



Draft Annual Report for 2017/18 Financial year

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EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

1. Municipal Strategic Intent

The 2017/8 financial year is the second financial year since the inauguration of the sitting council back in 2016//7 after the 2016 local government elections. It is also the first financial year for the sitting council to approve the 2017/18 IDP and Budget. True to its vision and mission the municipal council continue to promote a high regard on issues of governance. An Ethics committee was established to assist Council in executing its oversight role. Council committees were able to sit as per the schedule to oversee the work of administration in implementing the Integrated Development Plan (IDP) of the municipality. The Municipal Public Accounts Committee (MPAC) has been strengthened further through an additional two members. This has borne some positive outcomes because the committee was able to consider Quarterly performance reports and conduct public hearings to inculcate a culture of accountability on the use of public resources.

2. Public participation

One of the constitutional objects of local government is to "encourage involvement of communities and community organizations in matters of local government". The municipality has accordingly approved the IDP process plan to guide our interaction with communities in determining the desired state for the communities. It is pleasing to report that through this process plan the municipal council was able to engage communities from all the sixteen (16) wards to listen to the needs, preferences and expectations of our people.

We also recognize that it is not only sufficient to engage our communities, civil society, traditional authorities and other stakeholders during the planning phase of the IDP. Once the plan is in motion it is a crucial element of our function to conduct report back sessions on the progress towards implementation of the IDP. A total of four Mayoral outreach programmes were coordinated during the financial year under review to report on quarterly performance. We appreciate the support of both organizational stakeholders, sister government institutions and community at large for coming out in numbers during these outreach programmes.

3. Capacity building of Councillors

A total of six (6) capacity building programmes were coordinated for Councillors to enable them perform their duties and responsibilities in their various committees. It is through continuous capacity building that our Councillors will continue to play a meaningful oversight role.

4. Financial Viability And Sustainability

The municipal finance are being managed effectively as required by the MFMA (2003). All the projects funded by the municipality in 2017 & 2018 financial year were in line with the Municipal approved budget and creditor's obligations were met in line with the treasury guidelines. The municipality is however still having revenue collection challenges due to non-payments for services rendered. This lead to a heavy reliance on grant funding which limits our ability to accelerate provision of basic services to the people. To this effect Council approved a debt-write off on long outstanding debtors with a view to encourage ratepayers to start paying for the services.

5. Key service delivery programmes in the year under review:

There was a slow start to implementation of the Municipal Infrastructure Grant (MIG) funded projects. This can be attributed to the vacancies in the Project Management Unit and Senior Manager: Technical Services after expiry of contracts. The situation improved after the municipality

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filled these critical positions and that of the Municipal Manager and 95% spending on MIG was recorded as at the end of the 2017/18 financial year. The following projects were successfully implemented:

| Item | Project Name | Contract Amount | Contractor Expenditure to Date (30 June 2018) | % Expenditure | Progress |
|------|-------------------------------------------------------------------------|-----------------|-----------------------------------------------|------------------|-------------------------------------------------------|
| 1 | Construction of Ramokgopa to Eisleben from Gravel to Tar Road - Phase 3 | R8,250,768,98 | R 8,250,768,98 | 100% | Completed |
| 2 | Matipana to Madikana gravel to tar Phase 3 | R3,629,677,12 | R3,629,677.12 | 100% | Completed |
| 3 | Mohodi Maponto gravel to tar Phase 2 | R9,733,467,90 | R9,733,467.90 | 100% | Completed |
| 4 | Nthabiseng Internal Street Phase 1 | R 2,702,451.00 | R1,536,187.53 | Designs approved | Construction to commence in the 2018/9 Financial year |
| 5. | Mohodi sports complex Phase 3 | R5,357,700,00 | R5,357,700.00 | 100% | 100% |

A total of 249 households will benefit from the electrification project in Ward 15 & 16. The project is at 85% complete as at the end of the year under review and it is hopeful that energisation will be done midway into the 2018/19 financial year.

The Municipality has once again obtained an unqualified audit opinion in the 2017/18 financial year. This is the fourth consecutive year. On behalf of the Council I would like to express our gratitude to the Management and officials of the municipality this critical outcome. We can improve from here if we work together to enforce internal controls in everything we do to ensure compliance to legislation and regulatory framework.

This annual report provide an exposition of the achievements of Molemole municipality during the 201718 IDP and Budget implementation.

It is my pleasure to present the report to the MPAC for presentation to the Community and all interested stakeholders of Molemole municipality.

Let us give the Municipal public account committee support as it takes the annual report through public participation process.

HONOURABLE MAYOR
CLLR MASILO EDWARD PAYA



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COMPONENT B: MUNICIPAL MANAGER'S OVERVIEW

1. Introductory background

Section 121(1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that: "Every municipality and municipal entity must for each financial year prepare an annual report in accordance with its guidelines."

The purpose of this annual report is to:

- (a) Provide a record of the activities of Molemole Council during the financial year.
- (b) Provide a report on performance against the targets and budget of the municipality for the financial year reported on.
- (c) Promote accountability to the local community for the decisions made throughout the year by the Municipality.

According to the MFMA, this Report should include:

- (a) The annual financial statements of the Municipality, and consolidated annual financial statements, submitted to the Auditor-General for audit in terms of section 126 (1) of the MFMA
- (b) The Auditor-General's audit report in terms of section 126 (3) of the MFMA and in accordance with s45 (b) of the MSA; on the financial statements in (a) above;
- (c) The annual performance report of the Municipality as prepared by the Municipality in terms of section 45(b) of the Local Government: Municipal Systems Act 32 of 2000 (MSA);
- (d) An assessment of the arrears on municipal taxes and service charges;
- (e) An assessment of the Municipality's performance against the measurable performance objectives referred to in Section 17 (3)(b) of the MFMA for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the financial year
- (f) Corrective action taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d); and
- (g) Recommendations of the Municipality's Audit Committee.

2. Key Performance areas of Local government

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

The municipality has managed to fill critical positions of the Municipal Manager, Senior Manager: Corporate and Technical Services. This is after the municipality was only left with one Senior Manager for Local Economic Development and planning after the expiry of contracts for the aforementioned Senior Managers. As at the end of the year under review the recruitment process for the Chief Financial Officer and Senior Manager Community services were at an advanced stage. Overall 81% of the vacant positions has been filled as at end of the financial year under review. A new position was created in the office of the MM for Manager: Executive Support whose objective is to coordinate activities of both office of the MM and Mayor. This will provide the much needed operational stability within the municipality. More work still need to be done to ensure women are equitably represented at Management level to improve on our current levels of 73% men and 27% women.

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The municipality has maintained continuous capacity building of employees to ensure a consistent and improvement in the productivity of employees. Six (06) training programmes for employees and ten (10) capacity building programmes for Councillors were coordinated, benefitting all Councillors in line with their relevant portfolios and employees at various levels. Furthermore, six (06) learners were enrolled for Internship and Experiential Training initiatives as part of contributing to skills development in our communities.

One of the challenges for this KPA is that Performance Management system is done at Senior Management level. We have however conducted benchmarking exercise with our sister municipalities who have rolled out the assessments to all levels of employees. A budget provision has also been made to procure an automated Performance Management system in the 2018/19 financial year.

2.2 Basic Services and Infrastructure Delivery

The municipality started very slow with regard to implementation of service delivery projects due to staff capacity challenges and late appointments of service providers for project implementation. It is however pleasing to report that there was performance improvement in the second half of the year. As at the end of the financial year under review spending on MIG projects stood at 95% and about eight (08) internally funded projects were rolled over to the 2018/19 financial year. This includes construction of Moletji office cluster whose aim is to bring services closer to the people of Ward 10, 14, 15 and 16. The office is expected to be handed over to the municipality in the second half of the 2018/19 financial year.

We have increased our equipment for ongoing service provision within our communities:

- 1X TLB to be based in Mogwadi was procured at a cost of R 1,219,550.00
- 1x tractor with grass cutting equipment to be based in Morebeng at a cost of R 486,346.59.

We have since realized that there were so many outstanding projects dating back to 2008. It is for this reason that we took a conscious decision to focus more on these outstanding projects in the 2018/19 financial year. One of these projects is Ramokgopa to Eisleben Gravel to tar road project which is expected to be complete by the third quarter of the next financial year.

2.3 Local Economic Development

A review of the Spatial Development framework was done in the 2017/18 – The LED Strategy review is well underway. This will go a long way in assisting the municipality to compile a credible IDP and manage the municipal land in a proper way. For 2017/18 financial year we have managed to create 223 EPWP job opportunities in the environment and infrastructure sectors. The CWP programme is still underway going into the next financial year with 214 more people recruited in 2017/18 financial year.

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2.4 Financial Viability and Sustainable Management

Revenue collection is still a serious challenge in our municipality with total revenue down by 5.8% from R 20.9 million to R 19.8 million in the year under review. This can be attributed to high level of outstanding consumer debts, Increase in technical losses due to meter tampering, illegal connections and aging infrastructure that lead to supply interruptions. As a way to reverse this bleak trend Council has resolved in July 2017 to write-off 100% of the long-outstanding debts amounting to R 34 million. Notices will be issued to ratepayers to settle their accounts following this write-off and henceforth credit control and debt collection policy will be applied. Management have undertaken to find alternative and sustainable revenue sources to enable the municipality to accelerate provision of basic services. This, it is hoped, will reduce the high reliance on grant funding.

The total income on investment for the year under review was R 1.5 million compared to R 2.4 million in the 2016/17 financial year. This represents a reduction of 53% from the previous financial year. With the current ratio of 3.43 (way above the Treasury norm of 1.5 – 2.11) the municipality had R 3.43 for every R 1 of the current liability. This liquidity level was well on course to meet the short-term obligations 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.

The municipality is pleased with progress on empowerment of local businesses through our procurement of goods and services from service providers within the municipal jurisdiction. In the year under review average spent of 47% of the municipal procurement bill went to local suppliers, translating to R 12.4 million rand in monetary terms. Thirty two percent (R 8.2 million) went to suppliers from within the district whilst the remaining 21% of the spent went to suppliers from outside of the district. We hope to increase this figure in the coming financial year to improve on our constitutional mandate of promoting local economic empowerment. It is evident from the statistics that 83% of the total procurement spent (R 26.2 million) was through Request for Quotations (RFQs). We need to increase our procurement spent from local suppliers in this category to make a meaningful contribution on local economic empowerment. Our finance department is fully staffed by competent officials who assist the municipality in ensuring a consistent adherence to internal control systems. This is thanks to a 100% retention of managerial staff and continuous capacity building on financial management.

2.5 Good Governance and Administration

The municipal governance and administrative system is satisfactory. The municipality is able to submit all governance report in time to various stakeholders. Quarterly performance reviews are done as scheduled and Senior Management meetings are convened regularly. Audit and Risk Management Committee was able to peruse all the reports before submission to Council to play their oversight role over management and on behalf of Council.

The municipality has a credible and vigilant Internal Audit and Risk Management unit who continuously play a watchdog role on our daily operations. It is pleasing to note that the municipality once again maintained the unqualified audit opinion for the 2017/18 financial year, for the fourth consecutive financial year in a row. With 82% of the 2016/17 findings resolved the municipality will have ample time to address the 2017/18 audit action plan.

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

Top five risks that formed part of the strategic risk register for the year under review are as follows:

- Landfill sites not adequately managed
- Ageing infrastructure (Municipal buildings and roads)

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- Non-Compliance to SPLUMA – leading to uncoordinated use of land.
- Low revenue generating capacity
- Fraud and Corruption – Enforcement of internal control systems

The risks are monitored and progress to mitigate is updated continuously in the risk register.

MOSENA ML
MUNICIPAL MANAGER



A handwritten signature in black ink, appearing to read 'Mosena ML', is written over a horizontal dotted line.

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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 forming the CDM are Blouberg, Lepelle-Nkumpi and Polokwane. Molemole Local Municipality head office is located 65 kilometers from the North of Polokwane along the R521, with a population of approximately 132, 321 people.

The majority of the population is comprised of Black Africans (98.1%) with a minority of whites and Indians and which equates to only 1.9% of the population. 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. Molemole Local Municipality covers an area of 3347km².

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

b) EMOGRAPHIC ANALYSIS.

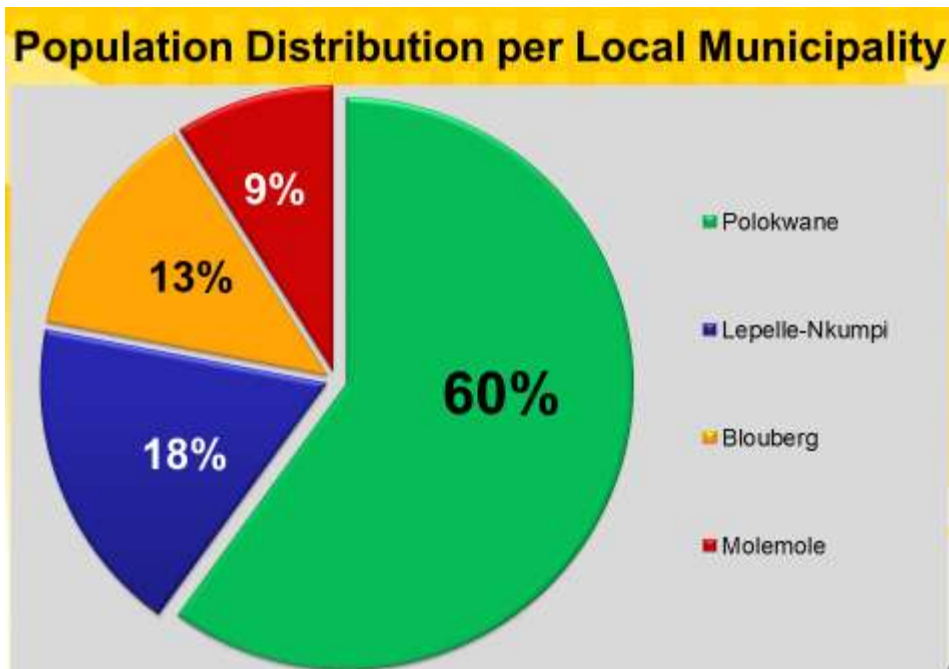
i. POPULATION TRENDS.

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 local services and transport.

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 with Polokwane Municipality having the highest (49.9%) population. The Black African population in 2011 accounted for about 98.36% of the Molemole Municipal population, followed by the White population at 1.12%. The Coloured and Indian population together accounted for only 1.1% of the total municipal population

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Figure 1.1: Population Composition in the CDM



ii. MOLEMOLE RACIAL COMPOSITION.

The total population of Molemole Local Municipality increased as a result of the demarcation process having two wards from the disestablished Aganang Municipality incorporated into our municipality with a population of about 16 832 which then increased our initial population from 108 321 according to census 2011 to 125,325. The Molemole population constitutes 8.6% of the Capricorn District's and only 2% of the Limpopo Province's population.

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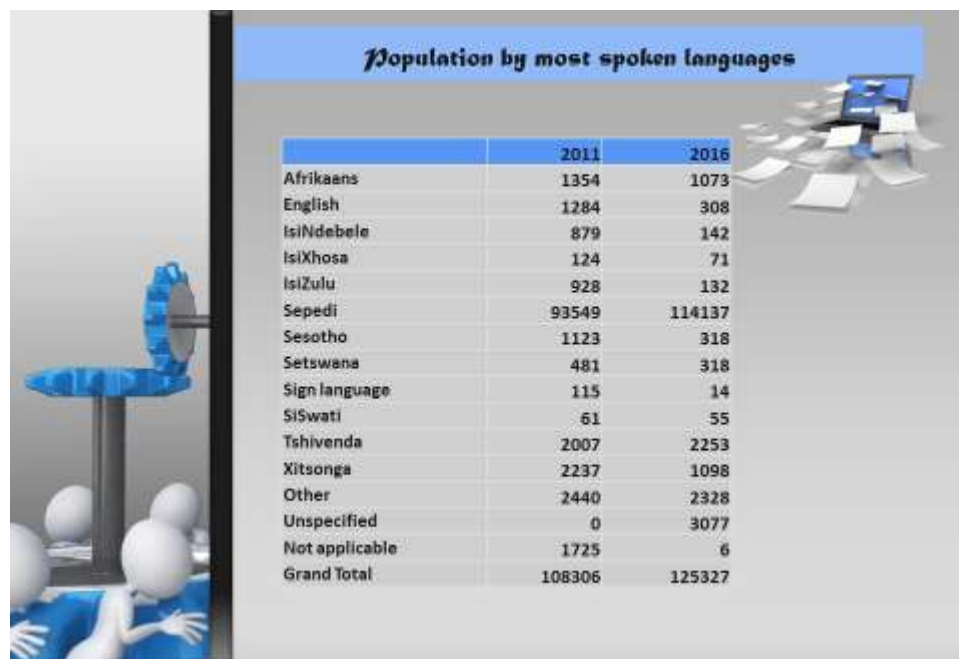
Table 1.1: Capricorn District Racial Composition.

Geography by Population group for Person weighted

| Municipality | Black African | Coloured | Indian or Asian | White | Other | Grand Total |
|-------------------------------|---------------|----------|-----------------|-------|-------|-------------|
| LIM351: Blouberg | 161075 | 65 | 151 | 1006 | 332 | 162629 |
| LIM353: Molemole | 106545 | 139 | 134 | 1210 | 293 | 108321 |
| LIM354: Polokwane | 584153 | 5820 | 4633 | 32862 | 1530 | 628999 |
| LIM355: Lepelle-Nkumpi | 229463 | 171 | 209 | 308 | 199 | 230350 |
| DC35: Capricorn | 1211874 | 6271 | 5234 | 35470 | 2613 | 1261463 |
| Grand Total | 2423748 | 12542 | 10469 | 70940 | 5226 | 2522925 |

Statistics South Africa/Census 2011 Community Profiles

Figure 1.2: Molemole Racial Composition by most spoken languages.



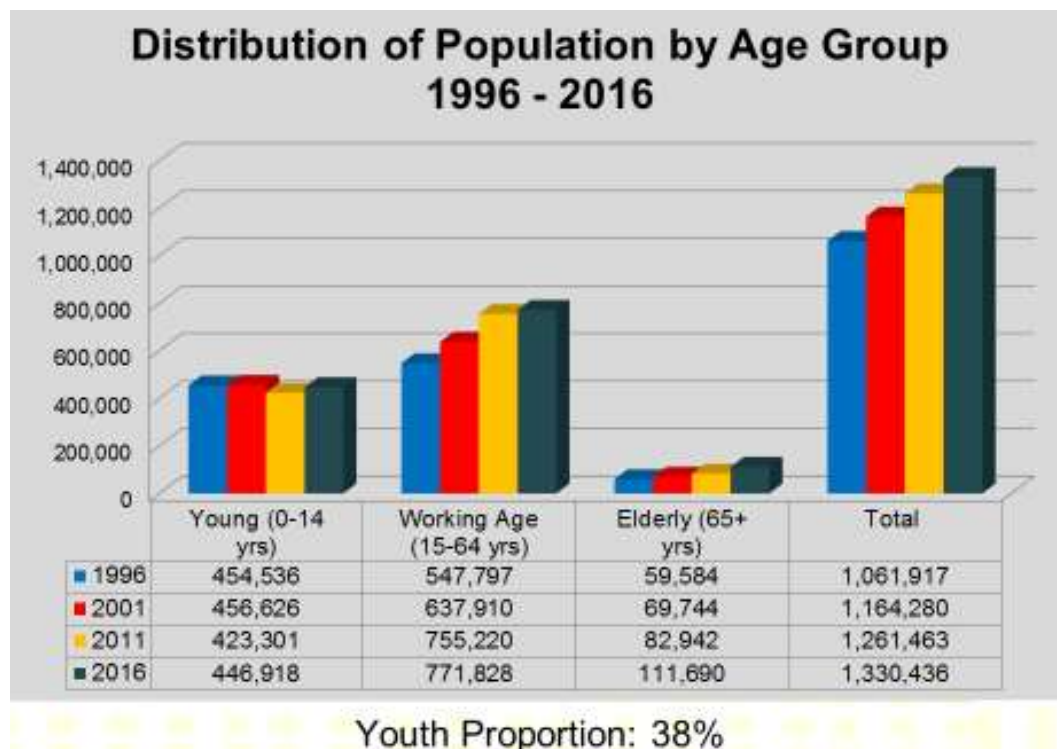
Statssa 2016 Community survey

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iii. AGE AND GENDER DISTRIBUTION

The age structure of a population plays an equally vital role in influencing growth prospects, and will inform decisions on the provision of services such as community services and transport. The age structure of Molemole LM compares relatively well to that of the Capricorn DM, and Limpopo Province (see **figure 1.3**). The proportion of people in the age categories (75+ years) has slightly increased since 2007. This means that there is an expected pressure on the provision of old age facilities such as pension pay points. Evidently, the proportion of people in the working age groups (20-65 years) declined and slightly increased as people reach retirement years. The proportion of people in the low and school-going age categories (0-19 years) slightly remains high like Limpopo and Capricorn DM in terms of gender composition, female gender in Molemole LM is relatively dominant (54%) than male gender (46%). Clearly this is as a result of migration of male population to other provinces in search of job opportunities. This puts pressure on the Molemole LM to create job opportunities to counter exodus of economically active population to other areas.

Figure 1.3: Distribution by Age Group



The challenges pertaining to the decline in population

- Young adults and young couples are migrating to urban areas.

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- 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.

c) EMPLOYMENT PROFILE.

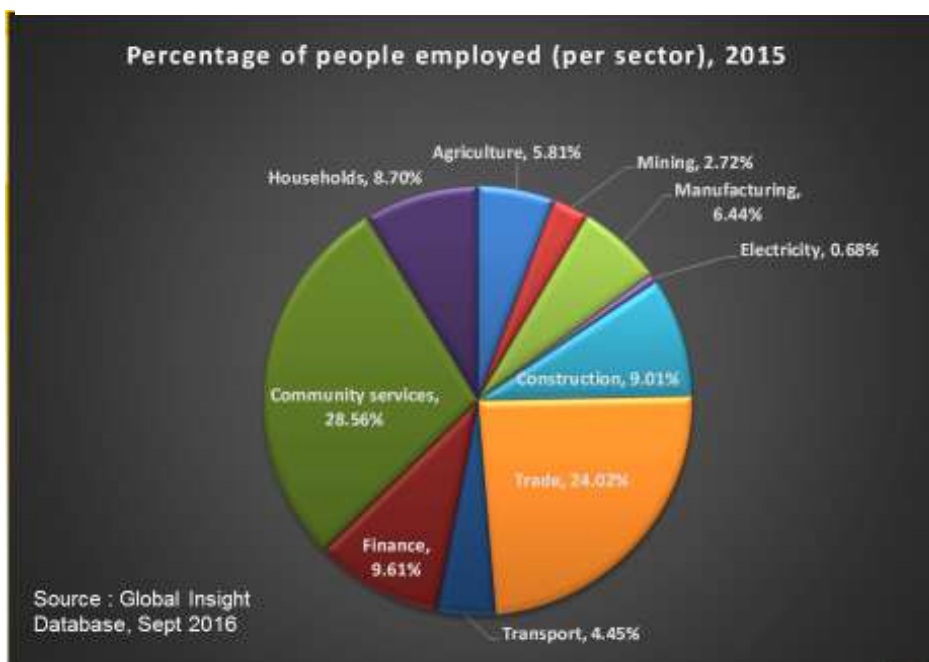
The economically active population in Molemole Local Municipality increased significantly from 9.7% in 2001 to 26.3% in 2007. Although the unemployment rate decreased from 39% in 2001 to 32% in 2007, it is relatively a smaller improvement. Job creation and poverty alleviation still remain important challenges to be addressed. Majority of the people are more concentrated in the public sector. There are limited industrial areas which can be able to absorb the technical skilled employees.

i. MLM Employment Status

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 and hence low affordability levels.

The figure below shows high proportion of people with no income which also signals the level of poverty in this Municipality. This category represents the proportion of people who are unemployed and rely on government grants. This poses a challenge for the Municipality in terms of job creation and the need to invest in education and skills training.

Figure 1.4: Percentage of people employed (per sector), 2015



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ii. UNEMPLOYMENT RATES.

The economically active population in Molemole Local Municipality increased significantly from 26.3% (26 412) in 2007 to 56.9% (61598) in 2011(see **Table 1.5**). Job creation and poverty alleviation still remain important challenges to be addressed as the unemployment rate increased from 32.4% (8 561) in 2007 to 42.7% (11 344) in 2011.

Table 1.5: MLM Formal Sector Employment Status per sector

| Description | 2011 | Percentage |
|-------------------------|---------------|--------------|
| Employed | 15225 | 57.3 |
| Unemployed | 11344 | 42.7 |
| Total | 26569 | 100.0 |
| Economically Active | 61598 | 56.9 |
| Not Economically Active | 46723 | 43.1 |
| Total population | 108321 | 100.0 |

Source: STASSA Census 2011

d) EDUCATIONAL PROFILE.

The high proportion of people with no schooling is a very important issue to advice on as a high illiteracy will reflect negatively on the socio-economic performance and development of the municipality. Improved skills development initiatives will act as a catalyst to the development of the municipality. 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 the highest proportion (20, 1%) of people who are not at school.

Of the people that have had formal education, 3% completed primary school, and only 18, 4% completed matric. All the schools have access to water, sanitation and electricity. All schools are provided with school nutrition.

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.

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Figure 1.4: Level of Education in Molemole municipality

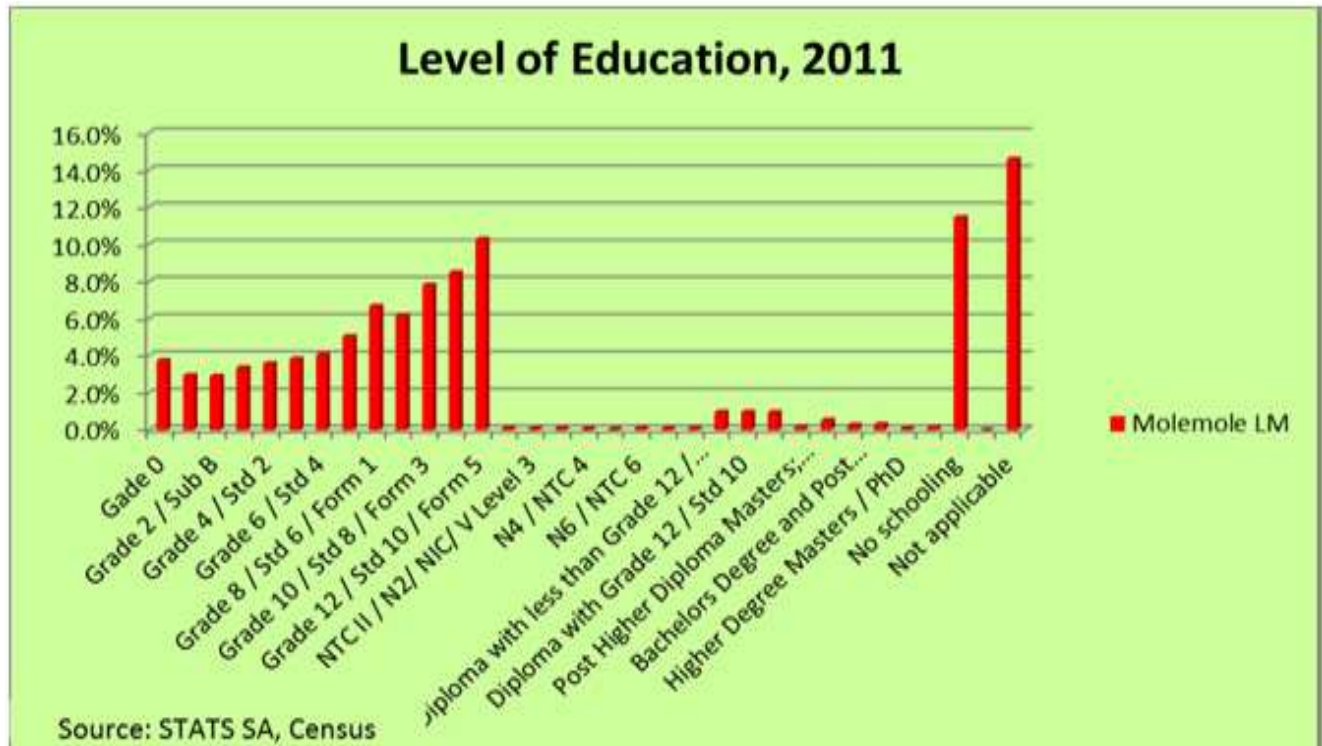


Table 1.6: Educational Institution by Present school attendance

| EDUCATIONAL INSTITUTION | CURRENT | SCHOOL | ATTENDANCE | Unspecified | Not applicable |
|------------------------------------------------------------------------------------------------------------------------|---------|--------|-------------|-------------|----------------|
| | Yes | No | Do not know | | |
| Pre-school including day care; crèche; Grade R and Pre-Grade R in an ECD centre | 381 | - | - | - | - |
| Ordinary school including Grade R learners who attend a formal school; Grade 1-12 learners & learners in special class | 36708 | - | - | - | - |
| Special school | 128 | 5 | - | - | - |
| Further Education and Training College FET | 529 | - | - | - | - |
| Other College | 233 | - | - | - | - |
| Higher Educational Institution University/University of Technology | 960 | - | - | - | - |

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| EDUCATIONAL INSTITUTION | CURRENT | SCHOOL | ATTENDANCE | Unspecified | Not applicable |
|-------------------------------------------------------|---------|--------|-------------|-------------|----------------|
| | Yes | No | Do not know | | |
| Adult Basic Education and Training Centre ABET Centre | 637 | - | - | - | - |
| Literacy classes e.g. Kha Ri Gude; SANLI | 147 | - | - | - | - |
| Home based education/ home schooling | 111 | 12 | - | - | - |
| Unspecified | - | - | - | - | - |
| Not applicable | - | 50783 | 21 | 1865 | 15801 |

Below is a table that provide detailed overview of the **highest educational level by Population group**

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| HIGHEST EDUCATIONAL LEVEL | Black African | Coloured | Indian or Asian | White | Other |
|-----------------------------------------------|---------------|----------|-----------------|-------|-------|
| Gade 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 |
| 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 |

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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.

B) WATER SOURCES.

The Municipality's source of water is groundwater. This is characterized by unreliable boreholes with aging infrastructure and inadequate water supply. As a water services provider Capricorn District municipality is responsible for the repair, maintenance and refurbishment of the water sources. As at current reporting period, some 27.2% of the municipal population relies on water tankers supplied by the District to reduce the high shortage of water sources in those areas. This burden has increased due to inheritance of about sixteen (16) villages from the former Aganang municipality. We urge our communities to use water sparingly to lessen the impact of the shortage.

C) CHALLENGES PERTAINING TO WATER AND SANITATION.

- The interruptions in the supply of water to Morebeng and Mogwadi towns demoralize residents from paying for services rendered.
- Persistent breakdown caused by aging water and sanitation infrastructure
- Unreliability and unavailability of water sources for now and into the future
- Breakdowns on water pipes
- Inadequate water reticulation infrastructure in rural areas
- Lack of cost recovery on water and sanitation services

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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 entity will be able to realize its assets and discharge its liabilities in the normal course of business.

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 a company's ability to pay short-term and long-term obligations. To gauge this ability, the **current ratio** considers the **current** total assets of a company (both liquid and illiquid) relative to that company's **current** total liabilities

The Current ratio is 2.44:1 for 2016/17

| | |
|-------------------|--------------------|
| Current Assets | : R 109 025 915.00 |
| Current Liability | : R 44 770 270.00 |

The Current ratio is 3.4:1 for 2018

| | |
|-------------------|-------------------|
| Current assets | : R112 640 660.00 |
| Current liability | : R33 160 092.00 |

c) DEBT TO EQUITY RATE

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

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d) FINANCIAL

The Municipality's net assets amount of R274 529 796.00 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. The Municipality does not have borrowing liabilities and do not have any loans with any 3rd party. There are no new financial commitments with any party and priority is given to the already roll over project. All the projects listed on the commitment register were provided for on the approved municipal budget.

e) CONTINGENT LIABILITIES

The pending contingent liabilities as at end of June 2018 amounted to R 3,320 390.00, the lowest in the past three (3) years. All pending legal or regulatory proceedings against the municipality will be resolved and amount due paid if required by law.

f) MITIGATING PLANS

The municipality's debtors' book amounting to R 86,895,938.77 (including 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. 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.

g) CONCLUSION

The municipality is confident that there is no challenges that can prevent the Auditor-General to provide the municipality with a favourable audit opinion considering the intensive assessment made by the management.

h) 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 it has been maintained for the previous three consecutive financial years. A healthy cash flow has helped the municipality to honour its short-term obligations

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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.

i) OTHER

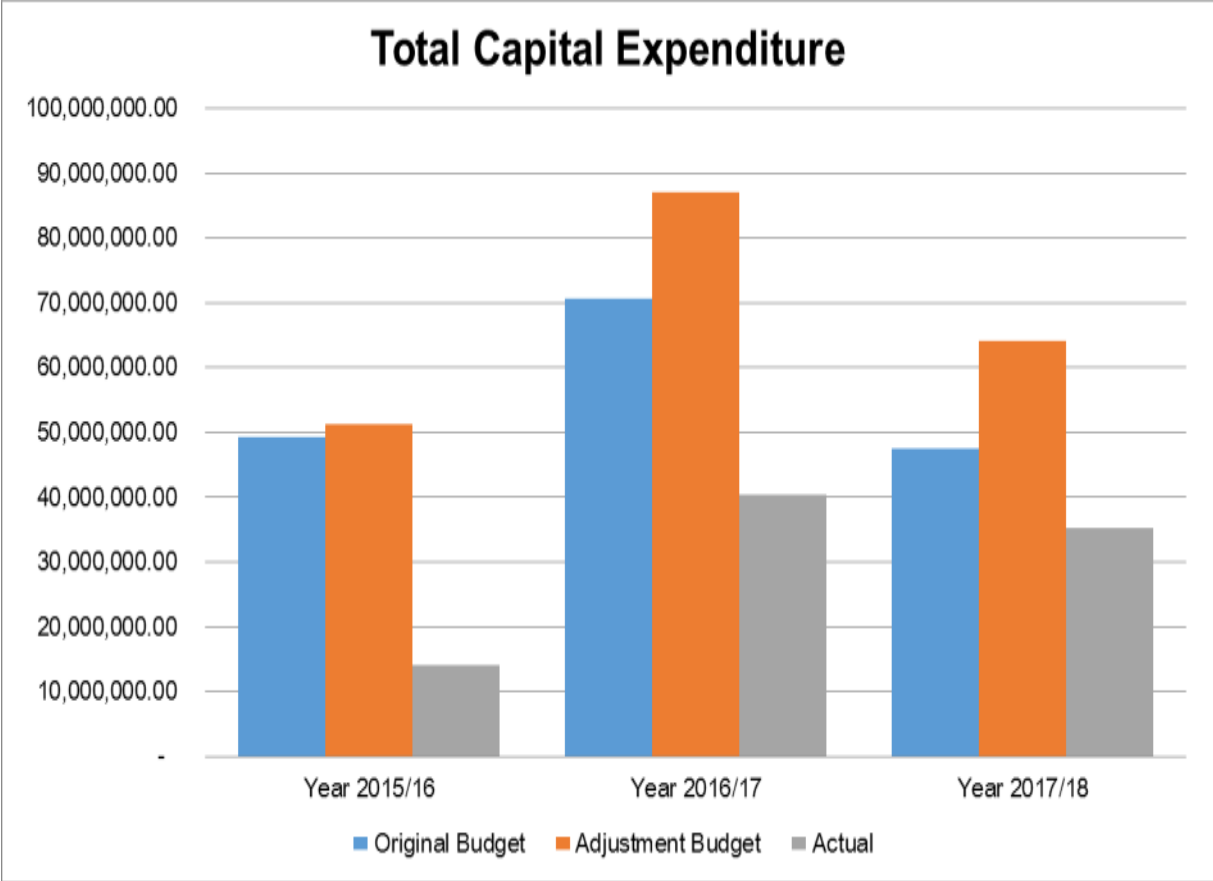
There will be full compliance with statutory requirements. There is no pending legal or regulatory proceedings against the municipality that may, if successful, result in claims that the municipality is unlikely to be able to honour. There is no threat of any changes in law or regulation or government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

| Financial Overview: Year 2017/18 | | | |
|-----------------------------------------|------------------------|--------------------------|----------------|
| | | | R' 000 |
| Details | Original budget | Adjustment Budget | Actual |
| Income: | | | |
| Grants | 164,709,000.00 | 174,320,118.00 | 167,951,927.00 |
| Taxes, Levies and tariffs | 39,339,698.00 | 36,976,853.00 | 36,722,317.00 |
| Other | 6,678,083.00 | 26,483,086.00 | 315,892.00 |
| Sub Total | 210,726,781.00 | 237,780,057.00 | 204,990,136.00 |
| Less: Expenditure | 166,560,064.00 | 173,697,983.00 | 162,735,419.00 |
| Net Total* | 44,166,717.00 | 64,082,074.00 | 42,254,717.00 |
| | | | <i>T 1.4.2</i> |

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

| Total Capital Expenditure: Year 2015/16 to Year 2017/18 | | | |
|----------------------------------------------------------------|---------------------|---------------------|---------------------|
| | | | R'000 |
| Detail | Year 2015/16 | Year 2016/17 | Year 2017/18 |
| Original Budget | 49,276,150.00 | 70,727,270.00 | 47,527,108.00 |
| Adjustment Budget | 51,291,447.00 | 87,014,139.00 | 64,055,528.00 |
| Actual | 14,101,374.00 | 40,350,587.00 | 35,306,420.00 |
| | | | <i>T 1.4.4</i> |

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1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

a) ORGANISATIONAL DEVELOPMENT PERFORMANCE

Council approved an organizational structure making provision for a total of 210 funded and unfunded posts. Out of a total of 210 funded and unfunded posts, 33 is vacant and unfunded whilst 14 is vacant and funded. A total thereof of 163 posts are filled and fully funded on the organizational structure of the municipality. Percentage-wise the occupancy rate translates to 78% and the vacancy rate stands at 12%.

A Workplace Skills plan (WSP) was compiled, consequently submitted as required to guide desired training programmes in an effort to strengthen capacity. A total of 32 Councilors were also trained on various Skills programmes, out of the 32 Councilors 02 were trained on learnership and 30 were also trained on short courses. A total of 14 employees were trained, 03 skills programmes, 09 Workshop and 2 learnership programmes. A total of 18 appointments were made and out of 18 only, including 04 are interns. The Human Resource Management (HRM) is further strengthened through various the following Committees in line with Good Governance. All the below committees and are fully functional.

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

i. External Bursary Programme

The external Bursary was not awarded to any one however there are consideration to direct the budget to an Artisan development programme.

ii. Internal Employee bursary programme

Four (4) employees and (2) Councillors were awarded bursaries to pursue studies at various institutions of higher learning for the 2017/2018 financial year under Budget and Treasury office, Corporate Services and Mayor's office.

iii. Internships and Learnership

Internships that were facilitated by the municipality were in the areas of Finance and Corporate Services. In these various areas, all the appointed are Youth; one (01) placed in Budget and Treasury, (2) Administration, one (1) Human Resource Management. Budget and Treasury interns are part of the Financial Management Grant (FMG) Internship programme. The interns on the FMG programme are on a two (2) year contract whilst other interns are on a one year contract.

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1.6 AUDITOR GENERAL REPORT

a) AUDITOR GENERAL REPORT: YEAR 17/18

The municipality has once again obtained unqualified audit opinion for the fourth consecutive financial year. This is after tireless efforts by the Municipal Manager and his administrative team to ensure that they follow correct policy prescripts in performing municipal functions. We appreciate the support by Mayor and all the Councillors during this period as the municipality started off the financial year with only one Senior Manager after contracts for Municipal Manager and other Senior Managers came to an end at the beginning of the financial year.

The municipality will continue to implement audit action plan to not only correct the findings identified by the Auditor-General, but, and critically to ensure those findings do not recur in the subsequent financial years. It is our express intention that we are pursuing a clean audit for the 2018/19 financial year. The first step towards that outcome is to compile Annual Financial statements on a quarterly basis during the course of the financial year.

1.6.1 EXPLANATION TO CLARIFY SIGNIFICANT ISSUES RELATED TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2017/18.

There were compliance concerns relating to legislations and the municipality shall focus on those matters and improve the effectiveness of internal controls and adherence to the prescribed laws and legislations. The following key matters were highlighted:

1.1 Annual financial statements, performance and annual reports

- 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.

2.1 Procurement and contract management

- 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)

3.1 Revenue management

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

4.1 Consequence management

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- 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.

b) COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

The municipality is responsible to implement the service delivery and budget implementation plan (SDBIP) of the municipality. This is done with the going concern and sustainable liquidity and cash flow as its main driver.

The municipality has not experienced any threat to its immediate cash flow or working capital diminishing threats in the medium term. Division of Revenue Act (DoRA) remains the sole source of working capital and this municipality is currently developing a strategy to acquire funding to acquire assets that may be used to maximise exchange transactions between the municipality and its clients.

• GOING CONCERN

There is no indication of any event or factor that threaten the going concern of the municipality or any factor that may justify application of section 139(1) of the Constitution of the RSA relating to take over by the Provincial or National Government.

• LIQUIDITY

Liquidity management has been maintained at a ratio of 3.1:1 for the financial year. The municipality is solvent with positive cash flows. The municipality does not have any long outstanding debt with bulk service supplier(s) like Eskom; Telkom or any water authority. All debts are paid within 30 days as per section 65 of the Municipal Finance Management Act (Act 56 of 2003). The municipality does not borrow and does not have any borrowings that may be impact its risk profile.

1.7 STATUTORY ANNUAL REPORT PROCESS

Molemole municipality has prepared the 2017/18 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 Manager: Internal audit for review and ultimately submitted to Audit committee for further assessment. The final draft will be tabled in an open Council before public participation drive by the Municipal Public Accounts Committee.

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The Statutory process plan for the 2017/18 Annual Report process is depicted in the table below:

| 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 th 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 consolidated annual financial statements and performance report to Auditor General. | |
| 10 | Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase | |
| 11 | Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data | |
| 12 | Municipalities receive and start to address the Auditor General's comments | September - October |
| 13 | 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 |

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

Administratively, the municipality has appointed a new audit committee to give technical advice on financial and performance related issues. The committee was able to sit in line with set schedule during the financial year and was able to consider all performance related reports for submission to council. The audit committee has done a great job of making follow ups on the Audit Action plan to ensure all issues raised by the Auditor General in the 2016/17 audit period are addressed by the administration. This was also aimed at ensuring that such findings do not recur in the coming financial years.

The municipality has also constituted a Risk Management Committee following the expiry of the term for the previous committee. The committee has managed to develop Strategic and operational risk registers. An action plan was developed and is coordinated by the Risk Officer to ensure identified risks are minimized by departmental managers.

The management committee was also able to hold their scheduled management meetings to report to various portfolio committees for consideration. A functional management committee will always enable Council to play its oversight role over the affairs of the municipality. Other sub-committees established are: the Local Labour forum, Occupational Health and Safety committee, training Committee and Employment Equity committee. The municipality is planning to establish the Performance Management Committee as part of preparation for the rollout of performance management system across all levels of employees.

2.1 POLITICAL GOVERNANCE

a) INTRODUCTION TO POLITICAL GOVERNANCE

The Municipal Council, its committees, i.e. Portfolio committees, Section 79, Executive Committee as well as 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.

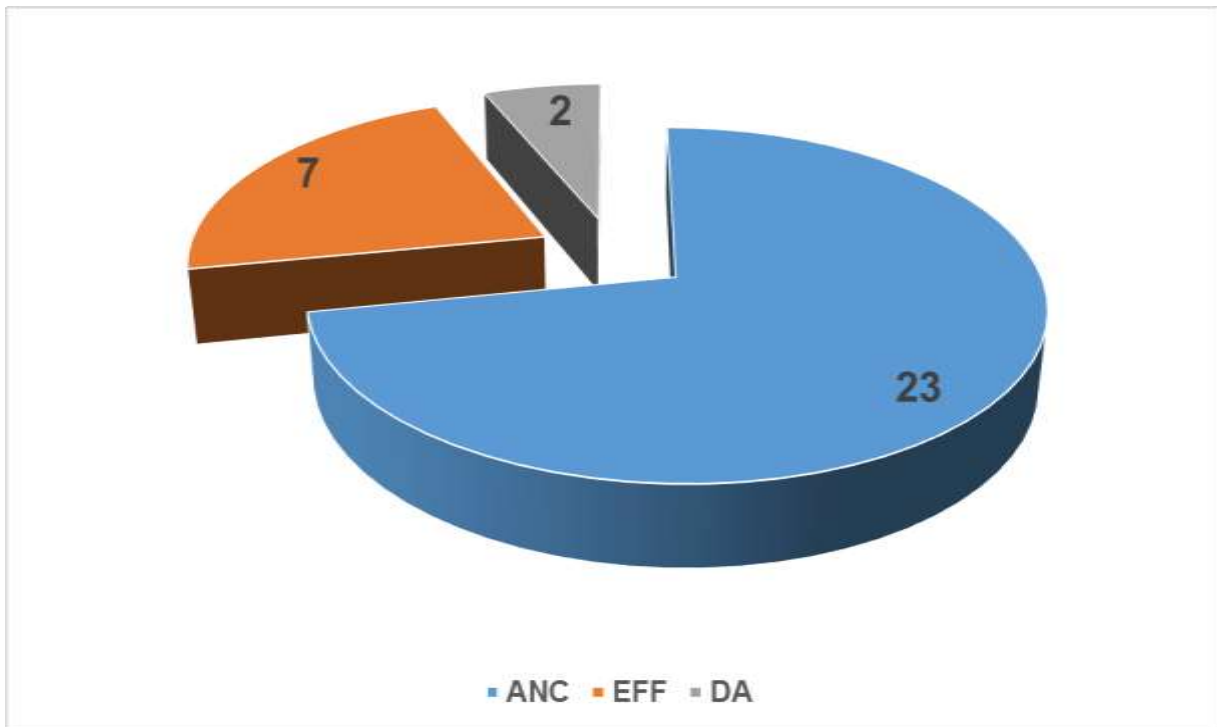
The Municipal Public Accounts committee has played a critical oversight over Administrative activities. This involved project visits and monitoring, investigating matters referred to it by

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Council. The committee was able to consider quarterly performance reports to ensure the community gets good value for the public funds entrusted to Council.

Beside some challenges in establishing Ward committees in the previous financial year, the municipality is proud to report that all the Ward Committees are functional. Ward Councillors are able to hold their scheduled monthly meetings and submit monthly reports for consideration by the Speaker.

b) Composition of Municipal Council



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

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have been nominated to attend council meetings, namely: Machaka and Ramokgopa Traditional Authorities.

2.2 ADMINISTRATIVE GOVERNANCE

a) INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The municipality started off the 2017/18 financial year with only one Senior Manager (Senior Manager for LED&P) after contracts for incumbent Senior Managers expired. It is worth noting that until then the municipality enjoyed a period of stability at that level as all Managers completed their five year terms without any hindrance, bar the Municipal Manager who was employed for a period of three years in line with section 57 (6) (a) of the Municipal Systems Act, 2000 (Act 32 of 2000), amended.

Furthermore, the municipality prides itself for retention of middle managers for the greater portion of the 2017/18 financial year. This adds to the continuity, consistency and stability in the administration of municipal affairs.

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

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.

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.

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c) TOP ADMINISTRATIVE STRUCTURE

| DESIGNATION | INITIALS AND SURNAME | Key Performance Areas |
|---------------------------------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Municipal Manager | Mr. M.L Mosena | 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. |
| Chief Financial Officer | Miss K. Zulu | Budget and Reporting, Revenue Management, Expenditure Management and Supply chain management |
| Senior Manager: Corporate Services | Mr. K.E Makgatho | Administration and Auxiliary services, Human Resources management and labour relations, Information and Communication Technology and Council Support services. |
| Senior Manager: Technical Services | Mr. Y. Wasilota | 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 |
| Senior Manager: Community Services | Mrs. M.F Mabuela | Maintenance of social and public amenities, Implementation of EPWP programmes, Environmental management, Traffic and Law enforcement. |
| Senior Manager: LED&P | Mr. MW Ramogale | Local economic development, Coordination of IDP, Town and Regional planning services |

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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 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 vision of Molemole municipality reads "A developmental people driven organization that serves its people". Intrinsic in the vision is that the municipality will always engage its people in determining the future state of the municipality in terms of the type of services to be delivered, as well as the form and shape to deliver them. To be true to this developmental agenda the municipality undertook public participation drives across all the wards to listen to the needs, preferences and aspirations of the people as part of the IDP and Budget processes. This, we believe, will go a long way in maintaining trust and confidence in the democratic processes of our constitutional dispensation. The community must feel a sense of ownership of the IDP in order to support actions and decisions to implement the plan!

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Furthermore, the municipal council keep the communities up to date on implementation of service delivery programmes through Mayoral outreach programmes which are held on a quarterly basis. The municipality also held open Council meetings wherein the community are invited to observe the proceedings of Council. As a Constitutional democracy we strongly subscribe to the notion that public participation is the cornerstone of governance by the people. Public participation sessions have been organized during the month of April 2018 to present the draft annual report for 2016/17. This sessions will continue even in the current financial year as we present the 2017/18 Annual report for public comments. We are always opening ourselves for public scrutiny as a way of running an open and transparent administration that accounts for the use of public resources entrusted to us by the citizenry.

2.4 PUBLIC MEETINGS

a) Communication, Participation And Forums

Public engagements with communities is integral part of the municipal operations. The municipality engages 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. The turnout/audience at the events exceeded expected targets by bigger margins. The municipality's IDP process plan is an important instrument used to guide our interaction with the communication.

The Mayor held Mayor-Magoshi forum to present service delivery reports and also to invite inputs from our traditional authorities on planned development initiatives in their respective jurisdictions. Furthermore, various stakeholders (businesses, faith based organizations, civil society formations, etc.) took part in our IDP Representative forums wherein both Management and political leadership provides clarity on planned service delivery initiatives to address special interest groups. We call on the community of Molemole to continue their support through their massive attendance of municipal events as they provide important inputs to our planning and implementation initiatives.

b) Ward Committees

The municipality is proud to report that all the sixteen Ward Committees are functional following some legal challenges experienced in the 2016/17 financial year. A seventh ward committee conference was organized in June 2017 which sought to among other things capacitate the newly established ward committees and clarify their roles and responsibilities as foot soldiers. Ward committees are required to hold monthly meetings in their respective communities to, among other things give service delivery reports to the community as well as obtain inputs on service delivery needs in their respective communities. The Ward Councillor serves as the chairperson in all the monthly meetings.

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The following declarations were made during the conference:

c) Public Meetings

The table below give detailed report on the public meetings for the 2017/18 financial year:

| Nature and purpose of the meeting | Venue of event | Number of participating Municipal Councillors | Number of participating Municipal administrators | Number of Community members attending | Date of the event |
|-----------------------------------|------------------------------|-----------------------------------------------|--------------------------------------------------|---------------------------------------|-------------------|
| Council Meeting | Mogwadi council chamber | 31 | 08 | 11 | 04-07-2017 |
| Council Meeting | Mogwadi council chamber | 23 | 7 | 0 | 31-07-2017 |
| Open Council meeting | Mogwadi council chamber | 23 | 8 | 25 | 28-08-2017 |
| Council Meeting | Mogwadi council chamber | 28 | 4 | 0 | 02-10-2017 |
| Council Meeting | Mogwadi council chamber | 24 | 6 | 0 | 24-10-2017 |
| Council Outreach Meeting | Mogwadi council chamber | 25 | 5 | 15 | 31-10-2017 |
| Open Council Meeting | Happy tigers sports ground | 26 | 10 | 121 | 29-03-2018 |
| Open Council meeting | Mogwadi council chamber | 21 | 8 | 21 | 30-04-2018 |
| Open Council meeting | Sekuruwe Aces sports ground | 32 | 10 | 600 | 31-01-2018 |
| Special council | Masana lodge | 32 | 05 | 0 | 23-02-2018 |
| Ordinary council | Mogwadi council chamber | 30 | 5 | 14 | 28-02-2018 |
| Open Council meeting | Ga-Kgare | 17 | 7 | 0 | 28-05-2018 |
| Woman's parliament | Matseke resource centre | 59 | 08 | 26 | 29-08-2017 |
| Mayoral imbizo | Capricorn park sports ground | 28 | 13 | 400 | 08-09-2017 |

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 |

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| IDP Participation and Alignment Criteria* | Yes/No |
|--------------------------------------------------------------------------------|---------------|
| 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 |
| <i>* Section 26 Municipal Systems Act 2000</i> | |

COMPONENT D: CORPORATE GOVERNANCE

a) OVERVIEW OF CORPORATE GOVERNANCE

During the year under review, the priorities of the Municipality were channeled at strengthening good governance, deepening broader community participation in development planning, facilitating job creation initiatives and improving operational efficiency. In this instance the focus was on strengthening capacity in line with the priorities of the NDP (National Development Plan), tightening internal controls through review and development of other necessary policies, improving community participation processes and strengthening financial Governance.

