grass by Community Works Programme (CWP) beneficiaries. Currently the municipality does not have any crematoriums.

### b) SERVICE STATISTICS FOR CEMETERIES

The department is considering insourcing the function as it has proved to not be cost-effective to appoint a service provider every time there is a funeral. Budget allocation has been approved in the 2019/20 financial year for the procurement of a Tractor Loader Backhoe (TLB) to enable the insourcing.

## 3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

### a) INTRODUCTION TO CHILD AND AGED CARE; SOCIAL PROGRAMMES

The special programmes office is responsible for the coordination of activities relating to: HIV/AIDS, People living with Disabilities, Older Persons, Youth as well as Women and Children. The municipal council has approved an additional two more positions in the Special Programmes unit as a way of appreciating the challenges of only one official to coordinate all the activities under this unit. The two positions are expected to be filled in the first quarter of the 2019/20 financial year. This will go a long way ensuring an effective coordination of all the activities.

The following forums have been established to assist with coordination of special programmes functions:

- Local Aids Council: The council hold meetings on a quarterly basis and is chaired by the Mayor. The Technical Aids Committee is chaired by the Municipal Manager and prepares reports for the Local Aids Council. The Council is constituted by civil society, sector

# Chapter 3

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departments, traditional authorities and the media. Capricorn district Municipality is playing a critical and supporting role to ensure functionality of the Council.

- Older Persons forum: the forum holds meetings on a quarterly basis
- Disability forum: Although the forum has been established the municipality believe it must get adequate support to hold its quarterly meetings.

The municipality has also coordinated youth and women related programmes during the year under review. Plans are on course to establish the much anticipated Women and Children forums considering the high incidences of gender based violence in the country.

## **b) CHALLENGES OF SOCIAL PROGRAMMES FUNCTION**

Although the Local Aids council is able to hold its quarterly meetings as scheduled the municipality is still concerned at the non-submission of reports by stakeholders. This has put the municipality in a bad light as reports submitted to the District and Province are incomplete. The main intervention therefore is to engage the Heads of Department from those stakeholders to not only submit reports on time, but to also attend council meetings as scheduled.

## **c) SERVICE STATISTICS FOR CHILD CARE AND SOCIAL PROGRAMMES**

Currently, the municipality has succeeded in establishing the local aids council, Youth forums, and Older Persons as well as Disability forums. The following events were coordinated in the 2017/18 financial year:

<b>Name of event</b>	<b>Number of events held</b>
Youth forum event	Two events coordinated in partnership with CDM (youth parliament) and Department of Social development (Youth Information day)
Disability forum	Two events coordinated in partnership with CDM
Older persons forum	Three events in partnership with CDM
Women's day event	Two events coordinated, including commemoration of 16 days of activism for no violence against women and children



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## COMPONENT E: ENVIRONMENTAL PROTECTION

### 3.15 POLLUTION CONTROL

#### a) INTRODUCTION TO POLLUTION CONTROL

The district is the competent authority on air quality. The municipality provides a facilitation and coordination role on initiatives conducted within the municipal jurisdiction. The District has just finalized the air quality management plan (AQMP) in February 2018 which focus on the following aspects:

- Health impacts of key atmospheric pollutants
- Meteorological review
- Ambient air quality control and management
- Source identification and emission quantification
- Air quality management
- Emission reduction strategies and implementation
- Capacity Building and training.

The municipality will provide a supporting role during the implementation of the above within our area. The AQMP plan will guide the current state of air quality in an area, how it is changing over time and what can be done to ensure clean air is achieved and maintained.

## COMPONENT F: HEALTH

### 3.17 CLINICS

The function is a key competency for the Department of Health. The municipality only plays a coordinating role by referring any community requests to the department of health. All requests raised during Mayoral Imbizos are accordingly forwarded and follow ups are made to give feedback to the community.

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## 3.18 **AMBULANCE SERVICES**

The function is a key competency for the Department of Social development. The municipality only plays a coordinating role

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

The function is a key competency for the Capricorn District Municipality. The municipality only plays a coordinating role

## COMPONENT G: SECURITY AND SAFETY

The Community Safety Forum (CSF) in Molemole local municipality was established during 2010/11 financial year by the MEC of the department of Safety, Security and Liaison, the structure is still existing, and members were inaugurated on the 8<sup>th</sup> May 2017 and will serve for a period of five (5) years. The main aim of the CSF is to empower the community of Molemole on issues related to safety and security at their local areas. Molemole municipality has nine (9) CSF members, who at first were working voluntarily without being paid. Currently the municipality managed to accommodate them in the Extended Public Works Programme (EPWP) budget.

## 3.20 **POLICE**

The function is a key competency for the South African Police Services (SAPS)

## 3.21 **FIRE**

The function is a key competency for the Capricorn District Municipality.

## 3.22 **OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)**

The functions are a key competency for the South African Police Services (SAPS) and Capricorn District Municipality.

# Chapter 3

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## COMPONENT H: SPORT AND RECREATION

### 3.23 **SPORT AND RECREATION**

#### **a) INTRODUCTION TO SPORTS AND RECREATION**

Sports and Recreation are key competencies of the Department of Sports, Arts and Culture. The municipality coordinates programmes from the department and Capricorn District Municipality. Due to budget constraints, there are limitations for coordination and community support at times.

After failure by the municipality to pursue the service provider to complete the renovation of Ramokgopa stadium the Council of Molemole approved budget for finalization of the work in the 2019/20 financial year. Mohodi sports complex project could not be finalized in the 2018/19 financial year as envisaged. Council has however allocated the budget for the installation of grand stands in the 2019/20 financial year. It expected that the stadium will be handed over by the end of 2<sup>nd</sup> quarter of the 2019/20 financial year.

The municipality is still continuing to assist with grading of soccer fields in the villages to create a platform for the youth to engage in sports and recreational activities. The municipality has participated in all district and provincial games and gave support to local participants through transportation.

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## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.24 EXECUTIVE AND COUNCIL

#### a) INTRODUCTION TO CORPORATE POLICY OFFICES

The functions in this category are distributed amongst different Directorates within the Municipality. Corporate policy issues are handled on a departmental basis depending on the responsibility for the specific function. The Directorate Financial Services is responsible for the financial affairs of the Municipality. The Directorate Corporate Services is responsible for the Human Resources as well as Information Technology functions of the Municipality. The latter Directorate is also responsible for rendering general administrative services to the Municipality overall as well as administrative and support services to ensure the effective functioning of Council and its Committees. Specific support services are rendered to the Office of the Mayor, Executive Committee and the Office of the Speaker and Chief Whip.

#### b) THE EXECUTIVE AND COUNCIL

The municipal council consists of thirty two (32) Councillors composed of three political parties, the ANC, the EFF and the Democratic Alliance. Molemole municipality has constituted an Executive Committee led by the Mayor, Councillor Paya. Corporate Services department is responsible to provide general administrative support to the office of the Speaker and Chief Whip whilst office of the MM is responsible to provide administrative support to office of the Mayor.

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Financial Performance Year 2018/19: The Executive and Council					
					R'000
Details	Year 2017/18	Year 2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		36138236	38174147	34892954	-4%
Expenditure:					
Employees		20989618	20948626	19868510	-6%
Repairs and Maintenance		0	0	0	0%
Other		15148618	17225521	15024444	-1%
<b>Total Operational Expenditure</b>	0	36138236	38174147	34892954	-4%
<b>Net Operational Expenditure</b>	0	0	0	0	0%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.24.5

# Chapter 3

## 3.25 FINANCIAL SERVICES

DEBT RECOVERY							
Details of the types of account raised and recovered	(2016/17)		(2017/18)			(2018/19)	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected
Property Rates	4,042,732.51	0.34	7,418,033.78	4,275,069.76	0.58	14,601,482.00	5,044,980.92
Electricity	1,585,465.09	0.53	2,531,622.29	1,329,435.45	0.53	4,028,451.92	2,859,179.48
Water	237,993.14	0.15	6,619,399.29	254,146.05	0.04	1,547,320.72	487,135.00
Sanitation	93,443.41	0.13	487,571.46	108,840.34	0.22	804,116.70	229,830.36
Refuse	140,722.14	0.08	782,179.76	174,640.89	0.22	1,991,608.82	368,952.20
Other/Write-off	424,687.83	0.17	(13,881,453.12)	36,946.92	(0.00)	3,089,362.00	652,264.80
<b>TOTAL</b>	<b>6,525,044.12</b>		<b>3,957,353.46</b>	<b>6,179,079.41</b>		<b>26,062,342.16</b>	<b>9,642,342.76</b>
<b>T3.5.2</b>							

# Chapter 3

Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	6	8	6	2	25%
10 - 12	03	03	03	0	0%
13 - 15	04	04	04	0	0%
16 - 18	04	04	04	0	0%
19 - 20	0	0	0	0	0%
Total	17	19	17	02	1%

T 3.25.4

Financial Performance Year 2018/19: Financial Services					
R'000					
Details	Year 2017/18	Year 2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	143036453	159184117	177587691	148004970	-8%
Expenditure:					
Employees	9932425	13530608	13390149	12428715	-9%
Repairs and Maintenance	0	0	0	0	
Other	27505346	15164338	17225700	14932651	-2%
<b>Total Operational Expenditure</b>	37437770	28694946	30615849	27361366	-5%
<b>Net Operational Expenditure</b>	-	-130489171	-146971842	-120643604	-8%

*Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.*

T 3.25.5

# Chapter 3

<b>Capital Expenditure Year 2018/19: Financial Services R 00.00</b>				
<b>Vote Description</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance</b>
Electronic clocking system	-	400,000.00	185,200.00	214,800.00
Vehicles	700,000.00	630,487.00	630,369.56	117.44
Establishment of satellite office: MDTG	-	2,700,899.00	-	2,700,899.00
Furniture	100,000.00	200,000.00	199,171.27	828.73
Fire detectors and alarm system	100,000.00	45,950.00	45,950.00	-
Team mate	200,000.00	200,000.00	-	200,000.00
Solar financial system	400,000.00	575,000.00	290,170.00	284,830.00
Trailer	150,000.00	150,000.00	-	150,000.00
Performance management software	200,000.00	1,400,000.00	888,633.68	511,366.32
Mscosa audit system	500,000.00	-	-	-
Ict Equipment	800,000.00	800,000.00		
Mscosa system improvements	800,000.00	-	-	-
TRAFFIC MANAGEMENT SYSTEM	-	400,000.00	346,521.74	53,478.26
Inventory management module	-	255,000.00	-	255,000.00
6m3 bins	300,000.00	264,000.00	229,200.75	34,799.25
Mounted chairs	200,000.00	190,000.00	189,060.00	940.00
Traffic equipment	50,000.00	50,000.00		
Mohodi sport complex	-	2,699,806.00	2,374,152.36	325,653.64
Carports	-	36,000.00	-	36,000.00
Upgrading of Ramokgopa stadium	8,210,052.00	5,510,246.00	3,350,441.17	2,159,804.83
Tractor with grass cutting equipment	-	486,346.00	444,009.75	42,336.25
Matipana to Madikana gravel to tar	-	896,779.00	818,933.59	77,845.41
Mohodi to Maponto gravel to tar road	60,000.00	70,000.00	57,610.00	12,390.00
Matipana to madikana gravel to tar	7,887,711.00	7,794,260.00	6,777,180.64	1,017,079.36
Nthabiseng internal street	9,000,000.00	16,890,824.00	14,710,822.16	2,180,001.84



# Chapter 3

<b>Capital Expenditure Year 2018/19: Financial Services R 00.00</b>				
<b>Vote Description</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance</b>
Mohodi internal street	5,705,035.00	5,704,335.00	5,017,917.24	686,417.76
Ramokgopa eisleben gravel to tar	12,208,715.00	-	0.00	(0.00)
Capricon park internal street	1,965,552.00	8,868,684.00	7,700,650.01	1,168,033.99
Electrification cluster 3 projects	-	419,070.00	282,388.92	136,681.08
Upgrading elect network CTVT meters	900,000.00	2,400,000.00	1,032,750.00	1,367,250.00
<b>Totals</b>	<b>50,437,065.00</b>	<b>60,037,686.00</b>	<b>45,571,132.84</b>	<b>13,616,553.16</b>
				T3.25.6

## 3.26 HUMAN RESOURCE SERVICES

### 3.26.1 INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources management and development is critical in building stability in a municipality and ensure that the municipality is appropriately resourced and capacitated to fulfil its mandate. The Human Resource Unit is responsible to facilitate recruitment, selection, appointment, induction, training, promotion/transfers, labour relations and compensation of employees and political leadership. The unit reports directly to the Senior Manager: Corporate Services and consists of the following staff complements: Manager: Human Resources, HR Officer, Skills Development and OHS Officer and HR Clerk. There is one Intern responsible to provide administration support. Over and above the intern the unit also recruited two Experiential Learners as a means to provide them with an opportunity to do practical work to qualify for their respective qualifications.

The HR Unit also recruit experiential learners for other municipal departments as a way to support skills development and practical work experience for graduates. The HR unit ensure a smooth operation by devising relevant HR policies which are in line with legislation for, among others, the following areas: time and attendance management, Overtime, Training and development, Employee bursary Health and Safety. It does this through various Human Resource Committees as outlined in section 1.4 above.

# Chapter 3

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## 3.26.2 SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

### a) Employee Wellness Program

The municipality continues to provide Employee Wellness Services to all employees who require such services and has coordinated one (21) Employee Wellness Session during the financial year under review. In one of the session we've seen a large number of employees in Mogwadi doing health screening which was a good indication of how serious our employees are about their wellness. The health screening sessions will be extended to employees in Morebeng in the next financial year.

## 3.26.3 Individual Performance Management

The Performance Management system within the municipality is limited to Senior Management and the plan is underway to cascade PMS to Managers reporting to Section 57 Managers in the 2019/20 financial year. All Managers and Supervisors have signed performance agreements for the 2019/20 financial year and are expected to undergo assessments on a quarterly basis. Performance assessment will be fully implemented in the 2019/20 financial year.

## 3.26.4 Personnel Provisioning

- **Recruitment and retention of employees – 6 Interns and 16** positions were filled in the year under review, 0 position in Mayor's Office, 04 position in Community services, 08 positions in Corporate services, 06 position in Budget and Treasury, 0 positions in Technical Services and 02 positions Municipal Manager's Office.
- An **Employment Equity** report was developed and submitted to the Department of labour in line with the requirements of the Employment Equity Act. The below table illustrates gender composition in the municipality as at 30 June 2018:

<b>EMPLOYMENT EQUITY ALL EMPLOYEES</b>	
Female	73
Male	113
<b>Grand Total</b>	<b>181</b>

# Chapter 3

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- **Gender representatives** in respect of departments is outlined hereunder:

<b>Department</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>
Community Services	<b>23</b>	<b>39</b>	<b>62</b>
Corporate Services	20	13	33
Local Economic Development & Planning	1	5	6
Finance Management Services	15	13	28
Technical Services	4	37	41
Municipal Manager's office	5	6	11
<b>Grand Total</b>	<b>68</b>	<b>113</b>	<b>181</b>

- **Disability** profile for the whole organization is represented hereunder.

Number of total employees = 181  
Number of people with disability = 3  
Percentage = 2.40%

# Chapter 3

- **Equity Status** at managerial level as at end 2018/2019 Financial year.

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
15-17	10	0	0	0	5	0	0	0	15
Percentage	67%	0	0	0	33%	0	0	0	100%

- **Occupational Health and Safety** – Occupational Health and Safety committee is established and fully functional. The municipality has complied with the Collective Agreement by ensuring that legislated Committees that handle human resources related issues are established and active. Three (3) meetings were held in the 2018/19 financial year to address OHS related issues in the workplace. One inspection of all offices was undertaken and a report submitted to Management for implementation. The implementation of recommendations is an ongoing process.
- **Human Resources Development** – The municipality continue to offer funding to employees to further their studies as part of support for career development. In the 2018/19 financial year the municipality has approved bursaries for twenty three (23) employees at various levels to further their studies.
- **Workplace Skills Plan** (WSP) and the **Annual Training Report** (ATR) were developed and submitted to the Local Government SETA by the 30<sup>th</sup> of April 2019. The municipality has been doing well in implementing the Workplace Skills Plan. For the year under review the municipality spent 70% of the annual budget on implementation of the Workplace skills plan.
- **Leave Management** The electronic leave management is now fully in place and all employees have been capacitated to use the system. The online system makes it easy to manage leave accurately. The Human resource division is conducting leave audits on a quarterly basis.
- **Labour Relations** A total of eight (8) meetings were held with Local Labour forum during the 2018/19 financial year. This signals a good working relationship with labour unions, hence there was no employee strike during the year under review. A total of four (4) disciplinary proceedings were instituted during the year with three already finalized.

# Chapter 3

Employees: Human Resource Services					
Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0%
13 - 15	2	2	2	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	4	4	4	0	0%
					T3.26.4

- **COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL**

The municipality did not conduct a skills audit during the year under review but however conducted a work study with the assistance of COGHSTA. The main objective of the work study exercise was to design a suitable organizational structure that will respond to the challenges of the municipality. The exercise was also intended to ensure the right people are placed at the right positions to ensure they are productive as well as to eliminate surplus positions with a view to reduce the huge salary bill.

# Chapter 3

Financial Performance Year 2018/19: Human Resource Services					
					R'000
Details	Year 2017/18	Year 2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	112536	193482	193482	152738	-27%
Expenditure:					
Employees	2077435	2535133	2535133	2367553	-7%
Repairs and Maintenance	0	0	0	0	0%
Other	3309187	3707517	4247517	3806285	3%
<b>Total Operational Expenditure</b>	5386622	6242650	6782650	6173837	-1%
<b>Net Operational Expenditure</b>	5274086	6049168	6589168	6021099	0%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					T 3.26.5

Capital Expenditure for 2018/19: Human Resource Services					
					R 00.00
Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Installation of fire detection and alarm system	45,950	45,950	45,950	0%	45,950
					<b>T3.26.6</b>

# Chapter 3

## 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

The Information and Communication Technology (ICT) unit falls under the Corporate Services department and report to Director Corporate Services. The ICT division play a critical supporting role to all the departments in all the offices of the municipality. The unit provides support in the following municipal satellite offices from the Mogwadi Head Office: Mogwadi Drivers and License testing center (DLTC), Morebeng DLTC, Mogwadi and Morebeng Library services as well as Morebeng municipal service center. Key among the services provided are: Website management services, support and maintenance of Server systems, Provision of Email Internet services, Support and monitoring of Voice Over Internet Protocol services (VOIP) in five municipal services, Supporting and monitoring of Financial and Payroll Systems. The staff complement in the unit consist of Manager: ICT Services and Desktop Technician. There is provision for Internship which will could not be filled during the year under review.

### b) SERVICE STATISTICS FOR IT SERVICES

The ICT unit manages a total of five (05) Servers for Email, Solar financial system, Payday for payroll system, proxy and data. A total of 124 users have been given access to the emails and internet services. All satellite offices are using wireless network connection to connect to the head office. The unit has since installed Firewall to protect the municipal ICT Infrastructure against hacking and other attacks from the outside world. The following service providers have been contracted to provide ICT services for the municipality in the year under review:

Name of service provider	Services offered
SITA	Server Maintenance
Business connection	Financial System
Telkom SA SOC	VOIP telephone system
Payday	Payroll system
CCG Systems	Performance Management System

**N.B. The contract for Telkom has commenced in November of 2018 after the company was appointed following expiry of the original contract. The contract will run for a period of three years until October 2021.**

# Chapter 3

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## c) THE OVERALL PERFORMANCE OF ICT SERVICES

The process of fully migrating to MSCOA is well underway and the municipality has recently enlisted the Asset Management module as well as Performance Management System. Budget allocation was made for implementation of Disaster Recovery Plan in the year under review. The project could not be implemented due to non-responsive bids.

The ICT governance committee held quarterly meetings according to schedule with all members attending. The unit has resolved all findings raised in the 2018/19 audit period as well as issues raised by internal audit.

<b>EMPLOYEES: ICT SERVICES</b>					
<b>Job Level</b>	<b>2016/17</b>	<b>2017/18</b>			
	<b>Employees No.</b>	<b>Posts No</b>	<b>Employees No.</b>	<b>Vacancies (full time equivalent) No.</b>	<b>Vacancies (as a % of total posts)</b>
07-09	0	0	0	0	0
10-12	1	1	1	1	0%
13-15	0	0	0	0	0
16-18	1	1	1	0	0%
19-20	0	0	0	0	0
Total	2	2	2	2	



# Chapter 3

Financial Performance Year 2018/19: ICT Services					
R'000					
Details	Year 2017/18	Year 2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	
Expenditure:			0		
Employees		1722392	1723363	1686661	-2%
Repairs and Maintenance		1179290	1329290	836070	-41%
Other		2544368	2294374	2533158	0%
<b>Total Operational Expenditure</b>	0	5446050	5347027	5055889	-8%
<b>Net Operational Expenditure</b>	0	5446050	5347027	5055889	-8%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.27.5					

CAPITAL EXPENDITURE: 2017/18 – ICT SERVICES					
R 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original budget	Total Project value
<b>Total all</b>	1,789,986	1,789,986	1,654,775.11	-8%	
8X ICT systems maintained and licensed	1,789,986	1,789,986	1,654,775.11	-8%	1,654,775.11

## 3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Legal services and Risk Management services falls under Municipal Manager's office whilst Procurement services are under the jurisdiction of Budget and Treasury department. The municipality have a contract for a panel of three attorneys that are called upon as and when there is

# Chapter 3

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a need to institute or defend the municipalities in litigations matters. The Legal division will be embarking on procurement process for new panel as the current contract is set to expire in the first quarter of 2018/19 financial year. Currently the Legal unit is manned by one Manager and there is consideration to beef up the unit for a smooth running of the function. The total pending cases as at June 2018 were twenty four (24) in number. This is constituted by eight (8) active cases, eight (8) dormant cases and eight (08) have been settled.

Risk Management services is led by a Risk Officer who reports directly to the Municipal Manager. The unit plays a critical role of security management, insurance administration as well as providing risk management services in all municipal outreach events, serving as Safety Officer. There were no capital projects undertaken in both the Legal and Risk Management services more so considering that the functions are more administrative and internal in their orientation.

## COMPONENT J: MISCELLANEOUS

- **None.**

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

See sections 3.2 and 3.3 above for a comprehensive report on performance of each department for the 2017/18 financial year.

# Chapter 4

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

### **COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL**

The Skills Development Act and Municipal Systems Act require employers to supply employees with the necessary training in order to develop its human resource capacity. With the requirements of the Skills Development Act and Municipal Systems Act as motive the Human Resource unit, under Corporate Services will ensure policies and procedures are effective and efficient to ensure a productive workforce at all times. We strive to ensure a smooth succession planning by creating an organizational structure that ensure there is always someone to perform the task in the event of illness, resignation and absenteeism for whatever reason of the another employee.

Training is implemented in line with the Workplace skills Plan and closely monitored by the duly constituted Municipal Training committee.

The municipality continues to appropriate the budget for a continuous human capital investment through training and development as well as support through employee wellness programmes. We believe this is the only way for continued functionality and sustainability of the municipality

# Chapter 4

## 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2017/18	2018/19			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water & Sanitation	9	12	9	03	15%
Budget & Treasury	24	26	24	02	10%
Municipal Manager's Office	26	31	27	04	15%
Electricity	4	4	4	0	0%
Waste Management	12	14	13	01	10%
Waste Water (Storm water Drainage)	15	18	17	01	10%
Local Economic Development and Planning	5	8	5	03	15%
Community & Social Services	35	50	46	04	15%
Corporate Services	34	36	34	02	10%
<b>Totals</b>	<b>164</b>	<b>199</b>	<b>179</b>	<b>20</b>	<b>100%</b>
					<b>T 4.1.1</b>

# Chapter 4

<b>Vacancy rate: 2018/19</b>			
<b>Designations</b>	<b>2018/19</b>		
	<b>Total Approved Posts</b>	<b>Vacancies (fulltime equivalent)</b>	<b>Vacancies (as a percentage of total posts in each category)</b>
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 (excl. Finance)	3	1	33%
Managers (Excl. Finance)	11	0	0%
Managers: Finance	4	0	0%
Supervisors/Specialized skills	10	0	0%
T 4.1.2			

<b>Turnover Rate as at 30 June 2019</b>			
<b>Details</b>	<b>Total appointments as of beginning of financial year</b>	<b>Terminations during the Financial year</b>	<b>Turnover rate*</b>
2016/17	0	0	0%
2017/18	149	6	4%
2018/19	179	13	7%
T4.1.3			

# Chapter 4

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### a. Introduction to Managing Municipal Workforce

The municipality has developed Human resource management and labour relations policies that aid management of employees to ensure an acceptable behaviour and practice by all employees. Policies are reviewed on an annual basis to cater for the changes in the management of human resources, legislative framework and overall trends in the labour market.

Advertisements, recruitment, selection, promotions and transfers all form part of staff provisioning policy. Management, Line Managers, Human Resources, Council and Trade Unions are involved in the entire process and the policy endeavours to enable such role-players to perform their allotted responsibilities as effective and efficient as possible. Recruitment of staff may be both internal and external. The municipal organogram has been reengineered to aid a motivated and productive workforce. Where applicable internal recruitment was done to enable a proper placement of employees.

### 4.2 HR POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1.	Affirmative Action	100%	Yes	29 May 2019
2.	Attraction and Retention	100%	Yes	29 May 2019
3.	Code of Conduct for employees	100%	Yes	29 May 2019
4.	Delegations, Authorization & Responsibility	100%	Yes	August 2016
5.	Disciplinary Code and Procedures	100%	yes	29 May 2019
6.	Employee Assistance / Wellness	100%	yes	29 May 2019
7.	Employment Equity	100%	yes	29 May 2019
8.	HIV/Aids	100%	yes	29 May 2019
9.	Human Resource and Development	100%	yes	29 May 2019
10.	Leave	100%	yes	29 May 2019

# Chapter 4

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
11.	Occupational Health and Safety	100%	yes	29 May 2018
12.	Official Working Hours and Overtime	100%	yes	29 May 2018
13.	Performance Management and Development	100%	yes	29 May 2018
14.	Recruitment, Selection and Appointments	100%	yes	29 May 2018
15.	Sexual Harassment	100%	yes	29 May 2018
16.	Skills Development	100%	yes	29 May 2018
<i>T 4.2.1</i>				

## 4.3 INJURY ON DUTY

Number and Cost of Injuries on Duty 2018/19					
Type of Injury	Injury leave taken (days)	Employees using injury leave No.	Proportion of employees using sick leave (%)	Average injury leave per employee (days)	Total estimated cost (R 000)
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	0	0	0	0	0
<i>T4.3.1</i>					

# Chapter 4

Number of days and Cost of Sick Leave (excluding injuries on duty) 2018/19						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
General Assistants/Cleaning staff	580	0%	40	96	3.24	
Officers/ Technicians	150	0%	25	50	0.84	
Superintendents/Accountant/ Management Rep	50	0%	2	10	0.28	
Managers	53	0%	2	18	0.30	
MM and S57	20	0%	3	5	0.11	
<b>Total</b>	<b>853</b>	<b>0%</b>	<b>72</b>	<b>179</b>	<b>4.77</b>	
						<i>T 4.3.2</i>

Number and Period of Suspensions as at 30 June 2019				
Position	Nature of alleged Misconduct	Date of Suspension	Status of Case	Date Finalized
Manager: IDP	Violation of MFMA/SCM policy	May 2019	Disciplinary process underway	Pending



# Chapter 4

## PERFORMANCE REWARDS

No Performance reward were awarded to The Molemole municipality employees in the 2017/18 financial year. A full performance management system will be rolled out in the next financial year.

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### a. Introduction

Section 68 (1) of The Local Government: Municipal Systems Act No. 32 of 2000 requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act and the Skills Development Levies Act. The table below outlines the training interventions during the year under review.

### 4.5 SKILLS DEVELOPMENT AND TRAINING

SKILLS MATRIX														
Management Level	Gender	Employee s at post at 30 June 2018/19	Number of skilled employees required and actual as at 30 June 2018/19											
			Learnerships			Skills Programmes Short Courses			Other forms of training			Total		
			No.	Actual 17/18	Target 18/19	Actual 18/19	Actual 17/18	Target 18/19	Actual 18/19	Actual 17/18	Target 18/19	Actual 18/19	Actual 17/18	Target 18/19
Councillors	Male	17	4	10	10	7	15	5	17	15	15	28	40	30
	Female	15	6	10	10	8	17	6	15	17	17	29	44	33
MM and S57	Male	3	0	4	4	0	4	2	0	4	4	03	12	10
	Female	0	0	2	2	0	2	1	0	2	2	0	06	5
Managers	Male	15	3	15	15	0	15	1	0	15	15	03	45	45
	Female	0	0	8	8	0	8	2	0	8	8	0	24	18
Technicians	Male	3	0	3	3	0	3	0	0	3	3	0	09	09

# Chapter 4

SKILLS MATRIX														
Management Level	Gender	Employees at post at 30 June 2018/19	Number of skilled employees required and actual as at 30 June 2018/19											
			Learnerships			Skills Programmes Short Courses			Other forms of training			Total		
			No.	Actual 17/18	Target 18/19	Actual 18/19	Actual 17/18	Target 18/19	Actual 18/19	Actual 17/18	Target 18/19	Actual 18/19	Actual 17/18	Target 18/19
	Female	0	0	2	2	0	2	0	0	2	2	0	06	04
Professionals	Male	18	5	7	7	18	7	3	0	7	7	23	21	17
	Female	0	0	7	7	0	7	2	0	7	7	0	21	16
<b>Totals</b>		71	18	68	68	33	80	22	46	80	80	86	228	187

T4.5.1

Financial Competency Development: Progress report						
Description	A Total no of officials employed by municipality Regulation 14 (4) (a) & (c)	B Total no of officials employed by municipal entity Regulation 14 (4) (a) & (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A & B Regulation 14 (4) (a) & (d)	Consolidated: Total no of officials whose performance agreements is in line with Regulation 14 (4) (f)	Consolidated: Total no of officials that meet prescribed competency levels Regulation 14 (4) (e)
Finance Officials	7	0	7	7	0	0
Accounting Officer	1	0	1	1	1	0
Chief Financial Officer	1	0	1	1	1	1
Senior Managers	4	0	4	4	3	1
Any Finance officials	2	0	2	2	0	0
Head of Supply chain units	1	0	1	1	0	0
<b>Total</b>	16	0	16	16	5	2

# Chapter 6

- Skills Development Expenditure

**N.B. Training is derived from one vote which serves as a pool for all employees**

Employee Level	Gender	Actual (No.)	Original Budget R	Actual R	
MM & S57	Male	0	450 000	0	
	Female	0		0	
Managers	Male	1		13,316.50	
	Female	0		0	
Plant and Machine Operators	Male	9		58,959	
	Female	0		0	
Technicians	Male	1		6,551	
	Female	0		0	
Sales & Services Workers	Male	0		0	
	Female	6		75,900	
Officers	Male	1		16,354	
	Female	4		46,956	
Clerks	Male	2		8,855	
	Female	3		25,300	
General Assistants	Male	4		26,204	
	Female	3		19,653	
<b>Totals</b>					2980,48.5
				<b>%</b>	66.2%%
				T4.5.3	

# Chapter 6

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE

Number of employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
MM & S57	Male	0
	Female	0
Managers	Male	0
	Female	0
Officers and Supervisors	Male	0
	Female	0
Clerical	Male	0
	Female	0
General Assistants/Cleaners	Male	0
	Female	0
<b>Total</b>		0

T4.6.2

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

T 4.6.3

# Chapter 6

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

*T 4.6.4*

**DISCLOSURES OF FINANCIAL INTERESTS:**

See Appendix J below.

# Chapter 6

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## CHAPTER 5 – FINANCIAL PERFORMANCE

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

The Municipality has engaged the consultant on preparation and compilation of 2018/19 Annual Financial statements with an amount of **R 874,000.00**. The Municipality is still in the learning process of the case ware system that will assist in compilation.

*T 5.0.1*

# Chapter 6

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## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### 5.1 INTRODUCTION TO FINANCIAL STATEMENTS

The Municipality has fulfilled its responsibility for the preparation of the financial statements in accordance with Generally Recognised Accounting Practice and the MFMA and DORA, in particular that the financial statements were fairly presented in accordance to all the required legislations. All known instances of non-compliance or suspected non-compliance with legislation, which the municipality was aware of were considered during the preparation of the annual financial statements and brought to the attention of the auditor. The identity of all related parties, the related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of GRAP.

All known actual or possible litigation and claims were accounted for and disclosed in accordance with GRAP. All events subsequent to the date of the financial statements and for which GRAP requires adjustment or disclosure have been adjusted or disclosed. The going concern assumption was appropriately applied in the preparation of the financial statements and there was no significant uncertainties identified by Auditor General which can impact the municipality's ability to continue as a going concern.

