



# **2014-2015**

# **DRAFT ANNUAL REPORT**

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## COMPONENT A: MAYOR`S FOREWORD

### CHAPTER 1: MAYOR`S FOREWORD AND EXECUTIVE SUMMARY

I am pleased and at the same time feels very much profound to present the Municipality's 2014/2015 Annual Report which covers the period from 1<sup>st</sup> July 2014 to 30 June 2015. The report covers our progress in line with the Municipality's Growth and Development strategy and at the same time tracking the operational performance in context of the Municipality's approved 2011/2016 Integrated Development Plan (IDP).

I would like to take this opportunity to acknowledge efforts of the Municipality's leadership and administration in positively and wilfully advancing the Municipality's strategic and transformation agenda during the year under review, and also send my special thanks to them for their perseverance and readiness in being bold enough to implement the objectives of the Municipality in the context of the changing and increasingly unpredictable development paradigm.

Our mandate is guided by objects of local government as clearly articulated by section 152 of the Constitution of the Republic of South Africa. We are in this section required to concentrate on five key areas including Good Governance, Service Provision, Socio-Economic Development, Provision of clean Environment and Public Participation. The report is an exposition of our efforts in achieving our expectations based on these imperatives.

In response to the needs of our communities and the pursuits for excellence in achievement of our mandate as required by legislation, a thorough stakeholder consultation was conducted in the form of four imbizos in strategic centres of our municipal area, where priority needs from communities were collated and carefully crafted into our strategic document,i.e.the Integrated Development Plan(IDP).

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The IDP set out priorities and targets for the attainment of desired objectives, of creating a better life for our communities. This consultative process was done through ward based planning, Traditional Authorities, Faith based Organisations, special focus groups, Business fraternity and our IDP Representative Forum.

We seriously take into consideration values of good governance and we improved on our compliance issues and managed to submit our Draft Annual Report in time unlike in the previous financial year. It is our outmost desire to always overcome the capacity constraints that impedes compliance to important legislative requirements. We remain committed to turning the tide in pursuit of clean audit opinions as set out by “operation clean audit of 2014”. We have managed to improve from the two consecutive qualified audit opinions to an unqualified audit opinion in the 2014/2015 financial year.

The appointment of Manager Internal Audit brought some positive approaches to our audit and compliance. To that effect, we have established Operation Clean Audit Steering Committee, constituted by all Senior Managers and external stakeholders like COGHSTA, Treasury (provincial), and Capricorn District Municipality. Let me also indicate that the appointment of the Municipal Manager brought lot of stability in the Senior Managerial position and enhanced the entire administration of the municipality.

In marking the fourth year of our term of office we have completed amongst others, Makgato Internal Streets Phase II, Morebeng Internal Streets Phase II, Construction of High mast Lights at Ramokgopa Stadium, Ramokgopa Tribal and Mohodi Tribal office, Mogwadi Park Phase II.

Total dependency on boreholes for water provision, impacts negatively on water supply by Capricorn District Municipality. Hence with our continued collaboration with Capricorn District Municipality an endeavour for solution to this challenge will in the ultimate end, be attained. A solution to effective sanitation model has to be sought, as most of the VIP toilets constructed by our District Municipality are full and there is no maintenance mechanism in place.

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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. The total population of Molemole Municipality over a period of four years increased from 100406 in 2007 to 108321 in 2011. This resulted in an increase of about 7 915 to our then population size. This reflected an increase of 1, 9% average growth per annum. We are hopeful that this will also add value to our Local Economic Development.

We take cognisance, of the migration of vital scarce skills from our municipality in search for employment opportunities elsewhere outside our municipal boundaries, which in turn impacts negatively on our economic growth. We have however enrolled 6 learner's in different tertiary institutions through our Mayoral Bursary Fund. Through our database of unemployed Agriculture Graduates, we have enrolled 9 students into an internship programme through partnership with commercial farmers. The objective, into develop them into commercial farmers themselves.

Investor attraction is one of the critical strategies in pursuit of job creation and economic growth. Our target is recruitment of key investors in the mining, Agriculture, Tourism and Manufacturing sectors. We have in response to that, implemented an investor coordination programme which intends to expose Molemole economic prospects to potential investors in sectors alluded to, the outcome of which will be realized in the long term.

In partnership with COGHSTA we have increased the number of our Community Works Programme from 1100 to 1380 beneficiaries. We will continue to lobby for more opportunities as this helps to reduce the level of poverty and unemployment within the municipality. In the course of implementation of our own projects, 52 more jobs were created during the period under review, through the EPWP Environment and Culture Sector Programme adding to the already 1380 which we had.

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We have made positive strides in the right direction, to ensure sustainable municipal governance principles which reflects our passion for community needs. We have partnered with sector departments on programmes such as Library week, Arrive Alive and Establishment of Molemole AIDS Council.

We believe and are committed to honour our programme of action for 2014/2015 financial year as outlined in our Service Delivery and Budget Implementation Plan. I am making an appeal to all councillors, officials and the community at large to join us in an effort to build the municipality as a common responsibility we all share.

KOPANO KE MAATLA GO AGA SECHABA SE SE KAONE

Kind regards

HER WORSHIP HON.MAYOR PAULINA MAKGATO  
MOLEMOLE MUNICIPALITY.



## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

Municipal councils are obliged by section 127 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) to table and adopt an annual report at the end of every financial year within a prescribed period.

It is with humility and honour that I present the Annual Report for the 2014/15 Financial Year. This report seeks to demonstrate a fair presentation of the organization-wide performance for the year under review but also to enable all key stakeholders such as Council, Traditional and Community Leaders, Administration, members of the community and business to partake in reviewing municipal performance. In moving towards improved governance, the Council of Molemole adopted various cross-cutting policies geared at ensuring that the necessary controls remain in place and enable a conducive climate for accelerated service delivery characterized by principles of good governance that will eventually improve the quality of lives of our communities.

A number of policies tailor-made to suit our locality were crafted and successfully adopted by Council including but not limited to ICT Change Management, Disaster Recovery, Continuity Management, ICT User Account Management, Bereavement, Laptop Allowance, Petty Cash, Virement, Staff Retention, Contingent Liability Manual and a set of Budget related policies.

Interestingly and as part of institutional development and transformation, Organizational Process Re-engineering has produced positive results in boosting employee morale, enabling the municipality to attract accordingly qualified and experienced employees but also retaining them through the approved retention strategy.

In our quest for organisational renewal, it became necessary and essential that the Municipality identify programmes that have not been implemented but have the potential to enhance institutional performance hence robust training interventions per the approved WSP on both key finance officials including those at lower levels.

Our Integrated Development Plan (IDP) document has clearly set out objectives and targets for the realization of six (6) objects of local government. This principal strategic planning instrument also lay the basis for performance monitoring,

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measurement and evaluation. However, it goes further to guide and inform all planning, budgeting, management and decision-making processes in the municipality. It enabled highly improved performance by the entity in the financial year which led to an unqualified audit opinion for the very first time since the existence of the municipality. We are hard at work in ensuring that we improve from the said outcome and this time around work towards acquiring a clean audit and our belief as Molemole is that through the same spirit of collectivism, it is achievable.

Although few of the projects experienced isolated setbacks and challenges, the screws are being tightened to ensure that adequate monitoring and evaluation is exercised by highly competent employees who have some sense of selflessness, servitude, ethos of Ubuntu and who understand the plight of our communities.

Shortage of underground water, infrastructure theft, equipment breakdown and maintenance of ageing infrastructure remain a major challenge requiring long-term well researched integrated solution and a lasting or sustainable funding model because the repercussions have made it somewhat difficult to sufficiently deliver water to satisfactory levels.

A filling station and truck-in centre has been successfully opened as was planned creating jobs for the local unemployed residents but also enabling improved revenue generation.

The municipality also managed to complete 4,8 km Mohodi to Thupana Phase 1, designs for Machaka Sekakene Road and Installations of Highmast Lights at Ramokgopa Stadium, Ramokgopa Tribal offices and Mohodi Tribal offices. The commencement of a multi-year Sport Complex in Mohodi also happened during 2014/15 FY.

A significant improvement in terms of compliance to the National Environmental Management Waste Act (NEMWA) no. 26 of 2014 was realised during the financial year under review in that the license for the Soekmekaar (Morebeng) waste disposal site was obtained. Services of bulk refuse collection also commenced not only in the two towns but also at the Botlokwa Plaza. In its endeavours to provide healthy and safe environments within the community, the municipality has plans to extend waste management services to rural areas in future.

Traffic law enforcement has since been accelerated through filling of critical posts in the unit. Roadblocks and other law enforcement operations are staged on a consistent basis to ensure safety of roadusers.

Although adequate revenue generation still remains a major challenge, the municipality embarked on a mission to convert conventional metres to prepaid metres in both two (2) towns Mogwadi and Morebeng and is due for finalization.

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Functional council committees such as Audit committee, Municipal Public Accounts (MPAC) and Risk & Audit Committees continue to play a very instrumental role in ensuring accountability and exercising their oversight and their relentless efforts and contribution is highly appreciated.

Human Resources Management and Development initiatives have yielded acceptable results in that the municipality managed to fill a total of twenty five (25) vacancies and out of the said number, six (6) were filled by internal candidates. Development initiatives, particularly skills enhancement programmes were extended to more than sixty two (62) employees in order to enhance their competency levels, eventually contributing towards improved performance of the municipality. Turnover rate has been a worrying factor in the municipality but it has become a thing of the past with the controls that have been put in place. Beyond training programmes provided to employees internally but this time around in keeping with the spirit of National Treasury's regulation on the minimum competency levels (National Treasury Regulation No. R493-gazetted on 15 June 2007), a total of eight (8) employees are enrolled for Municipal Finance Management Programme (MFMP) in order to address gaps in competency levels of those officials in Finance and SCM.

The contribution made by our partners such as Capricorn District Municipality, COGHSTA, SALGA and Provincial Treasury cannot be left unappreciated because through tough times, they ensure that we rise above all challenges facing us in the spirit of cooperative governance and inter-governmental relationship. The need for continuous performance improvement through accelerated delivery of basic services to our communities in order to sustainably enhance their quality of lives remain our guiding principle as a service delivery machinery of government within the local sphere and such should be achieved within the spirit of doing more with less.

Mr. NI Makhura

Municipal Manager

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### INTRODUCTION TO BACKGROUND DATA

Molemole Local Municipality (MLM) is located in the Capricorn District Municipality (CDM) in the Limpopo Province. Other local municipalities constituting the CDM are Blouberg, Aganang, Lepelle-Nkumpi and Polokwane. MLM head office is located 60 kilometres to the north of Polokwane, with a population of 108,321 people<sup>1</sup>. The majority of the population is comprised of black Africans (98.1%) with a minority of whites, Indians and coloureds, which equates to only 1.9% of the population.

MLM has a population density of 31.9 persons per square kilometre, which is lower than the district, provincial and national averages of 75.1, 43.2 and 40.9 persons per square kilometres respectively which infers that the municipality is sparsely populated relative to the district, province and South Africa. Molemole Local Municipality covers an area of 3347km<sup>2</sup>. The municipality is bordered by:

- Polokwane local municipality to the south;
- Blouberg Local Municipality to the north west;
- Aganang Local Municipality to south west,
- Greater Letaba Local Municipality towards the south east; and
- Makhado Local Municipality in the northern direction

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The municipality has four Traditional Authorities namely Manthata, Makgato, Ramokgopa, and Machaka. It is the fifth densely populated municipality within Capricorn District and has a population of 108 321 and total of 30 043 households as reported in the Stats SA Census 2011.

Molemole municipality is predominantly rural and characterised by high level of poverty and inequalities. A large part of Molemole's economy depends on agricultural development. The municipality produces the finest potatoes and tomatoes for the export markets. However the agricultural sector has contracted significantly, resulting in many crop commercial farmers opting for game farming. Those employed are predominantly employed in government and community service sectors, followed by those working for a household, then retail and trade, followed by construction and then agriculture. The majority of households derive their income from social grants, public sector and informal sector.

Molemole municipality is the second largest economy, after Polokwane municipality, in the Capricorn District municipality. The development of the LED strategy is complete and the Housing Chapter is still a draft. The existence of the LED forum is also an advantage to the municipality.

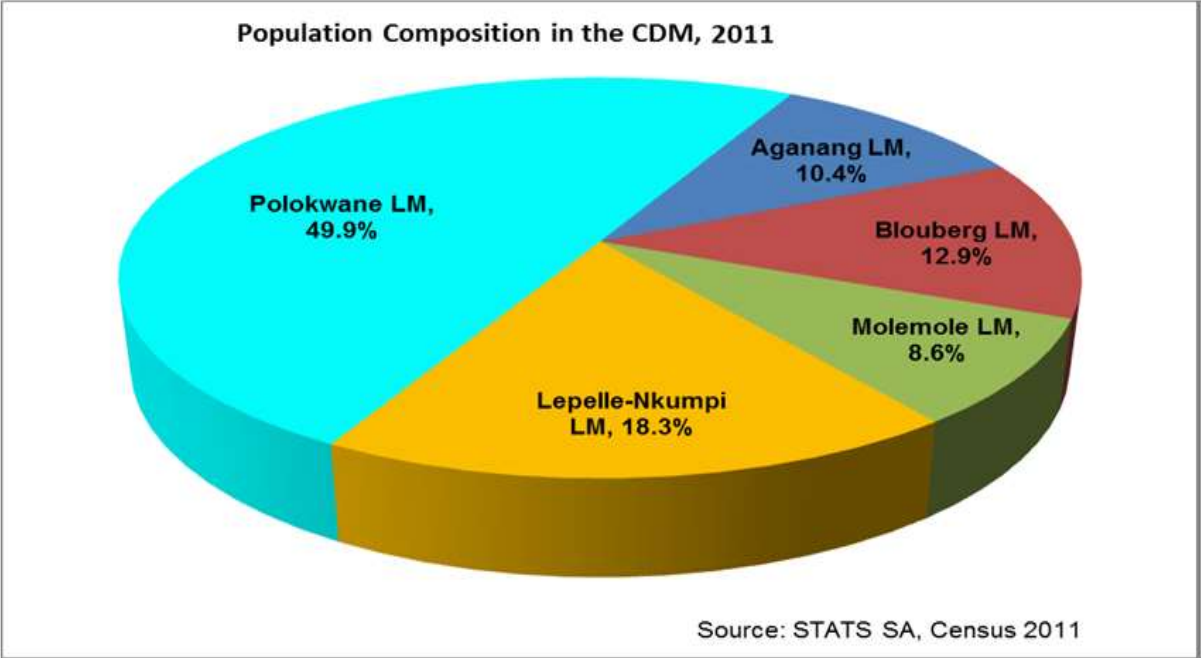
### **Population Trends**

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. The total population of Molemole LM increased over a period of four years from 100 406 in 2007 to 108 321 in 2011, resulting in an increment of about 7 915 people (1.9% average growth per annum) as reflected in **table 1**). The Molemole population constitutes 8.6% of the Capricorn District's and only 2% of the Limpopo Province's population.

According to **Diagram 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 (see **Diagram 2**).

**Diagram 1: Population Composition in the CDM**



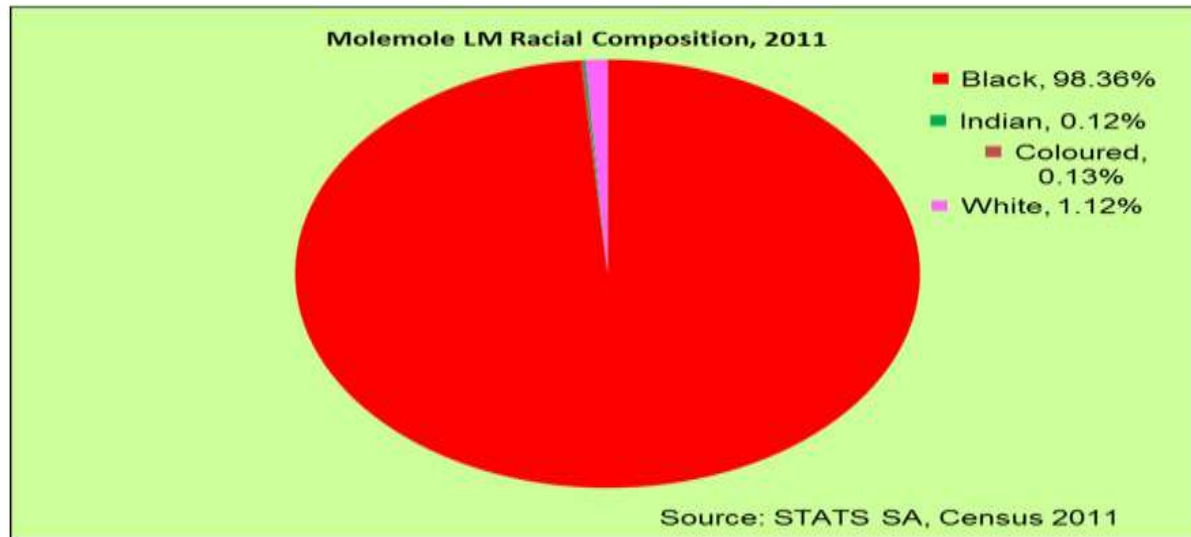
**Table 1: Population of Molemole, Capricorn District and Limpopo**