In pursuit of enhancing good governance, we partnered with COGHSTA to assist the municipality with Revenue Enhancement strategy to help boost own revenue funding. The Audit and Risk Management committees have been duly constituted following expiry of the term of the previous committee. The municipality has also migrated smoothly to the new MSCOA financial system as

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required by Treasury. The migration of online leave management system will go a long way in ensuring that employees leave register is properly maintained.

The Municipality has reasonably had a stable workforce since implementation of an organization wide re-engineering process which got introduced at the time when the Municipality experienced high turnover rate some three (3) years ago. There was however two resignations in the year under review – Manager: Legal Services and the Human Resource Manager. The Municipality is however still in a good position to attract to attract reasonably knowledgeable and better skilled employees.

2.6 RISK MANAGEMENT

The municipality has a functional risk management committee that helps the Accounting Officer to identify both strategic and operational risk registers. The chairperson of the Risk Committee has been appointed by a majority of Councillors in a formal council sitting. To ensure objectivity and Independence the Chairperson come from External environment. The other committee members are made up of Senior Managers from the six departments, including the Municipal Manager.

The Risk Officer has been appointed and helps with monitoring risk mitigation to ensure the municipality, its Councillors and employees and all stakeholders interacting with the municipality to operate under a risk free environment. The Risk Officer also serve as the internal resource person for the Risk committee chairperson. All departments submit progress reports on the measures taken to mitigate identified risks on a quarterly basis to the Risk Management Committee.

The reviewed Risk Management policies for 2018/19 approved by Council on the 29 May 2018 to assist with the effective and efficient implementation of risk management. The approved policies are as follows: **Risk Management Policy, Risk Management Strategy and Risk Management Plan.**

Quarterly progress report on the implementation of Risk Management are submitted to the Audit Committee and Council. The following strategic risks were identified as key to management of Risk:

1. Inadequate Performance Management systems: Only Senior Management are assessed. There is still a need to cascade to the lower level employees.
2. Fraud and corruption
3. Electricity Distribution losses
4. Ageing Infrastructure
5. Inadequate attraction of potential investors
6. Misalignment of ICT processes to Governance framework
7. Low Revenue collection and limited income streams
8. Non-compliance to MSCOA regulations.
9. Non-compliance to Supply chain Management prescripts
10. Landfill sites not adequately managed

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2.7 ANTI-CORRUPTION AND FRAUD

a) ANTI-FRAUD AND CORRUPTION STRATEGY

The municipality does not tolerate any corrupt or fraudulent activities whether internal or external to the organisation, and will vigorously pursue and prosecute any party, by legal means available, found to be engaging in such practices or attempt to do so. The municipality is guided by the Fraud Prevention Policy, Fraud Prevention Strategy and the Fraud Prevention Plan in the fight against fraud and corruption.

The municipality also uses the review by the internal audit unit and the Office of the Auditor General (AGSA) to detect any corrupt and fraudulent activities. The oversight by the MPAC and the Audit Committee also add value in the fight against fraud and corruption. The Anti-Fraud hotline by the Capricorn District Municipality and Premier's fraud hotline are other measures that the municipality utilised in the fight against Fraud and Corruption. There was no fraud related cases that were reported from District anti-fraud hotline in 2017/18 financial year. The municipality also uses review by the internal audit unit and Office of the Auditor General (AGSA) on the control environment to detect any corrupt and fraudulent activities.

b) THE MUNICIPALITY HAS IMPLEMENTED THE FOLLOWING CONTROLS TO PREVENT FRAUD AND CORRUPTION.

- **Financial policies and procedures**

All municipal financial related transactions are done in line with the approved policies which are reviewed annually and approved by Council.

- **Code of conduct for municipal officials and councillors**

Councillors and employees have signed a code of conduct for municipal officials and councillors in line with the recommendation of the Risk management committee.

- **Physical security**

The contract for security services expired on the 31st July 2018 after a six (6) months extension period. The municipality has appointed two service providers each for Mogwadi main office and Morebeng branch office for a period of three (3) years, effective from August 2018. Mathomomayo Investments (t/a Maximum Security) have been appointed for Morebeng branch office and a total of seventeen (17) Security Officers providing guarding services on a 24/7 basis. Phuthadichaba Trading Enterprise was appointed for Mogwadi premises and has a total of twenty nine (29) Security Officers. All appointed security companies have undergone a successful vetting process with the State Security Agency and provide guarding services on a 24/7 basis.

- **Human resources policies and procedures**

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Policies for human resource management and labour relations have been reviewed and approved by Council on the 29th May 2018. All Human Resource activities are referred to the Local labour forum as part of consultation and inputs before and during implementation.

- **Fraud Hotline stickers**

Thirty two (32) vehicles have been pasted with Anti-fraud stickers as part of encouraging communities to keep a watch on abuse of state vehicles under the guise of service delivery.

- **Governance Committees**

The oversight role by MPAC and Audit Committee also add value in the fight against fraud and corruption. The anti - fraud hotline by Capricorn District Municipality is one of the measures that the municipality utilises in the fight against fraud and corruption.

c) Internal Audit

The Internal audit unit of the municipality consists of Manager: Internal audit, internal unit reporting directly to the Manager and one (1) Intern. The unit report directly to the Office of the Municipal Manager. The Internal Audit unit has, as its main activity conducted audits relating to regulation, internal control, and performance audits as well as IT Audit. These audits are guided by an approved annual audit plan and a three year rolling internal audit plan, reviewed annually. All the audits reports are presented for consideration by the Audit Committee. The follow up report on issues raised by the Auditor General (AGSA) and Internal Audit are continually monitored and reported in the Audit Committee on a quarterly basis.

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.

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b) SCM POLICY

The council of the Municipality approved the supply chain management policy on the 31st May 2017. 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 reviews. The policy is also reviewed to cater for audit findings by the Auditor-General.

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.

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 procure are 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 |
|-------------------|-------------------------------|-----------------------------|
| Mr. Makgoka F.C.M | Manager: LED | 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. Molemole municipality publish all awarded and cancelled tenders on e-tender publication portal and municipal website. This speaks to the transparency and accountability principle. A total of 25 tenders were awarded during the 2017/18 financial year. The municipality has successfully migrated to

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Central Supplier Database system to replace Local database system. This proved to be efficient as it has reduced the administrative burden of managing the database system.

The Supply Chain Management unit plays 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. The table below outlines procurement statistics for the 2017/18 financial year:

| 2017/18 Procurement statistics | | | | | |
|--------------------------------|------------------------|-------------------------------|--------------|-------------------------|--------------------|
| Quarter | Total Procurement Bill | Bill spent on Local Suppliers | % Percentage | % of District Suppliers | % outside district |
| 1 st | R6,033,810.65 | R2,113,721.24 | 35% | 58% | 7% |
| 2 nd | R3,141,835.67 | R1,058,829.81 | 34% | 64% | 2% |
| 3 rd | R5,225,780.73 | R3,563,686.20 | 68% | 25% | 7% |
| 4 th | R11,860,464.05 | R5,706,168.88 | 48% | 12% | 40% |
| Total | R26,261,891.10 | R12,442,406.13 | 47% | 32% | 21% |

| Total Procurement Bill: RFQs vs Tenders | | |
|-----------------------------------------|-----------------------|----------------------|
| Quarter | RFQs | Tenders |
| First | R6,033,810.65 | R0.00 |
| Second | R3,141,835.67 | R0.00 |
| Third | R5,225,780.73 | R0.00 |
| Fourth | R7,509,723.95 | R4,350,740.10 |
| Total | R21,911,151.00 | R4,350,740.10 |

2.9 BY-LAWS

a) Introduction to By-laws

The function of compiling and reviewing by-laws falls under the Legal Services, which reports to the Office of the Municipal Manager. The Legal unit ensures that all actions and decisions taken by Council and its structures are in compliance with legislation and to also avoid litigations. Legal Services also provides a support function to the respective Directorates with regard to legal advice, contracts and by-laws. It provides a supportive and advisory function that strengthens the capacity of the Municipality to fulfil its legislative mandate.

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The municipality has approved the following by-laws which have been active in the 2017/18 financial year:

| Title By-law | Purpose of by-law |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Credit control and debt collection by-laws | To allow Council to exercise its power to value and impose rates on municipal services located within its area of jurisdiction in such a manner that it will contribute to effective and economic service delivery to the entire community. |
| Tariffs by-laws | To achieve the constitutional objectives by ensuring the provision of sustainable, effective and efficient municipal services to communities, by promoting social and economic development, by promoting a safe and healthy environment, and by encouraging the involvement of communities in the matters of local government |
| Property rates by-laws | To allow Council to exercise its power to value and impose rates on immovable properties located within its area of jurisdiction in such a manner that it will contribute to effective and economic service delivery to the entire community. |

All the by-laws have gone through the public participation process before adoption. There were no by-laws that were introduced or revised in the year under review.

b) COMMENT ON BY-LAWS:

The Municipality is in the final stages of developing by-laws addressing Traffic (enforce and ensure compliance NRTA), street trading, outdoor advertising and Spatial Planning and Land Use Management Act (SPLUMA). The aforementioned by-laws are in addition to the existing Council adopted by-laws in the Municipality addressing various compliance issues.

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 will in 2018/19 financial year begin the process of upgrading the website to make it more user-friendly and also be a hub of information for our users. This will include an interactive system to enable our residents to share their service delivery experiences with the Mayor of the municipality. Residents will also be able to download important information on government-wide policies and other service delivery programmes. The Municipality has in the 2017/18 financial year launched its Social Media accounts on Facebook and Twitter. It is pleasing to report that we have

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attracted 421 likes and 504 followers for Facebook and 146 for Twitter. Both accounts have been used to communicate with the wider public and followers to these channels continue to grow.

| Municipal website: content and currency of material | | |
|-------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------------|
| Documents published on the municipality`s /entity`s website | Yes/No | Publishing date |
| Current annual and adjustment budgets and all budget related documents | Yes | Annual |
| All current budget related policies | Yes | 1 st July |
| The previous annual report (2016/17) | Yes | 30 March 2018 |
| The annual report for 2017/18 published / to be published | Yes | 2018/19 4 th Quarter |
| All current performance agreements required in terms of section 57 (1) (b) of the MSA and resulting score cards | Yes | 31 July 2018 |
| All service delivery agreements (2017/18) | N/A | |
| IDP 2017/18 | Yes | 1 st July 2018 |
| All long term borrowing contracts (2017/18) | 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) | No | Yearly |
| Contracts agreed in 2017/18 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 quartely reports tabled in the council in terms of section 52 (d) during (2017/18) | Yes | As and when tabled and approved by council |

b) Communication with Internal stakeholders

Communication unit is responsible for communicating with Councillors, Employees, Molemole residents. Bulk sms are used to interact with theses stakeholders on issues relating to municipal functions. This has saved fuel and overtime costs for the municipality as we are no longer delivering letters and council agendas to their respective places of abode.

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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.

A batho pele committee has been established to address all the queries registered through any of the above channels. The committee works in conjunction with the two Officials who are assigned the responsibility of dealing with customer complaints. The municipality officials has attended all the monthly service complaints forums convened at both Provincial and District levels in the 2017/18 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 2017/18 FINANCIAL YEAR IS TABULATED BELOW:

| Division | Total cases received | Total cases resolved | Total outstanding cases |
|-------------------------------------|----------------------|----------------------|-------------------------|
| Administration | 0 | 0 | 0 |
| Road & Storm Water | 2 | 0 | 2 |
| Water & Sanitation | 0 | 0 | 0 |
| Electricity | 1 | 0 | 1 |
| Parks & Cemetery and Refuse Removal | 1 | 1 | 0 |
| Library | 3 | 3 | 0 |
| Traffic | 0 | 0 | 0 |
| IDP | 0 | 0 | 0 |
| Town Planning | 0 | 0 | 0 |
| Income | 1 | 1 | 0 |
| Municipal Manager | 1 | 1 | 0 |
| TOTAL CASES | 9 | 6 | 3 |

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b) CHALLENGES ON COMPLAINTS MANAGEMENT

The Municipality has got sufficient capacity to deal with complaints allocated within the required timeframe. The main challenge is the wrong referral of cases to the municipality, i.e. cases that relates to sector departments or even the District municipality. This lead to the municipality assigning resources to these cases, leading to delays in resolving relevant cases. Complaints register is serving in all Management committee meetings.

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

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3. FINANCIAL PERFORMANCE OF THE MUNICIPALITY FOR THE FINANCIAL YEAR 2016/17

3.1 Revenue

| DESCRIPTION | ANNUAL BUDGET | ANNUAL ACTUAL | % REVENUE COLLECTED | VARIANCE | REASONS FOR VARIANCE |
|--------------------------------------|---------------|---------------|---------------------|----------|---------------------------------------------------------------------------------------|
| | R | R | % | % | |
| Revenue By Source | | | | | |
| Property Rates | 13,725,095 | 16,184,010 | 118 | -18 | Properties received from former Aganang. Local municipality allocation to the system. |
| Service Charges- Electricity | 8,057,753 | 8,300,884 | 103 | -3 | None |
| Service Charges-Refuse | 2,057,915 | 1,763 228 | 86 | 14 | None |
| Rental of facilities and equipment | 255,587 | 338239.64 | 132 | -32 | Rental income accrual recognition had an impact on reporting processes. |
| Interest earned- external investment | 1,888,257 | 1,575,122 | 83 | 17 | The municipality did not have enough funds to invest as it initially anticipated |
| Interest earned- outstanding debtors | 1,330,849 | 1,138,975 | 90 | 10 | Debt written-off and the increase in collection rate. |
| Fines | 1,079,173 | 1,008,500 | 93 | 7 | None |
| Licences and permits | 6,354,053 | 2,455,745 | 39 | 61 | System technical problem and the break-in at Morebeng traffic station. |
| Agency services | 2,175,948 | 2,368,757 | 108 | -8 | None |
| Transfers and subsidies | 174,320,118 | 167,951,927 | 96 | 4 | None |
| Gain on disposal of assets | - | 102,235 | - | 100 | |
| Actuarial gains | - | 1,472,458 | - | 100 | |
| Other revenue | 26,535,849 | 315,092 | 1 | 99 | Stands to be sold by the |

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| DESCRIPTION | ANNUAL BUDGET | ANNUAL ACTUAL | % REVENUE COLLECTED | VARIANCE | REASONS FOR VARIANCE |
|-------------------------------------------------------|--------------------|--------------------|---------------------|-----------|-----------------------------------------------------------------------------------------------|
| | | | | | municipality processes has not been finalized and the process was implemented in august 2018. |
| Total Revenue (including Capital transferred) | 237,780,597 | 204,878 615 | 86 | 14 | |

The total annual revenue budget for the financial year 2017/18 amounts to **R237,780,597.00** and the actual revenue collected from 01 July 2017 to 30 June 2018 amounts to **R 204,878 615 (86%)** compared to the proportional percentage of **100%**.

3.2 OPERATING EXPENDITURE

| DESCRIPTION | ANNUAL BUDGET | ANNUAL ACTUAL | % EXPENDITURE | VARIANCE | REASONS FOR VARIANCE |
|-----------------------------|---------------|---------------|---------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employee related costs | 76,839,806 | 67,443,438 | 88 | 12 | Some vacant and funded posts not filled |
| Remuneration of Councillors | 12,023,638 | 12,031,429 | 100 | 0 | None |
| Debt impairment | 5,195,000 | 3,969,726 | 72 | 28 | Debts Write-Off Resolution For 100% Write Off On Water Issued By The District Council And 100% Residential Write-Off Issued By Molemole Council Lead To The Delays In Finalizing The Impairment As It Is Having Direct Impact On The Final Figure |
| Depreciation | 7,699,972 | 7,527,326 | 98 | 2 | None |
| Finance costs | 1,128,569 | 1,188,951 | 105 | 5 | None |
| Bulk purchases | 9,473,821 | 9,198,303 | 97 | 3 | None |
| Contracted services | 19,050,814 | 15,909,210 | 84 | 16 | None |
| Other material | 2,054,571 | 1,781,069 | 87 | 13 | |
| Collection costs | 400,000 | 32,982 | 8 | 92 | |

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| DESCRIPTION | ANNUAL BUDGET | ANNUAL ACTUAL | % EXPENDITURE | VARIANCE | REASONS FOR VARIANCE |
|------------------------------------|--------------------|--------------------|---------------|----------|----------------------|
| General Expenses | 40,383,456 | 46,443,277 | 115 | -15 | None |
| TOTAL OPERATING EXPENDITURE | 174,249,647 | 163,711,661 | 93 | 7 | |

The total annual operating budget for the financial year 2017/18 amounts to **R174,249,647.00** and the actual expenditure from 01 July 2017 to 30 June 2018 amounts to **R162,812,059(93%)** compared to the proportional percentage of **100%**.

3.3 CAPITAL EXPENDITURE

| DESCRIPTION | ANNUAL BUDGET | ANNUAL ACTUAL | % EXPENDITURE | VARIANCE | REASONS FOR VARIANCE |
|----------------------------------|-------------------|-------------------|---------------|-----------|----------------------|
| | R | R | | | None |
| Assets from own funds | 17,679,067 | 11 854 293 | 67 | 33 | None |
| Assets from Grants and subsidies | 46,376,457 | 23 452 126 | 51 | 49 | None |
| TOTAL CAPITAL EXPENDITURE | 64,055,524 | 35,306,419 | 55 | 45 | None |

The annual capital budget for 2017/18 financial year amounts to **R64, 055,524.00**. The actual capital expenditure for the period ending 30 June 2018 amounts to **R35, 306,419.00**. The Municipality should spend 100% against the total allocated budget at the end of the financial year and the Municipality spent 55% and variance is 45%.

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3.4 DEBTORS

Comprehensive analysis of service debtors

The net outstanding debtors per services as at 30 June 2018 amounts to Rand is made up as follows:

| Molemole Local Municipality | | | | | |
|-------------------------------------------------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------------|--------------------------------------|
| Debtors age analysis balances as per Ageing - 30 June 2018 | | | | | |
| R00.00 | | | | | |
| Debtors Category and Services. | Sum of Total 30days | Sum of total 60 days | Sum of total 90 days | Sum of total > 90 days | Sum of Total Debt outstanding |
| Electricity | 657 766,06 | 277 663,43 | 217 311,38 | 5 568 337,21 | 6 721 078,08 |
| Refuse | 344 138,56 | 164 165,96 | 160 965,77 | 6 482 094,91 | 7 151 365,20 |
| Sundries | 8 669,73 | 4 279,03 | 4 224,40 | 430 207,37 | 447 380,53 |
| CDM | 502 753,30 | 169 794,62 | 156 128,76 | 2 223 917,30 | 3 052 593,98 |
| Rates - Residential development | 302 915,76 | 143 804,12 | 140 427,28 | 5 976 193,27 | 6 563 340,43 |
| Rates - Residential vacant land | 5 690,69 | 2 762,63 | 1 887,59 | 90 638,51 | 100 979,42 |
| Rates - Business and Commercial | 228 386,28 | 94 979,38 | 86 032,09 | 2 484 767,24 | 2 894 164,99 |
| Rates - Residential National Government | 17 102 560,90 | 736 342,18 | 735 833,56 | 32 842 186,87 | 51 416 923,51 |
| Rates - Public Service Infrastructure | 1 810,49 | 962,16 | 958,89 | 60 125,71 | 63 857,25 |
| Rates - Agricultural Properties | 275 753,75 | 93 887,81 | 93 432,19 | 8 019 025,04 | 8 482 098,79 |
| Rates - Agriculture | 194,83 | 94,84 | 93,11 | 1 716,36 | 2 099,14 |
| Rates - Farm Properties - other | 30,50 | 15,25 | 11,70 | - | 57,45 |
| Grand Total | 19 430 670,85 | 1 688 751,41 | 1 597 306,72 | 64 179 209,79 | 86 895 938,77 |

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3.5 NON-FINANCIAL/SERVICE DELIVERY PERFORMANCE

3.5.1 Summary of non-Financial Performance per Municipal Departments during 2016/17 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 | % targets discontinued |
|----|-----------------------------------------|------------------------|------------------------|--------------------|----------------------------|------------------------|----------------------------|------------------------|
| 1 | Corporate Services | 10 | 7 | 70% | 2 | 20% | 1 | 10% |
| 2 | Technical Services | 12 | 2 | 17% | 9 | 75% | 1 | 8% |
| 3 | Community Services | 4 | 4 | 100% | 0 | 0% | 0 | - |
| 4 | Local Economic Development and Planning | 16 | 12 | 75% | 3 | 19% | 1 | 6% |
| 5 | Finance/Budget and Treasury | 10 | 9 | 90% | 1 | 10% | 0 | - |
| 6 | Municipal Manager's Office | 36 | 19 | 53% | 16 | 44% | 1 | 3% |
| | Total | 88 | 53 | 60% | 31 | 35% | 4 | 5% |

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3.5.2 Summary of non-Financial Performance per Municipal Departments during 2017/18 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 | 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 | Budget and Treasury | 29 | 24 | 86% | 04 | 14% | 01 | 3% |
| 6 | Municipal Manager's Office | 25 | 17 | 68% | 08 | 32% | 0 | 0% |
| | Total | 101 | 72 | 71% | 27 | 29% | 02 | 2% |

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3.5.3 2017/18 SUMMARY OF NON- PERFORMANCE OF SET TARGETS AND MEASURES TO IMPROVE PERFORMANCE

| TARGETS NOT ACHIEVED | CHALLENGE | CORRECTIVE MEASURES |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. LED&P Department | | |
| <ul style="list-style-type: none"> - IDP representative Forum - Risk management | <p>Only 2 x IDP rep Forums was achieved due to budget constraints.</p> <p>Spatial planning framework and LED strategy were not reviewed</p> | <p>Provision of adequate budget in the 2018/19 financial year.</p> <p>Spatial planning framework and LED strategy should be reviewed in the 2018/19 FY.</p> |
| 2. TECHNICALSERVICES | | |
| <ul style="list-style-type: none"> - Matipana to Madikana gravel to tar road - Ramokgopa Eisleben gravel to tar - Upgrading of Nthabiseng internal streets. - Mohodi sports complex. - Upgrading of electricity network. - Supply and installation of street lights. | <p>There was hard rock discovered whereby blasting was required and resulted in the delay.</p> <p>Financial constraints from MIG registration and internal funding was not available.</p> <p>Way-leave application submitted in Nov 2017. Awaiting way-eave approval from SANRAL which delays registration by MIG.</p> <p>Multi-year project (17/18 and 18/19)</p> <p>Project discontinued due to budget constraints.</p> <p>Project re-advertised.</p> | <p>Project rolled over to 2018/19 Financial year, to be completed end August 2018.</p> <p>0,5km will be budgeted for in the 2018/19 with internal funding.</p> <p>Project rolled over to 2018/19 Financial year, follow ups are done regularly to speed up the approval by SANRAL</p> <p>Budgeted and to be completed in the 18/19 fin year</p> <p>Project will be implemented in the 2018/19 FY.</p> <p>Project will be implemented in the 2018/19FY</p> |
| 3. CORPORATE SERVICES | | |

Chapter 3

| TARGETS NOT ACHIEVED | CHALLENGE | CORRECTIVE MEASURES |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> - Establishment of Moletji satellite Cluster office. - Recruitment and selection processes - Fire detectors and alarm system | <p>There were delays in surveying and rezoning of the allocated site</p> <p>Ongoing terminations. The municipality has prioritised filling positions that became vacant due to terminations over other vacant posts on the organizational structure</p> <p>Fire detectors not recommended for Molemole municipal building as per building and construction regulations. The previous target was not in line with relevant legislations.</p> | <p>Survey report submitted and the handover of site to service provider is done.</p> <p>Municipality will implement the retention strategy to reduce staff turn-over.</p> <p>Revisit the project and take guidance from the building and construction regulations. The project will be implemented in 2018/19 FY.</p> |
| 4. COMMUNITY SERVICES | | |
| <ul style="list-style-type: none"> - Renovation and extension of Mogwadi Tennis Court. - Procurement of a tractor with grass cutting equipment. - Beautification of Morebeng town. - Risk management. | <p>There were delays in SCM processes.</p> <p>There were delays in SCM processes.</p> <p>There were delays in SCM processes.</p> <p>The municipal landfill sites not adequately managed.</p> | <p>Project will be rolled over and be completed in the 1st quarter 2018/19.</p> <p>Project will be rolled over and be completed in the 1st Quarter of 2018/19.</p> <p>Project rolled over to be completed in the 1st quarter 2018/19.</p> <p>Municipality should appoint security to control access into landfill sites.</p> <p>Municipality should appoint operator to assist in managing the waste disposal processes and include the disposal fee tariff provision in the Tariff policy.</p> |
| 5. OFFICE OF MUNICIPAL MANAGER | | |
| | Only One instead of Four Youth events was | The events will be implemented in the |

Chapter 3

| TARGETS NOT ACHIEVED | CHALLENGE | CORRECTIVE MEASURES |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> - Youth activities - Disability programme - Older persons programme - Events Management Equipment - Audit Action Plan - Risk register - Assessment of Senior Managers. - Risks identified | <p>held due to budget constraints.</p> <p>Two events were held due to financial constraints.</p> <p>Three events held due to budget constraints</p> <p>Only municipal branding was purchased.</p> <p>Slow implementation of issues raised.</p> <p>Not all risks were resolved within the timeframe as specified in the register.</p> <p>The municipality had only One permanent senior manager to be assessed.</p> <p>Municipality did not yet signed performance agreement with middle management.</p> | <p>2018/19 FY.</p> <p>The programme will be implemented in the 2018/19 FY.</p> <p>Programme will be implemented in the 2018/19 FY.</p> <p>Purchasing of podium and Loud hailers revised as municipality had recently purchased.</p> <p>Weekly steering committee meetings will be coordinated to address outstanding issues.</p> <p>Departments not complying.</p> <p>Municipality should fill all Senior managers' positions.</p> <p>Strengthening of monitoring and evaluation tools by cascading performance management.</p> |
| <p>6. BUDGET AND TREASURY</p> | | |
| <ul style="list-style-type: none"> - Cost recovery and Debtors analysis - Reconciliation of debtors account | <p>Rate payers who did not complete write-off applications are disputing the process.</p> <p>Only 6 out of 12 months debtor reconciliation was done.</p> | <p>Extension of the application process in respect to write-off will be reconsidered after the council resolution.</p> <p>Opening balances upload was done in second quarter due to MSCOA</p> |

Chapter 3

| TARGETS NOT ACHIEVED | CHALLENGE | CORRECTIVE MEASURES |
|-------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| - Salary reconciliation | MSCOA votes having insufficient funds. Some votes not allocated the budget. | implementation processes. Allocation of correct votes and budget should be done. |

3.6 DETAILED DEPARTMENTAL PERFORMANCE AGAINST PLANNED TARGETS AS PER THE 2017/18 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

a) LOCAL ECONOMIC DEVELOPMENT AND PLANNING

| Key Performance Area (KPA) 1: | | | | | Spatial Rationale | | | | | | | | |
|-------------------------------|---------------------|----------------------------------------------|----------------------------------------------------|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|-------------------------------------------------------------|----------------------|------------|--------------------|---------------------------------------------------|---------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs : | | | | | <ul style="list-style-type: none"> Actions supportive of the human settlement outcome Implement a differentiated approach to municipal financing, planning, and support | | | | | | | | |
| Strategic objectives | | | | | To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 actual achievement Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit review |
| 1 | Spatial planning | Spatial planning awareness | Number of workshop conducted | New indicator | 4 spatial awareness workshop conducted | None | N/A | Achieved. 4 spatial awareness workshops conducted | New | None | None | Budget: R40 000 Expenditure : R20 300 | No exception found Attendance registers submitted. |
| 2 | Spatial planning | Development of Spatial development framework | Number of Spatial development frameworks developed | New Indicator | One(1) Spatial Development Framework developed | SDF Status Quo Report | N/A | Achieved. SDF Status Quo Report compiled | New | None | None | Budget: R900 000 Expenditure : R326 000 | No exception found SDF status quo report submitted. |

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| Key Performance Area (KPA) 1: | | | | | Spatial Rationale | | | | | | | | |
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| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs : | | | | | <ul style="list-style-type: none"> • Actions supportive of the human settlement outcome • Implement a differentiated approach to municipal financing, planning, and support | | | | | | | | |
| Strategic objectives | | | | | To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 actual achievement Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit review |
| 3 | Spatial planning Spatial planning | Pegging of sites | Percentage of sites requested pegged | New indicator | 100% of sites requested pegged | None | N/A | N/A No sites requested | New | N/A | N/A | Budget: R500 000 Expenditure : R496 407 | No requests received |
| 4 | | | Number of sites pegged in Mogwadi and Morebeng | 100 sites pegged in Mogwadi and Morebeng | No Target | 180 sites pegged in Mogwadi Morebeng | Achieved | Achieved 180 sites pegged in Mogwadi and Morebeng | old | None | None | | No exception found 100 sites pegged in Mogwadi and Morebeng |
| 5 | Spatial planning | Subdivision /consolidation and rezoning of municipal sites | Number of Subdivision /consolidation and rezoning of municipal sites | New Indicator | 100% of sites for subdivision/consolidation and rezoning process | 2 sites subdivided and rezoned | N/A | Achieved 2 sites subdivided and rezoned | New | None | None | Budget: R150 000 Expenditure : R122 381 | No exception found. Two(2) subdivided and rezoned sites reports submitted. |
| 6 | Spatial planning | Drafting of building plans | Percentage of building plans | 100% (8 out of 8 building plans) | Building plans compiled | Project discontinued | Achieved | Project Discontinued | Old | N/A | N/A | N/A | N/A |

Chapter 3

| Key Performance Area (KPA) 1: | | | | | Spatial Rationale | | | | | | | | |
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| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs : | | | | | <ul style="list-style-type: none"> • Actions supportive of the human settlement outcome • Implement a differentiated approach to municipal financing, planning, and support | | | | | | | | |
| Strategic objectives | | | | | To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 actual achievement Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit review |
| | | for existing municipal properties | compiled | compiled | | | | | | | | | |
| 7 | Spatial planning | Processing of building plans | Percentage of building plans received processed | New indicator | 100% processing of building plans received | None | N/A | Achieved 100% (25 out of 25) of building plans received processed | New | None | None | OPEX | No exception found Registers of applications for Building plans submitted |
| 8 | Spatial planning | Processing of land use applications | Percentage of land use applications received processed | New indicator | 100% processing of land use applications received | None | N/A | Achieved 100% (18 out of 18) land use applications received processed. | New | None | None | OPEX | No exception found. Register of land use application submitted |
| LOCAL ECONOMIC DEVELOPMENT | | | | | | | | | | | | | |

Chapter 3

| Key Performance Area (KPA) 1: | | | | | Spatial Rationale | | | | | | | | | |
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| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | | |
| Outputs : | | | | | <ul style="list-style-type: none"> • Actions supportive of the human settlement outcome • Implement a differentiated approach to municipal financing, planning, and support | | | | | | | | | |
| Strategic objectives | | | | | To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management | | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 actual achievement Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit review | |
| 9 | Local Economic Development | LED Stakeholder engagements | Number of LED Stakeholder engagement held | New Indicator | 4 LED Forum Meetings held | None | N/A | Achieved 4 LED forum meetings held | New | None | None | Budget: R116 394 Expenditure : R79 731 | No exception found Attendance Register, Minutes submitted. Budget amount not consistent with the reviewed SDBIP | |
| 10 | Local Economic Development | Investor conference | Number of SMME/Investor Conference held | 1x Investor conference/No partnership agreement signed | 1 investor Conference held and 1x partnership agreement signed on social labour plans | 1 SMME/Investors Conference held | Not Achieved | Achieved 1 SMME/Investor Conference held | Old | None | None | Budget: R400 000 Expenditure : R338 125 | No exception found Report on Investor/SMME conference with attendance register, order ,SLA submitted | |
| 11 | Local Economic Development | Review of Molemol LED | Number of LED strateg | Current LED Strategy outdated | Reviewed LED Strategy | LED Strategy Status Quo | N/A | Achieved LED Strategy | New | None | None | Budget: R500 000 Expenditure | No exception found | |

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| Key Performance Area (KPA) 1: | | | | | Spatial Rationale | | | | | | | | |
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| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs : | | | | | <ul style="list-style-type: none"> • Actions supportive of the human settlement outcome • Implement a differentiated approach to municipal financing, planning, and support | | | | | | | | |
| Strategic objectives | | | | | To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 actual achievement Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit review |
| | ment | Strategy | ies reviewed | (last reviewed in 2012) | | Report | | Status Quo Report Compiled | | | | : R93 302 | LED Strategy Status Quo Report submitted |
| 12 | Local Economic Development | Molemole Career Expo | Number of Career Expo held | 1x Career Expo held | 1x Career expo | None | Not Achieved | Achieved – target exceeded 2 Career EXPOs held | Old | None – however reason for over-achievement was the 2016/17 target which was also achieved in 2017/18 | None | Budget: R380 000 Expenditure : R354 000 | No exception found TOR and attendance register Budget not consistent with the SDBIP |
| 13 | Local Economic Development | Job Creation Monitoring | Number of reports on Job Creation from Municipal projects | New indicator | 2 reports compiled on creation | None | N/A | Achieved 2 reports compiled on job creation | New | None | None | OPEX | No exception found 2 reports on job creation from municipal projects submitted |
| 14 | Local Economic Develop | Youth in agriculture progra | Number of graduates in | 6 Graduate appointe | 6 graduate capacit | None | Achieved | Achieved 6 graduates capacitated | Old | None | None | Budget: R450 000 Expenditure | No exception found 4X |

Chapter 3

| Key Performance Area (KPA) 1: | | | | | Spatial Rationale | | | | | | | | |
|---------------------------------|----------------------------|--------------------------------------|--------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|-------------------------------------------------------|----------------------|------------|--------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs : | | | | | <ul style="list-style-type: none"> • Actions supportive of the human settlement outcome • Implement a differentiated approach to municipal financing, planning, and support | | | | | | | | |
| Strategic objectives | | | | | To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 actual achievement Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit review |
| | ment | mme | agricultural programmes | d and capacitated | ed in agricultural programmes | | | in Agricultural Programmes | | | | : R318 299 | Capacity building reports submitted. |
| 15 | Local Economic Development | Capacity building on SMME | Number of SMME's trained | 20 SMME's capacitated | 20 SMME's capacitated | None | Achieved | Achieved 20 SMME's capacitated | Old | None | None | Budget: R200 000 Expenditure R177 022 | No exception found Training implementation plan and attendance register submitted |
| INTEGRATED DEVELOPMENT PLANNING | | | | | | | | | | | | | |
| 16 | IDP | Development and review of IDP/Budget | Number of IDP Review ed | One Reviewed and adopted 2016/2017 IDP/Draft 2017/18 IDP | Adopted and printed a credible 2018/2019 IDP | None | Achieved | Achieved 2018/2019 IDP compiled and adopted | Old | None | None | Budget: R1 326 084 Expenditure : R1 311 468 | No exception found Process Plan; ward consultation report; Adopted 2018/19 IDP |

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| Key Performance Area (KPA) 1: | | | | | Spatial Rationale | | | | | | | | |
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| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs : | | | | | <ul style="list-style-type: none"> • Actions supportive of the human settlement outcome • Implement a differentiated approach to municipal financing, planning, and support | | | | | | | | |
| Strategic objectives | | | | | To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 actual achievement Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit review |
| | | | | | | | | | | | | | submitted |
| 17 | IDP | IDP Representative Forum | Number of IDP Representative Forum coordinated | 2016/17 IDP Representative Forum in place | 3 X 2016/17 IDP Representative Forum meetings coordinated | None | Achieved | Not Achieved 2 IDP Representative Forum meetings coordinated | Old | Budget Constraints | Provide adequate budget in the next Financial Year | | Exception found Target not achieved. |
| 18 | IDP | Strategic planning sessions | Number of strategic working sessions held | 4 strategic working sessions held | 3 strategic sessions held | None | Achieved | Achieved 3 strategic sessions held | Old | None | None | | No exception found Strategic working sessions reports with resolutions Attendance Registers and minutes submitted |
| 19 | IDP | Printing of IDP document | Number of IDP documents | Approved 2017/2018 IDP | 200 IDP Document printed | None | Achieved | Achieved 200 IDP Documents printed | Old | None | None | | No exception found Invoice and |

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| Key Performance Area (KPA) 1: | | | | | Spatial Rationale | | | | | | | | |
|-------------------------------|---------------------|------------------------------|-------------------------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------|----------------------|---------------------------------------------------------------|------------------------------------------------------|--------------------|-------------------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs : | | | | | <ul style="list-style-type: none"> • Actions supportive of the human settlement outcome • Implement a differentiated approach to municipal financing, planning, and support | | | | | | | | |
| Strategic objectives | | | | | To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 actual achievement Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit review |
| | | | printed | | | | | | | | | | printed 2017/18 IDP submitted |
| 20 | IDP | Printing of Annual Report | Number of Annual Reports documents printed | Approved 2015/ 16 Annual report | 200 2016/2017 Annual documents printed | Target transferred to municipal Manager's Office | Achieved | N/A <i>Reported in Municipal Managers office</i> | N/A | N/A | N/A | | N/A |
| 21 | IDP Unit | Adoption of Final IDP/Budget | No of meetings held | One Council Meeting on adoption of final IDP | One council meeting on the adoption of the final IDP | None | Achieved | Achieved 1 council meeting on the adoption of the final 2018/19 IDP coordinated. | Old | None | None | | No exception found Minutes attendance registers submitted |
| 22 | Risk Management | Risk Management | Percentage of identified risks resolved within timeframe as | 0% of risks resolved | 100% of risks resolved within the timeframe as specified in the register | None | N/A | Not Achieved 0% of risks resolved within the timeframe as specified in the register | Old | Spatial Planning Framework and LED strategy were not reviewed | Reviewed Spatial Planning Framework and LED strategy | None | Exception found Target not achieved. Update risk register submitted |

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| Key Performance Area (KPA) 1: | | | | | Spatial Rationale | | | | | | | | |
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| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs : | | | | | <ul style="list-style-type: none"> • Actions supportive of the human settlement outcome • Implement a differentiated approach to municipal financing, planning, and support | | | | | | | | |
| Strategic objectives | | | | | To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 actual achievement Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit review |
| | | | specified in the risk register | | | | | | | | | | |

Chapter 3

b) TECHNICAL SERVICES

| Key Performance Area (KPA) 2: | | | | | Basic Services & Infrastructure Planning | | | | | | | | |
|-----------------------------------|----------------------|----------------------------------------|----------------------------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------|--------------------------------------------------------------|------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs: | | | | | <ul style="list-style-type: none"> • Implement a differentiated approach to municipal financing, planning, and support • Improving access to basic services • Implementation of the community works programme | | | | | | | | |
| Strategic objectives | | | | | Provision of sustainable infrastructure and basic services | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance Achieve ment | 2017/18 Actual achievement Achieved or not Achieved | New or Old Indicatio n | Challenges | Corrective measures | Budget Expenditure | Internal Audit Review |
| OPERATIONS AND MAINTENANCE | | | | | | | | | | | | | |
| 23 | Road and storm water | Mohodi to Mapont o gravel to tar road | Percentage construction Mohodi to Mapont o gravel to Tar | 2 km of road upgraded from gravel to tar | Construction of Mohodi to Mapont o from gravel to tar 100% of road tarred | None | Achieved | Achieved 100% of roads constructed and completed | Old | None | None | Budget R 9 733 468 Expenditure R 6,468,598.88 | No exception found Completion Certificate submitted |
| 24 | Roads | Ramokg opa Eisleben gravel to tar road | Ramokg opa Eisleben gravel to tar | 11 km of road upgraded from gravel to tar | Construction of Ramokg opa to Eisleben from gravel to tar (2.0km of road tarred) | None | Achieved | Not Achieved 1,5km of roads constructed and completed | Old | Financial constraints from MIG registration and internal funding was not available. | 0,5km will be budgeted for in the 2018/19 with internal funding. | Budget R8 250 769 Expenditure R 8,250,769 | Exception found Target not achieved. |

Chapter 3

| Key Performance Area (KPA) 2: | | | | | Basic Services & Infrastructure Planning | | | | | | | | |
|-----------------------------------|----------------------|------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------|------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs: | | | | | <ul style="list-style-type: none"> • Implement a differentiated approach to municipal financing, planning, and support • Improving access to basic services • Implementation of the community works programme | | | | | | | | |
| Strategic objectives | | | | | Provision of sustainable infrastructure and basic services | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance Achieve ment | 2017/18 Actual achievement Achieved or not Achieved | New or Old Indicatio n | Challenges | Corrective measures | Budget Expenditure | Internal Audit Review |
| OPERATIONS AND MAINTENANCE | | | | | | | | | | | | | |
| 25 | Road and storm water | Matipane to Madikana gravel to tar road | Percentage of Matipane to Madikana road from gravel to tar including upgrading of storm water system | 7 km of road upgraded from gravel to tar | Construction of Matipane to Madikana road from gravel to tar (3km of storm water system upgraded) | None | None | Not Achieved | Old | There was hard rock discovered whereby blasting was required and resulted in the delay. | Project rolled over to 2018/19 Financial year, to be completed end August 2018. | Budget R3 629 677 Reviewed (R3,437,688.44) Expenditure R3 409 474.32 | Exception found Actual achievement (progress) not provided. |
| 26 | Roads | Upgrading of Nthabiseng Internal Streets | Percentage upgrading of Nthabiseng Internal | New indicator | Upgrading of Nthabiseng Internal Streets from | Preparation of specifications, advertisement of contractor | None | Not Achieved | New | Way-leave application submitted in Nov 2017. Awaiting way-leave approval from | Project rolled over to 2018/19 Financial year, follow ups | Budget R6 960 486 Reviewed (2,702,451.78) | Exception found Actual achievement (progress) |

Chapter 3

| Key Performance Area (KPA) 2: | | | | | Basic Services & Infrastructure Planning | | | | | | | | |
|-----------------------------------|---------------------|----------------------------------------------|-------------------------------------------------|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------------------------------------------------|----------------------|------------------------------------------|-------------------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs: | | | | | <ul style="list-style-type: none"> Implement a differentiated approach to municipal financing, planning, and support Improving access to basic services Implementation of the community works programme | | | | | | | | |
| Strategic objectives | | | | | Provision of sustainable infrastructure and basic services | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance Achieved or not | 2017/18 Actual achievement Achieved or not | New or Old Indicator | Challenges | Corrective measures | Budget Expenditure | Internal Audit Review |
| OPERATIONS AND MAINTENANCE | | | | | | | | | | | | | |
| | | | 1 Streets | | gravel to tar (1.5km of road tarred | and site establishment of 1.5km road. | | | | SANRAL which delays registration by MIG. | are done regularly to speed up the approval by SANRAL | Expenditure R1,536, 187.53 | not provided. |
| 27 | Roads | Purchase of new Tractor Loader Backhoe (TLB) | Number of Tractor Loader Backhoe (TLB) Procured | 1X Tractor Loader Backhoe (TLB) | 1X Tractor Loader Backhoe (TLB) procured | Preparation of specifications, advertisement and Appointment of Service Provider for 1 x tractor loader backhoe (TLB) | Achieved | Achieved 1X Tractor Loader Backhoe (TLB) procured and delivered. | Old | None | None | Budget R1 500 000 Expenditure R 1 219 550 | No exception found Specifications, SLA, Appointment letter submitted |
| 28 | Sports Facilities | Mohodi Sport | Complete | No sport complex | Sports complex | None | Not achieved | Not Achieved | Old | Multiyear project | Budgeted and | Budget R5 357 700 | Exception found |

Chapter 3

| Key Performance Area (KPA) 2: | | | | | Basic Services & Infrastructure Planning | | | | | | | | |
|-----------------------------------|---------------------|----------------------------------|-------------------------------------------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------|-----------------------------------------------------|------------------------|-------------------------------------------------|------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs: | | | | | <ul style="list-style-type: none"> • Implement a differentiated approach to municipal financing, planning, and support • Improving access to basic services • Implementation of the community works programme | | | | | | | | |
| Strategic objectives | | | | | Provision of sustainable infrastructure and basic services | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance Achieve ment | 2017/18 Actual achievement Achieved or not Achieved | New or Old Indicatio n | Challenges | Corrective measures | Budget Expenditure | Internal Audit Review |
| OPERATIONS AND MAINTENANCE | | | | | | | | | | | | | |
| | s | Comple x | sports comple x | in Mohodi | construct ed | | d | | | (17/18 and 18/19) | completed in the 18/19 fin year | Expenditure R 5 357 700 | Target not achieved. |
| 29 | Electricity | Upgrading of Electricity Network | Number of Electricity Network infrastructure Upgraded | New Indicator | 600 x Old conventional meters to be replaced by pre-paid smart meters. | None | Not achieved. | Not Achieved. | Old | Project discontinued due to budget constraints. | Project will be implemented in the 2018/19 FY. | Budget R1,500,000 Reviewed Budget. R0.00 Expenditure R0.00 | Exception found Target not achieved. Council resolution not submitted. |

Chapter 3

| Key Performance Area (KPA) 2: | | | | | Basic Services & Infrastructure Planning | | | | | | | | |
|-----------------------------------|---------------------|------------------------------------------|---------------------------------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------------------|--------------------------------------------|----------------------|---------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs: | | | | | <ul style="list-style-type: none"> Implement a differentiated approach to municipal financing, planning, and support Improving access to basic services Implementation of the community works programme | | | | | | | | |
| Strategic objectives | | | | | Provision of sustainable infrastructure and basic services | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance Achieved or not | 2017/18 Actual achievement Achieved or not | New or Old Indicator | Challenges | Corrective measures | Budget Expenditure | Internal Audit Review |
| OPERATIONS AND MAINTENANCE | | | | | | | | | | | | | |
| 30 | Electricity | Purchasing of electrical Bakkie | Electrical Bakkie purchased | New Indicator | 1X Electrical Bakkie purchased | None | Not achieved. | Achieved 1X Electrical Bakkie purchased | Old | None | None | Budget R650,000.00 Reviewed budget R 750,000.00 Expenditure R 689,557.51 | No exception found Specification, SLA, Appointment letter, delivered bakkie/ delivery note submitted. |
| 31 | Electricity | Supply and installation of street lights | No of streetlights installed and maintained | New Indicator | 60X Streetlights maintained | None | None | Not achieved | New | All bids were above the budget amount | Project will be advertised to be implemented in the 2018/19 financial year. | Budget R300,000.00 Expenditure R0.00 | Exception found Target not achieved. |
| 32 | Risk Manage | Risk manage | Percentage | % of risks | 100% of risks | None | N/A | Achieved | Old | None | None | Opex | |

Chapter 3

| Key Performance Area (KPA) 2: | | | | | Basic Services & Infrastructure Planning | | | | | | | | |
|--------------------------------------|---------------------|--------------|---------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------|--------------------------------------------------------------------------|----------------------|------------|---------------------|--------------------|-----------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs: | | | | | <ul style="list-style-type: none"> • Implement a differentiated approach to municipal financing, planning, and support • Improving access to basic services • Implementation of the community works programme | | | | | | | | |
| Strategic objectives | | | | | Provision of sustainable infrastructure and basic services | | | | | | | | |
| No. | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance Achieve ment | 2017/18 Actual achievement Achieved or not Achieved | New or Old Indicator | Challenges | Corrective measures | Budget Expenditure | Internal Audit Review |
| OPERATIONS AND MAINTENANCE | | | | | | | | | | | | | |
| | ment | ment | of identified risks resolved within timeframe as specified in the risk register | resolved(1 operational risk resolved) | resolved within the timeframe as specified in the register | | | 100% of risks resolved within the timeframe as specified in the register | | | | | |

Chapter 3

c) 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 | | | | | | | | | |
| Strategic objectives | | | | Ensure administrative support to municipal units through continuous institutional development and innovation. | | | | | | | | | |
| No | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 Annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achieved | 2017/18 Actual Achievements Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| 33 | | Procurement of office furniture | Number of furniture procure and allocate | 200 furniture items procured in 2016/17 Financial Year | Preparation of specification, approval and advertisement | Procurement of 37 furniture items for allocation to officials | Not achieved | Achieved Procured 37 furniture and allocated to officials | Old | None | None | Budget R400 000 Expenditure R 372,000 | No Exception found Advert, appointment letter, Tender Specification submitted |
| 34 | Administration | Procurement of 1 x bakkie | Number of new municipal vehicles procure d | 02 new vehicles procured in 2016/17 Financial Year | No Target | Procurement of 1x bakkie | Achieved | Achieved Procured 1x bakkie | Old | None | None | Budget R400 000 Expenditure R395,512.65 | No exception found Advertisement, appointment letter, Tender specification submitted |

Chapter 3

| Key Performance Area (KPA) 6: | | | | Municipal Transformation and Organizational Development | | | | | | | | | |
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| Outcome 9: | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | | |
| Outputs : | | | | Implement a differentiated approach to municipal financing, planning, and support | | | | | | | | | |
| Strategic objectives | | | | Ensure administrative support to municipal units through continuous institutional development and innovation. | | | | | | | | | |
| No | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 Annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achieved | 2017/18 Actual Achievements Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| 35 | Administration | Establishment of Moletji satellite/Cluster office | Number of Cluster offices established | New indicator | Establishment of 1x Cluster Office | Construction of 1x Moletji Cluster office | New | Not achieved Service Provider appointed and site handed over. | New | Delays in surveying and rezoning of the allocated site | Survey report has been submitted and site handed over to Service Provider | Budget R2 844 000 Expenditure R0 | Exception found Target not achieved Budget not aligned to the reviewed SDBIP. Advertisement, appointment letter, specification submitted |
| 36 | Information and Communication Technology | Annual Software License renewal | Renewal of annual software licenses | Microsoft, Symantec and backup exec, Venus, | 100% maintenance of ICT Systems and licensing | None | Achieved | Achieved Renewal of annual software licenses | Old | None | None | Budget R892 440 Expenditure R 887,885 | Advertisement, order and invoices submitted. |

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 | | | | | | | | | |
| Strategic objectives | | | | Ensure administrative support to municipal units through continuous institutional development and innovation. | | | | | | | | | |
| No | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 Annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achieved | 2017/18 Actual Achievements Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| | | | | Payday and GIS licenses are in place | | | | | | | | | |
| 37 | Information and Communication Technology | Replacement of Obsolete ICT Equipment | Percentage procurement of ICT Equipment | 35 laptops, 32 desktops, 41 printer, 3 UPS in place | 100% (13) procurement of ICT Equipment | None | Achieved 100% procurement of ICT Equipment | Budget moved to repairs and maintenance category | Old | None | None | N/A | Project discontinued |
| 38 | Information and Communication Technology | Procurement of ICT equipment | Number of ICT equipment procured and allocated to officials | 35 Laptops, 32 desktops, 45 printer, 3 UPS, 2 server ranks in place | 100% of computer equipment maintained | None | New | Achieved 100% procurement of ICT Equipment | New | None | None | Budget R300 000 Expenditure R288 071.00 | No exception found Advertisement, Order and Invoices submitted |
| 39 | Human | Recruitment | Percent | 162 | 1 | 100% of | Not | Not | Old | Ongoing | Implement | Opex | Exceptio |

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 | | | | | | | | | |
| Strategic objectives | | | | Ensure administrative support to municipal units through continuous institutional development and innovation. | | | | | | | | | |
| No | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 Annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achieved | 2017/18 Actual Achievements Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| | Resources Management | Recruitment and selection processes | Age of vacant positions filled | Number of positions filled | Workplace skills plan and Annual Training report (WSP and ATR submitted to LGSETA BY 30 April 2017) | Vacant positions filled | Achieved | Achieved 81% of vacant positions filled | | Terminations | Retention strategy to reduce staff turnover. | | Internal Audit Review Not found Target not achieved • Appointment letters submitted • |
| 40 | Human Resources Management | Training of Employees | Training of employees | Number of training programmes undertaken for employees | 100% of the training programmes for employees | 04 training programmes undertaken for Employees | Achieved | Achieved Undertaken 06 training programmes for employees | Old | None | None | Budget R400 000 Expenditure R332,284.00 | No exception found Attendance register of training reports submitted |
| 41 | Human Resources | Training of Councillors | Number of | 04 training | 100% of the | To undertake | Achieved | Achieved 10 programmes | Old | None | None | Budget R300 000 | Exception found |

Chapter 3

| Key Performance Area (KPA) 6: | | | | | Municipal Transformation and Organizational Development | | | | | | | | | |
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| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | | |
| Outputs : | | | | | Implement a differentiated approach to municipal financing, planning, and support | | | | | | | | | |
| Strategic objectives | | | | | Ensure administrative support to municipal units through continuous institutional development and innovation. | | | | | | | | | |
| No | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 Annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achieved | 2017/18 Actual Achievements Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review | |
| | es Management | | training programmes undertaken for Councillors | programmes undertaken for employees | training budget spent on training of Councillors | 04 training programmes for Councillors | | undertaken | | | | Expenditure R100,208.68 | Target not achieved | |
| 42 | Human Resources Management | Bursary fund Internal | Percentage of eligible employees awarded with bursary/Loan in line with available budget | 08 Employees awarded study bursary | 100% percent of eligible employee awarded with bursary/Loan in line with available budget | None | N/A | N/A | Old | Target removed during budget review | None | Budget R152 332 Expenditure R173 565 | Exception found No progress reported for 2017/18. | |
| 43 | Human Resources Manage | Internships and experiential training | Number of programs put | 09 Learners enrolled for | 2 programs put in place to | Place 04 Learners on internship | Achieved | Achieved Placed 06 learners on internship | Old | None | None | Opex | No exception found | |