# Chapter 6

## a) Reconciliation of Budget Summary

Description	Year 2018/19											Year 2017/18			
	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	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Financial Performance</b>															
Property rates	14,480	-	14,480	-	-	14,480	14,573		(93)	101	101	-	-	-	-
Service charges	10,869	-	10,869	-	-	10,869	9,871		998	91	91	-	-	-	-
Investment revenue	2,000	-	2,000	-	-	2,000	1,820		180	91	91	-	-	-	-
Transfers recognised – operational	133,413	1,055	134,468	-	-	134,468	130,472		3,995	97	98	-	-	-	-
Other own revenue	39,264	17,349	56,613	-	-	56,613	6,684		49,929	12	17	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>200,027</b>	<b>18,404</b>	<b>218,430</b>	<b>-</b>	<b>-</b>	<b>218,430</b>	<b>163,420</b>	<b>-</b>	<b>55,010</b>	<b>75</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Employee costs	(84,761)	(12)	(84,773)	-	-	(84,773)	(77,415)	-	(7,358)	91	91	-	-	-	-
Remuneration of councillors	(12,865)	-	(12,865)	-	-	(12,865)	(12,365)	-	(500)	96	96	-	-	-	-
Debt impairment	(5,507)	-	(5,507)	-	-	(5,507)	(4,49)	-	(1,012)	82	82	-	-	-	-



# Chapter 6

Description	Year 2018/19											Year 2017/18			
	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	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
						7)	4)		)						
Depreciation & asset impairment	(8,149)	-	(8,149)			(8,149)	(12,277)	-	4,129	151	151	-	-	-	-
Finance charges	(1,184)	-	(1,184)	-	-	(1,184)	(1,155)	-	(30)	97	97	-	-	-	-
Materials and bulk purchases	(7,800)	-	(7,800)	-	-	(7,800)	(9,419)	-	1,619	121	121	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-			-	-	-	-
Other expenditure	(62,093)	(20,791)	(82,883)	-	-	(82,883)	(77,187)		(5,696)	93	124	<b>22,652</b>	<b>(5,932)</b>	-	<b>16,720</b>
<b>Total Expenditure</b>	<b>(182,358)</b>	<b>(20,803)</b>	<b>(203,161)</b>	-	-	<b>(203,161)</b>	<b>(194,312)</b>	-	<b>(8,849)</b>	<b>731</b>	<b>762</b>				
<b>Surplus/(Deficit)</b>	<b>17,669</b>	<b>(2,399)</b>	<b>15,269</b>	-	-	<b>15,269</b>	<b>(30,892)</b>	-	<b>46,161</b>	<b>806</b>	<b>844</b>				
Transfers recognised - capital	32,768	12,000	44,768	-		44,768	46,749		(1,981)	104	143				
Contributions recognised - capital & contributed assets			-			-									
<b>Surplus/(Deficit) after capital</b>															

# Chapter 6

Description	Year 2018/19											Year 2017/18			
	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	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>transfers &amp; contributions</b>															
Share of surplus/ (deficit) of associate	-	-	-	-		-	-		0	-	-				
<b>Surplus/(Deficit) for the year</b>	17,669	(2,399)	15,269	-	-	15,269	(30,892)	-	46,161	-	-				
<b>Capital expenditure &amp; funds sources</b>															
<b>Capital expenditure</b>															
Transfers recognised – capital	32,828	15,766	48,594	-		48,594	38,799		9,796	80	118				
Public contributions & donations	-		-			-			-	-	-				
Borrowing	-		-			-			-	-	-				
Internally generated funds	17,609	(6,165)	11,443	-		11,443	6,884		4,560	60	39				
<b>Total sources of capital funds</b>	50,437	9,601	60,038	-	-	60,038	45,682	-	14,355	76	91				

# Chapter 6

Description	Year 2018/19											Year 2017/18			
	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	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Cash flows</b>															
Net cash from (used) operating	76,135	(31,066)	45,069	-		45,069	22,741		22,328	50	30				
Net cash from (used) investing	(50,437)	(9,601)	(60,038)	-		(60,038)	(44,945)		(15,093)	75	89				
Net cash from (used) financing	-	-	-			-	(197)		197	-	-				
Net increase/(decrease) in cash and cash equivalents	25,698	(40,667)	(14,969)	-	-	(14,969)	(22,401)	-	7,432	0	(87)				
<b>Cash/cash equivalents at the beginning of the year</b>	39,005	-	39,005			39,005	41,771		(2,766)		107				
<b>Cash/cash equivalents at the year end</b>	64,703	(40,667)	24,036	-	-	24,036	19,370	-	4,665	81	30				
						-									
T 5.1.1															
<b>Notes</b>															
3 = sum of column 1 and 2															
2 represents movements in original budget to get to final adjustment budget (including shifting of funds)															
Virements must offset each other so that															

# Chapter 6

Description	Year 2018/19											Year 2017/18			
	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	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
virements in Total Expenditure equals zero															
6 = sum of column 3, 4 and 5															
8 does not necessarily equal the difference between 9 and 8 because overspending is not the only reason for unauthorised expenditure															
9 = 7 - 6															
10 = (7/6)*100															
11 = (9/1)*100															
14 = 13 - 12															
15 in revenue equals Audited Outcome plus funds actually recovered															
15 in expenditure equals Audited Outcome less funds actually recovered															
15 in Cash Flow equals Audited Outcome plus funds recovered															

# Chapter 6

## b) FINANCIAL PERFORMANCE: OPERATING SERVICES

R '000						
Description	Year 2017/18	Year 2018/19			Year 2017/8 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	5,460	6,369	6,498	7,684	17.11%	15.43%
Waste Water (Sanitation)	3,071	2,251	2,251	2,450	0.00%	0.00%
Electricity	13,131	16,885	16,310	13,313	-26.83%	-22.51%
Waste Management					0.00%	0.00%
Housing	-	-	-	-	0.00%	0.00%
Component A: sub-total	21,663	25,505	25,060	23,447	-8.78%	-6.88%
Waste Water (Stormwater Drainage)	-	-	-		0.00%	0.00%
Roads	7,937	10,516	25,280	22,983	54.24%	-10.00%
Transport	-	-	-	-	0.00%	0.00%
Component B: sub-total	7,937	10,516	25,280	22,983	54.24%	-10.00%
Planning						
Local Economic Development						
Component B: sub-total	-	-	-	-	-	-
Planning (Strategic & Regulatory)	4,243	3,422	4,444	3,765	0.00%	0.00%
Local Economic Development	2,068	3,175	3,175	2,424	0.00%	0.00%
Component C: sub-total	6,310	6,598	7,619	6,189	0.00%	0.00%
Community & Social Services					5.63%	4.06%

# Chapter 6

R '000						
Description	Year 2017/18	Year 2018/19			Year 2017/8 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	25,932	28,335	28,808	30,026		
Environmental Protection	-	-	-		0.00%	0.00%
Health	-	-	-		0.00%	0.00%
Security and Safety	-	-	-		0.00%	0.00%
Sport and Recreation	-	-	-		0.00%	0.00%
Corporate Policy Offices and Other	127,560	111,404	116,394	111,667	0.24%	-4.23%
Component D: sub-total	153,492	139,739	145,202	141,694	1.38%	-2.48%
<b>Total Expenditure</b>	<b>189,402</b>	<b>182,358</b>	<b>203,161</b>	<b>194,312</b>	6.15%	-4.55%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2

## c) COMMENT ON FINANCIAL PERFORMANCE

THE LIQUIDITY RATIOS FOR 2018/19 FINANCIAL YEAR ARE AS FOLLOWS:

- Current ratio = 3.1:1
- Acid test ratio = 3.3:1
- Net Assets/Working Capital = R295 523 692.00

The municipal ratios indicates clearly that the financial capacity of the municipality is stable. The municipality will be in a position to operate in the coming financial year and meet all its financial obligations.

# Chapter 6

## 5.2 GRANTS PERFORMANCE

Description	2017/18	2018/19			2018/19 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>124,947</b>	<b>133,412,650</b>	<b>133,412,650</b>	<b>133,212,145</b>	<b>99.8</b>	<b>99.8</b>
Equitable share	122,614	128,184,000	128,184,000	128,184,000	100	100
Municipal Systems Improvement	-	-			-	-
Expanded Public Works	-	1,101,000	1,101,000	1,101,000	100	100
Municipal Infrastructure Grant	-	1,724,650	1,724,650	1,749,815	101	101
Financial Management Grant	2,333	2,403,000	2,403,000	2,177,330	91	91
Municipal Demarcation Transitional Grant	5,440	-	-	-	-	-
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>1,055,000</b>	<b>771,000</b>	<b>73</b>	<b>73</b>
Other grant	-	-	1,055,000	771,000	73	73
Housing	-	-			-	-
Ambulance subsidy	-	-			-	-
Sports and Recreation	-	-			-	-
Financial Management Grant	-	-			-	-
<b>District Municipality:</b>	<b>-</b>	<b>219,739</b>	<b>219,739</b>	<b>72,890</b>	<b>33</b>	<b>33</b>
CDM	304	219,739	219,739	72,890	33	33
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Total Operating Transfers &amp; Grants</b>	<b>124,947</b>	<b>133,632,389</b>	<b>134,687,389</b>	<b>134,056,035</b>		

T 5.2.1

### d) COMMENT ON OPERATING TRANSFERS AND GRANTS:

- The department of COGHSTA: Limpopo has allocated a grant of R 1,055,000 in the fourth quarter of the financial year. The municipality could only spent R 771,000 (73%) of the allocation due to the time constraints. The expenditure on the grant was

# Chapter 6

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spent on network points for Electronic Clocking system, Traffic Management system to manage traffic fines as well as Inventory system.

## **e) GRANTS RECEIVED FROM SOURCES OTHER THAN DIVISION OF REVENUE ACT (DORA)**

- The municipality did not receive any grants other than the one from DORA.

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## **5.3 ASSET MANAGEMENT**

### **a) INTRODUCTION TO ASSET MANAGEMENT**

The Asset management function falls under Chief Financial Officer in the Budget and Treasury department. The staff complement of the unit consists of SCM Manager, Accountant Assets and two inventory Clerks. The Accountant: Assets position became vacant in the latter part of the financial year. The recruitment process was undertaken to find a suitable replacement as we acknowledge the complexity of this function. The management of assets is guided by the approved Assets Management policy as well as National Treasury circulars which are issued from time to time.

Two assets verifications were conducted during the year under review to update the assets register of the municipality. Obsolete assets were identified during the verification process which were submitted to council to approve disposal. These assets were disposed in the 3<sup>rd</sup> quarter of the financial year following Council approval.

The Fixed Asset register was reconciled over the twelve months of the financial year as required by the regulatory framework. As reported earlier in this report the municipality has conducted a revaluation of infrastructure assets which is done after every 4 years. The revaluation included municipal roads, Fleet land and buildings with a view have an updated and correct asset values in the municipal asset register.

The municipality has migrated to an electronic Municipal Asset module as part of ensuring compliance to Municipal Chart of Accounts (MSCOA). The migration will help the municipality to accurately and properly account on the assets.

The following reports have been updated on the asset module:

- a. Revaluation of land and buildings
- b. Residual amounts
- c. Review of useful lives
- d. Unbundling of Assets
- e. Council Auction
- f. Assets purchased in the current year.



# Chapter 6

The following table outline the treatment of the three largest assets acquired in the year under review:

<b>TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2018/19</b>	
<b>Asset 1</b>	
Name	Nthabiseng Internal Street
Description	Nthabiseng Internal Street
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
<b>Year-2018/19</b>	
Asset Value	R 8 168 585.33
Capital Implications	Yes
Future Purpose of Asset	Roads
Describe key Issues	Upgrading of gravel road to tar for effective transport system
Policies in Place to Manage Asset	Yes
<b>Asset 2</b>	
Name	Capricorn Internal Street
Description	Capricorn Internal Street
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
<b>Year-2018/19</b>	
Asset Value	R 7 700 650.01
Capital Implications	Yes
Future Purpose of Asset	Roads
Describe key Issues	Upgrading of gravel road to tar for effective

# Chapter 6

<b>TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2018/19</b>	
	transport system
Policies in Place to Manage Asset	Yes
<b>Asset 3</b>	
Name	Matipana to Madikane Gravel to Tar Roads
Description	Matipana to Madikane Gravel to Tar Roads
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
<b>Year-2018/19</b>	
Asset Value	R 6 777 180.60
Capital Implications	Yes
Future Purpose of Asset	Roads
Describe key Issues	Upgrading of gravel road to tar for effective transport system
Policies in Place to Manage Asset	Yes

# Chapter 6

## a) COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

- During the year under review the municipality had budget allocation of R 10,727,238.00 or repair and maintenance of municipal assets.

<b>Repair and Maintenance Expenditure: 2018/19</b>				
<b>R' 000</b>				
	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Budget variance</b>
Repairs and Maintenance Expenditure	9,465,601.00	10,727,238.00	9,626,805.91	10
<i>T 5.3.4</i>				

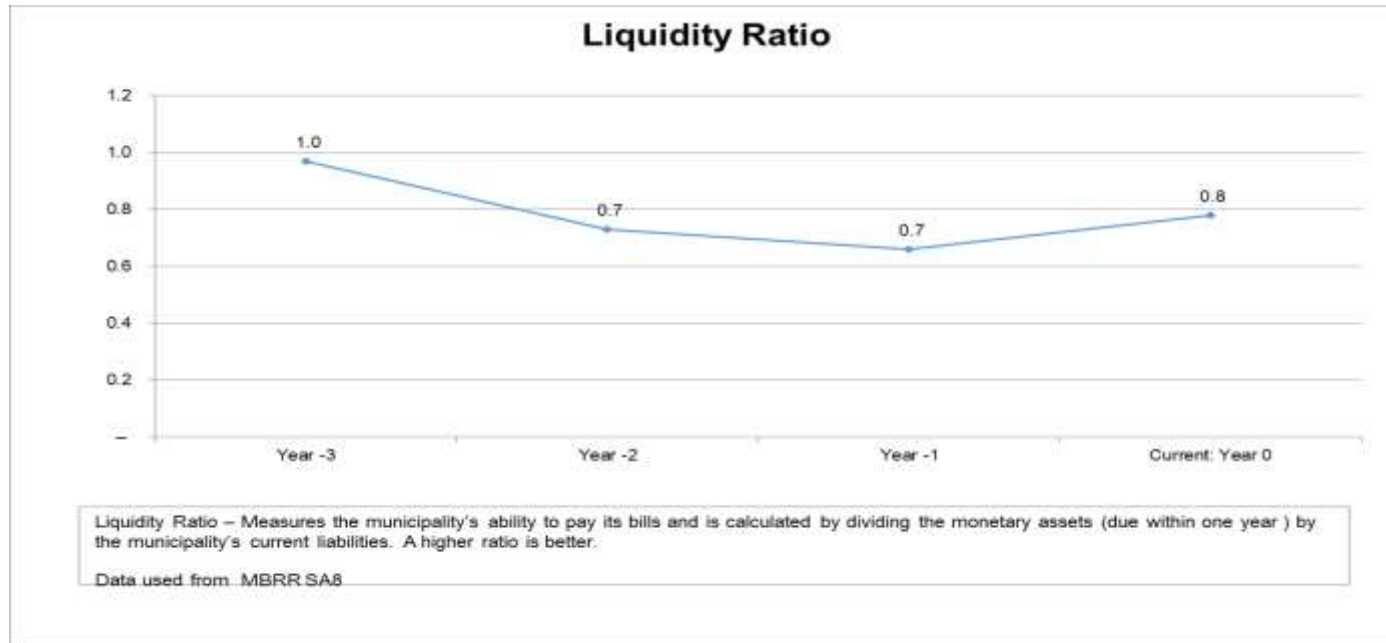
The total expenditure Repair and Maintenance for 2018/19 was R 9,626,805.91. The proportion of Repair and Maintenance to the budget stood at 4% which is way below the required 8% as per circular 71. The municipality will work hard to ensure there is improvement in the coming financial years to ensure all procured assets are able to be maintained to extract the expected service delivery benefits from such assets.

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

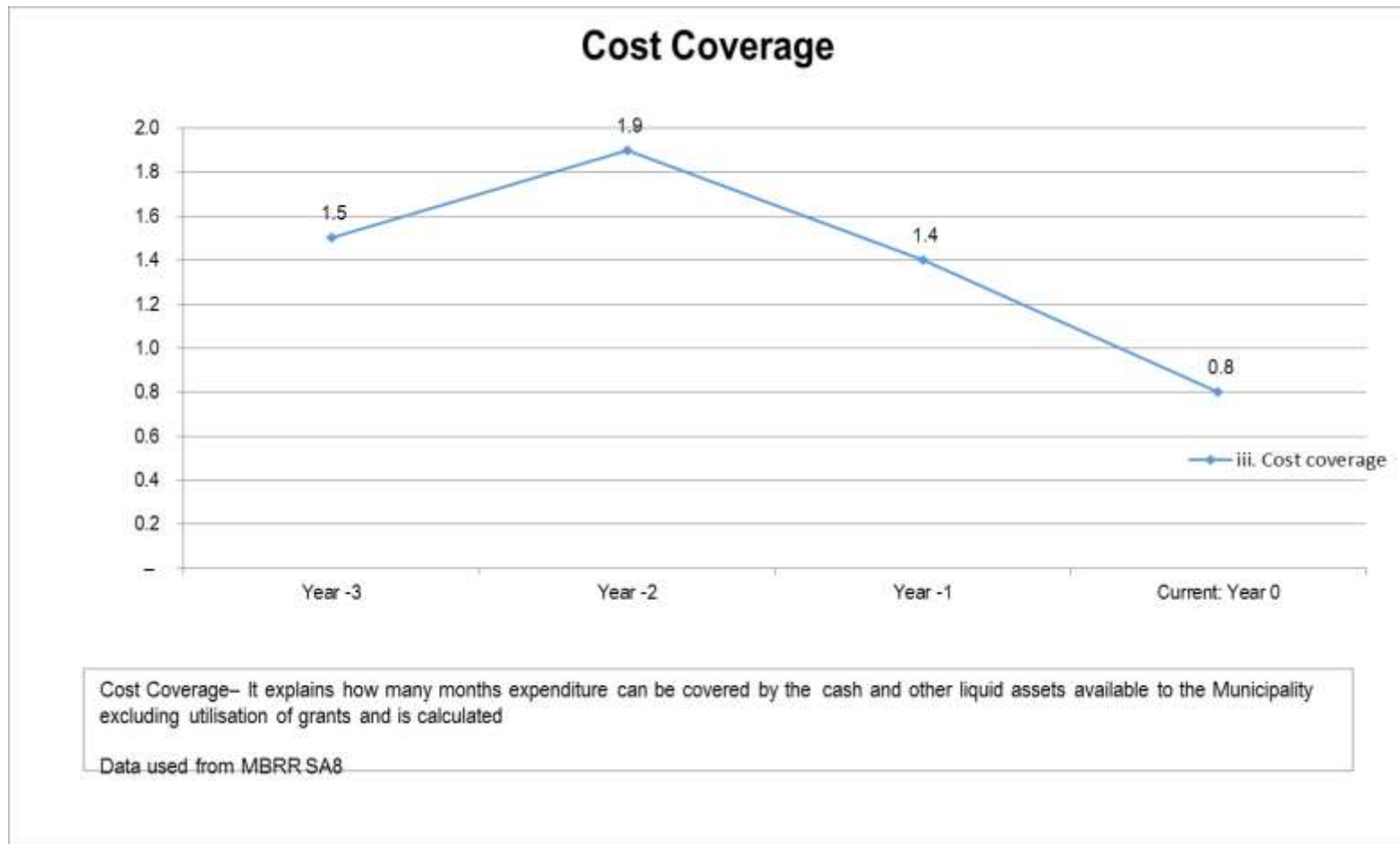
Financial ratios for the 2018/19 as described under financial overview above are illustrated hereunder in a graphical display

# Chapter 6

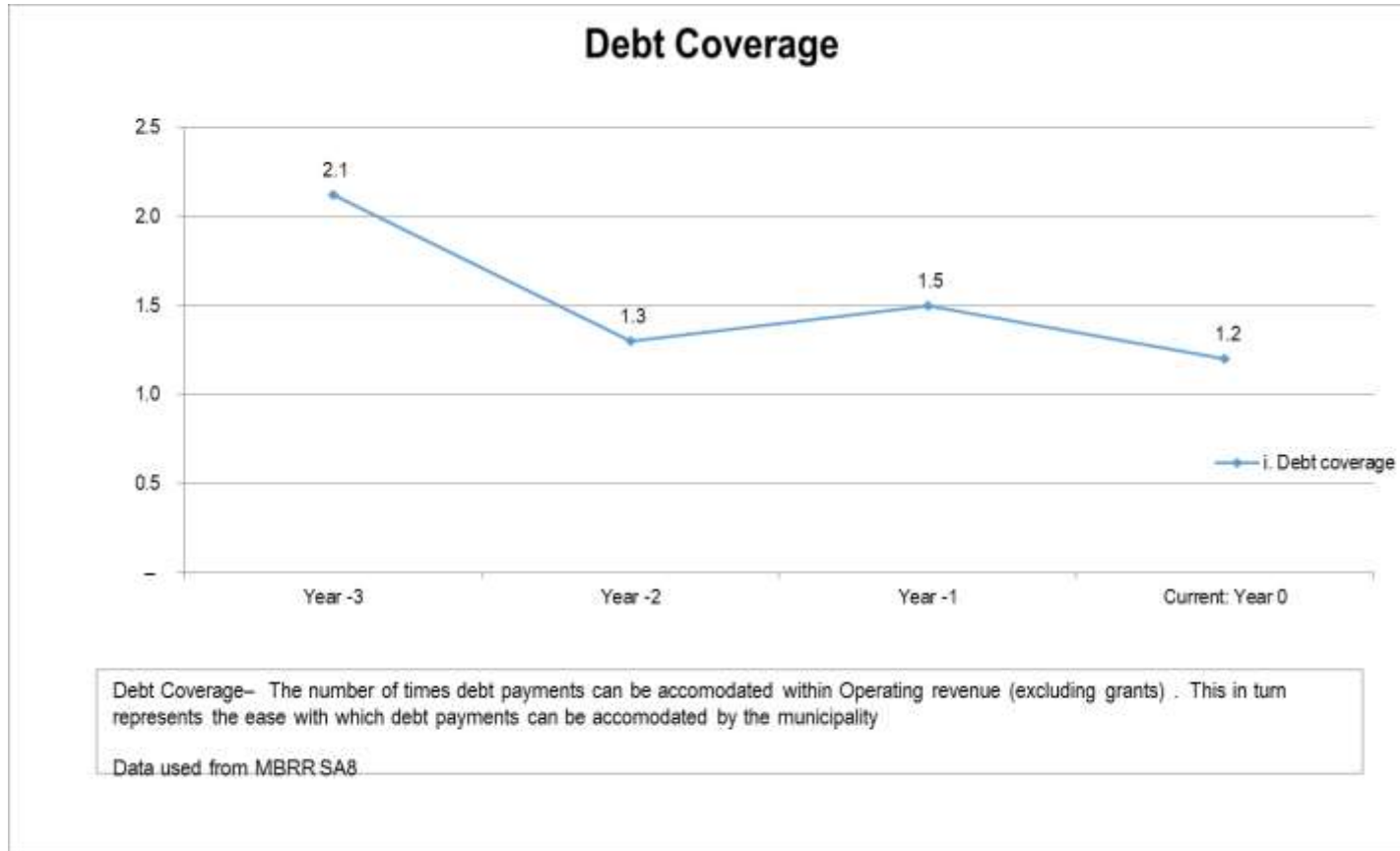
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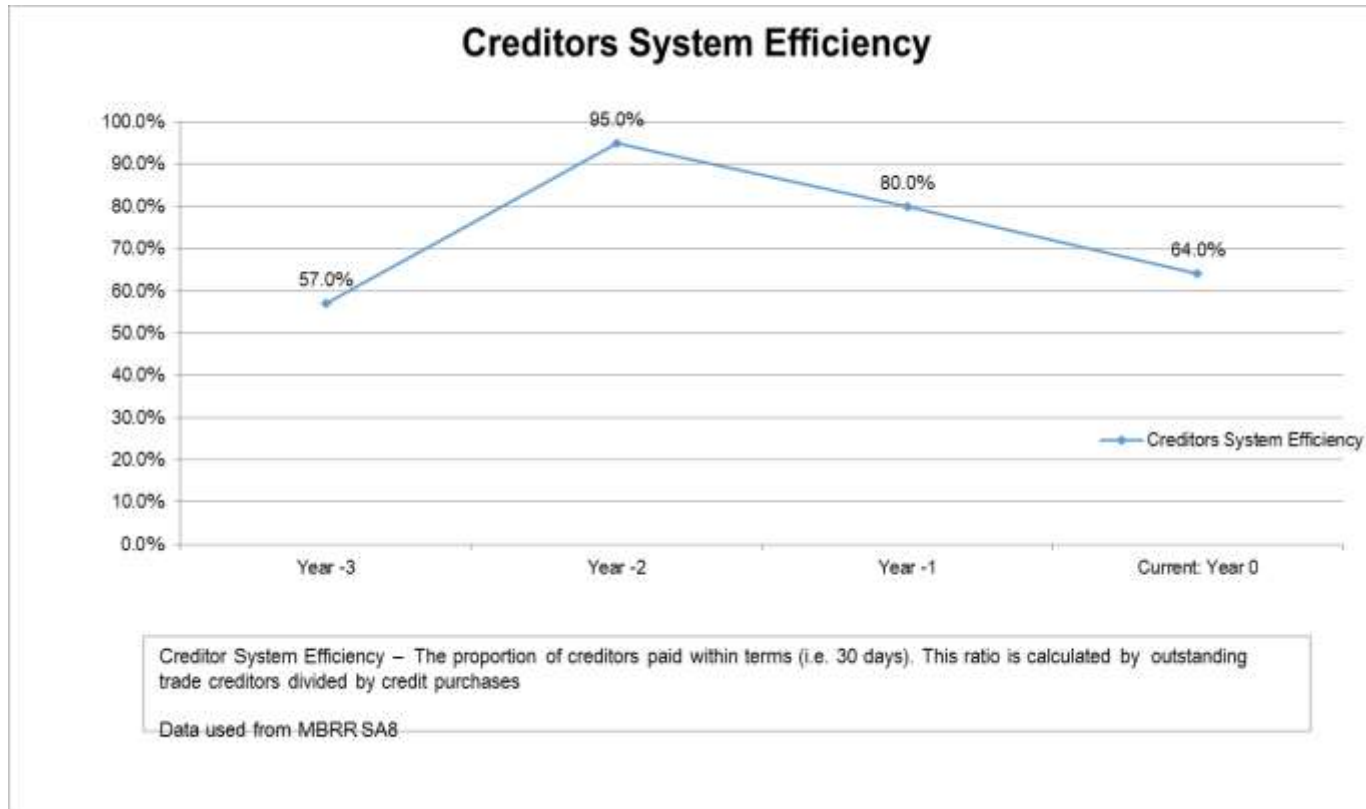
# Chapter 6



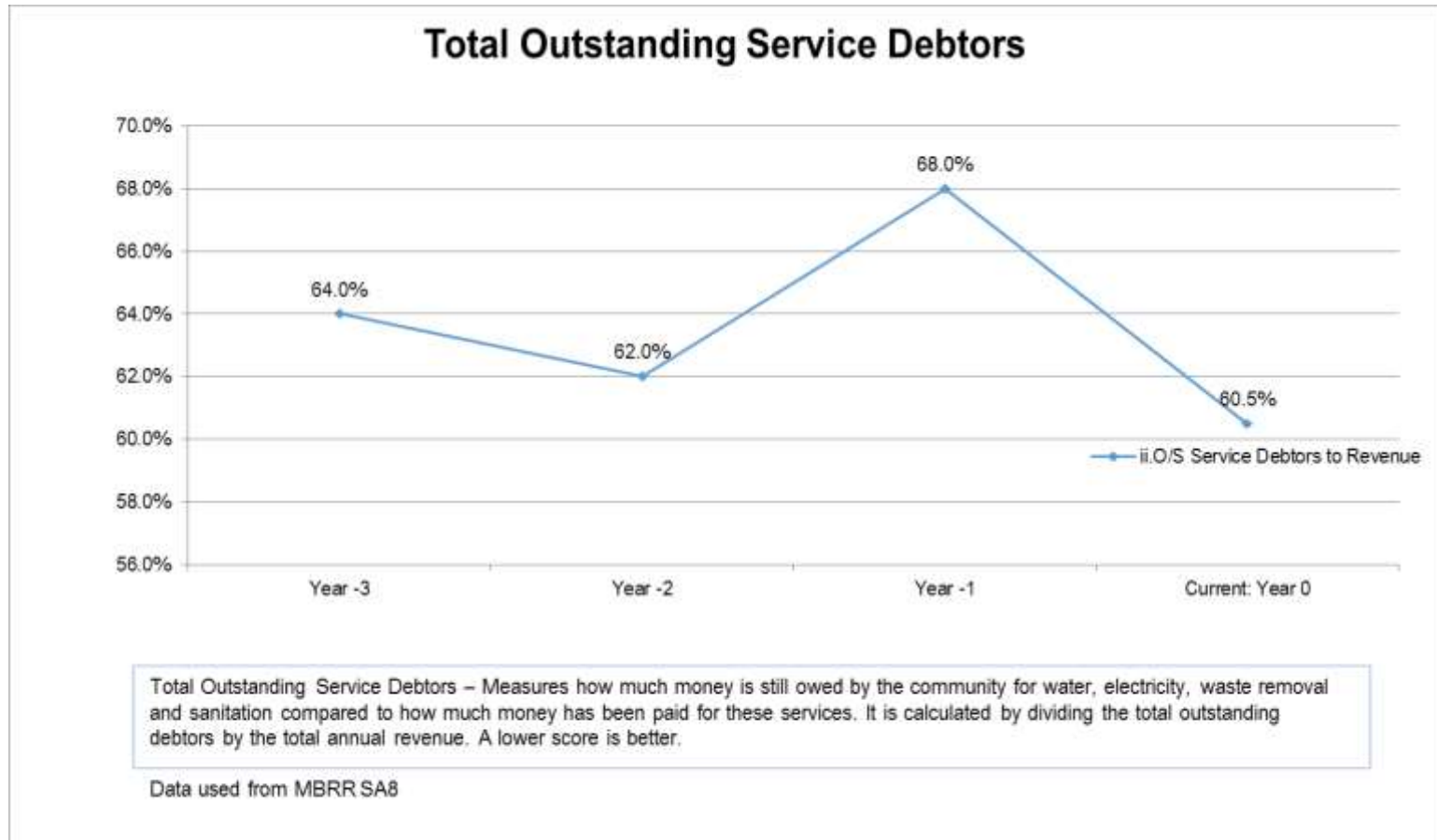
# Chapter 6



# Chapter 6

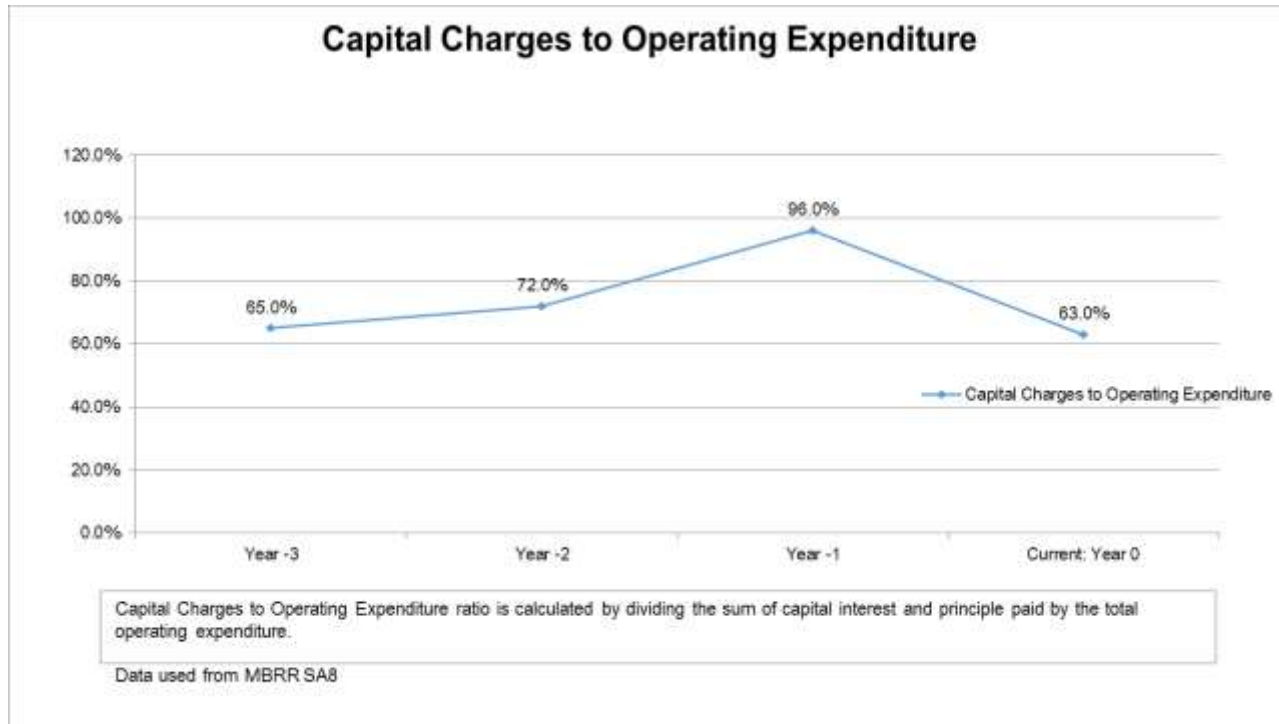


# Chapter 6

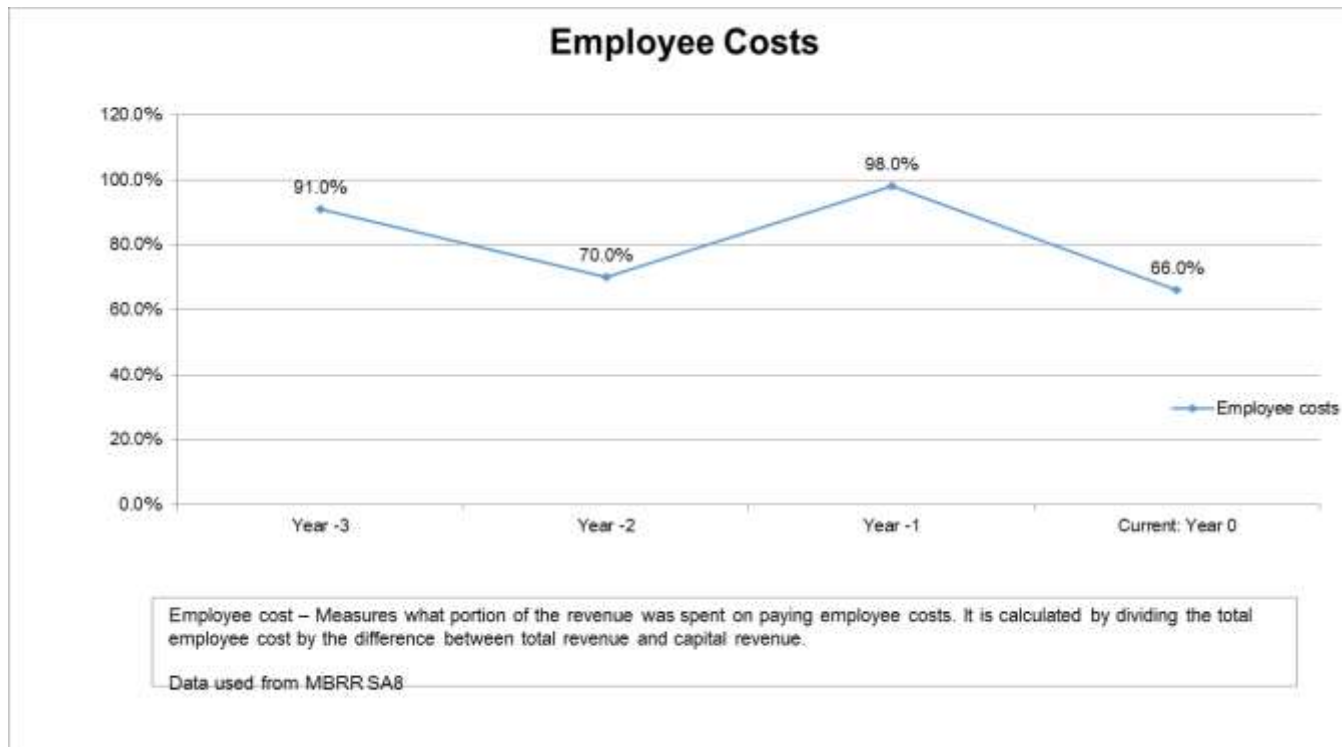




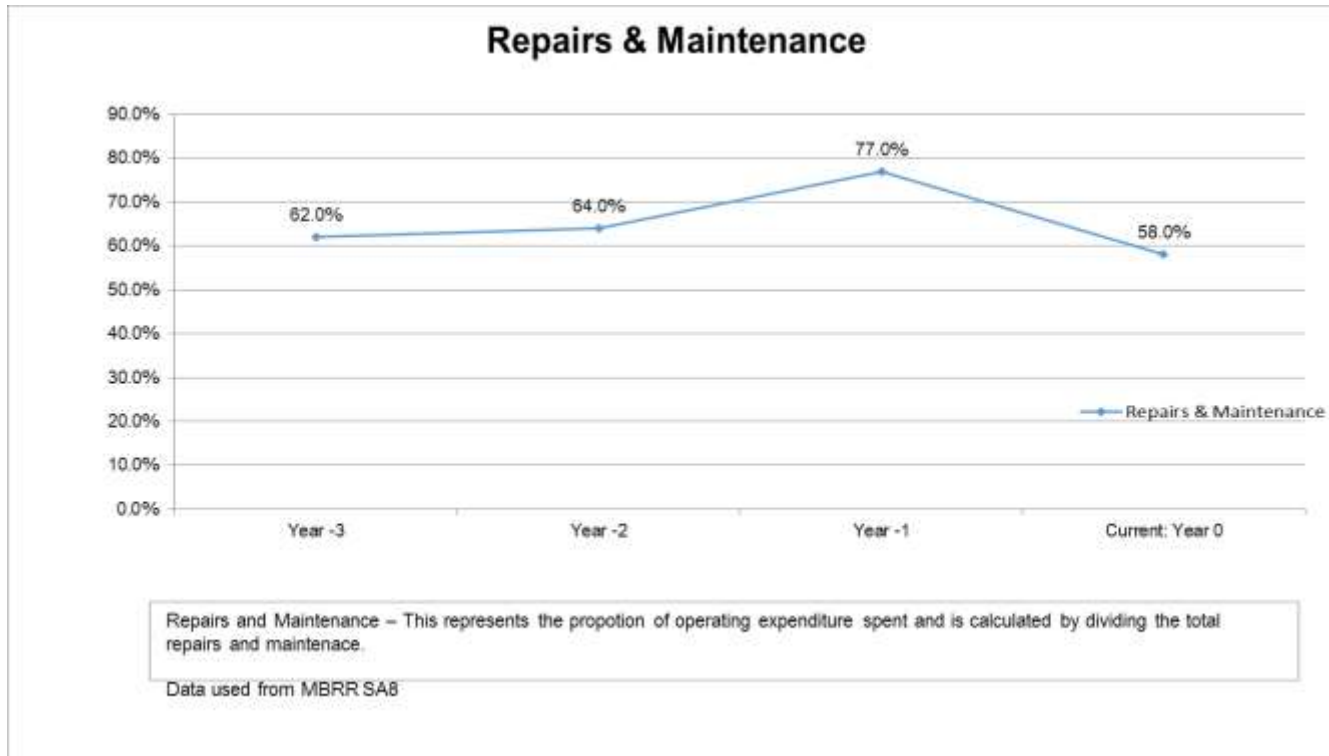
# Chapter 6



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## **COMMENT ON FINANCIAL RATIOS:**

The ratio 3:0 is above the norm which means that the municipality will be able to pay its short term obligations with the available current assets. When comparing the current year ratio to the prior year it is stable, thus no indication of uncertainties on the liquidity of the municipality.