	2007							2011						
	Black	Coloured	Indian	White	Total	%	Black	Coloured	Indian	White	Other	Total	%	
Aganang LM	145 388	3	56	6	145 453	11.70	130 638	76	107	84	259	131 164	10.4%	
Blouberg LM	193 979	54	0	87	194 120	15.61	161 075	65	151	1 008	332	162 631	12.9%	
<b>Molemole LM</b>	<b>99 765</b>	<b>0</b>	<b>0</b>	<b>639</b>	<b>100 404</b>	<b>8.08</b>	<b>106 545</b>	<b>139</b>	<b>134</b>	<b>1 210</b>	<b>293</b>	<b>108 321</b>	<b>8.6%</b>	
Lepelle-Nkumpi LM	241 035	58	71	247	241 411	19.42	229 463	171	209	308	199	230 350	18.3%	
Polokwane LM	528 468	5 378	827	27 110	561 783	45.19	584 163	5820	4633	32 862	1 530	628 998	49.9%	
Capricorn DM	1 208 635	5 493	954	28 089	1 243 171	100	1 211 874	6 271	5 234	35 472	2 613	1 251 464	100.0%	
Limpopo Prov.	5 105 854	9 453	8 233	114 725	5 238 265		5 224 754	14 415	17 881	139 359	8 459	5 404 868		

INCREMENT	2007 - 2011				
	Black	Coloured	Indian	White	Total
Molemole LM	6 780	139	134	571	<b>7 624</b>
GROWTH PER ANNUM	2007 - 2011				
	Black	Coloured	Indian	White	Total
Molemole LM	1.7%	0.0%	0.0%	17.3%	<b>1.9%</b>

Sources: STATS SA, Community Survey, 2007; Census 2011

**Diagram 2: Molemole Racial Composition**



**Table: 2 Molemole Racial Composition per ward.**

Statistics South Africa/Census 2011 Community Profiles						
Descriptive_Electoral_Wards						
Table 2						
Geography by Population group						
for Person weighted						
	Black African	Coloured	Indian or Asian	White	Other	Grand Total
93503001: Ward 1	9541	23	27	796	79	10465
93503002: Ward 2	8884	3	5	2	14	8908
93503003: Ward 3	5885	10	9	8	1	5914
93503004: Ward 4	7148	-	8	2	13	7171
93503005: Ward 5	4916	-	8	4	2	4930
93503006: Ward 6	8434	5	10	3	47	8499
93503007: Ward 7	10065	13	18	10	11	10117
93503008: Ward 8	9736	3	9	1	16	9765
93503009: Ward 9	7988	11	7	5	31	8043
93503010: Ward 10	7423	46	18	352	44	7883
93503011: Ward 11	5026	8	5	1	20	5060
93503012: Ward 12	8335	14	5	17	9	8380
93503013: Ward 13	7076	2	6	3	7	7094
93503014: Ward 14	6087	-	-	4	-	6092
<b>Grand Total</b>	<b>106545</b>	<b>139</b>	<b>134</b>	<b>1210</b>	<b>293</b>	<b>108321</b>



**Table 3: Capricorn District Racial Composition.**

Statistics South Africa/Census 2011 Community Profiles

Descriptive\_Electoral\_Wards

Geography by Population group  
for Person weighted

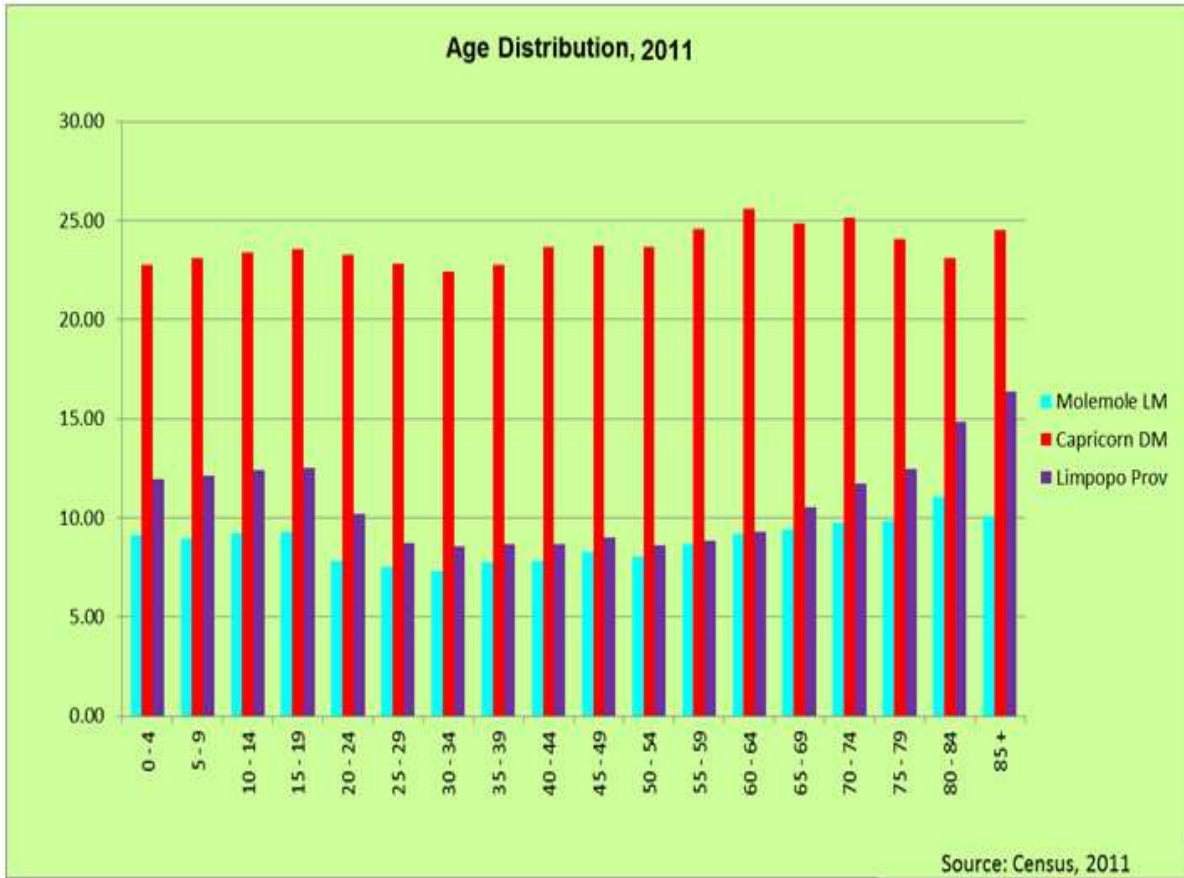
	Black African	Coloured	Indian or Asian	White	Other	Grand Total
LIM351: Blouberg	161075	65	151	1006	332	162629
LIM352: Aganang	130637	76	107	84	259	131164
LIM353: Molemole	106545	139	134	1210	293	108321
LIM354: Polokwane	584153	5820	4633	32862	1530	628999
LIM355: Lepele-Nkumpi	229463	171	209	308	199	230350
DC35: Capricorn	1211874	6271	5234	35470	2613	1261463
Grand Total	2423748	12542	10469	70940	5226	2522925

### 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 **Diagram 3 and 4**). 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.

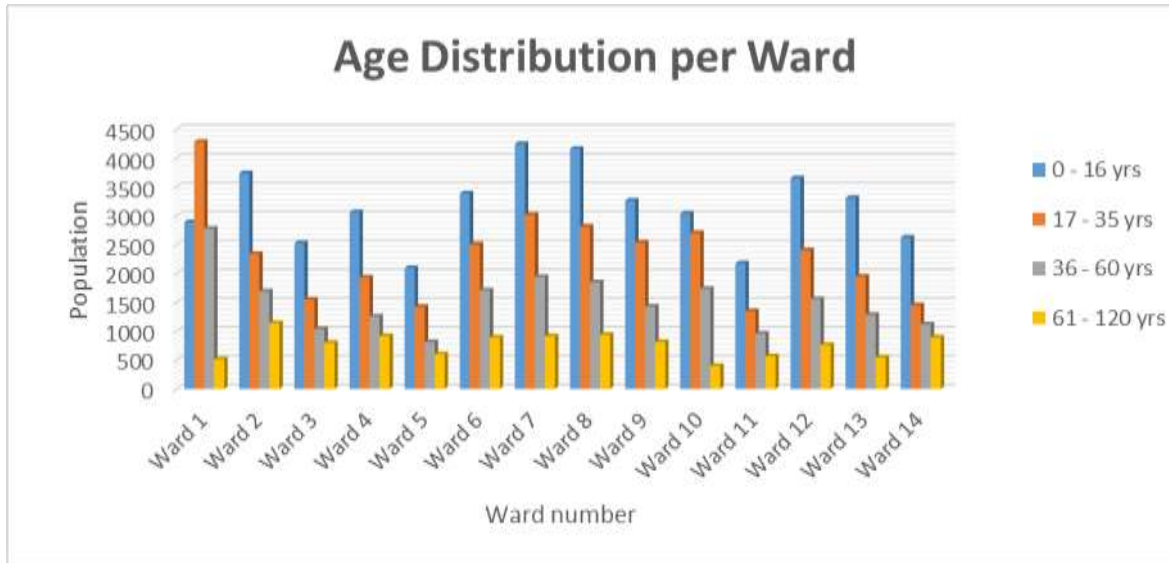
Diagram 4: Molemole Age Distribution



**Table 4: Molemole Age Distribution in terms of gender.**

Statistics South Africa/Census 2011 Community Profiles			
Descriptive_Electoral_Wards			
Age in completed years by Gender			
for Person weighted, LIM353: Molemole			
Age Groups	Male	Female	Grand Total
0 – 16	22344	21845	44189
17 – 35	15591	16673	32264
36 – 60	8377	12797	21174
61 – 120	3569	7125	10693
Grand Total	49881	58440	108321

**Diagram 5: MLM Age Distribution per ward**



## Employment Profile

The economically active population in Molemole Local Municipality increased significantly from 9.7% in 2001 to 26.3% in 2007 (see **Table 5**). 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.

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. **Diagram 5** 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

**Table 5: MLM Employment Status**

	Population	Percentage (%)
Employed	15225	57.3
Unemployed	11344	42.7
<b>Total</b>	<b>26569</b>	<b>100.0</b>
Economically Active	61598	56.9
Not Economically Active	46723	43.1
<b>Total population</b>	<b>108321</b>	<b>100.0</b>

**Table 6: MLM Formal Sector Employment Status per wards**

Statistics South Africa/Census 2011 Community Profiles			
In the formal sector	Male	Female	Grand Total
93503001: Ward 1	1450	1066	2516
93503002: Ward 2	230	250	480
93503003: Ward 3	217	231	448
93503004: Ward 4	117	176	293
93503005: Ward 5	99	109	208
93503006: Ward 6	243	322	566
93503007: Ward 7	362	417	779
93503008: Ward 8	229	261	490
93503009: Ward 9	201	224	425
93503010: Ward 10	617	549	1165
93503011: Ward 11	148	177	326
93503012: Ward 12	307	305	612
93503013: Ward 13	231	209	440
93503014: Ward 14	185	233	418
<b>Grand Total</b>	<b>4637</b>	<b>4529</b>	<b>9165</b>

**Table 7: MLM informal Sector Employment Status per wards**

Statistics South Africa/Census 2011 Community Profiles			
Labour Force_Electoral_Wards			
Type of sector by Geography by Gender			
In the informal sector	Male	Female	Grand Total
93503001: Ward 1	424	278	701
93503002: Ward 2	70	55	125
93503003: Ward 3	28	34	62
93503004: Ward 4	72	75	148
93503005: Ward 5	29	25	54
93503006: Ward 6	70	76	146
93503007: Ward 7	113	90	203
93503008: Ward 8	139	88	227
93503009: Ward 9	58	31	88
93503010: Ward 10	337	222	558
93503011: Ward 11	63	57	120
93503012: Ward 12	111	97	207
93503013: Ward 13	92	63	155
93503014: Ward 14	29	20	49
Grand Total	1633	1211	2845

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 2**). 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.

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.

**Diagram 7** 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.

**UNEMPLOYMENT RATE.**

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 2**). 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 2: Employment Status in Molemole LM, 2011**

	2011	Percentage
Employed	15225	57.3
Unemployed	11344	42.7
<b>Total</b>	<b>26569</b>	<b>100.0</b>
Economically Active	61598	56.9
Not Economically Active	46723	43.1
<b>Total population</b>	<b>108321</b>	<b>100.0</b>

Source: STATTS Census 2011

**INCOME LEVELS.**

As with education levels, income levels are concentrated in the low income categories and decrease in the high income brackets. This is an indication of poverty levels or state of communities and hence low affordability levels. **Diagram 5** 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.

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According to the 2011 Census results 11.4% of the population in Molemole LM received no schooling at all, while 68.8% of the population were in Grade 0 to 12 and only 5% of the population received or were busy with post matric qualifications. The above signals the need for education support programmes such as ABET education centres and the need for increased support in post matric programmes.

### **Educational profile**

The high proportion of people not 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. The improvement of the resident's skills 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 1 combined school.

There is one satellite FET College in Ramokgopa village and one Nursing College in Morebeng. Molemole has the highest proportion (20, 1%) of people not schooling. 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.

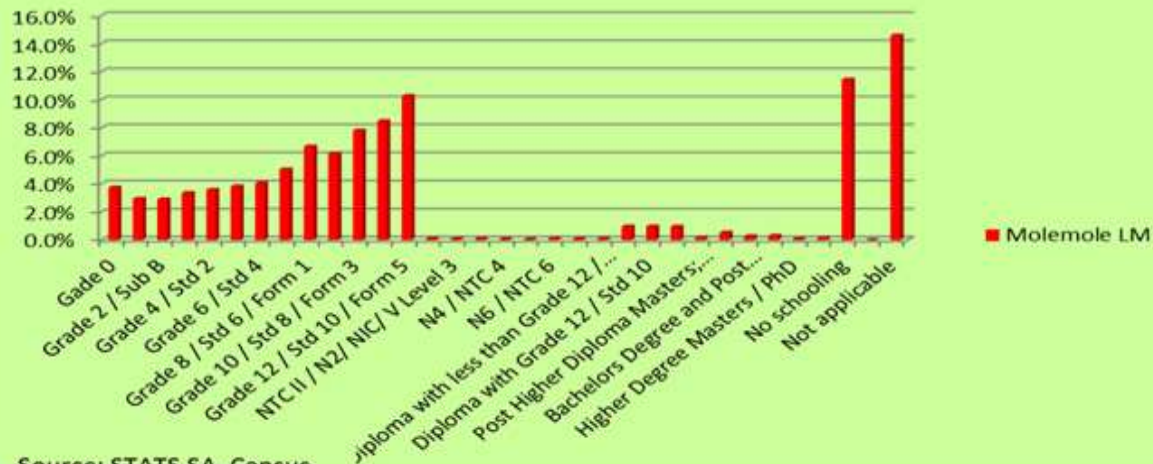
Molemole has two (2) functional community libraries at Mogwadi and Morebeng and six (6) mobile libraries at schools – four in the East (Sefoloko High School, Kgwadu Primary School, Itshumeleng Primary and Rakgasema Pre-School) and two (2) in the west (Seripa High School and Mangwato Primary School). 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.

Most of the schools are currently experiencing shortages of both classrooms and educators hence an imbalance in the teacher/learner ratio. Most of the schools are at a dilapidating stage and need to be rebuild, e.g. Masenwe Primary School at Mohodi Ha-Manthata.

According to the 2011 Census results (**Diagram 5**), 11.4% of the population in Molemole LM received no schooling at all, while 68.8% of the population were in Grade 0 to 12 and only 5% of the population received or were busy with post matric qualifications. The above signals the need for education support programmes such as ABET education centres and the need for increased support in post matric programmes.



### Level of Education, 2011



Source: STATS SA, Census

**Table 8: Educational Institution by Present school attendance**

Statistics South Africa/Census 2011 Community Profiles					
Educational institution by Present school attendance					
for Person weighted, LIM353: Molemole					
EDUCATIONAL INSTITUTION	CURRENT SCHOOL ATTENDANCE				
	Yes	No	Do not know	Unspecified	Not applicable
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	-	-	-	-
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

**Table 9****Statistics South Africa/Census 2011 Community Profiles****Education\_Electoral\_Wards****Table 9****Highest educational level by Population group  
for Person weighted, LIM353: Molemole**

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

Diploma with less than Grade 12 / Std 10	119	-	1	3	-
Certificate with Grade 12 / Std 10	1014	1	3	24	-
Diploma with Grade 12 / Std 10	1021	-	-	30	-
Higher Diploma	971	2	2	59	-
Post Higher Diploma Masters; Doctoral Diploma	178	-	-	8	-
Bachelors Degree	530	1	2	38	3
Bachelors 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

### People with Disabilities

According to the 2011 Census results (**Table 10**), majority of people with disabilities have a challenge with concentration/remembering with the total of 1102 persons. It is followed by those with a challenge of communication with the total of 974 persons

	Communication	Concentration/Remembering	Hearing	Seeing	Walking/Climbing stairs
<b>Some difficulty</b>	1724	3043	2574	6991	2760
<b>A lot of difficulty</b>	595	1074	498	1301	777
<b>Cannot do at all</b>	974	1102	294	357	802
<b>Do not know</b>	289	471	152	117	207
<b>Cannot yet be determined</b>	5356	5690	5273	5393	5301
<b>Unspecified</b>	2638	2255	2476	2363	2084
<b>Not applicable</b>	1725	1725	1725	1725	1725
<b>Grand Total</b>	<b>13301</b>	<b>15360</b>	<b>12992</b>	<b>18247</b>	<b>13656</b>

Source: STATSA SA, Census 2011

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## **Land Development and Land Use Management**

Molemole Spatial Development Framework, 2013 (SDF) integrate and coordinate on a broader level spatial information which includes the whole area of our jurisdiction and Molemole Land Use Management Scheme, 2006 (LUMS) on the other hand deals with the detailed administration of land development and land use change. The scheme assists to guide development and land control management. The implementation of the LUMS is still a challenge as majority of the settlements in Molemole are not formalised therefore, a phased approach will be used in order to address the challenge.

Land development and land use management is hindered by the applicability of different types of legislation to different areas and towns/settlements/villages in the Molemole Municipal area and the reluctance by Traditional Authorities to release land for development. There are four main types of land tenure in MLM that can be divided into Commercial Land (owned by banks, churches etc.), Government Land, Tribal Land; and Private Land. Tribal authorities are managing a small portion of the municipal land and other portions of land held in trust for the tribal authority although owned by the government.