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 | | | | | | | | |
| Strategic objectives | | | | | Ensure administrative support to municipal units through continuous institutional development and innovation. | | | | | | | | |
| No | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 Annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achieved | 2017/18 Actual Achievements Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| | ment | | in place to capacitate youth people in Molemole Municipality jurisdiction (internships and experiential training) | internship programme | capacitate young people in Molemole Municipality Jurisdiction (Experiential Training) | and Experiential Training Programme | | and Experiential Training programme | | | | | Learnership contract submitted |
| 44 | Human Resources Management | Employment equity report | Number of employment equity report submitted | 1X employment equity report submitted to DOL | 1X employment equity report submitted to DOL by January | None | Achieved | Achieved 1 employment equity report submitted to | Old | None | None | Opex | No exception found. Employment equity report submitted |

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 | | | | | | | | | |
| Strategic objectives | | | | | Ensure administrative support to municipal units through continuous institutional development and innovation. | | | | | | | | | |
| No | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 Annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achieved | 2017/18 Actual Achievements Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review | |
| | | | ed to DOL | | 2017 | | | DoL by January 2018 | | | | | | |
| 45 | Human Resources Management | Fire detectors and alarm system | Percentage of Fire detectors and alarm system | New Indicator | 100% Installation of fire detectors and alarm system in Morebeng Satellite Office | Installation of Fire detectors at Mogwadi Building | None | Not achieved | Old | Fire detectors not recommended for Molemole municipal building as per building and construction regulation | Revisit the project and take guidance from the building and construction regulations | Budget R150 000 Expenditure R0 | Exception found Target not achieved. | |
| 46 | Risk Management | Risk Management | Percentage of identified risks resolved within timeframe as | 54% of risks resolved (2 strategic risks and 15 operation | 100% of risks resolved within the timeframe as specified in the | None | | Achieved 100% of risks resolved within the timeframe as specified | Old | None | None | Opex | No exception found. Risk Register submitted | |

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 | | | | | | | | | |
| Strategic objectives | | | | | Ensure administrative support to municipal units through continuous institutional development and innovation. | | | | | | | | | |
| No | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 Annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achieved | 2017/18 Actual Achievements Achieved or Not Achieved | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review | |
| | | | specified in the risk register | all risks resolved) | register | | | in the register | | | | | | |

Chapter 3

d) COMMUNITY SERVICES

| Key Performance Area (KPA) 1 & 2: | | | | | Spatial Rationale and Basic Service Delivery | | | | | | | | |
|-----------------------------------|------------------------|-------------------------------------------------------|------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|-------------------------------------|----------------------|----------------------------------|------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs : | | | | | Actions supportive of the human settlement outcome | | | | | | | | |
| Strategic objectives | | | | | To promote orderly development through integrated spatial planning and land use management | | | | | | | | |
| No | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit review |
| ENVIRONMENTAL MANAGEMENT | | | | | | | | | | | | | |
| 47 | Social amenities | Renovation and Extension of Mogwadi Tennis Court | Number of tennis courts renovated and extended | Renovation and Extension of Mogwadi Tennis court 1 st phase | Implementation of 2 nd phase of Mogwadi tennis court | None | Achieved | Not Achieved | Old | Delay in supply chain processes. | Project will be rolled over and be completed in the 1 st quarter. | Budget R600 000 Expenditure R0.00 | Actual achievement (Progress) 2017/18 not provided |
| 48 | Social amenities | Procurement of a tractor with grass cutting equipment | Number of tractor with grass cutting equipment | New Indicator | Procurement of tractor with grass cutting equipment | None | Achieved | Not Achieved | New | Delay in supply chain processes | Project will be rolled over and be completed in the 1 st quarter. | Budget R500 000 Expenditure R0.00 | Actual achievement (Progress) 2017/18 not provided |
| 49 | Environment management | Purchasing of 240 litre capacity litter bins | Number of wheely litter bins purchased | New Indicator | Procurement of 700 wheely bins | None | Achieved | Achieved 700 x wheely bins procured | New | None | None | Budget R400 000 Expenditure R385 000 | Actual achievement (Progress) 2017/18 |

Chapter 3

| Key Performance Area (KPA) 1 & 2: | | | | | Spatial Rationale and Basic Service Delivery | | | | | | | | |
|-----------------------------------|---------------------|----------------------------------|--------------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------|----------------------|---------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs : | | | | | Actions supportive of the human settlement outcome | | | | | | | | |
| Strategic objectives | | | | | To promote orderly development through integrated spatial planning and land use management | | | | | | | | |
| No | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit review |
| ENVIRONMENTAL MANAGEMENT | | | | | | | | | | | | | |
| | | | | | | | | | | | | | not provided |
| 50 | Social amenities | Beautification of Moreben g Town | Number of entrances beautified | Beautification of 2 nd Moreben g town1st phase | Implementation of 2 nd phase beautification project | None | Achieved | Not Achieved | Old | Delay in supply chain processes. | Project will be rolled over and be completed in the 1 st quarter. | Budget R400 000 Expenditure R0.00 | Actual achievement (progress) 2017/18 not provided |
| 51 | Risk Management | Risk management | Percentage of identified risks resolved within timeframe as specified in the risk register | % of risks resolved(1 operational risk resolved) | 100% of risks resolved within the timeframe as specified in the register | None | N/A | Not Achieved 0% of risks resolved within the timeframe as specified in the register | Old | Landfill sites not adequately managed | 1. Appoint security to control access into landfill sites. 2. Appoint the operator to assist in | Opex | Exception found Target not achieved |

Chapter 3

| Key Performance Area (KPA) 1 & 2: | | | | | Spatial Rationale and Basic Service Delivery | | | | | | | | |
|-----------------------------------|---------------------|--------------|-----|----------|--------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|----------------------------|----------------------|------------|-----------------------------------------------------------------------------------------------------|--------------------|-----------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs : | | | | | Actions supportive of the human settlement outcome | | | | | | | | |
| Strategic objectives | | | | | To promote orderly development through integrated spatial planning and land use management | | | | | | | | |
| No | Priority area (IDP) | Project Name | KPI | Baseline | 2017/18 annual target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit review |
| ENVIRONMENTAL MANAGEMENT | | | | | | | | | | | | | |
| | | | | | | | | | | | managing the waste disposal process. 3. Include Disposal fee tariff provision in the Tariff policy. | | |

Chapter 3

e) MUNICIPAL MANAGER

| Key Performance Area (KPA) 5: | | | | | Good Governance and Public Participation | | | | | | | | |
|-------------------------------|---------------------|--------------|--------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|--------------------------------|----------------------|---------------------------------|----------------------------------|--------------------------------|-----------------------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 5: | | | | | Deepen democracy through a refined ward committee model | | | | | | | | |
| Strategic Objective | | | | | Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees | | | | | | | | |
| No. | Priority area (IDP) | Project Name | Key performance indicator | Baseline | 2017/18 annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| MAYOR'S OFFICE | | | | | | | | | | | | | |
| 52 | Special Focus | HIV/AIDS | Number of HIV/AIDS activities/events coordinated | New indicator | 4 events/activities/meetings | None | Achieved | Achieved 4X HIV events held | Old | None | None | Budget R120 000 Expenditure | No exception found. Attendance registers of 4 meetings/events submitted |
| 53 | Special Focus | Youth | No of youth activities/Events coordinated | New indicator | 4 x events/activities/meetings to be held | None | Achieved | Not achieved 1x event held | Old | Youth event exhausted the funds | To be implemented in the 2018/19 | Budget R120 000 | Exception Found Target not achieved No meeting/event held for the year |

Chapter 3

| Key Performance Area (KPA) 5: | | | | | Good Governance and Public Participation | | | | | | | | |
|-------------------------------|---------------------|----------------------|---------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|------------------------------------------------|----------------------|-----------------------|------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 5: | | | | | Deepen democracy through a refined ward committee model | | | | | | | | |
| Strategic Objective | | | | | Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees | | | | | | | | |
| No. | Priority area (IDP) | Project Name | Key performance indicator | Baseline | 2017/18 annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| 54 | Special Focus | Women and children | Number of women and children activities/events coordinated | New Indicator | 4x events/activities/meeting | None | Achieved | Achieved 4x events held | Old | Financial constraint | To be implemented in 2018/19 | Budget R120 000 Expenditure | No exception Found Attendance registers submitted |
| 55 | Special Focus | Disability programme | Number of activities/events related to people with disability | New indicator | 4x events/activities/meeting | None | Achieved | Not achieved 2 x events/activities/meetings | Old | Financial constraints | To be implemented in 2018/19 | Budget R120 000 Expenditure | Exception Found Target not achieved Attendance register for 1x events/meeting submitted |

Chapter 3

| Key Performance Area (KPA) 5: | | | | | Good Governance and Public Participation | | | | | | | | |
|-------------------------------|-------------------------|-------------------------|-----------------------------------------------------------|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|--------------------------------------------------------|----------------------|-----------------------|---------------------------------|------------------------------------|--------------------------------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 5: | | | | | Deepen democracy through a refined ward committee model | | | | | | | | |
| Strategic Objective | | | | | Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees | | | | | | | | |
| No. | Priority area (IDP) | Project Name | Key performance indicator | Baseline | 2017/18 annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| 56 | Special Focus | Older persons programme | No of older persons activities/events coordinated | New Indicator | 4x events/activities/meeting | None | Achieved | Not achieved 3x events/activities/meetings held | Old | Financial constraints | To be implemented in 2018/19 FY | Budget R120 000 Expenditure | Exception Found Target not achieved. Corrective measure not provided. |
| LEGAL SERVICES | | | | | | | | | | | | | |
| 57 | Legal advisory services | Litigation management | Percentage of documented legal advisory services provided | 100% of legal advises provided and documented | 100% of legal advises provided and documented | None | Achieved | Achieved 100% legal advises provided and documented | old | none | none | Opex | No exception found Contingent liability register submitted |
| 58 | Legal advisory services | Contracts | Percentage of contracts developed and drafted as per | 100% of contracts developed and drafted as | 100% of contracts developed and | None | Achieved | Achieved 100% of contracts developed and drafted | Old | none | none | Opex | No exception found Drafted |

Chapter 3

| Key Performance Area (KPA) 5: | | | | | Good Governance and Public Participation | | | | | | | | |
|-------------------------------|---------------------|-----------------------------|-----------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|---------------------------------------------------------------------|----------------------|------------------------------------------------------------------------------------|--------------------|-------------------------------------------------|------------------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 5: | | | | | Deepen democracy through a refined ward committee model | | | | | | | | |
| Strategic Objective | | | | | Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees | | | | | | | | |
| No. | Priority area (IDP) | Project Name | Key performance indicator | Baseline | 2017/18 annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| | | | instruction | per instruction | drafted as per instruction | | | as per instruction | | | | | SLA's submitted |
| 59 | Communications | Printing and Publication | Number of printing and publication made | 500 diaries and 1000 diaries printed ,1000 newsletters published | 12000 newsletters printed, 800 diaries and 1500 calendars printed | None | Achieved | Achieved Newsletters , diaries and calendars printed and delivered. | Old | None | None | Budget R 700 000 Expenditure R518 198.91 | No exception found Orders invoices and delivery note submitted |
| 60 | | Events Management Equipment | Number of event management equipment procured | 17 Municipal branding purchased 1 Podium purchased | Purchased of municipal branding, Podium and Loud Hailers | None | Achieved | Not Achieved 17 Municipal Branding purchased | Old | Purchase of Podium and Loud Hailers revised as Municipality had recently purchased | None | Budget R200 000. Expenditure R123 959.75 | Exception found Target not achieved |

Chapter 3

| Key Performance Area (KPA) 5: | | | | | Good Governance and Public Participation | | | | | | | | |
|-------------------------------|---------------------|--------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|-----------------------------------------------------------------|----------------------|---------------------------------------|-----------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 5: | | | | | Deepen democracy through a refined ward committee model | | | | | | | | |
| Strategic Objective | | | | | Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees | | | | | | | | |
| No. | Priority area (IDP) | Project Name | Key performance indicator | Baseline | 2017/18 annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| 61 | Communications | Trailer | Number of Trailers procured | 1 Trailer purchased | Purchased on 1 Municipal trailer | None | Achieved | Achieved 1 Trailer purchased | Old | None | None | Budget R100 000 Expenditure R83 944.63 | No exception found Delivery note, invoice and order |
| 62 | Communications | Marketing, Publicity and Advertising | Percentage of marketing, publicity and advertising made | 100% of requested marketing and advertising of municipal activities publicized | 100% of municipal activities publicized and advertised | None | Achieved | Achieved 100% of Municipal activities publicized and advertised | Old | None | None | Budget R325 000 Expenditure R255 310 | No exception found Tear sheets, order and invoices submitted |
| INTERNAL AUDIT | | | | | | | | | | | | | |
| 63 | Internal Audit | Audit Action plan | Percentage of audit queries addressed | 93% of audit General queries addressed | 100% of Auditor General queries addressed | None | Not Achieved | Not achieved 78% of Auditor General queries addressed | Old | Slow implementation of issues raised. | Weekly steering committee meetings to address outstanding | Opex | Exception found Target not achieved Updated AG action plan |

Chapter 3

| Key Performance Area (KPA) 5: | | | | | Good Governance and Public Participation | | | | | | | | |
|-------------------------------|---------------------|-------------------------|-----------------------------------------------------------|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|--------------------------------------------------------------|----------------------|------------|--------------------|--------------------|------------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 5: | | | | | Deepen democracy through a refined ward committee model | | | | | | | | |
| Strategic Objective | | | | | Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees | | | | | | | | |
| No. | Priority area (IDP) | Project Name | Key performance indicator | Baseline | 2017/18 annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| | | | | | | | | | | | ng issues | | |
| 64 | Internal Audit | Performance audits | Number of performance audit reports submitted to Council. | 4 Performance audit report submitted to Council. | 4 Performance audit report submitted to Council. | None | Achieved | Achieved 4 Performance audit report submitted to Council. | Old | None | None | Opex | No exception found 4 Performance audit reports submitted |
| 65 | Internal Audit | Audit Committee meeting | Number of Audit Committees coordinated | 6 Audit Committee meetings coordinated | 4 Audit Committee meetings coordinated | None | Achieved | Achieved 4 Audit Committee meetings coordinated | Old | None | None | Opex | No exception found Minutes, quarterly reports |
| RISK MANAGEMENT | | | | | | | | | | | | | |

Chapter 3

| Key Performance Area (KPA) 5: | | | | | Good Governance and Public Participation | | | | | | | | |
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| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 5: | | | | | Deepen democracy through a refined ward committee model | | | | | | | | |
| Strategic Objective | | | | | Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees | | | | | | | | |
| No. | Priority area (IDP) | Project Name | Key performance indicator | Baseline | 2017/18 annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| 66 | Risk Management | Risk register | Percentage of identified risks resolved within timeframe as specified in the risk register. | 100% of Risks resolved within timeframe as specified in the risk register. | 100% of risks resolved within the timeframe as specified in the register | None | Not Achieved | Not achieved 87% of risks resolved within the timeframe as specified in the register | Old | Non-Compliance by departments | None | Opex | Exception found Target not achieved Updated Risk Register submitted |
| 67 | Risk Management | Risk Management Committee meeting | Number of Risk Management Committee meetings coordinated. | 4 Risk Management Committee meetings coordinated. | 4 Risk Management Committee meetings coordinated. | None | Achieved | Achieved 4 Risk Management Committee meetings coordinated | Old | None | None | Opex | No exception found Minutes of meetings and attendance registers submitted |

Chapter 3

| Key Performance Area (KPA) 5: | | | | | Good Governance and Public Participation | | | | | | | | |
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| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 5: | | | | | Deepen democracy through a refined ward committee model | | | | | | | | |
| Strategic Objective | | | | | Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees | | | | | | | | |
| No. | Priority area (IDP) | Project Name | Key performance indicator | Baseline | 2017/18 annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| 68 | Risk management | Risk assessment | Number of Strategic Risk assessment reports compiled | One (1) 2016/2017 Strategic Risk assessments conducted and reports compiled | One (1) 2017/18 Strategic Risk assessments conducted and reports compiled | None | Achieved | Achieved One (1) 2017/18 Strategic Risk assessments conducted and reports compiled | Old | None | None | Opex | No exception found Strategic risk assessment report submitted |
| 69 | Risk management | Operational risk assessment | Number of operational risk assessment report compiled | One (1) operational risk register compiled | One (1) operational risk register compiled | None | Achieved | Achieved One (1) operational risk register compiled | Old | None | None | Opex | No exception found Operational Risk register submitted |

Chapter 3

| Key Performance Area (KPA) 5: | | | | | Good Governance and Public Participation | | | | | | | | |
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| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 5: | | | | | Deepen democracy through a refined ward committee model | | | | | | | | |
| Strategic Objective | | | | | Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees | | | | | | | | |
| No. | Priority area (IDP) | Project Name | Key performance indicator | Baseline | 2017/18 annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| 70 | Risk management | Fraud Awareness | Number of Fraud awareness campaigns conducted | No Fraud awareness campaigns conducted | Two (32) fraud awareness campaigns conducted | None | Achieved | Achieved Two (2) fraud awareness campaigns conducted | New | None | None | Opex | No exception found Attendance registers submitted |
| PERFORMANCE MANAGEMENT SYSTEM | | | | | | | | | | | | | |
| 71 | Performance Management | Assessment of Senior Managers. | Number of Performance assessment conducted | 2016/2017 performance assessment conducted | 4 performance assessments conducted | None | Not achieved | Not achieved. 1 Performance assessment conducted | Old | Only One Permanent Senior Manager was appointed and assessed. | All vacant positions for Snr managers should be filled. | Opex | Exception found 1X Performance assessment report submitted |
| 72 | Performance Management | Annual performance report | Coordination of Annual Performance Report | 1 Annual Performance report compiled | 1 Annual Performance report compiled and | None | Achieved | Achieved 1 Annual Performance report compiled and | Old | None | None | Opex | No exception found Annual Performance |

Chapter 3

| Key Performance Area (KPA) 5: | | | | | Good Governance and Public Participation | | | | | | | | |
|-------------------------------|------------------------|-------------------------------|-------------------------------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|-------------------------------------------------------------------|----------------------|------------|--------------------|-----------------------------------------|-------------------------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 5: | | | | | Deepen democracy through a refined ward committee model | | | | | | | | |
| Strategic Objective | | | | | Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees | | | | | | | | |
| No. | Priority area (IDP) | Project Name | Key performance indicator | Baseline | 2017/18 annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| | | | | | submitted | | | submitted | | | | | ce Report submitted |
| 73 | Performance Management | Quarterly Performance Reports | Number of SDBIP Quarterly Performance reports submitted quarterly | Four (4) quarterly performance reports | Four (4) SDBIP Quarterly performance reports compiled | None | Achieved | Achieved Four (4) SDBIP Quarterly performance reports compiled | Old | None | None | Opex | No exception found Four (4) SDBIP Quarterly performance reports submitted |
| 74 | Performance Management | Compilation of Annual Report | Approved 2016/17 Annual Report | Approved 2015/16 Annual Report | 2016/17 Annual report printed | None | Achieved | Achieved 2016/17 Annual report compiled and printed. | old | None | None | Budget R200 000 Expenditure R187 000 | No exception found Annual Report 2016/17 submitted |

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| Key Performance Area (KPA) 5: | | | | | Good Governance and Public Participation | | | | | | | | |
|-------------------------------|------------------------|--------------------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|------------------------------------------------------------------------------------------|----------------------|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------|
| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 5: | | | | | Deepen democracy through a refined ward committee model | | | | | | | | |
| Strategic Objective | | | | | Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees | | | | | | | | |
| No. | Priority area (IDP) | Project Name | Key performance indicator | Baseline | 2017/18 annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| 75 | Performance Management | Consolidation of SDBIP | 2018/19 SDBIP compiled | 2016/17 SDBIP compiled | 2018/19 SDBIP compiled | None | Achieved | Achieved 2018/19 SDBIP compiled and approved | old | None | None | Opex | No exception found 2018/19 SDBIP submitted |
| 76 | Risk Management | Percentage of identified risks resolved within timeframe as specified in the risk register | 0% of risk resolved | 100% of risks resolved within the timeframe as specified in the register | 100% of risks resolved within the timeframe as specified in the register | None | N/A | Not achieved 50% risks resolved within the timeframe as specified in the register | New | Signing of performance agreement with middle management | Strengthen monitoring and evaluation tools by cascading performance management system to employees below senior managers | Opex | Exception found Target not achieved Update risk register submitted |

Chapter 3

e) BUDGET AND TREASURY

| 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"> Implement a differentiated approach to municipal financing, planning and support Administrative and financial capability | | | | | | | | |
| Strategic Objective | | | | | To ensure sound and stable financial management | | | | | | | | |
| No | Priority Area(IDP) | Project Name | KPI | Baseline | 2017/18 Annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| BUDGET & REPORTING | | | | | | | | | | | | | |
| 77 | Financial management | An approved credible adjustment budget as per MBRR | Number of approved credible adjustment budget as per MBRR | 1X 2016/17 Adjustment budget approved | 1 approved credible adjustment budget as per MBRR | None | N/A | Achieved 1 approved credible adjustment budget as per MBRR | New | None | None | R0 | No exception found. Approved adjustment budget, Council resolution submitted. |
| 78 | Financial management | 2018/19 draft credible annual budget tabled as per Municipal Finance Management Act(MFMA) and MBRR | Number draft credible annual budget tabled as per Municipal Finance Management Act(MFMA) and MBRR | 1x 2017/2018 budget approved | A draft credible annual budget tabled as per Municipal Financial Management Act(MFMA and MBRR) | None | N/A | Achieved A draft credible annual budget tabled as per Municipal Financial Management Act(MFMA and MBRR) | New | None | None | R0 | No exception found Annual budget and Council resolution submitted |

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"> Implement a differentiated approach to municipal financing, planning and support Administrative and financial capability | | | | | | | | |
| Strategic Objective | | | | | To ensure sound and stable financial management | | | | | | | | |
| No | Priority Area(IDP) | Project Name | KPI | Baseline | 2017/18 Annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| 79 | Financial management | 2018/19 credible annual budget adopted | Number of credible annual budget adopted as per Municipal Finance Management Act (MFMA) | 1X 2017/2018 budget approved | A credible annual budget adopted as per Municipal Finance Management Act (MFMA and MBRR) | None | N/A | Achieved A credible annual budget adopted as per Municipal Finance Management Act (MFMA and MBRR) | New | None | None | R0 | No exception found Acknowledgment letter submitted |
| 80 | Financial management | Submission of Annual Financial Statements | Number of Annual Financial Statements submitted to the Auditor General | 2015/16 AFS submitted | 2016/17 AFS submitted | None | Achieved | Achieved 2016/17 AFS submitted | Old | None | None | Budget R900,000.00 Expenditure R849,300.00 | No exception found Quality certificate and acknowledgment letter submitted. |
| 81 | Financial management | Submission of 71 Section Reports | Number of section 71 reports submitted within 10 working | 12x Section 71 reports submitted | 12X Section 71 reports submitted | None | N/A | Achieved 12X Section 71 reports submitted | New | None | None | R0 | No exception found 12x section 71 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"> Implement a differentiated approach to municipal financing, planning and support Administrative and financial capability | | | | | | | | |
| Strategic Objective | | | | | To ensure sound and stable financial management | | | | | | | | |
| No | Priority Area(IDP) | Project Name | KPI | Baseline | 2017/18 Annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| | | | days after month-end to treasury submitted | | | | | | | | | | submitted. |
| 82 | Financial management | Submission of in Year Reports | Number of MFMA compliance reports submitted | 4x quarterly reports submitted | 4X quarterly reports submitted | None | N/A | Achieved 4X quarterly reports submitted | New | None | None | R0 | No exception found 4x quarterly reports submitted |
| 83 | Financial management | Submission of reports on MSCOA implementation plan | Number of reports on MSCOA implementation plan | 2x reports submitted | 4x quarterly reports | None | Achieved | Achieved 4x quarterly reports | Old | None | None | R0 | No exception found 4x quarterly reports submitted |
| 84 | Financial management | Submission of section 72 report | Number of section 72 (Mid-Year) report submitted | 1x section 72 reports submitted | 1x section 72 reports submitted | None | Achieved | Achieved 1x section 72 reports submitted | Old | None | None | R0 | 1x section 72 report submitted |

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"> Implement a differentiated approach to municipal financing, planning and support Administrative and financial capability | | | | | | | | |
| Strategic Objective | | | | | To ensure sound and stable financial management | | | | | | | | |
| No | Priority Area(IDP) | Project Name | KPI | Baseline | 2017/18 Annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| 85 | Financial management | Configuration of Chart of Accounts in line with MSCOA | Functional Financial system compliant with MSCOA | New Indicator | Approved functional financial reporting system | None | N/A | Achieved Approved functional financial reporting system | New | None | None | Budget R2,700,000.00 | No exception found Service level agreement and proof of payment submitted |
| REVENUE MANAGEMENT | | | | | | | | | | | | | |
| 86 | Revenue Management | Vending System | On-line electricity vending system | New Indicator | Implementation and functional on-line vending solution | None | N/A | Achieved. The On-line vending system. | None | None | None | R 0.00 No cost incurred for the implementation of the system. | No exception found Functioning on-line vending solution submitted. |
| 87 | Revenue Management | Cost recovery and Debtors analysis/Debt collection | Follow-up on long outstanding debts/debtors collection | New Indicator | Implementation of debt collection process and the improvement of revenue | None | N/A | Not Achieved | New | Rate Payers who did not complete write-off applications are disputing the process. | Extension of the application process in respect to write-off will be reconsidered after the | R 198 000.00 | Exception found Target not achieved |

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| Key Performance Area (KPA) 4: | | | | | Municipal Financial Viability and Management | | | | | | | | |
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| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 1 & 7: | | | | | <ul style="list-style-type: none"> Implement a differentiated approach to municipal financing, planning and support Administrative and financial capability | | | | | | | | |
| Strategic Objective | | | | | To ensure sound and stable financial management | | | | | | | | |
| No | Priority Area(IDP) | Project Name | KPI | Baseline | 2017/18 Annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| | | | | | collection rate | | | | | | council resolution | | |
| 88 | Revenue Management | Credit Control and Debt Collection implementation | Analysing collectable money owed by rate payers and make recommendation for effective solution to the municipal council | New Indicator | GRAP compliant reporting on collectable debtors for the implementation proper and effective decision | None | N/A | Achieved GRAP compliant reporting on collectable debtors for the implementation proper and effective decision | New | None | None | R 196 0000.00 | No exception found Detailed complete age analysis submitted |
| 89 | Revenue Management | Reconciliation of debtors accounts | Reconciling debtors billed monthly and the age analysis | 12 months debtor reconciliation reports | 12 months debtor reconciliation reports | None | Achieved | Not Achieved Only 6 monthly debtors reconciliation done | Old | Opening balances upload was done in second quarter due to MSCOA implementation processes. | None | Opex | Exception found Target not achieved |
| 90 | Revenue Management | Reconciliation off | Reconciliation of | 12 months traffic and | 12 months | None | Achieved | Achieved | Old | None | None | Opex | No exception |

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| 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"> Implement a differentiated approach to municipal financing, planning and support Administrative and financial capability | | | | | | | | |
| Strategic Objective | | | | | To ensure sound and stable financial management | | | | | | | | |
| No | Priority Area(IDP) | Project Name | KPI | Baseline | 2017/18 Annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| | | traffic and licensing accounts | traffic and licensing monthly reports and the Solar financial system | licensing reconciliation reports | traffic and licensing reconciliation reports | | | 12 reports were done and reconciled. | | | | | n found Traffic and Licensing reconciliation report |
| SUPPLY CHAIN MANAGEMENT | | | | | | | | | | | | | |
| 91 | SCM ASSET | Assets Management Plan | Assets Management Plan | 1x Assets Management Plan | 1x Assets Management Plan | None | N/A | Achieved 1x Assets Management Plan | New | None | None | Budget R10 812.00 Expenditure R610 812.00 | No exception found Asset Management Plan submitted |
| 92 | SCM ASSET | Revaluation of infrastructure Asset | Number of report on revaluation compiled | Unbundling and Residual reports | Unbundling of Assets | None | N/A | Achieved 4x Revaluation Reports | New | None | None | Budget R900 000.00 Expenditure R875 125.37 | No exception found Revaluation Reports submitted |
| 93 | SCM | Assets reconciliation | Number of FAR & GL reconciliation | 12x FAR & GL reconciliation | 12x FAR & GL reconciliation | None | N/A | Achieved 12x FAR & GL reconciliation | New | None | None | Opex | No exception found Asset Reconciliation submitted |

Chapter 3

| Key Performance Area (KPA) 4: | | | | | Municipal Financial Viability and Management | | | | | | | | |
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| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 1 & 7: | | | | | <ul style="list-style-type: none"> Implement a differentiated approach to municipal financing, planning and support Administrative and financial capability | | | | | | | | |
| Strategic Objective | | | | | To ensure sound and stable financial management | | | | | | | | |
| No | Priority Area(IDP) | Project Name | KPI | Baseline | 2017/18 Annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| 94 | SCM | Assets Verification | Number of Assets Verification Reports | 2X Assets verification reports | 2X Assets verification reports | None | N/A | Achieved 2X Assets verification reports | Old | None | None | Opex | No exception found Asset verification reports submitted |
| 95 | SCM | Loose Assets Verification | Number of loose assets verification | 2 loose Assets register developed and Loose asset verification | 2 Loose Assets Verification Reports | None | N/A | Achieved 2x loose Assets | New | None | None | Opex | No exception found Loose verification Reports submitted |
| 96 | | Inventory count | Number of inventory count reports | Number of inventor count reports | Inventory Count Report | None | N/A | Achieved 1x Inventory Count Report | New | None | None | Opex | No exception found Inventory count report submitted |
| 97 | | Procurement plan | Approved procurement plan | Approved procurement plan | Approved Procurement plan | None | N/A | | New | None | None | Opex | Target not measurable. No targets were set for the quarters |

Chapter 3

| Key Performance Area (KPA) 4: | | | | | Municipal Financial Viability and Management | | | | | | | | |
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| Outcome 9: | | | | | Responsive, Accountable, Effective and Efficient Local Government System | | | | | | | | |
| Outputs 1 & 7: | | | | | <ul style="list-style-type: none"> Implement a differentiated approach to municipal financing, planning and support Administrative and financial capability | | | | | | | | |
| Strategic Objective | | | | | To ensure sound and stable financial management | | | | | | | | |
| No | Priority Area(IDP) | Project Name | KPI | Baseline | 2017/18 Annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| 98 | | SCM Performance report | Number of Performance reports | 4X SCM performance reports | 4X ASCM performance reports | None | N/A | Achieved 4x quarterly performance reports | New | None | None | Opex | No exception found 4x SCM performance reports submitted |
| EXPENDITURE MANAGEMENT | | | | | | | | | | | | | |
| 99 | Financial Management | Salary reconciliations | Number of Salary reports reconciled to General Ledger | 12 Salary reports reconciliation performed | 12 Salary reconciled to General Ledger | None | Achieved | Not achieved | Old | MSCOA votes having insufficient funds. Some votes not allocated the budget. | Correct allocation of budget and votes | Opex | Exception found Target not achieved |
| 100 | Financial Management | Petty Cash reconciliations | Number of Petty Cash reconciliations | 12 Petty Cash reconciliation Reports | 3x Petty cash reconciliation reports Developed | None | Achieved | Achieved 12 Petty Cash reconciliation Reports | Old | None | None | Opex | No exception found Petty cash Reconciliation reports submitted |
| 101 | | VAT 201 reconciliations | Number of VAT 201 reconciliation | 6X VAT 201 Reconciliation | 6X VAT 201 Reconciliation | None | Achieved | Achieved 6X VAT 201 Reconciliation | Old | None | None | Opex | No exception found VAT 201 |

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"> Implement a differentiated approach to municipal financing, planning and support Administrative and financial capability | | | | | | | | |
| Strategic Objective | | | | | To ensure sound and stable financial management | | | | | | | | |
| No | Priority Area(IDP) | Project Name | KPI | Baseline | 2017/18 Annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| | | | ions submitted to SARS | submitted to SARS | submitted to SARS | | | submitted to SARS | | | | | submitted to SARS |
| 102 | | Project retention and fruitless and wasteful expenditure register | Updated Project, Retention and Fruitless and wasteful expenditure register | 1x updated project and retention register compiled | updated project and retention register compiled | None | Achieved | Achieved updated project and retention register compiled | Old | None | None | Opex | No exception found Project, Retention and Fruitless and Wasteful Expenditure registers reconciling to the GL |
| 103 | | Expenditure on Staff benefits(MFMA section 66) | Number of Expenditure on staff benefits reports reconciled to General Ledger | 12 Reports on Expenditure on staff benefits compiled | 12 Reports on Expenditure on staff benefits reports reconciled to General Ledger | None | Achieved | Achieved 12 Reports on Expenditure on staff benefits reports reconciled to General Ledger | Old | None | None | Opex | No exception found Expenditure on staff benefits reconciling to the GL |
| 104 | | Creditor's reconciliati | Number of | 12 creditors | 12 creditors | None | Achieved | Achieved 12 creditors | Old | None | None | Opex | No exception |

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"> • Implement a differentiated approach to municipal financing, planning and support • Administrative and financial capability | | | | | | | | |
| Strategic Objective | | | | | To ensure sound and stable financial management | | | | | | | | |
| No | Priority Area(IDP) | Project Name | KPI | Baseline | 2017/18 Annual Target | Revised 2017/18 Annual target | 2016/17 Actual performance achievement | 2017/18 Actual achievement | New or Old Indicator | Challenges | Corrective Measure | Budget Expenditure | Internal Audit Review |
| | | on for each and all creditors | creditors reconciliation for each and all creditors | reconciliation | reconciliation | | | reconciliation | | | | | n found Creditors' reconciliation submitted. |

3.7 EXTERNAL SERVICE PROVIDER'S ASSESSMENT REPORT 2017/18 FINANCIAL YEAR

| No. | Project Name | Appointed service provider (consultant/contractor/supplier) | Contract Amount | Expenditure to date | 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 |
|-----|-----------------------------------------------|-------------------------------------------------------------|-----------------|---------------------|-----------------------------------------------|--------------------|---------------------|--------------------|--------------------|------------------|-------------------------------------------------------------------------|
| 1. | Construction of | Matebele Dinare | R 7 328 837.24 | R 7 328 837.24 | Achieved | 100% | None | None | 10 Nov 2017 | 11 April 2018 | 5 |
| 2. | Ramokgopa to Eisleben from gravel to tar road | Engcor Engineers | R 1 843 863.48 | R 921 931.74 | Achieved | 100% | None | None | 19 Sep 2017 | 11 April 2018 | 5 |
| 3. | Mohodi to | Mashaipone | R | R | Achieved | 100% | None | None | 29 August | 30 June | 5 |

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| No. | Project Name | Appointed service provider (consultant/contractor/supplier) | Contract Amount | Expenditure to date | 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 |
|-----|---------------------------------------------|-------------------------------------------------------------|-----------------|---------------------|-----------------------------------------------|--------------------|------------------------------------------------------|----------------------------------------------------------------------|--------------------|------------------|-------------------------------------------------------------------------|
| | Maponto gravel to Tar Road | General Construction | 14 990 665.05 | 14 990 665.05 | | | | | 2016 | 2018 | |
| 4. | | Ubona Engineers | R1 030 300.00 | R 1 030 300.00 | Achieved | 100% | None | None | 28 January 2016 | 30 June 2018 | 5 |
| 5. | Matipane to Madikana gravel to tar road | BSB / 3MB JV | R 3 437 668.44 | R 3 437 668.44 | Not achieved | 95% | Unforeseen hard rock material during planning stage. | Project rolled over to 2018/19 Financial year to cater for blasting. | 22 November 2017 | 30 June 2018 | 4 |
| 6. | Upgrading of Nthabiseng Internal Streets | Engcor Engineers | R 2 702 451.78 | R 1 536 187.53 | Not achieved | 50% | Awaiting way-leave approval from SANRAL | Meetings with SANRAL were held. | 19 September 2017 | 30 June 2018 | 3 |
| 7. | Purchase of TLB | Key Spirit Trading 218 cc | R 1 219 550.00 | R1 219 550.00 | Achieved | 100% | None | None | 2 April 2018 | 30 June 2018 | 5 |
| 8. | Purchasing of an Electrical Bakkie | Mashebane Event Management PTY (LTD) | R 689,557.51 | R 689,557.51 | Achieved | 100% | None | None | 2 April 2018 | 30 June 2018 | 4 |
| 9. | Electricity Network infrastructure Upgraded | No appointment | None | R0.00 | Not achieved | 0% | Project discontinued due to budget constraints | Project to be implemented in the 2018/19 fy | None | None | N/A |

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| No. | Project Name | Appointed service provider (consultant/contractor/supplier) | Contract Amount | Expenditure to date | 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 AVERAGE=3 AVERAGE=2 POOR=1 |
|-----|------------------------------------------|-------------------------------------------------------------|-----------------|---------------------|-----------------------------------------------|--------------------|------------------------------------------------------------------|----------------------------------------------------------|--------------------|------------------|----------------------------------------------------------------------------|
| 10. | Supply and installation of street lights | No appointment | None | R0.00 | Not achieved | 0% | Project re-advertised. | Project to be implemented in the 2018/19 financial year. | None | None | N/A |
| 11. | Mohodi Sports Complex phase 4 | Tainama JV Superway | R 10 734 659.19 | R 6 614 732.71 | Not achieved | 80% Complete | Multi-year project final scope to be completed in the 2018/19 FY | None | 14 July 2017 | 30 June 2018 | 3 |
| 12. | | Paballo Consulting Engineers | R 1 339 438.25 | R 723 296.64 | Not achieved | 80% Complete | Multi-year project final scope to be completed in the 2018/19 FY | None | 18 September 2017 | 30 June 2018 | 3 |

Chapter 3

3.8 KEY CHALLENGES DURING THE YEAR UNDER REVIEW 2017/18

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

- a) Persistent non-payment of services by the rate payers which contributed to low revenue collection,
- b) Staff turnover and vacancies in critical positions of the municipality, including resignation of key staff in, Programme Management Unit, Legal Services, Risk Management Unit, and also vacancies in the office of the Mayor for position for coordinating Special Focus Areas,
- c) Poor Performance by service providers which resulted in delayed project implementation
- d) Seamless integration of payroll and financial system
- e) Unavailability of PMS automated system.

3.9 CORRECTIVE MEASURES UNDERTAKEN AND TO BE UNDERTAKEN BY MANAGEMENT

In order to address the challenges raised above, management, together with council were able to perform the following:

- a) With regard to low revenue collection rate the municipality engaged members of the community and there was consensus on the 100% Debt write off on condition that rate payers will hence forth start servicing their current and future account, failing which the Credit Control and Debt collection policy will apply.
- b) Management has prioritized filling of the critical vacant positions such as PMU Manager and Legal Services of which recruitment processes was successfully completed and positions filled. Most key positions as highlighted above and other resignations were filled in the 2017/18 financial year.
- c) Where there was persistent non-performance management terminated the contracts of the affected service providers and appointed new ones.
- d) Budget structure to be revised
- e) PMS automated system to be procured in the 2018/19 financial year

Chapter 3

COMPONENT A: BASIC SERVICES

a) INTRODUCTION TO BASIC SERVICES

The Municipality is experiencing a massive challenge with regards to water services, this is due to the fact that the Municipality is not a water service authority as reported above and rely mainly on Capricorn District Municipality (CDM) to assist in addressing such challenges. A reliable water supply services is critical to the revenue enhancement strategies of the municipality. Water is life, it is often said!

3.1. WATER PROVISION

The district has allocated funds R 26 million for the 2018/19 financial year for the Water scheme in Ward 3 and 4. The same project will also be rolled out in the 2019/20 financial year in Wards: 01, 07, 09, 14, & 16. A successful implementation of these projects will help in minimizing the problem.

a) COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The performance of water services in general is not satisfactory to our community. This is made worse by incompetent pump operators which are under the employ of the District. Another major concern is the vandalism and theft of water services infrastructure which has been reported in every Council (District or Local) outreach programmes held within our municipality. This is quite concerning to both our municipality and the district and more efforts need to be invested in minimizing this problem.

3.2 WASTE WATER (SANITATION) PROVISION

a) INTRODUCTION TO SANITATION PROVISION

Like water provision as reported above the responsibility relating to the provision of sanitation services still relies with the district. As a result the municipality is not receiving any funding whatsoever to improve sanitation services. It is however acknowledged that provision of efficient sanitation services is critical as it contributes to the improvement of health and safety of communities, a constitutional imperative outlined in chapter 7 of the constitution.

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b) COMMENT ON SANITATION SERVICES PERFORMANCE

The overall performance of sanitation services is not satisfactory at all. This does not bode well for the municipality especially as we are hard at work trying to dispel the notion of non-payment of services by the community. Although the sanitation service has been rolled over in Mogwadi and Morebeng towns the municipality still face a huge backlog of reticulation in the rural villages. We will continue engaging the District and the Water and Sanitation department to speed the roll out of this service.

| Financial Performance Year 2017/18: Water Services | | | | | |
|-----------------------------------------------------------|----------------|------------------------|--------------------------|---------------|---------------------------|
| R'000 | | | | | |
| Details | 2016/17 | 2017/18 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 2368846 | 2040823 | 1809212 | 1685544 | -21% |
| Expenditure: | | | | | |
| Employees | 6042826 | 5427435 | 5675812 | 5339175 | -2% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | 0% |
| Other | 113513 | 62567 | 74992 | 120849 | 48% |
| Total Operational Expenditure | 6156339 | 5490002 | 5750804 | 5460024 | -1% |
| Net Operational Expenditure | 3787493 | 3449179 | 3941592 | 3774479 | 9% |
| <i>T 3.1.8</i> | | | | | |

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| Financial Performance Year 2017/18: Sanitation Services | | | | | |
|---------------------------------------------------------|---------|-----------------|-------------------|---------|--------------------|
| | | | | | R'000 |
| Details | 2016/17 | 2017/18 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 0 | 770663 | 782903 | 802026 | 4% |
| Expenditure: | | | | | |
| Employees | 0 | 1925724 | 2019155 | 1903387 | -1% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | 0% |
| Other | 0 | 55631 | 55631 | 1168006 | 95% |
| Total Operational Expenditure | 0 | 1981355 | 2074786 | 3071393 | 35% |
| Net Operational Expenditure | 0 | 1210692 | 1291883 | 2269367 | 47% |
| | | | | | <i>T 3.2.8</i> |

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 Eskom. 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. This represents an opportunity cost for the municipality as electricity is huge contributor to our revenue streams.

The municipality however still holds the responsibility to ensure villages and new settlements gets electricity. A good working relationship with Eskom is therefore critical. To this end the municipality is proud to report that it has since completed the electrification project inherited from the former Aganang villages of Ward 15 and 16. We are proud to report that a total of 249 households have benefited from this project. Eskom has confirmed that the following electrification projects will be undertaken in the 2018/19 financial year:

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| 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 |

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 |

According to the 2017/18 audit report the municipality distribution loss for electricity was 22%, which is above standard norms of 7% - 10% as guided by MFMA Circular 71. This is a worrying trend as it means we were unable to recover all the cost of bulk purchases. Over the past year the municipality has embarked on conversion from convenient to prepaid metering system as a way to address the non-payment of electricity services. It is hoped that this will reduce the magnitude of losses and help the municipality to increase the revenue from electricity.

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| Financial Performance Year 2017/18: Electricity Services | | | | | |
|----------------------------------------------------------|----------|-----------------|-------------------|----------|--------------------|
| | | | | | R'000 |
| Details | 2016/17 | 2017/2018 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 19146675 | 10302892 | 8526214 | 8440945 | -22% |
| Expenditure | | | | | |
| Employees | 2123657 | 2739408 | 2895065 | 3040873 | 10% |
| Repairs and Maintenance | 459397 | 841691 | 841691 | 260074 | -224% |
| Other | 741323 | | 10786245 | 9830425 | 100% |
| Total Operational Expenditure | 3324378 | 3581099 | 14523001 | 13131372 | 73% |
| Net Operational Expenditure | 15822297 | -6721793 | 5996787 | 4690427 | 243% |
| <i>T 3.6.1</i> | | | | | |

| Capital Expenditure Year 2017/18: Electricity Services | | | | | |
|--------------------------------------------------------------------|-----------------|-------------------|--------------------|-------------------------------|---------------------|
| | | | | | R' 000 |
| Capital Projects | 2017/18 | | | | Total Project Value |
| | Original Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | |
| Total all | 2450000 | 2715764 | 1027122 | -139% | |
| Purchase of Electrical Bakkie | 650000 | 750000 | 618557 | -5% | 618,557 |
| Supply, Delivery and installation of High mast lights at Ga-Phasha | 0 | 465764 | 408565 | 100% | 408,565 |
| Upgrading of Electricity Network in Mogwadi and Morebeng Towns | 300000 | 300000 | 0 | 0% | 0 |
| Supply, delivery and installation of street lights | 1500000 | 1200000 | 0 | 0% | 0 |
| Electrification of cluster 3 projects | 0 | 5135252 | 2290141 | 100% | |
| <i>T 3.3.8</i> | | | | | |

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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 two licensed waste disposal sites, the Morebeng and the Mogwadi landfill sites where waste from the two towns and surrounding villages are disposed. There is gradual improvement towards compliance of the two waste disposal sites to the National Environmental Management Waste Act (NEMWA) no 59 Of 2008. The first phase for refurbishment of the Mogwadi landfill site took place in 2016/17, the total scope of work was the provisioning or construction of a palisade fence and a gate for access control and an ablution facility (toilet), the project was completed in the year 2017/18. 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 people (beneficiaries) to assist with Waste Collection services.

Currently, refuse collection is done consistently in Mogwadi and Morebeng towns and these are the areas in which the municipality is able to bill residents on a monthly basis. Refuse collection services in the residential areas are rendered once a week and twice a week for businesses. The municipality has commenced with bulk refuse collection (garden waste and builders' rubble, etc.) and has placed 34 6m³ bulk containers in various municipal wards. Waste collection for bulk refuse containers is done on a weekly basis or where there is a need. Community Services department has made budget allocation to procure an additional 10 bulk containers in the 2018/19 financial year.

Illegal dumping is currently a course for concern in most areas due to high volumes of waste generated within the community. The municipality will continue to work with communities to ensure a healthy and sustainable living environment. The municipal Integrated Waste Management Plan (IWMP) has been allocated a total budget of R 550,000 in the 2018/19 financial year. The IWMP is a working tool and a requirement in waste management division. The plan will help the municipality to identify and address the negative impact of poor waste management practices on health and the environment, supporting efficient service delivery.

In rural areas, refuse is mostly buried, dumped or burnt. Plans are in place to gradually expand rural waste management services to other wards in the long term.

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Environmental awareness educational campaigns were conducted in the year 2017/18. Lack of funds as a challenge in implementing recycling, reuse and reduce practices, engagements for sourcing of funds from government and private sector e.g Peace Foundation still ongoing. The recyclers at Mohodi were provided with a fence in 2017/18 for the transfer station by the municipality's own funding.

| SOLID WASTE SERVICE DELIVERY LEVELS | | |
|--------------------------------------------|--------------------------|--------------------------|
| Description | 2016/17 Actual No | 2017/18 Actual No |
| Solid waste removal: (minimum level) | | |
| <i>Removed at least once a week</i> | 2665 | 2665 |
| Removed less frequently than once a week | 34 | 34 |
| Using communal refuse dump | 0 | 0 |
| Using own refuse dump | 2 | 2 |
| Other rubbish disposal | 0 | 0 |
| No rubbish disposal | 2 | 2 |
| <i>Total number of households</i> | 2665 | 2665 |
| T 3.4.2 | | |

| Employees: Solid Waste Management Services | | | | | |
|---------------------------------------------------|----------------------|-----------------|----------------------|---------------------------------------------|------------------------------------------|
| Job Level | 2016/17 | | 2017/18 | | |
| 0-3 | Employees No. | Posts No | Employees No. | Vacancies (full time equivalent) No. | Vacancies (as a % of total posts) |
| 4-6 | 10 | 10 | 08 | 02 | 20% |
| 7-9 | 05 | 05 | 03 | 02 | 40% |
| 10-12 | 01 | 01 | 01 | 0 | 0% |
| 13-15 | 01 | 01 | 01 | 01 | 0% |
| 16-18 | 01 | 01 | 01 | 01 | 0% |
| 19-20 | 0 | 0 | 0 | 0 | 0 |
| Total | 18 | 18 | 14 | 06 | |
| T3.4.5 | | | | | |

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| Financial Performance Year 2017/18: Solid Waste Management Services | | | | | |
|---------------------------------------------------------------------|--------------|-----------------|-------------------|---------|--------------------|
| R'000 | | | | | |
| Details | Year 2016/17 | Year 2017/18 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 0 | 2057915 | 2255035 | 1931476 | -7% |
| Expenditure: | | | | | |
| Employees | 0 | 3704719 | 4664663 | 3984214 | 7% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | 0% |
| Other | 0 | 1474480 | 1544480 | 1967277 | 25% |
| Total Operational Expenditure | 0 | 5179199 | 6209143 | 5951491 | 13% |
| Net Operational Expenditure | 0 | 3121284 | 3954108 | 4020015 | 22% |
| <i>T 3.4.7</i> | | | | | |

| Capital Expenditure Year 2017/18: Waste Management Services | | | | | |
|-------------------------------------------------------------|--------------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 496755 | 496755 | 100% | |
| MOGWADI LANDFILL SITE | 0 | 496755 | 496755 | 100% | 0 |
| <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.

Incomplete RDP housing units across the municipality and poor workmanship and non-compliance to NHBRC standards on some of the RDP units constructed previously, for the year 2017/18 only 31 units built by Emang contractor were blocked. The 31 blocked units will be incorporated in the next allocation as a mitigating factor.

| Employees: Housing Services | | | | | |
|------------------------------------|------------------|----------------|------------------|-----------------------------------------|------------------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | 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% |

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| Employees: Housing Services | | | | | |
|-----------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 13 – 15 | 0 | 0 | 0 | 0 | 0% |
| 16 – 18 | 01 | 01 | 01 | 01 | 0% |
| 19 – 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 01 | 01 | 01 | 01 | 0% |
| | | | | | <i>T 3.5.4</i> |

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

a) INTRODUCTION TO FREE BASIC SERVICES

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 5069 households received free basic services including our two towns namely Mogwadi and Morebeng. A recruitment and selection process for a further 2000 would-be Indigent is completed awaiting Eskom's internal process for activation. The Free Basic Services Policy was reviewed and approved by council.