The Municipality's net assets amount of R 295 523 701

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### **a) INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET**

Capital expenditure relates mainly to construction projects that will have lasting value over many years. Molemole municipality fund Capital projects via grants and funds generated from own user fees. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

# Chapter 6

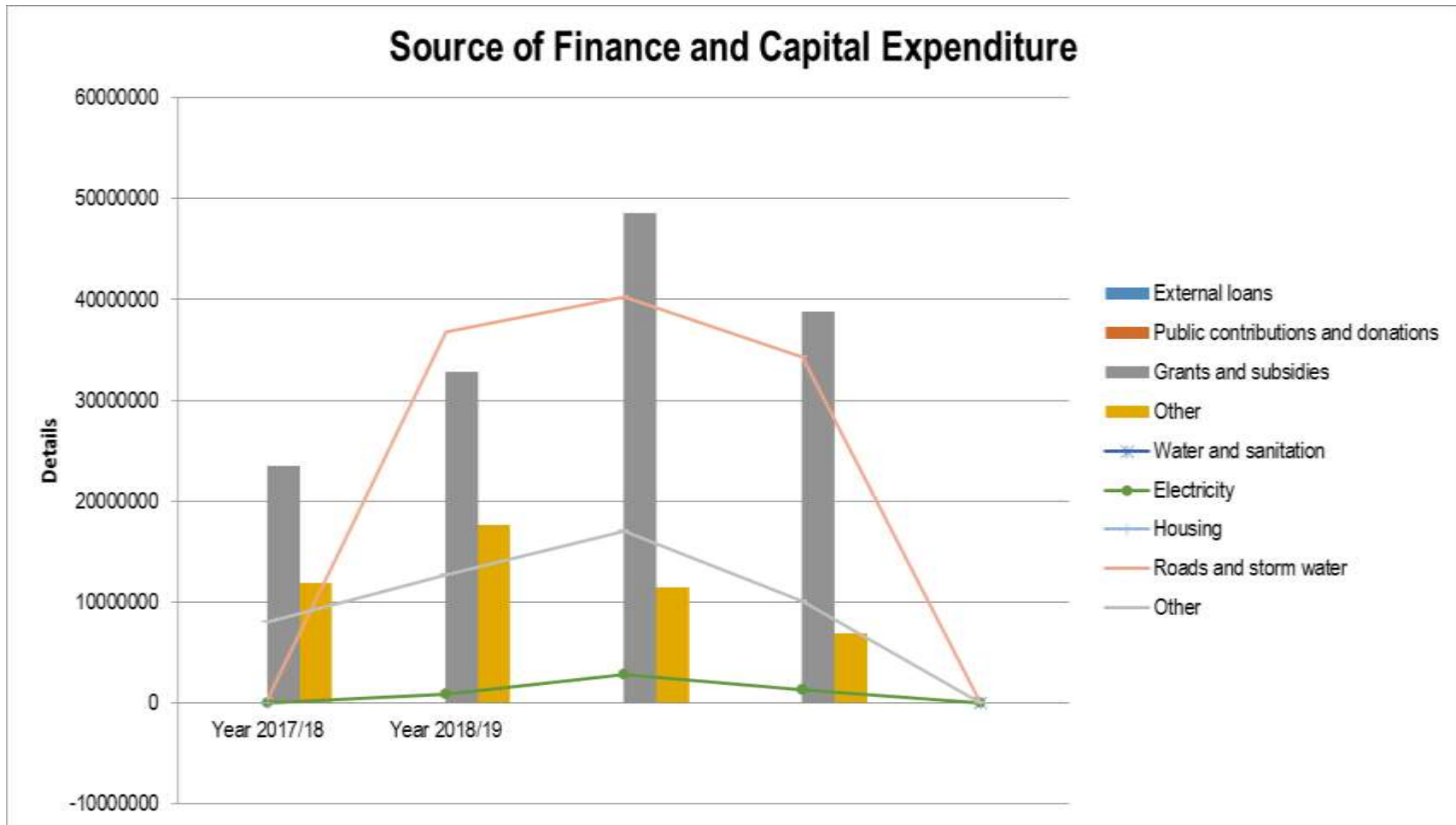
## 5.4 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2017/18 to Year 2018/19							
R' 000							
Details	Year 2017/18	Year 2018/19					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
<b>Source of finance</b>							
	External loans	0	0	0	0	0.00%	0.00%
	Public contributions and donations					0.00%	0.00%
	Grants and subsidies	23452126	32828350	48594248	38798613	48.03%	18.19%
	Other	11854293	17608715	11443438	6883705	-35.01%	-60.91%
<b>Total</b>		<b>35306419</b>	<b>50437065</b>	<b>60037686</b>	<b>45682318</b>	19.03%	-9.43%
<i>Percentage of finance</i>							
	External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Grants and subsidies	66.4%	65.1%	80.9%	84.9%	252.3%	-192.9%
	Other	33.6%	34.9%	19.1%	15.1%	-183.9%	646.1%
<b>Capital expenditure</b>							
	Water and sanitation					0.00%	
	Electricity	0	900000	2819070	1315139	213.23%	46.13%
	Housing	0				0.00%	0.00%

# Chapter 6

Capital Expenditure - Funding Sources: Year 2017/18 to Year 2018/19							
							R' 000
Details	Year 2017/18	Year 2018/19					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
	Roads and storm water	492,510	36827013	40224882	34264180	9.23%	-6.96%
	Other	8,079,500	12710052	16993734	10103039	33.70%	-20.51%
<b>Total</b>		<b>8572010</b>	<b>50437065</b>	<b>60037686</b>	<b>45682358</b>	<b>256.16%</b>	<b>18.66%</b>
<i>Percentage of expenditure</i>							
	Water and sanitation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Electricity	0.0%	1.8%	4.7%	2.9%	83.2%	247.2%
	Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Roads and storm water	5.7%	73.0%	67.0%	75.0%	3.6%	-37.3%
	Other	94.3%	25.2%	28.3%	22.1%	13.2%	-109.9%
							T 5.6.1

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Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: 2018/19			Variance: 2018/19	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Nthabiseng Internal Street phase 1	9000 000.00	9000 000.00	8 168 585.31	9%	9%
Capricorn Internal Street	8 868 684.00	8 868 684.00	7 700 650.01	13%	0%
Nthabiseng Internal Street Phase 2	7 890 824.00	7 890 824.00	6 542 236.84	17%	17%
Matipana to Madikana Gravel to Tar	7 794 260.00	7 794 260.00	6 777 180.66	13%	0%
Mohodi Sports Complex	5 724 593.07	5 724 593.07	5 698 097.10	0%	0%
<i>T 5.7.1</i>					



# Chapter 6

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### a) INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality has a favorable bank balance of R 19,371,738 at year end as per table below

#### 5.9 CASH FLOW

Cash Flow Outcomes				
Description	2017/18	Current: 2018/19		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	14,396	32,038	50,331	20,192
Government - operating	128,993	131,941	122,468	128,430
Government - capital	25,718	32,768	44,768	46,749
Interest	1,575	3,440	3,053	1,820
Dividends				
<b>Payments</b>				
Suppliers and employees	(145,653)	(123,224)	(174,367)	(173,103)
Finance charges	(1,191)	(828)	(1,154)	(1,155)
Transfers and Grants	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>23,837</b>	<b>76,135</b>	<b>45,100</b>	<b>22,934</b>
<b>CASH FLOWS FROM INVESTING</b>				

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Cash Flow Outcomes				
Description	2017/18	Current: 2018/19		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	514	-	-	738
Decrease (Increase) in non-current debtors	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	
Decrease (increase) in non-current investments	-	-	-	
Purchase of intangibles	(1,862)	-	-	(1,235)
<b>Payments</b>				
Capital assets	(33,444)	(50,437)	(60,038)	(44,447)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(34,792)</b>	<b>(50,437)</b>	<b>(60,038)</b>	<b>(44,945)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing	(517)	-	-	(197)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(517)</b>	<b>-</b>	<b>-</b>	<b>(197)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(11,472)</b>	<b>25,698</b>	<b>(14,938)</b>	<b>(22,207)</b>
Cash/cash equivalents at the year begin:	<b>55,607</b>	<b>39,005</b>	<b>39,005</b>	<b>41,581</b>
Cash/cash equivalents at the year end:	<b>44,136</b>	<b>64,703</b>	<b>24,067</b>	<b>19,374</b>
Source: MBRR A7				T 5.9.1

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## 5.10 MUNICIPAL INVESTMENTS

### A) INTRODUCTION TO INVESTMENTS

The municipality is proud to report that there were no borrowings done during the financial year under review. Furthermore the municipality has never invested with VBS Mutual Bank. Decisions on Investments are guided by the Council approved Investment policy.

Description	2018	2019
Bank balances	R 30,195,004	R 11,497,723
Short-term Investment	R 11,578,914	R 7,874,015
TOTAL	R 41 774 238	R 19,371,738

- The table below gives a detailed overview of investments during the 2018/19 financial year.

Municipal and Entity Investments			
			R' 000
Investment type	Year 2016/17	Year 2017/18	
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government	0	0	
Listed Corporate Bonds	0	0	
Deposits - Bank	22,003,792.00	11,578,914.00	7,874,015
Deposits - Public Investment Commissioners	0	0	0
Deposits - Corporation for Public Deposits	0	0	
Bankers' Acceptance Certificates	0	0	
Negotiable Certificates of Deposit - Banks	0	0	

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<b>Municipal and Entity Investments</b>			
			R' 000
Investment type	Year 2016/17	Year 2017/18	2018/19
	Actual	Actual	Actual
Guaranteed Endowment Policies (sinking)	0	0	
Repurchase Agreements - Banks	0	0	
Municipal Bonds	0	0	
Other	0	0	
<b>Municipality sub-total</b>	R 22,003,792	R 11,578,914	R 7,874,015
<b>Municipal Entities</b>			
Securities - National Government	0	0	0
Listed Corporate Bonds	0	0	0
Deposits - Bank	0	0	0
Deposits - Public Investment Commissioners	0	0	0
Deposits - Corporation for Public Deposits	0	0	0
Bankers' Acceptance Certificates	0	0	0
Negotiable Certificates of Deposit - Banks	0	0	0
Guaranteed Endowment Policies (sinking)	0	0	0
Repurchase Agreements - Banks	0	0	0
Other	0	0	0
<b>Entities sub-total</b>	0	0	0
<b>Consolidated total:</b>	R 22,003,792	R 11,578,914	R 7,874,015
			<i>T 5.10.4</i>

## a. PARTNERSHIPS

The municipality did not have any official partnerships

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## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 GRAP COMPLIANCE

GRAP is an acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules for 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 the National Treasury to assess the pace of progress and to consider the implications if not adhered to. Molemole Municipality followed the directives issued by the Accounting Standards Board in compiling the 2018/19 Annual Financial Statements. Molemole municipality's Asset management policy and Asset register are in compliance with GRAP

# Chapter 6

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

### 6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

<b>Financial year</b>	<b>2017/18</b>
<b>Municipality name</b>	<b>Molemole</b>
<b>Audit opinion</b>	<b>Unqualified</b>
<b>Reporting period</b>	<b>Jun-2018</b>

# Chapter 6

• **A SUMMARY OF AUDIT FINDINGS FOR THE 2017/18 FINANCIAL YEAR IS TABLED BELOW**

<b>Auditor-General Report on Financial Performance 2017/18</b>	
Audit Report status*:	Unqualified
<b>Non-Compliance Issues</b>	
<b>Remedial Action Taken</b>	
<p>1. Annual financial statements, performance and annual reports</p> <p>The financial statements submitted for audit were not prepared in all material respects in accordance with the requirements of section 122 (1) of the MFMA. Material misstatements of receivables, assets and disclosures items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.</p>	<p>Draft Annual Financial Statements process plan to ensure adequate preparation and review of the AFS. Quarterly preparation and review of the financial statements.</p>
<p>2. Procurement and contract management</p> <p>Persons in the service of the municipality with business interest in contracts awarded by the municipality failed to disclose such interest, as required by the code of conduct for staff members issued in terms of the Municipal System Act, 2000 (Act No. 32 of 2000) (MSA).</p>	<p>Annual declaration of all employees. Enforcement of penalties for false declaration by suppliers.</p>
<p>3. Revenue management</p> <p>An effective system of internal control for debtors was not in place, as required by section 64(2)(f) of the MFMA.</p>	<p>Community consultations. Final written warning to all consumers. Implementation of disconnection of services.</p>

# Chapter 6

<b>Auditor-General Report on Financial Performance 2017/18</b>	
<p>4. Consequence management</p> <p>Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.</p>	<p>Quarterly submission of the UIF register to Council to refer to MPAC for investigations. Quarterly meetings by the Financial Disciplinary Board to assist with disciplinary measure for possible financial misconduct.</p>
<p>Note:* The report`s status is supplied by the Auditor – General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse) <span style="float: right;">T6.1.1</span></p>	
<b>Auditor-General Report on Service Delivery Performance 2017/18</b>	
Audit Report status*:	
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<p>No material findings on the usefulness and reliability of the reported performance information for the following development priority:</p> <p><b>KPA 1: Spatial rationale.</b></p>	<p>Unqualified</p>
<p><b>KPA 2: Basic service delivery and infrastructure planning.</b></p> <p>Basis for Qualified opinion : Complete sports complex</p> <p>The planned target for this indicator was not specific in clearly identifying the nature and required level of performance and measurable.</p>	<p>Qualified</p>
T6.1.2	



# Chapter 6

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

### 6.2 AUDITOR GENERAL REPORT YEAR 2018/19

- Below is a summary of 2018/19 audit report:

Auditor-General Report on Financial Performance 2018/19	
Audit Report status*:	Unqualified
Non-Compliance Issues	Remedial Action Taken
<p>1. Annual financial statements, performance and annual reports</p> <p>The financial statements submitted for audit were not prepared in all material respects in accordance with the requirements of section 122 (1) of the MFMA.</p> <p>Material misstatements of assets, payables, expenditure and disclosures items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.</p>	<p>Timely preparation of the Annual Financial Statement process plan.</p> <p>Monthly Audit Steering Committee meetings to monitor implementation of the audit action plans on issues raised by the Auditor General and Internal Audit.</p>
<p>2. Strategic planning and performance management</p> <p>The performance management system and related controls were not maintained as it did not describe how the performance monitoring and reporting processes should be conducted, organized and managed as required by municipal planning and performance management reg7(1).</p>	<p>Review of the Performance Management policy.</p> <p>Quarterly preparation of Performance Management reports and Independent review of the reports.</p>
<p>Note:* The report`s status is supplied by the Auditor – General and ranges from unqualified (at best); to unqualified with other matters</p>	

# Chapter 6

<b>Auditor-General Report on Financial Performance 2018/19</b>	
specified; qualified; adverse; and disclaimed (at worse)	T6.1.1
<b>Auditor-General Report on Service Delivery Performance 2018/19</b>	
Audit Report status*:	Unqualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
KPA 1: Spatial Rationale	Unqualified
KPA 2: Basic Services & Infrastructure Planning There were variances between the reported achievement as per APR submitted for audit and supporting reports:	Preparation of the Annual Performance Management process plan. Monthly/quarterly reconciliation and review of the traffic & licensing reports. Independent review of monthly/quarterly traffic & licensing reports.
KPA 3: Local Economic Development	Unqualified
T6.1.2	

## **b) COMMENTS ON AUDITOR-GENERAL'S OPINION 2018/19**

There was a marked improvement in the resolution of issues raised by Auditor-General for the 2017/18 financial year. As at 30 June 2019 the municipality has resolved 75% of audit findings raised by Auditor-General as well as 95% issues raised by Internal Audit. These efforts have helped our cause to maintain the unqualified audit opinion in the current financial year.

# Chapter 6

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## **c) COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:**

All section 71 reports for the 2018/19 financial year were submitted to both National and Provincial Treasury, COGHSTA and the Mayor in the format prescribed by National Treasury. The signed copies are also published in the municipal website in line with section 75 of the Municipal Finance Management Act, 2003 (Act 53 of 2003)

# GLOSSARY

## GLOSSARY

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

# GLOSSARY

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

# GLOSSARY

	operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <ul style="list-style-type: none"><li><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></li><li><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></li></ul>

# GLOSSARY

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## APPENDICES

# GLOSSARY

## APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

### A1:F13 Councilors, Committees Allocated and Council Attendance

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
1. Mshilo Edward Paya	FT	Mayor	ANC	100%	N/A
2. Mpelege Sara Moreroa	FT	Speaker	ANC	100%	N/A
3. Emmanuel Masilo Rathaha	FT	Chief Whip	ANC	100%	N/A
4. Moyahabo Daniel Lehong	FT	Ward Councillor MAYORAL	ANC	100%	N/A
5. Ngaletjane Frank Rampyapedi	FT	Ward Councillor MAYORAL	ANC	100%	N/A
1. Nakedi Winny Seakamela	FT	Ward Councillor MAYORAL	ANC	80%	20%
7. Makoma Tawana	PT	Ward Councillor MAYORAL	ANC	80%	20%
8. Mamoraka Dorcus Meso	PT	PR Councillor MAYORAL	EFF	90%	10%
9. Adelaide Makgoka	PT	PR Councillor	ANC	100%	N/A
10. Moyahabo Paulina Makgato	PT	PR Councillor	ANC	60%	40%
11. Moloko Letta Moabelo	PT	PR Councillor	ANC	80%	20%
12. Moloko Calvin Matjee	PT	PR Councillor	DA	70%	70%
13. Ngwakwana Margret Hopane	PT	PR Councillor	ANC	80%	20%
14. Dikeledi Matlou	PT	PR Councillor	ANC	90%	10%
15. Cllr M D Marutha	PT	PR Councillor	ANC	80%	20%
16. Malose Phineas Tloubatlla	PT	PR Councillor	DA	100%	N/A
17. Tebogo Raphaswana	PT	PR Councillor	EFF	90%	10%
18. Marutha Daisie Madiga	PT	PR Councillor	EFF	80%	20%
19. Marema Isaac Mohafe	PT	PR Councillor	EFF	90%	10%
20. Mamoraka Dorcas Meso	PT	PR Councilor	EFF	90%	10%



# GLOSSARY

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
21.Motlalaohle Leferela Jacqueline	PT	PR Councillor)	EFF	60%	40%
22.Malema Moni Quintilian	PT	Ward Councillor(08)	ANC	80%	20%
23PhetoleThomas Rakimane	PT	PR Councillor	EFF	80%	20%
24. Tshepiso Paul Rathete	PT	Ward Councillor ((1)	ANC	90%	10%
25 Duba Marias	PT	Ward Councillor(15)	ANC	80%	20%
26,Sewatlane Robert Nakana.	PT	Ward Councilor(7)	ANC	100%	N/A
27.Mokgadi Jeanette Manthata	PT	<i>Ward Councillor(9)</i>	ANC	100%	N/A
28.Sephesu Godlive Matlou	PT	<i>Ward Councillor(10)</i>	ANC	100%	N/A
29.Ramukhubedu Naledzani Selina	PT	<i>Ward Councillor(11)</i>	ANC	100%	N/A
30.Masoga Phuti Standford	PT	<i>Ward Councillor(16)</i>	ANC	90%	10%
31.Kobola Sekwati Elias	PT	<i>Ward Councillor(12)</i>	ANC	100%	N/A
32.Mpati Ramalepe Laurance	PT	<i>Ward Councillor(5)</i>	ANC	100%	N/A

# GLOSSARY

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

MUNICIPAL COMMITTEES	NAMES AND INITIALS	PURPOSE OF COMMITTEE
Chairperson	Paya M.E	Chairperson of Exco
Finance department	Seakamela N.W	Chairperson of Finance
Technical department	Lehong M.D	Chairperson of Technical services
Community department	Rampyapedi N.F	Chairperson of Community services
Corporate services	Tawana P.M	Chairperson of Corporate services
Local economic development and planning	Meso D	Chairperson of Local Economic Development & Planning

Committees (other than Mayoral / Executive Committee) and Purposes of Committees				
Municipal Committees	Members	No. of meetings attended	No of meetings not attended	Purpose of Committee
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TOTAL MEETINGS HELD: 04	Rathete P.T	04	04	To perform an oversight function on behalf of the Council over the executive functionaries of the Council
	Makgatho M.P	04	04	
	Leferela M.J	04	04	
	Kobola S.E	04	04	
	Raphaswana T	04	04	
	Makgalo N.G	04	04	
	Matjee M.C	04	04	
	Sephesu MG	04	04	
AUDIT & PERFORMANCE AUDIT COMMITTEE TOTAL MEETINGS HELD: 07	Mr. Ngobeni	07	07	Established in terms of Section 166 of the MFMA. Committee established per Council resolution 5.1/11/08/2014 dated 11 August 2014.
	Mr. Maredi ID	05	05	
	Mr. Lekoloane T	07	07	
	Adv. Monobe TE	05	05	
	Risk Chairperson	Vacant	Vacant	
ETHICS & INTERGRITY COMMITTEE TOTAL MEETINGS HELD:04	Duba M.	04	04	Enforcement of Councillor code of conduct
	Masoga S.	04	04	
	Marutha M.	04	04	
	Ramukhubedu S.	04	04	
	Tloubatla M.	04	04	

# GLOSSARY

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>				
<b>Municipal Committees</b>	<b>Members</b>	<b>No. of meetings attended</b>	<b>No of meetings not attended</b>	<b>Purpose of Committee</b>
RISK MANAGEMENT COMMITTEE TOTAL MEETINGS HELD:04	Chairperson: Vacant (CDM seconded an official to chair meetings)	04	04	Appointed by the Accounting Officer / Authority to review the Institution's system of risk management
	Senior Managers	04	04	
ICT STEERING COMMITTEE TOTAL MEETINGS HELD:	Makgatho K.E	04	04	To ensure the application, management and review of the ICT systems are consistent with the goals and objectives of the municipal
	Manyelo M.F	04	04	
	Ramaboea N.L	04	04	
	Moruane K.	04	04	
	Ralephenya T	04	04	
	Mashatola D	04	04	
	Manaka N (SITA)	04	04	
	Mamabolo H (CDM)	04	04	

# GLOSSARY

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

<b>Third Tier Structure</b>	
<b>Directorate</b>	<b>Director/Manager</b>
Municipal Manager's Office	Municipal Manager - Mr. ML Mosena
Budget and Treasury	Chief Financial Officer – Ms K Zulu
Corporate Services	Senior Manager Corporate Services – Mr. KE Makgatho
Community Services	Senior Manager Community Services – Mrs. MF Mabuela
Technical Services	Senior Manager Technical Services Mr. Y Wasilota
LED and Planning	Vacant

# GLOSSARY

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

The municipality does not have an entity and as result some functions are performed by the Capricorn district municipality. The table below outlines functions performed by the municipality.

<b>Municipal Functions</b>	<b>Function applicable to Municipality (Yes/No)*</b>	<b>Function applicable to Entity (yes/no)</b>
Constitution schedule 4, Part B functions		
Air Pollution	NO	N/A
Building Regulations	YES	N/A
Child Care facilities	NO	N/A
Electricity and gas reticulation	YES	N/A
Firefighting services	NO	N/A
Local tourism	NO	N/A
Municipal airports	NO	N/A
Municipal planning	YES	N/A
Municipal Health Services	NO	N/A
Municipal Public Transport	NO	N/A
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	YES	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related	NO	N/A
Storm water management systems in built up areas	NO	N/A
Trading regulations	YES	N/A
Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems	YES	N/A
<i>Continued next page</i>		N/A
Beaches and amusement facilities	NO	N/A
Billboards and the display of advertisements in public places	YES	N/A
Cemeteries, funeral parlours and crematoria	YES	N/A
Cleansing	NO	N/A
Control of public nuisance	NO	N/A

# GLOSSARY

<b>Municipal Functions</b>	<b>Function applicable to Municipality (Yes/No)*</b>	<b>Function applicable to Entity (yes/no)</b>
Control of undertakings that sell liquor to the public	NO	N/A
Facilities for the accommodation, care and burial of animals	NO	N/A
Fencing and fences	NO	N/A
Licensing of dogs	NO	N/A
Licensing and control of undertakings that sell food to the public	NO	N/A
Local amenities	NO	N/A
Local sport facilities	NO	N/A
Markets	NO	N/A
Municipal abattoirs	NO	N/A
Municipal parks and recreation	YES	N/A
Municipal roads	NO	N/A
Noise pollution	YES	N/A
Pounds	NO	N/A
Public places	YES	N/A
Refuse removal, refuse dumps and solid waste disposal	YES	N/A
Street trading	YES	N/A
Street lighting	YES	N/A
Traffic and parking	YES	N/A

# GLOSSARY

## APPENDIX E – WARD REPORTING

WARD COMMITTEE FUNCTIONALITY 2018/2019					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Ye s)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
1.	Cllr Rathete T	YES	12 meetings held	12 reports submitted	04 ward public meetings held
	Satekge MS				
	Rababalela MK				
	Ramohloa SJG				
	Mapate SP				
	Motsosi FP				
	Molele SP				
	Maeko MI				
	Matsebatlela MS				
	Kekana MP				
	Mutsusi TS				
2.	Cllr Rampyapedi N	Yes	12 meetings held	12 reports submitted	13 ward public meetings held
	Makwela SG				
	Mabeba MZ				
	Mapokgole JM				
	Mahapeletja MB				
	Padima MF				
	Rapetswa RS				
	Sediela ML				
	Mashapa MV				
	Mashapa Mv				
	Makoetja PA				
3.	Cllr Seakamela N	Yes	12 meetings held	12 reports submitted	05 ward public meetings held
	Sebetseba MD				
	Mapatha ME				
	Makwala MS				
	Letswalo MR				
	Sesokga MT				
	Ralekgokgo K				
	Mahlakaro ML				
	Mofumadi G				
	Morale MD				
	Peta SA				

# GLOSSARY

<b>WARD COMMITTEE FUNCTIONALITY 2018/2019</b>					
<b>Ward No.</b>	<b>Name of ward Councillor &amp; elected ward committee members</b>	<b>Committee established (/No/Yes)</b>	<b>Number of ward committee meetings held during the year</b>	<b>Number of monthly reports submitted to Speakers office on time</b>	<b>Quarterly public ward meetings held during the year</b>
4.	Cllr Rathaha M	Yes	12 meetings held	12 reports submitted	11 ward public meetings held
	Mahuma DE				
	Madiba TJ				
	Matima MJ				
	Manabile MK				
	Thobakgale MT				
	Makhura MP				
	Mohlakela NE				
	Ratema MJ				
	Sebone SI				
	Ramatjie MD				
5.	Cllr Mpati R	Yes	12 meetings held	12 reports submitted	07 ward public meetings held
	Ramarutha ME				
	Makgato MS				
	Rawane MM				
	Mabitsi MR				
	Machaka ND				
	Sekgota AN				
	Hamese M A				
	Thuputlela MD				
	Moalamedi IS				
	Makgato MA				
6.	Cllr Tawana M	Yes	12 meetings held	12 reports submitted	12 ward public meetings held
	Machete MC				
	Phefadu MP				
	Makwala MH				
	Monchela MD				
	Kotopane SB				
	Rapholo MS				
	Ramaphakela NG				
	Maapola MK				
	Leta SC				
	Ramahlare AG				
7.	Cllr Nakana S	Yes	12 meetings held	12 reports submitted	05 ward public meetings



# GLOSSARY

WARD COMMITTEE FUNCTIONALITY 2018/2019					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
	Ramahoyo MJ Machethe ME Mabokachaba MM Mochela JS Sebone TB Phooko MB Tshewe RM Racheku C Mafona MC Matsepane NL				held
8..	Cllr Malema M Mpholo SC Morokolo MA Thobakgale TG Molobisi MA Maleta SR Mongalo JN Phefadu S Seshoka MG Mashaba MG Hlabolwa MN Makopolla MI Machabaphala ME Pagadi MD Sethole NR Molamudi MC Senamolela MY Mogale SK Malemela MD Machaka ME Monyemangene MM	Yes	12 meetings held	12 reports submitted	10 ward public meetings held

# GLOSSARY

WARD COMMITTEE FUNCTIONALITY 2018/2019					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
9.	Cllr Manthata M	Yes	12 meetings held	12 reports submitted	11 ward public meetings held
	Makopolla MI				
	Machabaphala ME				
	Pagadi MD				
	Sethole NR				
	Molamudi MC				
	Senamolela MY				
	Mogale SK				
	Malemela MD				
	Machaka ME				
	Monyemangene MM				
10.	Cllr Sepheso M	Yes	12 meetings held	12 reports submitted	01 ward public meetings held
	Morema MJ				
	Matlou T A				
	Malebana TG				
	Sepuru RL				
	Thlapa MC				
	Makgatho NL				
	Moloto PG				
	Mphago MJ				
	Mpyana MW				
	Machabaphala MA				
11.	Cllr Ramukhubedu N	Yes	12 meetings held	12 reports submitted	06 ward public meetings held
	Lamola CS				
	Maapola CM				
	Manthata SM				
	Moningi SE				

# GLOSSARY

WARD COMMITTEE FUNCTIONALITY 2018/2019					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
	Matjea MJ				
	Mashamaite M				
	Seanego M				
	Seleka R				
	Makgosa F				
	Ngobene MS				
12.	Cllr Kobola S	Yes	12 meetings held	12 reports submitted	02 ward public meetings held
	Paya PD				
	Masehlong MD				
	Maloba MM				
	Makhathi SJ				
	Mohlabeng TA				
	Letlalo MA				
	Pabala MF				
	Mmangweta MN				
	Molemisi KM				
	Mamabolo MJ				

WARD COMMITTEE FUNCTIONALITY 2018/2019					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
13..	Cllr Lehong D	Yes	12 meetings held	12 reports submitted	02 ward public meetings held
	Maphakela DA				
	Mokondelela MA				
	Rakabe PS				
	Setati RW				
	Mphaka SL				
	Kgopane TO				
	Makobela MC				
	Mahladisa MJ				
	Manaka AN				
	Mashalane MB				
14.	Cllr Moreroa M	Yes	12 meetings held	12 reports submitted	18 ward public meetings held
	Tau MS				
	Mabitsela RI				
	Makgato LJ				
	Leshabane PB				
	Mokgehle MC				
	Semenya KJ				
	Maphakela MS				
	Moloko KN				
	Dipela MJ				
	Kgare MM				
15.	Cllr Duba M	Yes	12 meetings held	12 reports submitted	05 ward public meetings held
	Manoko TS				
	Malebana PJ				
	Masehela BF				
	Manamela MC				
	Nong CD				
	Tele SA				
	Kgodu TA				
	Ramabu MD				
	Mankga ST				
	Mokoele MM				