### 1.3. SERVICE DELIVERY OVERVIEW

During the 2014/2015 financial year, Molemole Local Municipality made progress in key service delivery areas as aligned with the municipality's Integrated Development Plan (IDP) and Service Delivery Budget Implementation Plan (SDBIP). We believe that as a municipality we are making positive strides in the best interest of the communities we are servicing.

#### COMMENT ON BACKGROUND DATA:

Though diversity of 20 mineral deposits exists in the municipality, their size is so small that it renders them uneconomical or unsuitable for exploration. Mining in the municipality has been static, registering gross value-added of less than R50m for the past ten years. Mining activities in the municipality have over the years mainly been in the form of quarries which produced granite.

Visible mining activities over the years are dimension stones (granite) and crusher stone. The value of granite and its potential to stimulate the economy is miniature. The crusher stone has potential for growth in supplying various national, provincial and local government infrastructure projects in the municipality and beyond.

The other mining activity which has the potential is sand. Currently, the bricks for building inexpensive houses are sourced from outside the municipality as a result of lack of high magnitude for sand exploration in the municipality. There is a need for local entrepreneurs to apply for mining permits for building sand and building bricks.

There is a potential for the exploration of Iron Ore minerals in the Zandriverspoot area. Currently, there are two companies, Sekoko Resources and Sishen Iron Ore Company (trading as Polokwane Iron Ore Company, a partnership between Kumba Resources and AcelorMittal) which are evaluating economic potential of these iron ore mineral deposits. It is estimated that production will start in 2019.

Machaka Game Reserve is a 1100ha game reserve set in the beautiful mountains and offers visitors great game drives, nature trails, quad bike and rock climbing adventures. Institutional framework for operationalisation of the resource impedes development and operation of the facility to its full potential.

Tropic of Capricorn needle marks the furthest point south at which the sun can be seen directly overhead at noon. This provides an opportunity for tourism development in the area. Its proximity to Machaka Nature Reserve is an added advantage.

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A wetland in Morebeng is another important natural resource which serves as a water source during drought after catchment water can be diverted for storage.

Every municipality must give priority to the basic needs of their communities and at the same time making provision for the development of the local community whilst ensuring that municipal basic services are accessible and equitable.

We have been able to provide water and electricity to our communities though the District Municipality is still a water service authority. As a local municipality we only deal with Operation and Maintenance. The municipality is only responsible for both Morebeng and Nthabiseng Townships in terms of electricity. We are busy replacing our aging infrastructure in the two towns.

The tiring of the two roads namely Matipane-Madikana and Ramokgopa Eisleben are complete on their first phase. The challenges we are facing from water is the unreliable source as the municipality totally depend on ground water. On indigents the municipality is having an indigent register and provide free basic water and electricity to our indigents.

## 1.4. FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

The municipality draws its mandate from the Municipal Finance Management Act (MFMA) (Act 56 of 2003) based on chapter 13 of the constitution. The specific mandate is the implementation of the financial plan and the actual execution and reporting on the financial aspects of the overall Service Delivery Budget and Implementation Plan of the municipality. The municipality is comfortably liquid and have not experienced any cash-flow problem. The municipality has successfully closed its books on time and submitted its annual financial statements in accordance with section 126 of the MFMA.

The Municipality will continue to:

- Communicate performance achievements throughout all levels in the organization when it is adhering to the timely submission of section 71 reports, a section of the Municipal Finance Management Act (Act 56 of 2003) and annual reporting according to section 126 of the same act.
- Maintain integrity when it ensures compliance with all the Municipal Supply Chain Regulations as dictated by the Preferential Procurement Policy Frame Act (Act No. 5 of 200) as amended and all the relevant Regulations and Practice notes.
- Report its activities objectively and transparently when it periodically report to the Co-operative Governance Human Settlement and Traditional Affairs (CoGHSTA) and Treasury as the primary stakeholders in the public sector.
- Keep the public informed when it publishes its results as a major and important portion of the annual report of the municipality.

The Municipality is recruiting relevantly skilled and experienced staff, recruiting and continue training interns for continuity purposes. This is coupled with improving the information technology environment when the Municipality acquired latest reporting and asset tracking technology.

It remains a belief of the Municipality that clean administration in government is an achievable goal.



**Financial Overview – 2014/15**

R`000

Details	Original Budget	Adjustment Budget	Actual
Income	34,881,298	41,295,001	30,999,678
Grants	125,445,000	126,222,807	122,589,504
<b>Sub Total</b>	<b>160,326,298</b>	<b>167,517,808</b>	<b>153,589,182</b>
<b>Less Expenditure</b>	<b>117,321,784</b>	<b>124,146,305</b>	<b>140,040,601</b>
Net Total	43,004,514	43,371,503	13,548,581
*Note: surplus/(deficit)			T1.4.2

**Operating Ratios**

Detail	%
Employee Cost	47%
Repairs & Maintenance	2%
Finance Charges & Depreciation	6%

**Total Capital Expenditure 2012/13, 2013/14 & 2014/15**

R`000

Detail	2012/13	2013/14	2014/15
Original budget	53,011,000	40,474,395	42,784,870
Adjustment budget	55,668,000	43,695,460	42,893,849
Actual	39,982,000	24,526,305	34,354,278

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

Council approved an organisational structure making provision for a total of 204 funded and unfunded posts. Out of a total of 204 funded and unfunded posts, 32 is vacant and unfunded whilst 5 is vacant and funded. A total thereof of 167 posts are filled and fully funded on the organizational structure of the municipality. Percentage-wise the occupancy rate translates to 81.86 % and the vacancy rate stands at 18.13%.

A Workplace Skills plan (WSP) was compiled, consequently submitted as required to guide desired training programmes in an effort to strengthen capacity and a total of 102 employees despite limited funding were trained on various municipal programmes not limited to Minimum Competency prescribed Regulation. A total of 32 Councillors were also trained on various Councillors development programmes. A total of 75 employees including Councillors got trained specifically on skills programmes and 31 were taken through Learnership programmes whilst 28 were subjected to short courses.

A total of 23 appointments were made most of which arose out of terminations and a larger part thereof per the above figures were filled.

The Human Resource Management (HRM) is further strengthened through various Committees in line with Good Governance and are fully functional.

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

#### **A. External Bursary Programme**

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Two (2) new students (new intake) were awarded mayoral bursary to pursue their post-matric studies at Universities adding the total students on the programme to six (6)

**B. Internal Employee bursary programme**

Two (2) employees were awarded bursaries to pursue studies at various institutions of higher learning for the 2014/2015 financial year under Technical Services and Budget and Treasury office.

**C. Internships and Learnerships**

Internships that were facilitated by the municipality were in the areas of Finance; Town and regional planning; Administration and , IDP and Water and Sanitaion. In these various areas, all the appointed are Youth; 1 placed in Town and regional planning, 2 Administration, 1 Water and Sanitation and 4 interns are part of the Financial Management Grant (FMG) Internship programme. The interns on the FMG programme are on a two (2) year contract.

**D. Employee Wellness Program**

The municipality continues to provide Employee Wellness Services to all employees who require such services and has coordinated one (1) Employee Wellness Session during the financial year under review due to insufficient funds.

**E. Individual performance management**

The Performance Management system within the municipality is limited to Senior Management due to unavailaibility of an official to handle it properly and is planned for roll-out as soon as the recently created vacant funded post is filled, though pending integration of municipalities. There are no performance rewards within the current system.

**1.1. PERSONNEL PROVISIONING**

- a) **Recruitment and retention of employees** – 23 positions were filled in the year under review, 02 positions in Community Services, 06 in Technical Services, 03 positions in Municipal Managers office, 04 positions in Corporate Services Department, 04 in Finance and 04 in LEDP.
- b) An **Employment Equity** report was developed and submitted to the Department of labour in line with the requirements of the Employment Equity Act.

<b>EMPLOYMENT EQUITY ALL EMPLOYEES</b>	
Female	75
Male	92
<b>Grand Total</b>	<b>167</b>

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

<b>Department</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>
Community Services	22	25	47
Corporate Services	25	11	36
Local Economic Development & Planning	2	5	7
Finance Management Services	18	8	26
Technical Services	3	36	39
Municipal Manager's office	5	7	12
<b>Grand Total</b>	<b>75</b>	<b>92</b>	<b>167</b>

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

Number of total employees = 167

Number of people with disability = 4  
 Percentage = 2.40%

e) **Equity Status** at managerial level as at end 2014/2015 Financial year.

Occupatio nal Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
0-3	19	0	0	0	6	0	0	0	25
Percentage	76%	0	0	0	24%	0	0	0	100%

- f) **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.
- g) **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 complied within 2014/15 financial year.
- h) **Workplace Skills Plan (WSP)** and the **Annual Training Report (ATR)** were developed and submitted to the Local Government SETA by the 30<sup>th</sup> of April 2014.

**i) Leave Management**

**Employees:**

- Personal leave files were opened for all employees including transferred employees.
- Approved leave applications were captured weekly on payday system and updated regularly.
- The municipality is slowly migrating to electronic leave management system although there have been challenges when it comes to approval due to system downtime and server downtime as a result of Telkom data line.

**j) 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 2014/15 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 three (3) LLF meetings were convened.

## 1.6. AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT 2014/15

The municipality has for the first time obtained unqualified audit opinion. Historically, the municipality has been in tireless effort to correct prior year errors which led to material misstatements in annual financial statements. Over the past two financial years, efforts to correct such errors through putting up appropriate control mechanisms, credible asset inventory, full implementation of the audit action plan and ensuring compliance in all respects have materially amongst other things contributed to an improved audit opinion.

### **EXPLANATION TO CLARIFY SIGNIFICANT ISSUES RELATED TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 2014/15.**

#### **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.

Prior year errors on the financial statement were subjected to audit. This includes the re-statement of actual cash received by the municipality which was used as a factor to review the grading of the municipality from grade 2 to grade 3.

The above downgrading culminate in various negative consequences for the municipality. The previous negative development lead to loss of confidence by various important stakeholders, but this have been restored by the acceptance of the correction in the 2014/15 financial year.

#### **Going concern**

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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**

### **COMMENT ON THE ANNUAL REPORT PROCESS:**

The deadlines are important as they make the processes easy and consultation of all stakeholders possible. The municipality is able to reflect on the successes, failures and challenges of the previous financial year. This then prepares planners to come up with clear strategies to improve on where we did not do well as a municipality.

The importance of alignment is that there is common understanding and approach towards service delivery of the municipality as outlined in the IDP which is the strategic document of the municipality. The IDP sets broader objectives; narrows the objectives to the departmental level and performance monitoring monitors the indicators of our objective areas.



## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

##### 1.1. POLITICAL GOVERNANCE

Molemole municipality has twenty seven (27) councillors with Executive Committee comprising of five (5) councillors, chaired by the Mayor. The portfolios within the municipality are Corporate Services, Community Services, Finance Department and Local Economic Development and Planning and finally the Portfolio on Technical Services. Each Portfolio has a Chairperson except for LEDP and Technical services which shares one Chairperson. Council remains the highest decision making body where decisions are taken through passing of council resolutions. The Portfolio Committees recommend to EXCO whilst EXCO obtains approval from Council. Once Council has passed resolutions, they are then signed by the Municipal Speaker and kept in the Council resolutions register, copies. The resolutions are then distributed to relevant departments for implementation.

The municipality has an Audit Committee which is chaired by an outside independent person. The committee gives technical advice on financial matters but also reports direct to Council through its chairperson. Internal Audit unit is fully functional within the entity. Performance assessment is only applicable to Senior Managers through Chairperson of the Audit committee.

Municipal Public Accounts Committee (MPAC) is also established and fully functional. Members of MPAC are not serving in either of the council sub-committees. MPAC is the custodian of the Annual Report including community consultation and related stakeholder consultation before generating an oversight report.

## 1.2. ADMINISTRATIVE GOVERNANCE.

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE.

#### **ROLE OF THE MUNICIPAL MANAGER.**

The municipal manager is the head of administration of the municipality and is amongst other issues responsible for the policy direction of the municipal council and also accountable for:

- \* The formation and development of an economical, effective, efficient and accountable administration.
- \* carry out the task of implementing the municipality's integrated development plan in accordance with chapter 5 of the Municipal Systems Act 32 of 2000.
- \* Manage the Performance Management System of the municipality in accordance with chapter 6 of Municipal Systems Act 32 of 2000.
- \* Responsible for the community needs and make sure that the community participates in the affairs of the municipality.
- \* Manage the provision of services to the local communities in an equitable and sustainable manner.
- \* The appointment of staff other than those referred to in section 56.
- \* Maintenance of discipline of staff.
- \* Manage communication channels between the municipality's administration and its political structures and political office bearers.
- \* Carry out decisions of the political structures and political office bearers of the municipality.
- \* Responsible for all income and expenditure of the municipality, all assets and the discharge of all liabilities of the municipality.
- \* Proper and diligent compliance with the Municipal Finance Management Act.  
Ensuring adherence to principles guiding attainment of improving audit opinion by tightening internal controls.

#### **ROLE OF SENIOR MANAGERS**

- \* These are the managers appointed by the Municipal Council after consultation with the Municipal Manager.
- \* They are responsible to carry out mandates of their respective departments.
- \* They are also responsible to manage the budgets and personnel within their departments.
- \* Coordination of their Portfolio committees before Executive committee and council could decide on matters presented to them.
- \* Manage the performance of their respective departments.

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. Meetings of Senior Management take place on Mondays to map a way forward in terms of administrative responsibilities of the municipality. 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.

There are quarterly extended management committee meetings whereby the Municipal Manager reflects on the status of the municipality and the direction the municipality is taking. The meeting involves Senior Managers, Middle Managers and those positions which are seen as key even though they don't fall in either of the above categories. Staff General Meetings are convened Mid-yearly.

TOP ADMINISTRATIVE STRUCTURE

FUNCTION

MUNICIPAL MANAGER

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Mr N.I Makhura

Municipal Manager

SENIOR MANAGER

Mr E.K Moloko

Chief Financial Officer

SENIOR MANAGER

Mr M.H Madibana

Corporate Services

SENIOR MANAGER

Mr N.N Keetse

Local Economic Development and Planning

SENIOR MANAGER

Mr D.M Masipa

Technical Services

SENIOR MANAGER

Mrs Moabelo M.P

Community Services

## COMPONENT B: INTERGOVERNMENTAL RELATIONS.

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTER-GOVERNMENTAL RELATIONS:

Molemole views cooperative governance and inter-governmental Relations (IGR) in a very serious light as enshrined in section 41 of the Constitution. Taken together both the formal and informal components of the IGR system shapes the incentives for good governance and integrated service delivery. Keeping the relationship with other spheres of government as harmonious as possible remains a key factor in driving service delivery priorities in a more integrated manner hence our municipality continues to actively partake in both District and Provincial IGR forums not only to share common local government service delivery bottlenecks but also share best practices.

Sharing of limited resources including expertise between Molemole and some sector departments continues to accelerate service delivery within our local communities and the contributions made by other departments on how we run processes as a municipality changes the phase of the municipality. The role that COGHSTA, Provincial Treasury to list but a few departments play in our municipality is enormous and without their intervention from time to time on policy, IT, Training interventions, Finance management related interventions and other governance related issues, it will be difficult to completely do without them hence this unbreakable intergovernmental relations grows from strength to strength year after year.

### 1.3. INTERGOVERNMENTAL RELATIONS

#### NATIONAL INTER-GOVERNMENTAL STRUCTURES.

It is mainly SALGA initiated forums such as National IGR, Premier's IGR forums which from time to time enable various municipalities to interchange or share best practice models on a whole range of issues geared at accelerating service delivery for a better life. To a limited extent, institute for Local Government Management also does once in a while initiate meetings between municipalities. It goes without saying greater involvement of National and Provincial sector departments is still necessary in the development of IDP's and the involvement thereof should be of more senior representatives within this IDP processes.

#### PROVINCIAL INTER-GOVERNMENTAL STRUCTURE.

Molemole participates in various National, Provincial and local IGR forums in order to ensure that it is kept abreast of important developments in various areas of responsibilities. Through these forums, Molemole is able to exchange ideas, influence legislative and policy direction and benchmark with other spheres of government in an effort to share best practices.

#### RELATIONSHIP WITH MUNICIPAL ENTITIES

The municipality does not have any entity.

#### DISTRICT INTER-GOVERNMENTAL STRUCTURES

Beyond the above mentioned section, section 40 of the constitution on co-operative government also requires of all spheres of government despite their distinctiveness work interdependently. That they should not only assist each other but learn from each other to avoid competition and improve service delivery through a more integrated approach. As a result of these approaches, the Municipality participates in IGR structures including the following: MTAS, Premier's IGR and EXCO Lekgotla, District IGR and

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Mayoral Magoshi Forum. IGR Forums and committees ensured that sector-based projects are not only reflected in the IDP but are also aligned with Service Delivery imperatives of our local communities.

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

### **OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION:**

In pursuit of promoting public accountability and participation, Molemole Municipality demonstrated a strong commitment on community centred participatory approach in the management of the municipality. Extensive/ entrenched involvement of communities in Municipal planning through established institutional arrangements characterised by the initiative undertaken to give expression to public accountability. In this regard significant strides were made in engaging communities through the utilization of various governmental structures at both the Executive and Legislative components of Council.

Significantly this was aimed at ensuring that communities participate actively in the development of their respective areas and also ensuring that the Municipality's commitment to supplying the community with information concerning issues of Municipal governance, management and development. IDP and Budget engagements –IDP review meetings were held as a means to consult broader communities in an effort to allow them to prioritise their needs for consideration in the planning of the business of the Municipality.

## 1.4. PUBLIC MEETINGS

### WARD COMMITTEES.

Ward Committees serve as advisory body to the ward councillor. Take community issues to the council through ward councillor. Convene community feedback meetings in consultation with the Ward Councillor.