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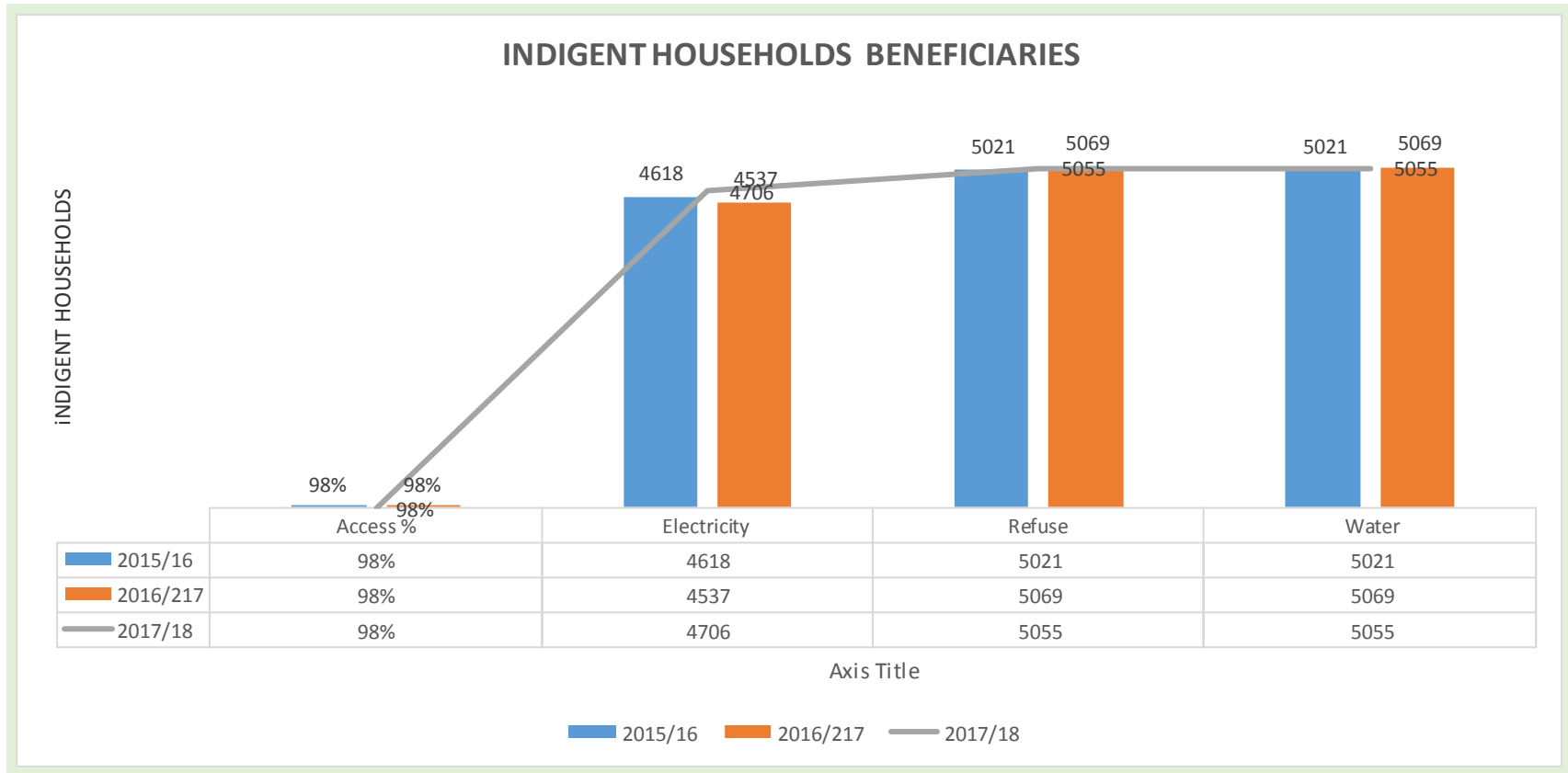
| Free Basic Services To Low Income Households | | | | | | | | | | | |
|----------------------------------------------|----------------------|-----------------------------------------------|--------|-----------------------|--------|------------------------|--------|-------------------|--------|-----|--|
| 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 2015/16 | 5 147 | 5 147 | 5 021 | 98% | 5 021 | 98% | 4 618 | 90% | 5 021 | 98% | |
| 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% | |

T 3.6.3

| Service Delivered | 2016/17 | | 2017/18 | | |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | Actual | Budget | Adjustment Budget | Actual | Variance to Budgeted |
| Water | | | | | |
| Waste Water (Sanitation) | | | | | |
| Electricity | 3,442,743.00 | 4,356,126.00 | 4,356,126.00 | 3,094,950.00 | 29% |
| Water Management (Solid Water) | | | | | |
| Total | 3,442,743.00 | 4,356,126.00 | 4,356,126.00 | 3,094,950.00 | 29% |

T3.6.4

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Chapter 3

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

a) INTRODUCTION TO ROADS

A proper road infrastructure is critical for the economic development within our municipality. Our road network is however not suitable to promote sound economic development. Most of our gravel roads are in a very bad state especially during rainy season. We acknowledge concerns raised by the community during our outreach programmes and will continue to use limited financial resources to continue upgrading these roads. The municipality only has the powers and authority to upgrade internal streets because the responsibility to upgrade district and provincial roads lies with the department of public works and road infrastructure.

The municipality does not have sufficient capacity to raise own revenue and as a result relies heavily on the Municipal Infrastructure Grant (MIG) to upgrade the local road network system. Molemole received a total of R25, 7 million in the 2017/18 financial year and expended 95% (or R24,5 million) as at 30 June 2018. The grant was used to implement the following projects:

| Item | Project Name | Contract Amount | Expenditure | % Construction | Progress |
|------|-------------------------------------------------------------------------|-----------------|----------------|-------------------------|------------------------------------------------|
| 1 | Construction of Ramokgopa to Eisleben from Gravel to Tar Road - Phase 3 | R 8 250 768,98 | R 8 250 768,98 | 100% | Completed |
| 2 | Storm water at Matipana to Madikana road | R3 629 677,12 | R3 629 677.12 | 100% | Completed |
| 3 | Mohodi Maponto gravel to tar Phase 2 | R9 733 467,90 | R9 733 467.90 | 100% | Completed |
| 4 | Nthabiseng Internal Street Phase 1 | R 2 702 451.00 | R1 536 187.53 | Design Report Approved. | Awaiting Approval of Registration from SANRAL. |

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| Gravel Road Infrastructure | | | | | Kilometers |
|----------------------------|--------------------|------------------------------|------------------------------|--------------------------------|----------------|
| Year | Total gravel roads | New gravel roads constructed | Gravel roads upgraded to tar | Gravel roads graded/maintained | |
| 2015/16 | 623 | 0 | 5 | 618 | |
| 2016/17 | 618 | 0 | 5 | 613 | |
| 2017/18 | 613 | 0 | 10 | 603 | |
| | | | | | <i>T 3.7.2</i> |

| Tarred Road Infrastructure | | | | | | Kilometers |
|----------------------------|--------------------|---------------|------------------------------|-------------------------------|----------------------|----------------|
| Year | Total tarred roads | New tar roads | Existing tar roads re-tarred | Existing tar roads re-sheeted | Tar roads maintained | |
| 2015/16 | 21 | 5 | 0 | 0 | 0 | |
| 2016/17 | 26 | 5 | 0 | 0 | 0 | |
| 2017/18 | 36 | 10 | 0 | 0 | 0 | |
| | | | | | | <i>T 3.7.3</i> |

| Cost of Construction/Maintenance | | | | | | | R' 000 |
|----------------------------------|--------|--------------|------------|-------|-----------|------------|----------------|
| Year | Gravel | | | Tar | | | |
| | New | Gravel – Tar | Maintained | New | Re-worked | Maintained | |
| 2015/16 | 0 | 23000 | 0 | 23000 | 0 | 0 | |
| 2016/17 | 0 | 19000 | 0 | 19000 | 0 | 0 | |
| 2017/18 | 0 | 25700 | 0 | 25700 | 0 | 0 | |
| | | | | | | | <i>T 3.7.4</i> |

Chapter 3

| Employees: Road Services | | | | | |
|--------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | 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 | 4 | 4 | 4 | 1 | 25% |
| 7 - 9 | 2 | 2 | 2 | 1 | 50% |
| 10 - 12 | 2 | 2 | 2 | 0 | 0% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0 |
| 16 - 18 | 0 | 0 | 0 | 0 | 0 |
| 19 - 20 | 1 | 1 | 1 | 1 | 0% |
| Total | 9 | 4 | 9 | 4 | 0% |
| <i>T3.7.7</i> | | | | | |

| Financial Performance Year 2017/18: Road Services | | | | | |
|---------------------------------------------------|--------------|-----------------|-------------------|---------|--------------------|
| | | | | | R'000 |
| Details | Year 2016/17 | Year 2017/18 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 28048247 | 0 | 0 | 0 | 0% |
| Expenditure: | | | | | |
| Employees | 4924807 | 2767806 | 2807575 | 2434384 | -14% |
| Repairs and Maintenance | 2635406 | 3800000 | 4450000 | 3253105 | -17% |
| Other | 16482306 | 96340 | 2728687 | 2249445 | 96% |
| Total Operational Expenditure | 24042519 | 6664146 | 9986262 | 7936934 | 16% |
| Net Operational Expenditure | -4005727 | 6664146 | 9986262 | 7936934 | 16% |
| <i>T 3.7.8</i> | | | | | |

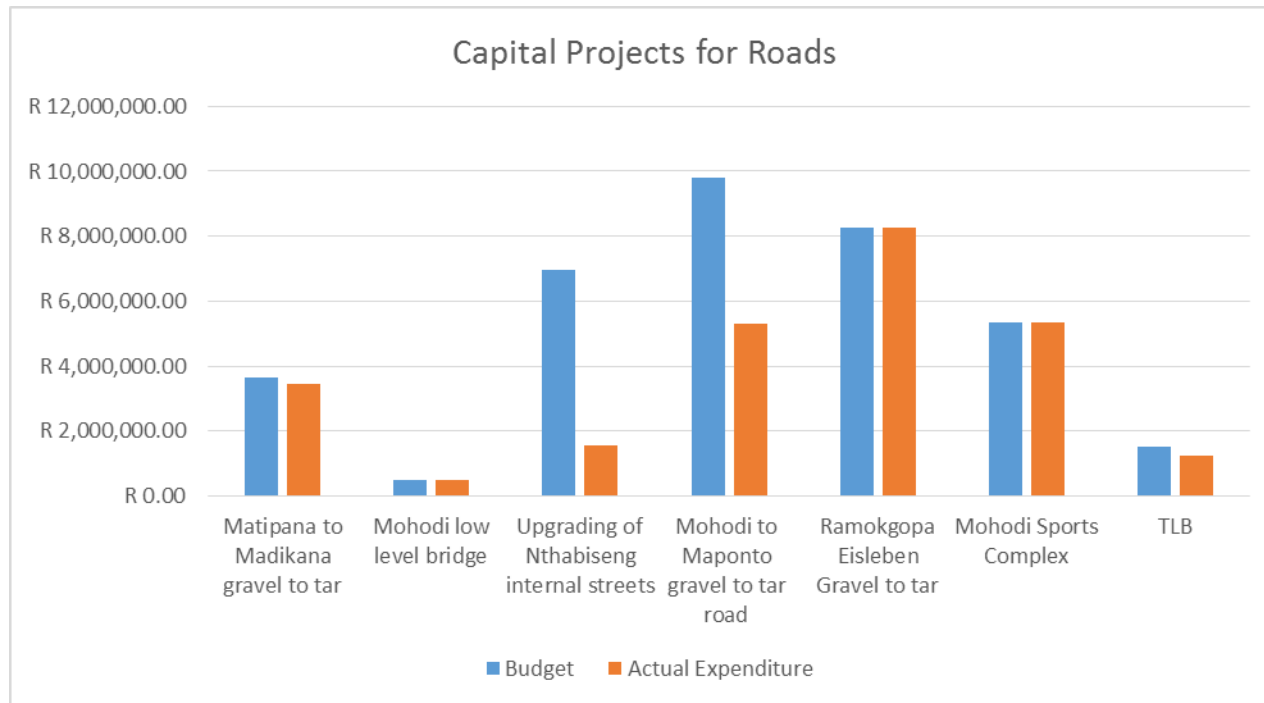
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| Capital Expenditure 2017/18: Road Services | | | | | |
|---------------------------------------------------|----------------|--------------------------|---------------------------|--------------------------------------|----------------------------|
| R' 000 | | | | | |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 2,8638 | 24188 | 18532 | -55% | |
| Matipana to Madikana gravel to tar | 3,629 | 3437 | 3437 | -6% | 3437 |
| Upgrading of Nthabiseng internal streets | 6,960 | 2702 | 1536 | -353% | 1536 |
| Mohodi to Maponto gravel to tar road | 9,799 | 9799 | 5309 | -85% | 5309 |
| Ramokgopa Eisleben Gravel to tar | 8,250 | 8250 | 8250 | 0% | 8250 |
| <i>T 3.7.9</i> | | | | | |

| Capital expenditure 2017/18: Road Services & Storm Water | | | | | |
|---------------------------------------------------------------------|------------------------|--------------------------|---------------------------|--------------------------------------|----------------------------|
| R ` 000 | | | | | |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total project value |
| Totals | R 35,998,485.00 | R 25,895,149.66 | R 25,596,325.41 | R 5,656,524.00 | R 25,596,325.41 |
| Matipana to Madikana gravel to tar | 3,629,677 | 3,437,688.44 | 3,437,688.44 | 0 | 3,437,688.44 |
| Mohodi low level bridge | 500,000 | 484,837.44 | 484,837.44 | 0 | 484,837.44 |
| Upgrading of Nthabiseng internal streets | 6,960,486 | 2,702,451.78 | 1,536,187.53 | 1,166,264 | 1,536,187.53 |
| Mohodi to Maponto gravel to tar road | 9,799,853 | 9,799,853 | 5,309,593 | 4,490,260 | 5,309,593 |

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| Capital expenditure 2017/18: Road Services & Storm Water | | | | | |
|----------------------------------------------------------|-----------|-------------------|--------------------|-------------------------------|---------------------|
| | | | | | R ` 000 |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total project value |
| Ramokgopa Eisleben Gravel to tar | 8,250,769 | 8,250,769 | 8,250,769 | 0 | 8,250,769 |
| Mohodi Sports Complex | 5,357,700 | 5,357,700 | 5,357,700 | 0 | 5,357,700 |
| TLB | 1,500,000 | 1,219,550 | 1,219,550 | 0 | 1,219,550 |



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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 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 2017/18 financial year for the safety of our people, driver and vehicle fitness, minimizing traffic violations.

The Municipality does not offer public transport services to the community, however, there are two taxi associations that operates within our municipal jurisdiction, namely: Machaka Ramokgopa Makgato (Marama) and Bochum Taxi Associations. There are five (5) taxi ranks which are Mogwadi, Marama, Morebeng, Eisleben Cross and Mohodi - Maponto, to provide the community with efficient public transport waiting facilities. Various bus companies operate within the municipality. There are only four subsidized bus companies within the municipality namely; Great North transport, Kopano Bus services, Bahwaduba Bus services and Madodi Bus services. Molemole residents mostly rely on mini bus taxis and busses to commute within and outside the municipal boundaries. There are still three existing and functional scholar patrol points established within the municipality. Other scholar patrols are conducted by the community safety forum.

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

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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 Molemole Transport Forum has not been functional for the year 2017/18. The structure should be re-launched, have quarterly meetings to address issues pertaining to transport and its logistics. The reason for the forum to be dysfunctional is that it is not clear within the municipality as to which department should facilitate the forum, Community services, Local Economic Development or Technical services. The Capricorn District municipality conducted the study on Integrated Transport Plan aimed at soliciting mechanisms to address the transport challenges within the district. Molemole local municipality was funded by the District for the development of an Integrated Transport Plan (ITP) .The service provider has been appointed to develop Molemole Integrated Transport Plan inclusive of the transferred wards from disestablished Aganang Municipality.

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)

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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.

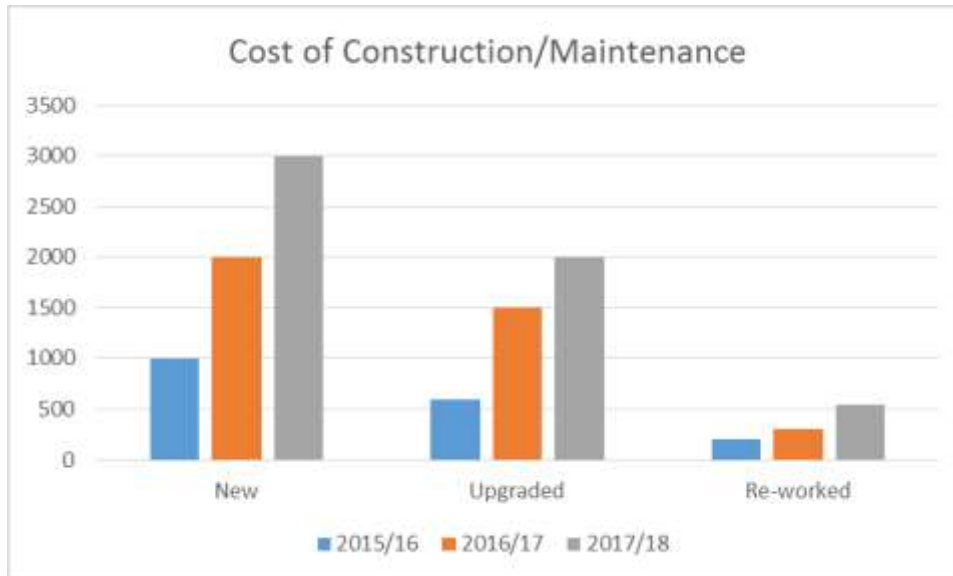
3.9 WASTE WATER (STORMWATER DRAINAGE)

| Storm water Infrastructure | | | | Kilometers |
|----------------------------|----------------------------|--------------------------|-------------------------------|---------------------------------|
| | Total Storm water measures | New Storm water measures | Storm water measures upgraded | Storm water measures maintained |
| 2015/16 | 125 | 20 | 10 | 90 |
| 2016/17 | 145 | 20 | 3 | 110 |
| 2017/18 | 165 | 20 | 5 | 130 |
| | | | | <i>T 3.9.2</i> |

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| Storm water Infrastructure | | | | Kilometers |
|----------------------------|----------------------------|--------------------------|-------------------------------|---------------------------------|
| Year | Total Storm water measures | New Storm water measures | Storm water measures upgraded | Storm water measures maintained |
| 2015/16 | 125 | 20 | 10 | 90 |
| 2016/17 | 145 | 20 | 3 | 110 |
| 2017/18 | 165 | 20 | 5 | 130 |
| | | | | <i>T 3.9.2</i> |

| Cost of Construction/Maintenance | | | | R' 000 |
|----------------------------------|----------------------|----------|-----------|----------------|
| Year | Storm water Measures | | | |
| | New | Upgraded | Re-worked | |
| 2015/16 | 1000 | 600 | 200 | |
| 2016/17 | 2000 | 1500 | 300 | |
| 2017/18 | 3000 | 2000 | 550 | |
| | | | | <i>T 3.9.3</i> |



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| Employees: Storm water Services | | | | | |
|----------------------------------------|------------------|----------------|------------------|-----------------------------------------|------------------------------------------|
| Job Level | 2016/17 | 2016/17 | | | |
| | 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 | 4 | 1 | 4 | 1 | 100% |
| 7 - 9 | 2 | 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 | 1 | 1 | 1 | 1 | 100% |
| Total | 9 | 4 | 9 | 4 | 100% |
| | | | | | <i>T3.9.6</i> |

| Capital expenditure 2016/17: Electricity Services | | | | | | R ` 000 |
|----------------------------------------------------------|-------------------|--------------------------|---------------------------|--------------------------------------|----------------------------|----------------|
| Capital Projects | 2017/18 | | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total project value | |
| Total all | 14,647,266 | 9,793,500 | 3,730,452 | 6,063,048 | 34,234,266 | |
| Electrification: Cluster 3 Extensions | 11,955,051 | 7,401,000 | 3,311,182 | 4,089,818 | 3,311,182 | |
| Upgrading of Electricity Network | 0 | 1,200,000 | 0 | 1,200,000 | 0 | |
| Installation of High mast lights in Pasha village | 500,000 | 500,000 | 0 | 500,000 | 0 | |
| Electricity Networks | 492,215 | 192,500 | 0 | 192,500 | 0 | |
| Replacement of old electricity infrastructure | 1,700,000 | 500,000 | 419,270 | 80,730 | 37,545,448 | |

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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

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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.

| Applications for Land Use Development | | | | | | |
|---------------------------------------|-----------------------------|-----------|----------|-----------|----------------|-----------|
| Detail | Formalizations of Townships | | Rezoning | | Building plans | |
| | 2016/17 | 2017/2018 | 2016/17 | 2017/2018 | 2016/17 | 2017/2018 |
| Planning application received | 0 | 0 | 5 | 1 | 36 | 25 |
| Determination made in year of receipt | 0 | 0 | 8 | 5 | 0 | 25 |
| Determination made in following year | 0 | 0 | 0 | 0 | 0 | 0 |
| Applications withdrawn | 0 | 0 | 0 | 0 | 0 | 1 |
| Applications outstanding at year end | 0 | 0 | 0 | 1 | 0 | 15 |

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| Employees: Planning Services | | | | | |
|------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | | No. | % |
| 0 - 3 | 1 | 1 | 1 | 0 | 0% |
| 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 2017/18: Planning Services | | | | | |
|-------------------------------------------------------|--------------|-----------------|-------------------|---------|--------------------|
| | | | | | R'000 |
| Details | Year 2016/17 | Year 2017/18 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 595550 | 5697803 | 5730359 | 71158 | -7907% |
| Expenditure: | | | | | |
| Employees | 3293514 | 877770 | 971038 | 959887 | 9% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | 0% |
| Other | 3457539 | 4183685 | 4424877 | 3282907 | -27% |
| Total Operational Expenditure | 6751053 | 5061455 | 5395915 | 4242794 | -19% |
| Net Operational Expenditure | 6155503 | -636348 | -334444 | 4171636 | 115% |
| T 3.10.5 | | | | | |

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| Capital Expenditure 2017/18: Planning Services | | | | | |
|------------------------------------------------|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| No projects in the 2017/18 | 0 | 0 | 0 | 0% | |
| | | | | | <i>T 3.10.6</i> |

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

a) INTRODUCTION TO ECONOMIC DEVELOPMENT

The municipality through the Local Economic Development Department play a huge role in ensuring that it creates a conducive environment for job creation; this is mainly achieved through active participation of community members tapping in the key economic sectors within the main stream economy.

Coordination and exploring of all the investment opportunities has become fundamental within the municipality in recent years, Molemole Municipality takes pride in sharing that it has been approached by various industrial and property development organizations that have aspiration to invest in the municipality. The majority of these investments are long-term projects, there is a need to align these business opportunities with the municipal objectives of instilling value into the local communities. the municipality has therefore initiated the process of undertaking investment facilitation, wherein, the potential investors and developers are being engaged, with the main objectives of understanding the progress of the project or opportunity and to understand opportunities for local economic development, which includes a broader transformation and development opportunities such as; job creation, local business opportunities, enterprise development, community equity participation, skills development and social and labour programmes. Programmes such as youth in agriculture which is being driven by the municipality has become more prominent as it has created job opportunities for five (05) graduates; the graduates are

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contracted to the municipality for two years and are placed at four (04) farms within Molemole. This youth in agriculture programme is implemented through partnership with other key stakeholders such as Department of Agriculture, Capricorn District Municipality, Department of Cooperative Governance, Human Settlements and Traditional Affairs.

| Economic Employment by Sector | | | |
|-------------------------------------------|------------------------|------------------------|------------------------|
| Sector | Jobs | | |
| | 2015/16 No. | 2016/17 No. | 2017/18 No. |
| Agriculture, forestry and fishing | 20,000 | 25,000 | 30,000 |
| Mining and quarrying | 400,000 | 435,000 | 372,000 |
| Manufacturing | 320,000 | 300,000 | 270,000 |
| Wholesale and retail trade | 190,000 | 200,000 | 210,000 |
| Finance, property, etc. | 275,000 | 255,000 | 235,000 |
| Government, community and social services | 300,000 | 310,000 | 320,000 |
| Infrastructure services | 400,000 | 430,000 | 450,000 |
| Total | 1905000 | 1955000 | 1887000 |

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| Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects) | | | | |
|--------------------------------------------------------------------------------|-----------------------------|---------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Total Jobs created / Top 3 initiatives | Jobs created No. | Jobs lost/displaced by other initiatives No. | Net total jobs created in year No. | Method of validating jobs created/lost |
| 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 (2017/18) | 19 | 0 | 19 | Service Level agreements |

| Job creation through EPWP and CWP projects | | |
|---------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------|
| Details | Jobs created through EPWP (Infrastructure & Environment) projects No. | Jobs created through CWP projects No. |
| 2015/16 FY | 321 | 1143 |
| 2016/17 FY | 374 | 1245 |
| 2017/18 FY | 385 | 1356 |

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| Employees: : Local Economic Development Services | | | | | |
|---------------------------------------------------------|------------------|----------------|------------------|-----------------------------------------|------------------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | 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

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| Financial Performance 201/18: Local Economic Development Services | | | | | |
|-------------------------------------------------------------------|---------|-----------------|-------------------|---------|--------------------|
| | | | | | R'000 |
| Details | 2016/17 | 2017/18 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 0 | 0 | 0 | 0 | |
| Expenditure: | | | | | |
| Employees | 0 | 1267455 | 2040584 | 1110065 | -14% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | 0% |
| Other | 0 | 916443 | 1163472 | 957502 | 4% |
| Total Operational Expenditure | 0 | 2183898 | 3204056 | 2067566 | -6% |
| Net Operational Expenditure | 0 | 2183898 | 3204056 | 2067566 | -6% |
| | | | | | <i>T 3.11.9</i> |

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COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

a) LIBRARIES

The municipality has two functional libraries, one at Mogwadi and another one at Morebeng. For extension of services to schools, there are six 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. Three officials have been seconded by the department to assist the two Librarians appointed by the municipality.

| Employees: Libraries, Archives, Museums, Galleries, Community facilities, Other | | | | | |
|----------------------------------------------------------------------------------------|----------------------|-----------------|----------------------|---------------------------------------------|------------------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees No. | Posts No | Employees No. | Vacancies (full time equivalent) No. | Vacancies (as a % of total posts) |
| 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

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| Financial Performance Year 2017/18: Libraries; Archives; Museums; Galleries; Community Facilities; Other | | | | | |
|-----------------------------------------------------------------------------------------------------------------|---------------------|------------------------|--------------------------|---------------|---------------------------|
| R'000 | | | | | |
| Details | Year 2016/17 | Year 2017/18 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 7090464 | 8703125 | 8703125 | 5148668 | -69% |
| Expenditure: | | | | | |
| Employees | 17141809 | 15169306 | 15868463 | 14646335 | -4% |
| Repairs and Maintenance | 522722 | 621296 | 2202683 | 1346347 | 0% |
| Other | -7165940 | 5346687 | 8582186 | 7972375 | 33% |
| Total Operational Expenditure | 10498592 | 21137289 | 26653332 | 23965057 | 12% |
| Net Operational Expenditure | 3408128 | 12434164 | 17950207 | 18816389 | 34% |
| <i>T 3.12.5</i> | | | | | |

| Capital Expenditure Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------|---------------------------|--------------------------------------|----------------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| 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

3.13 CEMETORIES AND CREMATORIUMS

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 everytime there is a funeral.

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

a) INTRODUCTION TO CHILD AND AGED CARE; SOCIAL PROGRAMMES

A special programmes officer was appointed in the third quarter of the financial year. Key among his responsibilities is to coordinate activities relating to the people living with HIV/AIDS, Disability, Older Persons, Youth and women & children. The municipality has not been doing well in this respect and it is hoped that the appointment officials will help better coordination of these critical functions. To this end and official at the Management level has been transferred to this unit to help the Special Programmes Officer. The two Officials will report to the Manager: Executive Support which resides in the office of the Municipal Manager.

We appreciate the work Capricorn District Municipality as well as Office of the Premier for assisting with capacitation of the Unit to ensure it is able to coordinate the local activities. A progress report on the effect of this interventions will be provided in the next financial year.

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b) CHALLENGES OF SOCIAL PROGRAMMES FUNCTION

There is only one (1) dedicated Officer responsible to perform all the above activities. Other local municipalities and the District have an official responsible for each of the key performance areas. It is difficult for one (1) Officer to satisfactorily perform all the above activities. The reason for this is that the Officer is unable to attend all of the activities because at times programmes from either of the above key performance areas take place at the same time and the incumbent is placed in an unenviable position of having to prioritize one programme over the other. This has led to the municipality not submitting reports as some forums are unable to sit due to lack of coordination by the Officer.

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:

| Name of event | Number of events held |
|----------------------|------------------------------|
| Youth forum event | One event coordinated |
| Disability forum | Two events |
| Older persons forum | Three events |

The function is a key competency for the Department of Health and Social Welfare. Capricorn District Municipality is assisting with the programmes that deal with child care.

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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.

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COMPONENT F: HEALTH

3.17 **CLINICS**

The function is a key competency for the Department of Health and Social Welfare

3.18 **AMBULANCE SERVICES**

The function is a key competency for the Department of Health and Social Welfare

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

The function is a key competency for the Capricorn District Municipality

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 8th 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.

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

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

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.

The Ramokgopa Stadium in Molemole East was refurbished in the previous financial year. The availability of the Ramokgopa Stadium in Molemole East accords both the youth and the community opportunity to engage in sporting and other activities. However, the amenity has already been vandalized several times and this results in serious setbacks for both the municipality and the community. The service provider abandoned the project and was untraceable. This forced the municipality to terminate the contract for the service provider. The multi-year project for the construction of the Mohodi Sports Complex is not yet completed. However a budget has been allocated in the 2017/18 financial year to complete the final phase of the project. Once complete the center should serve as a hub of sports and recreation for the community of Ward 11, 12, 13 in particular and Molemole community in general.

The renovation of Mogwadi tennis court phase two was done and completed in 2017/18. Morebeng tennis court is not yet refurbished. There are a number of soccer fields in the villages and the municipality assists by grading them as requested by the community.

The non-functionality of the Molemole Sports and Recreation Council impacts negatively on the general coordination of this function. There is a need for proper coordination between the municipality and sporting federations. The municipality participated in almost all Provincial games during the year under review.

Chapter 3

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.

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 |
| TOTAL | 6,525,044.12 | | 3,957,353.46 | 6,179,079.41 | | 26,062,342.16 | 9,642,342.76 |
| T3.5.2 | | | | | | | |

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

Chapter 3

| Financial Performance Year 2017/18: Financial Services | | | | | |
|--------------------------------------------------------|-------------|-----------------|-------------------|------------|--------------------|
| | | | | | R'000 |
| Details | Year 2016/7 | Year 2017/18 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 135262467 | 145574248 | 161167288 | 143036453 | -2% |
| Expenditure | | | | | |
| Employees | 10105281 | 10645499 | 12568624 | 9932425 | -7% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | |
| Other | 46828897 | 35420593 | 22798451 | 27505346 | -29% |
| Total Operational Expenditure | 56934178 | 46066092 | 35367075 | 37437770 | -23% |
| Net Operational Expenditure | -78328289 | -99508156 | -125800213 | -105598682 | 6% |
| | | | | | T 3.25.5 |

| Capital Expenditure Year 2017/18: Financial Services | | | | | |
|------------------------------------------------------|--------------|-------------------|--------------------|-------------------------------|---------------------|
| | | | | | R' 000 |
| Capital Projects | Year 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 2905000 | 3173504 | 1835897 | -58% | 2905000 |
| COMPUTER EQUIP - FU C: ACQUISITION:MDTG | 2700000 | 2239000 | 1835897 | -47% | 2700000 |
| COMPUTER EQUIP - FU C: ACQUISITION: FMG | 205000 | 0 | 0 | 0% | 205000 |
| COMPUTER EQUIP - FU C: ACQUISITION:MDTG | 0 | 934504 | 0 | 0% | 0 |
| | 0 | 0 | 0 | 0% | 0 |
| | | | | | T 3.25.6 |

Chapter 3

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.

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.

Chapter 3

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 2017/18 financial year. The plan is to pilot the PMS to managers reporting to Section 57 Managers from in the 2018/19 financial and ultimately roll it out to all employees in the 2019/20 financial year. There are no performance rewards within the current system

3.26.4 Personnel Provisioning

- **Recruitment and retention of employees – 4 Interns and 14** positions were filled in the year under review, 01 position in Mayor’s Office, 01 position in Community services, 03 positions in Corporate services, 01 position in Budget and Treasury, 04 positions in Technical Services and 04 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:

| EMPLOYMENT EQUITY ALL EMPLOYEES | |
|----------------------------------------|------------|
| Female | 73 |
| Male | 90 |
| Grand Total | 163 |

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

| Department | Female | Male | Total |
|---------------------------------------|---------------|-------------|--------------|
| Community Services | 23 | 34 | 57 |
| Corporate Services | 23 | 12 | 35 |
| Local Economic Development & Planning | 1 | 5 | 6 |
| Finance Management Services | 18 | 8 | 26 |
| Technical Services | 3 | 25 | 28 |

Chapter 3

| Department | Female | Male | Total |
|----------------------------|--------|------|------------|
| Municipal Manager's office | 5 | 5 | 10 |
| Grand Total | 73 | 90 | 163 |

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

Number of total employees = 163

Number of people with disability = 3

Percentage = 2.40%

- **Equity Status** at managerial level as at end 2017/2018 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. At least one meeting was held on the 2017/18 financial year and the plan is to have the meetings quarterly in the next financial year.

Chapter 3

- **Human Resources Development** - On annual basis, municipality compiles and submits to Local Government SETA a Workplace Skills Plan (WSP) and the Annual Training Report (ATR) by the end of each financial year and same was compiled within 2017/18 financial year.
- **Workplace Skills Plan (WSP)** and the **Annual Training Report (ATR)** were developed and submitted to the Local Government SETA by the 30th of April 2018.
- **Leave Management** The municipality has migrated to electronic leave management system although there have been challenges with line managers not approving leave timeously leading to an override by HR Official. The HR unit will continue to capacitate Line Managers to take responsibility for leave Management
- **Labour Relations**
Molemole Municipality had a good relationship with Trade Unions and issues of Labour forums were attended to promptly. There has never been any protest action in 2017/18 financial year. Matters of mutual interest between the employer and employees are bargained at LLF and there were challenges in holding meetings as prescribed due to members not forming a quorum. A total of 4 (Four) LLF meetings were convened.

| Employees: Human Resource Services | | | | | |
|------------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | 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 | 0 | 4 | 4 | 0 | 0% |
| | | | | | T3.26.4 |

Chapter 3

| Financial Performance Year 0: Human Resource Services | | | | | |
|-------------------------------------------------------|--------------|-----------------|-------------------|---------|--------------------|
| R'000 | | | | | |
| Details | Year 2016/17 | Year 2017/18 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 0 | 183743 | 183743 | 112536 | -63% |
| Expenditure: | | | | | |
| Employees | 0 | 2986535 | 2528443 | 2077435 | -44% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | 0% |
| Other | 0 | 3865219 | 4001516 | 3309187 | -17% |
| Total Operational Expenditure | 0 | 6851754 | 6529959 | 5386622 | -27% |
| Net Operational Expenditure | 0 | 6668011 | 6346216 | 5274086 | -26% |
| <i>T 3.26.5</i> | | | | | |

| Capital Expenditure for 2017/18: Human Resource Services | | | | | |
|----------------------------------------------------------|---------|-------------------|--------------------|-------------------------------|---------------------|
| R 00.00 | | | | | |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from Original Budget | Total Project Value |
| Installation of firefighting equipment | 150,000 | 150,000 | 22,553 | -566% | 100,000 |
| T3.26.6 | | | | | |

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 be filled during the course of the next financial year. It is hoped this will help relieve some pressure on the current staff complement occasioned by an increase in the number of users.

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 |

c) THE OVERALL PERFORMANCE OF ICT SERVICES

The municipality is proud to report that it is one of the few municipalities that managed to migrate from the old Venus system to the new MSCOA system from the 1st of July 2017 as required by Treasury. The adjustment to the system has been quite smooth thanks to our credible ICT Infrastructure. The functions of the ICT unit is guided by approved polices which are reviewed on an annual basis.

Chapter 3

All the service providers contracted to the municipality have been providing a supporting role as and when there are downtimes of either of the system. The ICT Unit played a huge role of maintaining network infrastructure in all the municipal sites. The Manager: ICT services conduct regular weekly visits to all the sites to monitor the performance and functionality of the infrastructure. The ICT Steering committee is functional and had convened a total of four (04) meetings during the year under review. All external committee members (SITA, and CDM) were able to attend all the meetings as scheduled.

| EMPLOYEES: ICT SERVICES | | | | | |
|--------------------------------|----------------------|-----------------|----------------------|---------------------------------------------|------------------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees No. | Posts No | Employees No. | Vacancies (full time equivalent) No. | Vacancies (as a % of total posts) |
| 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 | |

| FINANCIAL PERFORMANCE 2017/18: ICT SERVICES | | | | | |
|----------------------------------------------------|----------------|------------------------|--------------------------|-----------------------|---------------------------|
| | 2016/17 | 2017/18 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operating Revenue | R 00.00 | R 2,684,338.00 | R 00.00 | R 2,317,237.27 | R 367,100.73 |
| Expenditure | R 00.00 | R 2,684,338.00 | R 00.00 | | |
| Employees | R 00.00 | R1,584,338.00 | R0.00 | R1,501,858.51 | R82,479.49 |
| Repair & Maintenance | R 00.00 | R 1,100,000.00 | R 00.00 | R 815,378.76 | R 284,621.24 |
| Other | R 00.00 | R0.00 | R0.00 | R0.00 | R0.00 |
| Net Operating Expenditure | | | | | R 367,100.73 |

Chapter 3

| CAPITAL EXPENDITURE: 2017/18 – ICT SERVICES | | | | | | R 000 |
|---------------------------------------------|---------|-------------------|--------------------|-------------------------------|---------------------|-------|
| Capital Projects | 2017/18 | | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from Original budget | Total Project value | |
| Total all | R0.00 | R0.00 | R0.00 | R0.00 | | |
| N/A | R0.00 | R0.00 | R0.00 | R0.00 | | |

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 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.

Chapter 3

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

Chapter 4

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

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

Chapter 4

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

| Employees | | | | | |
|-----------------------------------------|-----------|----------------|-----------|-----------|-----------|
| Description | 2016/17 | 2017/18 | | | |
| | Employees | Approved Posts | Employees | Vacancies | Vacancies |
| | No. | No. | No. | No. | % |
| Water & Sanitation | 9 | 9 | 9 | 0 | 0% |
| Electricity | 5 | 5 | 5 | 0 | 0% |
| Waste Management | 6 | 10 | 6 | 04 | 40% |
| Waste Water (Storm water Drainage) | 12 | 12 | 12 | 0 | 0% |
| Local Economic Development and Planning | 7 | 9 | 7 | 2 | 22% |
| Community & Social Services | 7 | 7 | 7 | 7 | 0 % |
| Corporate Services | 34 | 36 | 34 | 02 | 5% |
| Totals | 74 | 88 | 80 | 15 | |
| T 4.1.1 | | | | | |

Chapter 4

| Vacancy rate: 2017/18 | | | |
|--------------------------------|-----------------------------|----------------------------------------|--------------------------------------------------------------------|
| | 2017/18 | | |
| Designations | Total Approved Posts | Vacancies (fulltime equivalent) | Vacancies (as a percentage of total posts in each category) |
| Municipal Manager | 1 | 0 | 0% |
| CFO | 1 | 1 | 100% |
| Other S57 (excl. Finance) | 4 | 0 | 0% |
| Managers (Excl. Finance) | 11 | 0 | 0% |
| Managers: Finance | 4 | 0 | 0% |
| Supervisors/Specialized skills | 10 | 0 | 0% |
| T 4.1.2 | | | |

| Turnover Rate | | | |
|----------------------|------------------------------------------------------|-----------------------------------------------|-----------------------|
| Details | Total appointments as of beginning of 2017/18 | Terminations during the Financial year | Turnover rate* |
| 2015/16 | 0 | 0 | 0% |
| 2016/17 | 0 | 0 | 0% |
| 2017/18 | 149 | 6 | 4% |
| T4.1.3 | | | |

Chapter 4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

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 | 28 May 2018 |
| 2. | Attraction and Retention | 100% | Yes | 28 May 2018 |
| 3. | Code of Conduct for employees | 100% | Yes | 28 May 2018 |
| 4. | Delegations, Authorization & Responsibility | 100% | Yes | |
| 5. | Disciplinary Code and Procedures | 100% | yes | 28 May 2018 |
| 6. | Employee Assistance / Wellness | 100% | yes | 28 May 2018 |
| 7. | Employment Equity | 100% | yes | 28 May 2018 |
| 8. | HIV/Aids | 100% | yes | 28 May 2018 |
| 9. | Human Resource and Development | 100% | yes | 28 May 2018 |
| 10. | Leave | 100% | yes | 28 May 2018 |
| 11. | Occupational Health and Safety | 100% | yes | 28 May 2018 |
| 12. | Official Working Hours and Overtime | 100% | yes | 28 May 2018 |
| 13. | Performance Management and Development | 100% | yes | 28 May 2018 |
| 14. | Recruitment, Selection and Appointments | 100% | yes | 28 May 2018 |
| 15. | Sexual Harassment | 100% | yes | 28 May 2018 |
| 16. | Skills Development | 100% | yes | 28 May 2018 |
| <i>T 4.2.1</i> | | | | |

Chapter 4

4.3 INJURY ON DUTY

| Number and Cost of Injuries on Duty | | | | | |
|---------------------------------------|---------------------------|----------------------------------|----------------------------------------------|------------------------------------------|------------------------------|
| 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 |
| Total | 0 | 0 | 0 | 0 | 0 |

T4.3.1

Chapter 4

| Number of days and cost of sick leave (excl. injuries on duty) | | | | | |
|-----------------------------------------------------------------------|-------------------------|-------------------------------------------------------------|-----------------------------------------|-----------------------------------------------|-------------------------------|
| Salary band | Total sick leave | Proportion of sick leave without medical certificate | Employees using sick leave (No.) | Average sick leave per employee (days) | Estimated cost R 00.00 |
| General Assistants/Cleaning staff | 190 | 0% | 26 | 80 days three year cycle. 26.6 days yearly | 112,860 |
| Officers | 150 | 0% | 35 | 80 days three year cycle. 26.6 days yearly | 127,258.5 |
| Superintendents | 37 | 0% | 13 | 80 days three year cycle. 26.6 days yearly | 49,256.99 |
| Managers | 26 | 3.84% | 9 | 80 days three year cycle. 26.6 days yearly | 50,586.9 |
| Senior Managers | 0 | 0% | | 80 days three year cycle. 26.6 days yearly | |
| Total | 403 | 3.84% | 83 | | 339,962.39 |
| T4.3.2 | | | | | |

4.4 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.

Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

| SKILLS MATRIX | | | | | | | | | | | | | | |
|------------------|--------|---------------------------------------|-----------------------------------------------------------------------|--------------|--------------|---------------------------------|--------------|--------------|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Management Level | Gender | Employee s at post at 30 June 2017/18 | Number of skilled employees required and actual as at 30 June 2017/18 | | | | | | | | | | | |
| | | | Learnerships | | | Skills Programmes Short Courses | | | Other forms of training | | | Total | | |
| | | | No. | Target 16/17 | Actual 16/17 | 17/18 target | Actual 16/17 | Target 17/18 | 17/18 Actual | Actual 16/17 | Actual 17/18 | 17/18 target | Actual 16/17 | Actual 17/18 |
| Councillors | Male | 17 | 4 | 4 | 2 | 2 | 7 | 7 | 0 | 17 | 17 | 06 | 26 | 32 |
| | Female | 15 | 6 | 6 | 0 | 0 | 8 | 8 | 0 | 15 | 15 | 0 | 29 | 29 |
| MM and S57 | Male | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Managers | Male | 15 | 3 | 3 | 1 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 03 |
| | Female | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 |
| Technicians | Male | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professionals | Male | 18 | 5 | 5 | 5 | 5 | 5 | 18 | 0 | 0 | 0 | 10 | 10 | 18 |
| | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Totals | | 71 | 18 | 18 | | 5 | 15 | 33 | 00 | 32 | 32 | 16 | 37 | 82 |

T4.5.1

Chapter 4

| 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 | 6 | 0 | 6 | 12 | 0 | 0 |
| Accounting Officer | 2 | 0 | 2 | 2 | 0 | 0 |
| Chief Financial Officer | 0 | 0 | 0 | 0 | 0 | 1 |
| Senior Managers | 1 | 0 | 1 | 1 | 1 | 1 |
| Any Finance officials | 5 | 0 | 5 | 0 | 0 | 0 |
| Head of Supply chain units | 1 | 0 | 1 | 2 | 0 | 0 |
| Total | 15 | 0 | 15 | 1 | 1 | 1 |

Chapter 5

- Skills Development Expenditure

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

| Employee Level | Gender | Actual | Original Budget | Actual | |
|-----------------------------|--------|--------|-----------------|------------|---------|
| MM & S57 | Male | 2 | 400,000 | 116,000 | |
| | Female | | | | |
| Managers | Male | 2 | | | 15,282 |
| | Female | 1 | | | 14,000 |
| Plant and Machine Operators | Male | | | | |
| | Female | 0 | | | |
| Technicians | Male | 0 | | | |
| | Female | 0 | | | |
| Sales & Services Workers | Male | 0 | | | |
| | Female | 0 | | | |
| Officers | Male | 3 | | | 300,00 |
| | Female | 3 | | | 26,500 |
| Clerks | Male | 1 | | | 6,282 |
| | Female | 4 | | | 115,920 |
| General Assistants | Male | 0 | | | |
| | Female | 0 | | | |
| Totals | | | | R 296, 984 | |
| % | | | | 74 | |
| | | | | T4.5.3 | |

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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 |
| Total | | 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 | | | | |

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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: COUNCILLOR DECLARATION REGISTER

| No | Pay No | Surnames | Full names | Designation | Declaration Form | Organisation | Signature |
|----|--------|------------|--------------------|-------------|------------------|----------------------------------------------------------------------------------|------------|
| 1 | 2700 | Paya | Masilo Edward | Mayor | Yes | None | 2012/01/12 |
| 2 | 3300 | Moreroa | Mpelege Sarah | Speaker | Yes | None | 2016/08/24 |
| 3 | 3390 | Rathaha | Masilo Emmanuel | Chief whip | None | None | None |
| 4 | 2890 | Seakamela | Nakedi Winnie | Exco | Yes | None | 2016/09/07 |
| 5 | 3240 | Rampyapedi | Ngaletjane Frank | Exco | Yes | None | 2016/09/28 |
| 6 | 1480 | Tawana | Pauline Makoma | Exco | Yes | None | 2012/01/12 |
| 7 | 2750 | Lehong | Moyahabo Daniel | Exco | Yes | None | 2016/08/19 |
| 8 | 3210 | Kobo | Makgabo Alex | Exco | Yes | Nthekgeng Ditlou Project | 2017/03/01 |
| 9 | 3350 | Rathete | Pual Tshepiso | MPAC | None | None | None |
| 10 | 2760 | Makgato | Moyagabo Paulina | Councillors | Yes | None | 2011/06/07 |
| 11 | 2820 | Makgoka | Mangalane Adelaide | Councillors | Yes | Media 24 Holding, Welkom Yizani, Ngalane Trading & Projects, Mabea Micro Finance | 2011/08/19 |
| 12 | 2840 | Malema | Moni Quintilian | Councillors | Yes | None | 2011/06/09 |
| 13 | 3230 | Mpati | Ramalepe Lawrance | Councillors | Yes | None | 2016/08/18 |
| 14 | 2780 | Matlou | Dikeledi | Councillors | Yes | Libdik Trading Enterprise | 2012/01/12 |
| 15 | 3370 | Nakana | Sewatlalene Robert | Councillors | None | None | None |
| 16 | 3250 | Manthata | Mokgadi Jeanette | Councillors | Yes | None | 2016/08/18 |

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| No | Pay No | Surnames | Full names | Designation | Declaration Form | Organisation | Signature |
|----|--------|-------------|---------------------------|-------------|------------------|--------------------------------------------------------------------------------------|------------|
| 17 | 4310 | Duba | Marias | Councillors | Yes | M2B Trading Enterprise | 2013/10/14 |
| 18 | 1510 | Matjee | Moloko Calvin | Councillors | Yes | Nedbank Investment, Department of Education | 2011/06/07 |
| 19 | 3330 | Sephesu | Matlou Godlive | Councillors | Yes | None | None |
| 20 | 3280 | Ramukhubedi | Naledzani Selinah | Councillors | Yes | None | 2016/08/19 |
| 21 | 3290 | Kobola | Sekwatle Elias | Councillors | Yes | None | 2016/08/22 |
| 22 | 3260 | Masoga | Phuti Standford | Councillors | Yes | Komosana General Trading, Mahlabakgadishi Security, Mhlasedi Cooperative | 2016/08/22 |
| 23 | 2870 | Moabelo | Moloko Letta | Councillors | Yes | None | 2016/09/06 |
| 24 | 3380 | Hopane | Ngwakwana Margaret | Councillors | Yes | None | 2016/08/18 |
| 25 | 1460 | Makgalo | Ntshwamare Godfree | Councillors | None | None | None |
| 26 | 3310 | Raphaswana | Tebogo Edith | Councillors | Yes | None | 2016/10/07 |
| 27 | 3340 | Marutha | Madiga Daisie | Councillors | Yes | None | 2016/09/09 |
| 28 | 3220 | Mohafe | Marema Issac | Councillors | Yes | Maphumo CC | 2016/09/13 |
| 29 | 3320 | Meso | Mamoraka Dorcas | Councillors | Yes | None | 2016/09/05 |
| 30 | 3200 | Rakimane | Phetola Thomas | Councillors | None | None | None |
| 31 | 3270 | Leferela | Motlalaohle Jacqueline | Councillors | None | None | None |
| 32 | 3360 | Tloubatla | Malose Phinius | Councillors | None | None | None |

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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 annual Financial statements 2016/2017 financial year with an amount of R849, 300.00. The Municipality is still in the learning process of the case ware system that will assist in compilation. *T 5.0.1*

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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.

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5.2 Reconciliation of Table A1 Budget Summary

| Description | Year 2017/18 | | | | | | | | | | | Year 2016/17 | | | |
|---------------------------------------------------------------|-----------------|-----------------------------------------------------|--------------------------|--------------------------------------------|-------------------------------------------|--------------|----------------|--------------------------|----------|-------------------------------------|----------------------------------------|-----------------------------------|-------------------------------------------------------|------------------------|--------------------------|
| | 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 recorded | Restated Audited Outcome |
| R thousands | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Financial Performance | | | | | | | | | | | | | | | |
| Property rates | 12,732 | 986 | 13,718 | - | | 13,718 | 16,184 | | (2,466) | 118 | 127 | - | - | - | - |
| Service charges | 11,984 | 259 | 12,242 | - | | 12,242 | 10,064 | | 2,178 | 82 | 84 | - | - | - | - |
| Investment revenue | 2,488 | (600) | 1,888 | - | | 1,888 | 1,575 | | 313 | 83 | 63 | - | - | - | - |
| Transfers recognized - operational | 127,991 | 2,396 | 130,387 | - | | 130,387 | 129,423 | | 964 | 99 | 101 | - | - | - | - |
| Other own revenue | 22,429 | 13,175 | 35,604 | | | 35,604 | 9,526 | | 26,078 | 27 | 42 | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | 177,624 | 16,216 | 193,840 | - | - | 193,840 | 166,772 | - | 27,067 | 86 | 94 | - | - | - | - |
| Employee costs | (77,449) | 744 | (76,706) | - | - | (76,706) | (67,655) | - | (9,051) | 88 | 87 | - | - | - | - |
| Remuneration of councillors | (13,391) | 1,367 | (12,024) | - | | (12,024) | (12,031) | - | 8 | 100 | 90 | - | - | - | - |

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| Description | Year 2017/18 | | | | | | | | | | | Year 2016/17 | | | | |
|---------------------------------------------------------|------------------|-----------------|-----------------------------------------------------|--------------------------|--------------------------------------------|-------------------------------------------|------------------|----------------|--------------------------|------------|-------------------------------------|----------------------------------------|-----------------------------------|-------------------------------------------------------|-------------------------|--------------------------|
| | R thousands | 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 |
| | | | | | | |) | | | | | | | | | |
| Debt impairment | (5,195) | - | (5,195) | | | (5,195) | (2,465) | - | (2,730) | 47 | 47 | - | - | - | - | |
| Depreciation & asset impairment | (7,200) | (500) | (7,700) | | | (7,700) | (7,861) | - | 161 | 102 | 109 | - | - | - | - | |
| Finance charges | (1,117) | (11) | (1,129) | - | - | (1,129) | (1,191) | - | 63 | 106 | 107 | - | - | - | - | |
| Materials and bulk purchases | (9,474) | - | (9,474) | - | - | (9,474) | (9,173) | - | (301) | 97 | 97 | - | - | - | - | |
| Transfers and grants | - | - | - | - | - | - | - | - | - | | | - | - | - | - | |
| Other expenditure | (53,034) | (2,199) | (55,233) | - | - | (55,233) | (62,669) | | 7,436 | 113 | 118 | 22,652 | (5,932) | - | 16,720 | |
| Total Expenditure | (166,860) | (600) | (167,460) | - | - | (167,460) | (163,046) | - | (4,413) | 654 | 655 | | | | | |
| Surplus/(Deficit) | 10,764 | 15,616 | 26,380 | - | - | 26,380 | 3,726 | - | 22,654 | 740 | 749 | | | | | |
| Transfers recognised - capital | 36,718 | 7,215 | 43,933 | - | | 43,933 | 38,529 | | 5,405 | 88 | 105 | | | | | |
| Contributions recognised - capital & contributed assets | | | - | | | - | | | | | | | | | | |

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| Description | Year 2017/18 | | | | | | | | | | | Year 2016/17 | | | |
|-----------------------------------------------------------|-----------------|-----------------------------------------------------|--------------------------|--------------------------------------------|-------------------------------------------|--------------|----------------|--------------------------|----------|-------------------------------------|----------------------------------------|-----------------------------------|-------------------------------------------------------|-------------------------|--------------------------|
| | 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 |
| Surplus/(Deficit) after capital transfers & contributions | | | | | | | | | | | | | | | |
| Share of surplus/(deficit) of associate | - | - | - | - | | - | - | | 0 | - | - | | | | |
| Surplus/(Deficit) for the year | 10,764 | 15,616 | 26,380 | - | - | 26,380 | 3,726 | - | 22,654 | - | - | | | | |
| Capital expenditure & funds sources | | | | | | | | | | | | | | | |
| Capital expenditure | | | | | | | | | | | | | | | |
| Transfers recognised – capital | 37,078 | 7,215 | 44,293 | - | | 44,293 | 23,452 | | 20,841 | 53 | 63 | | | | |
| Public contributions & donations | - | | - | | | - | | | - | - | - | | | | |
| Borrowing | - | | - | | | - | | | - | - | - | | | | |
| Internally generated funds | 10,449 | 9,313 | 19,762 | - | | 19,762 | 11,854 | | 7,908 | 60 | 113 | | | | |
| Total sources of capital | 47,527 | 16,528 | 64,056 | - | - | 64,056 | 35,306 | - | 28,749 | 55 | 74 | | | | |

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| Description | Year 2017/18 | | | | | | | | | | | Year 2016/17 | | | |
|-------------------------------------------------------------|-----------------|-----------------------------------------------------|--------------------------|--------------------------------------------|-------------------------------------------|--------------|----------------|--------------------------|----------|-------------------------------------|----------------------------------------|-----------------------------------|-------------------------------------------------------|-------------------------|--------------------------|
| | 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 |
| funds | | | | | | | | | | | | | | | |
| Cash flows | | | | | | | | | | | | | | | |
| Net cash from (used) operating | 46,022 | (23,737) | 22,284 | - | | 22,284 | 20,347 | | 1,937 | 91 | 44 | | | | |
| Net cash from (used) investing | (47,527) | - | (47,527) | - | | (47,527) | (34,792) | | (12,735) | 73 | 73 | | | | |
| Net cash from (used) financing | - | - | - | | | - | 416 | | (416) | - | - | | | | |
| Net increase/(decrease) in cash and cash equivalents | (1,506) | (23,737) | (25,243) | - | - | (25,243) | (14,029) | - | (11,213) | 0 | 932 | | | | |
| Cash/cash equivalents at the beginning of the year | 33,302 | - | 33,302 | | | 33,302 | 55,607 | | (22,305) | | 167 | | | | |
| Cash/cash equivalents at the year end | 31,796 | (23,737) | 8,059 | - | - | 8,059 | 41,578 | - | (33,519) | 516 | 131 | | | | |
| | | | | | | - | | | | | | | | | |
| T 5.1.1 | | | | | | | | | | | | | | | |

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Notes

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 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

b) FINANCIAL PERFORMANCE: OPERATING SERVICES

| Description | Year 2016/17 | Year 2017/18 | | | Year 2017/8 Variance | |
|------------------------------------|--------------|-----------------|--------------------|--------|----------------------|--------------------|
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Operating Cost | | | | | | |
| Water | 6,156 | 5,490 | 5,751 | 5,460 | -0.55% | -5.33% |
| Waste Water (Sanitation) | - | 1,981 | 2,075 | 3,071 | 0.00% | 0.00% |
| Electricity | 3,324 | 3,581 | 14,523 | 13,131 | 72.73% | -10.60% |
| Waste Management | | | | | 0.00% | 0.00% |
| Housing | - | - | - | - | 0.00% | 0.00% |
| Component A: sub-total | 9,481 | 11,052 | 22,349 | 21,663 | 48.98% | -3.17% |
| Waste Water (Storm water Drainage) | - | - | - | 5,304 | 100.00% | 100.00% |

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| Description | Year 2016/17 | Year 2017/18 | | | Year 2017/8 Variance | |
|------------------------------------|----------------|-----------------|--------------------|----------------|----------------------|--------------------|
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Roads | 24,043 | 6,664 | 9,986 | 7,937 | 16.04% | -25.82% |
| Transport | - | - | - | - | 0.00% | 0.00% |
| Component B: sub-total | 24,043 | 8,455 | 8,624 | 9,554 | 11.50% | 9.73% |
| Planning | 6,751 | 5,061 | 5,396 | 4,243 | -19.30% | -27.18% |
| Local Economic Development | - | 2,184 | 3,204 | 2,068 | -5.63% | -54.97% |
| Component B: sub-total | 6,751 | 7,245 | 8,600 | 6,310 | -14.82% | -36.28% |
| Planning (Strategic & Regulatory) | - | - | - | - | 0.00% | 0.00% |
| Local Economic Development | - | - | - | - | 0.00% | 0.00% |
| Component C: sub-total | - | - | - | - | 0.00% | 0.00% |
| Community & Social Services | 10,499 | 22,612 | 28,198 | 25,932 | 12.80% | -8.74% |
| 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 | 111,464 | 117,495 | 106,479 | 99,586 | -17.98% | -6.92% |
| Component D: sub-total | 121,962 | 140,107 | 134,677 | 125,519 | -11.62% | -7.30% |
| Total Expenditure | 162,237 | 166,860 | 174,250 | 163,046 | -2.34% | -6.87% |

T 5.1.2

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c) COMMENT ON FINANCIAL PERFORMANCE

THE LIQUIDITY RATIOS FOR 2017/18 FINANCIAL YEAR ARE AS FOLLOWS:

- Current ratio = 3.4:1
- Acid test ratio = 3.3:1
- Net Assets/Working Capital = R 275 706 822.00

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.