# GLOSSARY

WARD COMMITTEE FUNCTIONALITY 2018/2019					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
16.	Clr Masoga P	Yes	12 meetings held	8 reports submitted	04 ward public meetings held
	Mpyana PV				
	Moitsi ME				
	Mathapo MC				
	Mokhudu L				
	Kobo C				
	Kgare KJ				
	Setlhako MA				
	Molokomme TF				
	Maeta JM				
	Phaho IK				

# GLOSSARY

## APPENDIX F – WARD INFORMATION

Project Name	Appointed service provider (consultant / contractor/ supplier)	Expenditure on Project	Project achieved /not achieved /Term contract	Ward(s) Benefitted	Project status quo	Project Start Date	Project End Date	Rating Excellent =5 V. Good=4 GOOD=3 AVERAGE =2 POOR=1
Design and Construction of Matipana Madikana	Sef Mod	<b>R 6 527 895.26</b>	Achieved	13	100%	28/11/2018	30/04/2019	5
	Kipp Consulting Engineers	<b>R 1 265 862.50</b>	Achieved		100%	28/11/2018	30/04/2019	5
Design and Construction of Mohodi Maponto phase 3	Sebushi Somo Construction and Projects	<b>R 5 704 334.81</b>	Achieved	12	100%	15/10/2018	30/04/2019	5
Upgrading of Nthabiseng Internal Streets phase 1	Engcor Engineers	<b>R 2 130 830.85</b>	Achieved	1	100%	19 September 2017	30 June 2019	5
	Gvardit Trading CC	<b>R 9 238 018.63</b>	Achieved		100%	10 September 2018	30/03/2019	5
Moletji Cluster Office	IB Business Enterprise JV Khatakhata Business Enterprise	<b>R 572,179.00</b>	Not achieved	10,14,15 & 16	15%	04 June 2018	30 June 2019	1
Capricorn park Upgrading of internal streets from gravel to surfacing	NKP Consultants(PTY)LTD	<b>R 929 318.19</b>	Achieved	1	100%	1 <sup>st</sup> July 2018	31 December 2018	5
	Sef mod Projects	<b>R5 972 385.26</b>	Not Achieved		80%	24 April 2019	30 October 2019	4
Mohodi Sports Complex Extension	Dimacay Trading Enterprise	<b>R3 699 404.84</b>	Achieved	11	100%	01 September 2018	31 December 2018	5
Mohodi	Tainama JV	<b>R 2,311,290.72</b>	Not		80%	14 July	30 June	4

# GLOSSARY

Project Name	Appointed service provider (consultant / contractor/ supplier)	Expenditure on Project	Project achieved /not achieved /Term contract	Ward(s) Benefitted	Project status quo	Project Start Date	Project End Date	Rating Excellent =5 V. Good=4 GOOD=3 AVERAGE =2 POOR=1
Sports Complex phase 3	Superway		achieved			2017	2019	
	Paballo Consulting Engineers	<b>R 520,207.27</b>	Not achieved		80%	18/09/2017	30/06/2019	4
Compiled Integrated Waste Management Plan	Mamadi and Company SA (Pty) Ltd	<b>R 485,246.50.</b>	Achieved	ALL WARDS	100%	01/04/2019	30/06/2019	5
600x Chairs and 10x tables were purchased and delivered	Ramsley Contractors (Pty) Ltd.	<b>R 189,060.00</b>	Not Achieved	10	80%	01/10/2018	30/12/2018	4
Installation and replacement of Electricity bulk meters	Afrika Smart utilities JV	<b>R 1,306,428.75</b>	Not Achieved. Appointment of Service Provider, site establishment and procurement of material.		20%	01/04/2019	30/06/2019	1
Supply of 10 x 6M3 bulk refuse containers	Elle Engineering (Pty) Ltd.	<b>R 263, 580.86</b>	Achieved	ALL WARDS	100%	01/01/19	30/03/19	5
Demarcation of 150 sites at Ratsaka village	Techni plano Development Strategists (Pty) Ltd.	<b>R 150,000.00</b>	Achieved	01	100%	01/05/2019	30/04/2020	4
Pegging of 250 Sites at Ratsaka village	LM Geomatics	<b>R197,641.65</b>	Achieved		100%	1/11/2018	30/11/2018	5
1x investor conference	Med Golding Consultants	<b>R 289,535.00</b>	Achieved	ALL WARDS	100%	15/11/2018	30/06/2019	5

# GLOSSARY

Project Name	Appointed service provider (consultant / contractor/ supplier)	Expenditure on Project	Project achieved /not achieved /Term contract	Ward(s) Benefitted	Project status quo	Project Start Date	Project End Date	Rating Excellent =5 V. Good=4 GOOD=3 AVERAGE =2 POOR=1
held	cc							
1x Career Expo to be held	"Kolobe Science Technology Arts and Academy (Kosta Foundation)	<b>R 177,345.00</b>	Achieved	ALL WARDS	100%	28/12/2018	30/04/2019	5
6x graduates capacitated in Agricultural Programmes	Agri Success (Pty)Ltd	<b>R 480,000.00</b>	Achieved	ALL WARDS	100%	01/10/2018	31/05/2019	5
20x SMME's capacitated	Agri Succes (Pty) Ltd	<b>R170.050.00</b>	Achieved	ALL WARDS	100%	05/11/2018	12/11/2018	5
Revaluation of infrastructure Assets	L2M Projects Tladi Associates A and Sons Med Golding Consultants CC	<b>R1,116,345.65</b>	Achieved	ALL WARDS	100%	01/04/2019	30/06/2019	5
Maintenance of the General Valuation roll and the development of the supplementary valuation roll	HCB valuation and services (Pty.) ltd	<b>R 299,400.00</b>	Term Contract	1 and 10	Ongoing	01/10/2019	31/12/2019	5



# GLOSSARY

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2018/19

### 1. INTRODUCTION

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

### 2. GOVERNANCE OF THE COMMITTEE

All members of the Audit and Performance Audit Committee are independent external non-executive members.

2.1.1 The Manager Internal Audit reports operationally to the Municipal Manager and functionally to the Audit Committee.

2.1.2 Risk Management Committee, is a management committee chaired by an independent Risk Management Committee Chairperson to guide and advise the Accounting Officer while providing Audit and Performance Audit Committee oversight. However, the position remain vacant and the municipality is currently in process of filling this position.

2.1.3 The members of the Audit and Performance Audit Committee and Sub-committee during the period under review were:

<b>Name</b>	<b>Audit and Performance Audit Committee</b>
Mr. Ngobeni SAB	Chairperson
Mr. Maredi ID	Member
Mr. Lekoloane T	Member
Adv. Monobe TE	Member

# GLOSSARY

Name	Risk Management Committee
Vacant	

### 3. AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee consists of four (4) members and this is in line with Circular 65 of the MFMA. The committee is expected to meet at least four times in a year. The committee held seven (7) meetings during 2018/19 financial year. In carrying out its mandate which is conferred by its terms of reference and section 166 of the MFMA, the committee confirms that taking into consideration the reports by both internal and external auditors, it has reviewed and assessed the following:

- a) The effectiveness of internal control systems;
- b) The effectiveness of internal audit;
- c) The effectiveness of the risk management processes.
- d) The risk areas of the entity's operations to be covered in the scope of internal and external audits;
- e) The adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- f) Any accounting and auditing concerns identified as a result of internal and external audits;
- g) The municipality's compliance with legal and regulatory provisions;
- h) The activities of the internal audit function, including its annual work programme, coordination with external auditors,
- i) The reports of significant investigations and the responses of management to specific recommendations;
- j) Where relevant, the independence and objectivity of the external auditors.

# GLOSSARY

## **4. Year-End Process**

### **4.1 Evaluation of Financial Statements**

APC reviewed the annual financial statements prepared by the municipality at the audit committee meeting held in August 2019, and recommended them for audit.

### **4.2 Evaluation of Annual Report**

At the same audit committee meeting, APC evaluated draft annual report (including performance report) and recommended the report for audit after further refinement by management.

## **5. INTERNAL CONTROL**

**5.1** Internal Audit evaluated effectiveness of municipal system of internal controls following AG (SA) Methodology and using the tool provided by AG (SA).

**5.2** Internal Audit reported system weaknesses and recommended corrective actions for management to address the deficiencies. Management implemented part of the internal audit recommendations to enhance the system of internal controls to the acceptable level.

**5.3** Based on the information and explanations given by management, Internal audit function and discussions with independent External Auditors on the result of the audits, the audit committee is of the opinion that the internal accounting controls were adequately designed but not fully implemented to ensure completeness, accuracy and reliability of financial records for preparing the annual financial statements, and to ensure that the accountability for assets and liabilities is maintained.

## **6. INTERNAL AUDIT**

**6.1** The Internal Audit team managed to execute and complete substantial all original approved risk based audit projects within the allocated budget hours and time-frames. It is against this backdrop that the following conclusion must be understood that the internal audit unit under the leadership of the Manager Internal Audit in material respect was found to be effective and adds value to the whole value chain.

# GLOSSARY

**6.2** The committee is extremely satisfied that the internal audit has during the period under review effectively focused its available resources towards identified critical risk areas in accordance with the approved Risk Based Annual Audit plan for 2018/2019. The committee also approved the Risk Based Annual Audit plan for the 2018/2019 reporting period and was given the assurance that every effort will be made by the Accounting Officer to have all the resources available to properly execute the plan.

**6.3** All Internal Audit activities were completed in accordance with the approved Internal Audit Charter and no compromise of the independence or objectivity of the function was observed throughout for the year under review.

## **7. In-Year Management and Monthly/Quarterly Report**

The municipality has reported monthly and quarterly to Treasury as is required by the MFMA. The Audit Committee reviewed the quality, accuracy, usefulness, reliability and appropriateness of quarterly and annual financial and performance reporting and concluded that the municipality should continue with culture/good practice of reporting timeously.

## **8. PERFORMANCE MANAGEMENT**

**8.1** The Audit and Performance Audit Committee noted that Management has developed a performance management policy, which was approved by Council.

**8.2** Internal Audit unit has in line with the MFMA/MSA regulations audited on a quarterly basis performance information. All system weaknesses reported were brought to the attention of the Accounting Officer.

## **9. Risk Management**

The APC is of the opinion that municipality's risk management maturity level is somewhat satisfactorily. The municipality should fast-track appointment of independent Risk Management Committee Chairperson, and conduct regular risk assessments and robust monitoring.

# GLOSSARY

## 10. Compliance with laws and regulations

The municipality recorded a notable improvement in so far as compliance with the enabling laws and regulations and APC commend management for such improvement. As result, the APC recommended strengthening of the current compliance management system with an objective of addressing the issues of non-compliance with laws and regulations.

## 11. Auditor General's Report

The APC evaluated management responses to the report or findings of the Auditor-General (Action plan to address prior year findings) on quarterly basis and gave inputs and advice on how best to address the findings raised by the AGSA.

## 12. Interaction With The Municipal Public Accounts Committee (MPAC)

The Chairperson of the Audit Committee and MPAC Chairperson had meetings to discuss the Annual Report with a view of finalization of the Oversight report. Meetings are schedule as per requests due to aligned activities from both committees with a view of providing and strengthening of oversight mandate.

## 13. Conclusion

The APC wishes to acknowledge the commitment from Council, management and staff of the municipality. The stability in terms of the political and administrative leadership of the municipality has contributed to these improvements report above. We would also like to thank the Mayor for his support, Councilors, senior management for their efforts and internal audit for their contribution.



.....  
**SAB Ngobeni**  
**Chairperson Audit and Performance Committee**

# GLOSSARY

## AUDIT COMMITTEE SCHEDULE OF RESOLUTIONS 2018/19

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 23 JULY 2018</b>						
1. Meeting with MPAC	That a meeting between the Audit Committee Chairperson, Manager Internal Audit, MPAC Chairperson and Mayor be scheduled by September 2018.	Manager Internal Audit	September 2018	The meeting took place in July 2019.	Completed	July 2019
2. Revenue Management Audit Report 2017/18	That management should prioritize all issues in the Revenue Management audit report that may have an impact in the preparation of the Annual Financial Statements.	Acting CFO	August 2018	All issues raised by Internal Audit have been prioritised in the preparation of the AFS.	Completed	None
3. Assets Management Audit Report 2017/18	That management should prioritize all issues in the Assets Management audit report that may have an impact in the preparation of the Annual Financial Statements.	Acting CFO	August 2018	All issues raised by Internal Audit have been prioritised in the preparation of the AFS.	Completed	None
4. Quarterly Risk Management Report.	(a) That management should prioritize anti-fraud awareness campaign. (b) The Risk Officer should facilitate a thorough security assessment and emerging risk assessment on or before 30 September 2018.	Risk Officer	2018/19 September 2018	(a) Anti-fraud awareness is prioritized as an indicator in the SDBIP 2018/19. (b) Security assessment report was submitted.	Completed	None
5. Quarterly/ SDBIP Performance Report	(a) That the performance assessment of senior managers should be prioritized for September 2018. (b) That all outstanding portfolio of evidence to support the report should be submitted to internal audit for review prior Council	Manager PMS  All senior managers	30 September 2018  Immediately	Performance assessments for Senior Managers were conducted in September 2018.  All outstanding portfolio of evidence were	Completed  Completed	None  None

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
	meeting. (c) Management should develop a remedial action plan to address the issue of underperformance.			submitted.		
6. Interest Disclosures	(a) The financial disclosure for Councilors and Officials should be completed before the beginning of each financial year. (b) The bid committee members should complete the disclosure forms. (c) A summary report in the next meeting detailing the number of official and Councilors disclosure of interest and measures taken on outstanding ones.	Risk Officer/ Acting Manager SCM  Risk Officer	July 2018(Annually)  30 September 2018	(a) Financial disclosure for officials and Councilors declaration of interest were completed. (b) The declaration of interest are signed per each committee sitting.	Completed	
7. Quarterly ICT Governance Report	Quarterly report to be submitted in all ordinary Audit Committee meetings.	Manager IT	Quarterly	ICT fourth quarter report submitted.	Completed	
8. Quarterly HR Governance Report	Include vetting of new employee results in the HR report. Management should develop a reporting template and submit to committee members for inputs.	Manager HR	Quarterly	HR fourth quarter report was not submitted.	In progress	



# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
9. Significant Litigation Matters report	(a) The narrations for the cases should have more details and (b) Where cases are taking long to be finalized, a report on the delay of the case should be presented.	Manager Legal Services	Quarterly	Narrations were improved in the third quarter report.	Completed	
10. In-Committee Meeting- AC and Management	Schedule in committee meeting.	Manager Internal Audit	November 2018	Meetings are held quarterly. In committee meetings are held on a need basis.	Completed	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 23 OCTOBER 2018</b>						
1. Audit Committee report to Council	The report should be submitted to the audit committee meetings on a quarterly basis for noting.	Manager Internal Audit	Quarterly	Quarter one (1) Audit Committee report submitted.	Completed	None
2. Performance information audit report 1 <sup>st</sup> quarter 2018/19	(a) That management should submit outstanding portfolio of evidence supporting to Internal Audit for review prior submission to Council. (b) That management should provide reasons on all variances in the financial performance report. (c) That the submitted portfolio of evidence should be signed. (d) That management should provide response on all exceptions raised.	All managers  CFO  All managers		Portfolio of evidence were submitted. Reasons for variances were submitted.  All portfolio of evidence were signed.  Management responses were provided on exceptions.	(a) Completed (b) Completed (c) Completed (d) In progress	

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
3. IT audit report 2017	All IT policies should be send to Audit Committee members.	Manager Internal Audit/ Manager IT	29 October 2018	All ICT policies were submitted to the Audit committee members.	Completed	
4. Quarterly/ SDBIP Performance Report 1 <sup>st</sup> quarter 201819	That performance assessment for senior managers should be prioritized on a quarterly.	Municipal Manager	Quarterly	The quarterly assessment for Snr Managers will be done in a quarterly basis in the 2019/20 fy. This will include the 1st and 3rd quarters that will be done informally within the municipality.(Awaiting finalisation of annual performance reports scheduled for Sept 2019	In progress	
	(a) That all outstanding portfolio of evidence to support the report should be submitted to internal audit for review prior Council meeting. (b) Management should develop a remedial action plan to address the issue of the underperformance.	All managers  Municipal Manager	Immediately	All outstanding portfolio of evidence were submitted.  Remedial action plan were developed for all underperformance.	(a) Completed  (b) Complete	(b)(Third and fourth quarter 201819)

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
5. Performance information audit report 1st quarter 2018/19	That Committee shall meet twice annually to discuss performance of the municipality.	Manager Internal Audit	Bi annually	Special Audit Committee meeting to be convened in August 2019 for discussion of performance reports.	Completed	
6. Ethics (a) Code of conduct (b) Interest disclosure (c) Rewards, Gifts and Favors	That the code of conduct should be submitted in the next audit committee meeting for review. a) The financial disclosure for Councilors and Officials should be completed before the beginning of each financial year. (b) The bid committee members should complete the disclosure forms. (c) A summary report in the next meeting detailing the number of official and Councilors disclosure of interest and measures taken on outstanding ones. (d) Develop the checklist for declaration of interest for all employees and Councilors. (e) That a register for donations should be developed and	Senior Manager Corporate Services Risk Officer       Risk Officer	December 2018	The Code of Conduct was reviewed by the Committee. (a) The financial disclosures for officials and Councillors were completed before the beginning of the financial year 2018/19. (b) All bid committee members sign declaration of interest register in all their sittings. (c) In progress (d) Declaration of interest list developed.	Completed  (a) Completed (b) Completed (c) Completed (d) Completed (e) Completed (f) Completed	

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
	<p>implemented.</p> <p>(f) That management should prioritize awareness on the Rewards, Gifts and Favors policy to all employees and Councilors through emails.</p>			<p>(e) Register developed.</p> <p>(f) Awareness conducted during fraud awareness campaigns.</p>		
7. -Quarterly ICT Governance Report	<p>(a) ICT steering committee meetings should be scheduled on the same day as Risk Management Committee meetings;</p> <p>(b) ICT information including the IT strategy, ICT governance framework should be circulated to the Audit Committee members and</p> <p>(c) A report on ICT steering committee meeting should be compiled and submitted in the next meeting.</p>	Senior Manager Corporate Services		<p>(a) (b) ICT Steering committee meeting for second quarter took place in December 2018.</p> <p>(b) IT policies send to all members.</p> <p>(c) ICT status report submitted (Quarter 2 )</p>	Completed	
8. Supply Chain Management	<p>That the municipality must submit the project report on quarterly basis which must include:</p> <p>(a) Projects currently running</p> <p>(b) Progress to date</p> <p>(c) Physical inspection log.</p>	Senior Manager Technical Services/ Manager PMU	Quarterly	Project status report submitted	Completed (Quarter 2)	

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
9. Significant Litigation Matters report	That the matter on Contingent liability register number 15 and 16 to be discussed in the In-Committee meeting.	Manager Internal Audit/Manager	28/29 January 2019	The matter was discussed during the Audit Committee meeting dated April 2019.	Completed	April 2019
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 NOVEMBER 2018</b>						
1. Draft Audit Report 2017/18	That the draft AFS process plan should be tabled in the Audit Committee during third quarter.	CFO	April 2019	AFS process plan has been developed	Completed	
	That the Risk Officer should conduct the risk assessment based on the audit report and update the risk register.	Risk Officer	December 2019	Emerging risk on leave management was identified and assessed based on the audit report.	Completed	
	That municipality must prepare mid-term financial statements.	CFO	January 2019	Midterm financial statements developed	Completed	
	Technical services should develop action plan on how to reduce electricity losses to an acceptable level.	Senior Manager Technical Services	March 2019	Electricity loss reduction action plan developed	Completed	
	Develop an action plan regarding issues that will prevent the municipality from obtaining an unqualified audit opinion.	Manager Internal Audit	December 2018	An action plan on issues raised by the Auditor General was compiled and send to all stakeholders for inputs.	Completed	

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 28 JANUARY 2019</b>						
1. Evaluation of performance of the Audit Committee	Management should evaluate performance of the Audit Committee and the Internal Audit unit biannually. The Manager Internal Audit should facilitate the process and it should be done before the end of the third quarter.	Manager Internal Audit	Quarterly	The evaluation of Audit Committee member was done by all Senior Managers.	Completed	
2. Audit Committee report to Council	The report should be submitted to the audit committee meetings on a quarterly basis for noting.	Manager Internal Audit	Quarterly	2 <sup>nd</sup> Quarter Audit Committee report submitted.	Completed	None
3. Performance information audit report 2 <sup>nd</sup> quarter 2018/19	That management should submit outstanding portfolio of evidence supporting to Internal Audit for review prior submission to Council.	CFO	29 January 2019	All outstanding portfolio of evidence were submitted.	Completed	

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
4. Quarterly/ SDBIP Performance Report 2 <sup>nd</sup> quarter 2018/19	(a) That management should provide a detailed breakdown of all categories of the debtors (including per ward). (b) That the cash flow projection report should be added as a standing item in the Audit Committee agenda.	CFO  Manager Internal Audit	April 2019	The report is available on specific areas and for the specific financial year which also provide the collection performance per area (BS 902 report). The cash flow project report has been added as a standing item on the Audit Committee agenda.	(a) Completed  (b) Completed	
5. Ethics (a) Code of conduct (b) Interest disclosure (c) Rewards, Gifts and Favors	That all employees should sign confidentially disclosure forms at the beginning of each financial year.	Risk Officer	30 June 2019	Confidentiality disclosure forms were signed by all employees.	Completed	
6. Quarterly ICT Governance Report	(a) A report on ICT steering committee meeting should be compiled and submitted in the next meeting with the minutes. (b) That the ICT Steering Committee should meet at the end of the every Quarter.	Senior Manager Corporate Services	Quarterly	3 <sup>rd</sup> Quarter ICT report submitted	Completed	

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISION DATE
7. Draft Annual Report 2017/18	<p>(a) That management must attend to all issues as raised by internal audit and that the updated version of the annual report should be reported to Council highlighting the corrections made.</p> <p>(b) That management should draft a process plan for the preparation of the compliance reports which includes amongst others the Annual Report and Sec 72 report. The process should entail all the activities to be done, responsible person/official and their timeframes.</p> <p>(c) The progress on the implementation of the plan should be reported to the Audit Committee on quarterly basis</p>	<p>Municipal manager</p> <p>Manager PMS/CFO</p>	Immediately	<p>(a) Issues raised by Internal Audit were addressed</p> <p>(b) The process plan was developed and submitted to the Audit Committee.</p>	Completed	



# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
8. Supply Chain Management	That the municipality must submit the project report on quarterly basis which must include: (a) Projects currently running (b) Progress to date (c) Physical inspection log. That all rollover projects should be included in the project status report.	Senior Manager Technical Services/ Manager PMU	Quarterly	3 <sup>rd</sup> Quarter report submitted	Completed	
9. Quarterly HR Governance Report (24 April 2018)	Include vetting of new employee results in the HR report. Management should develop a reporting template and submit to committee members for inputs.	Senior Manager Corporate Services	Quarterly	Third quarter HR Governance report submitted	Completed	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 APRIL 2019</b>						
1. Progress report on External Audit 2018/19	Management was requested to develop an action plan on the issues raised and provide feedback in next Committee meeting.	Municipal Manager	May 2019	Action plan on the Status of Records Review was developed and circulated to all managers for follow up.	Completed	
2. Performance information audit report 3 <sup>rd</sup> quarter 2018/19	(a) That all outstanding Portfolio of evidence be submitted to internal Audit for review prior submission of the report to the Council on the 30 <sup>th</sup> April 2019. (b) The Sport complex and Electricity (smart meters) projects were identified to be followed by the	Municipal Manager / Manager Internal Audit	April 2019  June 2019	(a) All outstanding portfolio of evidence were submitted. (b) Mohodi Sports complex was visited. Smart meter project is in	(a) Completed  (b) Completed	

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
	Audit Committee until completion. The internal audit to conduct a verification on two projects.			progress.		
3. Internal Audit reports (a) Supply Chain Management Audit	That the Manager SCM should be invited to the next Audit Committee meeting to present the commitment register. The committee recommended that all deviations raised by Internal Audit should be updated in the register and submitted to Council.	Acting Chief Financial Officer	July 2019	An invitation was send to the Manager SCM. Deviation register was submitted.	Completed	
4. Draft Budget 2019/20	That the management should take into consideration issues raised by Internal Audit in the review report of the Draft IDP/Budget and the SDBIP. That management should align the Draft IDP/Budget and the Draft SDBIP 2019/20 and submit to internal Audit for independent review.	Municipal Manager	May 2019	Issues raised by IA unit have been addressed on the final 2019/20 IDP/Budget	Completed	
5. Ethics (a) Rewards, Gifts and favors	Risk officer to write an E-mail twice a year (in the beginning and at the end of the financial year) to remind employees to register the gifts received.	Risk Officer	June 2019	The memo on gift register was distributed to all employees as a reminder for declaration of gifts received.	Completed	

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVIS D DATE
6. Quality Assurance Report	(a) The process of procuring the teammate system should be finalized by the end of the financial year. (b) All issues raised will be included in the internal audit follow up report	Senior Manager Corporate Services/ Manager Internal Audit	June 2019	(a) Teammate software was procured in July 2019. (b) Follow up report on QAR report was developed.	Completed	
7. Risk Management Committee implementation report 2017/18	That the Risk Division should prepare an action plan for the development of the Business Continuity Plan.	Risk Officer	July 2019	Draft Business Continuity Development Plan which includes an action plan was submitted.	Completed	
8. Risk Management Committee implementation report 2017/18	That the Compliance register should be prioritised for all departments.	Risk Officer	Quarterly	The 2018/19 4th quarter Compliance register has been compiled and submitted.	Completed	
9. Budget & Treasury	That progress on the draft AFS process plan should be present to the Committee quarterly.	Acting CFO	Quarterly	Updated AFS process plan submitted	Completed	
10. Supply Chain Management (23 October 2018)	That the municipality must submit the project report on quarterly basis which must include: (a) Projects currently running (b) Progress to date (c) Physical inspection log. That all rollover projects should be included in the project status report.	Senior Manger Corporate Services	Senior Manager Technical Services/ Manager PMU	Third Quarter report submitted	Completed	
11. Quarterly ICT	Quarterly report to be submitted in	Senior Manager	Quarterly	Third quarter ICT report	Completed	

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
Governance Report (24 April 2018)	all ordinary Audit Committee meetings.	Corporate Services		submitted		
12. Quarterly HR Governance Report (24 April 2018)	Include vetting of new employee results in the HR report. Management should develop a reporting template and submit to committee members for inputs.	Senior Manager Corporate Services	Quarterly	Third quarter HR Governance report submitted	Completed	
<b>MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 24 MAY 2019</b>						
1. Draft IDP/Budget and SDBIP	That the management should take into consideration issues raised by Internal Audit in the review report of the Draft IDP/Budget and the SDBIP. That management should align the Draft IDP/Budget and the Draft SDBIP 2019/20 and submit to internal Audit for independent review.	Municipal Manager	30 May 2019	All issues raised by Internal Audit were taken into consideration. The draft SDBIP was reviewed by Internal Audit	Completed	
2. Draft policies	(a) That management should prepare Standard Operating Procedure for all policies tabled to Council. (b) The Audit Committee urged management to submit the integrated and updated revenue enhancement strategy for approval during the next meeting.	Municipal Manager / All Senior Managers  Acting CFO	July 2019	(a) Standard Operation procedures were developed and submitted. (b) An integrated and updated revenue enhancement strategy has been developed.	Completed	
3. Draft Budget	That LED&P department should	Acting Senior	July 2019	Report on sale of stands	Completed	

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
2019/20	prepare a report on the sale of stands.	Manager LED&P		was submitted		
<b>MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 08 JULY 2019</b>						
1. Risk Assessment report 201920 (08 July 2019)	(a) The special Risk Management Committee should be coordinated to consider the risk assessment report. (b) Develop a schedule of meetings to be approved by the management. (c) Convene strategic risk assessment workshop with all Senior Managers including stakeholders. (d) That Risk unit should develop Ethics risk register within fourteen (14) working days from date of the meeting. (e) That the operational risk assessment should be conducted per department and the process should be completed by the 16th July 2019.	Risk Officer	July 2019	(a) The RMC meeting has been convened on the 23rd July 2019 to consider Risk Assessment report. (b) The scheduled of meetings will be compiled in line with Corporate Calendar. (c) Strategic Risk management workshop was held in May 2019 to consider strategic risks. (d) Risk Unit still on benchmarking exercise for Ethics Risk register. (e) The operational Risk assessment for all departments was completed on the 19th July 2019.	In progress	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 JULY 2019</b>						
2. Risk Assessment report 201920 (08 July 2019)	That management should prepare annual risk close out report.	Risk Officer	August 2019		In progress	

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
3. Significant Litigation matters	That the litigation report should (a) Indicate new cases on a quarterly basis. (b) The date of registering the matter and the date of finalization. (c) The legal costs incurred.	Manager Legal	August 2019	The litigation report was prepared in line with the recommendation.	Completed	
4. Updated IIA Coverage Plan	That Internal Audit should develop a report on conclusion of overall internal control environment.	Manager Internal Audit	August 2019	Draft report was submitted to be tabled to the Audit Committee.	In progress	
5. Internal Audit progress report	That management should prioritize all issues raised by internal audit that has impact on the financial statements.	CFO	Aug-19	All the issues raised were assessed and none has impact on the annual financial statements.	Completed	
6. Supply Chain Management (23 October 2018)	That the municipality must submit the project report on quarterly basis which must include: (a) Projects currently running (b) Progress to date (c) Physical inspection log. That all rollover projects should be included in the project status report.	Senior Manager Corporate Services	Senior Manager Technical Services/ Manager PMU	4th Quarter report submitted	Completed	
7. Quarterly ICT Governance Report (24 April 2018)	Quarterly report to be submitted in all ordinary Audit Committee meetings.	Senior Manager Corporate Services	Quarterly	Fourth quarter ICT report submitted	Completed	
8. Quarterly HR Governance	Include vetting of new employee results in the HR report.	Senior Manager Corporate Services	Quarterly	Fourth quarter HR Governance report	Completed	

# GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
Report (24 April 2018)	Management should develop a reporting template and submit to committee members for inputs.			submitted		

- **EVALUATION OF THE PERFORMANCE OF THE AUDIT COMMITTEE**

The Council of the municipality has the responsibility to assess performance of the Audit Committee to ensure its effectiveness in carrying out their responsibilities in-line with the applicable law and regulations. Council evaluated performance of the Audit Committee to ensure that the committee adds value and provide improvements in the operations of municipal affairs. The evaluation was concluded by the Speaker on behalf of Council based on the performance of the Audit Committee as reported in the quarterly Council meetings.