Nature and purpose of the meeting	Date of Events	Number of participating Municipal Councillors	Number of participating Municipal administrators	Number of Community members attending	Date and manner of feedback given to community
Mayoral Imbizos	26/09/2014@ Sekakene Community Hall	27	10	800	29 May 2015, IDP/Budget Final adoption@Capricorn Park, Morebeng.
	10/12/2014@M ohodi Community hall	08	08	565	
	09/04/2015@M amolamodi Swallows	27	07	400	
	11/06/2015 @Broekman, Ma fikeng	11	06	435	



IDP Consultative meetings					
Council Outreach Meeting					
Open Council Meeting	29/05/2015@ Capricorn park Morebeng				
	28/08/2014 @ Matseke Resource Centre, Botlokwa				

**COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD.**

- The turnout/audience at the events exceeded expected targets by bigger margins.
- Stakeholders who participated in the above public meetings include in the main, Traditional Leaders, Ward Committees, CDW's, Sector Departments, NGO's, CBO's, and the community members from various constituencies.
- Feedback on most issues raised were responded to immediately by the Political and Administrative leadership while some issues were referred to their relevant departments for further attention.
- In the period under review, there were no community protests, petitions or unrests directed at the municipality.

## 1.5. IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	No
Does the budget align directly to the KPIs in the strategic plan?	No
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	T2.5.1

## COMPONENT D: CORPORATE GOVERNANCE.

### OVERVIEW OF CORPORATE GOVERNANCE:

During the year under review, the priorities of the Municipality were channelled 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, the following interventions were made and National Treasury extended a helping hand and assigned a Technical Advisor who will assist the Municipality in all issues of Finance Management and broader compliance issues thereby ensuring skills transfer to existing personnel. Municipality ensured installation of prepaid meters in both towns for electricity and on-line vending solution for uninterrupted service when it comes to electricity purchase and Council on the other hand revised existing finance related policies ranging from SCM and other key rates policy streamlining them to external legislative amendments. In order to improve operational efficiency, the Municipality identified capacity building as a key strategic lever for the long term relevance of the Municipality and key focus thereof was on capabilities of broader workforce in keeping with the spirit of the NDP/ vision 2030 of strengthening the capacity of the state.

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. At senior management and mid-management level, there has never been any exit in the past two (2) years which then validates the positive results that came out of the said exercise and for a change, the Municipality is in a position to attract reasonably knowledgeable and better skilled employees. At this moment almost all critical positions except two (2) in the entity haven't been filled despite being funded and are due for processing pending Council resolve.

In recognition of participatory development planning as a key driver of developmental local government, the municipality made commendable strides involving (planning & budgeting). Against this backdrop, several community engagement structures were used

as a means of consultation and the most fundamental has been that of involving Local Traditional Leaders in the affairs of the Municipality beyond other legislated forums such as Izimbizo's and others.

The Municipality continued to express its commitment to the provision of quality services to its residents despite budget limitations resulting from non-payment of services in the two (2) towns by a larger group of residents. Although some challenges were experienced most of them were resolved and only two (2) projects could not be achieved whilst one (1) out of the two (2) is still undergoing court processes.

## **1.6. RISK MANAGEMENT.**

The Accounting Officer must ensure that the municipality has and maintains effective, and transparent system of financial, risk and internal control. During the 2014/2015 financial year Molemole had a functional Risk Management unit and the Risk Management Committee which is chaired by an external independent person. The Risk Management Committee is represented by various departmental heads.

Council approved policies to assist with the effective and efficient implementation of risk management. The policies approved comprises of Risk Management Policy, Risk Management Strategy and Risk Management Plan. The municipality also maintained a risk register during the year.

Molemole Local Municipality conducted a risk assessment session whereby all risk affecting the strategic objectives of the municipality were identified.

Quarterly progress reports were submitted to council in terms of the strategic risk register. The following risks were identified as top five (5) risks for the municipality

1. Lack of land for development purposes.

2. Misuse of land
3. Illegal dumping
4. Ageing infrastructure e.g. electricity, roads and water.
5. Inability to attract to investors.

## 1.7. ANTI-FRAUD AND CORRUPTION.

### 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, which engage in such practices or attempt to do so.

In an effort to fight Fraud and Corruption the municipality has approved and implemented the Fraud Prevention Policy, Fraud Prevention Strategy and the Fraud Prevention Plan.

The municipality also uses the review by the internal audit unit and the Office of the Auditor General (AGSA) on the control environment to the municipality 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.

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.

The municipality has implemented the following controls to prevent fraud and corruption.

- \* Financial policies and procedures
- \* Code of conduct for municipal officials and councillors
- \* Physical security
- \* Human resources policies and procedures

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 measurers that the municipality utilises in the fight against fraud and corruption.

## 1.8. INTERNAL AUDIT

The Internal Audit unit has in accordance with the approved annual plan conducted regulatory, internal control, performance audits and IT audits and presented to the Audit Committee for approval. The audits are informed by an approved three (3) years rolling Internal Audit plan which is being reviewed annually. 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.

## 1.9. SUPPLY CHAIN MANAGEMENT:

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 and related public practise notes.

Procurement is governed by an approved policy that has been formed through the above framework and is slowly in the process of in-keeping with the recent legislation and other pieces of legislation(s) that discourages fraud, corruption and money laundering and other anti-social behaviours related to financial impropriety and tax evasion.

Preferential treatment is practiced by the organ of the state in order to protect and assist in the protection or advancement of persons or categories of persons disadvantage by unfair discrimination.

#### 1.10. COMMENT ON BY-LAWS:

The Municipality is in the process of developing three (3) by-laws addressing Traffic (enforce and ensure compliance NRTA), street trading and (Spatial Planning and Land Use Management Act (SPLUMA). The aforementioned by-laws is in addition to the existing thirteen (13) Council adopted by-laws in the Municipality addressing various compliance issues.

#### 1.11. WEBSITES

##### 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	Monthly
All current budget related policies	Yes	1 <sup>st</sup> July
The previous annual report (2012/13)	Yes	
The annual report (2012/13 and 2013/14) published / to be published	Yes	

All current performance agreements required in terms of section 57 (1) (b) of the MSA and resulting score cards	Yes	On appointment
All service delivery agreements (2015/16)	Yes	
IDP 2015/16	Yes	
All long term borrowing contracts (2013/14)	No	
All supply chain management contracts above a prescribed value (give value) for (2013/14)	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during (2013/14)	Yes	
Contracts agreed in 2013/14 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
PPP agreements referred to in section 120 made in (2013/14 and 2014/15)		
All quartely reports tabled in the council in terms of section 52 (d) during (2014/15)		

#### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Molemole municipaity 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 matter which is 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).



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Although we believe a lot is being publicised in terms of MFMA (2003), we still believe a lot needs to be done to ensure full compliance to section 75 of the Act, especially on issues relating to supply chain contracts above R 100 000.00 and most importantly on contracts that have a bearing on the subsequent financial years (section 33 of the MFMA). In the coming financial years the municipality is planning to upgrade its website to be a hub of information for our residents. This will include an interactive system to enable our residents to share their service delivery experiences with the Mayor of the municipality.

Customer satisfaction surveys will be conducted online to take advantage of its speed of response as well as lower drop out rate usually experienced with manual surveys. Residents will also be able to download important information on government-wide policies and other service delivery programmes. Social media platforms like Facebook and Twitter will be introduced to heighten our interaction with communities.

#### **1.12. PUBLIC SATISFACTION SURVEY ON MUNICIPAL SERVICES**

The municipality is quite happy with the response rate generated from the use of our suggestion books in all our service points. This is because there has been an increase in the number of residents using suggestion books to register their complaints, suggestions or compliments. This makes work a lot easier for the municipality as with recent cases, it became possible to invite the complainants to show the municipal official handling complaints those areas they feel needed improvement and once addressed, the said complainant would be re-invited to check if the problem has been attended to their satisfaction. This is quite appreciated as it increases interaction with communities; an important ingredient of a fully functioning developmental local government. Another reason for the increase is the commitment of officials to ensure complaints are addressed at least within ten (10) days from date lodged.

The increased use of walk-in suggestions, complaints or compliments have also reduced the number of hoax complaints wherein resources had to be expended to follow up complaints which do not exist and those who lodged complaints not accessible on their

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preferred mode of contact. Communities are encouraged to continue working with the municipality and report service delivery related challenges which will accordingly be addressed based on availability of resources.

### **COMMENT ON SATISFACTION LEVELS**

In the 2014/15 financial year, and as per our commitment in the 2013/14 financial year, Molemole partnered with Capricorn District Municipality which is the water services authority, to conduct a customer satisfaction survey to assess satisfaction levels in relation to provision of water. The main objective of the survey was to study the design and delivery of municipal water services and most importantly to suggest strategies for the improvement of municipal water services. The municipality has taken note of the outcome of the survey and will use it in the next planning phase to correct the shortcomings and implement recommendations.

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

### INTRODUCTION

The financial performance report of the municipality for the financial year 2014/2015:

#### **REVENUE**

The adjusted budget for 2014/2015 amounts to R167,518,205.00 and Actual revenue collected as at 30 June 2015 Amounts to 154,448,972 (92%) compared to the proportional percentage of 100%.The 92% revenue recognized is based on accrual based accounting concept.

Description	Total Annual Budget	12 Months budget	12 months Actual	12 months % Income	Variance from 12 months budget	Reasons for variance
	R	R	R	%	R	
<b><u>Revenue By source</u></b>						
Property rates	10,368,367	10,368, 367	10,319,307	100	49,060	None
Service Charges-electricity revenue including selling of						Electricity Conventional meters has been converted to prepaid meters and residence are currently using electricity

prepaid electricity	10,141,214	10, 141,214	6,441,269	64	3,699,945	spiral due to the fact that they are in a position of monitoring units purchased and consumed
Service charges- refuse revenue	1,463, 952	1, 463, 952	102	86	(25, 790)	None
Rental of facilities and equipment	292,484	292,484	310,226	106	(17,742)	Increment on rental contracts implemented during the financial year.
Interest earned- external investments	723,959	723,959	1,255,011	173	(531, 052)	More excess cash was available for investment
Interest earned- outstanding debtors	4,360,426	4,360,426	4,144,675	95	215, 751	Municipality collected 80% of revenue and it led to a decrease in interests on debtors
Fines	910,452	910,452	1,398,467,	154	(488,0150)	The budget was based on cash basis, and the municipality implemented GRAP 1 of recognition of traffic fines on accrual basis
License and permits	7,253,926	7, 253, 926	4,636,941	64	2,616,985	Licensing and permit receipt were previously captured against traffic and traffic and licensing account and the difference was identified after the re-classification receipt.

Transfers recognized-operational	95,157,565	95,157,565	92,652,231	97	2,505,334	Refund on free basic water from Capricorn District Municipality not yet received and the condition met on PABX funded from MSIG not met
Transfers recognized-Capital	31,065, 242	31, 065,242	29,937,273	96	1,127, 969	Condition on salaries of PMU not fully met due to late appointment of PMU technician. Last payment of consultant of Machaka road delayed and rolled over to 2015/2016 financial year. The roll over for EPWP not approved but budgeted
Other revenue	5,780,618	5,780,618	1,863,830	32	3,916,788	Surplus cash for roll over projects 2013/2014 included under revenue
<b>Total revenue (including capital transfers )</b>	<b>167, 518,205</b>	<b>167, 518, 205</b>	<b>154,448,972</b>	<b>92</b>	<b>13,069,233</b>	

### OPERATING EXPENDITURE

The adjusted budget for 2014/2015 amounts to R124, 146, 306.00. Actual expenditure for the period ending June 2015 amounts to R119,658,92. On average 100% of the allocated budget should be spent by the end of the financial year, the municipality has spent 96% on operating expenditure inclusive of staff benefits.

DESCRIPTION	TOTAL ANNUAL BUDGET	12 MONTHS BUDGET	12 MONTHS ACTUAL	12 MONTHS % EXPENDITURE	VARIANCE FROM THE 12 MONTHS BUDGET	REASONS FOR VARIANCE
Employee related costs	61,271,253	61,271,253	57,397,263	94	3,873,990	Other vacant and funded posts not filled
Remuneration of Councillors	10,040,482	10,040,482	7,650,725	76	2,389,757	No upper limits for Councillors due to downgrading of Municipality from grade 3 to 2
Depreciation and Amortisation	4,000,000	4,000,000	7,955,649	0	(3,955,646)	Newly capitalization of assets and capitalized work in progress
Finance costs	25,000	25,000	269,391	1,078	(244,391)	The provision made was only for interest on late payments and interest on Nedbank cards for fleet. The municipality will make provision for interest on leases as well during budget adjustment 2015/2016
Debt impairment	3,170,280	3,170,280	6,130,228	193	2,959,948	The revenue collection of the municipality is low and the provision for doubtful debt is high which resulted in debt impairment high.
Repairs and maintenance	4,410,116	4,410,116	3,122,484	71	1,287,632	Roll over budget for EPWP for repair and maintenance of streets and pavements not approved.
Bulk Purchases	7,700,000	7,700,000	7,073,013	92	626,987	Provision was made on conventional meters and the municipality replaced the meters

						to prepaid one for Mogwadi residence.
Contracted Services	3,350,000	3,350,000	3,106,114	93	243,886	The provision for budget of security services was based on the current contract. The contract ended January 2015 and the new service provider was appointed less than the previous one
General Expenses	30,179,175	30,179,175	26,953,860	89	3,225,315	The following line items had an impact on underspending of general expenses <ul style="list-style-type: none"> <li>1. Consultancy fees-The budget for data cleansing was deferred to 2015/2016 financial year</li> <li>2. Free basic water-The machines for pumping water in the villages no longer use diesel but electricity.</li> </ul>
<b>GRAND TOTAL</b>	<b>124, 146, 306</b>	<b>124, 146, 306</b>	<b>119,658,724</b>	<b>87</b>	<b>4,487,582</b>	

### Capital Expenditure

DESCRIPTION	TOTAL ANNUAL BUDGET	12 MONTHS BUDGET	12 MONTHS ACTUAL	12 MONTHS % EXPENDITURE	VARIANCE FROM 12 MONTHS	REASONS FOR VARIANCE
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					<b>BUDGET</b>	
Assets from Own Funds	13,891,140	13,891,140	9,243,915	67	4,647,225	Delays in delivery Poor workmanship and lack of capital from service provider Failed to attract competent service providers The contractors has challenges in completing the project and requested the municipality to find another service provider to complete the project
Assets from Grants and Subsidies	29,002,709	29,002,709	25,110,363	87	3,892,346	Recognized exclusive Vat, Condition of grants met except payment delayed for consultant of Machaka to Sekakene road.
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>42,893,849</b>	<b>42,893,849</b>	<b>34,354,278</b>	<b>80</b>	<b>8,539, 571</b>	

Payments in respect of Capital Projects funded internally up to 30 June 2015 amounts to **R9,243,915** against 12 months budget of **R13,891,140**.

Payments in respect of capital projects funded by Grants up to 30 June 2015 amounts to **R25,110,363** against 12 months budget of **R 29,002,709**.

Total payments of capital projects as at 30 June 2015 is **R34,354,278** against 12 months budget of **R42, 893,849**.

### **DEBTORS**



### **Comprehensive analysis of services debtors**

The net outstanding service debtors as at 30 June 2015 amounts to Rand is made up as follows:

<b>Current Debt</b>	<b>Amount</b>
30 Days	1,581,651
60 Days	1,476,670
90 Days	1,479,920
120+ Days	65,062,507

<u>Plus Journals</u>	0
<b>Sub Total</b>	<b>69,062,507</b>
<u>Less: Credit Amounts</u>	0
<b>Total</b>	<b>69,600,748</b>

The outstanding amount of R69,600,748 is divided as follows:

<b>Category</b>	<b>Amount</b>
Government	16,223,513
Business	1,978,431
Households	41,989,902
Other	9,408,902
<b>Total</b>	<b>69,600,748</b>

## COMPONENT A: BASIC SERVICES

### 1.13. WATER

The municipality is a Water Service Provider under Capricorn District Municipality as a Water Service Authority. The powers and functions of Water Services Authorities is still with Capricorn District Municipality. Water and Sanitation provisions are guided by the Water Services Act (Act no. 108 of 1997) and Water National Act (Act no.36 of 1998). Molemole relies solely on boreholes or ground water for its water supply for both primary and agricultural use. 25% of Municipal households have access to water through water infrastructure while 47% of households have access to water through stand pipes and 28% of households are supplied through water tankers as they do not have water sources and reticulation. The District Municipality has in 2013/14 FY extended water reticulation and bulk water supply to villages in Mohodi, Maponto, Mekomene and Eisleben.

There is generally a major decline in the number of households without water supply. There is however a common challenge of water shortages especially in the villages as boreholes are running dry. Contingency plans have been put in place and seems to be functioning well. Statistics South Africa (Non- Financial Census, 2008) confirmed that 19 595 households received free basic water.

### 1.14. SANITATION

The municipality is responsible for supplying sanitation services in Morebeng and Mogwadi, while the District Municipality is responsible for sanitation provision in the rural areas. The District Municipality managed to construct 300 VIP toilets in 2013/14 through MIG funding. The local municipality is only responsible for operations and maintenance on sanitation infrastructure in Mogwadi and Morebeng. There is no sewer reticulation in the villages/rural areas, hence there is construction of VIP toilets.

## 1.15. ELECTRICITY

The Municipality holds the electrification license for Mogwadi and Morebeng towns and all villages are serviced by ESKOM. Our strategic objective is to provide, operate and maintain effective electricity services in order to improve the lives of our people. We are also working together with other sector department to address electricity backlogs i.e Capricorn District Municipality (CDM), Department of Energy (DoE) and ESKOM.