5.2 GRANTS PERFORMANCE

| Description | 2016/17 | 2017/18 | | 2017/18 Variance | | |
|------------------------------------------|----------------|----------------|--------------------|------------------|---------------------|------------------------|
| | Actual | Budget | Adjustments Budget | Actual | Original Budget (%) | Adjustments Budget (%) |
| Operating Transfers and Grants | | | | | | |
| National Government: | 119,629 | 124,947 | 124,947 | 124,871 | | |
| Equitable share | 117,668 | 122,614 | 122,614 | 122,616 | (0) | (0) |
| Municipal Systems Improvement | - | - | - | - | - | - |
| Department of Water Affairs | - | - | - | - | - | - |
| Levy replacement | - | - | - | - | - | - |
| Financial Management Grant | 1,961 | 2,333 | 2,333 | 2,255 | 3 | 3 |
| Municipal Demarcation Transitional Grant | 3,930 | 3,044 | 5,440 | 4,249 | (40) | 78 |
| Provincial Government: | - | - | - | - | | |
| Health subsidy | - | - | - | - | - | - |
| Housing | - | - | - | - | - | - |
| Ambulance subsidy | - | - | - | - | - | - |
| Sports and Recreation | - | - | - | - | - | - |
| Financial Management Grant | - | - | - | - | - | - |
| District Municipality: | 837 | - | - | 304 | | |

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| Description | 2016/17 | 2017/18 | | | 2017/18 Variance | |
|-----------------------------------------------|----------------|----------------|--------------------|----------------|---------------------|------------------------|
| | Actual | Budget | Adjustments Budget | Actual | Original Budget (%) | Adjustments Budget (%) |
| <i>CDM</i> | 837 | - | - | 304 | - | - |
| Other grant providers: | - | - | - | - | | |
| Total Operating Transfers & Grants | 120,466 | 124,947 | 124,947 | 125,174 | | |

T 5.2.1

d) COMMENT ON OPERATING TRANSFERS AND GRANTS:

- Financial Management Grant has a balance of R78, 040.59 due to low spending on the vote of mSCOA system improvement.
- Municipal Demarcation Transitional Grant has unspent amount of R1, 180, 973.62 due to non-spending on the acquisition of PMS system

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

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

5.3 ASSET MANAGEMENT

a) INTRODUCTION TO ASSET MANAGEMENT

The council of the Municipality approved the asset management policy that contain guideline in terms of how physical assets are managed and the accounting treatment of the assets for the purpose of financial reporting.

The staff involved in managing municipal asset are composed of SCM-Manager, Accountant Assets, and two inventory clerks. They are given responsibilities to manage and account for municipal assets and inventory were key exercise are physical verification and financial recording. Municipality acquired infrastructure assets, community assets and movable assets in 2017/18 financial year. There municipality have improved a lot in the treatment of asset register. This is evidenced by the reduction in the number of findings relating to assets management in the financial year under review. A total of 02 physical verifications were conducted during the 2017/18 financial year. All

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newly acquired capital goods are properly capitalized in the assets register and accordingly bar coded for ease of identification and verification. Inventory counts are also done on a monthly basis to avoid wastage and theft.

There were no assets that were disposed during the financial year. The department has however compiled a list of obsolete assets and submitted to Council for approval to disposal. These assets will be disposed of in the second half of the 2018/19 financial year.

| TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2017/18 | |
|--------------------------------------------------------------------|--------------------------------------------|
| | Asset 1 |
| Name | Mohodi Sports Complex |
| Description | Mohodi Sports Complex |
| Asset Type | Community asset (Recreational facilities) |
| Key Staff involved | Asset Managers |
| Staff Responsibilities | Physical and Financial Management of Asset |
| | Year-2017/18 |
| Asset Value | 6 407 025.50 |
| Capital Implications | Yes |
| Future Purpose of Asset | Entertainment |
| Describe key Issues | |
| Policies in Place to Manage Asset | Yes |
| | Asset 2 |

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TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2017/18

| | |
|-----------------------------------|---------------------------------------------------------|
| Name | Ramokgopa Stadium |
| Description | Ramokgopa Stadium |
| Asset Type | Community asset (Recreational facilities) |
| Key Staff involved | Asset Managers |
| Staff Responsibilities | Physical and Financial Management of Asset |
| Year-2017/18 | |
| Asset Value | 6 673 556.82 |
| Capital Implications | Yes |
| Future Purpose of Asset | Entertainment and Recreation |
| Describe key Issues | Festivals, All sporting codes, public meetings, rallies |
| Policies in Place to Manage Asset | Yes |
| | |
| Asset 3 | |
| Name | Mohodi to Maponto gravel to Tar road |
| Description | Mohodi to Maponto gravel to Tar road |
| Asset Type | Infrastructure Asset (Roads) |
| Key Staff involved | Asset Managers |

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TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2017/18

| | |
|-----------------------------------|----------------------------------------------------------------|
| Staff Responsibilities | Physical and Financial Management of Asset |
| Year-2017/18 | |
| Asset Value | 8 735 941.08 |
| 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 |

Repair and Maintenance Expenditure: 2017/18

| | R' 000 | | | |
|-------------------------------------|------------------------|--------------------------|---------------|------------------------|
| | Original Budget | Adjustment Budget | Actual | Budget variance |
| Repairs and Maintenance Expenditure | 6,525,988.00 | 9,258,789.00 | 6,251,126.00 | 32 |
| <i>T 5.3.4</i> | | | | |

a) COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

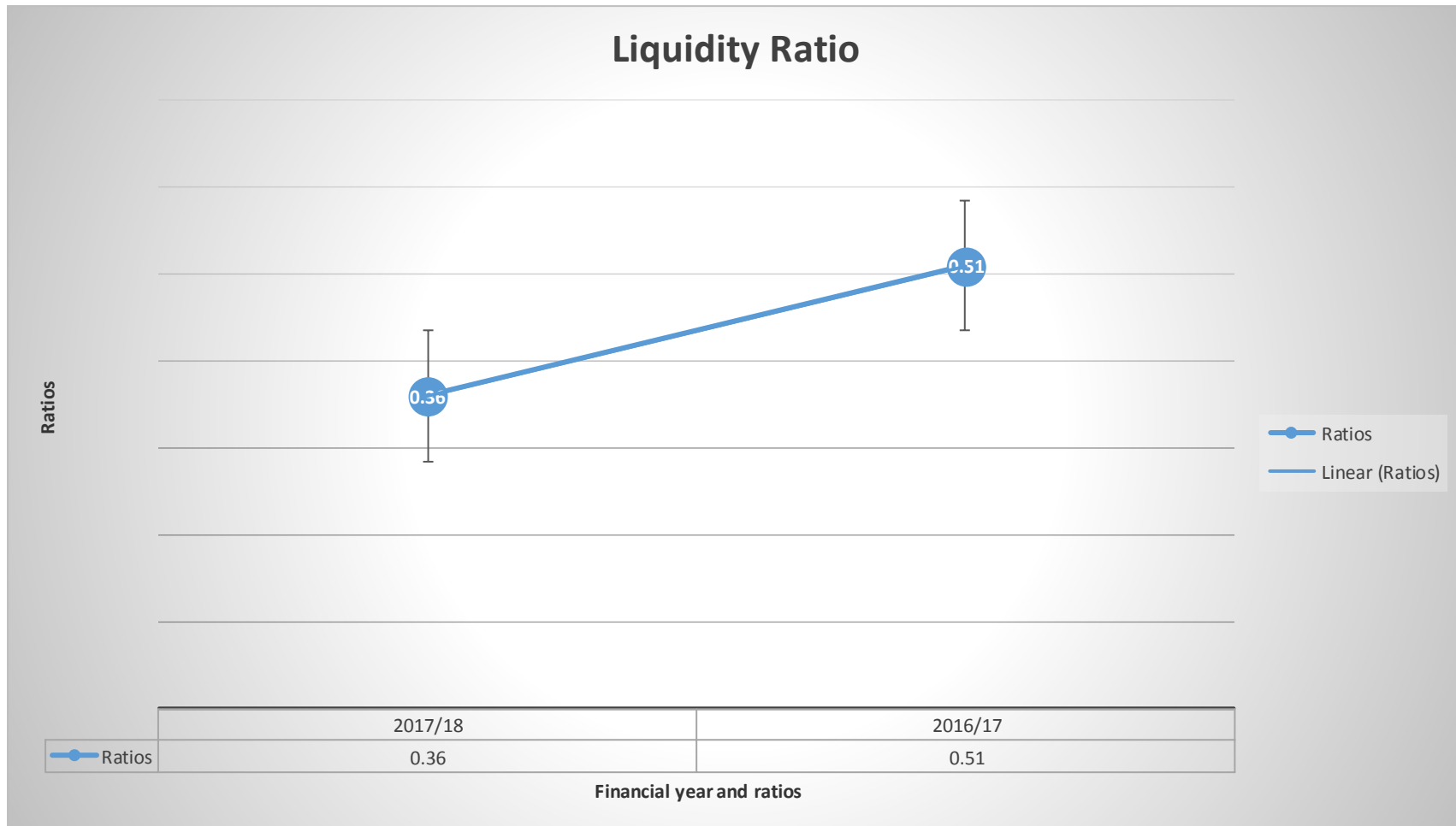
The total Repair and Maintenance for 2017/18 was R 6,251,126.00, Property Plan and Equipment was R 211,930,314 and total investment was R 1,744,335. The proportion of Repair and Maintenance is three percent, which is way below the required 8% as per circular 71. The municipality will work hard to ensure 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.

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5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

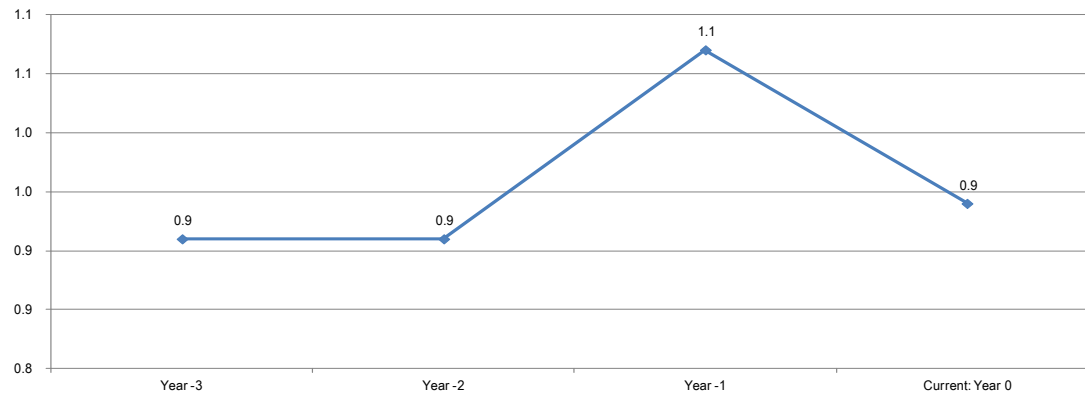
Financial ratios for the 2017/18 as described under financial overview above are illustrated hereunder in a graphical display

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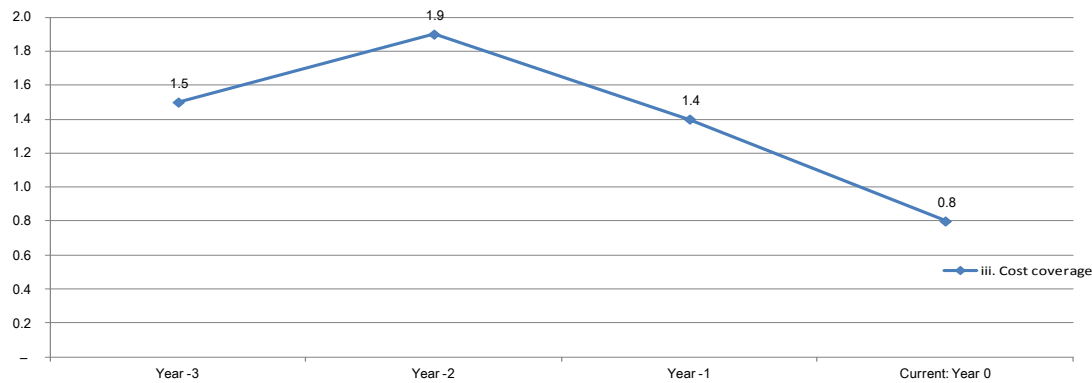
Liquidity Ratio



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

Data used from MBRR SA8

Cost Coverage

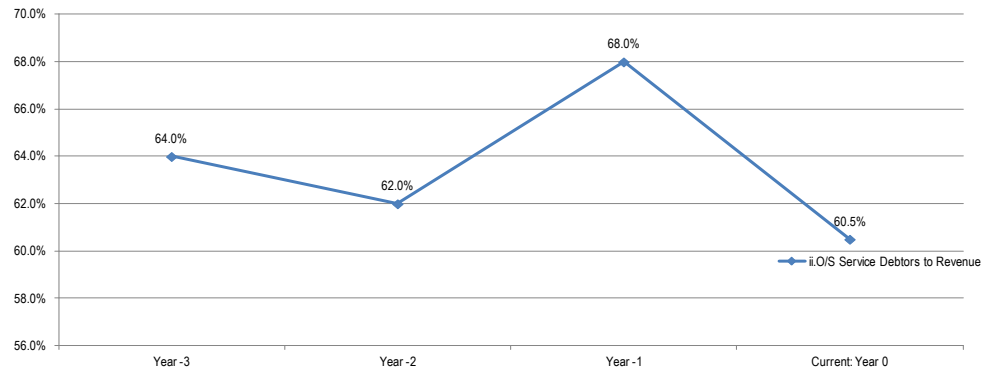


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

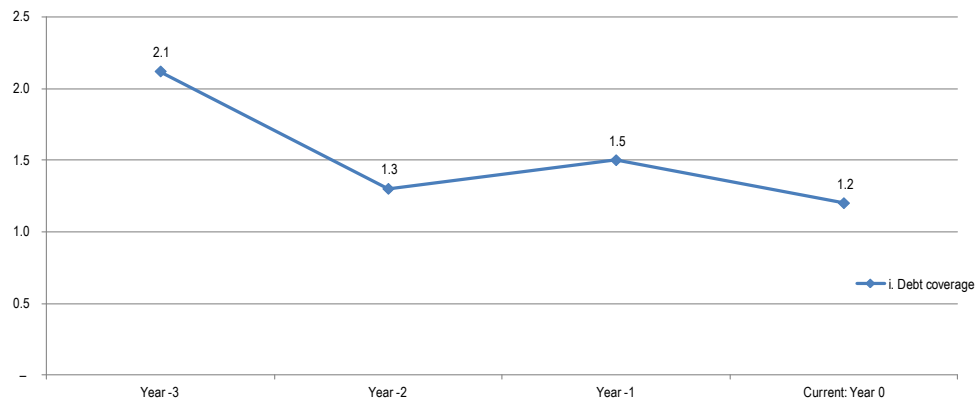
Chapter 5

Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.
Data used from MBRR SA8

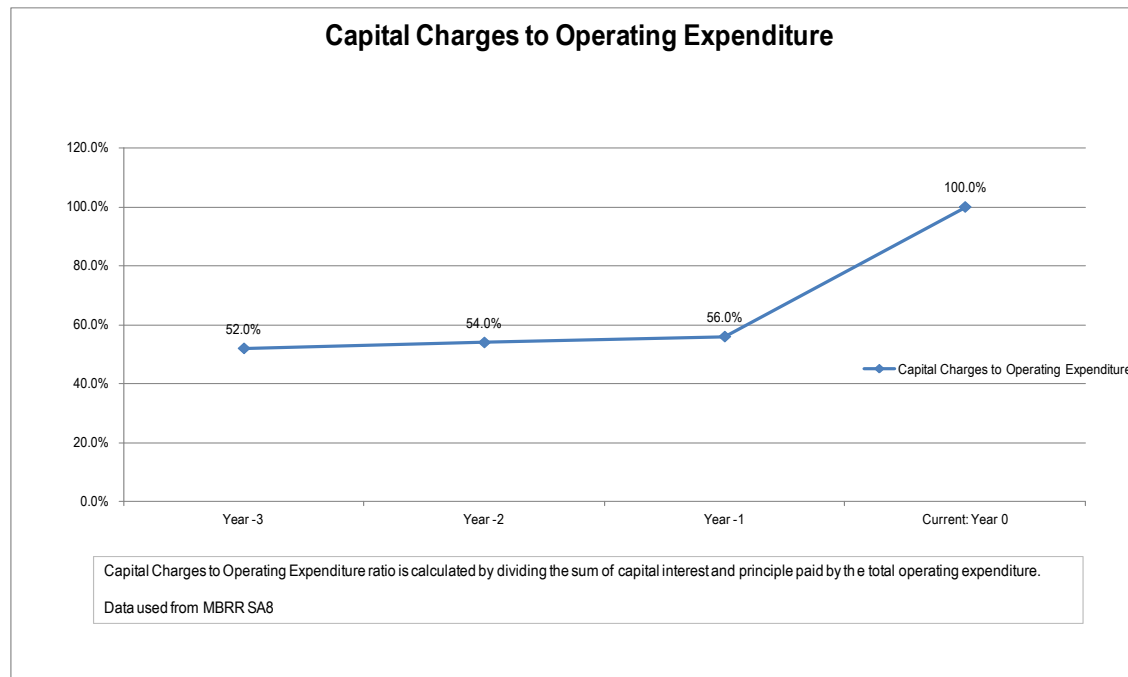
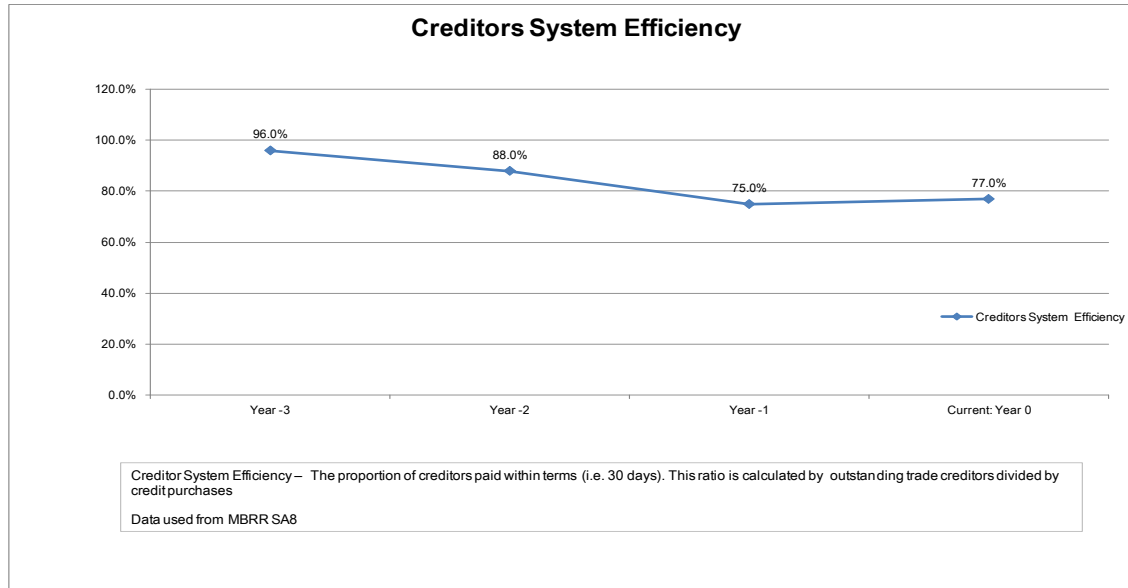
Debt Coverage



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

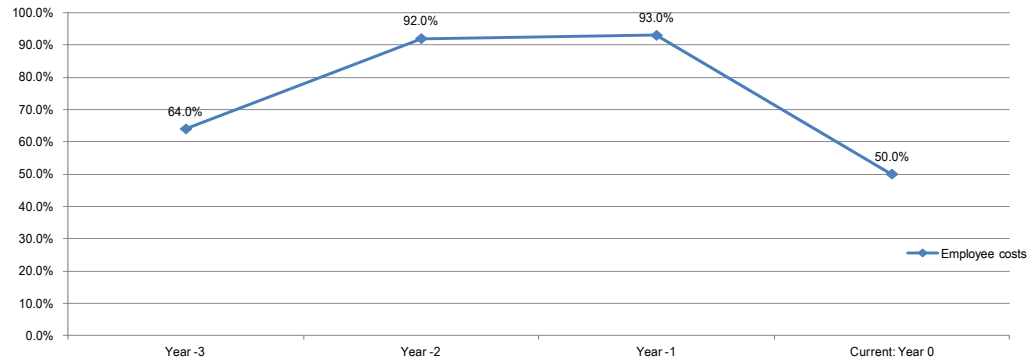
Data used from MBRR SA8

Chapter 5



Chapter 5

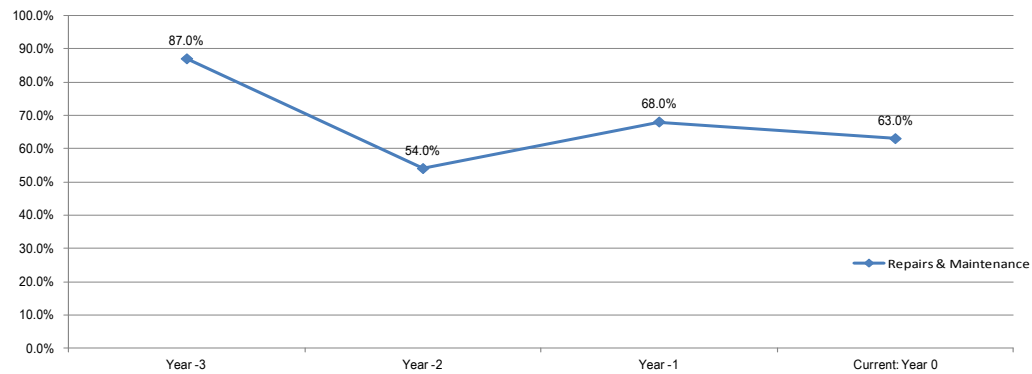
Employee Costs



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

Data used from MBRR SA8

Repairs & Maintenance



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

Data used from MBRR SA8

Chapter 6

b) COMMENT ON FINANCIAL RATIOS:

THE LIQUIDITY RATIOS FOR 2016/17 FINANCIAL YEAR ARE AS FOLLOWS:

- **Current ratio = 2.3:1**
- **Acid test ratio = 2.3:1**
- **Working Capital = R 61,370,396**

Overall the ratios looks good as the norm is 1.5:1 which 3.2:1 is higher, this shows that municipality is capable to pay short-term and long-term obligations.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

a) INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting 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

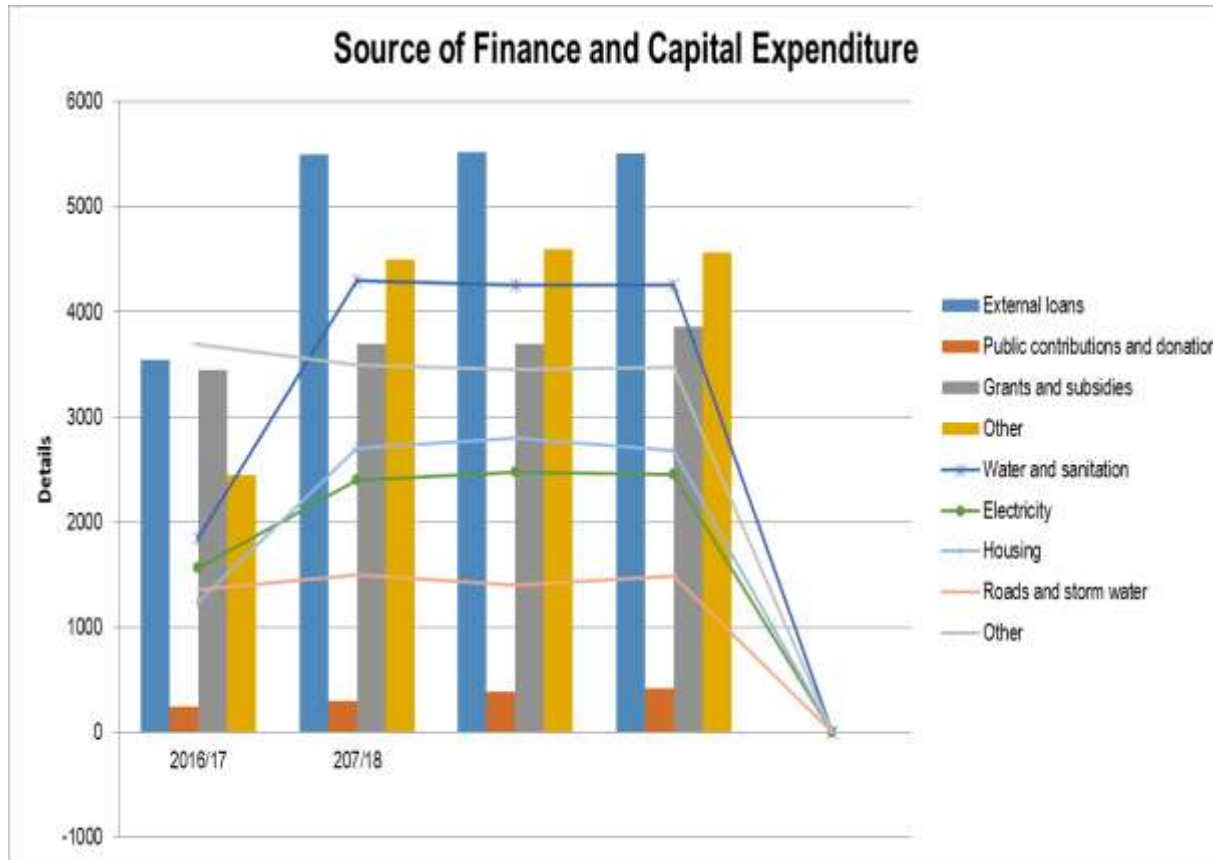
5.5 SOURCES OF FINANCE

| Capital Expenditure - Funding Sources: 2016/17 to Year 2017/18 | | | | | | | |
|----------------------------------------------------------------|------------------------------------|-------------|----------------------|-------------------|--------------|-------------------------------|---------------------------|
| R' 000 | | | | | | | |
| Details | | 2016/17 | 2017/18 | | | | |
| | | Actual | Original Budget (OB) | Adjustment Budget | Actual | Adjustment to OB Variance (%) | Actual to OB Variance (%) |
| Source of finance | | | | | | | |
| | External loans | 3542 | 5500 | 5520 | 5511 | 0.36% | 0.20% |
| | Public contributions and donations | 248 | 300 | 390 | 421 | 30.00% | 40.33% |
| | Grants and subsidies | 3451 | 3700 | 3700 | 3856 | 0.00% | 4.22% |
| | Other | 2451 | 4500 | 4600 | 4565 | 2.22% | 1.44% |
| Total | | 9692 | 14000 | 14210 | 14353 | 32.59% | 46.19% |
| <i>Percentage of finance</i> | | | | | | | |
| | External loans | 36.5% | 39.3% | 38.8% | 38.4% | 1.1% | 0.4% |
| | Public contributions and donations | 2.6% | 2.1% | 2.7% | 2.9% | 92.1% | 87.3% |
| | Grants and subsidies | 35.6% | 26.4% | 26.0% | 26.9% | 0.0% | 9.1% |
| | Other | 25.3% | 32.1% | 32.4% | 31.8% | 6.8% | 3.1% |
| Capital expenditure | | | | | | | |
| | Water and sanitation | 1845 | 4300 | 4250 | 4256 | -1.16% | -1.02% |
| | Electricity | 1562 | 2400 | 2480 | 2453 | 3.33% | 2.21% |
| | Housing | 1243 | 2700 | 2800 | 2685 | 3.70% | -0.56% |
| | Roads and storm water | 1352 | 1500 | 1400 | 1486 | -6.67% | -0.93% |
| | Other | 3690 | 3500 | 3450 | 3473 | -1.43% | -0.77% |
| Total | | 9692 | 14400 | 14380 | 14353 | -2.22% | -1.08% |

Chapter 6

| Capital Expenditure - Funding Sources: 2016/17 to Year 2017/18 | | | | | | | |
|----------------------------------------------------------------|-----------------------|---------|----------------------|-------------------|--------|-------------------------------|---------------------------|
| | | | | | | | R' 000 |
| Details | | 2016/17 | 2017/18 | | | | |
| | | Actual | Original Budget (OB) | Adjustment Budget | Actual | Adjustment to OB Variance (%) | Actual to OB Variance (%) |
| <i>Percentage of expenditure</i> | | | | | | | |
| | Water and sanitation | 19.0% | 29.9% | 29.6% | 29.7% | 52.4% | 95.2% |
| | Electricity | 16.1% | 16.7% | 17.2% | 17.1% | -150.1% | -205.4% |
| | Housing | 12.8% | 18.8% | 19.5% | 18.7% | -166.8% | 51.7% |
| | Roads and storm water | 13.9% | 10.4% | 9.7% | 10.4% | 300.2% | 86.8% |
| | Other | 38.1% | 24.3% | 24.0% | 24.2% | 64.3% | 71.7% |
| | | | | | | | <i>T 5.6.1</i> |

Chapter 6



Chapter 6

| Capital Expenditure of 5 largest projects* | | | | | |
|--------------------------------------------|------------------|-------------------|--------------------|-----------------------|-------------------------|
| R' 000 | | | | | |
| Name of Project | Current: 2017/18 | | | Variance: 2017/18 | |
| | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| Mohodi to Maponto | 9,733,468 | 9,733,468 | 8,735,941 | 10% | 0% |
| Ramokgopa Stadium | 8,567,536 | 8,567,536 | 6,673,557 | 22% | 0% |
| Mohodi Sports Complex | 8,117,966 | 8,117,966 | 6,407,026 | 21% | 0% |
| Electrification of Cluster 3 | 7,401,000 | 7,401,000 | 2,290,141 | 69% | 0% |
| Mogwadi Internal Street | 2,452,669 | 2,452,669 | 1,350,790 | 45% | 0% |
| | | | | | <i>T 5.7.1</i> |

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

a) INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality has a favorable bank balance of R41, 577,793.00 at year end as per table above

Chapter 6

5.9 CASH FLOW

| Cash Flow Outcomes | | | | |
|---------------------------------------------------|-----------------|------------------|-----------------|---------------|
| R'000 | | | | |
| Description | 2016/17 | Current: 2017/18 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Ratepayers and other | 29,320 | 32,038 | 32,038 | 14,396 |
| Government - operating | 128,157 | 127,991 | 127,991 | 128,993 |
| Government - capital | 44,024 | 36,718 | 36,718 | 25,718 |
| Interest | 2,423 | 3,440 | 3,440 | 1,575 |
| Dividends | | | | |
| Payments | | | | |
| Suppliers and employees | (141,789) | (154,165) | (177,902) | (145,653) |
| Finance charges | (1,095) | - | - | (1,191) |
| Transfers and Grants | | | | |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 61,040 | 46,022 | 22,284 | 23,837 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Proceeds on disposal of PPE | | - | - | 514 |
| Decrease (Increase) in non-current debtors | | - | - | - |
| Decrease (increase) other non-current receivables | | - | - | - |
| Decrease (increase) in non-current | | - | - | - |

Chapter 6

| Cash Flow Outcomes | | | | |
|--------------------------------------------------|-----------------|------------------|-----------------|-----------------|
| | | | | R'000 |
| Description | 2016/17 | Current: 2017/18 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| investments | | | | |
| Purchase of intangibles | | - | - | (1,862) |
| Payments | | | | |
| Capital assets | (40,351) | (47,527) | (47,527) | (33,444) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (40,351) | (47,527) | (47,527) | (34,792) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Short term loans | | | | |
| Borrowing long term/refinancing | | | | |
| Increase (decrease) in consumer deposits | | | | |
| Payments | | | | |
| Repayment of borrowing | (517) | | | (517) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (517) | - | - | (517) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 20,173 | (1,506) | (25,243) | (14,029) |
| Cash/cash equivalents at the year begin: | 35,434 | 33,302 | 33,302 | 55,607 |
| Cash/cash equivalents at the year-end: | | 31,796 | 8,059 | 41,578 |

Source: MBRR A7

T 5.9.1

Chapter 6

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 | 2017 |
|-------------------------------|----------------|
| Cash on hand | R 10,3 million |
| Primary bank Account- NEDBANK | R 10.6 Million |
| Short-term Investment | R 20 million |
| TOTAL | R 40.9 million |

The table below gives a detailed overview of investments during the 2017/18 financial year.

| Municipal and Entity Investments | | | |
|--------------------------------------------|---------------|---------------|---------------|
| Investment* type | R' 000 | | |
| | Year 2015/16 | Year 2016/17 | Year 2017/18 |
| | Actual | Actual | Actual |
| Municipality | | | |
| Securities - National Government | 0 | 0 | 0 |
| Listed Corporate Bonds | 0 | 0 | 0 |
| Deposits - Bank | 26,159,848.00 | 22,003,792.00 | 11,578,914.00 |
| Deposits - Public Investment Commissioners | 0 | 0 | 0 |
| Deposits - Corporation for Public | 0 | 0 | 0 |

Chapter 6

| Municipal and Entity Investments | | | |
|--------------------------------------------|---------------------|---------------------|---------------------|
| Investment* type | R' 000 | | |
| | Year 2015/16 | Year 2016/17 | Year 2017/18 |
| | Actual | Actual | Actual |
| Deposits | | | |
| 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 |
| Municipal Bonds | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Municipality sub-total | 26159848 | 22003792 | 11578914 |
| Municipal Entities | | | |
| 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 |
| Entities sub-total | 0 | 0 | 0 |

Chapter 6

| Municipal and Entity Investments | | | |
|-----------------------------------------|---------------------|---------------------|---------------------|
| | R' 000 | | |
| Investment* type | Year 2015/16 | Year 2016/17 | Year 2017/18 |
| | Actual | Actual | Actual |
| Consolidated total: | 26159848 | 22003792 | 11578914 |
| | | | <i>T 5.10.4</i> |

5.11 PARTNERSHIPS

The municipality did not have any official partnerships

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 2014/18 Annual Financial Statements. Molemole municipality's Asset management policy and Asset register are in compliance with GRAP

Chapter 6

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

| | |
|-----------------------------------------------------------|-------------|
| Auditor-General Report on Financial Performance 2016/2017 | |
| Audit Report status*: | Unqualified |

Chapter 6

| Non-Compliance Issues | Remedial Action Taken |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> 1. The Integrated Development Plan did not include the key performance indicators and targets as required by sections 26(i) of the Municipal Systems Act, 2000 (Act No.32 of 2000). 2. The financial statements submitted for audit were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. 3. Procurement and contract management - Awards were made to providers who are in service of other state institutions. 4. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R 10 227 096 as disclosed in note 43 to the annual financial statements, as required by section 62(1) (d) of the MFMA. 5. Effective steps were not taken to prevent irregular expenditure amounting to R 512 734 as disclosed in note 45 to the annual financial statements, as required by section 62(1) (d) of the MFMA. | <ol style="list-style-type: none"> 1. IDP to reflect all requirements of the Municipal Systems Act. 2. Preparation of AFS in line with the requirements of section 122 of the Municipal Finance Management Act. 3. Adherence to Supply Chain Management policies, procedures and applicable regulations. 4. Restrict suppliers who provide false declaration from doing business with the municipality. 5. Utilise SCM checklist and source guidance from Internal Audit. |
| <p>Note:* The report 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)</p> | |

Chapter 6

| Auditor-General Report on Service Delivery Performance 2016/2017 | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Audit Report status*: | Unqualified |
| Non-Compliance Issues | Remedial Action Taken |
| No material findings on the usefulness and reliability of the reported performance information for the following development priorities: KPA 1: Spatial rationale. KPA 2: Basic service delivery and infrastructure planning. | None |
| Note:* The report 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) | |

Chapter 6

COMPONENT B: AUDITOR-GENERAL OPINION YEAR (2017/18)

6.2 AUDITOR GENERAL REPORT YEAR 2017/18

| | |
|-----------------------------------------------------------|-------------|
| Auditor-General Report on Financial Performance 2017/2018 | |
| 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 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> |

Chapter 6

| Non-Compliance Issues | Remedial Action Taken |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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>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>Community consultations. Final written warning to all consumers. Implementation of disconnection of services.</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 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)</p> | |

| Auditor-General Report on Service Delivery Performance 2017/2018 | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Audit Report status*: | Unqualified |
| | |
| Non-Compliance Issues | Remedial Action Taken |
| <p>No material findings on the usefulness and reliability of the reported performance information for the following development priority: KPA 1: Spatial rationale.</p> | Unqualified |
| <p>KPA 2: Basic service delivery and infrastructure planning.</p> | Qualified |

Chapter 6

| Auditor-General Report on Service Delivery Performance 2017/2018 | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Basis for Qualified opinion Complete sports complex The planned target for this indicator was not specific in clearly identifying the nature and required level of performance and measurable. | |
| Note:* The report 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) | |

6.3 GENERAL REPORT 2017/2018

A) AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS 2017/18

The financial statements present fairly, in all material respects, the financial position of the municipality as at 30 June 2018, 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 e of Revenue Act, 2017 (Act No. 3 of 2017).

Chapter 6

b) COMMENTS ON AUDITOR-GENERAL'S OPINION 2017/18

Matters affecting the audit report are the most serious as these will lead to findings on the audit report and the non-achievement of a clean audit. The matters affecting the auditor's opinion have significantly reduced and there was an improvement by the municipality. The municipality is pleased with the continued reduction of the total number of findings compared to the previous financial year (2016/17). In the 2017/18 financial year the total number of audit findings thirty eight (38) compared to fifty (50) findings recorded in the 2016/17 financial year.

This positive outlook can be attributed to the development and implementation of action plan on issues raised by Auditor-General. The Internal Audit is the custodian of the action plan report on issues raised by the Auditor- General. A report on progress on action plan serves in the Audit Committee and Finance Portfolio on a quarterly basis.

c) COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

All section 71 reports from July 2017 to June 2018 were submitted to both National and Provincial Treasury, COGHSTA and the Mayor in the format prescribed by National Treasury.

GLOSSARY

GLOSSARY

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

GLOSSARY

| | |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inputs | All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings. |
| Integrated Development Plan (IDP) | Set out municipal goals and development plans. |
| National Key performance areas | <ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation |
| Outcomes | The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve". |
| Outputs | The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area. |
| Performance Indicator | Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered) |
| Performance Information | Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure. |

GLOSSARY

| | |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Performance Standards: | <p>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.</p> |
| Performance Targets: | <p>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.</p> |
| Service Delivery Budget Implementation Plan | <p>Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.</p> |
| Vote: | <p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p> |

GLOSSARY

APPENDICES

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 |
| 6. Nakedi Winny Seakamela | FT | Ward Councillor MAYORAL | ANC | 80% | 20% |
| 7. Makoma Tawana | PT | Ward Councillor MAYORAL | ANC | 80% | 20% |
| 8. Makgabo Alex Kobo | 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 | 70% | 30% |
| 11. Moloko Letta Moabelo | PT | PR Councillor | ANC | 80% | 20% |
| 12. Moloko Calvin Matjee | PT | PR Councillor | DA | 60% | 40% |
| 13. Ngwakwana Margret Hopane | PT | PR Councillor | ANC | 80% | 20% |
| 14. Dikeledi Matlou | PT | PR Councillor | ANC | 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 | | | % | % |
| 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% |
| 21.Motlalaohle Leferela Jacqueline | PT | PR Councillor) | EFF | 90% | 10% |
| 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 | Ward Councillor(9) | ANC | 100% | N/A |
| 28.Sephesu Godlive Matlou | PT | Ward Councillor(10) | ANC | 100% | N/A |
| 29.Ramukhubedu Naledzani Selina | PT | Ward Councillor(11) | ANC | 100% | N/A |
| 30.Masoga Phuti Standford | PT | Ward Councillor(16) | ANC | 100% | N/A |
| 31.Kobola Sekwati Elias | PT | Ward Councillor(12) | ANC | 100% | N/A |

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| Council Members | Full Time / Part Time | Committees Allocated | *Ward and/ or Party Represented | Percentage Council Meetings Attendance | Percentage Apologies for non-attendance |
|----------------------------|-----------------------|---------------------------|---------------------------------|----------------------------------------|-----------------------------------------|
| | FT/PT | | | % | % |
| 32.Mpati Ramalepe Laurance | PT | <i>Ward Councillor(5)</i> | ANC | 100% | N/A |

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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 M.D | Chairperson of Local Economic Development & Planning |

| Committees (other than Mayoral / Executive Committee) and Purposes of Committees | | |
|-----------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------|
| Municipal Committees | Names | Purpose of Committee |
| MUNICIPAL PUBLIC ACCOUNTS COMMITTEE | Rathete P.T | OVERSIGHT |
| AUDIT & PERFORMANCE AUDIT COMMITTEE | Mr. Ngobeni | Established in terms of Section 166 of the MFMA. Committee established per Council resolution 5.1/11/08/2014 dated 11 August 2014. |
| ETHICS & INTEGRITY COMMITTEE | Duba Marias | COUNCILLOR CODE OF CONDUCT |

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APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

| Third Tier Structure | |
|----------------------------|-----------------------------------------------------|
| Directorate | Director/Manager |
| 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 | Senior Manager LED & Planning – Mr. MW Ramogale |

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.

| Municipal Functions | Function applicable to Municipality (Yes/No)* | Function applicable to Entity (yes/no) |
|-------------------------------------------|-----------------------------------------------|----------------------------------------|
| 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 |

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| Municipal Functions | Function applicable to Municipality (Yes/No)* | Function applicable to Entity (yes/no) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------|
| 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 |
| 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 |

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| Municipal Functions | Function applicable to Municipality (Yes/No)* | Function applicable to Entity (yes/no) |
|-------------------------------------------------------|------------------------------------------------------|-----------------------------------------------|
| 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 |

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APPENDIX E – WARD REPORTING

| WARD COMMITTEE FUNCTIONALITY 2017/2018 | | | | | |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------|
| 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 Satekge MS Rababalela MK Ramohloa SJG Mapate SP Motsosi FP Molele SP Maeko MI Matsebatlela MS Kekana MP Mutsusi TS | YES | 12 meetings held | 12 reports submitted | 04 ward public meetings held |
| 2. | Cllr Rampyapedi N Makwela SG Mabeba MZ Mapokgole JM Mahapeletja MB Padima MF Rapetswa RS Sediela ML Mashapa MV Hamese MC Makoetja PA | Yes | 12 meetings held | 12 reports submitted | 13 ward public meetings held |
| 3. | Cllr Seakamela N Sebetseba MD Mapatha ME Makwala MS Letswalo MR Sesokga MT Ralekgokgo K Mahlakaro ML Mofumadi G Morale MD Peta SA | Yes | 12 meetings held | 12 reports submitted | 05 ward public meetings held |

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| WARD COMMITTEE FUNCTIONALITY 2017/2018 | | | | | |
|-----------------------------------------------|---------------------------------------------------------------------|----------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------|
| 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 |
| 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 2017/2018 | | | | | |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------|
| 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 |

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| WARD COMMITTEE FUNCTIONALITY 2017/2018 | | | | | |
|----------------------------------------|----------------------------------------------------------|---------------------------------|--------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------|
| 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 |
| | Mabeba RA | | | | |
| | 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 | | | | |

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| WARD COMMITTEE FUNCTIONALITY 2017/2018 | | | | | |
|----------------------------------------|----------------------------------------------------------|---------------------------------|--------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------|
| 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 |
| | Mohale MD | | | | |
| | Letlalo MS | | | | |
| | Maloba MM | | | | |
| | Makhathi SJ | | | | |
| | Mohlabeng TA | | | | |
| | Letlalo MA | | | | |
| | Pabala MF | | | | |
| | Mmangweta MN | | | | |
| | Molemisi KM | | | | |
| | Mamabolo MJ | | | | |

| WARD COMMITTEE FUNCTIONALITY 2017/2018 | | | | | |
|----------------------------------------|----------------------------------------------------------|---------------------------------|--------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------|
| 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 | | | | |
| | Mokgehle TS | | | | |
| | Mankga ST | | | | |
| | Mokoele MM | | | | |

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| WARD COMMITTEE FUNCTIONALITY 2017/2018 | | | | | |
|----------------------------------------|----------------------------------------------------------|---------------------------------|--------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------|
| 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 | | | | |
| | Mabitsela SM | | | | |
| | Kobo C | | | | |
| | Kgare KJ | | | | |
| | Setlhako MA | | | | |
| | Molokomme TF | | | | |
| | Maeta JM | | | | |
| | Phaho IK | | | | |

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APPENDIX F – WARD INFORMATION

| Ward Title: Ward Name (Number) | | | | |
|---------------------------------------------------------------------|-------------------------|------------|----------|-------------|
| Capital Projects: Seven Largest in Year 0 (Full List at Appendix O) | | | | |
| No. | Project Name and detail | Start Date | End Date | Total Value |
| | | | | |
| | | | | |
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APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2016/17

INTRODUCTION

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 2018.

2. GOVERNANCE OF THE COMMITTEE

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

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

2.3 Risk Management Committee, is a management committee chaired by an independent Audit Committee member to guide and advise the Accounting Officer while providing Audit and Performance Audit Committee oversight.

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

| Name | Audit and Performance Audit Committee |
|-----------------|----------------------------------------------|
| Mr. Ngobeni SAB | Chairperson |
| Mr. Maredi ID | Member |
| Mr. Lekoloane T | Member |
| Adv. Monobe TE | Member |
| Mr. Mokwele MW | Risk Committee Chairperson |

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3. AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee consists of four (4) members 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 2017/18 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.

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.

While there is notable improvement in the overall internal control systems within the municipality compared to previous years, the audit committee believes there are areas that still need improvement.

3.1 Annual Financial Statements and Final Audit Report

The audit committee reviewed the Annual Financial Statements of the municipality for 2017/18 financial year. The audit committee concurs and accepts the Auditors General's conclusion on the Annual Financial Statements, and recommends that the audited financial statements be

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accepted by Council and be read together with the final signed report by the Auditor-General(AGSA).

4. INTERNAL CONTROL

- 4.1. Internal Audit evaluated effectiveness of municipal system of internal controls following AG (SA) Methodology and using the tool provided by AG (SA).
- 4.2. 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.

The audit committee reviewed the following as part of their mandate;

- a) Effectiveness of internal control.
 - b) Quality of management reports.
 - c) Risk management reports.
 - d) Performance management Information reports.
 - e) Financial management reports.
 - f) Mid-year reports.
- 4.3. Based on the above, the Audit Committee is satisfied with the adequacy and appropriateness of the Internal Control.

5. INTERNAL AUDIT

- 5.1. The committee is 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 2017/2018. The committee also approved the Risk Based Annual Audit plan for the 2017/2018 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.
- 5.2. 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.

6. PERFORMANCE MANAGEMENT

- 6.1. The Audit and Performance Audit Committee noted that Management has developed a performance management policy, which was approved by Council.
- 6.2. 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.

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- 6.3.** The Audit and Performance Audit Committee reviewed the annual performance report for 2017/18 annual financial year before and after the submission of Auditor-General of South Africa and concurs with the observations, and recommends that the audited annual performance report be accepted by Council and be read together with the final signed report by the Auditor-General(AGSA).

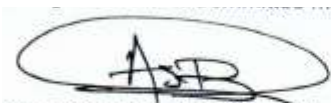
7. INTERACTION WITH THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

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.

8. CONCLUSION

The Audit Committee would like to congratulations Council and management for the achievement of the unqualified audit opinion. Furthermore, Audit Committee would like to thank Council, Mayor, Accounting Officer and Auditor-General of South Africa for the support during the year.

The Audit Committee reviewed and interacted with final audit report and management report by Auditor-General of South Africa, and concurs with the AGSA's observations.