# APPENDICES

## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

<b>Long term contracts (20 Largest Contracts Entered into during 2018/19)</b>					
<b>Name of Service Provider</b>	<b>Description of Service rendered</b>	<b>Start Date</b>	<b>Expiry date of Contract</b>	<b>Project Manager</b>	<b>Contract Amount</b>
ModHope Properties	Valuation Roll	May 2016	June 2022	Mr. A.S Nkalanga	R 2,934,360.00



# APPENDICES

## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Project Name	Appointed service provider (consultant/contractor/supplier)	Expenditure on Project	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date	Rating Excellent=5 V. Good= 4 GOOD=3 AVERAGE=2 POOR=1
<b>Basic service and Infrastructure delivery</b>									
Design and Construction of Matipana Madikana	Sef Mod	<b>R 6 527 895.26</b>	Achieved	100%	None	None	28/11/2018	30/04/2019	5
	Kipp Consulting Engineers	<b>R 1 265 862.50</b>	Achieved	100%	None	None	28/11/2018	30/04/2019	5
Design and Construction of Mohodi Maponto phase 3	Sebushi Somo Construction and Projects	<b>R 5 704 334.81</b>	Achieved	100%	None	None	15/10/2018	30/04/2019	5
Upgrading of Nthabiseng Internal Streets phase 1	Engcor Engineers	<b>R 2 130 830.85</b>	Achieved	100%	None	None	19 September 2017	30 June 2019	5
	Gvardit Trading CC	<b>R 9 238 018.63</b>	Achieved	100%	None	None	10 September 2018	30/03/2019	5
Moletji Cluster Office	IB Business Enterprise JV Khatakhata Business Enterprise	<b>R 572,179.00</b>	Not achieved	15%	Poor performance by Contractor Disruptions due to land	Contract terminated	04 June 2018	30 June 2019	1

# APPENDICES

Project Name	Appointed service provider (consultant/contractor/supplier)	Expenditure on Project	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date	Rating Excellent=5 V. Good= 4 GOOD=3 AVERAGE=2 POOR=1
					dispute				
Capricorn park Upgrading of internal streets from gravel to surfacing	NKP Consultants(PTY)LT D	<b>R 929 318.19</b>	Achieved	100%	None	None	1 <sup>st</sup> July 2018	31 December 2018	5
	Sef mod Projects	<b>R5 972 385.26</b>	Not Achieved	80%	None	None	24 April 2019	30 October 2019	4
Mohodi Sports Complex Extension	Dimacay Trading Enterprise	<b>R3 699 404.84</b>	Achieved	100%	None	None	01 September 2018	31 December 2018	5
Mohodi Sports Complex phase 3	Tainama JV Superway	<b>R 2,311,290.72</b>	Not achieved	80%	Multi-year project final scope to be completed in the 2019/20 FY	Contract lapsed.	14 July 2017	30 June 2019	4
	Paballo Consulting Engineers	<b>R 520,207.27</b>	Not achieved	80%	Multi-year project final scope to be completed in the 2019/20FY	Contract lapsed.	18/092017	30/06/2019	4
Compiled Integrated Waste	Mamadi and Company SA (Pty) Ltd	<b>R 485,246.50.</b>	Achieved	100%	None	None	01/04/2019	30/06/2019	5

# APPENDICES

Project Name	Appointed service provider (consultant/contractor/supplier)	Expenditure on Project	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date	Rating Excellent=5 V. Good= 4 GOOD=3 AVERAGE=2 POOR=1
Management Plan									
600x Chairs and 10x tables were purchased and delivered	Ramsley Contractors (Pty) Ltd.	<b>R 189,060.00</b>	Not Achieved	80%	500 chairs procured due to budget constraints	None	01/10/2018	30/12/2018	4
Installation and replacement of Electricity bulk meters	Afrika Smart utilities JV	<b>R 1,306,428.75</b>	Not Achieved. Appointment of Service Provider, site establishment and procurement of material.	20%	The community 's unwillingness to allow the Contractor to commence with the scope of works.	The project will be rolled over into 2019/20 financial year.	01/04/2019	30/06/2019	1
Supply of 10 x 6M3 bulk refuse containers	Elle Engineering (Pty) Ltd.	<b>R 263, 580.86</b>	Achieved	100%	None	None	01/01/19	30/03/19	5
<b>Spatial rationale and Local Economic Development</b>									
Demarcation of 150 sites at Ratsaka village	Techni plan Development Strategists (Pty) Ltd.	<b>R 150,000.00</b>	Achieved	100%	None	None	01/05/2019	30/04/2019	4
Pegging of 250 Sites at	LM Geomatics	<b>R197,641.65</b>	Achieved	100%	None	None	1/11/2018	30/11/2018	5

# APPENDICES

Project Name	Appointed service provider (consultant/contractor/supplier)	Expenditure on Project	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date	Rating Excellent=5 V. Good= 4 GOOD=3 AVERAGE=2 POOR=1
Ratsaka village									
1x investor conference held	Med Golding Consultants cc	<b>R 289,535.00</b>	Achieved	100%	None	None	15/11/2018	30/06/2019	5
1x Career Expo to be held	"Kolobe Science Technology Arts and Academy (Kosta Foundation)	<b>R 177,345.00</b>	Achieved	100%	None	None	28/12/2018	30/04/2019	5
6x graduates capacitated in Agricultural Programmes	Agri Success (Pty)Ltd	<b>R 480,000.00</b>	Achieved	100%	None	None	01/10/2018	31/05/2019	5
20x SMME's capacitated	Agri Succes (Pty) Ltd	<b>R170.050.00</b>	Achieved	100%	None	None	05/11/2018	12/11/2018	5
200 IDP Documents printed	Malosy Enterprise Pty Ltd.	<b>R 191,100.00</b>	Achieved	100%	None	None	10/08/2018	31/08/2019	5
<b>Municipal Transformation and Organizational Development</b>									
Procurement of 39 office furniture items	Lime Line Investments (Pty) Ltd. Abomark (Pty) Ltd.	<b>R 199,171.27</b>	Achieved	100%	None	None	01/04/2019	30/06/2019	5
Procurement of 2x municipal Sedans	Abomark (Pty) Ltd.	<b>R 630,369.56</b>	Achieved	100%	None	None	31/08/2019	30/09/2018	5
Installation of Fire detectors and alarm system.	Lime Line Investments	<b>R 45,950.00</b>	Achieved	100%	None	None	01/10/2019	31/12/2019	5

# APPENDICES

Project Name	Appointed service provider (consultant/contractor/supplier)	Expenditure on Project	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date	Rating Excellent=5 V. Good= 4 GOOD=3 AVERAGE=2 POOR=1
<b>Financial Viability</b>									
Preparation and Submission of 2017/18 Annual Financial Statements	Munireps	<b>R764,290.00</b>	Achieved	100%	None	None	11/07/2018	31/12/2019	5
Revaluation of infrastructure Assets	L2M Projects Tladi Associates A and Sons Med Golding Consultants CC	<b>R1,116,345.65</b>	Achieved	100%	None	None	01/04/2019	30/06/2019	5
Uploading of verified and reviewed data(debtor) and MSCOA compliant analysis done	Asher Tshitewe JV	<b>R 398,000.00</b>	Achieved	100%	None	None	01/03/2019	28/02/2022	5
Maintenance of the General Valuation roll and the development of the supplementary valuation roll	HCB valuation and services (Pty.) Ltd	<b>R 299,400.00</b>	Term Contract	Ongoing	None	None	01/10/2019	31/12/2019	5
<b>Good Governance and Public Participation</b>									
Appointment	NP Mohale	<b>R 664,646.40</b>	Term contract	Ongoing	None	None	01/01/2019	31/12/2021	5

# APPENDICES

Project Name	Appointed service provider (consultant/contractor/supplier)	Expenditure on Project	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date	Rating Excellent=5 V. Good= 4 GOOD=3 AVERAGE=2 POOR=1
of Panel of Attorneys	Attorneys, Verveen Attorneys and GN Moabelo Attorneys.								
Procurement of Event Management Equipment	Okuhle Trading Ntined Signs & Projects	<b>R 136,108.70</b>	Achieved	100%	None	None	01/04//2019	30/06/2019	5
IT Audit application control	Rousing Cargo Clearance and Logistics	<b>R 378,000.00</b>	Achieved	100%	None	None	01/04//2019	30/06/2019	5
Procurement of automated Performance Management system	CCG Systems (Pty) Ltd.	<b>R 888,633.68</b>	Term contract	Ongoing	None	None	01/03/2019	28/02/2022	5

# APPENDICES

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS: SENIOR MANAGERS

No	Surnames	Full names	Designation	Declaration Form	Declaration Date
1	Mosena	Maphala Lazarus	Municipal Manager	Yes	02/07/2018
2	Zulu	Khanyisile Wendy	CFO	Yes	26/09/2018
3	Mabuela	Mmbengwa Francina	Senior Manager: Community Services	Yes	29/09/2018
4	Wasilota	Yeta	Senior Manager: Technical Services	Yes	21/8/2018
5	Makgatho	Kgabo Emmanuel	Senior Manager: Corporate Services	Yes	15/08/2018
5.	Ramogale	Mashabela Water	Senior Manager: LED & P	Yes	15/08/2018

# APPENDICES

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

R' 000						
Vote Description	Year 2017/18	Current: Year 2018/19			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Vote 01 - Corporate Services</b>						
01.1 - Corporate Services Admin	4,259,919	261,765	261,765	160	261,605	261,605
01.2 - Human Resources	112,536	193,482	193,482	152,738	40,744	40,744
01.3 - Information Technology Services	0	0	0	0	-	-
01.4 - Council Support	0	0	0	0	-	-
01.5 - Local Economic Development	0	0	0	35,200	(35,200)	(35,200)
01.6 - Municipal Planning Idp	71,158	0	0	132,097	(132,097)	(132,097)
01.7 - Town & Regional Planning	0	15,147,692	15,147,692	12,151	15,135,541	15,135,541
01.8 - Led Administration	0	0	0	0	-	-
<b>Vote 02 - Municipal Manager</b>						
02.1 - Municipal Manager Admin	413,109	0	0	0	-	-
02.2 - Legal Services	0	0	0	0	-	-
02.3 - Political Office Beares	0	0	0	0	-	-
02.4 - Pms	0	0	0	0	-	-
02.5 - Internal Audit	0	0	0	0	-	-
<b>Vote 03 - Mayors Office</b>						
03.1 - Mayors Office Admin	0	0	0	0	-	-
03.2 - Office Of The Speaker	0	0	0	0	-	-
03.3 - Office Of The Chief Whip	0	0	0	0	-	-
03.4 - Exco Members	0	0	0	0	-	-
03.5 - Council General Administration	0	0	0	0	-	-
<b>Vote 04 - Budget And Treasury</b>						
04.1 - Budget And Treasury Admin	141,369,116	157,166,441	175,570,015	146,165,461	11,000,980	29,404,554
04.2 - Chief Financial Officer Admin	0	0	0	0	-	-



# APPENDICES

R' 000						
Vote Description	Year 2017/18	Current: Year 2018/19			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
04.3 - Budget & Reporting	1,575,122	2,000,000	2,000,000	1,820,125	179,875	179,875
04.4 - Budget & Reporting	0	0	0	0	-	-
04.5 - Revenue Management	15,529	17,676	17,676	19,384	(1,708)	(1,708)
04.6 - Supply Chain Management	76,686	0	0	0	-	-
04.7 - Expenditure	0	0	0	0	-	-
<b>Vote 05 - Community Services</b>					-	-
05.1 - Community Services Admin	1,303,700	1,101,000	1,101,000	1,133,435	(32,435)	(32,435)
05.2 - Libraries	0	0	0	0	-	-
05.3 - Sports Recreation & Social Amenitie	319,738	272,038	272,038	354,630	(82,592)	(82,592)
05.4 - Traffic Service	2,508,607	6,690,818	6,690,818	3,517,122	3,173,696	3,173,696
05.5 - Traffic Service	1,008,500	1,136,370	1,136,370	753,050	383,320	383,320
05.6 - Parks; Cemeteries	8,123	11,899	11,899	5,850	6,049	6,049
05.7 - Refuse	1,931,476	2,374,553	2,374,553	2,037,689	336,864	336,864
05.8 - Taxi Ranks	0	0	0	0	-	-
<b>Vote 06 - Technical Services</b>					-	-
06.1 - Mpac	0	0	0	0	-	-
06.2 - Technical Services Admin	0	0	0	0	-	-
06.3 - Techn Serv-Roads: Admin	0	0	0	0	-	-
06.4 - Techn Serv-Stormwater: Admin	0	0	0	0	-	-
06.5 - Project Management Unit	37,528,698	34,492,979	46,492,979	44,876,308	(10,383,329)	1,616,671
06.6 - Electrical & Machinery	8,440,945	9,198,752	9,198,752	8,396,818	801,934	801,934
06.7 - Water	1,685,544	1,905,100	1,905,100	444,026	1,461,074	1,461,074
06.8 - Sanitation	802,026	824,397	824,397	242,794	581,603	581,603
<b>Total Revenue by Vote</b>	<b>203,431</b>	<b>232,795</b>	<b>263,199</b>	<b>210,099</b>	<b>22,695,923</b>	<b>53,099,497</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						<i>T K.1</i>

# APPENDICES

## APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

R '000						
Description	Year 2017/18	Year 2018/19			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	16,184	14,480	14,480	14,573	(92,559)	(92,559)
Property rates - penalties & collection charges	-	-	-	-	-	-
Service Charges - electricity revenue	8,301	8,702	8,702	8,018	684,267	684,267
Service Charges - water revenue	-	-	-	-	-	-
Service Charges - sanitation revenue	-	-	-	-	-	-
Service Charges - refuse revenue	1,763	2,167	2,167	1,853	314,202	314,202
Service Charges - other	-	-	-	-	-	-
Rentals of facilities and equipment	346	269	269	456	(187,615)	(187,615)
Interest earned - external investments	1,575	2,000	2,000	1,820	179,875	179,875
Interest earned - outstanding debtors	1,139	1,404	1,404	1,067	336,841	336,841
Dividends received	-	-	-	-	-	-
Fines	1,009	7,857	7,857	645	7,212,325	7,212,325
Licences and permits	2,509	-	-	3,598	(3,598,079)	(3,598,079)
Agency services	1,195	2,347	2,347	661	1,686,512	1,686,512
Transfers recognised - operational	167,952	133,413	134,468	177,221	(43,808,680)	(42,753,680)
Other revenue	316	27,388	44,736	258	27,130,060	44,478,634
Gains on disposal of PPE	102	-	-	-	-	-
Actuarial gains	1,472	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>203,863</b>	<b>200,027</b>	<b>218,430</b>	<b>210,169</b>	<b>(10,142,852)</b>	<b>8,260,722</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						T K.2

# APPENDICES

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustment s Budget	
<b>National Government</b>						
<i>Expanded Public Works Programme Integrated Grant</i>	1,101,000	1,101,000	1,101,000	-	-	Waste & environmental Management
<i>Local Government Financial Management Grant</i>	2,403,000	2,403,000	2,177,330	225,670	225,670	Interns Salaries: , Training and education minimum competency , assets and inventory module and software licenses
<b>Provincial Government</b>						
<i>MSIG</i>	-	1,055,000	771,700	(771,700)	283,300	Electronic Clocking System, Inventory management module, and Traffic fines management system
<i>District Municipality</i>				-	-	
<b>Community and Social Services</b>		43,490	43,490	(43,490)	-	Stipend for community waste collection
<b>Total</b>	<b>3,504,000</b>	<b>4,602,490</b>	<b>4,093,520</b>	<b>(589,520)</b>	<b>508,970</b>	
<p>* This includes Neighborhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</p>						T L

# APPENDICES

## APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

### APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

R '000							
Description	Year 2017/18	Year 2018/19			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2019/20	FY 2020/21	FY 2021/22
<u>Capital expenditure by Asset Class</u>							
<u>Infrastructure - Total</u>					14,520	48,838	17,613
Infrastructure: Road transport - Total	11,843	16,671	31,464	27,429	14,020	45,838	14,113
Roads, Pavements & Bridges	11,434	16,671	31,464	27,429	14,019,739	45,838,271	14,112,785
Roads, Pavements & Bridges	11,434,264	16,670,587	31,463,843	27,429,389			
<i>Storm water</i>							
Infrastructure: Electricity - Total	409	-	-	-	500	3,000	3,500
Generation							
Transmission & Reticulation	408,565				500,000	3,000,000	3,500,000
Street Lighting							
Infrastructure: Water - Total	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
<u>Community - Total</u>					-	-	15,000
Parks & gardens	6,615	600	4,711	3,582	0	0	0
Parks & gardens	0	0	0	0	0	0	0
Sportsfields & stadia							
Swimming pools							

# APPENDICES

R '000							
Description	Year 2017/18	Year 2018/19			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2019/20	FY 2020/21	FY 2021/22
Community halls				29,400	-		
Libraries							
Recreational facilities	6,407,026	0	2,699,806	2,374,152			
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other	207,904	600,000	2,011,000	1,178,804	0		15,000,000
<u>Capital expenditure by Asset Class</u>							
<u>Heritage assets - Total</u>	-	-		623	-	-	-
Buildings							
Other				622,911			
<u>Investment properties - Total</u>	-	-		-	-	-	-
Housing development							
Other							
-							
<u>Other assets</u>	1,719	2,050	5,204	1,774	7,550	2,903	15,203
General vehicles	1,014,069	700,000	630,487	630,370	2,900,000	2,000,000	
Specialised vehicles							
Plant & equipment	0	150,000	636,346	580,118	3,200,000	150,000	150,000
Computers hardware/equipment	288,071	800,000	800,000	129,727	1,100,000	400,000	0
Furniture and other office equipment	416,672	400,000	3,136,849	434,181	350,000	353,000	53,000
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							15,000,000

# APPENDICES

R '000							
Description	Year 2017/18	Year 2018/19			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2019/20	FY 2020/21	FY 2021/22
<u>Agricultural assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							
<u>Biological assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							
<u>Intangibles</u>	749	1,500	1,255	532	1,150	800	1,600
Computers - software & programming	749,055	1,500,000	1,255,000	531,722	1,150,000	800,000	1,600,000
Other ( <i>list sub-class</i> )							
Total Capital Expenditure on new assets	20,926	20,821	42,633	33,941	23,220	52,541	49,416
<u>Specialized vehicles</u>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

# APPENDICES

## APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

R '000							
Description	Year 2017/18	Year 2018/19			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2019/20	FY 2020/21	FY 2021/22
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	<b>2,828</b>	<b>21,056</b>	<b>11,580</b>	<b>8,150</b>	<b>2,500</b>	<b>2,500</b>	<b>-</b>
Infrastructure: Road transport -Total	538	20,156	8,761	6,835			
<i>Roads, Pavements &amp; Bridges</i>	537,638	20,156,426	8,761,039	6,834,791			
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	<b>2,290</b>	<b>900</b>	<b>2,819</b>	<b>1,315</b>	<b>2,500</b>	<b>2,500</b>	<b>-</b>
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>	2,290,141	900,000	2,819,070	1,315,139	2,500,000	2,500,000	0
<i>Street Lighting</i>							
<b>Infrastructure: Water - Total</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
<b>Infrastructure: Sanitation - Total</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Reticulation</i>							
<i>Sewerage purification</i>							
<b>Infrastructure: Other - Total</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<b>Community</b>	<b>6,674</b>	<b>8,210</b>	<b>5,510</b>	<b>3,350</b>	<b>-</b>	<b>-</b>	<b>-</b>
Parks & gardens							
Sportsfields & stadia	6,673,557	8,210,052	5,510,246	3,350,441			
Swimming pools							
Community halls							
Libraries							
Recreational facilities			0	0	0		
Fire, safety & emergency							
Security and policing							
Buses							

# APPENDICES

R '000							
Description	Year 2017/18	Year 2018/19			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2019/20	FY 2020/21	FY 2021/22
Clinics							
Museums & Art Galleries							
Cemeteries		0				0	
Social rental housing							
Other							
<b>Heritage assets</b>	-	-	-	-	-	-	-
Buildings							
Other							
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	-	-		-	-	-	-
Housing development							
Other							
<b>Other assets</b>	<b>1,857</b>	-	-	-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment	1,060,478	0	0	0			
Computers - hardware/equipment	796,698						
Furniture and other office equipment			0	0			
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings		0					
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							
<b>Biological assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							
<b>Intangibles</b>	1,087	-	-	1,087	-	-	-
Computers - software & programming	1,086,842		0	1,086,842	0		
Other ( <i>list sub-class</i> )							



# APPENDICES

R '000								
Description	Year 2017/18	Year 2018/19			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2019/20	FY 2020/21	FY 2021/22	
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>12,445</b>	<b>29,266</b>	<b>17,090</b>	<b>12,587</b>	<b>2,500</b>	<b>2,500</b>	<b>-</b>	
<b><u>Specialised vehicles</u></b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Refuse								
Fire								
Conservancy								
Ambulances								
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)								T M.2

# APPENDICES

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2018/19

Capital Programme by Project: 2018/19					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
<b>R' 000</b>					
<b>Water</b>					
None	R 0	R 0	R 0	0%	0%
<b>Sanitation/Sewerage</b>					
None	R 0	R 0	R 0	0%	0%
<b>Electricity</b>					
Installation and replacement of Electricity bulk meters	R 900,000	R 2,400,000	R 1,306,429	-84%	31%
<b>Housing</b>					
None	R 0	R 0	R 0	0%	0%
<b>Refuse removal</b>					
Supply of 10 x 6M3 bulk refuse containers	R 300,000	R 263,581	R 263,581	0%	-14%
<b>Roads and Storm water</b>				#DIV/0!	#DIV/0!
Design and Construction of Matipana Madikana	R 7,887,711	R 7,794,261	R 7,793,758	0%	-1%
Design and Construction of Mohodi Maponto phase 3	R 5,704,335	R 5,704,335	R 5,704,335	0%	0%
Upgrading of Nthabiseng Internal Streets phase 1	R 9,000,000	R 17,890,824	R 16,869,094	-6%	47%
Capricorn park Upgrading of internal streets from gravel to surfacing	R 6,668,979	R 6,668,979	R 5,763,350	-16%	-16%
Ramokgopha Internal Street	R 12,208,715	R 13,502,077	R 13,497,317	0%	10%
<b>Economic development</b>					
1x investor conference held	R 300,000	R 285,000	R 289,535	2%	-4%
1x Career Expo to be held	R 180,000	R 180,000	R 177,345	-1%	-1%
<b>Sports, Arts &amp; Culture</b>					
Mohodi Sports complex	R 8,210,052	R 5,510,246	R 3,893,554	-42%	-111%
<b>Environment</b>					
Compiled Integrated Waste Management Plan	R 550,000	R 485,286	R 485,286	0%	-13%
<b>Health</b>					
None	0	0	0	0%	0%
<b>Safety and Security</b>					

# APPENDICES

Capital Programme by Project: 2018/19					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
None	0	0	0	0%	0%
<b>ICT and Other</b>					
Maintenance of IT systems and licences	R 1,789,986	R 2,039,986	R 1,654,775	-23%	-8%
					T N

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

Capital Programme by Project by Ward: 2018/19		
Capital Project	Ward(s) affected	Works completed (Yes/No)
<b>Water</b>		
None	N/A	
<b>Sanitation/Sewerage</b>		
None	N/A	
<b>Electricity</b>		
Installation and replacement of Electricity bulk meters	WARD 10	No
<b>Housing</b>		
None	N/A	N/A
<b>Refuse removal</b>		
Supply of 10 x 6M3 bulk refuse containers	All wards	Yes
<b>Roads and Storm water</b>		
Design and Construction of Matipana Madikana	Ward 13	Yes
Design and Construction of Mohodi Maponto phase 3	Ward 12	Yes
Upgrading of Nthabiseng Internal Streets phase 1	Ward 01	Yes
Capricorn park Upgrading of internal streets from gravel to surfacing	Ward 01	Yes
Ramokgopha Internal Street	Ward 02	Yes
<b>Economic development</b>		
1x investor conference held	All wards	Yes
1x Career Expo to be held	All wards	Yes
<b>Sports, Arts &amp; Culture</b>		
Mohodi Sports complex	Ward 11,12	Yes

# APPENDICES

Capital Programme by Project by Ward: 2018/19		
Capital Project	Ward(s) affected	Works completed (Yes/No)
<b>Environment</b>		
Compiled Integrated Waste Management Plan	All wards	Yes
<b>Health</b>		
None		
<b>Safety and Security</b>		
None		
<b>ICT and Other</b>		
Maintenance of IT systems and licences	All wards	Yes
		<i>T O</i>

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

**N/A. The responsibility for maintenance of school infrastructure is at the Department of Education**

# APPENDICES

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

<b>Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)</b>		
<b>Services and Locations</b>	<b>Scale of backlogs</b>	<b>Impact of backlogs</b>
<b>Clinics:</b>		
Ward 10 and 14	The communities in these wards depend on Senwabarwana to access primary health care services	Travelling long distances to access primary health care may lead to unnecessary loss of lives.
<b>Housing:</b>		
All Wards	Inadequate allocation of Low cost Housing. Delays in construction of approved RDP houses	Inadequate housing to community. Lack of dignity especially for households where the breadwinner is a social grant beneficiary. The Annual Allocation of housing units by COGHSTA: Limpopo is not sufficient to address the backlog
<b>Licensing and Testing Centre:</b>		
	None	The municipality is operating two Driver's License and Testing Centers
<b>Reservoirs</b>		
All wards	Persistent breakdowns of water infrastructure	Inconsistent supply of water
<b>Schools (Primary and High):</b>		
All Wards	There are insufficient schools to cater for the needs of the municipal population	Compromise of safety of learners as they travel long distances.
	Poor maintenance of school infrastructure	Affect the quality of learning in schools
	Lack of sanitation facilities in schools	Affect the quality of learning in schools
<b>Sports Fields:</b>		
Ward 14	No sports and recreation facilities in the ward	Increase in crime and social ills as the youth don't have an opportunity to participate in sports activities

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# APPENDICES

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

The municipality didn't have any overdraft facility during the year under review. The Municipality did not take any loans during the year under review. The municipality is operating with a positive balance hence it was able to honour all its obligations due to a **3:1 current ratio**. There were no grants issued by the municipality.

# APPENDICES

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## APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

N/A

## VOLUME II: ANNUAL FINANCIAL STATEMENTS





Molemole Local Municipality

(Registration number LIM353)

Financial statements

for the year ended 30 June 2019

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### General Information

<b>Legal form of entity</b>	Local Government
<b>Nature of business and principal activities</b>	Performing the functions as set out in the Constitution (Act no 108 of 1996) . Providing municipal services and maintaining the best interests of the local community mainly in the Mogwadi area.
Mayor	Cllr M E Paya
Councillors	Cllr E M Rathaha
	Cllr M S Moreroa
	Cllr N W Seakamela
	Cllr M P Tawana
	Cllr M D Lehong
	Cllr N F Rampyapedi
	Cllr M A Kobo
	Cllr P T Rathete
	Cllr R L Mpati
	Cllr S R Nakana
	Cllr M Q Malema
	Cllr M J Manthata
	Cllr G M Sepheso

Cllr N S Ramukhubedu

Cllr S E Kobola

Cllr M Duba

Cllr P S Masoga

Cllr M P Makgato

Cllr M L Moabelo

Cllr N M Hopane

Cllr D Matlou

Cllr N G Makgalo

Cllr M A Makgoka

Cllr T Raphaswana

Cllr M D Marutha

Cllr M I Mohafe

Cllr M D Meso

Cllr P T Rakimane

Cllr M J Leferela

Cllr M C Matjee

Cllr M P Tloubatla

**Business address**

303 Church Street

Mogwadi

0715

**Grading of local authority**

Level 3 Local Municipality

**Chief Finance Officer (CFO)**

Miss Khanyisile Zulu

**Accounting Officer**

Mr. ML Mosena

**Postal address**

Private Bag X44

Mogwadi

0715

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## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### General Information

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<b>Bankers</b>	Nedbank
<b>Auditors</b>	Office of the Auditor General (Limpopo)
<b>Website Address</b>	<a href="http://www.molemole.gov.za">www.molemole.gov.za</a>
<b>Email Address</b>	<a href="mailto:info@molemole.gov.za">info@molemole.gov.za</a>
<b>Audit Committee chairperson</b>	<b>Mr SA Ngobeni</b>
Audit Committee members	Ms TE Monobe
	Mr ID Maredi
	Mr TA Lekoloane

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Index

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

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Appendix G(2): Budgeted Financial Performance (revenue and expenditure by municipal vote)

COIDA	Compensation for Occupational Injuries and Diseases Act
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance 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)
VAT	Value Added Tax

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## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 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.

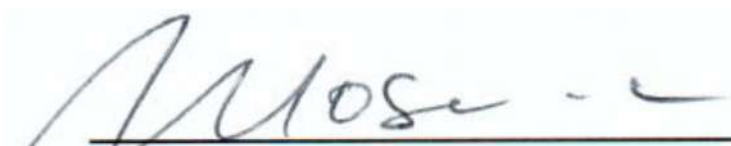
The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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 minimize 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 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 30 June 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.

The financial statements set out on pages 5 to 71, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2019 and were signed on its behalf by:



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**Accounting Officer**  
**Mr ML Mosena**



## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Accounting Officer's Report

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

#### 1. Going concern

The 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.

#### 2. Accounting policies

The financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and 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.

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	8	194 483	160 959
Receivables from exchange transactions	9	3 975 419	3 763 511
Receivables from non-exchange transactions	10	62 324 634	56 175 056
VAT receivable	11	14 113 349	11 413 262
Cash and cash equivalents	12	19 373 721	41 774 239
		<b>99 981 606</b>	<b>113 287 027</b>
<b>Non-Current Assets</b>			
Investment property	3	1 701 001	1 744 335
Property, plant and equipment	4	248 284 378	211 822 001
Intangible assets	5	2 362 394	1 945 251
Heritage Assets	6	368 150	368 150
		<b>252 715 923</b>	<b>215 879 737</b>
<b>Total Assets</b>		<b>352 697 529</b>	<b>329 166 764</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	14	261 630	196 522
Payables from exchange transactions	19	21 885 052	20 492 272
Consumer deposits	20	503 126	502 526
Unspent conditional grants and receipts	15	2 234 275	4 276 606
Other current liability	17	1 663 337	1 809 795
Current Employee Benefits	18	6 556 429	6 717 510
		<b>33 103 849</b>	<b>33 995 231</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	14	251 676	513 306
Non-Current Employee Benefits	7	9 011 188	6 615 433
Provisions	16	14 807 115	14 095 590
		<b>24 069 979</b>	<b>21 224 329</b>
<b>Total Liabilities</b>		<b>57 173 828</b>	<b>55 219 560</b>
<b>Net Assets</b>		<b>295 523 701</b>	<b>273 947 204</b>
<b>Reserves</b>			
Revaluation reserve	13	47 614 111	41 894 856
Accumulated surplus		247 909 581	232 052 339
<b>Total Net Assets</b>		<b>295 523 701</b>	<b>273 947 204</b>

\* See Note 52

## Molemole Local Municipality

(Registration number LIM353)  
Financial Statements for the year ended 30 June 2019

### Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>	22	9 870 892	10 064 112
Service charges	23	456 493	346 468
Rental of facilities and equipment	26	1 066 848	1 138 975
Interest received - debtors	27	660 534	1 194 847
Commission Received	25	3 598 079	2 508 607
Licences and permits	28	257 775	315 892
Other income	45	-	102 235
Gain on disposal of assets	46	-	1 472 458
Actuarial gains	29	1 820 125	1 575 122
Interest received - external investment		<b>17 730 746</b>	<b>18 718 716</b>
<b>Total revenue from exchange transactions</b>			
<b>Revenue from non-exchange transactions</b>			
Property rates	30	14 572 846	16 184 010
Government grants & subsidies	31	177 221 330	167 951 927
Traffic Fines	24	644 562	1 008 500
<b>Total revenue from non-exchange transactions</b>		<b>192 438 738</b>	<b>185 144 437</b>
<b>Total revenue</b>	21	<b>210 169 484</b>	<b>203 863 153</b>
<b>Expenditure</b>			
Employee related costs	32	(77 414 635)	(67 607 677)
Remuneration of councillors	33	(12 365 462)	(12 031 429)
Depreciation and amortisation	34	(12 277 161)	(7 871 607)
Finance costs	35	(1 154 598)	(1 191 476)
Debt Impairment	36	(4 494 247)	(1 325 169)
Bulk purchases	39	(9 419 063)	(9 172 581)
Contracted services	37	(27 322 893)	(22 969 181)
Loss on disposal of assets and liabilities	47	(1 550 539)	-
Actuarial losses	48	(1 537 201)	-
General Expenses	37	(46 776 443)	(40 218 126)
<b>Total expenditure</b>		<b>(194 312 242)</b>	<b>(162 387 246)</b>
<b>Surplus for the year</b>		<b>15 857 242</b>	<b>41 475 907</b>

\* See Note 52

## Molemole Local Municipality

(Registration number LIM353)  
Financial Statements for the year ended 30 June 2019

### Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	41 894 856	191 557 241	233 452 097
Corrections of error - see note 52	-	(980 809)	(980 809)
<b>Restated Balance at 01 July 2017</b>	<b>41 894 856</b>	<b>190 576 432</b>	<b>232 471 288</b>
Surplus for the year	-	41 475 907	41 475 907
<b>Restated Balance at 01 July 2018</b>	<b>41 894 856</b>	<b>232 052 339</b>	<b>273 947 204</b>
<b>Changes in net assets</b>			
Revaluation of Land and Buildings	5 719 255	-	5 719 255
Surplus for the year	-	15 857 242	15 857 242
<b>Balance at 30 June 2019</b>	<b>47 614 111</b>	<b>247 909 581</b>	<b>295 523 701</b>
Note(s)	13		

\* See Note 52

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services	43	20 272 896	15 014 358
Grants	44	175 179 000	151 220 596
Interest Income		1 820 125	1 575 122
		<u>197 272 021</u>	<u>167 810 076</u>
<b>Payments</b>			
Suppliers	45	(173 376 787)	(146 075 038)
Finance costs		(1 154 598)	(1 191 476)
		<u>(174 531 385)</u>	<u>(147 266 514)</u>
<b>Net cash flows from operating activities</b>	42	<b><u>22 740 635</u></b>	<b><u>20 543 562</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(44 447 205)	(33 444 023)
Proceeds from sale of property, plant and equipment		737 730	514 395
Purchase of other intangible assets	5	(1 235 156)	(1 862 397)
<b>Net cash flows from investing activities</b>		<b><u>(44 944 631)</u></b>	<b><u>(34 792 025)</u></b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(196 522)	-
Finance lease receipts		-	415 599
<b>Net cash flows from financing activities</b>		<b><u>(196 522)</u></b>	<b><u>415 599</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(22 400 518)</u></b>	<b><u>(13 832 864)</u></b>
Cash and cash equivalents at the beginning of the year		41 774 239	55 607 102
<b>Cash and cash equivalents at the end of the year</b>	12	<b><u>19 373 721</u></b>	<b><u>41 774 238</u></b>

\* See Note 52

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Statement of Comparison of Budget and Accrual Amounts

Budget on Accrual  
Basis

	Approved budget	Adjustments	Final Budget	Accrual amounts on comparable basis	Difference between final budget and accrual	Reference
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Figures in Rand

#### Statement of Financial Performance

##### Revenue

##### Revenue from exchange transactions

Service charges	10 869 361	-	<b>10 869 361</b>	9 870 892	<b>(998 469)</b>	(9)% - 41.1
Rental of facilities and equipment	268 878	-	<b>268 878</b>	456 493	<b>187 615</b>	70 % - 41.2
Interest received	1 404 472	-	<b>1 404 472</b>	1 066 848	<b>(337 624)</b>	(24)%-41.3
Commission Received	2 347 046	-	<b>2 347 046</b>	660 534	<b>(1 686 512)</b>	(72)% - 41.4
Licences and permits	-	-	-	3 598 079	<b>3 598 079</b>	100 - 41.5
Other income	27 387 835	17 348 574	<b>44 736 409</b>	257 775	<b>(44 478 634)</b>	(99)% - 41.6
Interest received - external investment	2 000 000	-	<b>2 000 000</b>	1 820 125	<b>(179 875)</b>	(9)% - 41.7
<b>Total revenue from exchange transactions</b>	<b>44 277 592</b>	<b>17 348 574</b>	<b>61 626 166</b>	<b>17 730 746</b>	<b>(43 895 420)</b>	

##### Revenue from non-exchange transactions

Property rates	14 480 287	-	<b>14 480 287</b>	14 572 846	<b>92 559</b>	1 %
Government grants & subsidies	166 180 979	13 055 000	<b>179 235 979</b>	177 221 330	<b>(2 014 649)</b>	(1)% -
Traffic Fines	7 856 104	-	<b>7 856 104</b>	644 562	<b>(7 211 542)</b>	(92)% 41.8
<b>Total revenue from non-exchange transactions</b>	<b>188 517 370</b>	<b>13 055 000</b>	<b>201 572 370</b>	<b>192 438 738</b>	<b>(9 133 632)</b>	
<b>Total revenue</b>	<b>232 794 962</b>	<b>30 403 574</b>	<b>263 198 536</b>	<b>210 169 484</b>	<b>(53 029 052)</b>	

##### Expenditure

Personnel	(84 760 535)	(12 138)	<b>(84 772 673)</b>	(77 414 635)	<b>7 358 038</b>	10 % - 41.9
Remuneration of councillors	(12 865 286)	-	<b>(12 865 286)</b>	(12 365 462)	<b>499 824</b>	4 % -
Depreciation and amortisation	(8 148 576)	-	<b>(8 148 576)</b>	(12 277 161)	<b>(4 128 585)</b>	(34)% -41.10
Finance costs	(1 184 232)	-	<b>(1 184 232)</b>	(1 154 598)	<b>29 634</b>	3 %-
Debt Impairment	(5 506 700)	-	<b>(5 506 700)</b>	(4 494 247)	<b>1 012 453</b>	23 % - 41.11
Bulk purchases	(7 800 000)	-	<b>(7 800 000)</b>	(9 419 063)	<b>(1 619 063)</b>	(17)%- 41.12
Contracted Services	(27 981 801)	(4 388 124)	<b>(32 369 925)</b>	(27 322 893)	<b>5 047 032</b>	18 % - 41.13
General Expenses	(34 110 768)	(16 402 690)	<b>(50 513 458)</b>	(46 776 443)	<b>3 737 015</b>	8 % -41.14
Loss on disposal of assets and liabilities	-	-	-	(1 550 539)	<b>(1 550 539)</b>	(100)% -41.15
Actuarial Losses	-	-	-	(1 537 201)	<b>(1 537 201)</b>	(100)% -41.16
<b>Total expenditure</b>	<b>(182 357 898)</b>	<b>(20 802 952)</b>	<b>(203 160 850)</b>	<b>(194 312 242)</b>	<b>8 848 608</b>	
<b>Surplus/Deficit</b>	<b>50 437 064</b>	<b>9 600 622</b>	<b>60 037 686</b>	<b>15 857 242</b>	<b>(44 180 444)</b>	