Our main strategic objective is to provide, operate and maintain effective electricity services in order to improve the lives of our people. We are also working together with other sector department to address electricity backlogs i.e Capricorn District Municipality (CDM), Department of Energy (DoE) and Eskom.

In 2013 we have managed through CDM to provide electrification project to Matseke, Ga- Sekhwama and Ga-Mokganya village. In the year under review we also managed to apply for additional funding from DoE. Like any other Municipalities our major challenge we are facing is the lack of funding. We therefore through IDP and other sector department strive to provide electricity services to our communities. Molemole Municipality is responsible to provide electricity only in Mogwadi and Morebeng towns; however Eskom is responsible to provide electricity in all villages within the municipal jurisdiction.

## 1.16. ROADS.

The municipality is responsible for upgaring, oparations and maintanance of roads and stormwater infrustructure. Our strategic objective for roads and stormwater is to improve/upgrade conditions of municipal roads and adequate maintenance of roads to enable economic growth. The maintenance of gravel road is done through continues grading and re-graveling, the upgrading of gravel to tar is done through Municipal Infrustructure Grant (MIG) as the municipality is unable to fund capital projects internally.

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The municipality is having a road network of 629 Km, which consists of National Road (N1), Provincial Roads and Municipal roads. Only municipal roads are the responsibility of the local municipality for upgrading, operations and maintenance. The municipality managed to upgrade 4.8 km of roads in the 2014/15 FY

### 1.17. WASTE MANAGEMENT

Refuse removal takes place consistently at Mogwadi and Morebeng towns. Refuse collection services are rendered by municipal employees once a week for households and twice a week for businesses. The municipality has commenced with bulk refuse collection (garden waste and builders' rubble).

Molemole has two licensed waste disposal sites, the Soekmekaar (Morebeng) and the Dendron (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 the current financial year and will continue into the next financial year.

In rural areas, refuse is mostly buried, dumped or burnt. Illegal dumping is currently a cause for concern in most areas due to high volumes of waste generated within the community. A need for rural waste management has been identified and the municipality has commenced with bulk refuse collection services at the Botlokwa Plaza in Ward seven and at the Capricorn FET College Ramokgopa Campus in ward 3. Plans are in place to gradually expand rural waste management services to other wards in the long term.

Environmental awareness educational campaigns were conducted at identified schools and within the community through the EPWP Youth Jobs in Waste program driven by the municipality. Ward councilors also engaged in waste management initiatives through volunteer recyclers at villages. Lack of funds pose challenges in implementing recycling, reuse and reduce practices but engagements for sourcing of funds from government and private sector are underway.

### 3.1. Access to refuse removal

<b>Wards</b>	<b>Removed by local authority/private company at least once a week</b>	<b>Removed by local authority/private company less often</b>	<b>Communal refuse dump</b>	<b>Own refuse dump</b>	<b>No rubbish disposal</b>	<b>Other</b>
Ward 1	605	62	306	2841	237	10
Ward 2	6	13	8	2435	28	5
Ward 3	19	7	24	1436	56	25
Ward 4	12	2	2	1825	25	-
Ward 5	9	2	6	1172	16	-
Ward 6	25	2	8	1920	298	10
Ward 7	25	6	21	2745	20	2
Ward 8	26	8	26	2398	199	7
Ward 9	4	6	6	1709	337	24
Ward 10	938	11	19	1095	55	14
Ward 11	9	2	-	1154	118	-
Ward 12	9	1	82	1890	194	12
Ward 13	3	-	1	1461	259	1
Ward 14	6	7	2	1647	26	-

## Challenges pertaining to Waste Management.

- Lack of funding for implementation of waste management initiatives like recycling and energy recovery from waste.
- Incapacity and lack of resources to control volumes of waste generated in wards two, three and four in particular. There is a dire need for construction of a landfill site at Ramokgopa.
- Illegal dumping of solid waste and builders' rubble within the community.

## COMPONENT D: COMMUNITY & SOCIAL SERVICES:

### 1.18. INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

#### COMMUNITY FACILITIES

##### 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.

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.

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The department commenced with a R4,5 million multi year project for construction of the Ramokgopa Library during the financial year under review. The project is planned to continue into the 2015/2016 financial year for completion.

## CEMETERIES

We still have two cemeteries in our towns of Mogwadi and Morebeng. Both cemeteries are fenced but still lack ablution blocks. Rural communities are supported by grading of roads leading to cemeteries and cutting of grass by Community Works Programme (CWP) beneficiaries.

## 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. However, the amenity has already been vandalised several times and this results in serious setbacks for both the municipality and the community. The multi year project for the construction of the Mohodi Sports Complex commenced in the current year under review and is planned for completion in the 2016/2017 financial year.

The two tennis courts at Mogwadi and Morebeng are due for refurbishment. The municipality has plans to refurbish the two amenities in the near future. There are a number of soccer fields in the villages and the municipality assists by grading them as requested by the community.

The availability of the Ramokgopa Stadium in Molemole East (what about Mohodi Sports Centre, Tennis Court and swimming pool in Mogwadi. Is it not important to give an expression about their status and future plans even though not functional at present) accords both the youth and the community opportunity to engage in sporting and other activities. The municipality envisage to establish a park (where) in the 2012/2013 financial yea

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.

### 1.19. PUBLIC 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 Eisleben Cross Taxi Rank finally came into being during the financial year under review. This amenity serves as a transfer public transport waiting facility for commuters travelling in the vicinities of wards one,two and three.

There are currently four taxi ranks in Molemole - Mogwadi, Marama, Morebeng and Eisleben Cross. Various bus companies operate within the municipality. Molemole residents mostly rely on mini bus taxis and busses to commute within and outside the municipal boundaries.

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. The Molemole Transport Forum has been launched to address issues pertaining to transport and its logistics.



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The Municipality does not have financial muscles to provide public transport services to the community. However, there are two taxi associations that operate within our area of jurisdiction, namely: Machaka Ramokgopa Makgato (Marama) and Bochum Taxi Associations.

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

- Surfacing of Road **D2037** linking Mogwadi to Bandelierkop;
- Surfacing of Road **D15 (P54/1)** linking between CDM and Vhembe DM around Morebeng; □ Surfacing of Road **D3459** which is gravel road between Ga-Kgare and Road D1200; and
- Surfacing of Road **D879** which is road between Boschbokhoek and Provincial Road D1356.

In addition to general maintenance problems, there are challenges facing the road network of the Molemole LM which include amongst others the following:

- The lack of access to, and within villages;
- The lack of bridges on some roads;
- The lack of stormwater provision on most roads and
- The lack of clear road markings;

Apart from the road network, there is a railway line servicing the Molemole LM. This line links Polokwane to Makhado and other towns in the north and south via Molemole LM in a north-south direction. Currently this line only provides a freight service and long distance passenger service. Public transport service is partially provided by Great North Transport and taxi minibuses.

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### **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 industries.
- Lack of grants to subsidise the taxi industry for purchasing of new vehicles.

## 1.20. 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. The housing backlog is currently at 1300 of which 200 units will be build in the 2015\2016 financial year.

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 awarding of title deeds by the Deeds Office.

Council approved that after completion of this process at Mogwadi, the same exercise should be extended to Nthabiseng and Capricorn Park. The municipality does not have any informal settlement due to its rural nature.

### **Housing challenges.**

- Accumulative backlogs.
- Incomplete RDP housing units across the municipality.
- Poor workmanship and non- compliance to NHBRC standards on some of the RDP units constructed previously.

Description	2012/13	2013/14	2014/15
	Actual No.	Actual No.	Actual No.
Water: (above min level)	-	1376	1389
<i>Piped water inside dwelling</i>	-	-	-
<i>Piped water inside yard (but not dwelling)</i>	-	15067	15080
<i>Using public tap (stand pipes)</i>	-	6513	6539
<i>Other water supply (within 200m)</i>	-		
Minimum service level and above percentage		51%	53%
Water; (below min level)		15120	16235
Using public tap (more than 200m from dwelling)		15067	16166
Other water supply (more than 200m from dwelling)		5756	6214
No water supply			
Below minimum service level sub-total		49%	47%
Below minimum service level percentage			
Total number of households*			

.....					
.....					
Details	2012/13	2013/14		Actual	Variance to Budget
	Actual	Original Budget	Adjustment Budget		
<b>Total operational revenue (excluding tariffs)</b>	<b>945,580</b>	<b>7,629,201</b>	<b>5,951,322</b>	<b>1,176,576</b>	<b>4,774,746</b>
<b>Expenditure;</b>					
Employees	4,346,314	5,506,620	5,540,639	4,557,601	983,038
Repairs and Maintenance					
Other	181,921	4,465,981	2,822,121	341,693	2,480,480

<b>Total operational expenditure</b>	<b>4,528,235</b>	<b>10,006,620</b>	<b>8,362,760</b>	<b>4,899,294</b>	<b>3,463,466</b>
<b>Net operational (service) expenditure</b>	<b>-3,582,655</b>	<b>-2,377,419</b>	<b>-2,411,438</b>	<b>-3,722,718</b>	<b>1,311,280</b>

### 3.2 WASTE WATER (SANITATION) PROVISION.

Sanitation Service Delivery Levels Households				
Description	2011/12	2012/13	2013/14	2014/15
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<u>Sanitation/sewerage; (above minimum level)</u>				
Flush toilet (connected to sewerage)		2121	2121	
Flush toilet (with septic tank)		455	455	
Chemical toilet		111	111	
Pit toilet (ventilated)		5857	6157	
Other toilet provisions (above min. service level)				
		14433	14729	
Minimum service level and above sub-total		22.97 %	24 %	
Minimum service level and above percentage				
<u>Sanitation/sewerage; (below minimum level)</u>				
Bucket toilet		None	None	
Other toilet provisions (below min service level)		5667	5367	
No toilet provisions				
		2922	2629	
		8589	8289	
Below Minimum service level sub-total				
Below Minimum service level percentage				
Total Households				

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The Capricorn District Municipality as the Water Services Authority managed to construct 300 VIP toilets in the Molemole Local Municipality villages. As the Water Services Provider we are only responsible for maintaining the existing sanitation infrastructure in Mogwadi and Morebeng towns, there is no sanitation infrastructure in the villages hence there is construction of VIP toilets.

## 1.21. ELECTRICITY

Electricity Service Delivery Levels (complete the outer years)				
Households				
Description	2011/12	2012/13	2013/14	2014/15
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)	-	-	<b>30485</b>	<b>30485</b>
Electricity (at least min. service level)	-	-	-	
Electricity – prepaid (min. service level)	-	-	-	
Minimum service level and above sub- total				
Minimum service level and above percentage				
Energy: (below minimum level)	-	-	<b>1081</b>	<b>1081</b>
Electricity (< min. service level)				
Electricity – prepaid (<min. service level)				
Other energy sources	-	-	-	-
Below minimum service level sub-total	-	-	-	-
Below minimum service level percentage	-	-	-	-
Total number of households				

**Households – Electricity service delivery levels below the minimum (Complete outer years)**

<b>Households</b>						
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>		<b>Actual No.</b>
	<b>Actual No.</b>	<b>Actual No.</b>	<b>Actual No.</b>	<b>Original Budget No.</b>	<b>Adjusted Budget No.</b>	
Formal settlements		-	-	-	-	
Total households		-	-	-	-	1081
Households below minimum service level						
Proportion of households below minimum service level						
Informal settlements		-	-	-	-	-
Total households		-	-	-	-	-
Households below minimum service level						
Proportion of households below minimum service level						

**Financial performance 2014/15; Electricity Services  
R`000**

Details	2013/14	2014/15			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total operational revenue (excluding tariffs)</b>	<b>5,550,086</b>	<b>10,284,934</b>	<b>10,290,718</b>	<b>6,538,615</b>	<b>3,752,103</b>
<b>Expenditure</b>					
Employees	1,573,873	2,047,493	2,142,493	1,829,925	312,568
Repairs and Maintenance	186,112	430,000	479,123	159,199	319,924
Other	140,538	0	1,110,000	925,999	174,001
<b>Total Operational Expenditure</b>	<b>1,900,523</b>	<b>2,477,493</b>	<b>3,721,616</b>	<b>2,915,123</b>	<b>806,493</b>
<b>Net Operational (service) expenditure</b>	<b>3,649,563</b>	<b>7,807,441</b>	<b>6,569,102</b>	<b>3,623,492</b>	<b>6,569,102</b>

**Capital expenditure 2014/15: Electricity Services  
R`000**

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
<b>Total all</b>					
<b>Electricity Networks</b>	<b>1,788,000</b>	<b>1,788,000</b>	<b>1,103,217</b>	<b>0</b>	<b>1,788,000</b>
<b>Highmast</b>	<b>500,000</b>	<b>500,000</b>	<b>1,146</b>	<b>0</b>	<b>500,000</b>
<b>Cranetruck with cherrypicker</b>	<b>1,300,000</b>	<b>1,300,000</b>	<b>936,909</b>	<b>0</b>	<b>1,300,000</b>
<b>Replacement of old electricity</b>	<b>520,000</b>	<b>520,000</b>	<b>519,900</b>	<b>0</b>	<b>520,000</b>

**Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)**



## 1.22. FREE BASIC SERVICES AND INDIGENT SUPPORT

### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Molemole Municipality is providing its debts collection and credit policy for indigent debtors in any manner that is consistent with its rates and tariffs policies and any national policy on indigents as regulated by section 97(1)(c) of the local government Municipal System Act 2000.

Molemole Municipality believes that everyone has a right to access health care services, sufficient food, water and social security, If they are unable to support themselves and their dependents as stipulated by section 27 of the South African Constitution Act 1996(Act 108 of 1996).

Free basic services to low income households										
	Number of households									
	Total	Households earnings less than R2 700 per month								
		Free basic water			Free sanitation basic		Free electricity basic		Free basic refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2012/13	6143	266	266	4%	266	4%	266	4%	266	4%
2013/14	5756	266	266	4%	266	4%	266	4%	266	4%
2014/15	5756	266	266	4%	266	4%	266	4%	266	4%

### COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

Free basic water and electricity is being provided to low income earnings who applied at the Municipality. For the household to qualify according to the approved policy of Molemole Municipality the total household income must be R2,500.00 or less per month subject to periodic adjustments by Council .The total expenditure for both water and electricity is R2,677,320.00 an only 50 households benefitted for the financial year under review.

## COMPONENT B: ROADS & STORMWATER

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

### 1.23. ROADS

#### INTRODUCTION

The municipality is responsible for operations and maintenance of roads and stormwater infrastructure. The strategy for roads and stormwater is to improve/upgrade conditions of municipal roads and adequate maintenance of roads to enable economic growth. The maintenance of gravel road is done through continuous grading and re-graveling, the upgrading of gravel to tar is done through Municipal Infrastructure Grant (MIG).

<b>Gravel road infrastructure Kilometers</b>				
	<b>Total gravel roads</b>	<b>New gravel roads constructed</b>	<b>Gravel roads upgraded to tar</b>	<b>Gravel roads graded/maintained</b>
<b>2011/12</b>	<b>623.6 km</b>	-	<b>5.1 km</b>	<b>623.6 km</b>
<b>2012/13</b>	<b>618.5 km</b>	-	-	<b>618.5 km</b>
<b>2013/14</b>	<b>613.2 km</b>	-	<b>5.3 km</b>	<b>613.2 km</b>
<b>2014/15</b>	<b>628.2 km</b>	-	<b>7 km</b>	<b>628 km</b>
<b>T3.7.2</b>				

<b>Asphalted Road Infrastructure</b>					
	<b>Total Asphalted roads</b>	<b>New asphalt roads</b>	<b>Existing asphalt roads re-asphalted</b>	<b>Existing asphalt roads re-sheeted</b>	<b>Asphalt roads maintained</b>
<b>2011/12</b>	<b>6.2 km</b>	<b>6.2km</b>	-	-	-
<b>2011/13</b>	-	-	-	-	-
<b>2013/14</b>	<b>5.3 km</b>	<b>5.3 km</b>	-	-	-
<b>2014/15</b>	<b>4.8km</b>	<b>4.8 km</b>	-	-	-
<b>T3.7.3</b>					

Road service policy objectives taken from IDP:									
Service Objectives  Service indicators (i)	Outline service targets  (ii)	2010/11		2011/12			2012/13	2013/14	
		Target	Actual	Target		Actual	Target		
		*Previous year	(iv)	*Previous year	*Current year	(vii)	*Current year	*Current year	*following year
		(iii)	(v)	(vi)	(viii)	(ix)	(x)		
Service objectives: To improve and maintain roads to enable economic growth and transportation system.									
	-	-	-	-	-	-	275 km to graded quarterly	711,3 km	-

<b>Financial performance 2014/15 Road services &amp; Storm water</b>					
<b>R`000</b>					
<b>Details</b>	<b>2013/14</b>	<b>2014/15</b>			
	<b>Actual</b>	<b>Original budget</b>	<b>Adjustment budget</b>	<b>Actual</b>	<b>Variance to budget</b>
<b>Total operational revenue (excluding tariffs)</b>	<b>18,467,461</b>	<b>30,397,000</b>	<b>31,065,242</b>	<b>29,976,813</b>	<b>1,088,429</b>
<b>Expenditure:</b>					
Employees	1,980,887	3,013,288	3,968,565	3,535,501	433,064
Repair & Maintenance	1,291,980	2,304,000	2,623,383	1,995,827	627,556
Other:	1,056,533	1,965,620	1,534,394	21,587,354	-20,052,960
<b>Total operational expenditure</b>	<b>4,329,400</b>	<b>7,282,908</b>	<b>8,126,342</b>	<b>27,118,682</b>	<b>-18,992,340</b>
<b>Net operational (service) expenditure</b>	<b>14,138,061</b>	<b>23,114,092</b>	<b>22,938,900</b>	<b>2,858,131</b>	<b>-17,903,911</b>

**Capital expenditure 2014/15: Road Services & Storm Water  
R`000**

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
<b>Total all</b>					
<b>Construction of change rooms</b>	<b>R2,000,000</b>	<b>3,494,000</b>	<b>2, 285,831</b>	<b>1,494,000</b>	<b>3,494,000</b>
<b>Construction of sefoloko low level bridge</b>	<b>0</b>	<b>84,445</b>	<b>72,230</b>	<b>72,230</b>	<b>84,445</b>
<b>Compact Roller</b>	<b>1,000,000</b>	<b>1,350,000</b>	<b>0</b>	<b>350,000</b>	<b>1,350,000</b>
<b>Machaka to sekakene gravel to tar</b>	<b>0</b>	<b>1,900,000</b>	<b>1,385,213</b>	<b>1,900,000</b>	<b>1,900,000</b>
<b>Mohodi to Thupana gravel to tar</b>	<b>9,254,400</b>	<b>21,254,400</b>	<b>18,873,546</b>	<b>12,000,000</b>	<b>21,254,400</b>
<b>Morebeng Internal Street &amp; Stormwater</b>	<b>0</b>	<b>198,859</b>	<b>174,437</b>	<b>198,859</b>	<b>198,859</b>
<b>Computer hardware and software</b>	<b>0</b>	<b>55,000</b>	<b>45,526</b>	<b>55,000</b>	<b>55,000</b>
<b>Office furniture</b>	<b>0</b>	<b>25,000</b>	<b>24,500</b>	<b>25,000</b>	<b>25,000</b>

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning and Local Economic Development.