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

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| Municipal Audit Committee Recommendations | | |
|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Items discussed | Committee recommendations during 2017/18 | Recommendations adopted (enter Yes); not adopted (provide explanation) |
| MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 28 JULY 2017 | | |
| Audit Committee Charter | (a) Present Audit Committee Charter 2017/18 to Council for adoption. | Yes |
| Risk Management strategies/policies | (b) Present Risk Management strategies and policies 2017/18 to Council for adoption. | |
| Risk management report 4th quarter | Management should priorities the appointment of Risk Officer and Legal Manager. Management should develop standard operating procedures and the turnaround time for the filling of vacant positions. | Yes In progress |
| MSCOA implementation plan | Management should engage office of the Auditor General for interim audit on the post-implementation of mSCOA project. That management should develop mSCOA post-implementation plan and compile risk register. | Yes |
| Section 52 report 3rd quarter | The committee recommended that the schedule on debtors aging analysis should be rectified prior submission to Council. | Yes |
| Annual Financial Statements Process plan 2016/17 | The annual financial statements process plan should be updated and reasons provided for non-achievement of targets. | Yes |
| Audit committee close out report | That all Audit Committee members should form part of the Council meeting for the discussion of the handover report. That a meeting be arranged for handover to the new Audit Committee | Yes |

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| Date of Committee | Committee recommendations during 2017/18 | Recommendations adopted (enter Yes); not adopted (provide explanation) |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 25 AUGUST 2017 | | |
| 1. Draft Annual Financial Statements 2016/17 | <p>Management should prioritize issues raised by internal audit to ensure that corrective measures are put in place.</p> <p>Management should revisit all outstanding components in the AFS and convene a meeting with all relevant officials to ensure that quality AFS were compiled and submitted.</p> | Yes |
| 2. Draft Annual performance Report 2016/17 | <p>Resolutions in the discussion of the draft annual performance report:</p> <p>(a) Annual performance report figures did not reconcile with the figures disclosed in the draft annual financial statements.</p> <p>(b) The report must have the comparison of the current and the previous year actual performance.</p> <p>(c) The heading on page 112 should be corrected.</p> <p>(d) Variations should be explained on the financial performance report.</p> <p>(e) Management should insert the summary of performance information done by internal audit during the review in to the annual performance report</p> <p>(f) The conclusion should include the audit findings for the previous year.</p> <p>(g) The score rating criteria used to rate performance of the external service providers should be informed by the policy. Reasons should be provided for high scores and below average scores.</p> | Yes |
| 3. Audit Committee Close out report | The draft close out report was finalised and reported to Council. | Yes |

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| Date of Committee | Committee recommendations during 2017/18 | Recommendations adopted (enter Yes); not adopted(provide explanation) |
|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 JANUARY 2018 | | |
| Performance Information Audit report second quarter | (a) That management should submit outstanding portfolio of evidence supporting second quarter SDBIP report to Internal Audit by Monday, 29 January 2018 for review purposes. (b) That Internal Audit should audit the report and submit to the Committee members' prior to Council meeting. | Yes |
| Internal Audit progress report | (a) The municipality should consult Auditor General (AGSA) on the approach to be followed towards mSCOA for 2017/18 audit. (b) mSCOA Audit should be prioritised for the next financial year 2018/19. | Yes |
| Follow up report on issues raised by the Auditor General 2016/17 | (a) That progress should be provided on commitments in the next meeting in line with the actions to improve as recommended by the Auditor General. (b) Internal Audit should review commitment information prior submission to the Committee. (c) The Acting Municipal Manager should draft Operation Clean Audit Strategy and present in the next Ordinary Audit Committee meeting. | Yes |
| Strategic risk register 2017/18 | (a) That the report should have a summary table that shows the number of risks mitigated within the quarter. (b) The heading table for resolved risks should be changed to actions implemented to improve the risk. | Yes |
| MSCOA Implementation plan | (a) That the plan should be tabled at senior management meeting prior submission to Council. (b) That management should identify and assess mSCOA post implementation risks in three weeks to come and progress on the register should be reported in the next meeting. | Yes |

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| Date of Committee | Committee recommendations during 2017/18 | Recommendations adopted (enter Yes); not adopted(provide explanation) |
|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 JANUARY 2018 | | |
| Section 52(d) report second quarter 2017/18 | (a) That cash flow report should form part of S52(d) report. (b) That reasons for variances on the over achievements and under achievements should be provided on the financial performance report. (c) That the debtors ageing report information on "other" debtors should be unpacked for ease reference. (d) That the category of household should be unpacked in line with Ward/location. (e) The assets register should be updated. Billing challenges should be resolved before the end of the third quarter. | (a) Yes (b) Yes (c) Yes (d) Yes (e) Yes |
| 1. Draft Annual Report 2016/17 | (a) Quarterly compliance with Circulars and Acts. (b) Management should implement recommendations raised by Internal Audit. (c) The report should be submitted to Council and be referred to MPAC for public participation. | Yes |
| Mid-year performance report 2017/18 | (a) That management should submit outstanding portfolio of evidence supporting second quarter SDBIP report to Internal Audit. (b) That Internal Audit should upon receipt of relevant information finalise the report and submit to the Committee members' prior Council meeting. | Yes |
| 2. Contingent Liability | The register should be updated with the court dates column. The Manager Legal should be invited in the next ordinary Audit Committee meeting. | Yes |
| Financial Disciplinary Board | That the nominated Audit Committee member be appointed in writing by the Acting Municipal Manager. | Yes |

GLOSSARY

| Date of Committee | Committee recommendations during 2017/18 | Recommendations adopted (enter Yes); not adopted (provide explanation) |
|-------------------|------------------------------------------|------------------------------------------------------------------------|
|-------------------|------------------------------------------|------------------------------------------------------------------------|

MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 JANUARY 2018

| | | |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| Audit Committee Induction | <p>(a) That an invite should be extended to Chairpersons of Portfolio Committees and cover Performance Management System as an agenda item.</p> <p>(b) MPAC Chairperson to present on their expectations and their year plan in order to strengthen their oversight role with the audit committee.</p> <p>(c) That the Induction should address the timing of the meetings to synergize with other committees.</p> | <p>(a) Yes</p> <p>(b) In progress</p> <p>(c) Yes</p> |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|

| Date of Committee | Committee recommendations during 2017/18 | Recommendations adopted (enter Yes); not adopted (provide explanation) |
|-------------------|------------------------------------------|------------------------------------------------------------------------|
|-------------------|------------------------------------------|------------------------------------------------------------------------|

MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 24 APRIL 2018

| AGENDA ITEM | RESOLUTION | |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 1.1 Internal audit reports | Declaration of interest for all employees should be compulsory. | Yes |
| Supply Chain Management Audit Report 2017/18 | <p>(a) Finding no.1 - It was discussed that all transactions up until the end of the year should be taken into consideration.</p> <p>(b) Finding no. 2 - It was discussed that the deviation register that was submitted to the Council should be updated.</p> <p>(c) Finding no.3 - Municipality must write to COGHSTA, Department of Education for the employees implicated in the report and enquire on whether the employees were still in the employ of the state by the time they did business with state. The matter should be concluded by the end of May 2018.</p> <p>(d) Finding no. 5 - It was resolved that the Acting CFO must change his comment into agreeing to the finding.</p> <p>Finding no.7 - The CFO must on quarterly basis submit a progress report on the implementation of the procurement plan to the Audit Committee.</p> | |

GLOSSARY

| Date of Committee | Committee recommendations during 2017/18 | Recommendations adopted (enter Yes); not adopted (provide explanation) |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Performance Information Audit Report | <p>(a) That management should submit outstanding portfolio of evidence supporting third quarter SDBIP report to Internal Audit.</p> <p>(b) That management should consolidate performance report on time to allow adequate time for review.</p> <p>(c) That management should provide response on all exceptions raised.</p> | Yes |
| 1.2 Follow up on issues raised by Internal Audit 2016/17 | That the internal Audit action plan should be reflected as an indicator in each departmental SDBIP. | Yes |
| 1.3 Follow up on issues raised by Auditor General 2016/17 | <p>(a) The draft Operation Clean Audit Strategy 2017/18 was presented, the plan is still to be subjected to management for inputs.</p> <p>Management should revive Audit Steering Committee meetings.</p> | Yes |
| 1.4 Risk Management Committee implementation report 2017/18 | <p>(a) That the reviewed risk management strategies and policies should be submitted to Council for approval.</p> <p>That management should develop Business Continuity Plan.</p> | (a) Yes No |
| 1.5 MSCOA progress report. | That management should revisit the service level agreement entered into between the municipality and BCX to ensure that all additional and contracted requirements are in line with the agreement. | Yes |
| 1.6 Contingent Liability Register | <p>(a) That the Legal Manager should facilitate the process of Compliance register on a quarterly basis.</p> <p>(b) That the narrative of all cases in the register should be improved to provide more details.</p> <p>That the contingent liability register should incorporate the starting dates, legal costs incurred.</p> | In progress |
| 1.7 Status of IDP process | Quarterly report on the status of IDP should be reported in the ordinary Committee meetings. | Yes |
| 1.8 ICT Governance | ICT Governance report should be reported quarterly in the ordinary Committee meetings. | In progress |
| 1.9 HR report | Human Resource report should be reported quarterly in the ordinary Committee meetings. | Yes |

GLOSSARY

| Date of Committee | Committee recommendations during 2017/18 | Recommendations adopted (enter Yes); not adopted (provide explanation) |
|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 04 MAY 2018 | | |
| 1. Review of Audit Committee Charter 2018/19. | That the Audit Committee Charter should be submitted to Council for approval. | Yes |
| 2. Review of Internal Audit Charter 2018/19 | The Committee to approve the Charter. | Yes |
| 3. Internal Audit methodology 2018/19 | The Committee to approve the methodology. | Yes |
| 4. Combined Assurance Framework | Internal Audit to develop Combined Assurance Framework. | In progress |
| 5. Other matters | Municipal Managers scorecard to include: (a) Audit opinion Auditor General /internal audit findings. | Yes |

| Date of Committee | Committee recommendations during 2017/18 | Recommendations adopted (enter Yes); not adopted (provide explanation) |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 22 JUNE 2018 | | |
| 1. Draft Strategic Risk Register 2018/19. | (a) Provide time-frames per planned action. (b) The strategic risk register should be attached to the draft and final IDP as an annexure to Council. | (a) Yes (b) In progress |
| 2. Draft Internal Audit three year rolling plan and one year | (a) Report on trainings attended and challenges attached to those trainings should be reported in the Committee on a quarterly basis. (b) That IT audit should be prioritised in 2018/19. | In progress |

GLOSSARY

| Date of Committee | Committee recommendations during 2017/18 | Recommendations adopted (enter Yes); not adopted (provide explanation) |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| operational plan 2018/19 | | Yes |
| 3. Draft SDBIP 2018/19 | That the progress on the SDBIP 2018/19 be reported in the Risk Management Committee meetings in order to assess or identify possible risks on a quarterly basis. | Yes |

| Date of Committee | Committee recommendations during 2017/18 | Recommendations adopted (enter Yes); not adopted (provide explanation) |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 23 JULY 2018 | | |
| 1. Meeting with MPAC | That a meeting between the Audit Committee Chairperson, Manager Internal Audit, MPAC Chairperson and Mayor be scheduled by September 2018. | In progress |
| 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. | Yes |
| 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. | Yes |
| 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. | Yes |
| 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 meeting. (c) Management should develop a remedial action plan to address the issue of underperformance. | Yes |

GLOSSARY

| Date of Committee | Committee recommendations during 2017/18 | Recommendations adopted (enter Yes); not adopted (provide explanation) |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| 6. Interest Disclosures | <p>(a) The financial disclosure for Councilors and Officials should be completed before the beginning of each financial year.</p> <p>(b) The bid committee members should complete the disclosure forms.</p> <p>(c) A summary report in the next meeting detailing the number of official and Councilors disclosure of interest and measures taken on outstanding ones.</p> | <p>(a) Financial disclosure for officials and Councilors declaration of interest were completed.</p> <p>(b) In progress</p> |
| 7. Quarterly ICT Governance Report | Quarterly report to be submitted in all ordinary Audit Committee meetings. | In progress |
| 8. Quarterly HR Governance Report | Include vetting of new employee results in the HR report. Management should develop a template and submit to committee members for inputs. | In progress |
| 9. Significant Litigation Matters report | <p>(a) The narrations for the cases should have more details and</p> <p>(b) Where cases are taking long to be finalized, a report on the delay of the case should be presented.</p> | Yes |
| 10. In-Committee Meeting- AC and Management | Schedule in committee meeting. | In progress |

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

| Long term contracts (20 Largest Contracts Entered into during 2017/18) | | | | | |
|-------------------------------------------------------------------------------|----------------------------------------|-------------------|--------------------------------|------------------------|------------------------|
| Name of Service Provider | Description of Service rendered | Start Date | Expiry date of Contract | Project Manager | Contract Amount |
| ModHope Properties | Valuation Roll | May 2016 | June 2022 | Mr. A.S Nkalanga | R 2,934,360.00 |

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

N/A

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

| No | Pay No | Surnames | Full names | Designation | Declaration Form | Organisation | Signature |
|----|--------|-------------|--------------------|-------------|------------------|----------------------------------------------------------------------------------|------------|
| 1 | 2700 | Paya | Masilo Edward | Mayor | Yes | None | 2012/01/12 |
| 2 | 3300 | Moreroa | Mpelege Sarah | Speaker | Yes | None | 2016/08/24 |
| 3 | 3390 | Rathaha | Masilo Emmanuel | Chief whip | None | None | None |
| 4 | 2890 | Seakamela | Nakedi Winnie | Exco | Yes | None | 2016/09/07 |
| 5 | 3240 | Rampyape di | Ngaletjane Frank | Exco | Yes | None | 2016/09/28 |
| 6 | 1480 | Tawana | Pauline Makoma | Exco | Yes | None | 2012/01/12 |
| 7 | 2750 | Lehong | Moyahabo Daniel | Exco | Yes | None | 2016/08/19 |
| 8 | 3210 | Kobo | Makgabo Alex | Exco | Yes | Nthekgeng Ditlou Project | 2017/03/01 |
| 9 | 3350 | Rathete | Pual Tshepiso | MPAC | None | None | None |
| 10 | 2760 | Makgato | Moyagabo Paulina | Councillors | Yes | None | 2011/06/07 |
| 11 | 2820 | Makgoka | Mangalane Adelaide | Councillors | Yes | Media 24 Holding, Welkom Yizani, Ngalane Trading & Projects, Mabea Micro Finance | 2011/08/19 |
| 12 | 2840 | Malema | Moni Quintilian | Councillors | Yes | None | 2011/06/09 |
| 13 | 3230 | Mpati | Ramalepe Lawrance | Councillors | Yes | None | 2016/08/18 |
| 14 | 2780 | Matlou | Dikeledi | Councillors | Yes | Libdik Trading Enterprise | 2012/01/12 |
| 15 | 3370 | Nakana | Sewatlalene Robert | Councillors | None | None | None |
| 16 | 3250 | Manthata | Mokgadi Jeanette | Councillors | Yes | None | 2016/08/18 |
| 17 | 4310 | Duba | Marias | Councillors | Yes | M2B Trading Enterprise | 2013/10/14 |
| 18 | 1510 | Matjee | Moloko Calvin | Councillors | Yes | Nedbank Investment, Department of Education | 2011/06/07 |
| 19 | 3330 | Sephesu | Matlou Godlive | Councillors | Yes | None | None |
| 20 | 3280 | Ramukhubedi | Naledzani Selinah | Councillors | Yes | None | 2016/08/19 |
| 21 | 3290 | Kobola | Sekwatle Elias | Councillors | Yes | None | 2016/08/22 |
| 22 | 3260 | Masoga | Phuti Standford | Councillors | Yes | Komosana General Trading, Mahlabakgadishi Security, Mhlasedi Cooperative | 2016/08/22 |
| 23 | 2870 | Moabelo | Moloko Letta | Councillors | Yes | None | 2016/09/06 |
| 24 | 3380 | Hopane | Ngwakwana Margaret | Councillors | Yes | None | 2016/08/18 |

APPENDICES

| No | Pay No | Surnames | Full names | Designation | Declaration Form | Organisation | Signature |
|----|--------|------------|------------------------|-------------|------------------|--------------|------------|
| 25 | 1460 | Makgalo | Ntshwamare Godfree | Councillors | None | None | None |
| 26 | 3310 | Raphaswana | Tebogo Edith | Councillors | Yes | None | 2016/10/07 |
| 27 | 3340 | Marutha | Madiga Daisie | Councillors | Yes | None | 2016/09/09 |
| 28 | 3220 | Mohafe | Marema Issac | Councillors | Yes | Maphumo CC | 2016/09/13 |
| 29 | 3320 | Meso | Mamoraka Dorcas | Councillors | Yes | None | 2016/09/05 |
| 30 | 3200 | Rakimane | Phetola Thomas | Councillors | None | None | None |
| 31 | 3270 | Leferela | Motlalaohle Jacqueline | Councillors | None | None | None |
| 32 | 3360 | Tloubatla | Malose Phinius | Councillors | None | None | None |

APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

| Vote No | 2017/18 | | | | |
|----------------------|------------------|------------------|-------------------|-----------------|-------------------|
| | Actual | Original Budget | Adjustment Budget | Original Budget | Adjustment Budget |
| 35051171120F1ZZZZZHO | (4,249,026.39) | (3,044,000.00) | (2,396,000.00) | 140% | 177% |
| 35051385240EQZZZZZWM | (10,892.15) | | - | 0% | 0% |
| 35061385330ORZZZZZWM | (112,535.71) | (183,743.00) | - | 61% | 0% |
| 35101343010F2ZZZZZWM | (32,555.52) | - | (32,556.00) | 0% | 100% |
| 35101420080ORMRCZZHO | 350.00 | (4,176.00) | - | -8% | 0% |
| 35101424540F2ZZZZZWM | (5,643.04) | - | - | 0% | 0% |
| 35101424560F2ZZZZZWM | (5,905.79) | - | - | 0% | 0% |
| 35101424560ORMRCZZHO | - | (9,417.00) | - | 0% | 0% |
| 35101424610F2ZZZZZWM | (27,403.46) | - | - | 0% | 0% |
| 35101424610ORMRCZZHO | - | (4,244.00) | - | 0% | 0% |
| 35101425400ORMRCZZHO | - | (53,050.00) | - | 0% | 0% |
| 50051020300PRZZZZZWM | (1,293,746.23) | - | (1,269,171.00) | 0% | 102% |
| 50051021500PRZZZZZWM | (1,195,621.25) | - | - | 0% | 0% |
| 50051023610PRZZZZZWM | 15,455.05 | - | (7,086.00) | 0% | -218% |
| 50051024530PRZZZZZWM | (5,313.00) | - | (20,535.00) | 0% | 26% |
| 50051025100PRRB6ZZWM | 1,538,220.00 | - | 1,538,220.00 | 0% | 100% |
| 50051025100PRZZZZZWM | (3,285,717.71) | - | (3,269,898.00) | 0% | 100% |
| 50051025110PRZZZZZWM | (126,524.21) | - | (193,008.00) | 0% | 66% |
| 50051025400PRRB1ZZWM | 2,685,830.95 | - | 3,580,936.00 | 0% | 75% |
| 50051025400PRZZZZZWM | (3,581,120.75) | - | (4,774,598.00) | 0% | 75% |
| 50051025460PRZZZZZWM | (11,806,202.37) | - | (9,309,955.00) | 0% | 127% |
| 50051025480PRRB1ZZWM | 896,725.55 | - | - | 0% | 0% |
| 50051171050FMZZZZZHO | (2,254,959.41) | (2,333,000.00) | - | 97% | 0% |
| 50051172010EQZZZZZHO | (122,615,543.74) | (122,614,000.00) | 234.00 | 100% | -52399805% |
| 50051341200PRZZZZZWM | (340,598.56) | - | (311,998.00) | 0% | 109% |
| 50051342000F4MRCZZHO | - | (3,615,257.00) | (15,870,131.00) | 0% | 0% |
| 50051380600EQZZZZZWM | - | - | (602,018.00) | 0% | 0% |
| 50151342000ORZZZZZHO | (1,575,122.34) | (2,488,257.00) | 600,000.00 | 63% | -263% |
| 50201020300PRZZZZZWM | - | (12,732,000.00) | 12,732,000.00 | 0% | 0% |
| 50201341020ORZZZZZHO | - | (1,600,754.00) | 1,600,754.00 | 0% | 0% |
| 50201341090ORZZZZZWM | (15,528.99) | - | (16,786.00) | 0% | 93% |
| 50251425510ORZZZZZWM | (76,685.66) | (190,980.00) | - | 40% | 0% |
| 55051146630EQZZZZZWM | (303,700.00) | - | - | 0% | 0% |
| 55051251150F7MRCZZHO | (1,000,000.00) | (1,000,000.00) | - | 100% | 0% |
| 55151040500ORZZZZZWM | (596.28) | (743.00) | - | 80% | 0% |
| 55151380310ORZZZZZWM | (1,028.77) | (279.00) | - | 369% | 0% |
| 55151401090ORZZZZZHO | (313,910.98) | | - | 123% | 0% |

APPENDICES

| Vote No | 2017/18 | | | | |
|----------------------|-------------------------|-------------------------|------------------------|-----------------|-------------------|
| | Actual | Original Budget | Adjustment Budget | Original Budget | Adjustment Budget |
| | | (255,587.00) | | | |
| 55151423330ORZZZZZWM | (4,201.50) | (1,980.00) | - | 212% | 0% |
| 55201040080F5ZZZZZWM | (1,008,500.10) | (1,079,173.00) | - | 93% | 0% |
| 55201040520F6ZZZZZHO | (2,508,606.58) | (6,354,053.00) | - | 39% | 0% |
| 55251420610ORZZZZZWM | (8,123.34) | (11,310.00) | - | 72% | 0% |
| 55301322000F8ZZZZZWM | 800.00 | (2,055,416.00) | - | 0% | 0% |
| 55301322030F8ZZZZZWM | (1,764,028.47) | - | - | 0% | 0% |
| 55301322040ORZZZZZWM | - | (2,499.00) | - | 0% | 0% |
| 55301341120F8ZZZZZWM | (168,248.02) | - | (197,120.00) | 0% | 85% |
| 60071211030F9ZZZZZHO | (37,528,698.44) | (35,718,000.00) | (7,215,352.00) | 105% | 520% |
| 60081040020ORMRCZZHO | - | (27,460.00) | - | 0% | 0% |
| 60081321040F3MRCZZHO | (30,243.63) | (349,171.00) | 300,000.00 | 9% | -10% |
| 60081321040ORMRCZZHO | - | (424.00) | 424.00 | 0% | 0% |
| 60081321120F3MRCZZHO | (3,612,281.86) | (9,909,922.00) | 6,754,961.00 | 36% | -53% |
| 60081321130F3ZZZZZWM | (3,220,944.39) | - | (3,511,188.00) | 0% | 92% |
| 60081321140ORMRCZZHO | - | (15,915.00) | 15,915.00 | 0% | 0% |
| 60081321190EQFB1ZZWM | (1,044,100.92) | - | (1,200,433.00) | 0% | 87% |
| 60081321200F3ZZZZZWM | (73,216.25) | - | (127,000.00) | 0% | 58% |
| 60081321260F3ZZZZZWM | (11,300.13) | - | (15,000.00) | 0% | 75% |
| 60081341010F3ZZZZZWM | (448,857.77) | - | (441,001.00) | 0% | 102% |
| 60151324080WTZZZZZWM | - | - | (576,816.00) | 0% | 0% |
| 60151341140WTZZZZZWM | (165,740.56) | - | (283,448.00) | 0% | 58% |
| 60151380620EQZZZZZWM | - | - | (52,966.00) | 0% | 0% |
| 60151380620FAZZZZZHO | (1,519,803.84) | (2,040,823.00) | 2,040,823.00 | 74% | -74% |
| 60161323020WWZZZZZWM | - | - | (703,150.00) | 0% | 0% |
| 60161341130WWZZZZZWM | - | - | (79,753.00) | 0% | 0% |
| 60161380620FAZZZZZHO | (802,026.45) | (770,663.00) | 770,663.00 | 104% | -104% |
| | (203,017,423.01) | (214,342,038.00) | (23,438,019.00) | 95% | 866% |

APPENDICES

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

| Vote Description | 2017/18 | | | 2017/18 Actual % | |
|------------------------------------------|------------------|------------------|-------------------|------------------|-------------------|
| | Actual | Original Budget | Adjustment Budget | Original Budget | Adjustment Budget |
| N-GOV: MUNICIPAL DEMARCATION SCH 5B | (4,249,026.39) | (3,044,000.00) | (2,396,000.00) | 140% | 177% |
| INSURANCE REFUND | (10,892.15) | | - | 0% | 0% |
| SALE OF: AGRIC PROD - ASSET < CAP THRESH | - | (248,826.00) | - | 0% | 0% |
| SKILLS DEVELOPMENT LEVY REFUND | (112,535.71) | (183,743.00) | - | 61% | 0% |
| RENT ON LAND: LAND - GRAZING FEES | (32,555.52) | - | (32,556.00) | 0% | 100% |
| SALE OF PROPERTY | - | (5,590,000.00) | - | 0% | 0% |
| ADVERTISEMENTS | 350.00 | (4,176.00) | - | -8% | 0% |
| PLAN & DEV: BUILDING PLAN APPROVAL | (5,643.04) | - | - | 0% | 0% |
| PLAN & DEV: BUILDING PLAN APPROVAL | - | (36,916.00) | - | 0% | 0% |
| PLAN & DEV: CLEARANCE CERTIFICATES | (5,905.79) | - | - | 0% | 0% |
| PLAN & DEV: CLEARANCE CERTIFICATES | - | (9,417.00) | - | 0% | 0% |
| PLAN & DEV: TOWN PLANNING & SERVITUDES | (27,403.46) | - | - | 0% | 0% |
| PLAN & DEV: TOWN PLANNING & SERVITUDES | - | (4,244.00) | - | 0% | 0% |
| SALE OF: AGRIC PROD - CATTLE CRAZING | - | (53,050.00) | - | 0% | 0% |
| BUSINESS & COMMERCIAL PROPERTIES | (1,293,746.23) | - | (1,269,171.00) | 0% | 102% |
| FARM PROPERTIES: AGRICULTURAL PURPOSES | (1,195,621.25) | - | - | 0% | 0% |
| MUNICIPAL PROPERTIES | 15,455.05 | - | (7,086.00) | 0% | -218% |
| PUBLIC SERVICE INFRASTRUCTURE | (5,313.00) | - | (20,535.00) | 0% | 26% |
| RESIDENTIAL PROPERTIES: DEVELOPED | 1,538,220.00 | - | 1,538,220.00 | 0% | 100% |
| RESIDENTIAL PROPERTIES: DEVELOPED | (3,285,717.71) | - | (3,269,898.00) | 0% | 100% |
| RESIDENTIAL PROPERTIES: VACANT LAND | (126,524.21) | - | (193,008.00) | 0% | 66% |
| SMALL HOLDINGS: AGRICULTURAL PURPOSES | 2,685,830.95 | - | 3,580,936.00 | 0% | 75% |
| SMALL HOLDINGS: AGRICULTURAL PURPOSES | (3,581,120.75) | - | (4,774,598.00) | 0% | 75% |
| STATE-OWNED PROPERTIES | (11,806,202.37) | - | (9,309,955.00) | 0% | 127% |
| AGRICULTURAL PROPERTY | 896,725.55 | - | - | 0% | 0% |
| N-GOV: LOCAL GOV FIN MANAG GRT SCH 5B | (2,254,959.41) | (2,333,000.00) | - | 97% | 0% |
| NATIONAL REVENUE FUND: EQUITABLE SHARE | (122,615,543.74) | (122,614,000.00) | 234.00 | 100% | 52399805% |
| INT DIV & RENT LAND -INT: REC-PROP RATES | (340,598.56) | - | (311,998.00) | 0% | 109% |
| DIVIDENDS: EXTERNAL INVESTMENTS | - | (3,615,257.00) | (15,870,131.00) | 0% | 0% |
| COLLECTION CHARGES | - | - | (602,018.00) | 0% | 0% |
| DIVIDENDS: EXTERNAL INVESTMENTS | (1,575,122.34) | (2,488,257.00) | 600,000.00 | 63% | -263% |
| BUSINESS & COMMERCIAL PROPERTIES | - | (12,732,000.00) | 12,732,000.00 | 0% | 0% |
| INTER: RECEIV - HOUSING | - | (1,600,754.00) | 1,600,754.00 | 0% | 0% |
| INTER: RECEIV - SERVICE CHARGES | (15,528.99) | - | (16,786.00) | 0% | 93% |
| SALE OF: PUBLICATION - TENDER DOCUMENTS | (76,685.66) | (190,980.00) | - | 40% | 0% |
| NAT DPT AGEN-COMM SCHEMES OMBUD SERV | (303,700.00) | - | - | 0% | 0% |
| ND - EPWP INTEGRATED FOR MUNICIPALITIES | (1,000,000.00) | (1,000,000.00) | - | 100% | 0% |
| PENALTIES: COLLECTION | (596.28) | (743.00) | - | 80% | 0% |

APPENDICES

| Vote Description | 2017/18 | | | 2017/18 Actual % | |
|------------------------------------------|-------------------------|-------------------------|------------------------|------------------|-------------------|
| | Actual | Original Budget | Adjustment Budget | Original Budget | Adjustment Budget |
| BREAKAGES RECOVERED | (1,028.77) | (279.00) | - | 369% | 0% |
| N-M-R PPE: AD HOC-COMMUNITY ASSETS | (313,910.98) | (255,587.00) | - | 123% | 0% |
| LIBRARY FEES: MEMBERSHIP | (4,201.50) | (1,980.00) | - | 212% | 0% |
| FINES: TRAFFIC - COURT FINES | (1,008,500.10) | (1,079,173.00) | - | 93% | 0% |
| PENALTIES: MOTOR VEHICLE LICENCE | (2,508,606.58) | (6,354,053.00) | - | 39% | 0% |
| CEMETERY & BURIAL | (8,123.34) | (11,310.00) | - | 72% | 0% |
| WASTE MANGEMENT: CARRIER BAGS | 800.00 | (2,055,416.00) | - | 0% | 0% |
| WASTE MANGEMENT: REFUSE REMOVAL | (1,764,028.47) | - | - | 0% | 0% |
| WASTE MANGEMENT: WASTE BINS | - | (2,499.00) | - | 0% | 0% |
| INTER: RECEIV - WASTE MANAGEMENT | (168,248.02) | - | (197,120.00) | 0% | 85% |
| N-GOV: MUNICIPAL INFRASTRUCTURE GRANT | (37,528,698.44) | (35,718,000.00) | (7,215,352.00) | 105% | 520% |
| FINES: ILLEGAL CONNECTIONS - ELECTRICITY | - | (27,460.00) | - | 0% | 0% |
| ELEC: CONNEX/RECON DISCONN/RECONN FEES | (30,243.63) | (349,171.00) | 300,000.00 | 9% | -10% |
| ELEC: CONNEX/RECON DISCONN/RECONN FEES | - | (424.00) | 424.00 | 0% | 0% |
| ELEC SALES: COMMERC CONVEN SINGLE PHASE | (3,612,281.86) | (9,909,922.00) | 6,754,961.00 | 36% | -53% |
| ELEC SALES: COMMERCIAL CONVEN 3-PHASE | (3,220,944.39) | - | (3,511,188.00) | 0% | 92% |
| ELEC SALES: COMMERCIAL PREPAID | - | (15,915.00) | 15,915.00 | 0% | 0% |
| ELEC SALES: DOMESTIC LOW: PREPAID | (1,044,100.92) | - | (1,200,433.00) | 0% | 87% |
| ELEC SALES: DOMESTIC HIGH HOME POWER 1 | (73,216.25) | - | (127,000.00) | 0% | 58% |
| ELEC SALES: INDUSTRIAL 400 VOLTS (LOW) | (11,300.13) | - | (15,000.00) | 0% | 75% |
| INTER: RECEIV - ELECTRICITY | (448,857.77) | - | (441,001.00) | 0% | 102% |
| WATER: SALE - CONVENTIONAL | - | - | (895,982.00) | 0% | |
| WATER: AVAILABILITY CHARGES | - | - | | 0% | 0% |
| WATER: SALE - FLAT RATE | - | - | (576,816.00) | 0% | 0% |
| INTER: RECEIV - WATER | | | (283,448.00) | 0% | 58% |
| COMMISSION: TRANSACTION HANDLING FEES | (165,740.56) | - | (52,966.00) | 0% | 0% |
| COMMISSION: TRANSACTION HANDLING FEES | | | | | |
| WASTE WATER MANG: INDUSTRIAL EFFLUENT | (1,519,803.84) | (2,040,823.00) | 2,040,823.00 | 74% | -74% |
| WASTE WATER MANG: SANITATION CHARGES | - | - | (703,150.00) | 0% | 0% |
| INTER: RECEIV - WASTE WATER MANAGEMENT | - | - | (79,753.00) | 0% | 0% |
| COMMISSION: TRANSACTION HANDLING FEES | (802,026.45) | (770,663.00) | 770,663.00 | 104% | -104% |
| TOTAL | (203,017,423.01) | (214,342,038.00) | (23,438,019.00) | 95% | 866% |

APPENDICES

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

NONE

APPENDICES

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

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

| Capital Expenditure - New Assets Programme* | | | | | | | |
|-----------------------------------------------|---------------|-----------------|-------------------|--------------------|-----------------------------|---------------|---------------|
| Description | R '000 | | | | | | |
| | Year 2016/17 | Year 2017/18 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY 2018/19 | FY 2019/20 | FY 2020/21 |
| Capital expenditure by Asset Class | | | | | | | |
| Infrastructure - Total | 34,444 | 25,391 | 24,389 | 18,883 | 16,731 | 41,441 | 41,523 |
| Infrastructure: Road transport - Total | 33,340 | 25,091 | 23,623 | 18,511 | 16,731 | 40,941 | 40,023 |
| <i>Roads, Pavements & Bridges</i> | 33,339,537 | 25,090,731 | 23,622,956 | 18,510,904 | 16,730,587 | 40,941,035 | 40,022,523 |
| <i>Storm water</i> | | | | | | | |
| Infrastructure: Electricity - Total | 1,104 | 300 | 766 | 372 | - | 500 | 1,500 |
| <i>Generation</i> | | | | | | | |
| <i>Transmission & Reticulation</i> | 1,104,363 | 300,000 | 765,764 | 371,730 | 0 | 500,000 | 1,500,000 |
| <i>Street Lighting</i> | | | | | | | |
| Infrastructure: Water - Total | - | - | - | - | - | - | - |
| <i>Dams & Reservoirs</i> | | | | | | | |
| <i>Water purification</i> | | | | | | | |
| <i>Reticulation</i> | | | | | | | |
| Infrastructure: Sanitation - Total | - | - | - | - | - | - | - |
| <i>Reticulation</i> | | | | | | | |
| <i>Sewerage purification</i> | | | | | | | |
| Infrastructure: Other - Total | - | - | - | - | - | - | - |
| <i>Waste Management</i> | | | | | | | |
| <i>Transportation</i> | | | | | | | |
| <i>Gas</i> | | | | | | | |
| <i>Other</i> | | | | | | | |
| Community - Total | 5,907 | 9,063 | | 4,241 | 200 | 1,950 | 500 |
| <i>Parks & gardens</i> | 0 | 0 | 0 | 0 | 0 | 800,000 | 0 |
| <i>Sportsfields & stadia</i> | | | | | | | |

APPENDICES

| Capital Expenditure - New Assets Programme* | | | | | | | | R '000 |
|---------------------------------------------|--------------|-----------------|-------------------|--------------------|-----------------------------|------------|------------|--------|
| Description | Year 2016/17 | Year 2017/18 | | | Planned Capital expenditure | | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY 2018/19 | FY 2019/20 | FY 2020/21 | |
| Swimming pools | | | | | | | | |
| Community halls | | | | | | | | |
| Libraries | | | | | | | | |
| Recreational facilities | | 5,357,700 | 8,117,966 | 4,032,574 | 0 | 0 | 0 | |
| Fire, safety & emergency | | | | | | | | |
| Security and policing | | | | | | | | |
| Buses | | | | | | | | |
| Clinics | | | | | | | | |
| Museums & Art Galleries | | | | | | | | |
| Cemeteries | 0 | 0 | 0 | 0 | 0 | 600,000 | 0 | |
| Social rental housing | | | | | | | | |
| Other | 5,906,687 | 3,705,000 | 300,000 | 208,404 | 200,000 | 550,000 | 500,000 | |

Table continued next page

| Capital Expenditure - New Assets Programme* | | | | | | | | R '000 |
|---------------------------------------------|--------------|-----------------|-------------------|--------------------|-----------------------------|--------------|--------------|--------|
| Description | Year 2016/17 | Year 2017/18 | | | Planned Capital expenditure | | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 | |
| Capital expenditure by Asset Class | | | | | | | | |
| Heritage assets - Total | - | - | | - | - | - | - | |
| Buildings | | | | | | | | |
| Other | | | | | | | | |
| Investment properties - Total | - | - | | - | - | - | - | |
| Housing development | | | | | | | | |
| Other | | | | | | | | |
| - | | | | | | | | |
| Other assets | - | 5,540 | 5,344 | 1,697 | 2,450 | 3,500 | 4,200 | |
| General vehicles | | 1,202,200 | 1,150,000 | 1,014,069 | 700,000 | 750,000 | 2,000,000 | |
| Specialised vehicles | | | | | | | | |
| Plant & equipment | | 900,000 | 500,000 | | 150,000 | 150,000 | 0 | |
| Computers - hardware/equipment | | 604,400 | 300,000 | 288,071 | 1,200,000 | 1,100,000 | 400,000 | |

APPENDICES

| Capital Expenditure - New Assets Programme* | | | | | | | |
|------------------------------------------------|---------------|-----------------|-------------------|--------------------|-----------------------------|---------------|---------------|
| | | | | | | | R '000 |
| Description | Year 2016/17 | Year 2017/18 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY 2018/19 | FY 2019/20 | FY 2020/21 |
| Furniture and other office equipment | | 2,224,200 | 550,000 | 395,322 | 400,000 | 500,000 | 300,000 |
| Abattoirs | | | | | | | |
| Markets | | | | | | | |
| Civic Land and Buildings | | | | | | | |
| Other Buildings | | 608,800 | 2,844,000 | 0 | 0 | 1,000,000 | 1,500,000 |
| Other Land | | | | | | | |
| Surplus Assets - (Investment or Inventory) | | | | | | | |
| Other | | | | | | | |
| Agricultural assets | - | - | | - | - | - | - |
| <i>List sub-class</i> | | | | | | | |
| Biological assets | - | - | | - | - | - | - |
| <i>List sub-class</i> | | | | | | | |
| Intangibles | - | - | | 239 | 1,500 | - | - |
| Computers - software & programming | | | 934,503 | 238,625 | 1,500,000 | 0 | 0 |
| Other (<i>list sub-class</i>) | | | | | | | |
| Total Capital Expenditure on new assets | 40,351 | 39,993 | 29,733 | 25,060 | 20,881 | 46,891 | 46,223 |
| Specialised vehicles | - | - | | - | - | - | - |
| Refuse | | | | | | | |
| Fire | | | | | | | |
| Conservancy | | | | | | | |
| Ambulances | | | | | | | |

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

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APPENDICES

| Capital Expenditure - New Assets Programme* | | | | | | | |
|---------------------------------------------|--------------|-----------------|-------------------|--------------------|-----------------------------|------------|------------|
| | | | | | | | R '000 |
| Description | Year 2016/17 | Year 2017/18 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY 2018/19 | FY 2019/20 | FY 2020/21 |

| Capital Expenditure - Upgrade/Renewal Programme* | | | | | | | |
|--------------------------------------------------|--------------|-----------------|-------------------|--------------------|-----------------------------|------------|------------|
| | | | | | | | R '000 |
| Description | Year 2016/17 | Year 2017/18 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY 2018/19 | FY 2019/20 | FY 2020/21 |
| Capital expenditure by Asset Class | | | | | | | |
| Infrastructure - Total | - | 5,130 | 10,723 | 3,743 | 20,996 | 1,800 | 1,000 |
| Infrastructure: Road transport - Total | - | 3,630 | 3,922 | 2,549 | 20,096 | - | - |
| Roads, Pavements & Bridges | | 3,629,677 | 3,922,337 | 2,548,624 | 20,096,426 | 0 | 0 |
| Storm water | | | | | | | |
| Infrastructure: Electricity - Total | - | 1,500 | 6,801 | 1,194 | 900 | 1,800 | 1,000 |
| Generation | | | | | | | |
| Transmission & Reticulation | | 1,500,000 | 6,801,016 | 1,194,230 | 900,000 | 1,800,000 | 1,000,000 |
| Street Lighting | | | | | | | |
| Infrastructure: Water - Total | - | - | - | - | - | - | - |
| Dams & Reservoirs | | | | | | | |
| Water purification | | | | | | | |
| Reticulation | | | | | | | |
| Infrastructure: Sanitation - Total | - | - | - | - | - | - | - |
| Reticulation | | | | | | | |
| Sewerage purification | | | | | | | |
| Infrastructure: Other - Total | - | - | - | - | - | - | - |
| Waste Management | | | | | | | |
| Transportation | | | | | | | |
| Gas | | | | | | | |
| Other | | | | | | | |
| Community | - | 600 | 8,568 | 6,674 | 8,210 | 400 | - |
| Parks & gardens | | | | | | | |
| Sportsfields & stadia | | | | | | | |
| Swimming pools | | | | | | | |
| Community halls | | | | | | | |

APPENDICES

| Capital Expenditure - New Assets Programme* | | | | | | | |
|---------------------------------------------|--------------|-----------------|-------------------|--------------------|-----------------------------|------------|------------|
| | | | | | | | R '000 |
| Description | Year 2016/17 | Year 2017/18 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY 2018/19 | FY 2019/20 | FY 2020/21 |
| Libraries | | | | | | | |
| Recreational facilities | | | | | | | |
| Fire, safety & emergency | | | 8,567,536 | 6,673,557 | 8,210,052 | | |
| Security and policing | | | | | | | |
| Buses | | | | | | | |
| Clinics | | | | | | | |
| Museums & Art Galleries | | | | | | | |
| Cemeteries | | 600,000 | | | | 400,000 | |
| Social rental housing | | | | | | | |
| Other | | | | | | | |
| Heritage assets | - | - | - | - | - | - | - |
| Buildings | | | | | | | |
| Other | | | | | | | |

Table continued next page

Table continued from previous page

| Capital Expenditure - Upgrade/Renewal Programme* | | | | | | | |
|--------------------------------------------------|---------|-----------------|-------------------|--------------------|-----------------------------|--------|--------|
| | | | | | | | R '000 |
| Description | Year -1 | Year 0 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| Capital expenditure by Asset Class | | | | | | | |
| Investment properties | - | - | | - | - | - | - |
| Housing development | | | | | | | |
| Other | | | | | | | |
| Other assets | - | 1,804 | 2,297 | 1,857 | - | - | - |
| General vehicles | | | | | | | |
| Specialised vehicles | | 1,500,000 | | | | | |
| Plant & equipment | | | 1,500,000 | 1,060,478 | | | |
| Computers - hardware/equipment | | | | | | | |
| Furniture and other office equipment | | | 796,698 | 796,698 | | | |
| Abattoirs | | | | | | | |
| Markets | | | | | | | |
| Civic Land and Buildings | | | | | | | |

APPENDICES

| Capital Expenditure - New Assets Programme* | | | | | | | |
|----------------------------------------------------------------|--------------|-----------------|-------------------|--------------------|-----------------------------|--------------|--------------|
| | | | | | | | R '000 |
| Description | Year 2016/17 | Year 2017/18 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY 2018/19 | FY 2019/20 | FY 2020/21 |
| Other Buildings | | 304,400 | | | | | |
| Other Land | | | | | | | |
| Surplus Assets - (Investment or Inventory) | | | | | | | |
| Other | | | | | | | |
| <u>Agricultural assets</u> | - | - | | - | - | - | - |
| <i>List sub-class</i> | | | | | | | |
| <u>Biological assets</u> | - | - | | - | - | - | - |
| <i>List sub-class</i> | | | | | | | |
| <u>Intangibles</u> | - | - | 2,239 | 1,087 | - | - | - |
| Computers - software & programming | | | 2,239,000 | 1,086,842 | | | |
| Other (<i>list sub-class</i>) | | | | | | | |
| Total Capital Expenditure on renewal of existing assets | - | 7,534 | 23,827 | 13,360 | 29,206 | 2,200 | 1,000 |
| <u>Specialised vehicles</u> | - | - | | - | - | - | - |
| Refuse | | | | | | | |
| Fire | | | | | | | |
| Conservancy | | | | | | | |
| Ambulances | | | | | | | |

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

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APPENDICES

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

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2017/18

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

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Not applicable to Molemole municipality

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

Not Applicable to Molemole municipality

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

The municipality doesn'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 **2:3**.

APPENDICES

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

N/A

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Molemole Local Municipality

(Registration number LIM0353)

Financial Statements for the year ended 30 June 2018

General Information

| | |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Legal form of entity | Local Government |
| Nature of business and principal activities | Performing the functions as set out in the Constitution (Act no 105 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 Maoga 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 |
| Acting Chief Finance Officer (CFO) | Mr. AS Nkalanga |
| Accounting Officer | Mr. ML Mosena |
| Postal address | Private Bag X44 Mogwadi 0715 |

Molemole Local Municipality

(Registration number LIM0353)

Financial Statements for the year ended 30 June 2018

General Information

Bankers

Nedbank

Auditors

Office of the Auditor General (Limpopo)

Molemole Local Municipality

(Registration number LIM0353)

Financial Statements for the year ended 30 June 2018

Index

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

| | Page |
|----------------------------------------------------------------------------------------------------------|-------------|
| Accounting Officer's Responsibilities and Approval | 5 |
| Accounting Officer's Report | 6 |
| Statement of Financial Position | 7 |
| Statement of Financial Performance | 8 |
| Statement of Changes in Net Assets | 9 |
| Cash Flow Statement | 10 |
| Statement of Comparison of Budget and Accrual Amounts | 11 - 13 |
| Appropriation Statement | 14 - 16 |
| Accounting Policies | 17 - 35 |
| Notes to the Financial Statements | 36 - 67 |
| The following supplementary information does not form part of the financial statements and is unaudited: | |
| Supplementary Information | 68 - 72 |
| Appendixes: | |
| Appendix B: Analysis of Property, Plant and Equipment | |
| Appendix G(2): Budgeted Financial Performance (revenue and expenditure by municipal vote) | |

Molemole Local Municipality

(Registration number LIM0353)

Financial Statements for the year ended 30 June 2018

Index

| | |
|---------|--------------------------------------------------------------------|
| COIDA | Compensation for Occupational Injuries and Diseases |
| CRR | Capital Replacement Reserve |
| DBSA | Development Bank of South Africa |
| SA GAAP | South African Statements of Generally Accepted Accounting Practice |
| GRAP | Generally Recognised Accounting Practice |
| HDF | Housing Development Fund |
| 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 |

Molemole Local Municipality

(Registration number LIM0353)

Financial Statements for the year ended 30 June 2018

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 external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

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.

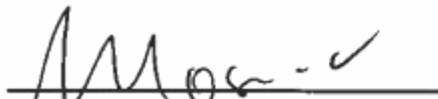
The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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 minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 2019 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 6 to 67, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2018 and were signed on its behalf by:



Accounting Officer
Designation

Molemole Local Municipality

(Registration number LIM0353)

Financial Statements for the year ended 30 June 2018

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2018.

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.