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Statement of Comparison of Budget and Accrual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Accrual amounts on comparable basis	Difference between final budget and accrual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	295 326	-	<b>295 326</b>	194 483	<b>(100 843)</b>	52 % - 41.17
Receivables from exchange transactions	19 811 041	-	<b>19 811 041</b>	3 975 419	<b>(15 835 622)</b>	398 %-41.18
Receivables from non-exchange transactions	55 636 829	11 000 000	<b>66 636 829</b>	62 324 634	<b>(4 312 195)</b>	7 %-41.19.
VAT receivable	-	-	-	14 113 349	<b>14 113 349</b>	(100)%-41.20
Current Portion of Long term Recievables	31 265	-	<b>31 265</b>	-	<b>(31 265)</b>	(100)
Cash and cash equivalents	28 985 760	(4 949 036)	<b>24 036 724</b>	19 373 721	<b>(4 663 003)</b>	24 %-41.22
	<b>104 760 221</b>	<b>6 050 964</b>	<b>110 811 185</b>	<b>99 981 606</b>	<b>(10 829 579)</b>	
<b>Non-Current Assets</b>						
Investment property	1 698 398	-	<b>1 698 398</b>	1 701 001	<b>2 603</b>	- %-
Property, plant and equipment	229 441 197	3 951 585	<b>233 392 782</b>	248 284 378	<b>14 891 596</b>	(6)%-
Intangible assets	4 993 453	(1 300 000)	<b>3 693 453</b>	2 362 394	<b>(1 331 059)</b>	56 %-41.23
Heritage Assets	368 150	-	<b>368 150</b>	368 150	-	
	<b>236 501 198</b>	<b>2 651 585</b>	<b>239 152 783</b>	<b>252 715 923</b>	<b>13 563 140</b>	
<b>Total Assets</b>	<b>341 261 419</b>	<b>8 702 549</b>	<b>349 963 968</b>	<b>352 697 529</b>	<b>2 733 561</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Finance lease obligation	294 221	200 000	<b>494 221</b>	261 630	<b>(232 591)</b>	89 %-41.24
Payables from exchange transactions	35 902 737	-	<b>35 902 737</b>	21 885 052	<b>(14 017 685)</b>	64 %-41.25
Consumer deposits	528 350	-	<b>528 350</b>	503 126	<b>(25 224)</b>	5 %-
Unspent conditional grants and receipts	-	-	-	2 234 275	<b>2 234 275</b>	(100)%-41.26
Other current liability	-	-	-	1 663 337	<b>1 663 337</b>	(100)%-41.27
Current Employee Benefits	396 468	-	<b>396 468</b>	6 556 429	<b>6 159 961</b>	(94)%-41.28
	<b>37 121 776</b>	<b>200 000</b>	<b>37 321 776</b>	<b>33 103 849</b>	<b>(4 217 927)</b>	
<b>Non-Current Liabilities</b>						
Finance lease obligation	-	-	-	251 676	<b>251 676</b>	(100)%-41.29
Non-Current Employee Benefits	8 758 916	500 000	<b>9 258 916</b>	9 011 188	<b>(247 728)</b>	3 %-
Provisions	14 121 578	-	<b>14 121 578</b>	14 807 115	<b>685 537</b>	(5)%-
	<b>22 880 494</b>	<b>500 000</b>	<b>23 380 494</b>	<b>24 069 979</b>	<b>689 485</b>	
<b>Total Liabilities</b>	<b>60 002 270</b>	<b>700 000</b>	<b>60 702 270</b>	<b>57 173 828</b>	<b>(3 528 442)</b>	
<b>Net Assets</b>	<b>281 259 149</b>	<b>8 002 549</b>	<b>289 261 698</b>	<b>295 523 701</b>	<b>6 262 003</b>	
<b>Reserves</b>						
Revaluation reserve	41 894 856	-	<b>41 894 856</b>	47 614 111	<b>5 719 255</b>	(12)%-41.30

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Statement of Comparison of Budget and Accrual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Accrual amounts on comparable basis	Difference between final budget and accrual	Reference
Figures in Rand						
Accumulated surplus	239 364 293	8 002 549	<b>247 366 842</b>	247 909 589	<b>542 747</b>	- %-
<b>Total Net Assets</b>	<b>281 259 149</b>	<b>8 002 549</b>	<b>289 261 698</b>	<b>295 523 700</b>	<b>6 262 002</b>	



## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Statement of Comparison of Budget and Accrual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Accrual amounts on comparable basis	Difference between final budget and accrual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	32 037 591	18 293 544	<b>50 331 135</b>	20 191 939	<b>(30 139 196)</b>	149 %-41.31
Government grants & subsidies	164 709 000	2 527 000	<b>167 236 000</b>	175 179 000	<b>7 943 000</b>	(5)%-
Interest received - external investment	3 439 997	(386 643)	<b>3 053 354</b>	1 820 125	<b>(1 233 229)</b>	68 %-41.32
	<b>200 186 588</b>	<b>20 433 901</b>	<b>220 620 489</b>	<b>197 191 064</b>	<b>(23 429 425)</b>	
<b>Payments</b>						
Suppliers and employees	(123 223 784)	(51 142 782)	<b>(174 366 566)</b>	(173 102 726)	<b>1 263 840</b>	1 %-
Finance costs	(827 815)	(356 417)	<b>(1 184 232)</b>	(1 154 598)	<b>29 634</b>	3 %-
	<b>(124 051 599)</b>	<b>(51 499 199)</b>	<b>(175 550 798)</b>	<b>(174 257 324)</b>	<b>1 293 474</b>	
<b>Net cash flows from operating activities</b>	<b>76 134 989</b>	<b>(31 065 298)</b>	<b>45 069 691</b>	<b>22 933 740</b>	<b>(22 135 951)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(50 437 065)	(9 600 621)	<b>(60 037 686)</b>	(44 447 205)	<b>15 590 481</b>	35 %-41.33
Proceeds from sale of PPE	-	-	-	737 730	<b>737 730</b>	(100)%-41.34
Purchase of intangibles	-	-	-	(1 235 156)	<b>(1 235 156)</b>	(100)%-41.35
<b>Net cash flows from investing activities</b>	<b>(50 437 065)</b>	<b>(9 600 621)</b>	<b>(60 037 686)</b>	<b>(44 944 631)</b>	<b>15 093 055</b>	
<b>Cash flows from financing activities</b>						
Finance lease receipts	-	-	-	(196 522)	<b>(196 522)</b>	(100)%-41.36
Net increase/(decrease) in cash and cash equivalents	25 697 924	(40 665 919)	<b>(14 967 995)</b>	(22 207 413)	<b>(7 239 418)</b>	
Cash and cash equivalents at the beginning of the year	39 004 719	-	<b>39 004 719</b>	41 581 135	<b>2 576 416</b>	(6)%-41.37
<b>Cash and cash equivalents at the end of the year</b>	<b>64 702 643</b>	<b>(40 665 919)</b>	<b>24 036 724</b>	<b>19 373 722</b>	<b>(4 663 002)</b>	

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Appropriation Statement

Figures in Rand

	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
<b>2019</b>											
<b>Financial Performance</b>											
Property rates	14 480 287	-	14 480 287	-	-	14 480 287	14 572 846	-	92 559	101 %	101 %
Service charges	10 869 361	-	10 869 361	-	-	10 869 361	9 870 892	-	(998 469)	91 %	91 %
Investment revenue	2 000 000	-	2 000 000	-	-	2 000 000	1 820 125	-	(179 875)	91 %	91 %
Transfers recognised - operational	133 412 650	1 055 000	134 467 650	-	-	134 467 650	130 472 322	-	(3 995 328)	97 %	98 %
Other own revenue	39 264 335	17 348 574	56 612 909	-	-	56 612 909	6 731 087	-	(49 881 822)	12 %	17 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>200 026 633</b>	<b>18 403 574</b>	<b>218 430 207</b>	-	-	<b>218 430 207</b>	<b>163 467 272</b>	-	<b>(54 962 935)</b>	<b>75 %</b>	<b>82 %</b>
Employee costs	(84 760 535)	(12 138)	(84 772 673)	-	-	(84 772 673)	(77 451 727)	-	7 320 946	91 %	91 %
Remuneration of councillors	(12 865 286)	-	(12 865 286)	-	-	(12 865 286)	(12 328 370)	-	536 916	96 %	96 %
Debt impairment	(5 506 700)	-	(5 506 700)	-	-	(5 506 700)	(4 662 472)	-	844 228	85 %	85 %
Depreciation and asset impairment	(8 148 576)	-	(8 148 576)	-	-	(8 148 576)	(8 931 839)	-	(783 263)	110 %	110 %
Finance charges	(1 184 232)	-	(1 184 232)	-	-	(1 184 232)	(1 154 598)	-	29 634	97 %	97 %
Materials and bulk purchases	(7 800 000)	-	(7 800 000)	-	-	(7 800 000)	(9 419 063)	-	(1 619 063)	121 %	121 %
Loss on disposal of assets and liabilities	-	-	-	-	-	-	(1 550 539)	-	(1 550 539)	DIV/0 %	DIV/0 %
Actuarial Loss	-	-	-	-	-	-	(1 537 201)	-	(1 537 201)	DIV/0 %	DIV/0 %
Other expenditure	(62 092 569)	(20 790 814)	(82 883 383)	-	-	(82 883 383)	(74 256 156)	-	8 627 227	90 %	120 %
<b>Total expenditure</b>	<b>(182 357 898)</b>	<b>(20 802 952)</b>	<b>(203 160 850)</b>	-	-	<b>(203 160 850)</b>	<b>(191 291 965)</b>	-	<b>11 868 885</b>	<b>94 %</b>	<b>105 %</b>
<b>Surplus/(Deficit)</b>	<b>17 668 735</b>	<b>(2 399 378)</b>	<b>15 269 357</b>	-	-	<b>15 269 357</b>	<b>(27 824 693)</b>	-	<b>(43 094 050)</b>	<b>(182)%</b>	<b>(157)%</b>

## Molemole Local Municipality

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### Appropriation Statement

Figures in Rand

	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
Transfers recognised - capital	32 768 329	12 000 000	44 768 329	-		44 768 329	46 749 008		1 980 679	104 %	143 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>50 437 064</b>	<b>9 600 622</b>	<b>60 037 686</b>	-		<b>60 037 686</b>	<b>18 924 315</b>		<b>(41 113 371)</b>	<b>32 %</b>	<b>38 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>50 437 064</b>	<b>9 600 622</b>	<b>60 037 686</b>	-		<b>60 037 686</b>	<b>18 924 315</b>		<b>(41 113 371)</b>	<b>32 %</b>	<b>38 %</b>
<b>Capital expenditure and funds sources</b>											
Executive and council	200 000	1 200 000	1 400 000	-		1 400 000	888 634		(511 366)	63 %	444 %
Finance and administration	3 750 000	2 607 336	6 357 336	-		6 357 336	2 615 528		(3 741 808)	41 %	70 %
Community and social services	-	486 346	486 346	-		486 346	444 010		(42 336)	91 %	100 %
Sport and recreation	8 710 052	(10 000)	8 700 052	-		8 700 052	6 142 854		(2 557 198)	71 %	71 %
Road transport	50 000	-	50 000	-		50 000	12 013		(37 987)	24 %	24 %
Waste water management	36 827 013	3 397 869	40 224 882	-		40 224 882	34 264 180		(5 960 702)	85 %	93 %
Energy sources	900 000	1 919 070	2 819 070	-		2 819 070	1 315 139		(1 503 931)	47 %	146 %
	<b>50 437 065</b>	<b>9 600 621</b>	<b>60 037 686</b>	--		<b>60 037 686</b>	<b>45 682 358</b>	-	<b>(14 355 328)</b>	<b>76 %</b>	<b>91 %</b>
<b>Sources of capital funds</b>											
Transfers recognised - capital	32 828 350	15 765 898	48 594 248	-		48 594 248	38 798 613		(9 795 635)	80 %	118 %
Internally generated funds	17 608 715	(6 165 277)	11 443 438	-		11 443 438	6 883 705		(4 559 733)	60 %	39 %
<b>Total sources of capital funds</b>	<b>50 437 065</b>	<b>9 600 621</b>	<b>60 037 686</b>	-		<b>60 037 686</b>	<b>45 682 318</b>		<b>(14 355 368)</b>	<b>76 %</b>	<b>91 %</b>

## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Appropriation Statement

Figures in Rand

	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
<b>Cash flows</b>											
Net cash from (used) operating	76 134 989	(31 066 297)	45 068 692	-	-	45 068 692	22 933 739	-	(22 134 953)	51 %	30 %
Net cash from (used) investing	(50 437 065)	(9 600 621)	(60 037 686)	-	-	(60 037 686)	(44 944 631)	-	15 093 055	75 %	89 %
Net cash from (used) financing	-	-	-	-	-	-	(196 522)	-	(196 522)	DIV/0 %	DIV/0 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>25 697 924</b>	<b>(40 666 918)</b>	<b>(14 968 994)</b>	-	-	<b>(14 968 994)</b>	<b>(22 207 414)</b>	-	<b>(7 238 420)</b>	<b>148 %</b>	<b>(86)%</b>
Cash and cash equivalents at the beginning of the year	39 004 719	-	39 004 719	-	-	39 004 719	41 577 792	-	2 573 073	107 %	107 %
<b>Cash and cash equivalents at year end</b>	<b>64 702 643</b>	<b>(40 666 918)</b>	<b>24 035 725</b>	-	-	<b>24 035 725</b>	<b>19 370 378</b>	-	<b>4 665 347</b>	<b>81 %</b>	<b>30 %</b>

## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Accounting Policies

#### 1. Presentation of 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 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.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

These accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant policy.

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

##### 1.3 Comparative Information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

##### 1.4 Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been adopted early by the municipality:

GRAP 25 Employee Benefits

GRAP 105 Transfers of Functions Between Entities Under Common Control

GRAP 106 Transfers of Functions Between Entities Not Under Common Control

GRAP 107 Mergers

Nature of impending changes in accounting policy:

None.

Impact on the municipality's financial statements once implemented:

None.

## **1.5 Use of Estimates**

The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may be undertaken in the future, actual results ultimately may differ from these estimates.

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## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Accounting Policies

#### 1.6 Transfer of functions between entities under common control

##### Definitions

An acquirer is the municipality that obtains control of the acquiree or transferor.

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

Control is the power to govern the financial and operating policies of another municipality so as to benefit from its activities.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an municipality's objectives, either by providing economic benefits or service potential.

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified.

Transfer date is the date on which the acquirer obtains control of the function and the transferor loses control of that function.

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another municipality.

A transferor is the municipality that relinquishes control of a function.

Common control - For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an municipality's objectives, either by providing economic benefits or service potential. A function consists of inputs and processes applied to those inputs that have the ability to create outputs. A function can either be a part or a portion of an entity or can consist of the whole municipality. Although functions may have outputs, outputs are not required to qualify as a function. The three elements of a function are defined as follows:

Input: Any resource that creates, or has the ability to create, outputs when one or more processes are applied to it.  
Process: Any system, standard, protocol, convention or rule that when applied to an input or inputs, creates or has the ability to create outputs.

Output: The result of inputs and processes applied to achieve and improve efficiency. This may be in the form of achieving service delivery objectives, or the delivery of goods and/or services.

##### Identifying the acquirer and transferor

For each transfer of functions between entities under common control an acquirer and transferor are identified. All relevant facts and circumstances are considered in identifying the acquirer and transferor.

The terms and conditions of a transfer of functions undertaken between entities under common control are set out in a binding arrangement. The binding arrangement governing the terms and conditions of a transfer of functions may identify which municipality to the transaction or event is the transferor(s) and which municipality is the acquirer. Where the binding arrangement does not clearly identify the acquirer or the transferor, the behaviour or actions of the entities may indicate which municipality is the acquirer and which municipality is the transferor.

Determining the acquirer includes a consideration of, amongst other things, which of the entities involved in the transfer of functions initiated the transaction or event, the relative size of the entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

### **Determining the transfer date**

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.

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## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Accounting Policies

#### Assets acquired [transferred] and liabilities assumed [relinquished]

The recognition of assets and liabilities, is subject to the following conditions:

The assets acquired and the liabilities assumed are part of what had been agreed in terms of the binding arrangement (if applicable), rather than the result of separate transactions.

#### Determining what is part of the transfer of functions transaction

Where the municipality and the transferor have a pre-existing relationship before or when negotiations for a transfer of functions began, or where a binding arrangement is entered into during the negotiations that are separate from a transfer of functions, any amounts that are not part of what were transferred in a transfer of functions are identified. This policy only applies to the consideration transferred and the assets acquired and liabilities assumed in a transfer of functions as governed by the terms and conditions of the binding arrangement.

The following factors are considered, which are neither mutually exclusive nor individually conclusive, to determine whether a transaction is part of a transfer or function or whether the transaction is separate:

the reasons for the transaction

the timing of the transaction

#### 1.7 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. However, where an investment property was acquired through a non-exchange transaction (i.e. where municipality acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

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.

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Accounting Policies

#### Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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.

#### 1.8 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 reporting 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 or fair value 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 assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

The following accounting procedures will be followed when the fixed properties are re-valued at an amount that exceeds the current value carried in the Financial Statements:

## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Accounting Policies

- The Accumulated Depreciation at the time of revaluation will be set-off against the gross carrying amount of the fixed property.
- The carrying value on the Balance Sheet will be adjusted to the revalued amount of the fixed property.
- The difference between the original amount and the re-valued amount will be credited against a future depreciation reserve.
- All future depreciation on the fixed property will be set off against this future depreciation reserve.

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

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

The revaluation surplus included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit when the asset is derecognised.

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

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

Item	Average useful life
<b>Buildings</b>	
Municipal Buildings	15-30 years
Land	Indefinite
<b>Infrastructure</b>	
Roads	5 - 30 years
Paving on Car Ports	5 - 30 years
Electricity Network	4 - 45 years
Single Phase Meters 97/98	2 - 20 years
Water	2 - 20 years
Sewerage	2 - 20 years
Stormwater	5 - 30 years
<b>Community</b>	
Community Buildings	15 - 30 years
Recreational Facilities	20 - 30 years
Tennis Courts	20 - 30 years
Swimming Pool and Pumps	5 - 10 years
Security	5 - 30 years
Palisade Fence	3 - 10 years
Gaurd Room	2 - 30 years
Parks and Gardens	22 - 30 years
Taxi Rank	22 - 30 years
<b>Other property, plant and equipment</b>	
Gates And Fencing	5 - 10 years
Air Conditioners	5 - 15 years
Plant and equipment	5 - 30 years
Security Measures	5 - 30 years
Other Vechiles	5 - 15 years
Specialised Vechile	10 - 15 years
Office Equipment	5 - 15 years
Furniture and fittings	2 - 20 years
Bins and containers	2 - 10 years
Other items of plant equipment	10 - 15 years
Landfill sites	30 - 45 years
Computer equipment	3 - 15 years

## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Accounting Policies

#### Finance Leased Assets

Office Equipment

3 - 7 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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 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 or disposal 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.

Property, plant and equipment 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. These assets are not accounted for as non-current assets held for sale. Proceeds from the sale of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

#### 1.9 Intangible assets

##### Initial Recognition

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.

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### Accounting Policies

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	Useful life
Computer software, other	3 - 10years

Intangible assets are derecognised:  
on disposal; or

when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

#### 1.10 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 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.

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## Molemole Local Municipality

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### Accounting Policies

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.

#### 1.11 Financial instruments

##### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

##### Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit dividends or similar distributions and interest.

Dividend or similar distributions income is recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends or similar distributions received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.



## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Accounting Policies

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#### Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held- to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

#### Trade and Other Receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

#### Impairment Loss

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

The municipality determine impairment of trade receivables in accordance with the debt write off policy.

#### Trade Payables and Borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

#### Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

## **1.12 Leases**

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

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

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## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Accounting Policies

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#### Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

#### Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the .

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

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

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the Statement of Financial Performance.

#### 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.

#### Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

## **Municipality as Lessor**

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## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Accounting Policies

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### 1.13 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;  
distribution at no charge or for a nominal charge; or

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

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

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

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

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

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

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

#### Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

#### Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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### Accounting Policies

Inventories comprise current assets held for sale or for consumption during the ordinary course of business and are measured at the lower of cost and current replacement cost where they are held for;

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

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis for allocating cost to inventory items is the first in first out (FIFO) method.

#### 1.14 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.

##### Post Retirement Medical Obligation

The Municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds.

Council pays 70% of the contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

##### Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

## Provision for Staff Leave

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### Accounting Policies

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the relevant employee. Accumulated leave is carried forward and can be used in future periods if the current employee's period's entitlement is not used in full. An employee's accumulated leave cannot exceed 48 days. Any days in excess thereof is forfeited. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

#### Staff Bonusses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on the bonus accrued at year end for each employee.

#### Provision for Performance Bonusses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, contract workers and other senior managers, is recognised as it accrues. The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. This bonus is not guaranteed.

#### 1.15 Provisions and contingencies

Provisions are recognised when:

the municipality has a present obligation as a result of a past event;

it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and

a reliable estimate can be made of the obligation.

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

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

## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Accounting Policies

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 50.

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.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

financial difficulty of the debtor;

defaults or delinquencies in interest and capital repayments by the debtor;

breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and

a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date.

Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and

- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

## **1.16 Revenue from exchange transactions**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

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## Molemole Local Municipality

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### Accounting Policies

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

#### 1.17 Revenue from non-exchange transactions

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

#### 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-imburement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

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## Molemole Local Municipality

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### Accounting Policies

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

#### 1.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

#### 1.19 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. The Unauthorised expenditure is disclosed in a note to the Annual Financial Statements.

#### 1.20 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, unless if it is recoverable (i.e. receivable), it will be raised as an asset in the Statement of Financial Position. 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.

Fruitless and wasteful expenditure will be de-recognised as soon as the nature of the fruitless and wasteful expenditure has been submitted to Council and a formal Council decision has been taken to condone the expenditure. The Fruitless and Wasteful expenditure is disclosed in a note to the Annual Financial Statements.

#### 1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or

- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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

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## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Accounting Policies

Irregular expenditure that was incurred and identified during the current financial year 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. The Irregular expenditure is disclosed in a note to the Annual Financial Statements.

#### 1.22 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:  
the business or part of a business concerned;

the principal locations affected;

the location, function, and approximate number of employees who will be compensated for terminating their services;

the expenditures that will be undertaken; and when the plan will be implemented; and



(b) The municipality 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.

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## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Accounting Policies

#### 1.23 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

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

The approved budget covers the fiscal period from 2018-07-01 to 2019-06-30.

The budget for the economic entity includes all the entities approved budgets under its control.

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

#### 1.24 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the municipality sphere of government are considered to be related parties.

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.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

#### 1.25 Retirement Benefits

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

## Molemole Local Municipality

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### Accounting Policies

#### 1.26 Impairment of Assets

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

Irrespective of whether there is any indication of impairment, the municipality also:

tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with their recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### 1.27 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 unrecognized 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.

## Molemole Local Municipality

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#### 21. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2 091 000	(389 999)	1 701 001	2 091 000	(346 665)	1 744 335
<b>Total</b>	<b>2 091 000</b>	<b>(389 999)</b>	<b>1 701 001</b>	<b>2 091 000</b>	<b>(346 665)</b>	<b>1 744 335</b>

#### Reconciliation of investment property - 2019

	Opening balance	Depreciation	Total
Investment property	1 744 335	(43 333)	1 701 001
	<b>1 744 335</b>	<b>(43 333)</b>	<b>1 701 001</b>

#### Reconciliation of investment property - 2018

	Opening balance	Depreciation	Total
Investment property	1 787 668	(43 333)	1 744 335
	<b>1 787 668</b>	<b>(43 333)</b>	<b>1 744 335</b>

## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

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#### 30. 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	R22 169 428 R	- R 22 169 428 R	22 169 428 R	- R		22 169 428
Buildings	31 167 206	(2 458 814)	28 708 392	31 167 205	(4 444 753)	26 722 452
Infrastructure	108 866 769	(18 806 405)	90 060 364	50 624 104	(13 857 717)	36 766 387
Community	30 957 786	(3 583 803)	27 373 983	30 928 386	(4 874 197)	26 054 189
Other property, plant and equipment	46 717 218	(17 853 676)	28 863 542	47 961 835	(15 973 131)	31 988 704
Financed leased Assets	652 853	(272 021)	380 832	652 853	(54 404)	598 449
Work in Progress	50 727 837	-	50 727 837	67 522 392	-	67 522 392
<b>Total</b>	<b>291 259 097</b>	<b>(42 974 719)</b>	<b>248 284 378</b>	<b>251 026 203</b>	<b>(39 204 202)</b>	<b>211 822 001</b>

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

	Opening balance	Additions	Additions work in progress	Disposals	Transfers received from WIP	Transfers from WIP	Revaluations	Depreciation	Total
Land	22 169 428	-	-	-	-	-	-	-	22 169 428
Buildings	26 722 452	-	-	-	-	-	3 204 321	(1 218 382)	28 708 392
Infrastructure	36 766 387	-	-	(343 221)	58 663 769	-	-	(5 026 571)	90 060 364
Community	26 054 189	29 400	-	-	-	-	2 514 935	(1 224 541)	27 373 983
Other property, plant and equipment	31 988 704	2 548 591	-	(1 945 048)	-	-	-	(3 728 703)	28 863 542
Finance Leased Assets	598 449	-	-	-	-	-	-	(217 617)	380 832
Work in progress	67 522 392	-	41 869 214	-	-	(58 663 769)	-	-	50 727 837
	<b>211 822 001</b>	<b>2 577 991</b>	<b>41 869 214</b>	<b>(2 288 269)</b>	<b>58 663 769</b>	<b>(58 663 769)</b>	<b>5 719 256</b>	<b>(11 415 814)</b>	<b>248 284 378</b>

## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

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

##### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Additions work in progress	Disposals	Transfers received from WIP	Transfers from WIP	Other changes, movements	Depreciation	Total
Land	22 256 319	-	-	(86 891)	-	-	-	-	22 169 428
Buildings	25 672 747	374 151	-	-	1 756 527	-	-	(1 080 973)	26 722 452
Infrastructure	36 686 476	408 565	-	(33 561)	2 344 422	-	-	(2 639 515)	36 766 387
Community	26 313 501	-	-	-	-	-	813 800	(1 073 112)	26 054 189
Other property, plant and equipment	29 405 628	4 682 087	-	(291 708)	590 167	-	-	(2 397 469)	31 988 704
Finance Leased Assets	263 157	652 853	-	-	-	-	-	(317 562)	598 449
Work in progress	45 798 869	-	27 228 439	-	-	(5 504 916)	-	-	67 522 392
	<b>186 396 697</b>	<b>6 117 657</b>	<b>27 228 438</b>	<b>(412 159)</b>	<b>4 691 116</b>	<b>(5 504 916)</b>	<b>813 800</b>	<b>(7 508 631)</b>	<b>211 822 001</b>

#### Expenditure incurred to repair and maintain property, plant and equipment

##### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	7 692 032	6 084 004
	<b>7 692 032</b>	<b>6 084 004</b>

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

## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

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#### 5. Intangible assets

	2019		2018			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	4 885 863	(2 523 470)	2 362 393	650 708	(1 705 457)	1 945 251
<b>Total</b>	<b>4 885 863</b>	<b>(2 523 470)</b>	<b>2 362 393</b>	<b>650 708</b>	<b>(1 705 457)</b>	<b>1 945 251</b>

#### Reconciliation of intangible assets - 2019

	Opening balance	Additions under development	Amortisation	Total
Computer software, other	1 945 251	-	(818 014)	1 127 238
Intangible asset under development	-	1 235 156	-	1 235 156
	<b>1 945 251</b>	<b>1 235 156</b>	<b>(818 014)</b>	<b>2 362 394</b>

#### Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software, other	402 494	1 862 397	(319 638)	1 945 251
	<b>402 494</b>	<b>1 862 397</b>	<b>(319 638)</b>	<b>1 945 251</b>

#### 6. Heritage Assets

	2019		2018			
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral Chain	368 150	-	368 150	368 150	-	368 150
<b>Total</b>	<b>368 150</b>	<b>-</b>	<b>368 150</b>	<b>368 150</b>	<b>-</b>	<b>368 150</b>

#### Reconciliation of heritage assets 2019

	Opening balance	Total
Mayoral Chain	368 150	368 150
	<b>368 150</b>	<b>368 150</b>

#### Reconciliation of heritage assets 2018

	Opening balance	Total
Mayoral Chain	368 150	368 150
	<b>368 150</b>	<b>368 150</b>

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#### - Non-Current Employee benefits

##### Post-employment Health Care Benefits

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
Discovery;  
LA Health;  
Hosmed;  
Samwumed; and  
Keyhealth.

The Municipality's Accrued Unfunded Liability at 30 June 2019 is estimated at R 9,070,610. The Current-service Cost for the year ending 30 June 2019 is estimated at R 622,662. It is estimated to be R 860,460 for the ensuing year.

Key actuarial assumptions used:

##### Rate of Interest

Discount rate	9,78%	9.81%
Health Care Cost	7.17%	7.53%
Net effective Discount rate	2.44%	2.12%

The amount recognised in the Statement of Financial Position are as follows:

##### Present Value of fund obligations

Closing Balance	9 070 610	6 663 822
	<b>9 070 610</b>	<b>6 663 822</b>
Present value at Fund obligation at the beginning of the year	6 663 822	7 056 620
Total Expenses	1 227 333	1 253 121
Current Service Cost	622 662	600 475
Interest Cost	651 399	700 035
Benefits Paid	(46 728)	(47 389)
Actuarial (gains) / losses	1 179 455	(1 645 919)
Present value of fund obligation at the end of the year	9 070 610	6 663 822
Less : transfer of current portion	(63 096)	(48 462)
<b>Balance 30 June</b>	<b>9 007 514</b>	<b>6 615 360</b>

#### 8. Inventories

Opening balance	160 959	136 520
Purchased	1 197 825	864 245
Issued	(1 164 301)	(839 806)
<b>Closing balance</b>	<b>194 483</b>	<b>160 959</b>

#### 9. Receivables from exchange transactions

Rental debtors	252 925	99 542
Other debtors - Under banking	29 332	4 955
Other debtors - Bursaries	30 850	36 840
Other debtors - Insurance	-	1 736
Other debtors - National Treasury	498 600	498 600
Other debtors	1 069 828	41 740
Consumer debtors - Electricity	435 299	1 133 198
Consumer debtors - Refuse	1 150 254	1 205 746
Consumer debtors - Other Service Charges	78 141	75 431



## Molemole Local Municipality

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### Notes to the Financial Statements

Figures in Rand	2019	2018
<b>- Receivables from exchange transactions (continued)</b>		
Other debtors - CDM	430 190	665 723
	<b>3 975 419</b>	<b>3 763 511</b>
<b>Electricity Reconciliation</b>		
Electricity	3 401 310	6 721 078
Less: Impairment	(2 966 011)	(5 587 880)
	<b>435 299</b>	<b>1 133 198</b>
<b>Electricity Ageing</b>		
Current (0 - 30 days)	226 529	657 766
31 - 60 days	58 046	277 663
61 - 90 days	52 570	217 311
+90 days	3 064 165	5 568 338
	<b>3 401 310</b>	<b>6 721 078</b>
<b>Refuse</b>		
Refuse	8 987 795	7 151 365
Less: Impairment	(7 837 541)	(5 945 619)
	<b>1 150 254</b>	<b>1 205 746</b>
<b>Refuse Ageing</b>		
Current (0 - 30 days)	372 276	344 139
31 - 60 days	169 179	164 166
61 - 90 days	178 855	160 966
+90 days	8 267 485	6 482 095
	<b>8 987 795</b>	<b>7 151 366</b>
<b>Other Service Charges</b>		
Other Service Charges	610 576	447 381
Less: Impairment	(532 435)	(371 950)
	<b>78 141</b>	<b>75 431</b>
<b>Other Service Charges Ageing</b>		
Current (0 - 30 days)	24 328	8 670
31 - 60 days	23 147	4 279
61 - 90 days	11 907	4 224
+90 days	551 194	430 208
	<b>610 576</b>	<b>447 381</b>
<b>CDM Water Debtor Reconciliation</b>		
CDM Water Debtor	4 971 257	3 050 794
Less: 70 % Commission	(3 479 880)	(1 896 457)
Less: Impairment	(1 061 187)	(488 614)
	<b>430 190</b>	<b>665 723</b>

## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand	2019	2018
<b>32. Receivables from exchange transactions (continued)</b>		
<b>CDM Debtors Ageing</b>		
Current (0 - 30 days)	422 331	502 753
31 - 60 days	206 440	169 795
61 - 90 days	177 268	156 129
+90 days	4 165 218	2 223 917
	<b>4 971 257</b>	<b>3 052 594</b>
<b>10. Receivables from non-exchange transactions</b>		
Fines	1 687 829	1 705 292
Consumer debtors - Rates	60 636 805	54 469 761
	<b>62 324 634</b>	<b>56 175 053</b>
<b>Property Rates Receivables</b>		
Taxes - Rates	79 212 051	69 523 515
Less Allowance for Doubtfull debts	(18 575 246)	(15 053 754)
	<b>60 636 805</b>	<b>54 469 761</b>
Ageing of Receivables from Non-Exchange Transactions		
<b>Rates: Ageing</b>		
Current (0-30 days )	2 310 262	17 917 343
31-60 days	1 112 704	1 072 848
61-90 days	1 115 055	1 058 676
+90 days	74 673 530	49 474 637
	<b>79 211 551</b>	<b>69 523 504</b>
Debts are required to be settled after 30 days, interest is charged after this date at 10%. The fair value of trade and other receivables approximates their carrying amounts.		
<b>Traffic Fines Debtor Reconcillation</b>		
Traffic Fines Debtor	3 968 173	3 882 223
Less: Impairment	(2 280 344)	(2 176 930)
	<b>1 687 829</b>	<b>1 705 293</b>
<b>11. VAT receivable</b>		
Vat Receivable	14 113 349	11 413 262
	<b>14 113 349</b>	<b>11 413 262</b>
<b>12. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	1 983	320
Bank balances	11 497 723	30 195 004
Short-term deposits	7 874 015	11 578 914
	<b>19 373 721</b>	<b>41 774 238</b>

## Molemole Local Municipality

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#### 12. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
Nedbank - Primary Account 146 700 0 442	7 575 698	19 981 855	14 942 119	7 558 915	19 770 731	14 044 109
Nedbank Grants Account - 1013994825	3 938 888	10 424 363	19 558 724	3 938 808	10 424 273	19 558 644
Nedbank Call Investment - Deposit	7 874 015	11 578 914	22 003 792	7 558 915	11 578 914	22 003 792
<b>Total</b>	<b>19 388 601</b>	<b>41 985 132</b>	<b>56 504 635</b>	<b>19 056 638</b>	<b>41 773 918</b>	<b>55 606 545</b>

#### 13. Revaluation reserve

Opening balance	41 894 856	41 894 856
Change during the year	5 719 255	-
	<b>47 614 111</b>	<b>41 894 856</b>

#### Revaluation surplus relating to property, plant and equipment

Revaluation surplus beginning of period	41 894 856	41 894 856
Movements in the reserve for the year	5 719 255	-
	<b>47 614 111</b>	<b>41 894 856</b>

#### 14. Finance lease obligation

##### Minimum lease payments due

- within one year	377 346	377 346
- in second to fifth year inclusive	283 009	660 355
	660 355	1 037 701
less: future finance charges	(147 049)	(327 873)
<b>Present value of minimum lease payments</b>	<b>513 306</b>	<b>709 828</b>

##### Present value of minimum lease payments due

- within one year	261 630	196 522
- in second to fifth year inclusive	251 676	513 306
	<b>513 306</b>	<b>709 828</b>

Non-current liabilities	251 676	513 306
Current liabilities	261 630	196 522
	<b>513 306</b>	<b>709 828</b>

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest Rate	Lease Term	Maturity Date
XLP Document Solution	Photocopy machine	28,95%	3 Year	31-03-2021
XLP Document Solution	Photocopy machine	28,95%	3 Year	31-03-2021

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### Notes to the Financial Statements

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#### 40. Unspent conditional grants and receipts Unspent

conditional grants and receipts comprises of:

##### Unspent conditional grants and receipts

Municipal Infrastructure Grant	1 616 692	2 787 793
Finance management grant	225 669	78 040
Municipal Demarcation grant	-	1 191 034
CDM - Mogwadi Community Hall	-	32 435
CDM - Community Waste collection	-	43 490
CDM - Audit Committee Facilities	-	35 200
CDM - Integrated Transport Plan	108 614	108 614
Municipal System Improvement Grant	283 300	-
	<b>2 234 275</b>	<b>4 276 606</b>

The Unspent grants are cash-backed by term deposits. The municipality complied with the conditions attach to all grants received to the extend of revenue recognised.