### 1.24. LOCAL ECONOMIC DEVELOPMENT AND PLANNING

Molemole Local Municipality (MLM) is located in the Capricorn District Municipality (CDM) in the Limpopo Province. The neighbouring 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 institutionalising 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

Molemole Spatial Development Framework, Molemole Land Use Scheme and building control by-laws 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 is investing in the creation of an effective Geographic Information System (GIS) unit and with reliable database in order 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.

### 1.25. INTRODUCTION TO PLANNING

The municipality's planning strategy is to promote orderly development by implementing Integrated Development Planning and Spatial Rationale Principles. Molemole is characterised 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 characterised 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.

<b>Overview of neighborhoods within Molemole Municipality</b>	
<b>Settlements Type</b>	<b>Population</b>
<b>Towns</b>	
Morebeng	1004
Mogwadi	4045
<b>Sub-Total</b>	<b>5049</b>
<b>Townships</b>	
Nthabiseng	2679
Capricorn Park	1366
<b>Sub-total</b>	<b>4045</b>
<b>Rural Settlements</b>	
Madikana	3668
Mohodi	13125
Ga-Maponto	4530

Molemole NU	6545
Westphalia	1026
Ga Moleele	596
Moshasha	77
Schellenburg	352
Koekoek	421
Ga-Mokwele	174
Ga-Mabotha	113
Shashe	382
Ga-Poopedi	343
Tshitale	654
Manthata	450
Ga-Mokgehle	555
Brussels/Ga Tibu	803
Schoonveld	577
Sakoleng	584
Ga-Sako	520
Ga-Phasha	1896
Sekakene	3744
Mangata	1508
Mphakane	20438
Sefene	3949
Ramatjowe	2403
Matseke	6150
Ramokgopa	14859
Makgalong	373
Ga-Makgato	3160
Eisleben	4840
Ga-Kgare	407



<b>Sub-total</b>	<b>99222</b>
<b>Informal Settlements</b>	
Not applicable	0
<b>Sub-total</b>	<b>0</b>
<b>Total</b>	<b>108316</b>

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

There were no capital projects on the period under review.

## 1.26. LOCAL ECONOMIC DEVELOPMENT

<b>Economic Activity by Sector:</b>			
<b>R`000</b>			
<b>Sector</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
<b>Agric, forestry and fishing</b>	<b>16%</b>	<b>16%</b>	<b>16%</b>
<b>Mining and quarrying</b>	<b>3%</b>		
<b>Manufacturing</b>	<b>8%</b>		
<b>Wholesale and retail trade</b>	<b>15%</b>		
<b>Finance, property, etc.</b>	<b>24%</b>		
<b>Govt, community and social services</b>	<b>24%</b>		
<b>Infrastructure services</b>	<b>14%</b>		
<b>Total</b>			
<b>T3.11.2</b>			

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## COMMENT ON LOCAL JOB OPPORTUNITIES

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 nine (09) graduates; the graduates are 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.

**Financial performance 2014/15: Economic Development and Planning Services**

R`000

Details	2013/14	2014/15			Variance to budget
	Actual	Original budget	Adjustment budget	Actual	
<b>Total operational revenue (excluding tariffs)</b>	<b>19,504</b>	<b>305,630</b>	<b>35,630</b>	<b>25,004</b>	<b>10,626</b>
<b>Expenditure:</b>					
Employees	2,351,499	2,827,146	3,093,146	2,936,761	156,385
Repairs & Maintenance	0	0	0	0	0
Other	964,641	748,530	693,530	581,792	111,738
<b>Total operational expenditure</b>	<b>3,316,140</b>	<b>3,575,676</b>	<b>3,786,676</b>	<b>3,518,553</b>	<b>268,123</b>
<b>Net Operational (service) expenditure</b>	<b>-3,296,636</b>	<b>-3,270,046</b>	<b>-3,751,046</b>	<b>3,493,549</b>	<b>257,497</b>

**Capital expenditure 2014/15: Economic Development and Planning Services**

R`000

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
<b>Total all</b>					
<b>Street trading facilities</b>	<b>500,000</b>	<b>500,000</b>	<b>433,500</b>	<b>0</b>	<b>500,000</b>

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## COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The municipality through the Local Economic Development and Planning implement and introduce the following programmes as stated below:

The youth in agriculture programme, wherein about nine (09) graduates were appointed and placed at four (04) different farms; Soetdorings Boerdery, MAPPS Fresh Produce Enterprise, Maiwashe Estates and Eli-Mark Farming.

Formation of partnerships with private sector and other government institutions in order to coordinate investment opportunities within Molemole municipality; the investment coordination was championed by Mabu Investment Holdings whom the municipality outsourced to execute and manage the programme on behalf of the municipality.

Promotion of entrepreneurship through linking of Cooperatives and SMME's to benefit from potential funders such as PEACE foundation; Sekwena Arts and Crafts project has benefited from the programmes of the very same organisation.

The municipality staged Molemole Agricultural Summit at Mogwadi (Boere Saal) for the benefit of all the farmers in Molemole; whilst the Skills & Career Expo was held at Mohodi, Ha Manthata (Community Hall); and the focus was only for the learners from Bochum East Circuit.

Community Works Programme is also benefiting the residents of Molemole whereby about 1025 participants (people) have been appointed to work on the programme; only eleven (11) out of 14 wards benefits from the programme: ward- 1, 2, 4, 5, 6,8,9,10,11, 12 and 13. The remaining wards (3, 7 & 14) will however start to benefit during the financial year 2015/16 upon the provision of budget from the Department of Cooperative Governance and Traditional Affairs.

## COMPONENT D:SERVICE STATISTICS FOR LIBRARIES; COMMUNITY FACILITIES

Service Objectives  Service indicators (i)	Outline service targets  (ii)	2012/14		2013/14			2014/15
		Target	Actual	Target		Actual	Target
		*Previous year  (iii)	(iv)	*Previous year  (v)	*Current year  (vi)	(vii)	*Current year  (viii)
Mogwadi and Morebeng libraries	To provide service to youth by encouraging them to read	9000	5689		10500	7819	<ul style="list-style-type: none"> <li>Fully constructed pre-schools/community halls at Molemole.</li> </ul>

Financial performance 2014/15: Libraries, Community Facilities, other R`000						
Details	2013/14	2014/15			Variance to budget	
	Actual	Original budget	Adjustment budget	Actual		
<b>Total operational revenue (excluding tariffs)</b>	<b>8,143,599</b>	<b>9,142,128</b>	<b>11,211,644</b>	<b>7,866,599</b>	<b>3,345,045</b>	
<b>Expenditure:</b>						
Employees	10,259,338	13,475,224	14,839,324	14,030,453	808,871	
Repairs & Maintenance	152,286	359,610	393,610	108,397	285,213	
Other	508,683	929,537	1,999,317	2,211,892	-212,575	
<b>Total operational expenditure</b>	<b>10,920,307</b>	<b>14,764,371</b>	<b>17,232,251</b>	<b>16,350,742</b>	<b>881,509</b>	

**Capital expenditure 2014/15: Community facilities  
R`000**

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Morebeng dumping site	300,000	300,000	247,396	300,000	300,000
Erection of street litter bins	100,000	100,000	87,615	0	100,000
Equipment	65,000	65,000	64,601	0	65,000
Tractor	500,000	500,000	294,026	0	500,000
Mogwadi Landfill site	400,000	400,000	388,500	0	400,000
Esleben Cross taxi rank	500,000	500,000	429,000	0	500,000
Establishment of parks	500,000	500,000	434,311	0	500,000
Mohodi sports complex	4,341,450	4,341,450	3,790,603	0	4,341,450

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## **COMMENT ON THE PERFORMANCE OF LIBRARIES & COMMUNITY FACILITIES**

### **OVERALL:**

The municipality intends to build more community halls/crèches as per approved IDP .The two libraries are well maintained. The library policy is in place and is reviewed on a yearly basis.

T3.52.7

### CEMETORIES

#### INTRODUCTION TO CEMETORIES

The Municipality services and maintains two cemeteries at Mogwadi and Morebeng. The two cemeteries were fenced in the financial year under review. Currently the municipality does not have any crematoriums.

#### SERVICE STATISTICS FOR CEMETORIES

The municipality services and maintains two cemeteries at Mogwadi and Morebeng. The two cemeteries were fenced in the 2011/2012 financial year. Currently the municipality does not have any crematoriums.

#### COMMENT ON THE PERFORMANCE OF CEMETORIES

To ensure compliance with relevant environmental legislation, the 2 cemeteries at Mogwadi and Morebeng have been refurbished. The Waste and Environmental Management also provides for services of digging of graves as required by residents. The municipality does not have provision for crematorium services.

## **3.2. CHILD AND AGED CARE; SOCIAL PROGRAMMES**

## INTRODUCTION TO CHILD AND AGED CARE; SOCIAL PROGRAMMES

The Municipality does not offer child care services but only assist by building community halls which are coupled with pre schools. The Molemole Local Aids Council Technical Committee was inaugurated sometime in September 2012.

## SERVICE STATISTICS FOR CHILD CARE

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. We are having HIV infected children within our municipality. These centres are financially assisted by the Department of Health.

## COMPONENT E: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

## INTRODUCTION TO SPORT AND RECREATION

Sports and Recreation are key competencies of the Department of Sports, Arts and Culture. However, the municipality has the responsibility of coordinating sports within its community.

The availability of the Ramokgopa Stadium in Molemole East (what about Mohodi Sports Centre, Tennis Court and swimming pool in Mogwadi. Is it not important to give an expression about their status and future plans even though not functional at present) accords both the youth and the community opportunity to engage in sporting and other activities. The municipality envisage to establish a park (where) in the 2012/2013 financial year.



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

The non functionality of the Molemole Sports and Recreation Council is impacting negatively on the general performance of this unit. There is a need for proper coordination between the Municipality and sporting federations. The Municipality has participated in almost all Provincial games during the year under review.

## COMPONENT F: CORPORATE POLICY OFFICES AND OTHER SERVICES:

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

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

<b>Employees: The Executive and Council</b>					
<b>Job level</b>	<b>2013/14</b>		<b>2014/15</b>		
<b>Job Level</b>	<b>Councillors</b>	<b>Posts</b>	<b>Councillors</b>	<b>Vacancies (fulltime equivalents) No.</b>	<b>Vacancies (as a % of total posts) %</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>		
<b>0-3</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>0</b>	<b>0</b>
<b>4-6</b>	-	-	-	-	-
<b>7-9</b>	-	-	-	-	-
<b>10-12</b>	-	-	-	-	-
<b>13-15</b>	-	-	-	-	-
<b>16-18</b>	-	-	-	-	-
<b>19-20</b>	-	-	-	-	-
<b>Total</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>-0</b>	<b>-0</b>

Details of the types of account raised and recovered	2012/13		2013/14			2014/15		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in year	Proportion of accounts value billed that were collected in the year %	Proportion of accounts value billed that were collected %	Billed in year	Proportion of accounts value billed that were collected in the year %	Proportion of accounts value billed that were collected %
Property Rates	1 066 804.07	11.20	8 577 256.10	1 317 203.70	12.04	3782233.85	7075894.08	187.08
Electricity – B	94 626.49	56.45	161 853.96	81 799.34	50.45	0		
Electricity - C	1 570 268.84	56.88	2 257 105.09	1 493 385.78	66.07	2740356.74	2284215.13	82.79
Water – B	-	-	-			0	0	0
Water – C	499 741.74	20.87	1 701 122.43	377 771.09	21.89	1017654.72	666134.77	64.50
Sanitation	78 757.87	29.34	141 523.86	43 055.14	30.38	175940.08	90106.55	51.24
Refuse	173 377.84	13.42	1 368 150.45	157 374.84	11.48	1454935.92	189562.65	13.00
Other	845 305.49	0.29	3 420 617.16	1 032 035.92	30.17	4230481.88	630245.48	14.90

**B-Basic, C-Consumption. See chapter 6 for the Auditor General’s rating of the quality of the financial Accounts and the systems behind them T3.70.2**

<b>Financial performance 2014/15: Financial Services</b>					
<b>R`000</b>					
<b>Details</b>	<b>2013/14</b>	<b>2014/15</b>			
	<b>Actual</b>	<b>Original budget</b>	<b>Adjustment budget</b>	<b>Actual</b>	<b>Variance to budget</b>
<b>Total operational revenue (excluding tariffs)</b>	<b>95,865,325</b>	<b>107,597,355</b>	<b>111,732,945</b>	<b>107,869,677</b>	<b>3,863,268</b>
<b>Expenditure:</b>					
Employees	7,262,590	8,060,368	8,804,854	8,562,106	242,748
Repairs & Maintenance	0	0	0	0	0
Other	37,334,921	19,773,912	23,131,317	28,972,380	-5,841,063
<b>Total operational expenditure</b>	<b>44,597,511</b>	<b>27,834,280</b>	<b>31,936,171</b>	<b>37,534,486</b>	<b>-5,598,315</b>

<b>Capital expenditure 2014/15: Financial Services</b>					
<b>R`000</b>					
<b>Capital Projects</b>	<b>2014/15</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Variance from adjusted budget</b>
<b>Total all</b>					
Vending system	0	451,440	396,000	396,000	55,440
ICT software	0	200,000	85,687	85,687	114,313
Office furniture & Equipments	0	78,000	77,688	77,688	312

## 2.1 3.HUMAN RESOURCE SERVICES

### INTRODUCTION TO HUMAN RESOURCE SERVICES

The Division has successfully facilitated implementation of various employee benefits, labour relations & discipline, Wellness, Occupational Health & Safety, Training & Development and Organisational Development functions. The Human Resources Division has during the year under review implemented phase one of installation of electronic clocking system, filled twenty three (23) posts within the municipality, successfully reviewed the 2014/2015 organisational structure, engaged in municipal-wide Occupational Health and Wellness session and took steps to ensure that municipal offices meet safety compliance even within limited budgetary constraints. The municipality rolled-out several training interventions in terms of Learnerships, Skills Programmes and Short courses leading to 80% implementation of the planned training programmes as per the approved workplace skills plan (WSP) although challenges are encountered in terms of attracting accredited Training Providers for some of the desired Unit Standards leading to re-adverts. It remains an ongoing process to ensure that every employee in the municipality is capacitated enough to best discharge his or her responsibilities.

### SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Service Objectives  Service indicators (i)	Outline service targets  (ii)	2013/14		2014/15		2015/16	
		Target	Actual	Target			
		*Previous year (iii)	(iv)	*Current year (viii)	*Current year (ix)	*following year (x)	
Council Approved HR strategy	Develop HR Strategy	Development of Human Resources strategy	Development of Human Resources strategy	Employee Self-Service System  Draft strategy in place	Achieved  Partially achieved		

**Financial performance 2014/15: Corporate services  
R`000**

Details	2013/14	2014/15			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
<b>Total operational revenue (excluding tariffs)</b>	<b>100,052</b>	<b>372,961</b>	<b>375,339</b>	<b>209,716</b>	<b>165,623</b>
<b>Expenditure:</b>					
Employees	5,654,595	16,419,462	9,948,729	10,574,841	-626,112
Repairs & Maintenance	293,568	789,000	914,000	858,999	55,001
Other	11,536,330	11,453,297	12,968,586	12,774,940	193,646
<b>Total operational expenditure</b>	<b>17,484,493</b>	<b>28,661,759</b>	<b>23,831,315</b>	<b>24,208,780</b>	<b>-377,465</b>

**Capital expenditure 2014/15: Corporate Services  
R`000**

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
ICT Equipments	80,000	330,000	304,538	250,000	330,000
Furniture	60,000	106,400	100,240	46,400	106,400
Vehicles	1,600,000	1,000,000	823,725	-600,000	1,000,000

<b>ICT Software</b>		<b>400,000</b>	<b>150,000</b>	<b>334,260</b>	<b>-250,000</b>	<b>150,000</b>
<b>Construction of parking area</b>	<b>of</b>	<b>0</b>	<b>15,240</b>	<b>0</b>	<b>0</b>	<b>15,240</b>
<b>Erection of signboards</b>	<b>of</b>	<b>150,000</b>	<b>150,000</b>	<b>149,829</b>	<b>0</b>	<b>150,000</b>
<b>Guardroom</b>		<b>60,000</b>	<b>23,600</b>	<b>23,509</b>	<b>-36,400</b>	<b>23,600</b>
<b>Palisade Fence</b>		<b>150,000</b>	<b>157,515</b>	<b>157,515</b>	<b>7,515</b>	<b>157,515</b>
<b>PABX System</b>		<b>400,000</b>	<b>400,000</b>	<b>128,400</b>	<b>0</b>	<b>400,000</b>
<b>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</b>						

### 3.14. INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) SERVICES

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

The municipality's IT unit has been beefed up with the introduction of Manager: Information and Communications Technology services with the aim to address the persistent governance related challenges that the municipality has been facing over the past years. The incumbent will also be supervising all ICT related projects commissioned by the municipality and provide onsite support to users and also ensure that development of related IT controls are in place but also continuously probe efforts to improve ICT security within the municipality.