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

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 LIM0353)

Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

| Figures in Rand | Note(s) | 2018 | 2017 Restated* |
|--------------------------------------------|---------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Inventories | 7 | 160 959 | 136 520 |
| Receivables from exchange transactions | 8 | 5 200 585 | 10 487 004 |
| Receivables from non-exchange transactions | 9 | 56 175 056 | 33 860 149 |
| VAT receivable | 10 | 11 198 393 | 8 972 593 |
| Cash and cash equivalents | 11 | 41 577 792 | 55 607 102 |
| | | 114 312 785 | 109 063 368 |
| Non-Current Assets | | | |
| Investment property | 2 | 1 744 335 | 1 787 668 |
| Property, plant and equipment | 3 | 211 930 314 | 186 396 766 |
| Intangible Assets | 4 | 1 945 251 | 402 493 |
| heritage Assets | 5 | 368 150 | 368 150 |
| | | 215 988 050 | 188 955 077 |
| Total Assets | | 330 300 835 | 298 018 445 |
| Liabilities | | | |
| Current Liabilities | | | |
| Finance lease | 13 | 196 522 | 294 229 |
| Payables from exchange transactions | 18 | 19 819 336 | 15 910 001 |
| Consumer deposits | 19 | 502 526 | 501 449 |
| Unspent conditional grants and receipts | 14 | 4 276 606 | 21 007 938 |
| Other current liability | 16 | 1 809 795 | 825 096 |
| Employee Benefits | 17 | 6 716 510 | 6 179 744 |
| | | 33 321 295 | 44 718 459 |
| Non-Current Liabilities | | | |
| Finance lease | 13 | 513 306 | - |
| Employee benefits | 6 | 6 663 822 | 6 976 304 |
| Provisions | 15 | 14 095 590 | 12 871 578 |
| | | 21 272 718 | 19 847 882 |
| Total Liabilities | | 54 594 013 | 64 566 341 |
| Net Assets | | 275 706 822 | 233 452 097 |
| Reserves | | | |
| Revaluation reserve | 12 | 41 894 856 | 41 894 856 |
| Accumulated surplus | | 233 811 958 | 191 557 241 |
| Total Net Assets | | 275 706 822 | 233 452 097 |

* See Note 45 & 44

Molemole Local Municipality

(Registration number LIM0353)

Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

| Figures in Rand | Note(s) | 2018 | 2017 Restated* |
|-----------------------------------------------------|---------|----------------------|----------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Service charges | 21 | 10 064 112 | 8 959 702 |
| Rental of facilities and equipment | 22 | 346 468 | 276 858 |
| Interest received - debtors | | 1 138 975 | 1 574 496 |
| Licences and permits | 24 | 2 508 607 | 3 471 446 |
| Commissions received | | 2 321 830 | 2 368 846 |
| Other income | 25 | 315 892 | 582 421 |
| Gain on disposal of assets | | 102 235 | - |
| Actuarial gains | | 1 472 458 | 1 335 841 |
| Interest received - external investment | 26 | 1 575 122 | 2 422 613 |
| Total revenue from exchange transactions | | 19 845 699 | 20 992 223 |
| Revenue from non-exchange transactions | | | |
| Taxation revenue | | | |
| Property rates | 27 | 16 184 010 | 13 663 498 |
| Transfer revenue | | | |
| Government grants & subsidies | 28 | 167 951 927 | 152 920 507 |
| Public contributions and donations | | - | 29 532 147 |
| Traffic Fines | 23 | 1 008 500 | 1 208 600 |
| Total revenue from non-exchange transactions | | 185 144 437 | 197 324 752 |
| Total revenue | 20 | 204 990 136 | 218 316 975 |
| Expenditure | | | |
| Employee related costs | 29 | (67 655 065) | (64 261 499) |
| Remuneration of councillors | 30 | (12 031 429) | (10 568 433) |
| Depreciation and amortisation | 31 | (7 861 222) | (8 529 313) |
| Finance costs | 32 | (1 191 476) | (1 094 931) |
| Debt Impairment | 33 | (2 465 270) | (8 024 716) |
| Bulk purchases | 3535 | (9 172 581) | (7 502 657) |
| Contracted services | 36 | (15 909 210) | (13 963 294) |
| Loss on disposal of assets and liabilities | | - | (33 404) |
| General Expenses | 34 | (46 449 166) | (48 291 886) |
| Total expenditure | | (162 735 419) | (162 270 133) |
| Surplus for the year | | 42 254 717 | 56 046 842 |

* See Note 45 & 44

Molemole Local Municipality

(Registration number LIM0353)

Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

| Figures in Rand | Revaluation reserve | Accumulated surplus | Total net assets |
|---------------------------------------------|---------------------|---------------------|--------------------|
| Opening balance as previously reported | 41 894 856 | 133 188 555 | 175 083 411 |
| Adjustments | | | |
| Correction of errors - see note 44 | - | 2 321 844 | 2 321 844 |
| Balance at 01 July 2016 as restated* | 41 894 856 | 135 510 399 | 177 405 255 |
| Changes in net assets | | | |
| Surplus for the year | - | 56 046 842 | 56 046 842 |
| Total changes | - | 56 046 842 | 56 046 842 |
| Restated* Balance at 01 July 2017 | 41 894 856 | 191 557 241 | 233 452 097 |
| Changes in net assets | | | |
| Surplus for the year | - | 42 254 717 | 42 254 717 |
| Total changes | - | 42 254 717 | 42 254 717 |
| Balance at 30 June 2018 | 41 894 856 | 233 811 958 | 275 706 814 |

Note(s)

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* See Note 45 & 44

Molemole Local Municipality

(Registration number LIM0353)

Financial Statements for the year ended 30 June 2018

Cash Flow Statement

| Figures in Rand | Note(s) | 2018 | 2017 Restated* |
|-------------------------------------------------------------|---------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Sale of goods and services | | 14 395 713 | 29 320 053 |
| Grants | | 151 220 596 | 172 181 061 |
| Interest Income | | 1 575 122 | 2 422 613 |
| | | <u>167 191 431</u> | <u>203 923 727</u> |
| Payments | | | |
| Suppliers | | (145 652 838) | (141 788 880) |
| Finance costs | | (1 191 476) | (1 094 931) |
| | | <u>(146 844 314)</u> | <u>(142 883 811)</u> |
| Net cash flows from operating activities | 39 | <u>20 347 117</u> | <u>61 039 916</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 3 | (33 444 023) | (40 350 587) |
| Proceeds from sale of property, plant and equipment | | 514 395 | - |
| Purchase of other intangible assets | 4 | (1 862 397) | - |
| Net cash flows from investing activities | | <u>(34 792 025)</u> | <u>(40 350 587)</u> |
| Cash flows from financing activities | | | |
| Finance lease payments | | - | (516 552) |
| Finance lease receipts | | 415 599 | - |
| Net cash flows from financing activities | | <u>415 599</u> | <u>(516 552)</u> |
| Net increase/(decrease) in cash and cash equivalents | | <u>(14 029 309)</u> | <u>20 172 777</u> |
| Cash and cash equivalents at the beginning of the year | | 55 607 102 | 35 434 325 |
| Cash and cash equivalents at the end of the year | 11 | <u>41 577 793</u> | <u>55 607 102</u> |

* See Note 45 & 44

Molemole Local Municipality

(Registration number LIM0353)

Financial Statements for the year ended 30 June 2018

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 | | | | | | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Service charges | 11 965 338 | 326 278 | 12 291 616 | 10 064 112 | (2 227 504) | 38.1 |
| Rental of facilities and equipment | 308 637 | (53 050) | 255 587 | 346 468 | 90 881 | 38.2 |
| Interest received | 1 600 754 | (270 648) | 1 330 106 | 1 138 975 | (191 131) | 38.10 |
| Licences and permits | 6 354 053 | - | 6 354 053 | 2 508 607 | (3 845 446) | 38.3 |
| Agency Services | 2 811 486 | (2 758 520) | 52 966 | 2 321 830 | 2 268 864 | 38.4 |
| Gain on sale of assets | - | - | - | 102 235 | 102 235 | 38.5 |
| Gain on Actuarial valuation | - | - | - | 1 472 458 | 1 472 458 | 38.6 |
| Other income | 6 678 083 | 19 805 003 | 26 483 086 | 315 892 | (26 167 194) | 38.7 |
| Interest - investments | 2 488 257 | (600 000) | 1 888 257 | 1 575 122 | (313 135) | 38.8 |
| Total revenue from exchange transactions | 32 206 608 | 16 449 063 | 48 655 671 | 19 845 699 | (28 809 972) | |
| Revenue from non-exchange transactions | | | | | | |
| Taxation revenue | | | | | | |
| Property rates | 12 732 000 | 993 095 | 13 725 095 | 16 184 010 | 2 458 915 | 38.9 |
| Transfer revenue | | | | | | |
| Government grants & subsidies | 164 709 000 | 9 611 118 | 174 320 118 | 167 951 927 | (6 368 191) | 4% |
| Traffic Fines | 1 079 173 | - | 1 079 173 | 1 008 500 | (70 673) | 38.17 |
| Total revenue from non-exchange transactions | 178 520 173 | 10 604 213 | 189 124 386 | 185 144 437 | (3 979 949) | |
| Total revenue | 210 726 781 | 27 053 276 | 237 780 057 | 204 990 136 | (32 789 921) | |
| Expenditure | | | | | | |
| Personnel | (80 387 030) | 3 064 112 | (77 322 918) | (67 655 065) | 9 667 853 | 38.12 |
| Remuneration of councillors | (13 391 056) | 2 859 508 | (10 531 548) | (12 031 429) | (1 499 881) | 38.11 |
| Depreciation and amortisation | (7 200 000) | (499 972) | (7 699 972) | (7 861 222) | (161 250) | 2% |
| Finance costs | - | (1 117 200) | (1 117 200) | (1 191 476) | (74 276) | 38.14 |
| Debt Impairment | (5 195 000) | - | (5 195 000) | (2 465 270) | 2 729 730 | 38.13 |
| Collection costs | - | - | - | (32 982) | (32 982) | 38.15 |
| Bulk purchases | (9 473 821) | - | (9 473 821) | (9 172 581) | 301 240 | 3% |
| Contracted Services | (4 000 000) | (13 485 928) | (17 485 928) | (15 909 210) | 1 576 718 | 38.16 |
| General Expenses | (46 913 157) | 2 041 561 | (44 871 596) | (46 416 184) | (1 544 588) | 3% |
| Total expenditure | (166 560 064) | (7 137 919) | (173 697 983) | (162 735 419) | 10 962 564 | |
| Surplus/Deficit | 44 166 717 | 19 915 357 | 64 082 074 | 42 254 717 | (21 827 357) | |

Molemole Local Municipality

(Registration number LIM0353)

Financial Statements for the year ended 30 June 2018

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 | | | | | | |
| Statement of Financial Position | | | | | | |
| Assets | | | | | | |
| Current Assets | | | | | | |
| Inventories | 251 325 | (12 460) | 238 865 | 160 959 | (77 906) | 38.18 |
| Receivables from exchange transactions | - | - | - | 5 200 585 | 5 200 585 | 38.19 |
| Receivables from non-exchange transactions | 38 911 023 | 25 701 124 | 64 612 147 | 56 175 056 | (8 437 091) | 38.21 |
| VAT receivable | - | - | - | 11 198 393 | 11 198 393 | 38.22 |
| Cash and cash equivalents | 31 796 035 | 7 208 683 | 39 004 718 | 41 577 792 | 2 573 074 | 38.23 |
| | 70 958 383 | 32 897 347 | 103 855 730 | 114 312 785 | 10 457 055 | |
| Non-Current Assets | | | | | | |
| Investment property | 1 831 001 | (86 668) | 1 744 333 | 1 744 335 | 2 | 0% |
| Property, plant and equipment | 266 056 576 | (26 394 456) | 239 662 120 | 211 930 314 | (27 731 806) | 38.25 |
| Intangible Assets | 1 341 491 | 2 194 440 | 3 535 931 | 1 945 251 | (1 590 680) | 38.26 |
| heritage Assets | 368 150 | - | 368 150 | 368 150 | - | 0% |
| | 269 597 218 | (24 286 684) | 245 310 534 | 215 988 050 | (29 322 484) | |
| Total Assets | 340 555 601 | 8 610 663 | 349 166 264 | 330 300 835 | (18 865 429) | |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Finance lease | - | 294 220 | 294 220 | 196 522 | (97 698) | 38.27 |
| Payables from exchange transactions | 37 887 215 | (5 683 796) | 32 203 419 | 19 819 335 | (12 384 084) | 38.28 |
| Consumer deposits | 543 083 | - | 543 083 | 502 526 | (40 557) | 38.30 |
| Unspent conditional grants and receipts | - | - | - | 4 276 606 | 4 276 606 | 38.31 |
| Other current liability | - | - | - | 1 809 795 | 1 809 795 | 38.32 |
| Employee Benefits | 14 713 371 | (14 713 371) | - | 6 716 511 | 6 716 511 | 38.33 |
| | 53 143 669 | (20 102 947) | 33 040 722 | 33 321 295 | 280 573 | |
| Non-Current Liabilities | | | | | | |
| Finance lease | - | - | - | 513 306 | 513 306 | 38.29 |
| Employee benefits | - | - | - | 6 663 822 | 6 663 822 | 38.34 |
| Provisions | 12 912 786 | 7 861 878 | 20 774 664 | 14 095 590 | (6 679 074) | 38.35 |
| | 12 912 786 | 7 861 878 | 20 774 664 | 21 272 718 | 498 054 | |
| Total Liabilities | 66 056 455 | (12 241 069) | 53 815 386 | 54 594 013 | 778 627 | |
| Net Assets | 274 499 146 | 20 851 732 | 295 350 878 | 275 706 822 | (19 644 056) | |
| Reserves | | | | | | |
| Revaluation reserve | 43 587 408 | (1 692 552) | 41 894 856 | 41 894 856 | - | 0% |
| Accumulated surplus | 230 911 738 | 22 371 203 | 253 282 941 | 233 811 968 | (19 470 973) | 38.36 |
| Total Net Assets | 274 499 146 | 20 678 651 | 295 177 797 | 275 706 824 | (19 470 973) | |

Molemole Local Municipality

(Registration number LIM0353)

Financial Statements for the year ended 30 June 2018

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 | | | | | | |
| Cash Flow Statement | | | | | | |
| Cash flows from operating activities | | | | | | |
| Receipts | | | | | | |
| Sale of goods and services | 19 036 858 | - | 19 036 858 | 14 395 713 | (4 641 145) | 38.37 |
| Grants | 164 709 000 | - | 164 709 000 | 151 220 596 | (13 488 404) | 38.38 |
| Interest income | 3 439 997 | - | 3 439 997 | 1 575 122 | (1 864 875) | 38.39 |
| Other receipts | 13 000 733 | - | 13 000 733 | - | (13 000 733) | 38.44 |
| | 200 186 588 | - | 200 186 588 | 167 191 431 | (32 995 157) | |
| Payments | | | | | | |
| Suppliers and employees | (154 165 061) | (23 737 104) | (177 902 165) | (145 652 838) | 32 249 327 | 38.40 |
| Finance costs | - | - | - | (1 191 476) | (1 191 476) | 38.41 |
| | (154 165 061) | (23 737 104) | (177 902 165) | (146 844 314) | 31 057 851 | |
| Net cash flows from operating activities | 46 021 527 | (23 737 104) | 22 284 423 | 20 347 117 | (1 937 306) | |
| Cash flows from investing activities | | | | | | |
| Purchase of property, plant and equipment | (47 527 108) | - | (47 527 108) | (33 444 023) | 14 083 085 | 38.42 |
| Proceeds from sale of PPE | - | - | - | 514 395 | 514 395 | 38.45 |
| Purchase of intangibles | - | - | - | (1 862 397) | (1 862 397) | 38.46 |
| Net cash flows from investing activities | (47 527 108) | - | (47 527 108) | (34 792 025) | 12 735 083 | |
| Cash flows from financing activities | | | | | | |
| Finance lease receipts | - | - | - | 415 599 | 415 599 | 38.43 |
| Net increase/(decrease) in cash and cash equivalents | (1 505 581) | (23 737 104) | (25 242 685) | (14 029 309) | 11 213 376 | |
| Cash and cash equivalents at the beginning of the year | 33 301 617 | - | 33 301 617 | 55 607 102 | 22 305 485 | |
| Cash and cash equivalents at the end of the year | 31 796 036 | (23 737 104) | 8 058 932 | 41 577 793 | 33 518 861 | |

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2018

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 |
|----------------------------------------------------------------------|----------------------|-----------------------------------------------------|--------------------------|--------------------------------------------|-------------------------------------------|----------------------|----------------------|--------------------------|---------------------|-------------------------------------|----------------------------------------|
| 2018 | | | | | | | | | | | |
| Financial Performance | | | | | | | | | | | |
| Property rates | 12 732 000 | 986 009 | 13 718 009 | - | - | 13 718 009 | 16 184 010 | - | 2 466 001 | 118 % | 127 % |
| Service charges | 11 983 752 | 258 693 | 12 242 445 | - | - | 12 242 445 | 10 064 112 | - | (2 178 333) | 82 % | 84 % |
| Investment revenue | 2 488 257 | (600 000) | 1 888 257 | - | - | 1 888 257 | 1 575 122 | - | (313 135) | 83 % | 63 % |
| Transfers recognised - operational | 127 991 000 | 2 395 766 | 130 386 766 | - | - | 130 386 766 | 129 423 229 | - | (963 537) | 99 % | 101 % |
| Other own revenue | 22 429 029 | 13 175 113 | 35 604 142 | - | - | 35 604 142 | 9 525 839 | - | (26 078 303) | 27 % | 42 % |
| Total revenue (excluding capital transfers and contributions) | 177 624 038 | 16 215 581 | 193 839 619 | - | - | 193 839 619 | 166 772 312 | - | (27 067 307) | 86 % | 94 % |
| Employee costs | (77 449 194) | 743 511 | (76 705 683) | - | - | (76 705 683) | (67 655 065) | - | 9 050 618 | 88 % | 87 % |
| Remuneration of councillors | (13 391 056) | 1 367 418 | (12 023 638) | - | - | (12 023 638) | (12 031 429) | - | (7 791) | 100 % | 90 % |
| Debt impairment | (5 195 000) | - | (5 195 000) | - | - | (5 195 000) | (2 465 270) | - | 2 729 730 | 47 % | 47 % |
| Depreciation and asset impairment | (7 200 000) | (499 972) | (7 699 972) | - | - | (7 699 972) | (7 861 222) | - | (161 250) | 102 % | 109 % |
| Finance charges | (1 117 200) | (11 369) | (1 128 569) | - | - | (1 128 569) | (1 191 476) | - | (62 907) | 106 % | 107 % |
| Materials and bulk purchases | (9 473 821) | - | (9 473 821) | - | - | (9 473 821) | (9 172 581) | - | 301 240 | 97 % | 97 % |
| Other expenditure | (53 033 797) | (8 989 167) | (62 022 964) | - | - | (62 022 964) | (62 669 250) | - | (646 286) | 101 % | 118 % |
| Total expenditure | (166 880 068) | (7 389 579) | (174 249 647) | - | - | (174 249 647) | (163 046 293) | - | 11 203 354 | 94 % | 98 % |
| Surplus/(Deficit) | 10 743 970 | 8 826 002 | 19 569 972 | - | - | 19 569 972 | 3 726 019 | - | (15 843 953) | 19 % | 35 % |

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 | 36 718 000 | 7 215 352 | 43 933 352 | - | | 43 933 352 | 38 528 698 | | (5 404 654) | 88 % | 105 % |
| Surplus (Deficit) after capital transfers and contributions | 47 481 970 | 16 041 354 | 63 523 324 | - | | 63 523 324 | 42 284 717 | | (21 268 607) | 67 % | 89 % |
| Surplus/(Deficit) for the year | 47 481 970 | 16 041 354 | 63 523 324 | - | | 63 523 324 | 42 284 717 | | (21 268 607) | 67 % | 89 % |
| Capital expenditure and funds sources | | | | | | | | | | | |
| Total capital expenditure | 47 527 108 | 16 528 420 | 64 055 528 | - | | 64 055 528 | 35 306 420 | | (28 749 108) | 55 % | 74 % |
| Sources of capital funds | | | | | | | | | | | |
| Transfers recognised - capital | 37 078 108 | 7 215 351 | 44 293 459 | - | | 44 293 459 | 23 452 126 | | (20 841 333) | 53 % | 63 % |
| Internally generated funds | 10 449 000 | 9 313 069 | 19 762 069 | - | | 19 762 069 | 11 854 293 | | (7 907 776) | 60 % | 113 % |
| Total sources of capital funds | 47 527 108 | 16 528 420 | 64 055 528 | - | | 64 055 528 | 35 306 419 | | (28 749 109) | 55 % | 74 % |

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2018

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 |
|-------------------------------------------------------------|---------------------|-----------------------------------------------------|--------------------------|--------------------------------------------|-------------------------------------------|---------------------|---------------------|--------------------------|-------------------|-------------------------------------|----------------------------------------|
| Cash flows | | | | | | | | | | | |
| Net cash from (used) operating | 4 802 152 | - | 4 602 152 | - | | 4 602 152 | 20 347 117 | | 15 744 965 | 442 % | 442 % |
| Net cash from (used) investing | (47 527 108) | - | (47 527 108) | - | | (47 527 108) | (34 792 025) | | 12 735 083 | 73 % | 73 % |
| Net cash from (used) financing | - | - | - | - | | - | 415 599 | | 415 599 | DIV/0 % | DIV/0 % |
| Net increase/(decrease) in cash and cash equivalents | (42 924 956) | - | (42 924 956) | - | | (42 924 956) | (14 029 309) | | 28 895 647 | 33 % | 33 % |
| Cash and cash equivalents at the beginning of the year | 33 301 617 | - | 33 301 617 | - | | 33 301 617 | 55 607 102 | | 22 305 485 | 167 % | 167 % |
| Cash and cash equivalents at year end | (9 623 339) | - | (9 623 339) | - | | (9 623 339) | 41 577 793 | | (51 201 132) | (432)% | (432)% |

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2018

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.

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2018

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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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.

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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:

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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 |
|--------------------------------------------|----------------------------|
| Buildings | |
| • Municipla Buildings | 15 - 30 years |
| • Land | Indefinite |
| Infrastructure | |
| • Roads | 5 - 30 years |
| • Paving On Car Ports | 5 - 30 years |
| • Electricity Network | 4 - 45 years |
| • Single Fase Meters 97/98 | 2 -20 years |
| • Water | 2 -20 years |
| • Sewerage | 2 - 20 years |
| • Stormwater | 5 - 30 years |
| Community | |
| • 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 |
| • Guard Room | 2 - 30 years |
| • Parks and gardens | 20 -30 years |
| • Taxi Rank | 22 - 30 years |
| Other property, plant and equipment | |
| • Gates And Fencing | 5 - 10 years |
| • Air conditioners | 5 - 15 years |
| • Plant and equipment | 5 - 30 years |
| • Security Measures | 5 - 30years |
| • Other vehicles | 5 - 15 years |
| • Specialised Vehicle | 10 - 15 years |
| • Office equipment | 5-15 years |
| • Furniture and fittings | 2- 20 years |
| • Bins and containers | 2 -10 years |
| • Other items of plant and equipment | 10 -15 years |
| • Landfill sites | 30 - 45 years |
| • Computer equipment | 3 - 15 years |

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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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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 - 7years |

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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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.

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Accounting Policies

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.

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.

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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Accounting Policies

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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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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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.

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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 42.

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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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-imbusement 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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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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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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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 2010-04-01 to 2011-03-31.

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.

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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 unrecognised contractual commitments.

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

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

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Notes to the Financial Statements

Figures in Rand

2. Investment property

| 2018 | | | 2017 | | |
|---------------------|-----------------------------------------------------------------|----------------|---------------------|-----------------------------------------------------------------|------------------|
| Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| R 2 091 000 | R (346 665) | R 1 744 335 | R 2 091 000 | R (303 332) | R 1 787 668 |
| Total | | | 2 091 000 | (303 332) | 1 787 668 |

Reconciliation of investment property - 2018

Investment property

| Opening balance | Depreciation | Total |
|--------------------|-----------------|------------------|
| 1 787 668 | (43 333) | 1 744 335 |
| 1 787 668 | (43 333) | 1 744 335 |

Reconciliation of investment property - 2017

Investment property

| Opening balance | Depreciation | Total |
|--------------------|-----------------|------------------|
| 1 831 001 | (43 333) | 1 787 668 |
| 1 831 001 | (43 333) | 1 787 668 |

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Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

3. Property, plant and equipment

| | 2018 | | | 2017 | | |
|-------------------------------------|--------------------|-----------------------------------------------------|--------------------|--------------------|-----------------------------------------------------|--------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 22 169 428 | - | 22 169 428 | 22 256 319 | - | 22 256 319 |
| Buildings | 31 167 206 | (4 444 753) | 26 722 452 | 29 036 528 | (3 363 780) | 25 672 748 |
| Infrastructure | 50 624 104 | (13 857 717) | 36 766 387 | 47 934 498 | (11 247 947) | 36 686 551 |
| Community | 30 928 386 | (4 874 197) | 26 054 189 | 30 114 898 | (3 801 086) | 26 313 812 |
| Other property, plant and equipment | 47 961 835 | (15 973 132) | 31 988 703 | 43 289 836 | (13 884 529) | 29 405 307 |
| Financed leased Assets | 750 781 | (44 018) | 706 763 | 2 057 847 | (1 794 689) | 263 158 |
| Work in Progress | 67 522 392 | - | 67 522 392 | 45 798 869 | - | 45 798 869 |
| Total | 251 124 131 | (39 193 817) | 211 930 314 | 220 488 795 | (34 092 031) | 186 396 764 |

Reconciliation of property, plant and equipment - 2018

| | Opening balance | Additions | Additions - Work in progress | Disposals | Transfers received | Transfers from WIP | 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 | - | (2 397 470) | 31 988 704 |
| Finance Leased Assets | 263 157 | 750 781 | - | - | - | - | (307 176) | 706 762 |
| Work in progress | 45 798 869 | - | 27 228 439 | - | - | (5 504 916) | - | 67 522 392 |
| | 186 396 697 | 6 215 584 | 27 228 439 | (412 160) | 5 504 916 | (5 504 916) | (7 498 246) | 211 930 314 |

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Notes to the Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

| | Opening balance | Additions | Additions work in progress | Disposals | Transfers received | Depreciation | Total |
|-------------------------------------|--------------------|------------------|----------------------------|-----------------|--------------------|--------------------|--------------------|
| Land | 22 256 319 | - | - | - | - | - | 22 256 319 |
| Buildings | 22 471 528 | 1 925 123 | - | - | 2 271 660 | (995 564) | 25 672 747 |
| Infrastructure | 37 098 145 | 419 270 | - | - | 929 007 | (1 759 872) | 36 686 550 |
| Community | 27 381 213 | - | - | (5 752) | - | (1 061 649) | 26 313 812 |
| Other property, plant and equipment | 23 033 280 | 5 986 826 | - | (27 653) | 4 344 162 | (3 930 996) | 29 405 619 |
| Finance Leased Assets | 134 686 | - | - | - | 350 877 | (222 406) | 263 157 |
| Work in progress | 14 708 507 | - | 32 019 368 | - | (929 007) | - | 45 798 868 |
| | 147 083 371 | 8 331 220 | 32 019 367 | (33 404) | 6 966 699 | (7 970 487) | 186 396 763 |

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.

4. Intangible Assets

| | 2018 | | | 2017 | | |
|--------------------------|------------------|-----------------------------------------------------|------------------|------------------|-----------------------------------------------------|----------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software, other | 3 650 708 | (1 705 457) | 1 945 251 | 1 788 311 | (1 385 817) | 402 494 |
| Total | 3 650 708 | (1 705 457) | 1 945 251 | 1 788 311 | (1 385 817) | 402 494 |

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Notes to the Financial Statements

Figures in Rand 2018 2017

4. Intangible Assets (continued)

Reconciliation of intangible assets - 2018

| | Opening balance | Additions | Amortisation | Total |
|--------------------------|-----------------|------------------|------------------|------------------|
| Computer software, other | 402 494 | 1 862 397 | (319 638) | 1 945 251 |
| | 402 494 | 1 862 397 | (319 638) | 1 945 251 |

Reconciliation of intangible assets - 2017

| | Opening balance | Amortisation | Total |
|--------------------------|-----------------|------------------|----------------|
| Computer software, other | 917 987 | (515 493) | 402 494 |
| | 917 987 | (515 493) | 402 494 |

5. heritage Assets

| | 2018 | | | 2017 | | |
|---------------|------------------|-------------------------------|----------------|------------------|-------------------------------|----------------|
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| Mayoral Chain | 368 150 | - | 368 150 | 368 150 | - | 368 150 |
| Total | 368 150 | - | 368 150 | 368 150 | - | 368 150 |

Reconciliation of heritage assets 2018

| | Opening balance | Total |
|---------------|-----------------|----------------|
| Mayoral Chain | 368 150 | 368 150 |
| | 368 150 | 368 150 |

Reconciliation of heritage assets 2017

| | Opening balance | Total |
|---------------|-----------------|----------------|
| Mayoral Chain | 368 150 | 368 150 |
| | 368 150 | 368 150 |

6. Employee benefit obligations

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 2018 is estimated at R 6 663 822. The Current-service Cost for the year ending 30 June 2018 is estimated at R 600 475. It is estimated to be R 622 662 for the ensuing year.

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

| Figures in Rand | 2018 | 2017 |
|------------------------------------------------------------------------------|------------------|-------------------|
| 6. Employee benefit obligations (continued) | | |
| Key actuarial assumptions used: | | |
| Rate of Interest | | |
| Discount Rate | 9.81% | 9.98% |
| Health Care Cost | 7.53% | 8.24% |
| Net Effective Discount Rate | 2.12% | 1.60% |
| The amount recognised in the Statement of Financial Position are as follows: | | |
| Present Value of fund obligations | | |
| Closing Balance | 6 663 822 | 7 056 620 |
| | 6 663 822 | 7 056 620 |
| Present Value at Fund obligation at the beginning of the year | 7 056 620 | 7 112 585 |
| Total Expenses | 1 253 121 | 1 205 575 |
| Current Service Cost | 600 475 | 572 315 |
| Interest Cost | 700 035 | 687 787 |
| Benefits Paid | (47 389) | (54 527) |
| Actuarial (gains) / losses | (1 645 919) | (1 261 540) |
| Present value of fund obligation at the end of the year | 6 663 822 | 7 056 620 |
| Less : transfer of current portion | (48 462) | (80 316) |
| Balance 30 June | 6 615 360 | 6 976 304 |
| 7. Inventories | | |
| Consumable stores | 160 959 | 136 520 |
| | 160 959 | 136 520 |
| 8. Receivables from exchange transactions | | |
| Rental debtors | 99 542 | - |
| Other debtors - Under banking | 4 955 | 130 |
| Other debtors - Bursaries | 36 840 | 36 840 |
| Other debtors - Insurance | 1 736 | - |
| Other debtors - National Treasury | 1 117 245 | 1 119 645 |
| Other debtors - Itron Debtor | 41 740 | 24 371 |
| Consumer debtors - Electricity | 1 133 198 | 3 766 071 |
| Consumer debtors - Refuse | 1 205 746 | 4 417 130 |
| Consumer debtors - Other Service Charges | 75 431 | 289 516 |
| Other debtors - CDM | 1 484 152 | 833 301 |
| | 5 200 585 | 10 487 004 |
| Electricity reconcillation | | |
| Electricity | - | 6 721 078 |
| Less: Impairment | - | (5 587 880) |
| | - | 1 133 198 |
| | | 3 766 071 |
| Electricity Ageing | | |
| Current (0 - 30 days) | 657 766 | 510 717 |
| 31 - 60 days | 277 663 | 199 079 |

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| Figures in Rand | 2018 | 2017 |
|--------------------------------------------------------------|------------------|-------------------|
| 8. Receivables from exchange transactions (continued) | | |
| 61 - 90 days | 217 311 | 146 496 |
| +90 days | 5 568 338 | 5 859 341 |
| | 6 721 078 | 6 715 633 |
| Refuse reconcillation | | |
| Refuse | 7 151 365 | 7 876 599 |
| Less: Impairment | (5 945 619) | (3 459 469) |
| | 1 205 746 | 4 417 130 |
| Refuse Ageing | | |
| Current (0 - 30 days) | 344 139 | 341 790 |
| 31 - 60 days | 164 166 | 165 907 |
| 61 - 90 days | 160 966 | 164 483 |
| +90 days | 6 482 095 | 7 204 420 |
| | 7 151 366 | 7 876 600 |
| Other Service Charges reconcillation | | |
| Other Service Charges | 447 381 | 616 262 |
| Less: Impairment | (371 950) | (226 746) |
| | 75 431 | 289 516 |
| Other Service Charges Ageing | | |
| Current (0 - 30 days) | 8 670 | 9 548 |
| 31 - 60 days | 4 279 | 4 585 |
| 61 - 90 days | 4 224 | 4 559 |
| +90 days | 430 208 | 497 571 |
| | 447 381 | 516 263 |
| CDM Water Debtor Reconcillation | | |
| CDM Water Debtor | 3 112 867 | 13 330 541 |
| Less: Impairment | (1 628 715) | (12 497 240) |
| | 1 484 152 | 833 301 |
| CDM Debtors Ageing | | |
| Current (0 - 30 days) | 502 753 | 513 882 |
| 31 - 60 days | 169 795 | 242 355 |
| 61 - 90 days | 156 129 | 234 452 |
| +90 days | 2 223 917 | 12 339 852 |
| | 3 052 594 | 13 330 541 |
| 12333331122 | | |
| 9. Receivables from non-exchange transactions | | |
| Fines | 1 705 292 | 1 374 081 |
| Consumer debtors - Rates | 54 469 761 | 32 486 068 |

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Figures in Rand 2018 2017

9. Receivables from non-exchange transactions (continued)

56 175 056 33 860 149

Property Rates Receivables

Taxes - Rates

69 523 515 57 928 944

Less: Allowance for Doubtful Debts

(15 053 754) (25 442 876)

54 469 761 32 486 068

Ageing of Receivables from Non-Exchange Transactions

Rates: Ageing

Current (0 - 30 days)

17 917 343 2 065 212

31 - 60 days

1 072 848 1 291 236

61 - 90 days

1 058 676 2 528 890

+90 days

49 474 637 52 043 606

69 523 504 57 928 944

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.

Traffic Fines Debtor Reconciliation

Traffic Fines Debtor

3 942 496 3 257 082

Less: Impairment

(2 176 930) (1 883 000)

1 765 566 1 374 082

10. VAT receivable

Vat Receivable

11 198 393 8 972 593

11 198 393 8 972 593

VAT is claimable on the invoice basis. VAT is claimed from SARS once an invoice has been received from creditors

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand

(3 022) 557

Bank balances

30 001 900 33 602 753

Short-term deposits

11 578 914 22 003 792

41 577 792 55 607 102

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|-------------------------------------------|-------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
| | 30 June 2018 | 30 June 2017 | 30 June 2016 | 30 June 2018 | 30 June 2017 | 30 June 2016 |
| Nedbank - Primary Account 146 700 0442 | 19 981 855 | 14 942 119 | 10 850 656 | 19 577 618 | 14 044 109 | 6 113 245 |
| Nedbank Grants Account 1013994825 | 10 424 363 | 19 558 724 | 3 151 885 | 10 424 273 | 19 558 644 | 3 151 885 |
| Nedbank Call Investment Deposit | 11 578 914 | 22 003 792 | 26 159 848 | 11 578 914 | 22 003 792 | 26 159 848 |
| Total | 41 985 132 | 56 504 635 | 40 162 389 | 41 580 805 | 55 606 545 | 35 424 978 |

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Notes to the Financial Statements

| Figures in Rand | 2018 | 2017 |
|----------------------------------------------------|-------------------|-------------------|
| 12. Revaluation reserve | | |
| Opening balance | 41 894 856 | 41 894 856 |
| | 41 894 856 | 41 894 856 |
| 13. Finance lease | | |
| Minimum lease payments due | | |
| - within one year | 377 346 | 444 548 |
| - in second to fifth year inclusive | 660 355 | - |
| | 1 037 701 | 444 548 |
| less: future finance charges | (327 873) | (150 319) |
| Present value of minimum lease payments | 709 828 | 294 229 |
| Present value of minimum lease payments due | | |
| - within one year | 196 522 | 294 229 |
| - in second to fifth year inclusive | 513 306 | - |
| | 709 828 | 294 229 |
| Non-current liabilities | 513 306 | - |
| Current liabilities | 196 522 | 294 229 |
| | 709 828 | 294 229 |

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 |

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

| Unspent conditional grants and receipts | | |
|-----------------------------------------|------------------|-------------------|
| Municipal Infrastructure Grant | 2 787 793 | 15 498 245 |
| Finance management grant | 78 040 | 272 482 |
| Municipal Demarcation grant | 1 191 034 | 4 195 367 |
| CDM Operational and Maintenance (Water) | - | 828 405 |
| CDM - Mogwadi Community Hall | 32 435 | 32 435 |
| CDM - Community Waste collection | 43 490 | 37 190 |
| CDM - Audit Committee Facilities | 35 200 | 35 200 |
| CDM - Integrated Transport Plan | 108 614 | 108 614 |
| | 4 276 606 | 21 007 938 |

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.

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Notes to the Financial Statements

Figures in Rand 2018 2017

15. Provisions

Reconciliation of provisions - 2018

| | Opening Balance | Additions | Utilised during the year | Reversed to current portion | Total |
|------------------------------|-------------------|------------------|--------------------------|-----------------------------|-------------------|
| Long service awards | 2 548 616 | 726 460 | (370 436) | 32 121 | 2 936 761 |
| Environmental rehabilitation | 10 322 961 | 835 869 | - | - | 11 158 829 |
| | 12 871 577 | 1 562 329 | (370 436) | 32 121 | 14 095 590 |

Reconciliation of provisions - 2017

| | Opening Balance | Additions | Utilised during the year | Transfer to Current portion | Total |
|---------------------------------|-------------------|------------------|--------------------------|-----------------------------|-------------------|
| Long service awards | 2 466 501 | 541 248 | (129 071) | (330 061) | 2 548 617 |
| Rehabilitation of Landfill Site | 9 831 391 | 491 570 | - | - | 10 322 961 |
| | 12 297 892 | 1 032 818 | (129 071) | (330 061) | 12 871 578 |

Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur licencing and rehabilitation costs of

R 11 158 829 : 2018 (2017: R 10 322 960) to restore the site at the end of its useful life, estimated to be in the 2025 (soekmekaar landfill 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, 151 employees were eligible for Long Service Bonuses.

The Employer's Unfunded Accrued Liability at 30 June 2018 is estimated at R 3 301 109. The Current-service Cost for the year ending 30 June 2018 is estimated at R 319 783. It is estimated to be R 346 236 for the ensuing year.

Key actuarial assumptions used:

Rate of interest

| | | |
|---------------------------------------------------------------|-------|-------|
| Discount Rate | 8.59% | 8.48% |
| General Salary Inflation (long Term) | 6.19% | 6.30% |
| Nett Effective Discount Rate Applied to Long Service Bonusses | 2.26% | 2.05% |

The amounts recognised in the Statement of Financial Position are as follows:

Present Value of fund obligation

| | | |
|--------------------------------|------------------|------------------|
| Balance | 3 301 109 | 2 945 085 |
| Net liability / (asset) | 3 301 109 | 2 945 085 |

Reconciliation of present value of fund obligation:

Reconciliation fo present Value of fund obligation

| | | |
|---------------------------------------------------------------|-----------|-----------|
| Present value of fund obligation at teh beginning of the year | 2 945 085 | 2 607 208 |
| Total expenses | 182 563 | 412 177 |
| Curent service cost | 319 783 | 320 898 |
| Interest Cost | 233 216 | 220 350 |
| Benefits paid | (370 436) | (129 071) |

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand 2018 2017

15. Provisions (continued)

| | | |
|------------------------------------|------------------|------------------|
| Actuarial Losses / (Gain) | 173 461 | (74 300) |
| Present Value of Fund obligation | 3 301 109 | 2 945 085 |
| Less : Transfer of current portion | (364 347) | (396 468) |
| Balance 30 June | 2 936 762 | 2 548 617 |

16. Other current liability

| | | |
|------------------------------|------------------|----------------|
| Unallocated receipts | 1 840 851 | 804 079 |
| Salary suspense account | 3 860 | (63) |
| Payments received in advance | (34 930) | 21 067 |
| Receipt reversal | 14 | 14 |
| | 1 809 795 | 825 097 |

17. Current Employee benefits

| | | |
|---------------------------------------------------------|------------------|------------------|
| Current Portion of Post Retirement Health Care benefits | 47 389 | 80 316 |
| Current Portion of Long Service Provisions | 364 347 | 396 468 |
| Staff Leave | 6 304 774 | 5 702 960 |
| Total Current Employee Benefits | 6 716 510 | 6 179 744 |

The movement in current employee benefits are reconciled as follows:

| | | |
|--------------------------------------|------------------|------------------|
| Provision for Staff Leave | | |
| Balance at the beginning of the year | 5 702 960 | 6 232 875 |
| Contribution to current portion | 1 143 723 | 567 647 |
| Expenditure during the year | (541 909) | (927 683) |
| Balance at end of year | 6 304 774 | 5 872 839 |

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.

18. Payables from exchange transactions

| | | |
|-----------------------------------------------------|-------------------|-------------------|
| Trade payables | 8 461 861 | 6 931 225 |
| Payments received in advanced - contract in process | 1 939 508 | 747 663 |
| Retention | 7 304 688 | 6 417 278 |
| Electricity not used | 200 885 | 185 858 |
| National Treasury Creditor | 469 383 | 469 383 |
| Bonus | 1 443 011 | 1 210 405 |
| | 19 819 336 | 15 961 812 |

19. Consumer deposits

| | | |
|-------------|----------------|----------------|
| Electricity | 502 526 | 501 449 |
| | 502 526 | 501 449 |

20. Revenue

| | | |
|------------------------------------|------------|-----------|
| Service charges | 10 064 112 | 8 959 702 |
| Rental of facilities and equipment | 346 468 | 268 872 |
| Interest received - debtors | 1 138 975 | 1 574 496 |
| Licences and permits | 2 508 607 | 3 471 446 |
| Commissions received | 2 321 830 | 2 368 846 |
| Actuarial Gain | 1 472 458 | 1 335 841 |

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Notes to the Financial Statements

| Figures in Rand | 2018 | 2017 |
|---------------------------------------------------------------------------------------------------|--------------------|--------------------|
| 20. Revenue (continued) | | |
| Gain on disposal of assets | 102 235 | - |
| Other income | 315 892 | 12 537 472 |
| Dividends received | 1 575 122 | 2 422 613 |
| Property rates | 16 184 010 | 13 663 498 |
| Government grants & subsidies | 167 951 927 | 152 920 507 |
| Public contributions and donations | - | 17 577 096 |
| Fines, Penalties and Forfeits | 1 008 500 | 1 208 600 |
| | 204 990 136 | 218 308 989 |
| The amount included in revenue arising from exchanges of goods or services are as follows: | | |
| Service charges | 10 064 112 | 8 959 702 |
| Rental of facilities and equipment | 346 468 | 268 872 |
| Interest received - debtors | 1 138 975 | 1 574 496 |
| Licences and permits | 2 508 607 | 3 471 446 |
| Commissions received | 2 321 830 | 2 368 846 |
| Actuarial gain | 1 472 458 | 1 335 841 |
| Gain on the sale of assets | 102 235 | - |
| Other income | 315 892 | 582 421 |
| Interest received | 1 575 122 | 2 422 613 |
| | 19 845 699 | 20 984 237 |
| The amount included in revenue arising from non-exchange transactions is as follows: | | |
| Taxation revenue | | |
| Property rates | 16 184 010 | 13 663 498 |
| Transfer revenue | | |
| Government grants & subsidies | 167 951 927 | 152 920 507 |
| Public contributions and donations | - | 17 577 096 |
| Traffic Fines | 1 008 500 | 1 208 600 |
| | 185 144 437 | 185 369 701 |
| 21. Service charges | | |
| Sale of electricity | 8 300 884 | 7 129 408 |
| Refuse removal | 1 763 228 | 1 830 294 |
| | 10 064 112 | 8 959 702 |
| 22. Rental of facilities and equipment | | |
| Premises | | |
| Cattle Grazing | 32 556 | 47 222 |
| Community Assets | 313 912 | 229 636 |
| | 346 468 | 276 858 |
| 23. Fines, Penalties and Forfeits | | |
| Traffic Fines | 1 008 500 | 1 208 600 |
| | 1 008 500 | 1 208 600 |
| 24. Licences and permits (exchange) | | |
| Road and Transport | 2 508 607 | 3 471 446 |

Molemole Local Municipality

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Notes to the Financial Statements

| Figures in Rand | 2018 | 2017 |
|--------------------------------------------------------|----------------------|----------------------|
| 24. Licences and permits (exchange) (continued) | 2 508 607 | 3 471 446 |
| 25. Other income | | |
| Building Plan Approvals | 5 643 | 23 960 |
| Clearance certificates | 5 906 | 6 461 |
| Sundry | 10 892 | 10 000 |
| Legal fees recouped | - | 236 976 |
| Skills development refund | 112 536 | 116 981 |
| Sale of Tender documents | 76 686 | 100 264 |
| Sundry income | 33 661 | 11 273 |
| Grave Fees | 8 123 | 8 205 |
| Library Membership fees | 4 202 | 1 457 |
| Town Planning Fees | 27 403 | 3 434 |
| Sale of Prepaid meters | - | 13 516 |
| Reconnections | - | 283 |
| Penalties | 596 | 1 194 |
| New Connections | 30 244 | 42 804 |
| Electricity Fines | - | 5 613 |
| | 315 892 | 582 421 |
| 26. Interest received - external investment | | |
| Interest revenue | | |
| Interest received - External investments | 1 575 122 | 2 422 613 |
| | 1 575 122 | 2 422 613 |
| 27. Property rates | | |
| Rates received | | |
| Residential | 1 874 022 | 839 359 |
| Commercial | 1 293 746 | 861 880 |
| State | 11 806 202 | 9 667 747 |
| Municipal | 10 541 | - |
| Small holdings and farms | 1 194 186 | 2 281 933 |
| Public service infrastructure | 5 313 | 12 579 |
| | 16 184 010 | 13 663 498 |
| Valuations | | |
| Residential | 398 065 000 | 339 584 900 |
| Commercial | 93 498 000 | 77 767 900 |
| State | 453 684 000 | 304 726 100 |
| Municipal | 67 691 000 | 820 000 |
| Small holdings and farms | 1 802 556 000 | 1 716 551 200 |
| Public service infrastructure | 4 133 000 | 8 129 000 |
| | 2 819 627 000 | 2 447 579 100 |

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.

28. Government grants and subsidies

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| Figures in Rand | 2018 | 2017 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| 28. Government grants and subsidies (continued) | | |
| Conditions still to be met - remain liabilities (see note 14). | | |
| 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 timiously. | | |
| CDM - Mogwadi Community Hall | | |
| Balance unspent at beginning of year | 32 435 | 32 435 |
| | 32 435 | 32 435 |
| Conditions still to be met - remain liabilities (see note 14). | | |
| CDM - Mogwadi Community Hall grant received with conditions to be met. | | |
| Community Waste collection | | |
| Balance unspent at beginning of year | 37 190 | 20 135 |
| Current-year receipts | 310 000 | 350 000 |
| Conditions met - transferred to revenue | (303 700) | (332 945) |
| | 43 490 | 37 190 |
| Conditions still to be met - remain liabilities (see note 14). | | |
| Community waste collection grant received with conditions to be met. | | |
| Audit Committee Facilities | | |
| Balance unspent at beginning of year | 35 200 | 148 288 |
| Conditions met - transferred to revenue | - | (113 088) |
| | 35 200 | 35 200 |
| Conditions still to be met - remain liabilities (see note 14). | | |
| Audit committee facilities grant received with conditions to be met. | | |
| Integrated Transport Plan | | |
| Balance unspent at beginning of year | 108 614 | 500 000 |
| Conditions met - transferred to revenue | - | (391 386) |
| | 108 614 | 108 614 |
| Conditions still to be met - remain liabilities (see note 14). | | |
| Integrated transport plan grant received with conditions to be met. | | |
| Expanded Public Works Program | | |
| Balance unspent at beginning of year | - | 6 256 |
| Current-year receipts | 998 721 | 1 382 000 |
| Conditions met - transferred to revenue | (1 000 000) | (1 380 721) |
| Other adjustments | - | (1 279) |
| Adjustments/Returned to National revenue fund | - | (6 256) |
| | - | - |

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Financial Statements for the year ended 30 June 2018

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| Figures in Rand | 2018 | 2017 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| 28. Government grants and subsidies (continued) | | |
| Expanded public works program grant received with conditions met. | | |
| CDM Operational and Maintenance (Water) | | |
| Balance unspent at beginning of year | 1 098 405 | 1 098 405 |
| Adjustments/Corections | (1 098 405) | - |
| | - | 1 098 405 |
| Conditions still to be met - remain liabilities (see note 14). | | |
| CDM Operational and Maintenance (Water) grant received with conditions to be met. | | |
| Municipal Demarcation grant | | |
| Balance unspent at beginning of year | 4 195 368 | - |
| Current-year receipts | 3 044 061 | 8 125 000 |
| Conditions met - transferred to revenue | (2 721 956) | (2 232 196) |
| Conditions met - transferred to capital | (1 527 071) | (1 697 437) |
| Adjustments/Returned to National revenue fund | (1 799 368) | - |
| | 1 191 034 | 4 195 367 |
| Conditions still to be met - remain liabilities (see note 14). | | |
| 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 2017. | | |
| 29. Employee related costs | | |
| Basic | 41 450 918 | 40 497 157 |
| PMU - MIG Salaries | 705 577 | 1 077 578 |
| Bonus | 4 055 601 | 3 827 714 |
| Medical aid - company contributions | 3 175 509 | 2 916 715 |
| UIF | 281 119 | 277 211 |
| Interns Salaries: FMG | 313 987 | 387 277 |
| Leave pay provision charge | 1 143 720 | 397 770 |
| Danger Allowance | - | 109 000 |
| Defined contribution plans | 600 475 | - |
| Travel, motor car, accommodation, subsistence and other allowances | 4 547 233 | 3 631 095 |
| Overtime payments | 566 313 | 1 237 075 |
| Long-service awards | 319 784 | 893 213 |
| Acting allowances | 1 084 464 | 135 286 |
| Housing benefits and allowances | 145 045 | 118 720 |
| Standby allowance | 163 677 | 164 125 |
| Laptop Allowance | 227 570 | 384 923 |
| Pension Funds - Company contribution | 7 992 966 | 7 293 005 |
| Clothing Allowance | - | 6 000 |
| Telephone/Cellphone Allowance | 865 934 | 893 288 |
| Industrial/Bargaining Council | 15 173 | 14 347 |
| | 67 655 065 | 64 261 499 |
| Remuneration of municipal manager | | |
| Annual Remuneration | 246 326 | 878 902 |
| Motor car , Housing and other allowances | 101 109 | 191 516 |
| Acting M M : Ramogale | 257 256 | - |

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| Figures in Rand | 2018 | 2017 |
|----------------------------------------------------------------|-------------------|-------------------|
| 29. Employee related costs (continued) | 604 691 | 1 070 418 |
| The Municipal Manager is appointed on a 4years fixed contract. | | |
| Remuneration of Chief Finance Officer | | |
| Annual Remuneration | 241 655 | 982 211 |
| Motor car , Housing and other allowances | 29 947 | 284 407 |
| Acting CFO : Lethuba | 128 735 | - |
| Acting CFO : Nkalanga | 116 176 | - |
| | 516 513 | 1 266 618 |
| Remuneration of Manager - Technical Services | | |
| Annual Remuneration | 152 557 | 803 751 |
| Motor car , Housing and other allowances | 88 981 | 307 115 |
| Acting: Ntjana | 227 293 | - |
| | 468 831 | 1 110 866 |
| Remuneration of Manager Corporate Services | | |
| Annual Remuneration | 207 320 | 878 824 |
| Motor car , Housing and other allowances | 71 156 | 265 914 |
| Acting : Modisha | 180 985 | - |
| Acting : Mahlake | 27 268 | - |
| | 486 729 | 1 144 738 |
| Remuneration of Manager - Community Services | | |
| Annual Remuneration | - | 492 229 |
| Motor car , Housing and other allowances | - | 149 222 |
| Acting : Mokumo | 135 162 | - |
| Acting : Seanego | 10 526 | - |
| | 145 688 | 641 451 |
| Remuneration of Manager - Local Economic Development | | |
| Annual Remuneration | 1 141 397 | 965 609 |
| Motor car , Housing and other allowances | 194 122 | 169 266 |
| | 1 335 519 | 1 134 875 |
| 30. Remuneration of councillors | | |
| Executive Mayor | 851 877 | 779 276 |
| Chief Whip | 652 900 | 587 758 |
| Mayoral Committee Members | 3 041 686 | 2 619 323 |
| Speaker | 692 694 | 639 481 |
| Councillors | 6 792 272 | 5 942 595 |
| | 12 031 429 | 10 568 433 |
| 31. Depreciation and amortisation | | |
| Property, plant and equipment | 7 498 251 | 7 970 488 |

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| Figures in Rand | 2018 | 2017 |
|------------------------------------------------------|------------------|------------------|
| 31. Depreciation and amortisation (continued) | | |
| Investment property | 43 333 | 43 333 |
| Intangible assets | 319 638 | 515 493 |
| | 7 861 222 | 8 529 314 |
| 32. Finance costs | | |
| Other interest paid | 58 667 | 14 684 |
| Interest on post retirement benefits | 933 251 | 908 137 |
| Finance leases | 199 558 | 172 110 |
| | 1 191 476 | 1 094 931 |
| 33. Debt impairment | | |
| Debt impairment - Traffic Fines | 331 210 | 522 716 |
| Debt impairment - provision | 2 485 197 | 5 430 871 |
| Debt impairment - provision - CDM | (351 137) | 2 071 129 |
| | 2 465 270 | 8 024 716 |
| 34. General expenses | | |
| Conferences , Seminars , Workshops and Events | 4 444 988 | 4 050 478 |
| Advertising | 275 902 | 496 558 |
| Advertising : Recruitment | 203 884 | 116 516 |
| Auditors remuneration | 2 466 080 | 1 925 948 |
| Bank charges | 473 729 | 303 840 |
| Bill: Municipal Electricity | 15 455 | 386 151 |
| Commission paid | 734 668 | 497 016 |
| Bill: Municipal Water | 32 982 | 82 962 |
| COIDA | 539 371 | 500 000 |
| Cleaning materials | 381 280 | 378 288 |
| Entertainment | 12 553 | 6 251 |
| Plant Hire | 21 000 | 22 509 |
| Insurance - General | 1 081 228 | 905 315 |
| Audit Committees Expenses | 374 635 | 331 870 |
| Bursaries - Employees | 142 450 | 66 940 |
| Departmental: Water | - | 25 788 |
| IT Expenses | 15 217 | - |
| Environmental & Waste Management | 1 471 441 | 1 070 505 |
| Free Basic Electricity | 3 091 884 | 3 739 011 |
| Free Basic Water | - | 113 513 |
| Fuel and Oil: Municipal Fleet | 2 070 486 | 1 726 511 |
| Postage and Telephone | 596 114 | 406 214 |
| Printing, Publication & Marketing | 542 025 | 548 751 |
| Protective clothing | 395 836 | 3 000 |
| Repairs and maintenance | 6 187 644 | 5 111 003 |
| Licences - Vehicles | 113 510 | 91 903 |
| Internship programme | 474 628 | 283 178 |
| Membership Fees | 3 250 | 3 250 |
| Township establishment | - | 85 100 |
| Mayoral Bursary | - | 391 531 |
| Title deed search fees | 3 065 | - |
| Affiliation & Membership Fees : SALGA | 803 149 | 822 925 |
| Telephone Management System | 322 367 | 430 224 |
| Skills development Levy | 634 182 | 600 721 |
| Training SMME | 177 022 | 157 004 |
| Training and Conferences - Capacity Building | 1 781 069 | 530 168 |

Molemole Local Municipality

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|-------------------------------------|-------------------|-------------------|
| Subscriptions and Systems Licencing | 888 185 | 547 279 |
| Public Participation | 1 311 504 | 1 395 820 |
| RAL Roads expenditure | 10 333 552 | 15 043 549 |
| Municipal: Internal Billing | 349 581 | 2 014 |
| Rehabilitation cost | 835 869 | 491 570 |
| Rental Office Machines : Usage | 21 504 | 98 643 |
| Tracking device system | 72 146 | 94 245 |
| Stationery | 839 806 | 874 457 |
| Other expenses - deductible | 6 925 | 613 702 |
| Ward Committee Expenses | 1 907 000 | 2 919 665 |
| | 46 449 166 | 48 291 886 |

35. Bulk purchases

| | | |
|-------------|------------------|------------------|
| Electricity | 9 172 581 | 7 502 657 |
| | 9 172 581 | 7 502 657 |

36. Contracted services

| | | |
|---------------------------------------|-------------------|-------------------|
| Outsourced Services | 9 558 453 | 9 153 421 |
| Consultants and Professional Services | 3 960 435 | 3 426 856 |
| Contractors | 2 390 322 | 1 383 017 |
| | 15 909 210 | 13 963 294 |

37. Related Parties

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 | - | - | 15 564 604 | 17 049 233 |
| | - | - | 15 564 604 | 17 049 233 |

Key management information

Remuneration of Municipal Manager

| | | |
|-------------------------------------------|----------------|------------------|
| Annual Remuneration | 246 326 | 878 902 |
| Motor car, Housing , and other allowances | 101 109 | 191 516 |
| Acting : Ramogale | 257 256 | - |
| | - | - |
| | 604 691 | 1 070 418 |

Remuneration of Chief Financial Officer

| | | |
|-------------------------------------------|----------------|------------------|
| Annual Remuneration | 241 655 | 982 211 |
| Motor car, Housing , and other allowances | 29 947 | 284 407 |
| B Letuba (Acting CFO) | 128 735 | - |
| A. S Nalanga(Acting CFO) | 116 176 | 18 777 |
| N .J Mabote (Acting CFO) | - | 21 129 |
| | 516 513 | 1 306 524 |

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37. Related Parties (continued)

2017

Remuneration of Individual Executive Directors

| | Local Economic Development (July to November) | Local Economic Development (February to June) | Technical Services (July to May) | Corporate Services (July to May) | Community Services (July to November) |
|------------------------------------------|-----------------------------------------------|-----------------------------------------------|----------------------------------|----------------------------------|---------------------------------------|
| Annual remuneration | 370 802 | 425 298 | 677 615 | 727 629 | 342 279 |
| Acting Allowance | - | - | - | 35 055 | - |
| Performance and other bonuses | 4 516 | - | 4 516 | 70 664 | 72 972 |
| Motor car, Housing, and other allowances | 76 250 | 88 500 | 302 599 | 195 250 | 76 250 |
| Leave Payout | 169 509 | - | 126 136 | 151 196 | 149 951 |
| | 621 077 | 513 798 | 1 110 866 | 1 179 794 | 641 452 |

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 |
| | 1 335 519 | 444 035 | 486 729 | 145 688 |

2017

Remuneration of Councillors

| | |
|------------------------------------------------------------------------------------------------------------------|-------------------|
| Mayor (MP Makgato Jul 2016 - August 2016) remuneration , pension , cellphone allowance and housing allowance | 100 451 |
| Mayor (ME PAYA August 2016- July 2017) remuneration , pension , cellphone allowance and housing allowance | 736 076 |
| Speaker (M S Moreroa August 2016- July 2017) remuneration , pension , cellphone allowance and housing allowance | 567 719 |
| Speaker (L Moabelo Jul 2016- August 2016) remuneration , pension , cellphone allowance and housing allowance | 84 125 |
| Chief Whip(Rathaha August 2016- July 2017) remuneration , pension , cellphone allowance and housing allowance | 534 710 |
| Chief Whip(P Rakubu July2016 - August 2016)remuneration , pension , cellphone allowance and housing allowance | 65 413 |
| Councillors allowance and remuneration | 8 516 810 |
| | 10 605 304 |

Related party per Councillor

| Related party per Councillor | Basic Salary | Allowances | Total 2017 |
|------------------------------|--------------|------------|------------|
| M EPaya | 524 174 | 211 902 | 736 076 |
| MP Makgato | 220 164 | 101 142 | 321 306 |
| M S Moreroa | 399 808 | 167 911 | 567 719 |
| E M Rathaha | 375 051 | 159 659 | 534 710 |
| P T Rathete | 201 221 | 90 682 | 291 903 |
| M A Kobo | 208 908 | 93 244 | 302 152 |
| N F Rampyapedi | 367 872 | 146 232 | 514 104 |
| L Moabelo | 207 938 | 97 042 | 304 980 |
| P Rakubu | 45 848 | 19 565 | 65 413 |

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| 37. Related Parties (continued) | | |
| Rathete | - | - |
| D Lehong | 392 464 | 157 221 |
| D Matlou | 184 370 | 87 857 |
| R Moseamo | 25 336 | 11 398 |
| A Pihlela | 25 336 | 11 398 |
| M Mapara | 19 163 | 9 341 |
| S Senwamadi | 19 163 | 9 341 |
| N G Makgalo | 178 215 | 85 805 |
| M Tawana | 228 071 | 102 424 |
| C Matjee | 178 215 | 85 805 |
| P Mehale | 19 163 | 9 341 |
| J Hlapa | 19 163 | 9 341 |
| M P Nkoana | 19 163 | 9 341 |
| A Moyo | 19 163 | 9 341 |
| M Maila | 19 163 | 9 341 |
| N E Ramalepe | 19 163 | 9 341 |
| A Mahlophe | 19 163 | 9 341 |
| E Rahlana | 19 163 | 9 341 |
| A Makgoka | 178 215 | 85 805 |
| M Masekela | 19 163 | 9 341 |
| M Malema | 177 644 | 85 454 |
| M E Mphelo | 19 163 | 9 341 |
| N W Seakamela | 387 035 | 155 412 |
| M Duba | 178 215 | 85 805 |
| M Duba | - | - |
| P T Rakimane | 159 034 | 76 619 |
| M I Mohafe | 159 034 | 79 217 |
| R L Mpati | 159 034 | 76 619 |
| M J Manthata | 159 034 | 76 619 |
| P S Masoga | 159 034 | 76 619 |
| M J Leferela | 159 034 | 76 619 |
| N S Ramukhubedi | 159 034 | 76 619 |
| S E Kobola | 159 034 | 76 619 |
| T Raphaswana | 159 034 | 76 619 |
| M D Meso | 159 034 | 76 619 |
| G M Sepheso | 159 034 | 76 619 |
| M D Marutha | 159 034 | 76 619 |
| M P Tloubatatla | 159 034 | 76 619 |
| S R Nakana | 159 034 | 76 619 |
| N MHopane | 159 034 | 76 619 |
| | 7 299 566 | 3 305 738 |
| | | 10 605 304 |

2018

Remuneration of Councillors

| | |
|---------------------------------------------------------------------------------------------|-------------------|
| Mayo (MM P 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 |
| | 12 031 429 |

Related party per Councillor

| Related party per Councillor | Basic Salary | Allowances | Total 2016 |
|------------------------------|--------------|------------|------------|
| M.P 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 |

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| 37. Related Parties (continued) | | | |
| 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 |
| S Senwamadi | - | - | - |
| N G Makgalo | 188 908 | 106 569 | 295 477 |
| 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 Tloubatlatla | 188 908 | 106 569 | 295 477 |
| S R Nakana | 188 908 | 106 569 | 295 477 |
| N Mhopane | 188 908 | 106 569 | 295 477 |
| | 7 982 135 | 4 079 294 | 12 031 429 |

38. Budget Differences

STATEMENT OF FINANCIAL PERFORMANCE

38.1 Service Charges

Service charges include the agency services revenue budget.