#### 16. Provisions

##### Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Transfer to current portion	Total
Long service awards	2 936 761	972 221	(476 488)	(41 678)	3 390 816
Environmental rehabilitation	11 158 829	257 469	-	-	11 416 299
	<b>14 095 590</b>	<b>1 229 690</b>	<b>(476 488)</b>	<b>(41 678)</b>	<b>14 807 115</b>

##### Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Transfer to Current portion	Total
Long service awards	2 548 616	726 460	(370 436)	32 121	2 936 761
Rehabilitation of Landfill Site	10 322 961	835 869	-	-	11 158 830
	<b>12 871 577</b>	<b>1 562 329</b>	<b>(370 436)</b>	<b>32 121</b>	<b>14 095 591</b>

##### Rehabilitation of Land-fill Sites

In terms of the licensing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of

R 11 416 298 : 2019 (2018: R 11 158 829) to restore the site at the end of its useful life, estimated to be in the 2025 (soekmekaar landfil site) and 2032 (Dendron Landfill site) financial year. Provision has been made for the best estimate of costs at the reporting date with reference to the inflation rate.

##### Long Service Bonus

The Long Service Bonus plans are defined benefit plans. As at year end, 159 employees were eligible for Long Service Bonuses.

Key actuarial assumptions used:

##### Rate of interest

Discount rate	8.21%	8.59%
General Salary Inflation (long Term )	5.57%	6.19%
Nett effective Discount Rate Applied to Long Service Bonus	2.50%	2.26%

## Molemole Local Municipality

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### Notes to the Financial Statements

Figures in Rand	2019	2018
<b>16. Provisions (continued)</b>		
The amounts recognised in the Statement of Financial Position are as follows:		
<b>Present Value of fund obligation</b>		
Balance	3 796 842	3 301 109
<b>Net liability / (asset)</b>	<b>3 796 842</b>	<b>3 301 109</b>
Reconciliation of present value of fund obligation:		
<b>Reconciliation fo present Value of fund obligation</b>		
Present value of fund obligation at the beginning of the year	3 301 109	2 945 085
Total Expenses	137 987	182 563
Current service cost	346 236	319 783
Interest Cost	268 239	233 216
Benefits paid	(476 488)	(370 436)
Actuarial Losses / ( Gain)	357 746	173 461
Present value of Fund obligation	3 796 842	3 301 109
Less : Transfer of current portion	(406 025)	(364 347)
<b>Balance at end of year</b>	<b>3 390 817</b>	<b>2 936 762</b>
<b>17. Other current liability</b>		
Unallocated receipts	1 664 466	1 840 851
Salary suspense account	(1 129)	3 860
Payments received in advance	-	(34 930)
Receipt reversal	-	14
	<b>1 663 337</b>	<b>1 809 795</b>
<b>18. Current Employee Benefits</b>		
Current Portion of Post Retirement Health Care Benefits	63 096	48 389
Current Portion of Long Service Provisions	406 025	364 347
Staff Leave	6 087 308	6 304 774
<b>Total Current Employee Benefits</b>	<b>6 556 429</b>	<b>6 717 510</b>
The movement in current employee benefits are reconciled as follows:		
<b>Provision for Staff Leave</b>		
Balance at the beginning of the year	6 304 774	5 702 960
Contribution to current portion	125 217	1 143 723
Expenditure during the year	(342 683)	(541 909)
<b>Balance at end of year</b>	<b>6 087 308</b>	<b>6 304 774</b>
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.		
<b>19. Payables from exchange transactions</b>		
Trade payables	6 730 115	9 038 232
Payments received in advanced - contract in process	3 034 643	1 939 508
Retention	9 204 054	7 304 688
Electricity not used	242 849	200 885

## Molemole Local Municipality

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Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand	2019	2018
<b>41. Payables from exchange transactions (continued)</b>		
National Treasury Creditor	-	-
CDM Creditor	983 031	565 948
Bonus	1 690 360	1 443 011
	<b>21 885 052</b>	<b>20 492 272</b>
<b>42. Consumer deposits</b>		
Electricity	503 126	502 526
	<b>503 126</b>	<b>502 526</b>
<b>21. Revenue</b>		
Service charges	9 870 892	10 064 112
Rental of facilities and equipment	456 493	346 468
Interest received - debtors	1 066 848	1 138 974
Agency services	660 534	1 194 847
Licences and permits	3 598 079	2 508 607
Actuarial Gain	-	1 472 458
Gain on disposal of assets	-	102 235
Other income	257 775	315 892
Dividends received	1 820 125	1 575 122
Property rates	14 572 846	16 184 010
Government grants & subsidies	177 221 330	167 951 927
Fines, Penalties and Forfeits	644 562	1 008 500
	<b>210 169 484</b>	<b>203 863 152</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	9 870 892	10 064 112
Rental of facilities and equipment	456 493	346 468
Interest received - debtors	1 066 848	1 138 974
Agency services	660 534	1 194 847
Licences and permits	3 598 079	2 508 607
Actuarial gain	-	1 472 458
Gain on the sale of assets	-	102 235
Other income	257 775	315 892
Interest received	1 820 125	1 575 122
	<b>17 730 746</b>	<b>18 718 715</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	14 572 846	16 184 010
<b>Transfer revenue</b>		
Government grants & subsidies	177 221 330	167 951 927
Traffic Fines	644 562	1 008 500
	<b>192 438 738</b>	<b>185 144 437</b>
<b>22. Service charges</b>		
Sale of electricity	8 018 108	8 300 884
Refuse removal	1 852 784	1 763 228
	<b>9 870 892</b>	<b>10 064 112</b>

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Figures in Rand	2019	2018
<b>23. Rental of facilities and equipment</b>		
<b>Premises</b>		
Cattle Grazing	105 089	32 556
Community Assets	351 404	313 912
	<b>456 493</b>	<b>346 468</b>
<b>24. Fines, Penalties and Forfeits</b>		
Traffic Fines	637 950	1 008 500
Illegal Connections Fines	6 612	-
	<b>644 562</b>	<b>1 008 500</b>
<b>25. Licences and permits (exchange)</b>		
Road and Transport	3 598 079	2 508 607
	<b>3 598 079</b>	<b>2 508 607</b>
<b>26. Interest received - debtors</b>		
Property Rates	453 717	340 599
Service Charges	19 384	15 529
Waste Management	146 132	168 248
Electricity	447 615	448 858
CDM Water and Sanitation	-	165 741
	<b>1 066 848</b>	<b>1 138 975</b>
<b>27. Commission Received</b>		
Commission Received	660 534	1 194 847
The municipality only recognise 30% of its revenue billed for the year as commission received. The other 70% is offset against the CDM debtors as per the service level agreement between CDM and the municipality		
<b>28. Other income</b>		
Building Plan Approvals	21 804	5 643
Clearance certificates	8 248	5 906
Town Planning and servitudes	5 152	-
Sundry	-	10 892
Skills development refund	152 738	112 536
Sale of Tender documents	-	76 686
Sundry income	40 582	33 661
Grave Fees	5 850	8 123
Library Membership fees	1 180	4 202
Town Planning Fees	3 956	27 403
Penalties	796	596
New Connections	3 836	30 244
Transaction handling fees	13 633	-
	<b>257 775</b>	<b>315 892</b>
<b>29. Interest received - external investment</b>		
Interest received - External investments	1 820 125	1 575 122

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### Notes to the Financial Statements

Figures in Rand	2019	2018
<b>43. Interest received - external investment (continued)</b>	<b>1 820 125</b>	<b>1 575 122</b>
<b>44. Property rates</b>		
<b>Rates received</b>		
Residential	1 867 657	1 874 022
Commercial	1 683 724	1 293 746
State	9 714 363	11 806 202
Municipal	(7 344)	10 541
Small holdings and farms	1 308 779	1 194 186
Public service infrastructure	5 667	5 313
	<b>14 572 846</b>	<b>16 184 010</b>
<b>Valuations</b>		
Residential	395 264 000	398 065 000
Commercial	100 228 000	93 498 000
State	669 209 000	453 684 000
Municipal	64 253 000	67 691 000
Small holdings and farms	1 640 644 000	1 802 556 000
Public service infrastructure	2 571 000	4 133 000
	<b>2 872 169 000</b>	<b>2 819 627 000</b>
<p>Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.</p>		
<b>31. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	128 183 867	122 615 544
Municipal Infrastructure Grant	1 749 815	801 457
FMG - Finance Management Grant	2 177 330	1 394 603
Community Waste collection	43 490	303 700
Audit Community Facilities	35 200	-
CDM - Mogwadi Community Hall	32 435	-
Expanded Public Works Program	1 101 000	1 000 000
Municipal Demarcation grant	-	2 721 955
	<b>133 323 137</b>	<b>128 837 259</b>
<b>Capital grants</b>		
MIG - Municipal infrastructure grant	43 126 493	36 727 241
Finance Management Grant	-	860 357
Municipal demarcation grant	-	1 527 071
Municipal System Improvement Grant	771 700	-
	<b>43 898 193</b>	<b>39 114 669</b>
	<b>177 221 330</b>	<b>167 951 928</b>
<b>Conditional and Unconditional</b>		
<p>Included in above are the following grants and subsidies received:</p>		
Conditional grants received	49 037 463	45 336 384



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### Notes to the Financial Statements

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#### 49. Government grants and subsidies (continued)

Unconditional grants received

128 183 867 122 615 544

**177 221 330 167 951 928**

#### Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

#### Municipal Infrastructure Grant

Balance unspent at beginning of year

2 787 792 15 498 245

Current-year receipts

46 493 000 25 718 000

Conditions met - transferred to revenue

(1 749 815) (801 457)

Conditions met - transferred to capital

(43 126 493) (36 727 241)

Adjustments/Returned to National revenue fund

(2 787 792) (899 754)

**1 616 692 2 787 793**

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

#### Finance Management Grant

Balance unspent at beginning of year

78 040 272 482

Current-year receipts

2 403 000 2 333 000

Conditions met - transferred to revenue

(2 177 330) (1 394 603)

Conditions met - transferred to capital

- (860 357)

Adjustments/Returned to National revenue fund

(78 041) (272 482)

**225 669 78 040**

Conditions still to be met - remain liabilities (see note 15).

Finance management grant received with conditions to be met. The money returned to the national revenue fund is because the municipality did not appoint the intern timously.

#### CDM - Mogwadi Community Hall

Balance unspent at beginning of year

32 435 32 435

Conditions met - transferred to revenue

(32 435) -

**- 32 435**

Conditions still to be met - remain liabilities (see note 15).

CDM - Mogwadi Community Hall grant received with conditions to be met.

#### Community Waste collection

Balance unspent at beginning of year

43 490 37 190

Current-year receipts

- 310 000

Conditions met - transferred to revenue

(43 490) (303 700)

**- 43 490**

Conditions still to be met - remain liabilities (see note 15).

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Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand	2019	2018
<b>31. Government grants and subsidies (continued)</b>		
Community waste collection grant received with conditions to be met.		
<b>Audit Community Facilities</b>		
Balance unspent at beginning of year	35 200	35 200
Conditions met - transferred to revenue	(35 200)	-
	<b>-</b>	<b>35 200</b>
Conditions still to be met - remain liabilities (see note 15).		
Audit committee facilities grant received with conditions to be met.		
<b>Integrated Transport Plan</b>		
Balance unspent at beginning of year	108 614	108 614
	<b>108 614</b>	<b>108 614</b>
Conditions still to be met - remain liabilities (see note 15).		
Integrated transport plan grant received with conditions to be met.		
<b>Expanded Public Works Program</b>		
Current-year receipts	1 101 000	998 721
Conditions met - transferred to revenue	(1 101 000)	(1 000 000)
	<b>-</b>	<b>-</b>
Expanded public works program grant received with conditions met.		
<b>CDM Operational and Maintenance (Water)</b>		
Balance unspent at beginning of year	50.	1 098 405
Adjustments/Corections	51.	(1 098 405)
	<b>52.</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 15).		
CDM Operational and Maintenance (Water) grant received with conditions to be met.		
<b>Municipal Demarcation grant</b>		
Balance unspent at beginning of year	1 191 034	4 195 368
Current-year receipts		51. 3 044 061
Conditions met - transferred to revenue		52. (2 721 956)
Conditions met - transferred to capital		53. (1 527 071)
Adjustments/Returned to National revenue fund	(1 191 034)	(1 799 368)
		<b>618 1 191 034</b>
Conditions still to be met - remain liabilities (see note 15).		
Grant received in respect of the demarcation of Aganang Municipality. The money returned to the National Revenue fund was because there were no committed projects for the grant at 30 June 2018		

**MSIG**

## Molemole Local Municipality

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### Notes to the Financial Statements

Figures in Rand	2019	2018
<b>31. Government grants and subsidies (continued)</b>		
Current-year receipts	1 055 000	-
Conditions met - transferred to capital	(771 700)	-
	<b>283 300</b>	-
Conditions still to be met - remain liabilities (see note 15).		
<b>32. Employee related costs</b>		
Basic Salary	48 921 245	41 450 918
PMU - MIG Salaries	1 447 081	705 577
Bonus	5 018 154	4 055 601
Medical aid - company contributions	3 721 478	3 175 509
UIF	292 097	281 119
Interns Salaries: FMG	241 197	313 987
Leave pay provision charge	153 669	1 143 720
Defined contribution plans	622 660	553 086
Travel, motor car, accommodation, subsistence and other allowances	4 791 826	4 547 233
Overtime payments	638 778	566 313
Long-service awards	346 236	319 784
Acting allowances	307 401	1 084 464
Housing benefits and allowances	162 196	145 045
Standby allowance	247 378	163 677
Laptop Allowance	450 079	227 570
Pension Funds - Company contribution	8 869 656	7 992 966
Telephone/Cellphone Allowance	1 166 703	865 934
Industrial/Bargaining Council	16 801	15 173
	<b>77 414 635</b>	<b>67 607 676</b>
<b>Remuneration of municipal manager</b>		
Annual Remuneration	820 016	246 326
Motor car , housing and other allowances	382 736	101 109
Acting Allowances	-	257 256
	<b>1 202 752</b>	<b>604 691</b>
The Municipal Manager is appointed on a 4years fixed contract starting 1 March 2018.		
<b>Remuneration of Chief France Officer</b>		
Annual Remuneration	467 997	241 655
Motor car , housing and other allowances	243 592	29 947
Acting : Lethuba	-	128 735
Acting : Nkalanga	46 471	116 176
	<b>758 060</b>	<b>516 513</b>
The CFO is appointed on a 5 year contract starting on 01 September 2018.		
<b>Remuneration of Manager - Technical Services</b>		
Annual Remuneration	608 562	152 557
Motor car , housing and other allowances	292 310	88 981
Acting : Ntjana	-	227 293
	<b>900 872</b>	<b>468 831</b>

## Molemole Local Municipality

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### Notes to the Financial Statements

Figures in Rand 2019 2018

#### 32. Employee related costs (continued)

The Manager Technical Services is appointed on a 5 year contract 1 April 2018

##### Remuneration of Manager Corporate Services

Annual Remuneration	684 525	207 320
Motor car , housing and other allowances	274 494	71 156
Acting : Modisha	-	180 985
Acting : Mahlake	-	27 268
	<b>959 019</b>	<b>486 729</b>

The Manager Corporate Services was appointed on a 5 year contract starting 01 April 2018.

##### Remuneration of Manager - Community Services

Annual Remuneration	507 135	-
Motor car , housing and other allowances	243 592	-
Acting : Mokumo	-	135 162
Acting : Seanego	-	10 526
	<b>750 727</b>	<b>145 688</b>

The Manager Community Services was appointed on a 5 year contract starting 01 September 2018.

##### Remuneration of Manager - Local Economic Development

Annual Remuneration	414 623	1 141 397
Motor car , housing and other allowances	100 000	194 122
Acting : Mashotja	9 078	-
Leave Pay	109 626	-
	<b>633 327</b>	<b>1 335 519</b>

The Manager Local Economic Development was appointed on a 5 year contract which ended on 30 November 2018.

#### 33. Remuneration of councillors

Executive Mayor	880 813	851 877
Chief Whip	673 877	652 900
Mayoral Committee Members	3 135 997	3 041 686
Speaker	715 263	692 694
Councillors	6 959 512	6 792 272
	<b>12 365 462</b>	<b>12 031 429</b>

#### 34. Depreciation and amortisation

Property, plant and equipment	11 415 814	7 508 636
Investment property	43 333	43 333
Intangible assets	818 014	319 638
	<b>12 277 161</b>	<b>7 871 607</b>

#### 35. Finance costs

Post retirement benefits - Interest Paid	919 638	933 250
Finance Lease - Interest Paid	180 824	199 559
Other - Interest Paid	13 220	58 667

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Figures in Rand	2019	2018
<b>35. Finance costs (continued)</b>		
Fruitless and wasteful expenditure - Interest Paid	40 916	-
	<b>1 154 598</b>	<b>1 191 476</b>
<b>36. Debt impairment</b>		
Debt impairment - Traffic Fines	103 413	331 210
Debt impairment - Provision	3 818 262	2 485 197
Debt impairment - provision - CDM	572 572	(1 491 238)
	<b>4 494 247</b>	<b>1 325 169</b>
<b>37. General expenses</b>		
Conferences , Seminars , Workshops and Events	6 339 019	4 444 988
Advertising	773 663	275 902
Advertising : Recruitment	236 975	203 884
Auditors remuneration	2 815 462	2 466 080
Bank charges	220 371	473 729
Bill: Municipal Electricity	1 343	15 455
Commission paid	956 926	734 668
CDM Commission Expense	362 680	492 129
Cleaning materials	627 434	370 372
Entertainment	11 130	12 553
Plant Hire	6 000	21 000
Insurance - General	660 751	1 081 228
Bursaries - Employees	508 548	142 450
Departmental: Water	25 801	32 982
IT Expenses	-	15 217
Environmental & Waste Management	1 261 554	1 471 441
Free Basic Electricity	2 598 961	3 306 839
Fuel and Oil: Municipal Fleet	2 670 887	2 070 485
Fuel and Oil: Other	4 638	-
Postage and Telephone	643 457	596 114
Printing, Publication & Marketing	852 342	542 025
Protective clothing	579 753	395 836
Licences - Vehicles	116 702	113 510
Internship programme	503 654	474 628
Membership Fees	5 077	3 250
Title deed search fees	-	3 065
Affiliation & Membership Fees : SALGA	859 190	803 149
Telephone Management System	449 728	512 802
Skills development Levy	716 525	634 182
Training SMME	170 050	177 022
Subscriptions and Systems Licencing	1 609 888	888 185
Training and Conferences	2 449 939	1 781 069
Public Participation	1 584 196	1 295 504
RAL Roads expenditure	12 574 190	10 333 552
Municipal: Internal Billing	90 098	349 581
Rehabilitation cost	257 469	835 869
Rental Office Machines : Usage	76 146	21 504
Tracking device system	94 207	72 146
Stationery	1 164 689	839 806
Other expenses - deductible	-	6 925
Ward Committee Expenses	1 897 000	1 907 000
	<b>46 776 443</b>	<b>40 218 126</b>

## Molemole Local Municipality

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### Notes to the Financial Statements

Figures in Rand

#### 38. Bulk purchases

Electricity	9 419 063	9 172 581
	<b>9 419 063</b>	<b>9 172 581</b>

#### 39. Contracted services

Outsourced Services	12 121 617	10 097 824
Consultants and Professional Services	5 591 440	4 397 031
Contractors	9 609 836	8 474 326
	<b>27 322 893</b>	<b>22 969 181</b>

#### 40. Related Parties

##### Relationships

1. Controlled by the same government - legislatively (MFMA Act) Capricorn District Municipality (CDM)

The municipality is involved in an agency relationship with Capricorn District Municipality for the provision of water services.

##### The following balances relate to Related party CDM

##### Unspent Grants - by related parties

CDM - Mogwadi Community Hall	-	32 435
Community waste collection	-	43 490
Audit community facilities	-	35 200
	-	<b>111 125</b>

The balance relates to the unspent Grant received from Capricorn District Municipality for the year ended 30 June 2018 and 30 June 2017. The grants were fully spend in the current year.

##### Amounts included in Trade receivable (Trade Payable) regarding related parties

Capricorn District Municipality (CDM) - Water	430 190	665 723
Capricorn District Municipality (Commission)	(983 031)	(565 948)
	<b>(552 841)</b>	<b>99 775</b>

##### Commision received from related parties - CDM

Capricorn District Municipality (Commission)	660 534	1 194 847
	<b>660 534</b>	<b>1 194 847</b>

54. Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents

##### Compensation to accounting officer and other key management

Remuneration	17 514 671	15 564 604
	<b>17 514 671</b>	<b>15 564 604</b>

##### Key management information

## Molemole Local Municipality

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### Notes to the Financial Statements

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#### 40. Related Parties (continued)

##### Remuneration of Municipal Manager

Annual Remuneration	820 016	246 326
Motor Car , Housing and other allowances	382 736	101 109
Acting M M : Ramogale	-	257 256
	-	-
	<b>1 202 752</b>	<b>604 691</b>

##### Remuneration of Chief Financial Officer

Annual Remuneration	467 997	241 655
Motor Car , Housing and other allowances	243 592	29 947
Acting CFO : Lethuba	-	128 735
Acting CFO : Nkalanga	-	116 176
	<b>711 589</b>	<b>516 513</b>

#### 2019

##### Remuneration of individual Executive Directors

	Local Economic Development (July to November 2019)	Technical Services	Corporate Services	Community Services (September 2018 to June 2019)
Annual remuneration	414 623	608 562	684 525	507 135
Motor car, Housing , and other allowances	100 000	292 310	274 494	243 592
Leave Payout	109 627	-	-	-
	<b>624 250</b>	<b>900 872</b>	<b>959 019</b>	<b>750 727</b>

#### 2018

	Local Economic Development	Technical Services	Corporate Services	Community Services
Annual Remuneration	722 688	152 557	207 320	-
Acting Allowance: LED Manager	257 256	-	-	-
Performance and other bonuses	6 623	-	-	-
Motor car, Housing , and other allowances	348 952	64 185	71 156	-
Acting Allowance: Technical Services	-	227 293	-	-
Acting Allowance : Corporate Services	-	-	208 253	-
Acting Allowance : Community Service	-	-	-	145 688
	<b>1 335 519</b>	<b>444 035</b>	<b>486 729</b>	<b>145 688</b>

#### 2019

##### Remuneration of Councillors

Mayor (ME Paya) remuneration ,pension ,cellphone allowance and housing allowance	880 813
Speaker ( M S Moreroa) remuneration ,pension ,cellphone allowance and housing allowance	715 263
Chief Whip (E M Rathaha) remuneration ,pension ,cellphone allowance and housing allowance	673 878
Councillors allowance and remuneration	10 095 508
	<b>12 365 462</b>

##### Related party per Councillor

ME Paya (Mayor)	Basic Salary	Allowances	Total 2019
	620 812	260 001	880 813

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### Notes to the Financial Statements

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#### 40. Related Parties (continued)

MP Makgato	-	-	-
M S Moreroa (Speaker)	496 650	218 613	715 263
E M Rathaha (Chief Whip)	465 610	208 268	673 878
P T Rathete (MPAC)	252 128	124 743	376 871
M Tawana ( Exco)	259 754	127 285	387 039
N F Rampyapedi ( Exco)	465 610	195 904	661 514
M D Meso ( Exco )	249 206	124 818	374 024
N W Seakamela ( Exco)	465 610	195 904	661 514
D Lehong ( Exco )	465 610	195 903	661 513
D Matlou	196 464	106 188	302 652
N G Makgalo	196 464	106 188	302 652
Mp Makgato	196 464	106 188	302 652
C Matjee	196 464	106 188	302 652
A Makgoka	196 464	106 188	302 652
M Malema	196 464	106 188	302 652
M Duba	196 464	106 188	302 652
Kobo	207 009	109 705	316 714
P T Rakimane	196 464	106 188	302 652
M I Mohafe	196 464	106 188	302 652
R L Mpati	196 464	106 188	302 652
M J Manthata	196 464	106 188	302 652
P S Masoga	196 464	106 188	302 652
M J Leferela	196 464	106 188	302 652
N S Ramukhubedi	196 464	106 188	302 652
S E Kobola	196 464	106 188	302 652
T Raphaswana	194 439	106 188	300 627
L Moabelo	196 464	106 188	302 652
G M Sepheso	196 464	106 188	302 652
M D Marutha	196 464	106 188	302 652
M P Tloubatlatla	196 464	106 188	302 652
S R Nakana	196 464	106 188	302 652
N MHopane	196 464	106 188	302 652
	<b>8 268 182</b>	<b>4 097 280</b>	<b>12 365 462</b>

#### 2018

##### Remuneration of Councillors

Mayor ( ME Paya) remuneration ,pension ,cellphone allowance and housing allowance	-	851 877
Speaker ( M S Moreroa) remuneration ,pension ,cellphone allowance and housing allowance	-	692 694
Chief Whip (E M Rathaha) remuneration ,pension ,cellphone allowance and housing allowance	-	652 900
Councillors allowance and remuneration	-	9 833 958
		<b>12 031 429</b>

##### Related party per Councillor

	Basic Salary	Allowances	Total 2016
ME Paya (Mayor)	596 935	254 942	851 877
E M Rathaha(Chief Whip)	477 702	205 198	652 900
M S Moreroa(Speaker )	477 548	215 146	692 694
D Lehong	447 702	192 834	640 536
D Matlou	188 908	106 569	295 477
L Moabelo	188 908	106 569	295 477
P T Rathete	242 432	124 411	366 843
MP Makgato	188 908	106 569	295 477
N G Makgalo	188 908	106 569	295 477



## Molemole Local Municipality

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### Notes to the Financial Statements

Figures in Rand	2019	2018	
<b>40. Related Parties (continued)</b>			
M Tawana	249 764	126 855	376 619
C Matjee	188 908	106 569	295 477
Rampyapedi NF	447 702	192 834	640 536
M A Kobo	249 764	126 855	376 619
A Makgoka	188 908	106 569	295 477
M Malema	188 908	106 569	295 477
N W Seakamela	447 702	192 834	640 536
M Duba	188 908	106 569	295 477
P T Rakimane	188 908	106 569	295 477
M I Mohafe	188 908	102 867	291 775
R L Mpati	188 908	106 569	295 477
M J Manthata	188 908	106 569	295 477
P S Masoga	188 908	106 569	295 477
M J Leferela	188 908	106 569	295 477
N S Ramukhubedi	188 908	106 569	295 477
S E Kobola	188 908	106 569	295 477
T Raphaswana	188 908	106 569	295 477
M D Meso	188 908	106 569	295 477
G M Sepheso	188 908	106 569	295 477
M D Marutha	188 908	106 569	295 477
M P Tloubatatla	188 908	106 569	295 477
S R Nakana	188 908	106 569	295 477
N Mhopane	188 908	106 569	295 477
	<b>7 982 135</b>	<b>4 079 294</b>	<b>12 031 429</b>

#### 59. Budget vs Actual comparison variances explanations

##### STATEMENT OF FINANCIAL PERFORMANCE

#### 41.1 Service Charges

The process of converting all the municipal customers to prepaid electricity meters lead to the reduction in electricity usage and the implementation of the credit control and the debt collection procedures restricted users to utilised electricity in some other occasions as the electricity was disconnected

#### 41.2 Rental of facilities and equipment

Revised Service level agreement with the department of public works lead to the increment on the rental accrual schedule .

#### 41.3 Interest received - debtors

Payment received for long outstanding debtors lead to the reduction in the interest amount billed

#### 41.4 Commission Received

Municipality only account for 30% of revenue.

#### 41.5 Licences & Permits

Departmental system technical challenges lead to the municipality to return clients in several occasions which caused a serious reduction in revenue.

#### 41.6 Other Income

The sale of stands was finalised later which lead to the municipality not to sell the properties before end of the financial year.

#### 41.7 Interest received - external investment

The Municipality had less excess cash to invest as expected

#### 41.8 Traffic Fines

Two municipal traffic vechile has technical challenges during the financial year which lead to traffic officers shifts to be reduced from two to one shift

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#### . Budget differences (continued)

##### 41.9 Employee Related Cost

Vacant post not filled

##### 41.10 Depreciation and ammortisation

WIP projects transferred to complete

##### 41.11 Debt Impairment

Impairment budget was only inclusive of municipal service related debtors excluding cdm impairment

##### 41.12 Bulk Purchases

The municipality esitimated less usage of electricity taking into account the removal of electricity meters and replacement by prepaid meters

##### 41.13 Contracted Services

Repairs and maintenance budget (R8.7mil) was included in the contracted services budget

##### 41.14 General Expenses

Repairs and maintenance budget (R8.7mil) was included in the contracted services budget .

##### 41.15 Loss on disposal of assets

The auction took place in April 2019 and the municipality adjustment budget for 2018/2019 was done in February 2019 and therefor the municipality did not budget for the auction.

##### 41.16 Loss on Actuarial valuation

Actuarial reports were not available at the time of compiling the reports and the municipality did not budget for the loss.

#### STATEMENT OF FINANCIAL POSITION

##### 41.17 Inventories

Stock on hand is higer due to less request of inventory and more purchased .

##### 41.18 Receivables from exchange transactions

Long outstanding debts were collected during the financial year and the conversion of electricty meters

##### 41.19 Receivables from non- exchange transactions

The payments received for property rates lead to the reduction in debts, interest billed is lower that the estimated due to the debtors amount received during the year

##### 41.20 Vat receivable

Not budgeted but corrected on the budget for 2019/2020 budget

##### 41.21 Current Portion of Long term Recievables

The municipality does not have long term receivables

##### 41.22 Cash and cash equivalents

The sale of stands did not realize

##### 41.23 Intangible assets

Fewer intangible assets acquired

##### 41.24 Finance lease obligation current

Current and Long term portion of finance lease budgeted under finance lease obligation current.

##### 41.25 Payables from exchange transactions

Most of the payments were done before year end which lead to the outstanding invoices to be less

##### 41.26 Unspent conditional grants and receipts

The municipality projected that it will spend all conditional grants at year end

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#### . Budget differences (continued)

##### 41.27 Other current liability

The municipality projected that the unallocated receipts should have been resolved before the end of the financial year and the balance remaining has been disclosed as other current liability. The unallocated amount was not budgeted for as it was anticipated that the amount will be cleared from the system

##### 41.28 Current Employee Benefits

Current employee benefit was budgeted as part of non-current employee benefits

##### 41.29 Non-Current Finance lease obligation

Current and Long term portion of finance lease budgeted under finance lease obligation current..

##### 41.30 Non-Current Employee benefit obligation

Current employee benefit was budgeted as part of non-current employee benefits

##### 41.31 Revaluation Reserve

The land and buildings properties were revalued and the accumulated depreciation due to the increase in carrying values were credited to the revaluation reserve.

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#### . Budget differences (continued)

#### CASH FLOW STATEMENT

##### 41.32 Sale of goods and services

Implementation of credit control and Debt Collection procedures which includes the follow up on long outstanding debts for the previous financial years. The sale of stands process was finalised later which lead to the municipality not to sold the properties before the end of the financial year.

##### 41.33 Interest received - external investment

The municipality had less excess cash to invest as expected

##### 41.34 Purchase of property, plant and equipment

The municipality underspend of the budget is mainly due to vat portion which is part of the budget whereas the expenditure is excluding vat (R7m)

##### 41.35 Proceeds from sale of PPE

The municipality did not budget for the sale of council assets via auction.