## SERVICE STATISTICS FOR ICT SERVICES

ICT Services Policy objectives taken from IDP									
Service Objectives	Outline service targets	2011/12		2012/13			2013/14	2014/15	
		Target	Actual	Target		Actual	Target		
		*Previous year (iii)	(iv)	*Previous year (v)	*Current year (vi)	(vii)	*Current year (viii)	*Current year (ix)	*following year (x)
Service indicators (i)	(ii)								
Service objective Installation of network system									
Disaster Recovery Plan	Installation of ICT offsite Data Disaster Recovery						Disaster recovery plan has been fully implemented	None	None
Access Control System	Installation of Electronic access						The Access control system has been	None	None



	control system						successfully implemented		
Wireless network system	Installation of wireless network at Morebeng						Wireless network installed at Morebeng municipal offices, library and traffic station		Upgrade data line to 1 Meg.

**COMMENT ON THE OVERALL PERFORMANCE OF ICT SERVICES**

Molemole municipality strives by all means to adapt to technological changes and in the 2014/15 financial year the municipality continued in that spirit by installing a Virtual Private Network to link all service points, viz, Morebeng offices (municipal branch, Library and Driver’s License and Testing Centers) and Mogwadi offices (Main office, Library and Traffic). The employees are now able to communicate with each other across service points by dialling an extension free of charge. This development will also save operational costs for the municipality as Managers are now able to interact with subordinates from various service points through a conference call. It is believed that this will go a long way in ensuring a seamless information sharing system to fast track decision making on service delivery issues.

It is however acknowledged that an increase in the workforce has now put some strain on the existing network speed (bandwidth) and in the coming financial year, funding will be committed to double the current bandwidth. This will be necessary as Technical services is currently constructing another building at Morebeng where employees to be allocated office space will require network connectivity.

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In the previous financial year, the municipality made a commitment to ensure that all service points have full internet and network connectivity and data integrity by the 2014-2015 financial year as well as obtaining a clean audit on ICT services. IT can be safely reported that the entity is doing well in that score and a clean audit in the year under review was obtained. The municipality launched ICT Steering committee in 2013/14 financial year and held one (1) comprehensive meeting in the 2014/15 which tackled a whole range of pertinent issues. Our sister municipality, Capricorn District Municipality has also conducted an ICT audit on our ICT systems and raised some issues that needed to be addressed. The municipality managed to tackle most of pertinent issues raised except those that required huge funding such as Standby Generator to ensure uninterrupted Power Supply in all buildings. There will be budget allocation in the coming financial years for procuring the generator and renovating the Server room to ensure it is in-keeping with acceptable standards. The **Manager responsible for Information Technology** is further responsible for monitoring and evaluating all ICT related projects and compile a strategic ICT Governance Framework that will guide an approach towards improving the entire ICT environment in the municipality. The Governance framework has been approved by Council in the year under review and the Manager will be working with all relevant stakeholders to ensure all the commitments are fully implemented.

## COMPONENT G: ORGANISATIONAL PERFORMANCE SCORECARD:

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

### CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

#### (PERFORMANCE REPORT PART II)

##### INTRODUCTION

The municipality's organisational development function focus largely on the creation of employment opportunities particularly to the designated groups as per Employment Equity Act (EEA), further the function provides opportunities for internal and external human resources capacity development in the form of skills programmes, trainings, learner-ships and bursaries. The function caters for key areas such as recruitment and skills development.

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

<b>Employees</b>								
<b>Description</b>	<b>13/14</b>		<b>14/15</b>					
	<b>No. Employees</b>	<b>No. Approved posts</b>	<b>No. employees</b>	<b>of</b>	<b>No. vacancies</b>	<b>of</b>	<b>% vacancies</b>	<b>of</b>
<b>Water &amp; Sanitation</b>	<b>22</b>	<b>24</b>	<b>23</b>		<b>1</b>		<b>-</b>	
<b>Electricity</b>	<b>03</b>	<b>03</b>	<b>03</b>		<b>-</b>		<b>-</b>	
<b>Waste Management</b>	<b>14</b>	<b>10</b>	<b>10</b>		<b>-</b>		<b>-</b>	
<b>Waste Water (Storm water Drainage)</b>	<b>02</b>	<b>02</b>	<b>02</b>		<b>-</b>		<b>-</b>	
<b>Roads &amp; Storm Water</b>	<b>12</b>	<b>13</b>	<b>13</b>		<b>-</b>		<b>-</b>	
<b>Local Economic Development</b>	<b>01</b>	<b>01</b>	<b>01</b>		<b>-</b>		<b>-</b>	

Planning (Strategic & Regulatory)	04	02	02	-	-
Community & social services	05	05	05	-	-
Environmental protection	02	02	02	-	-
<b>Totals</b>	<b>61</b>	<b>61</b>	<b>61</b>		

<b>Vacancy Rate: 14/15</b>			
<b>Designation</b>	<b>*Total approved posts No.</b>	<b>*Variances (Total time that vacancies exist using fulltime equivalents) No.</b>	<b>*Variances (as a proportion of total posts in each category) %</b>
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	4	0	0
Other S57 Managers (Finance posts)	0	0	0
Middle Management: Task Grade 15 -16 (excluding Finance Posts)	12	0	0
Middle Management: Task Grade 15 -16 (Finance Posts)	4	0	0
Professionals Task Grade 13-14 (Excluding Finance posts)	4	0	0
Professionals Task Grade 13-14 (Finance)	4		
Highly skilled supervision: Task grade 9-12 (excluding Finance posts)	54	0	0

Highly skilled supervision: Task grade 9-12 (Finance posts)	6	0	0
Semi-skilled Task Grade 6-8	29	0	0
<b>Total</b>	<b>119</b>	<b>0</b>	<b>0</b>

<b>Turn-over Rate</b>			
<b>Details</b>	<b>Total Appointments as of beginning of financial year No.</b>	<b>Terminations during the financial year No.</b>	<b>Turn-over Rate*</b>
<b>2013/14</b>	<b>155</b>	<b>12</b>	<b>7.74%</b>
<b>2014/15</b>	<b>152</b>	<b>10</b>	<b>6.57%</b>

**COMMENT ON VACANCIES AND TURNOVER:**

The municipality has improved significantly in the year under review in reducing the turnaround time for filling funded vacancies but also improved drastically in retaining employees due to the implementation of the re-engineering programme and a retention strategy. A total of twenty three (23) appointments were made. The municipality experienced ten (10) terminations ranging from normal retirement, death and resignations during 2014/15 financial year but 98% of the vacant posts due to said terminations were filled in the same financial year and only 2% in the subsequent financial year. Some delays that occurred were due to internal issues hence some could not be filled within the financial year whilst others were left vacant towards the financial year end. No resignation on Senior and Middle Management.

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The municipality has adopted an organisational structure, policies and procedures to ensure efficient operation as envisaged by section 67 of the Municipal Systems Act of 2000.

The municipality has established a sound administration that is reasonably representative with a workforce profile that depicts shortcomings in as far as representation of people with disabilities and women mostly at supervisory, middle management and senior management levels of the workforce are concerned. A lot still needs to be done as and when vacancies become available at both Middle and Senior Management to ensure replacement by female appointees who remain in the minority to try and balance the equation.

## 4.2. POLICIES

N O	POLICY NAME	DATE APPROVED	DATE LAST REVIEWED	RESOLUTION NUMBER	DEPARTMENT
1	Integrated Environmental Management Plan and Framework Report	31-03-2009	31-03-2009	A015/2009	Community Services
2	HIV/AIDS policy	31-03-2009	31-03-2009	31-03-2009	Corporate Services
3	Cellphone policy	28-04-2011	28-04-2011	A015/2009	Corporate Services
4	Mayoral Vehicle policy	30-05-2012	30-05-2012	OC03/2012	Corporate Services
5	Fleet Management Policy	31-05-2009	28-04-2011	A029/2011	Corporate Services
6	Customer Care Policy	31-05-2009	28-04-2011	A029/2011	Corporate Services
7	Records Management and Registry Policy	31-05-2009	28-04-2011	A029/2011	Corporate Services
8	S & T Policy	29-05-2012	29/05/2015	OC 6.4.6 /29/05/2015	Corporate Services
9	Telephone Usage Policy	28-04-2011	28-04-2011	A029/2011	Corporate Services
10	Municipal By-laws	29-05-2009	29-05-2009		Corporate Services
11	IT Password Policy	30-05-2012	30-05-2012	OC03/2012	Corporate Services
12	IT Data Backup Policy	30-05-2012	29/05/2015	OC 6.4.1/29/05/2015	Corporate Services
13	Internet and electronic mail policy	30-05-2012	30-05-2012	OC03/2012	Corporate Services
14	Molemole Budget Policy	29-05-2015	29-05-2015	OC29/05/15	Finance
15	Virement Policy	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance
16	SCM Policy	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance
	SCM Procedure Manual	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance
17	Tariff Policy	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance
18	Property Rates Policy	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance
19	Investment and Cash Management Policy	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance
20	Indigent Support Policy	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance
21	Policy on debt write-off	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	
22	Asset Management Policy	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance
23	Credit Card Policy	29-05-2015	29-05-2015	OC29/05/15	Finance

24	Petty Cash Policy	30-05-2012	29-05-2015	OC 6.3.1 /29/05/2015	Finance
25	Spatial Development Framework	12-07-2007	12-07-2007	A053/2007	LED&P
26	LED Strategy	30-05-2012	30-05-2012	OC03/2012	LED&P
27	Land Use Scheme				LED&P
28	Communications Strategy	29-05-2015	29-05-2015	OC 6.4.10/29/05/2015	Municipal Manager's Office
29	Public participation policy	14-08-2009	14-08-2009	A050/2009	Municipal Manager's Office
30	Schedule of Delegation of Powers	31-05-2009	31-05-2009	A034/2009	Municipal Manager's Office
31	Mayoral Study Bursary Fund Policy	31-05-2009	29-05-2015	OC 6.4.6/ 29/05/2015	Municipal Manager's Office
32	Fraud Prevention Strategy and Prevention Plan	25-08-2015	25-08-2015	OC61528/08/15	Municipal Manager's Office
33	Fraud Prevention Policy	02-08-2012	02-08-2012	OC61528/08/15	Municipal Manager's Office
34	Risk Management Strategy	25-08-2015	25-08-2015	OC61528/08/15	Municipal Manager's Office
35	Risk management Policy	02-08-2012	02-08-2012	OC61528/08/15	Municipal Manager's Office
36	Performance Management System Policy	29-05-2015	29-05-2015	OC 6.4.8/ 29/05/2015	Municipal Manager's Office
38	Staff Provisioning Policy & Recruitment Policy	29-05-2013	29-05-2013	OC04/2013	Corporate Services
39	Training and Development Policy	29-05-2015	29-05-2015	OC 6.4.7/29/05/2015	Corporate Services
40	Credit Control and Debt Collection Policy	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance
41	Policy on write-off and irrecoverable debts	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance
42	Cash Management and Investment policy	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance
43	Tarrif Structure	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance
44	Employee leave policy	29-05-2015	29-05-2015	OC 6.4.5/29/05/2015	Corporate Services
45	IT Security Management Policy	29-05-2015	29-05-2015	OC 6.4.2 /29/05/2015	Corporate Services
46	ICT Change Management Policy	29-05-2015	29-05-2015	OC 6.4.3 /29/05/2015	Corporate Services
47	Budget process policy	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance



## COMMENT ON WORKFORCE POLICY DEVELOPMENT

The municipality follows an all-inclusive approach when it comes to policy development. The draft policies are circulated to all officials for inputs and comments before being escalated to Local Labour Forum for further engagement and inputs sourcing. The final draft will then be circulated again to the employees for their final comments. Only after they have ratified the final draft the municipality can then submit it to Exco for recommendation to Council for approval. In the financial year under review, Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA) was also invited to coordinate training to Middle Managers and Senior Managers on policy development in an effort to nurture existing knowledge base. A lot of review on policies is done during strategic engagement sessions annually except on new policies and in special circumstances where pertinent and material policy gaps could be identified.

### 4.3. INJURIES, SICKNESS AND SUSPENSIONS

<b>Number and cost of injuries on duty</b>					
<b>Type of injury</b>	<b>Injury leave taken</b>	<b>Employees using injury leave</b>	<b>Proportion employees using sick leave</b>	<b>Average injury leave per employee Days</b>	<b>Total estimated cost</b>
	Days		%		R`000
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	15	2	0	15	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	<b>15</b>	<b>2</b>	<b>0</b>	<b>15</b>	<b>0</b>

<b>Number and period of suspensions</b>				
<b>Position</b>	<b>Nature of alleged misconduct</b>	<b>Date of suspension</b>	<b>Details of disciplinary action taken or status of case and reasons why not finalized</b>	<b>Date finalized</b>
<b>Municipal Manager</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Chief Financial Officer</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Senior Manager Community Services</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Senior Manager Local Economic Development &amp; Planning</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Senior Manager Technical Services</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Senior Manager Corporate services</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>

**Disciplinary action taken on cases of financial misconduct**

<b>Position</b>	<b>Nature of alleged misconduct and rand value of any loss to the municipality</b>	<b>Disciplinary action taken</b>	<b>Date finalized</b>
<b>Driver</b>	<b>Submission of fraudulent subsistence and traveling claims to finance for payment</b>	<b>Final Written warning</b>	<b>13 February 2015</b>
<b>Building Inspector</b>	<b>Submission of fraudulent subsistence and traveling claims to finance for payment</b>	<b>Final Written warning</b>	<b>13 February 2015</b>

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

There is a noticeable improvement in the sense that the developed WSP is strictly adhered to and addresses scarce and critical skills. The implementation is focused specifically on the planned interventions and lately LGSETA reimburses grant annually into the municipal kitty which was never the case before besides follow-ups made then.

Challenges : Unavailability of provincially accredited providers and non submission of tender bids by training service providers.

Lack of memorandum of understanding between municipality and local FET colleges , which could be utilised in training some of the planned interventions.

Disciplinary action taken on cases of financial misconduct			
Position	Nature of alleged misconduct and rand value of any loss to the municipality	Disciplinary action taken	Date finalized
Not Applicable	-	-	-

### 4.4. SKILLS DEVELOPMENT AND TRAINING

Skills Matrix						
Manag ement	Gender	Emple es in post as at 30 June 2015	Number of skilled employees required and actual as at 30 June 2015			
		No.	Learner-ships	Skills programme &	Other forms of training	Total

					other short courses									
			Actual 30 June 2014	Actu al 30 June 2015	Tar get	Actu al 30 June 2014	Actu al 30 June 2015	Targ et	Actu al 30 June 2014	Actu al 30 June 2015	Target	Actua l 30 June 2014	Actua l 30 June 2015	Targe t
MM & S57	Female	1	0	0	0	0	1	0	0	0	0	0	1	0
	Male	5	0	1	0	0	5	0	0	0	0	0	6	0
senior officials & manag ers	Female	5	0	2	0	0	27	0	0	0	0	0	29	0
	Male	13	0	0	0	0	23	0	0	0	0	0	24	0
Techni cians & associ ate profess ionals	Female	1	0	0	0	0	0	0	0	0	0	0	0	0
	Male	3	0	0	0	0	0	0	0	0	0	0	0	0
Profes sionals	Female	9	0	0	0	0	5	0	0	0	0	0	9	0
	Male	3	0	0	1	0	5	0	0	0	0	0	6	0
Clerical s	Female	22	0	0	15	0	7	0	0	0	0	0	29	0
	Male	24	0	0	0	0	16	0	0	0	0	0	16	0
Semi Skilled	Female	21	0	0	6	0	7	0	0	0	0	0	12	0
	Male	10	0	0	5	0	2	0	0	0	0	0	7	0
Sub Total	Female	59	0	0	0	0	0	0	0	0	0	0	0	0
	Male	58	0	0	0	0	0	0	0	0	0	0	0	0
Total		117			31		80						134	

**Financial competency development: progress report**

Description	A Total number of officials employed by municipality (Regulation 14 (4)(a) and (c))	B Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: competency assessment completed for a and B (regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with regulation 16 (Regulation 14(4)(f))	Consolidated: Total Number of officials that meet prescribed competency levels (Regulation 14(4)(a))
<b>Financial officials</b>	<b>16</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>9</b>
<b>Accounting officer</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Chief Financial Officer</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>0</b>
<b>Senior Managers</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>
<b>Any other financial officials</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Supply Chain Management officials</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Heads of SCM units</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Total</b>	<b>31</b>	<b>-</b>	<b>31</b>	<b>5</b>	<b>6</b>	<b>16</b>

Skills Development Expenditure										
Management Level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2014/15							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual 2014/5	Original Budget	Actual	Original Budget	Actual
		No.	Original Budget	Actual	Original Budget	Actual 2014/5	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	1	0	0	-	5 500	-	-	-	-
	Male	5	-	24 000	-	27 500	-	-	-	-
Legislators, senior officials and managers	Female	5	-	-	-	150 029	-	-	-	-
	Male	13	-	-	-	-	-	-	-	-
Professionals	Female	2	-	-	500 000	20 888	-	-	-	-
	Male	3	-	-	-	11 688	-	-	-	-
Technicians and associate professionals	Female	1	-	-	-	-	-	-	-	-
	Male	1	-	-	-	-	-	-	-	-
Clerks	Female	4	-	289 200	-	43 456	-	-	-	-
	Male	1	-	0	-	36 390	-	-	-	-
Service and sales workers	Female	-	-	-	-	6 000	-	-	-	-
	Male	-	-	-	-	3 000	-	-	-	-
Plant and machine operators and assemblers	Female	8	-	-	-	0	-	-	-	-
	Male	22	-	-	-	14 700	-	-	-	-
Elementary occupation	Female	8	-	-	-	3 000	-	-	-	-
	Male	22	-	-	3 000	-	-	-	-	-
Sub Total	Female	28	-	-	-	-	-	-	-	-

	Male	52	-	-	-	-	-	-	-

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

Note that our budget is centrally based in Corporate Services Department under Human Resources Management unit.