38.2 Rental of facilities and equipment

The department of Home affairs moved out of the building which means the rental was lost.

38.3 Licences and permits

under collection of revenue is because of the break inn at the traffic department Morebeng and the technical challenges of the E-Natis system.

38.4 Agency Services

The budget were part of the service charges budget.

38.5 Gain on sale of assets

The municipality received money for sale of land which was not known at the time of the budget.

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Budget differences (continued)

38.6 Actuarial Gains

The Actuarial valuation was only performed at year end and therefore the Gain/(Loss) were not known by the time of the budget.

38.7 Other Income

An amount of R26m was part of other revenue as surplus cash and therefor no movement on the trial balance.

38.8 Interest on investments

the municipality did not have enough surplus cash to invest and therefore the interest are less than budgeted.

38.9 Property Rates

Actual for the current month was rectified in respect to the general ledger and the properties received from Aganang

38.10 Interest received

Debt written off and the increase in collection rate.

38.11 Remuneration of councillors

.During Adjustment Budget the councillors budget was adjusted to 10mill before realising that the back pay for councillors was still due. The Municipality then had a veriment for the 2million.

38.12 Personell

Vacant and funded positions not filled

38.13 Debt Impairment

Debts write of resolution for 100% write of on water issued by the District council and 100% Residential write off issued by Molemole Council lead to the Delays in finalizing the impairment as it is having direct impact on final figure

38.14 Finance costs

Finance cost due to extention of photo copy machine finance lease

38.15 Collection costs

This line item was not budgeted due to implementation of Mscoa

38.16 Contracted services

VAT differences and some votes commitments for 2018/2019 financial year end

38.17 Traffic Fines

Less fines issued in current year.

STATEMENT OF FINANCIAL POSITION

38.18 Inventories

More inventory issued hence less stock on hand for the current year

38.19 Receivables from exchange transactions

receivables from Exchange and non exchange transaction was budgeted in one vote. It will be splitted in the new financial year.

38.20

Molemole Local Municipality

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Budget differences (continued)

- 38.21 Receivables from non-exchange transactions**
Receivables from Exchange and non exchange transaction was budgeted in one vote. It will be splitted in the new financial year.
- 38.22 VAT receivable**
Additional amount for the current year not not yet paid by SARS
- 38.23 Cash and cash equivalents**
Cash realised was more because of unspend conditional grants received that was not anticipated during budget process
- 38.24**
- 38.25 Property Plant and equipment**
The municipality had most projects rolled over to the next financial year which made the value of assets not realised as planned
- 38.26 Intangible assets**
Budget was included in properties plant and equipment
- 38.27 Finance Lease obligation**
Finance lease contract extended
- 38.28 Payables from exchange**
More supplier invoices paid at year end.
- 38.29 Finance lease obligation non current**
Finance lease contract extended
- 38.30 Consumer deposits**
The municipality anticipated additional connections
- 38.31 Unspent conditional grants and receipts**
The municipality anticipated to spend all the grants at year.
- 38.32 Other Current Liabilities**
Found unallocated deposits
- 38.33 Current Employee Benefits**
The municipality did not budget for leave in the balance sheet
- 38.34 Employee benefit obligation**
long service and medical aid provision for the current year decreased because of two employees that died.
- 38.35 Provisions**
Employee benefit cost not part of budget
- 38.36 Accumulated surplus**
The current year surplus was more than anticipated.

CASHFLOW STATEMENT

- 38.37 Sale of goods and services**
The budget did not include the non payment of consumers
- 38.38 Grants**
The allocation as per DORA has changed and therefore less actual.

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|------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Budget differences (continued) | | |
| 38.39 Interest Income | | |
| The budgeted interest only include the investment interest | | |
| 38.40 Suppliers | | |
| More payments than budgeted because of more year creditors paid. | | |
| 38.41 Finance Costs | | |
| The finance cost budget part of suppliers budget as the National Treasury schedule B does not have separate line item. | | |
| 38.42 Purchase of property, plant and equipment | | |
| Capital projects finance from MIG grants rolled over to next year. | | |
| 38.43 Finance lease receipts | | |
| The finance lease contract extended. | | |
| 38.44 Other receipts | | |
| An amount of R26m was part of other revenue as surplus cash and therefor no movement on the trial balance. | | |
| 39. Cash generated from operations | | |
| Surplus | 42 254 717 | 56 038 855 |
| Adjustments for: | | |
| Depreciation and amortisation | 7 861 222 | 8 529 314 |
| (Loss) gain on sale of assets and liabilities | (102 235) | 33 402 |
| Interest income | (1 575 122) | - |
| Actuarial gains | (1 472 458) | - |
| Debt impairment | 2 465 270 | 8 024 716 |
| Movements in long term provisions and retirement benefit liabilities | 911 530 | (330 119) |
| Movements in current provisions and retirement benefits | 1 119 141 | 573 686 |
| Gain on transfer of function | - | (17 577 096) |
| Changes in working capital: | | |
| Inventories | (24 439) | 53 302 |
| Receivables from exchange transactions | 5 286 419 | (2 188 917) |
| Consumer debtors | - | (8 228 868) |
| Other receivables from non-exchange transactions | (22 314 907) | (16 621 069) |
| Aganang debtors | - | 10 961 274 |
| Payables from exchange transactions | 3 909 335 | 6 152 802 |
| VAT | (2 225 800) | (1 659 145) |
| Unspent conditional grants and receipts | (16 731 332) | 19 260 553 |
| Consumer deposits | 1 077 | 8 857 |
| Other current liability | 984 699 | (1 991 634) |
| | 20 347 117 | 61 039 913 |

40. Financial instruments disclosure

Categories of financial instruments

| Financial Assets | Classification | 2018 | 2017 |
|----------------------------------------------|-----------------------------------------|------------|------------|
| Investments | | | |
| Fixed Deposit | Held to maturity | - | - |
| Consumer Debtors | | | |
| Trade receivables from exchange transactions | Financial instruments at amortised cost | 5 200 585 | 7 866 857 |
| Other receivables from exchange transactions | Financial instruments at amortised cost | 56 175 056 | 36 480 288 |
| Call Deposits | Financial instruments at amortised cost | 41 580 814 | 55 606 545 |
| Bank Balances and Cash | | | |
| Cash Floats and Advances | Financial instruments at amortised cost | (3 022) | 557 |

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| 40. Financial instruments disclosure (continued) | | | |
| Summary of Financial Assets | - 102 953 433 | 99 954 247 | |
| Financial Liability | | | |
| Long-term Liabilities | | | |
| Capatalised Lease Liability | Financial instruments at amortised cost | 513 306 | - |
| Trade Payables | | | |
| Trade Creditors | Financial instruments at amortised cost | 19 819 336 | 15 910 001 |
| Bank Balances and Cash | | | |
| Bank Balances | Financial instruments at amortised cost | 41 577 792 | 55 607 102 |
| Current Portion of Long-term Liabilities | | | |
| Annuity Loans | Financial instruments at amortised cost | - | - |
| Capatalised Lease Liability | Financial instruments at amortised cost | 196 522 | 294 229 |
| Summary of Financial Liability | - 62 106 956 | 71 811 332 | |
| 41. Commitments | | | |
| Capital Commitments | | | |
| Commitments in respect of Capital Expenditure | | | |
| • Infrastructure | 14 170 429 | 42 070 848 | |
| | 14 170 429 | 42 070 848 | |
| This expenditure will be financed from: | | | |
| • Government Grants | 14 170 429 | 42 070 848 | |
| | 14 170 429 | 42 070 848 | |
| Operating Commitments | | | |
| Commitments in respect of Operating Expenditure | | | |
| • Operating Expenditure | 6 470 289 | 9 397 023 | |
| | 6 470 289 | 9 397 023 | |
| This expenditure will be financed from : | | | |
| • Own Revenue | 6 470 289 | 9 397 023 | |
| | 6 470 289 | 9 397 023 | |
| Total commitments | | | |
| Total commitments | | | |
| Capital Commitments | 14 170 429 | 42 070 848 | |
| Operating Commitments | 6 470 289 | 9 397 023 | |
| | 20 640 718 | 51 467 871 | |
| Operating leases - as lessee (expense) | | | |
| Minimum lease payments due | | | |
| - within one year | - | 298 772 | |
| | - | 298 772 | |

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|--|------|------|

41. Commitments (continued)

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

42. Contingencies

| | | |
|----------------------|-----------|---------|
| Contingent Liability | 3 244 637 | 930 000 |
| Contingent Asset | 600 000 | 520 000 |

43. Change in estimate

Property, plant and equipment

The useful life of certain other property plant and equipment was estimated in 2017 to be 5 years. In the current period management have revised their estimate to 8 years. The effect of this revision has decrease the depreciation charges for the current period by R 1 803 824 and increase the future periods by R 1 803 824

44. Prior period errors

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

Statement of Financial Position

VAT Receivable

| | |
|--------------------------------------------------------------------------------|------------------|
| Balance previously reported | 7 178 710 |
| Vat claimed from SARS for 5yrs back and not yet paid to municipality | 1 756 433 |
| Vat output adjustment due to the mistatement on the vat percentage calculation | 37 450 |
| Restated Balance | <u>8 972 593</u> |

Unspend Conditional Grants

| | |
|---------------------------------------------------------------------------------------------------------------|-------------------|
| Balance previously reported | 21 279 217 |
| Less : amount incorectly part of CDM water grant as expenditure on the grants went through operating for 2017 | (270 000) |
| Less : EPWP grant expenditure allocated through operating expenditure now transfered to grant | (1 279) |
| Restated Balance | <u>21 007 938</u> |

Payables from exchange transactions

| | |
|------------------------------------------------------------|-------------------|
| Balance previously reported | 16 174 673 |
| Old creditors balance written off by council | (212 861) |
| Year end creditor misallocation of payment prior June 2016 | (51 811) |
| Restated Balance | <u>15 910 001</u> |

Accumulated Surplus - 2017

| | |
|-----------------------------|----------------------|
| Balance previously reported | (189 227 412) |
| 2016 corrections of error | (2 321 844) |
| Restated Balance | <u>(191 549 256)</u> |

Accumulated Surplus - 2016

| | |
|--------------------------------------------------------------------------------|----------------------|
| Balance previously reported | (133 188 555) |
| Vat receivable | (1 756 433) |
| Unspend conditional grants reversed | (271 279) |
| Old creditors balance written off by council | (212 861) |
| Vat output adjustment due to the mistatement on the vat percentage calculation | (29 465) |
| Vat output adjustment due to the mistatement on the vat percentage calculation | (51 811) |
| Restated Balance | <u>(135 510 404)</u> |

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Notes to the Financial Statements

Figures in Rand 2018 2017

44. Prior period errors (continued)

Statement of financial position

45. Prior-year adjustments

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

Statement of financial position

2017

| | Note | As previously reported | Re-classification | Restated |
|--------------------------------------------|------|------------------------|-------------------|-------------------|
| Other Debtors | | 3 388 367 | (3 388 367) | - |
| Receivables from exchange transactions | | 7 866 857 | 2 620 147 | 10 487 004 |
| Receivables from non-exchange transactions | | 33 091 921 | 768 228 | 33 860 149 |
| | | 44 347 145 | 8 | 44 347 153 |

Statement of financial performance

2017

| | Note | As previously reported | Re-classification | Restated |
|-----------------------------|------|------------------------|-------------------|--------------------|
| Employee related costs | | 66 931 269 | (2 669 770) | 64 261 499 |
| Repairs and maintenance | | 5 111 003 | (5 111 003) | - |
| Contracted services | | 3 133 474 | 10 829 820 | 13 963 294 |
| General expenditure | | 51 340 930 | (3 049 047) | 48 291 883 |
| Surplus for the year | | 126 516 676 | - | 126 516 676 |

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 subsistence and travelling was previously under salaries and has now moved to general expenditure. The skills development levy was previously under salaries and has now moved to general expenses. The repairs and maintenance was previously disclosed separately but has now moved to general expenditure. Some of the general expenditure line items has now been reclassified to contracted services.

| General Expenses | Originally reported | Mscoa Category Re-Classifications | Restated balance 2017 |
|------------------------------------|---------------------|-----------------------------------|-----------------------|
| Accommodation and meals | 1 410 607 | 2 639 871 | 4 050 478 |
| Catering general | 59 030 | (59 030) | - |
| Cash Management Services | 10 307 | (10 307) | - |
| Building Plans | 311 135 | (311 135) | - |
| Consolidation of consumer accounts | 191 000 | (191 000) | - |
| Entertainment | - | 6 251 | 6 251 |
| Conferences and seminars | 173 907 | (173 907) | - |

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| 45. Prior-year adjustments (continued) | | | |
| Consultancy fees | 927 192 | (927 192) | - |
| Credit control and debt collection | 86 660 | (86 660) | - |
| Data Cleansing | 529 546 | (529 546) | - |
| Audit of community facilities | 99 200 | (99 200) | - |
| Career Exhibition | 1 000 | (1 000) | - |
| EAP | 92 684 | (92 684) | - |
| Fuel and Oil: Municipal Fleet | 1 720 801 | 5 710 | 1 726 511 |
| Fuel and Oil: Other | 5 710 | (5 710) | - |
| IDP Expenditure | 1 153 600 | (1 153 600) | - |
| Intergrated Transport Plan | 355 241 | (355 241) | - |
| Investor Co-ordination | 305 200 | (305 200) | - |
| Repairs and maintenance | - | 5 111 003 | 5 111 003 |
| LED Support Fund | 45 026 | (45 026) | - |
| Legal Expenses | 771 816 | (771 816) | - |
| Mandela Day | 56 592 | (56 592) | - |
| Transport and freight | 163 068 | (163 068) | - |
| Subsistence and Travelling - Other | 84 155 | (84 155) | - |
| Skills Development Levy | - | 600 721 | 600 721 |
| Promotions and sponsorships | 350 311 | (350 311) | - |
| Re-Pegging of sites | 553 435 | (553 435) | - |
| Research and development costs | 741 323 | (741 323) | - |
| Revaluation of Infrastructure Assets | 189 810 | (189 810) | - |
| Scoa implementation:fmg | 2 054 031 | (2 054 031) | - |
| Special Focus - Woman | 517 996 | (517 996) | - |
| Other expenses | 1 019 217 | (405 515) | 613 702 |
| Training and Education : FMG | 146 691 | (149 691) | - |
| Valuation Roll Costs | 1 028 420 | (1 028 420) | - |
| | 15 154 711 | (3 049 045) | 12 108 666 |

| Contracted Services | Originally reported | Mscoa Category Re-Classifications | Restated balance 2017 |
|---------------------------------------|---------------------|-----------------------------------|-----------------------|
| Outsourced services | - | 9 153 421 | 9 153 421 |
| Consultants and Professional Services | - | 1 383 016 | 1 383 016 |
| Contractors | 3 133 474 | 293 382 | 3 426 856 |
| Rental Office Machines : Usage | - | (21 504) | - |
| | 3 133 474 | 10 808 315 | 13 963 293 |

| Salaries | Originally reported | Mscoa Category Re-Classifications | Restated balance 2017 |
|------------------------|---------------------|-----------------------------------|-----------------------|
| Accomodation and meals | 600 721 | (600 721) | - |
| Advertising | 2 069 049 | (2 069 049) | - |
| | 2 669 770 | (2 669 770) | - |

The municipality has implemented the MSCOA and the general expenditure line items has been reclassified as follows:

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Figures in Rand

2018

2017

45. Prior-year adjustments (continued)

The subsistence and travelling was previously under salaries and has now moved to general expenditure. The skills development levy was previously under salaries and has now moved to general expenses. The repairs and maintenance was previously disclosed separately but has now moved to general expenditure. Some of the general expenditure line items has now been reclassified to contracted services.

46. 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 30 June 2018 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|-----------------------------|------------------|-----------------------|-----------------------|--------------|
| Trade and other payables | 19 819 336 | - | - | - |
| Other financial liabilities | 1 809 795 | - | - | - |
| At 30 June 2017 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| Trade and other payables | 16 174 673 | - | - | - |
| Other financial liabilities | 825 096 | - | - | - |

Credit risk

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:

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| Figures in Rand | 2018 | | 2017 | |
|----------------------------------------|--------------------|-------------------|--------------------|-------------------|
| 46. Risk management (continued) | | | | |
| Non-Exchange Receivables | 2018 Percentage | 2018 Amount | 2017 Percentage | 2017 Amount |
| Rates | 100,00% | 69 523 515 | 100,00% | 56 605 138 |
| | 100 | 69 523 515 | 100 | 56 605 138 |
| Exchange Receivables | 2018 Percentage | 2018 Amount | 2017 Percentage | 2017 Amount |
| Electricity | 46.90% | 6 721 078 | 30.72% | 5 048 021 |
| Refuse | 49.90% | 7 151 365 | 41.75% | 6 861 800 |
| Other | 4.2% | 447 381 | 27.52% | 4 522 478 |
| | 100 | 14 319 824 | 100,00% | 16 432 299 |

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 | 2018 Percentage | 2018 Amount | 2017 Percentage | 2017 Amount |
| Rates | 100% | 20 833 233 | 100,00% | 20 833 233 |
| | 100 | 20 833 233 | 100 | 20 833 233 |
| Exchange Receivables | 2018 Percentage | 2018 Amount | 2017 Percentage | 2017 Amount |
| Electricity | 33.3% | 2 618 253 | 33.3% | 2 618 253 |
| Refuse | 39.2% | 3 082 818 | 39.2% | 3 082 818 |
| Other | 27.5% | 2 165 107 | 27.5% | 2 165 107 |
| | 100% | 7 866 178 | 100,00% | 7 866 178 |

The entity 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.

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46. Risk management (continued)

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

47. Unauthorised expenditure

| | | |
|----------------------------------------------|------------------|-------------------|
| Opening Balance | 16 720 220 | 12 424 809 |
| Add: Unauthorised expenditure - Current year | 1 433 680 | 10 227 096 |
| Less : Amount written of by council | (16 720 220) | (5 931 685) |
| | <u>1 433 680</u> | <u>16 720 220</u> |

The unauthorized expenditure for the current year relates to finance cost , general expenditure and collection cost that was overspend on the budget

48. Fruitless and wasteful expenditure

| | | |
|--------------------------------------------------------|----------------|----------------|
| Opening Balance | 192 385 | 202 264 |
| Add: Fruitless and wasteful expenditure - Current year | 48 597 | 6 245 |
| Less : Amount written off by council | - | (16 124) |
| | <u>240 982</u> | <u>192 385</u> |

Fruitless and wasteful expenditure relates to interest charged on the late payments on the Telkom and Eskom account.

49. Irregular expenditure

| | | |
|-------------------------------------------|------------------|------------------|
| Opening balance | 3 978 140 | 7 674 820 |
| Add: Irregular Expenditure - current year | 54 162 | 512 734 |
| Less: Amounts written off by council | (512 734) | (4 209 414) |
| | <u>3 519 568</u> | <u>3 978 140</u> |

The current year irregular expenditure relates to a contract awarded to a supplier whereby the supplier did not meet the Tax requirements.

50. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

| | | |
|---------------------------------|-----------|-----------|
| Current year subscription / fee | 964 750 | 806 190 |
| Amount paid - current year | (964 750) | (806 190) |
| | <u>-</u> | <u>-</u> |

Audit fees

| | | |
|---------------------------------|-------------|-------------|
| Current year subscription / fee | 2 459 558 | 1 925 948 |
| Amount paid - current year | (2 459 558) | (1 925 948) |
| | <u>-</u> | <u>-</u> |

PAYE and UIF

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Notes to the Financial Statements

| Figures in Rand | 2018 | 2017 |
|-------------------------------------------------------------------------------------------|--------------|--------------|
| 50. Additional disclosure in terms of Municipal Finance Management Act (continued) | | |
| Current year subscription / fee | 12 648 269 | 11 810 141 |
| Amount paid - current year | (12 648 269) | (11 810 141) |
| | - | - |
| Pension and Medical Aid Deductions | | |
| Current year subscription / fee | 11 240 361 | 10 264 249 |
| Amount paid - current year | (11 240 361) | (10 208 553) |
| | - | 55 696 |
| VAT | | |
| VAT receivable | 12 708 367 | 11 435 039 |
| VAT payable | (1 509 974) | (4 256 329) |
| | 11 198 393 | 7 178 710 |

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

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

Councillors' arrear consumer accounts

During the 2018 year no Councillors had arrear accounts outstanding for more than 90 days.

During the year 2017 no Councillors' had arrear accounts outstanding for more than 90 days.

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 | 1 899 495 | 3 389 409 |
| | 1 899 495 | 3 389 409 |

51. Distribution Losses

Electricity Distribution Losses (Units)

| | | |
|------------------------------|-----------|-----------|
| Units Purchased | 7 270 509 | 6 277 179 |
| Units Sold | 5 661 886 | 5 179 269 |
| Units Loss | 1 608 628 | 1 097 910 |
| Percentage distribution loss | 22% | 17% |

Electricity Distribution Losses (Rands)

| | | |
|------------------------------|-----------|-----------|
| Electricity Purchased | 9 172 581 | 7 502 657 |
| Electricity Sold | 8 300 884 | 7 129 408 |
| Electricity Loss | 871 697 | 373 249 |
| Percentage distribution loss | 10% | 5% |

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Supplementary Information

1. Schedule of Contingent Liabilities (Refer Note 38)

| Name of Legal Rep | Litigation | Nature of Dispute | Status | Projected | Projected Estimates 2018 | Projected Estimates 2017 |
|-------------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 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 | 100 000 | 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 | Litis Constetati o reached | 100 000 | 100 000 |
| AM Carrim Attorneys 015 293 1700 | Badau Film & video production | Claim for damages of R1 560 841-10 | Pending | Pre Troal Conference | 150 000 | 150 000 |
| SC Mdhuli Attorneys 015 291 5440 | Rambuda Nditsheni Joseph | 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 | List Cibstetati o reached | 100 000 | 100 000 |
| SC Mdhuli Attorneys 015 291 5440 | Illegal occupants at Mogwadi | Interdict illegal occupants at Mogwadi portion of portion 2 of the remaining extent of the farm Deutschland 69 | Pending | The sheriff has issued and order for illegal occupants to vacate the occupied land and a signboard to that effect has been erected on the affected vacant area. | 70 000 | 70 000 |

* See Note 44

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Supplementary Information

| | | | | | | |
|----------------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------|
| Pratt Lytt & De Lange Attorneys 015 297 0186 | Mabohlatjana Community | "Motion proceedings for a declaratory and mandatory 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. Matter was removed from the roll of the 25th June 2018 by the Applicant." | Pending | Awaiting new date of hearing | 100 000 | 0 |
| None | DG Department of labour | Motion proceedings for 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 | Pending | Proceedings have been stayed to allow settlement discussions | 1 500 000 | 0 |
| None | Roman Catholic Church | Eviction and the Municipality cited as interested party. The Roman Catholic Church in Fatima is evicting the unlawful occupiers of properties situated on its land. | Finalized | Prepared a report and attended court whereon matter was finalized | 100 000 | 0 |
| Pratt Lytt & De Lange Attorneys 015 297 0186 | Mabohlatjana Community | Urgent interdict against CDM | Pending | Municipality cited as second respondent and main relief from CDM in the portion 2 of the farm Deutschland 169 LS | 60 000 | 60 000 |
| None | Ga Mohale CPA / HD Du Preeze Boedary | Claim for evicting HD Du Preeze by Ga Mohale CPA | Pending | The municipality is cited as the land falls within its jurisdiction. The municipality be ordered to provide alternative accomodation for the people staying in the farms | 50 000 | 50 000 |

* See Note 44

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Supplementary Information

1. Schedule of contingent liabilities (Continue) - refer note 38

| Name of Legal Rep | Litigation | Nature of Dispute | Status | Projected | Projected Estimates 2018 | Projected Estimates 2017 |
|--------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 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 | Responder to letter demand | The legal opinion was submitted to the Municipality | 87 247 | 0 |
| Mohale Incorporated tel 015 291 3645 | | Municipality requested us to peruse file and safeguard the interests and possible litigation of the matter in Case No:56893/16 where the Applicant and the 1st Respondent are having a dispute over a Permission To Occupy that was issued by the 1st and 2nd Respondents | Pending | No Development on the matter | 100 000 | 100 000 |
| 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 | 100 000 | 0 |
| 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 | 100 000 | 0 |
| None | Mapula Lillian / Mahibela/ Shadi | 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 | 100 000 | 0 |

* See Note 44

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Supplementary Information

| | | | | | | |
|-----------------------------------------|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|
| Mohale Incorporated tel 015 291 3645 | Sedima Enterprizes | 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 | Filled Notice to defend and appointed attorneys | 305 000 | 0 |
| None | Pothole Cover | Letter of demand on damages as a result of pothole on the road in the amount of R 970.00 | Responder to letter of demand | "Met with Claimant and discovered that road where alleged pothole is located is a not a Municipal road. Formally responded to the letter of demand. " | 970 | 0 |
| Mohale Incorporated Tel 015 291 3645 | | Municipality opposed Pendins application instituted by Sekgota & 19 others Case no 655/2017 | Finalized | The Application was postponed since the agreement of parties | 0 | 100 000 |
| None | Van Vuuren | "The Municipality received a letter of demand from Adams & Adams but the claim was disputed.Claim was for damages of over R7.4m as a result of road accident on R36 Morebeng where it is alleged that the driver is now a paraplegic as a result thereof." | Prescribed | A formal letter in response to the letter of demand was drafted to the Claimant's Attorney and there has not been any movement on the matter until date of prescription. | 0 | 100 000 |
| SC Mdhuli Attorneys tel 015 291 5440 | Hlako | Action -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. | 100 000 | 0 |
| None | Nthotheleni Business Enterprise | Served with Combined 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. | Pending | Pleading Stage | 21 420 | 0 |
| | | | | | 3 244 637 | 930 000 |

* See Note 44

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Supplementary Information

2. Schedule of Contingent Assets (Refer Note 38)

| Name of Legal Rep | Litigation | Nature of Dispute | Status | Projected | Projected Estimates 2018 | Projected Estimates 2017 |
|----------------------------------------------|------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Mdhuli Attorneys 082 802 8439 | MH Hlako | Municipality issued summons for recovery of undue performance bonus paid | Pending | Matter was set-down for 26 June 2015 but withdrawn due to settlement proposal by Mr Hlako | 160 000 | 160 000 |
| Mdhuli Attorneys 082 802 8439 | MH Hlako | Eviction from municipal house | Pending | Eviction papers drafted and issued but could not proceed due to the PIE Act. | 160 000 | 160 000 |
| SC Mdhuli | Illegal occupants at Mogwadi | Interdict illegal occupants at Mogwadi portion of portion 2 of the remaining extent of the farm Deutschland 169 | Finalised | Court order served by sheriff and illegal activities have stopped | 70 000 | 0 |
| Pratt Lytt & De Lange Attorneys 015 297 0186 | Matebele Dinare Construction | Municipality issued summons for recovery of unjustified enrichment of R2 79 529-50 | Pending | Pleadings exchanged. Matebele Dinare applied for exception of the summons | 60 000 | 50 000 |
| Pratt Lytt & De Lange Attorneys 015 297 0186 | PW Mokgehle and others | Eviction from municipal land | Pending | The municipality instituted eviction proceedings in Polokwane High Court and the matter was dismissed with costs. Further went to the Pretoria High court and the matter was dismissed with costs | 150 000 | 150 000 |
| | 1 | | | | 600 000 | 520 000 |

* See Note 44

APPENDICES

REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATION AND
COUNCIL ON MOLEMOLE LOCAL MUNICIPALITY

REPORT ON THE 2017/18 FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Molemole Local Municipality set out on pages ... to ..., which comprise the statement of financial position, statement of financial performance, statement of changes in assets, cash flows 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, the financial statements present fairly, in all material respects, the financial position of the municipality as at 30 June 2018, 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,2017 (Act No.3 of 2017).

Basis for opinion

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 the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
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 44 and 45 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of an error discovered in the financial statements of the municipality at, and for the year ended, 30 June 2018 and the implementation of mSCoA (municipal standard chart of accounts).

Significant uncertainty

8. With reference to note 42 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 the matter 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 33 to the financial statement the municipality reviewed its basis for debt impairment calculation to the amount of R2 465 270.

Material losses– electricity

10. As disclosed in note 51 to the financial statements, material electricity losses to the amount of R871 697 (2016-2017: R373 249) were incurred which represent 10% (2016-2017: 5%) of total bulk electricity purchased. Technical losses amounted to R871 697 (2016-2017: R373 249) were due to illegal connections and aging of electrical infrastructure assets.

Unauthorised expenditure

11. As disclosed in note 47 to the financial statements, unauthorised expenditure amounting to R1 433 680 has been incurred by the municipality, due to expenditure incurred in excess of the limits of the amounts provided for in the votes of the approved budget.

Other matters

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

Unaudited supplementary schedules

13. The supplementary information set out on pages' x to x does not form part of the annual performance report and is presented as additional information. We have not audited these schedules and, accordingly, we do not express a conclusion thereon.

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

15. The accounting officer is 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.
16. 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.

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

17. 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.
18. 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

19. 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.
20. 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.
21. 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 2018

| Development priorities | Pages in the annual performance report |
|------------------------------------------------------------|-----------------------------------------------|
| KPA 1 – Spatial rationale | x – x |
| KPA 2 – Basic service delivery and infrastructure planning | x – x |

22. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

KPA 1 – Spatial rationale

23. I did not raise any material findings on the usefulness and reliability of the reported performance information for development priority.

KPA 2 – Basic service delivery and infrastructure planning

24. The material finding in respect of the usefulness and reliability of the selected development priority is as follows:

Complete sports complex

25. The planned target for this indicator was not specific in clearly identifying the nature and required level of performance and measurable. Consequently, I was unable to determine reliability of the reported performance target.

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. 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 opinions expressed on the usefulness and reliability of the reported performance information in paragraphs [x; x; x] of this report.

Adjustment of material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic service delivery and infrastructure planning. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

29. 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.

30. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements, performance and annual reports

31. 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.
32. 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.

Procurement and contract management

33. 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)

Revenue management

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

Consequence management

35. 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.

Other information

36. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
37. 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.
38. 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.
39. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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 as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

40. 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 annual performance report and the findings on compliance with legislation included in this report.
41. The accounting officer reviewed the annual financial statements and the annual performance plan with the assistance and support of the governance structures prior to their submission for audit, but a number of material misstatements were still identified.
42. 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.
43. Non-compliance with laws and regulations could have been prevented had compliance being adequately reviewed and monitored by management and those charged with governance.

Auditor-General

Polokwane

30 November 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for 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 which constitutes 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.

VOLUME II

2017/18 AUDIT ACTION PLAN ON ISSUES RAISED BY AUDITOR-GENERAL

| | |
|-------------------------|--------------------|
| Audit opinion | Unqualified |
| Reporting period | Jun-19 |

APPENDICES

| ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT | | | | | | | | | | |
|----------------------------------------------------|------------------|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|--------------------|-------------|
| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| 1 | AFS (Disclosure) | Matters affecting the auditor's report | <p>There were misstatements identified during high level review.</p> <p>1. There were differences identified between the AFS(statement of financial position and statement of financial performance) and Trial Balance.</p> <p>2. There were differences identified between the AFS(statement of financial performance) and Trial Balance.</p> <p>3. There is no accounting policy for intangible assets it was disclosed in note (4) of the AFS.</p> <p>4. There were differences noted in the Statement of Financial Performance and amount in the Trial balance for Revenue from exchange</p> | New | Accurate and complete financial reports not prepared regularly. Inadequate review of the AFS. | <p>1. Draft Annual Financial Statements process plan to ensure adequate preparation and review of the AFS.</p> <p>2. Quarterly preparation and review of the financial statements.</p> | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |

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| ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT | | | | | | | | | |
|----------------------------------------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|--------------------|-------------|
| Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| | | <p>transactions.</p> <p>4. GRAP 24: There were explanations on the AFS for immaterial variances (e.g. variances less than 5%</p> <p>5. Prior and current year balances for net cash flow from operating activities it's not casting (Cash flow statement)</p> | | | | | | | |
| 2 | Consequence management | Matters affecting the auditor's report | New | Inadequate records management system. | <p>1. Quarterly submission of the UIF register to Council to refer to MPAC for investigations.</p> <p>2. Quarterly meetings by the Financial Disciplinary Board to assist with disciplinary measure for possible financial misconduct.</p> | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |

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ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT

| Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
|----------------|---------------------|----------------------------------------|----------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|--------------------------------|-------------|
| | | 32(2)(b) of the MFMA. | | | | | | | |
| 3 | AoPO | Matters affecting the auditor's report | Recurring | Inadequate preparation of the SDBIP and Annual Performance Report. | <ol style="list-style-type: none"> Timely preparation and review of the SDBIP. Alignment of the SDBIP and the Annual Performance Report. Independent review of the Annual Performance Report. | 1-Aug-18 | 28-Feb-19 | Mogakane KM MANAGER: PMS | In progress |

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| ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT | | | | | | | | | | |
|----------------------------------------------------|-------------------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|--------------------|-------------|
| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| 4 | Procurement and Contract Management | Matters affecting the auditor's report | The suppliers who have been identified as business associate with municipal officials did not disclose the business associate relationship in their declarations MBD4-Forms.The municipal officials did not disclose the business associate relationship with the identified suppliers in their declaration as required by the Code of Conduct for Municipal Employees. | Recurring | Non compliance with the MFMA and applicable legislations . | 1. Annual declaration of all employees. 2. Enforcement of penalties for false declaration by suppliers. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |
| 5 | Revenue | Matters affecting the auditor's report | The municipality did not fully implement and adhere to the Municipal Systems Act. There was no evidence of disconnections or restriction of water or discontinuation of any other service due to lack of full payment on the due date or payment arrangement of any amount for services, | Recurring | Slow response by management on the implementation of the policies. | 1. Community consultations. 2. Final written warning to all consumers. 3. Implementation of disconnection of services. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |

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ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT

| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
|----------------|--|---------------------|----------------------------------|----------------|------------|-------------------------|------------|-----------------|--------------------|----------|
| | | | rates or taxes by the customers. | | | | | | | |

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| ANNEXURE B: OTHER IMPORTANT MATTERS | | | | | | | | | | |
|-------------------------------------|--------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|------------|-----------------|--------------------|-------------|
| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| 1 | Cash and cash equivalent | Other important matters | Cash and Bank - Reconciling items amounting to R333 453 were not cleared in the subsequent months. | New | Lack of understanding of policies and procedures. | Weekly review of the reconciling items. Monthly review of the reconciling items and clearing of items on a monthly basis. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |
| 2 | Commitments | Other important matters | Capital expenditure amount as per the general ledger does not agree with the expenditure amount on the invoices. | New | Inadequate reconciliation of the commitments register. | Monthly reconciliation of commitment register to the expenditure report and invoices. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |
| 3 | Commitments | Other important matters | Capital commitments - The commitment schedule and commitment disclosure note disclosed on note 41 of the annual financial statements do not reconcile. | Recurring | Inadequate review of the financial information. | Monthly reconciliation of the commitment register to the expenditure report, service level agreement and purchase orders. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |
| 4 | Commitments | Other important matters | Operating commitments -The commitment schedule and commitment disclosure note disclosed on note 41 of the annual | Recurring | Inadequate review of the financial information. | Monthly reconciliation of the commitment register to the expenditure report, service level agreement and purchase | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |

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| ANNEXURE B: OTHER IMPORTANT MATTERS | | | | | | | | | | |
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| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| | | | financial statements do not reconcile. | | | orders. | | | | |
| 5 | Commitments | Other important matters | Active projects on the contract register could not be traced to the commitment schedules to confirm completeness of the commitment schedule. | Recurring | Lack of reconciliation of the commitment register. | Monthly reconciliation of the commitment register to the expenditure report, service level agreement and purchase orders. | 1-Aug-18 | 30-Jun-19 | Phaswana K Manager: Legal Services | In progress |
| 6 | Contingent liabilities | Other important matters | The legal cases included in the annual financial statements did not meet the criteria for contingent assets as required by GRAP 19 resulting in the misstatement of contingent assets. | New | Limited understanding of the requirements of GRAP. | | 1-Aug-18 | 30-Jun-19 | Phaswana K Manager: Legal Services | In progress |
| 7 | Employee costs | Other important matters | 1. The municipality did not perform performance evaluation for staff members as required by the Municipal Systems Act and PMS policy. 2. The municipality does not have succession plans to ease any future | New | Inadequate skills to implement PMS. | 1. Cascading of PMS to lower officials. 2. Development of formal succession plan. | 1-Aug-18 | 30-Jun-19 | Makgato KE Senior Manager: Corporate services | In progress |

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| ANNEXURE B: OTHER IMPORTANT MATTERS | | | | | | | | | | |
|-------------------------------------|-----------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|--------------------------|-------------|
| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| | | | transitions and to mitigate the risk of not meeting the entity's objectives for the financial year end 2017/18 e.g. the financial /performance reporting objectives. | | | | | | | |
| 8 | Risk Management | Other important matters | Risk management and assessment process did not include assessment on fraud prevention and detection including controls. | New | Lack of understanding of policies | Facilitation of the fraud risk assessment for 2018/19. | 1-Aug-18 | 30-Nov-18 | Mashatola D Risk Officer | In progress |
| 9 | SCM | Other important matters | Municipality did not develop consultancy reduction plans to manage use of consultancy. | Recurring | Lack of strategy/consultant reduction plan | Development of Consultancy reduction plan to manage use of consultants. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |
| 10 | UIF | Other important matters | Unauthorised, Fruitless & Wasteful Expenditure - Particulars and nature of irregular or fruitless and wasteful expenditure incurred in the current financial year were not disclosed in note 47,48 & 49 as | New | Inadequate review of the financial information | Weekly / monthly review of financial records to ensure that the Unauthorised, Irregular Fruitless and Wasteful expenditure are recorded. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |

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| ANNEXURE B: OTHER IMPORTANT MATTERS | | | | | | | | | | |
|-------------------------------------|-----------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|--------------------|-------------|
| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| | | | required by the MFMA and accounting policies in the annual financial statements. | | | | | | | |
| 11 | Financial instruments | Other important matters | The prior year closing balance and the current year opening balance of financial instruments does not agree. | New | Inadequate review of the financial information | Review and cross casting of the reconciliation of prior year closing balance and current year opening balance. | 1-Aug-18 | 30-Jun-19 | Zulu K – CFO | In progress |
| 12 | Assets | Other important matters | Assets written off were incorrectly included in the closing balance of the assets in the fixed asset register resulting in overstatement of assets. | New | Inadequate review of financial information. | Monthly review and reconciliation of the assets register. | 1-Aug-18 | 30-Jun-19 | Zulu K – CFO | In progress |
| 13 | Assets | Other important matters | There were differences identified between the fixed assets register and the annual financial statements. | New | Inadequate review of financial information. | Daily and monthly processing and reconciling of the transactions to ensure that the assets register agrees with the annual financial statements | 1-Aug-18 | 30-Jun-19 | Zulu K – CFO | In progress |

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| ANNEXURE B: OTHER IMPORTANT MATTERS | | | | | | | | | | |
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| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| 14 | Assets | Other important matters | The classes of each Property, Plant and Equipment were not adequately disclosed and classified separately as required by GRAP 17. | New | Inadequate review of financial information. | Preparation of the AFS process plan to ensure timely preparation and review of financial information. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |
| 15 | Operating expenditure | Other important matters | The journals were reviewed and approved by the same person. | New | Lack of understanding of policies and procedures. | 1. Segregation of duties between the preparer and the approver. 2. Communication of policies and procedure to all end users. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |
| 16 | General expenses | Other important matters | The lowest bidder was not awarded a bid due to criteria not outlined in the specifications and advertisement. | New | Inadequate review of bid documents. | Review of bid documents prior recommendation of the awards. Indecent review of the bid documents prior awarding of the bids. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |
| 17 | Expenditure management | Other important matters | The municipality did not stamp or register the receipts date of invoice to ensure that the payments to supplier are made within the required 30 days of the | New | Lack of understanding of policies and procedures. | Stamping of all invoices upon verification of the requirements for processing of payments.. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |

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| ANNEXURE B: OTHER IMPORTANT MATTERS | | | | | | | | | | |
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| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| | | | receipt date. | | | | | | | |
| 18 | Operating expenditure | Other important matters | Creditors listing does not agree to the annual financial statements. | New | Inadequate review of financial information. | Daily and monthly processing and reconciling of the transactions to ensure that the creditors agrees with the annual financial statements. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |
| 19 | Procurement and contract management | Other important matters | Competitive bids with contract period of more than 3 years did not comply with Section 33 of the MFMA. 1. The municipality did not make public the draft contract and an information statement summarizing the municipality's obligation in terms of the proposed contract; and invited the local community and other interested persons to submit to the municipality comments or representations in respect of the | New | Insufficient understanding of policies and procedures | All contracts of more than three years shall be procured in line with the requirements of Section 33 of the MFMA. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |

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| ANNEXURE B: OTHER IMPORTANT MATTERS | | | | | | | | | | |
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| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| | | | proposed contract. 2. There were no any solicited the views and recommendations any of the National; Treasury and the relevant provincial treasury the national department responsible for local government. | | | | | | | |
| 20 | Irregular expenditure | Other important matters | Prior year irregular expenditure of R512 734 occurred as result of non compliance to MFMA and other applicable laws and regulations condoned by municipal council should be accounted as write off than being condonement as the condonement should only be provided by Treasury Department except in case of non compliance with supply chain management policy. | New | Insufficient understanding of policies and procedures | All non compliance with the MFMA and applicable regulations will be tabled to Council for write off and subsequently to Provincial Treasury for condonement. Non compliance with the municipal approved SCM policy will be tabled to Council for condonement. | 1-Aug-18 | 30-Nov-18 | Zulu K - CFO | In progress |

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| ANNEXURE B: OTHER IMPORTANT MATTERS | | | | | | | | | | |
|-------------------------------------|------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------------------------|--------------------------------------------------------------------------------------------------------|------------|-----------------|--------------------------------------------------|-------------|
| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| 21 | Provisions | Other important matters | <p>Leave day balances used to calculate provision for leave have been misstated. The recalculated leave balances exceeding the limit of 48 the closing balance should be limited to 48 and the system should indicate the days forfeited.</p> <p>2. The leave provision for selected employees were incorrectly calculated.</p> <p>3. The leave days of employees falling within two different financial years but the apportionment of leave was not taken into account. The full leave was accounted for in the current financial year as Leave taken resulting in misstatement of provision for leave.</p> | Recurring | Ineffective controls over leave management. | Monthly reconciliation of the leave transactions. Monthly review of the leave reconciliation register. | 1-Aug-18 | 30-Nov-18 | Makgatho KE – Senior Manager: Corporate Services | In progress |

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| ANNEXURE B: OTHER IMPORTANT MATTERS | | | | | | | | | | |
|-------------------------------------|---------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|--------------------|-------------|
| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| 22 | Revenue | Other important matters | Distribution losses for electricity for municipality is above standard norms of 7-10% in the financial statements. The municipality distribution loss for electricity was 22% ,which is above standard norms of 7% - 10% as guided by MFMA Circular 71. | Recurring | | 1. Procurement of bulk electricity meter to measure the amount of electricity purchased from Eskom. 2. Monthly monitoring of electricity distribution losses. | 1-Aug-18 | 30-Jun-19 | Zulu K – CFO | In progress |
| 23 | Revenue | Other important matters | Service charges - prior year tariff was used to bill customers in the current financial year than using approved Tariff for 2017/18 financial year. | New | Lack of implementation of controls over daily and monthly processing and reconciliation of transactions . | Independent review of the tariffs coded on the system at the beginning of the financial year. | 1-Aug-18 | 30-Jun-19 | Zulu K – CFO | In progress |

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| ANNEXURE C: ADMINISTRATIVE MATTERS | | | | | | | | | | |
|------------------------------------|---------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------|------------|-----------------|--------------------|-------------|
| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| 1 | Revenue | Administrative matters | License and permits- The VAT was calculated at an incorrect tax fraction in the monthly reconciliations used by management to calculate commission received from licenses and permits revenue resulting in misstatements license and permits. | New | Inadequate review of financial information. | Independent review of journals prior approval. | 1-Aug-18 | 30-Jun-19 | Zulu K – CFO | In progress |
| 2 | Revenue | Administrative matters | Inaccurate calculation of rental income from the Department of Health resulting in misstatement of current and prior year revenue. The VAT was calculated at an incorrect tax fraction in the rental schedule used by management to calculate rental income as well as the related VAT in | New | Contract register not fully monitored. | Annual review of the service level agreement between the municipality and the Department of Health. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |

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| ANNEXURE C: ADMINISTRATIVE MATTERS | | | | | | | | | | |
|------------------------------------|------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|--------------------|-------------|
| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| | | | line with the Service Level Agreement between the municipality and Limpopo Provincial Department and Social Development signed on the 28 October 2008. | | | | | | | |
| 3 | Disclosure | Administrative matters | The fruitless and wasteful expenditure register submitted for audit did not include the interest on overdue ESKOM account amounting to R 3 107,00. | New | Inadequate review of financial information | 1.Maintain a daily register of fruitless and wasteful expenditure. 2.Monthly reconciliation of fruitless and wasteful expenditure. | 1-Aug-18 | 30-Jun-19 | Zulu K | In progress |
| 4 | Contingent liabilities | Administrative matters | Long service award - The amount disclosed in the annual financial statement differs with stated amounts in the reports for long service awards. 2. Defined contribution plan - The amount for defined contribution plan disclosed in the annual financial statement is not in | New | Inadequate review of financial information | 1. Draft Annual Financial Statements process plan to ensure adequate preparation and review of the AFS. 2. Quarterly preparation and review of the financial statements. | 1-Aug-18 | 30-Nov-18 | Zulu K – CFO | In progress |

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| ANNEXURE C: ADMINISTRATIVE MATTERS | | | | | | | | | | |
|------------------------------------|-----------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------|----------------------------------------------------------------------------------------------|------------|-----------------|--------------------|-------------|
| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| | | | agreement with the amount as per the actuarial report. | | | | | | | |
| 5 | Operating expenditure | Administrative matters | Rental payment has been incorrectly classified as finance cost other than being general expenses in the annual financial statement. (Telkom line rentals were recorded as interest paid disclosed under Note | New | Lack of adherence to Indigent Policy. | Monthly review of the payment invoices. | 1-Aug-18 | 30-Nov-18 | Zulu K – CFO | In progress |
| 6 | Operating expenditure | Administrative matters | The fruitless and wasteful expenditure register submitted for audit did not include the interest on overdue ESKOM account of R431 thus the disclosed fruitless and wasteful expenditure for the current year of R46 071 is misstated. | New | Lack of adequate controls over reconciliations of transactions | Daily/monthly review of the payment invoices to identify fruitless and wasteful expenditure. | 1-Aug-18 | 30-Jun-19 | Zulu K – CFO | In progress |

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| ANNEXURE C: ADMINISTRATIVE MATTERS | | | | | | | | | | |
|------------------------------------|-----------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|--------------------|-------------|
| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| 7 | Operating expenditure | Administrative matters | Incomplete deviation register. Deviation register for 2017/18 financial year submitted for audit did not include an expense relating to CESA amounting to R3078 of which the award had deviations from supply chain management regulations. | New | Lack of implementation of controls over processing and reconciliation of deviation register. | Daily processing and monthly reconciliation of deviation register. | 1-Aug-18 | 30-Jun-19 | Zulu K – CFO | In progress |
| 8 | | Other important matters | VAT input journalized at an incorrect amount. Eskom account was incorrectly debited with R1 133 125 and VAT input account being incorrectly debited with R137 322 respectively. | New | Inadequate review of corrective journals. | Periodic processing and monthly reconciliation of all expenditure transactions. Review of all journal files by the Chief Financial Officer. | 1-Aug-18 | 30-Nov-18 | Zulu K - CFO | In progress |
| 9 | | Other important matters | Bulk purchases - The fruitless and wasteful expenditure register submitted for audit did not include the interest on overdue ESKOM account of R3 486 resulting in | New | Lack of adequate controls over reconciliations of transactions | Daily/monthly review of the payment invoices to identify fruitless and wasteful expenditure. | 1-Aug-18 | 30-Nov-18 | Zulu K – CFO | In progress |

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| ANNEXURE C: ADMINISTRATIVE MATTERS | | | | | | | | | | |
|------------------------------------|---------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|--------------------|-------------|
| Audit Findings | | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Progress |
| | | | the misstatement of the fruitless and wasteful expenditure. | | | | | | | |
| 10 | Payable | Administrative matters | The balance unspent at the beginning of the year of the year for the CDM Operational and Maintenance (Water) grant was disclosed as zero for 2017/18 financial year whereas the grant register obtained from management indicated this at R1,098,404. | New | Inadequate review of financial information | 1. Draft Annual Financial Statements process plan to ensure adequate preparation and review of the AFS. 2. Quarterly preparation and review of the financial statements. | 1-Aug-18 | 30-Jun-19 | Zulu K - CFO | In progress |