##### 41.36 Purchase of intangibles

The budget for the purchase of intangible assets is part of the Purchase of property plant and equipment (40.45)

##### 41.37 Finance lease receipts

The budget for the purchase of intangible assets is part of the Proceeds for sale of PPE (40.46)

##### 41.38 Cash and cash equivalents at the beginning of the year

The audited actual cash at the end of June 2018 were more than anticipated .

#### 42. Cash generated from operations

Surplus for the year	15 857 242	41 475 907
<b>Adjustments for:</b>		
Depreciation and amortisation	12 277 161	7 871 607
(Gain) / loss on sale of assets and liabilities	1 550 539	(102 235)
Interest income	-	(1 575 122)
Actuarial (Gains)	-	(1 472 458)
Debt impairment	-	2 465 270
Movements in long term provisions and retirement benefit liabilities	2 234 674	813 752
Movements in current provisions and retirement benefits	711 525	1 118 195
<b>Changes in working capital:</b>		
Inventories	(33 524)	(24 439)
Receivables from exchange transactions	(211 908)	5 891 946
Other receivables from non-exchange transactions	(6 149 578)	(22 314 907)
Payables from exchange transactions	1 392 780	4 582 271
VAT	(2 700 087)	(2 440 669)
Unspent conditional grants and receipts	(2 042 331)	(16 731 332)
Consumer deposits	600	1 077
Other current liability	(146 458)	984 699
	<b>22 740 635</b>	<b>20 543 562</b>

#### 43. Cashflow Statement Receipts - Sale of goods and services

Service Charges - Electricity	8 018 108	8 300 884
Service Charges - Refuse removal	1 852 784	1 763 228
Interest earned - Outstanding debtors	1 066 848	1 138 975
Commission Received	660 534	1 194 847
Property Rates	14 572 846	16 184 010
Traffic Fines	644 562	1 008 500
Rental of facilities and equipment	456 493	346 468

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#### 1. Cashflow Statement Receipts - Sale of goods and services (continued)

Licenses and permits	3 598 079	2 508 607
Other Income	257 775	315 892
Movement in receivables from exchange transactions	(211 908)	5 891 946
Movement in receivables from non exchange transactions	(6 149 578)	(22 314 907)
Provision for Bad Debts	(4 494 247)	(1 325 169)
Movements in Consumer deposits	600	1 077
	<b>20 272 896</b>	<b>15 014 358</b>

#### 2. Cashflow Statement Receipts - Grants

Government grant and subsidies	177 221 330	167 951 928
Movements in Unspend conditional grants	(2 042 330)	(16 731 332)
	<b>175 179 000</b>	<b>151 220 596</b>

#### 45. Cashflow Statement Payments - Suppliers

Employee related costs	(77 414 635)	(67 607 676)
Remuneration of councillors	(12 365 462)	(12 031 429)
Actuarial (Gains)/Loss	(1 537 201)	1 472 458
Bulk Purchases	(9 419 063)	(9 172 581)
Contracted services	(27 322 893)	(22 969 181)
General Expenses	(46 776 443)	(40 218 126)
Movements in Payables from exchange transactions	1 392 780	4 582 271
Movements in VAT receivable	(2 700 087)	(2 440 669)
Movements in Other current liability	(146 458)	984 699
Movements in Employee Benefit - Current	(161 081)	537 766
Movement in Employee Benefit - Non Current	2 395 755	(360 871)
Movement in Provisions - Non current	711 525	1 172 676
Movement in Inventories	(33 524)	(24 375)
	<b>(173 376 787)</b>	<b>(146 075 038)</b>

#### 46. Financial instruments disclosure

##### Categories of financial instruments

Financial Assets	Classification	2019	2018
<b>Investments</b>			
Fixed Deposit	Held to maturity	-	-
<b>Consumer Debtors</b>			
Trade receivables from exchange transactions	Financial instruments at amortised cost	3 975 419	3 763 511
Trade receivables from non-exchange transactions	Financial instruments at amortised cost	62 324 634	56 175 056
Call Deposits	Financial instruments at amortised cost	19 371 738	41 773 918
<b>Bank Balances and Cash</b>			
Cash Floats and Advances	Financial instruments at amortised cost	1 983	320
<b>Summary of Financial Assets</b>		<b>85 673 774</b>	<b>101 712 805</b>
<b>Financial Liability</b>			
<b>Long-term Liabilities</b>			
Finance Lease Liability	Financial instruments at amortised cost	251 676	513 306
<b>Trade Payables</b>			
Trade Creditors	Financial instruments at amortised cost	21 885 052	20 492 272
<b>Current Portion of Long-term Liabilities</b>			
Finance Lease Liability	Financial instruments at amortised cost	261 630	196 522
<b>Summary of Financial Liability</b>		<b>22 398 358</b>	<b>21 202 100</b>

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<b>2. Financial instruments disclosure (continued)</b>		
<b>3. Profit/(Loss) on disposal of Assets</b>		
Loss on sale of council assets via auction	1 491 946	102 235
Profit / (Loss) on write-off of council assets as per council resolution	58 593	-
	<b>1 550 539</b>	<b>102 235</b>
<b>48. Actuarial Gains / (Losses)</b>		
Actuarial Gains (Loss) on Long Service Bonus	(357 746)	-
Actuarial Gains / (Loss) on Post-employment Health Care Benefits	(1 179 455)	1 472 458
	<b>(1 537 201)</b>	<b>1 472 458</b>
<b>49. Commitments</b>		
<b>Capital Commitments</b>		
<b>Already contracted for but not provided for Infrastructure</b>		
	4 146 311	14 170 429
	<b>4 146 311</b>	<b>14 170 429</b>
<b>This expenditure will be financed from:</b>		
• Government Grants	4 146 311	14 170 429
	<b>4 146 311</b>	<b>14 170 429</b>
<b>Operating Commitments</b>		
<b>Already contracted for but not provided for Operating Expenditure</b>		
	27 784 305	6 481 198
	<b>27 784 305</b>	<b>6 481 198</b>
<b>Not yet contracted for and authorised by accounting officer Own Revenue</b>		
	27 784 305	6 481 198
	<b>27 784 305</b>	<b>6 481 198</b>
<b>Total commitments</b>		
<b>Total commitments</b>		
Capital Commitments	4 146 311	14 170 429
Operating Commitments	27 784 305	6 481 198
	<b>31 930 616</b>	<b>20 651 627</b>
<b>50. Contingencies</b>		
Contingent Liability	4 526 269	3 244 637
Contingent Asset	2 997 550	600 000

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#### 50. Contingencies (continued)

For more information see supplementary schedule 2 attached

#### 51. Change in estimate

##### Property, plant and equipment

The useful life of certain other property plant and equipment was estimated in 2018 to be 5 years. In the current period management have revised their estimate to 7 years. The effect of this revision has decrease the depreciation charges for the current period by R 1 610 812 and increase the future periods by R 1 610 812

#### 52. Prior period errors

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

### Statement of Financial Position

#### Receivables from exchange transactions

Balance previously reported	5 200 585
CDM debtors provision write back (70%) as per service level agreement	1 140 101
CDM debtors correction as per CDM reconcilliation	(62 073)
CDM debtors commission write back (70%) as per service level agreement	(1 896 457)
National Treasury incorrectly raised as a debtor now corrected Restated	(618 645)
Balance	<u>3 763 511</u>

#### Cash and Cash Equivalents

Balance previously reported	41 577 792
Petty cash expenditure over allocated to expenditure	3 342
Duplicated cheques in 2017/2018 now reversed	193 105
Restated Balance	<u>41 774 239</u>

#### Vat Receivable

Balance previously reported	11 198 393
Vat on invoices in respect of 2018 but paid in 2019	67 652
Input vat reversed on duplicated cheques	(24 530)
Vat on finance lease asset not claimed in 2017/2018	97 928
Vat on CDM commission expense	73 819
Restated Balance	<u>11 413 262</u>

#### Payables from exchange transactions

Balance previously reported	19 819 336
National Treasury creditor incorrectly raised	(469 383)
Invoices in respect of 2018 paid in 2019 now accounted for CDM Creditor	576 371
Restated Balance	<u>565 948</u>

#### Employee benefits - Current

Balance previously reported	20 492 272
Post-employment Health Care Benefits current portion partially calculated	6 716 510
Restated Balance	<u>1 000</u>

#### Employee benefits - Non Current

Balance previously reported	6 717 510
Post-employment Health Care Benefits current term portion part of Non current	6 663 822
Restated Balance	<u>(48 389)</u>
	<u>6 615 433</u>





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### Notes to the Financial Statements

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#### 52. Prior period errors (continued)

##### Property plant and equipment

Balance previously reported	211 930 315
Vat not recognised on finance lease asset now accounted for	(97 928)
Additional depreciation on finance leased asset Restated	(10 386)
Balance	<u>211 822 001</u>

##### Accumulated Surplus - 2017

Balance previously reported	(191 557 241)
National Treasury incorrectly raised as a debtor now corrected	618 645
National Treasury creditor incorrectly raised	(469 383)
CDM Debtor	831 547
Restated Balance	<u>(190 576 432)</u>

#### Statement of Financial Performance

##### Commissions received

Balance previously reported	2 321 830
CDM debtors provision write back (70%) as per service level agreement	(1 064 910)
CDM debtors correction as per CDM reconciliation	(62 073)
Restated Balance	<u>1 194 847</u>

##### Employee related costs

Balance previously reported	67 655 065
Post-employment Health Care Benefits current term portion part of Non current	(47 389)
Restated Balance	<u>67 607 676</u>

##### Debt Impairment

Balance previously reported	2 465 270
CDM debtors provision write back (70%) as per service level agreement	(1 140 101)
Restated Balance	<u>1 325 169</u>

##### Depreciation and Amortization

Balance previously reported	7 861 221
Depreciation on Finance lease incorrectly calculated	10 386
Restated Balance	<u>7 871 607</u>

##### Contracted Services

Balance previously reported	15 909 210
General expenses reclassified to Contracted services	7 109 216
2018 cheques cancelled in 2019 now reversed - Repairs and maintenance	(128 177)
2018 expenditure paid in 2019 now accounted for - Repairs and maintenance	16 971
2018 expenditure paid in 2019 now accounted for - Audit committee expenses	61 961
Restated Balance	<u>22 969 181</u>

##### General Expenses

Balance previously reported	46 449 166
Petty cash expenditure over allocated to expenditure	(3 342)
General expenses reclassified to Contracted services	(7 109 216)
2018 expenditure paid in 2019 now accounted for - Free basic electricity	229 685
2018 expenditure paid in 2019 now accounted for - telephone management system	200 103
2018 cheques cancelled in 2019 now reversed - Telephone management system	(9 667)
2018 cheques cancelled in 2019 now reversed - Free basic electricity	(14 731)
2018 cheques cancelled in 2019 now reversed - Public participation	(16 000)
CDM Commission expense	492 128

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#### 52. Prior period errors (continued)

Restated Balance	40 218 126
	-

#### Cashflow Statement

##### Surplus for the year

Balance previously reported	42 254 717
CDM debtors provision write back (70%) as per service level agreement	(1 896 457)
Post-employment Health Care Benefits current term portion part of Non current	47 389
CDM debtors provision correction (70%) as per service level agreement	1 140 101
CDM debtors correction as per CDM reconciliation	(62 073)
Other Adjustments	(7 770)
Restated Balance	<u>41 475 907</u>
	-

##### Debt Impairment

Balance previously reported	2 465 270
CDM debtors provision correction (70%) as per service level agreement	(1 140 101)
Restated Balance	<u>1 325 169</u>

##### Vat

Balance previously reported	(2 225 800)
2018 Vat adjustments	(214 869)
Restated Balance	<u>(2 440 669)</u>
	-

##### Movements in long term provisions and retirement benefits liabilities

Balance previously reported	911 530
Post-employment Health Care Benefits current term portion part of Non current	(48 389)
Restated Balance	<u>863 141</u>

##### Receivables from exchange transactions

Balance previously reported	5 286 419
Adjustments to exchange transactions	1 224 172
National Treasury incorrectly raised as a debtor now corrected	(618 645)
Restated Balance	<u>5 891 946</u>
	-

##### Payables from exchange transactions

Balance previously reported	3 909 335
Adjustments to exchange transactions	672 936
National Treasury incorrectly raised as a debtor now corrected	-
Restated Balance	<u>4 582 271</u>
	-

#### Notes to the Financial Statements

##### Receivables from exchange transactions - Other debtors National Treasury (Note8)

Balance previously reported	1 117 245
National Treasury incorrectly raised as a debtor now corrected	(618 645)
Restated Balance	<u>498 600</u>

##### Receivables from exchange transactions - Other debtors CDM (Note8)

Balance previously reported	3 112 867
CDM debtors provision write back (70%) as per service level agreement	(488 614)
CDM debtors correction as per CDM reconciliation	(62 073)
CDM debtors commission write back (70%) as per service level agreement	(1 625 281)
Restated Balance	<u>936 899</u>

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#### 52. Prior period errors (continued)

##### Vat Receivable (Note11)

Balance previously reported	11 198 393
Vat on invoices in respect of 2018 but paid in 2019	67 652
Input vat reversed on duplicated cheques	(24 530)
Vat on finance lease asset not claimed in 2017/2018	97 928
Restated Balance	<u>11 339 443</u>

##### Payables from exchange transactions - National Treasury creditor (Note19)

Balance previously reported	(469 383)
National Treasury creditor incorrectly raised	469 383
Restated Balance	<u>-</u>

##### Payables from exchange transactions - Trade Payables (Note19)

Balance previously reported	(8 461 861)
Invoices in respect of 2018 paid in 2019 now accounted for	(576 371)
Restated Balance	<u>(9 038 232)</u>

##### Payables from exchange transactions - Other Creditors (Note19)

Balance previously reported	203 885
2018 cheques cancelled in 2019 now reversed	(203 885)
Restated Balance	<u>-</u>

##### Employee benefits - Non-Current (Note 7)

Balance previously reported	6 663 822
Post-employment Health Care Benefits current term portion part of Non current	(48 389)
Restated Balance	<u>6 615 433</u>

##### Employee benefits - Current portion of post retirement benefits (Note 18)

Balance previously reported	47 389
Post-employment Health Care Benefits current portion partially calculated	1 000
Restated Balance	<u>48 389</u>

##### Employee related costs - Defined contribution plan (Note 32)

Balance previously reported	600 475
Post-employment Health Care Benefits current term portion part of Non current	(47 389)
Restated Balance	<u>553 086</u>

##### Depreciation and Amortization - Property plant and equipment (Note 34)

Balance previously reported	7 498 250
Depreciation on Finance lease incorrectly calculated	10 386
Restated Balance	<u>7 508 636</u>

##### Contracted services - Contractors (Note 39)

Balance previously reported	8 577 967
2018 expenditure paid in 2019 now accounted for	16 971
Restated Balance	<u>8 594 938</u>

##### Contracted services - Consultants and professional services (Note 39)

Balance previously reported	4 335 070
2018 expenditure paid in 2019 now accounted for	61 961
Restated Balance	<u>4 397 031</u>

##### General Expenses -Cleaning materials (Note 37 )

Balance previously reported	381 280
Petty cash expenditure over allocated to expenditure	(3 342)

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#### 52. Prior period errors (continued)

Cleaning material reallocated to contracted services

(7 566)

Restated Balance

370 372

#### General Expenses - Free basic electricity (Note 37)

Balance previously reported

3 091 884

2018 expenditure paid in 2019 now accounted for

229 685

2018 cheques cancelled in 2019 now reversed - Free basic electricity

(14 731)

Restated Balance

3 306 838

#### General Expenses - Telephone system management (Note 37)

Balance previously reported

322 367

2018 expenditure paid in 2019 now accounted for

200 103

2018 cheques cancelled in 2019 now reversed - Telephone management system

(9 667)

Restated Balance

512 803

#### Cash and cash equivalents - Cash on hand (Note 12)

Balance previously reported

(3 022)

Petty cash expenditure over allocated to expenditure

3 342

Restated Balance

320

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#### 52. Prior period errors (continued)

#### 53. Prior year adjustments

##### Reclassifications

The following reclassifications adjustment occurred:

MSCOA implementation

The municipality has implemented the MSCOA and the expenditure line items has been reclassified as follows: The repairs and maintenance and Audit committee expenses was previously disclosed under general expenses but has now moved to contracted services.

##### Statement of financial performance

	Originally reported	Mscosa Category Re-Classifications	Restated balance 2018
General Expenses	(46 445 824)	7 109 216	(39 336 607)
Contracted services	(15 909 210)	(7 109 216)	(23 018 426)
	<b>(62 355 034)</b>	<b>-</b>	<b>(62 355 033)</b>

	Originally reported	Mscosa Category Re-Classifications	Restated balance 2018
COIDA	539 371	(539 371)	
Cleaning materials		7 566	7 566
Audit Committees Expenses	374 635	(374 635)	-
Repairs and maintenance	6 187 644	(6 187 644)	-
	<b>7 101 650</b>	<b>(7 109 216)</b>	<b>(7 566)</b>

#### 54. Risk management

##### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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 table below analyses the municipality's financial liabilities and net -settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	21 885 052	-	-	-
Other financial liabilities	1 663 337	-	-	-
At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	20 492 272	-	-	-
Other financial liabilities	1 809 795	-	-	-

##### Credit risk

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#### 54. Risk management (continued)

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

#### Non-Exchange Receivables

	2019 Percentage	2019 Amount	2018 Percentage	2018 Amount
Rates	100%	79 212 051	100%	69 523 515
	<b>100%</b>	<b>79 212 051</b>	<b>100%</b>	<b>69 523 515</b>

#### Exchange Receivables

	2019 Percentage	2019 Amount	2018 Percentage	2018 Amount
Electricity	26.16%	3 401 310	46.90%	6 721 078
Refuse	69.14%	8 987 795	49.90%	7 151 365
Other	4.70%	610 576	4.2%	447 381
	<b>100%</b>	<b>12 999 681</b>	<b>100%</b>	<b>14 319 824</b>

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note & of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at 15% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

#### Non-Exchange Receivables

	2019 Percentage	2019 Amount	2018 Percentage	2018 Amount
Rates	100%	18 575 246	100%	20 833 233
	<b>100%</b>	<b>18 575 246</b>	<b>100%</b>	<b>20 833 233</b>

#### Exchange Receivables

	2019 Percentage	2019 Amount	2018 Percentage	2018 Amount
Electricity	26.16%	2 966 011	33.3%	2 618 253
Refuse	69.14%	7 837 541	39.2%	3 082 818
Other	4.70%	532 435	27.5%	2 165 107
	<b>100%</b>	<b>11 335 987</b>	<b>100%</b>	<b>7 866 178</b>

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#### 54. Risk management (continued)

The municipality only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (NEDBANK). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

#### Interest rate risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

#### Foreign exchange risk

The municipality does not engage in foreign currency transactions.

#### Price risk

The municipality is not exposed to price risk

#### 55. Events after the reporting date

There are no material events after the reporting date which requires disclosure:

#### 56. Unauthorised expenditure

Unauthorised expenditure	1 433 680	16 720 220
Add : Unauthorised expenditure - Current Year	8 835 388	1 433 680
Less Amounts written off by council	(1 433 680)	(16 720 220)
	<b>8 835 388</b>	<b>1 433 680</b>

The unauthorised expenditure for the current year relates to depreciation , bulk purchases electricity , Loss on disposal of assets and Actuarial losses..

#### Analysis of unauthorised expenditure written off by council per category

Finance costs (2018)	71 751	-
Collection costs (2018)	32 982	-
General expenditure (2018)	1 328 680	-
	<b>1 433 413</b>	<b>-</b>

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Notes to the Financial Statements

Figures in Rand	2019	2018
<b>57. Fruitless and wasteful expenditure</b>		
Fruitless and wasteful expenditure	240 982	192 385
Add: Fruitless and wasteful expenditure - Current Year	40 916	48 597
Less : Amount written off by council	(240 982)	-
	<b>40 916</b>	<b>240 982</b>
<b>Analysis of fruitless and wasteful expenditure written off by council per category</b>		
Interest charged on late payments	240 982	-
<b>58. Irregular expenditure</b>		
Opening balance	3 519 568	3 978 140
Add: Irregular Expenditure - current year	-	54 162
Less : Amount written off by council	(3 519 568)	(512 734)
	<b>-</b>	<b>3 519 568</b>
<b>Analysis of irregular expenditure written off by council per category</b>		
Lowest bidder not awarded (2012)	34 931	-
Procuring goods/services from suppliers that are not registered at CIPC (2012)	396 173	-
Prohibition on awards to persons in the service of the state (2012)	1 294 502	-
Preference points not used to evaluate the formal written quotations (2012)	1 739 799	-
Supplier did not meet the tax requirements (2018)	54 162	-
	<b>3 519 567</b>	<b>-</b>
<b>59. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	859 190	964 750
Amount paid - current year	(859 190)	(964 750)
	<b>-</b>	<b>-</b>
<b>Audit fees</b>		
Current year subscription / fee	3 173 130	2 459 558
Amount paid - current year	(3 173 130)	(2 459 558)
	<b>-</b>	<b>-</b>
<b>PAYE and UIF</b>		
Current year subscription / fee	14 350 814	12 648 269
Amount paid - current year	(14 350 814)	(12 648 269)
	<b>-</b>	<b>-</b>
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	12 624 872	11 240 361
Amount paid - current year	(12 624 872)	(11 240 361)
	<b>-</b>	<b>-</b>



**Molemole Local Municipality**

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

**Notes to the Financial Statements**

Figures in Rand

2019

2018

**59. Additional disclosure in terms of Municipal Finance Management Act (continued)****VAT**

VAT receivable	14 113 349	12 708 367
VAT payable	-	(1 509 974)
	<b>14 113 349</b>	<b>11 198 393</b>

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

**Councilors' arrear consumer accounts**

During the year from July 2018 to June 2019 year no Councillors had arrear accounts outstanding for more than 90 days because most of the councillors are staying in rural areas.

## Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

### Incident

Sole supplier	3 769 473	1 899 495
	<b>3 769 473</b>	<b>1 899 495</b>

The detailed deviation register is available in the municipality for review.

## 60. Distribution Losses

### Electricity Distribution Losses (Units)

Units Purchased	7 366 690	7 270 509
Units Sold	5 360 169	5 661 886
Units Loss	2 006 520	1 608 628
Percentage distribution Loss	27%	22%
Electricity Purchased	9 419 063	9 172 581
Electricity Sold	8 018 108	8 300 884
Electricity Loss	1 400 955	871 697
Percentage distribution Loss	15%	10%

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Supplementary Information

#### 3. Schedule of Contingent Liabilities - Refer Note 38

Name of Legal Rep June 2019	Litigation	Nature of Dispute	Status	Progress	Projected Estimates	Projected Estimates 2018
SC Mdhuli Attorneys Tel : 015 291 5440	NFM Consulting	NFM claiming R447 000 for work done and interdicting the Municipality against appointment of Consultant on Ramokgopa-Eisleben Road	Pending	The Municipality opposed the application and the matter is pending	447 000	100 000
SC Mdhuli Attorneys 015 291 5440	Sinthumule Nkhumeleni	Claim for unlawful confiscation and impounding of the Plaintiff's vehicle alleging lack of necessary permit. The Plaintiff is claiming loss of income of R 100,000, plus 9% interest per annum and cost of suit.	Pending	Pleading Closed	100 000	100 000
AM Carrim Attorneys 015 293 1700	Badau Film & Video productions	Claim for damages of and loss of income amounting to R1 560 841-10 after The Plaintiff hired the Ramokgopa Stadium for an event and the event could not take place due to the unavailability of electricity	Pending	Pre Trial Conference attended and matter has been dormant	1 560 841	150 000
SC Mdhuli Attorneys 015 291 5440	Hlako	Action - Counter Claim on recovery of undue performance bonus after Mr Hlako as the Municipal Manager unduly paid himself the performance bonus	Pending	Had a consultation with the instructed attorney on issues of date and he advised that he will attend to make a fresh application for trial date in view of the current application taking forever.	300 000	100 000
SC Mdhuli Attorneys 015 291 5440	Illegal Occupants	Interdict illegal occupants at Mogwadi portion of portion 2 of the remaining extent of the farm Deutschland 69	Finalized	Court order served by sheriff and illegal activities have stopped	0	70 000
SC Mdhuli Attorneys 015 291 5440	Rambuda Nditsheni Joseph	Claim for unlawful confiscation and impounding of the Plaintiffs vehicle alleging lack of necessary permit . The plaintiff claiming loss of income of R100000 plus 9 % interest per annum and cost of suit	Pending	Pleadings closed	100 000	100 000

\* See Note 52

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Supplementary Information

None	D G Department of Labour	Motion proceedings for Pending mandatory order in the Labour Court due to failure by the Municipality to adhere to provisions of the Employment Equity Act and to further penalise the Municipality for an amount in the margin of R1 500 000.00		Proceeding have been stayed to allow settlement discussions	1 500 000	1 500 000
None	Roman Catholic Church	Eviction and the Finalized Municipality cited as interested party. The Roman Catholic Church in Fatima is evicting the unlawful occupiers of properties situated on its land.		Prepared a report and attended court where on matter was finalized	0	100 000
Mohale Incorporated 015 291 3645		Applicant and the 1st Pending Respondent are having a dispute over a Permission To Occupy		No Development on the mater	0	100 000
that was issued by the 1st and 2nd Respondents						

#### 1. Schedule of contingent liabilities ( Continue ) - refer note 38

Name of Legal Litigation Rep	Nature of Dispute	Status	Progress	Projected Estimates June 2019	Projected Estimates 2018
Pratt Lytt & De Mabohlatjan Lange Attorneys 015 297 0186	Urgent interdict against CDM Molemole cited over the land portion 2 of the remaining extent of the farm Deutschland 169 where the applicant want to be restored	Pending	Municipality cited as second respondent and main relief from CDM in the portion 2 of the farm Deutschland 169 LS	0	60 000
None	GA Mohale CPA / HD Du Preeze Boedary	Pending	The municipality is cited as the land falls within its jurisdiction . The municipality is ordered to provide alternative accommodation for the people staying in the farms	0	50 000
Mohale Incorporated tel 015 291 3645	Municipality requested legal opinion on whether its obligated to pay SAMRO annual fees in terms of the Copyright Act	Pending	Responder to letter demand	87 247	87 247
SC Mdhuli Attorneys tel 015 291 5440	HLako Action - recovery of rental and Eviction over a house that is being owned by the Municipality	Pending	Furnished Attorney with a copy of the deed search to assist with proving ownership of the house in question	0	100 000

\* See Note 52

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Supplementary Information

None	Selaelo Patrick Mailula / Wouter Ras	Eviction and the Municipality cited as interested party. The Applicant was evicting the 1st Respondent who is his former employee	Finalized	Matter heard on 02/05/2018 as 1st Respondent was evicted	0	100 000
None	Mapula Lillian Mathibela/ Shadi moloto	Eviction and the Municipality cited as interested party. The Applicant is evicting the 1st Respondent in an RDP House she (Applicant) was approved and built by CoGHSTA in 2000. The Applicant never took occupation of the house ever since the allocation and the Municipality allocated the house to the 1st Respondent's mother. The Applicant surfaced in 2017 with an application to evict the 1st Respondent	Pending	Matter before court on 23/07/2018	0	100 000
Mohale Incorporated tel 015 291 3645	Sedima Business Enterpirses	Served with simple summons based on failure to pay for work done after Plaintiff alleges that it entered into an SLA with the Municipality in January 2017 with regard to the Integrated Transport Plan	Pending	Filed Notice to depend and appointed attorneys	305 000	305 000
None	Pothole Cover	Letter of demand on damages as a result of pothole on the road in the amount of R970	Responded to	Awaiting prescription to run letter of demand	970	970
None	Akani Retirement Administration Fund	Letter of demand - received a letter of demand from Joubert Attorneys on behalf of Akani Retirement Administration fund demanding payment of pension fund of a municipal employee	Pending	Have to respond to letter of demand	125 211	0

\* See Note 52

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Supplementary Information

Pratt Lytt & De Mabohlatjana lange Attorneys 015 297 0186	Community	Motion proceedings for Pending a declaratory order in the Land Claims Court to have a letter written by a Regional Land Claim Commissioner in 2003 declared to be an award for land and for the Municipality to be ordered to give estimates for servicing the land to the Department of land Reform and Restitution . Opposed the matter and filed answering papers		Motion proceedings Eviction matter which involves a land occupier and his employees Awaiting new date of hearing	0	100 000
None	Nkhotheleni Business Enterprise	Served with Combined Finalized summons based on failure to pay for work done after Plaintiff alleges that it was invited to submit a quotation for catering and décor for a municipal function though same was carried out without a work order.		Matter dismissed in Court	0	21 420
					<b>4 526 269</b>	<b>3 244 637</b>

\* See Note 52

# VOLUME II

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2019

### Supplementary Information

#### 4. Schedule of Contingent Assets (refer note 38)

Name of Legal Rep	Litigation Rep	Nature of Dispute	Status	Progress	Projected Estimates June 2019	Projected Estimates June 2018
Mdhuli Attorneys 015 291 5440	Hlako	Municipality issued summons for recovery of undue Performance bonus paid	Pending	Had a consultation with the Instructed Attorney on issues of date and he advised that he will attend to make a fresh application for trial date in view of the current application taking forever	106 021	1
Mdhuli Attorneys 082 802 8439	Hlako	Action-Recovery of Rental and Eviction over a house that is owned by the municipality	Pending	Furnished Attorney with a copy of the deed search to assist with proving ownership of the house in question	100 000	1
Mdhuli Attorneys 082 802 8439	Illegal Occupants at Mogwadi	Interdict illegal occupants at Mogwadi portion of portion 2 of the Remaining extent of the Farm Deutschland 169	Finalized	Court order served by sheriff and illegal activities have stopped	0	
Pratt Lytt & De Lange Attorneys 015 297 0186	Matebele Dinare	Municipality Issued summons for recovery of Unjustified Enrichment	Pending	Parties in settlement talks	2 791 530	
Pratt Lytt & De Lange Attorneys 015 297 0186	PW Mokgehele and others	Eviction of Unlawful Occupation from municipal Land	Finalized	Awaiting Taxation	0	1
					<b>2 997 550</b>	<b>6</b>

\* See Note 52

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**REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATION AND COUNCIL ON MOLEMOLE LOCAL MUNICIPALITY**

**REPORT ON THE 2018/19 FINANCIAL STATEMENTS**



# APPENDICES

## Report of the auditor-general to Limpopo Provincial Legislature and council on the Molemole Local Municipality

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Molemole Local Municipality set out on pages ... to ..., which comprise statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information 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, financial statements present fairly, in all material respects, the financial position of the Molemole Local Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003(Act No, 56 of 2003) (MFMA) and the Division of Revenue Act, 2018 (Act No.1 of 2018) (DoRA).
3. 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.
4. 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* and, 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) as well as 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matters

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

#### Restatement of corresponding figures

7. As disclosed in notes 52 and 53 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of an error discovered in the financial statements of the municipality at, and for the year ended, 30 June 2019.

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## Significant uncertainty

8. With reference to note 50 to the financial statements, the municipality is the defendant in several legal claims. The municipality is opposing these claims as it believes the claims to be unfounded. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the annual financial statements.

## Impairments – trade debtors

9. As disclosed in note 36 to the financial statement, material impairments to the amount of R 4 494 247 (2018: R1 325 169) were made to the receivables as a result of irrecoverable debts

## Material losses– electricity

10. As disclosed in note 60 to the financial statements, material electricity losses to the amount of R1 400 955 (2017- 2018: R871 697) were incurred which represent 27% (2017- 2018: 22%) of total bulk electricity purchased. Technical losses amounted to R1 400 955 (2017- 2018: R871 697) were due to illegal connections and aging electrical infrastructure assets.

## Unauthorised expenditure

11. As disclosed in note 56 to the financial statements, unauthorised expenditure amounting to R8 835 388 (2018: R1 433 680) has been incurred by the municipality, due to the over expenditure of votes within the approved budget.

## Other matters

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

## Unaudited disclosure notes

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

## Responsibilities of accounting officer for the financial statements

14. The accounting officer responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA and 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.
15. 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 has no realistic alternative but to do so.

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

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

## Report on the audit of the annual performance report

### Introduction and scope

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
19. 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/ measures 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.
20. 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 development priorities presented in the annual performance report of the municipality for the year ended 30 June 2019.

Development priorities	Pages in the annual performance report
KPA 1: Spatial rationale	x – x
KPA 2: Basic services and infrastructure planning	x – x
KPA 3: Local economic development	x – x

21. 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

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related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

22. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following development priorities:
- KPA 1: Spatial rationale
  - KPA 2: Basic services and infrastructure planning
  - KPA 3: Local economic development

## Other matters

23. I draw attention to the matters below.

### Achievement of planned targets

24. Refer to the annual performance report on pages' x to x 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 paragraph(s) [x to x] of this report.

### Adjustment of material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 2: basic services and infrastructure planning. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## Report on the audit of compliance with legislation

### Introduction and scope

26. 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.
27. The material findings on compliance with specific matters in key legislations are as follows:

### Annual financial statements, performance and annual report

28. The financial statements submitted for audit were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

Material misstatements of assets, payables, expenditure and disclosures items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

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## Strategic planning and performance management

29. The performance management system and related controls were not maintained as it did not describe how the performance monitoring and reporting processes should be conducted, organised and managed as required by municipal planning and performance management regulation 7(1).

## Other information

30. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
31. 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.
32. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
33. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report.

## Internal control deficiencies

34. 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 on it. The matters reported below are limited to the significant internal control deficiencies that resulted in basis for opinion, the findings on the performance report and the findings on compliance with legislation included in this report.
35. The accounting officer reviewed the annual financial statements and the annual performance report with the assistance and support of the governance structures prior to their submission for audit, but a number of material misstatements were still identified.
36. The municipality developed an action plan to address internal and external audit findings, however monitoring of this action plan did not sufficiently and adequately mitigate these findings as numerous misstatements were identified in the annual financial statements and annual performance report.
37. Daily and monthly internal controls measures in place are not adequate to identify prevent and correct all the errors and misstatements in the financial statements to ensure compliance with the relevant laws and regulations applicable to the municipality for reporting.

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38. Non-compliance with laws and regulations could have been prevented had compliance being adequately reviewed and monitored by management and those charged with governance.
39. The municipality implemented risk management activities and necessary policies and procedures have been formulated and documented however did not adequately and effectively address internal control deficiencies identified.

*Auditor General*

Polokwane

30 November 2019



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

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## Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priorities 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 this 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 Molemole Local Municipality 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 this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

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