**Number of employees whose salaries were increased due to their positions being upgraded**

Beneficiaries	Gender	Total
Lower skilled (level 1-2)	Female	0
	Male	0
Skilled (level 3-5)	Female	0
	Male	0
Highly skilled production (levels 6-8)	Female	0
	Male	0
Highly skilled supervision (level 9-12)	Female	0
	Male	0
Senior management (levels 13-15)	Female	0
	Male	0
MM & S57	Female	0
	Male	0
<b>Total</b>		

Those with disability are shown in brackets `(x)` in the number of beneficiaries column as well as in the numbers at the right hand side



**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

**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

#### 4.5. REPORT ON MINIMUM COMPETENCY REGULATIONS AS AT 30 JUNE 2015

Position	Total Employed	Total Acting in Position	Completed all relevant unit standards as per the regulation	Outstanding Unit Standards as per the regulation	In training	Target date
<b>Municipal Manager</b>	1	none	YES	N/A	Completed	Completed
<b>Manager - Income</b>	1	none	YES	N/A	Awaiting results from the Service provider	Jun-16
<b>Manager - Budget and Reporting</b>	1	none	YES	N/A	Completed	Completed
<b>Accountant Expenditure</b>	1	none	YES	Registered 2014/15	Awaiting results from the Service provider	Jun-16
<b>Debtors Clerk</b>	1	None	YES	Registered 2014/15	2 Modules left	Jun-16
<b>3 Financial Management Interns</b>	3	none	NO	Registered 2014/15 (2 Unit standards outstanding)	2 Modules left	Jun-16

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

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

### 5.1. STATEMENTS OF FINANCIAL PERFORMANCE 2014/2015

Financial Summary						
Description	2013/14	Current year 2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted budget
<b>Financial Performance</b>						
Property Rates	9,399,061	8,345,692	10,368,367	10,319,307	-24%	0%
Service charges	6,927,963	11,848,358	11,605,166	7,868,111	34%	32%
Investment revenue	481,419	683,959	723,959	1,255,011	-83%	-73%
Transfers recognised – operational	85,002,910	96,502,000	97,080,948	94,106,231	2%	3%
Other own revenue	10,267,998	14,003,289	18,597,509	11,669,335	7%	27%
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>112,079,351</b>	<b>131,383,298</b>	<b>138,375,949</b>	<b>125,217,995</b>		
Employees costs	45,243,658	63,173,523	61,265,253	58,009,620	8%	5%
Remuneration of councillors		9,040,482	10,040,482	7,650,725	8%	5%

Depreciation & asset impairment		4,000,000	4,000,000	8,147,957	-104%	-104%
	7,584,942					
Finance charges		25,000	25,000	827,815	-3,211%	-3,211%
	6,637,029					
Materials and bulk purchases		7,000,000	7,700,000	7,073,013	-1%	8%
	1,186,335					
Transfers and grants		0	0	0		
	1,923,947					
Other expenditure		43,336,407	64,263,574	58,539,121	-35%	9%
	0					
<b>Total Expenditure</b>	<b>53,241,518</b>	<b>126,575,412</b>	<b>147,294,309</b>	<b>140,248,251</b>		
<b>Surplus (deficit)</b>	<b>115,817,429</b>					
Transfers recognised – capital		28,943,000	29,141,859	28,483,273		
Contributions recognised – capital & contributed assets						
<b>Surplus (deficit) after capital transfers &amp; contributions</b>						
Share of surplus (deficit) of associates						
<b>Surplus (deficit) for the year</b>						
<b><u>Capital expenditure &amp; funds sources</u></b>						
<b>Capital expenditure</b>	16,441,583					
Transfers recognised – capital	-					
Public contributions & donations	-					
Borrowing	-					
Internally generated funds	8,084,722					
<b>Total source of capital funds</b>						

<b>Financial position</b>						
Total current assets	47,347,629	38,010,899	38,010,899	51,890,714		-
Total non- current assets	179,330,341	212,527,103	212,527,103	144,464,582	-	-
Total current liabilities	18,237,762	28,088,776	28,088,776	16,407,804	-	-
Total non-current liabilities	7,110,032	4,081,978	4,081,978	8,815,029	-	-
Community wealth/equity	-	-	-	-	-	-
<b>Cash flows</b>						
Net cash from (used) operating	12,298,990	41,485,371	32,567,663	18,991,056	-	-
Net cash from (used) investing	14,267,255	38,506,383	32,567,000	14,095,519	-	-
Net cash from (used) financing	342,042	-	-	143,944	-	-
<b>Cash/cash equivalents at the year end</b>	<b>26,761,316</b>	<b>84,485,754</b>	<b>3,634,111</b>	<b>4,663,283</b>	-	-
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	8,972,348	-	-	-	-	-
Application of cash and investments		-	-		-	-
<b>Balance – surplus (shortfall)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Asset management</b>						
Asset register summary (WDV)	-	-	-	-	-	-
Depreciation & asset impairment	-	-	-	-	-	-
Renewal of existing assets	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-
<b>Free services</b>						
Cost of free basic services provided	2446753					64%
Revenue cost of free services provided	2446753					64%
<b>Households below minimum service level</b>						
Water	5155					0
Sanitation/sewerage	65					0
Energy	5155					0
Refuse	65					0
Variances are calculated by dividing the difference between actual & original /adjustments budget by the actual. Table is aligned to MBRR table 1						

**COMMENT ON FINANCIAL PERFORMANCE:**

**5.2. GRANTS**

<b>Grant Performance</b>						
<b>R` 000</b>						
<b>Description</b>	<b>2013/14</b>	<b>2014/15</b>		<b>2014/15 variance</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Adjustments budget</b>	<b>Actual</b>	<b>Original budget %</b>	<b>Adjustments budget %</b>
<b>Operating transfers and grants</b>						
<b>National Government:</b>						
Equitable share	80,478,000	89,014,492	89,014,492	89,014,492	0%	0%

Finance Management Grant	1,412,649	1,600,000	1,916,852	1,916,852	-19%	0%
Municipal systems improvement Other transfers/grants (Municipal Infrastructure Grand)	660,227	934,000	1,416,113	1,011,985	-8%	29%
<b>Provincial Government</b>						
Health subsidy Housing Ambulance subsidy Sports & recreation <b>Other transfers/grants</b>						
District municipality (CDM)	1,303,384	3,500,000	2,810,600	708,902	80%	75%
Other grant providers: (EPWP)	1,148,650	1,454,000	1,454,000	1,454,000	0%	0%
<b>Total operating transfers &amp; grants</b>	<b>85,002,910</b>	<b>96,502,492</b>	<b>9,612,057</b>	<b>94,106,231</b>		
<b>Variances are calculated by dividing the difference between actual and original/adjustments budget by actual</b>						
<b>T5.2.1</b>						

### 5.3. ASSET MANAGEMENT

#### INTRODUCTION TO ASSET MANAGEMENT

TREATMENT OF THE THREE LARGEST ASSETS			
Assets 1			
Name	Mohodi Sport Complex		
Description	Recreational Facilities		
Asset Type	Sports Complex		
Key staff involved	Community Services		
Staff responsibilities	Entertainment to Community		
Asset Value	<b>2013/14</b>	<b>2014/15</b>	
	0	3 790 603.45	
Capital implications			

<b>Future purpose of asset</b>	Entertainment
<b>Describe key issues</b>	
<b>Policies in place to manage asset</b>	Asset Management Policy

<b>Assets 2</b>		
<b>Name</b>	Change Room and Storeroom	
<b>Description</b>	Building	
<b>Asset Type</b>	Building	
<b>Key staff involved</b>	Technical Department (PMU/Road)	
<b>Staff responsibilities</b>	Municipal Storeroom and Employees Change Room	
<b>Asset Value</b>	<b>2013/14</b>	<b>2014/15</b>
	0	1, 491,227.23
<b>Capital implications</b>		
<b>Future purpose of asset</b>	Municipal Storeroom and Employees Change Room	
<b>Describe key issues</b>		
<b>Policies in place to manage asset</b>	Asset Management Policy	

<b>Asset 3</b>		
<b>Name</b>	Grane Truck with Cherry Picker	
<b>Description</b>	Special Motor vehicle	
<b>Asset Type</b>	Cherry Picker	
<b>Key staff involved</b>	Technical Department(Electricity)	
<b>Staff responsibilities</b>	Assist electricians	
<b>Asset Value</b>	<b>2013/14</b>	<b>2014/15</b>
	0	936, 909.00
<b>Capital implications</b>		
<b>Future purpose of asset</b>	Assist electrician to perform their duties	
<b>Describe key issues</b>		
<b>Policies in place to manage asset</b>	Asset management Policy	
<b>T5.3.2</b>		

COMMENT ON ASSET MANAGEMENT:



The municipal assets are well recorded/ kept in a compliant asset register in accordance with GRAP standards. The register provide information in detail with regard to each specific asset.

**5.4. PERFORMANCE OF SERVICE PROVIDERS AND SERVICE DELIVERY PRIORITIES DURING THE FINANCIAL YEAR**

Project Name	Advert Date	Appointment Date	Name of Supplier	Amount	Locality	Gender		Age Group		Project Duration	Completion period	Performance
						M	F	Y	A			
<b>Projects Over R200,000.00</b>												

Project Name	Advert Date	Appointment Date	Name of Supplier	Amount	Locality	Gender		Age Group		Project Duration	Completion period	Performance
						M	F	Y	A			
Preparation of GRAP compliant annual financial statements for the year ended 30 June 2014	07/07/2014	01/08/2014	Akhile Manangement and Consulting	479,494.00	Pretoria	X			X	4 Months		
Beautification Plan	16/09/2014	03/12/2014	Boledi a Boledi Trading	246,950.00	Ga-Masemola		X		X	4 Months		
Establishment of Parks	16/09/2014	20/11/2014	Tloutswala/Future SuccessJV	495,115.00	Polokwane		X	X		4 Months	5 Months	Fair
Design and construction of Eisleben cross taxi rank	16/09/2014	20/11/2014	Archi SA JV Tsoga Moepathutse	489,060.00	Polokwane	X			X	6 Months	7 Months	Fair
Supply, delivery and installation of electricity prepayment split meter at Morebeng	16/09/2014	20/11/2014	Katakata Trading and supply	469,950.00	Polokwane		X	X		4 months	7 Months	Poor
Landfill site	16/09/2014	20/11/2014	CRN Logistics (Pty) Ltd	388,500.00	Polokwane	X	X	X		4 months	3 Months	Good
Supply and delivery of tractor with a mounted grass cutter and bailer	09/12/2014	02/03/2015	Busines Behind Empowerment	335,190.00	Isando	X			X	2 Months		
Planning, design and project management of Morebeneg Market stalls	09/12/2014	27/02/2015	Mgoda Trading Enterprise	494,190.00	Polokwane	X		X		4 Months	4 Months	Good

Project Name	Advert Date	Appointment Date	Name of Supplier	Amount	Locality	Gender		Age Group		Project Duration	Completion period	Performance
						M	F	Y	A			
Mogwadi Internal Street maintenance	16/03/2015	27/02/2015	Nkhotheleni Business Enterprise	229,820.00	Dendron	X	X		X	3 Months	3 Months	Good
Supply and delivery of protective clothing	16/03/2015	15/05/2015	Adimare Trading Enterprise	217,602.17	Polokwane	X		X		2 Months	4 Months	Fair
Mohodi Internal street maintainace	16/03/1015	15/05/2015	Gvardit Trading	277,935.00	Polokwane		X	X		4 Months	12 Months	Poor due to late appointment
<b>Project Over R500,000.00</b>												
Travel Management Services	16/09/2014	10/10/2014	South African Boledi Travel Centre	5% commission	Polokwane		X			12 Months		
Construction of Mohodi to Thupana Gravel to tar	26/08/2014	20/10/2014	Tsentse Manufactures CC	17,649,368.20	Polokwane	X		X		2 Years	2years and 2 Months	Good
Compilation of electricity network masterplan for Mogwadi and Morebeng Towns.	11/09/2014	19/11/2014	Mogalemole Consulting Engineers CC	1,055,640.00	Polokwane	X			X	4 Months	7 Months	Poor
Mogwadi and Morebeng electricity refurbishment project	16/09/2014	19/11/2014	Kgabo Dimpho/ Kedibone Construction JV	1,657,946.46	Polokwane	X			X	4 Months	3 Months	Poor due to poor workmanship and lackof capital from service provider. 90% complete

Project Name	Advert Date	Appointment Date	Name of Supplier	Amount	Locality	Gender		Age Group		Project Duration	Completion period	Performance
						M	F	Y	A			
Planning, design, project management and commissioning of Machaka to Sekakene gravel to tar infrastructure project	24/10/2014	05/12/2014	Manes Consulting Engineers	4,550,137.00	Polokwane	X		X		3 Months	6 Months	Good
Construction of Mohodi sports complex	24/09/2014	5/12/2014	Casnan Civils	13,254,570.13	Nelspruit		X	X		3 years	On going	Fair
Provision of security services in identified municipal premises	01/12/2014	23/01/2015	Mamoraka Security Services	10,400,000.00	Polokwane		X		X	3 Years	1 Month	Good+
Supply and delivery of brand new sedans	01/12/2014	02/03/2015	Nkopetsi fleet	939,046.50	Sekororo	X		X		2 Months	1 month	Good
Supply and delivery of vibratory steel compactor roller	16/03/2015	26/06/2015	Barloword equipment	1,234,537.92	Johannesburg	X			X	2 Months	1 Months	Good
Supply and delivery of truck equipped with crane	16/03/2015	23/03/2015	Simunye Fleet Management	1,066,561.43	Polokwane	X	X	X	X	3 Months	3 months	Good





**ANNUAL PERFORMANCE REPORT 2014/2015**

## **1) INTRODUCTION AND BACKGROUND**

The development, implementation and monitoring of a Service Delivery and Budget Implementation Plan (SDBIP) is required by the Municipal Finance Management Act (MFMA) section 69 (3) (b). Circular 13 of the National Treasury stipulates that, “the SDBIP gives effect to the Integrated Development Plan (IDP) and the budget of the municipality and will be possible if the IDP and the budget are fully aligned with each other, as required by the MFMA.”

As the budget gives effect to the strategic priorities of the municipality it is important to supplement the budget and the IDP with a management and implementation plan. The SDBIP serves as the commitment by the municipality, whereby the intended objectives and projected achievements are expressed in order to ensure that desired outcomes over the long term are achieved and are implemented by the administration over the next 12 months.

The Municipal Finance Management Act (MFMA) no 56 of 2003, defines the Service Delivery Budget Implementation Plan as a detailed plan approved by the Mayor of the municipality for implementing the municipality’s delivery of municipal services and its annual budget and must include the following:

- (a) Projections of each month of:
- (b) Revenue to be collected, by source and
- (c) Operational and Capital expenditure, by vote;
- (d) Service delivery targets and performance indicators for each quarter

## **2) PURPOSE**

The document presents the 2014/2015 Service Delivery and Budget Implementation Plan of the municipality drafted in compliance with the requirements of the MFMA. The performance targets set in this document lay basis for the performance contracts of all Departmental Heads and Middle Managers. It enables the Municipal Manager to monitor the performance of Senior Managers; and the community to monitor the performance of the municipality

## **3) LEGAL REQUIREMENTS CONSIDERED WITH THE DEVELOPMENT/DESIGN OF THE SDBIP**

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Section 53 1(c) (ii) of the MFMA states that the Mayor must ensure that the municipality's SDBIP is approved within 28 days after approval of the budget. Section 69(3) of the MFMA states that the Accounting Officer must no later than 14 Days after the approval of the Budget submit the draft SDBIP and Performance Agreements for the Municipal Manager and all Senior Managers to the Mayor. Sec 53 3(b) also states that the SDBIP's must be made public no later than 14 days after its approval by Council and that the Performance agreements of the Municipal Manager, Senior Managers and any other categories of officials as may be prescribed, should be made public no later than 14 days after the approval of the SDBIP.

#### **4) REPORTING ON SDBIP**

This section covers reporting on the SDBIP as a way of linking the SDBIP with the oversight and monitoring operations of the Municipal administration. Various reporting requirements are outlined in the MFMA. Both the Mayor and the Accounting Officer have clear roles to play in preparing and presenting these reports. The SDBIP provides an excellent basis for generating the reports for which MFMA requires. The reports then allow the Municipality to monitor the implementation of service delivery programs and initiatives across the Molemole municipal jurisdiction.

#### **5) QUARTERLY REPORTING**

Section 52 (d) of the MFMA compels the mayor to submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality within 30 days of the end of each quarter. The quarterly performance projections captured in the SDBIP form the basis for the mayor's quarterly report.

#### **6) MID-YEAR REPORTING**

Section 72 (1) (a) of the MFMA outlines the requirements for mid-year reporting. The accounting officer is required by the 25<sup>th</sup> January of each year to assess the performance of the municipality during the first half of the year taking into account:

- (i) the monthly statements referred to in section 71 of the first half of the year
- (ii) the municipalities service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;



(iii) the past year's annual report, and progress on resolving problems identified in the annual report; and

(iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities.

Based on the outcomes of the mid-year budget and performance assessment report, an adjustments budget may be tabled if actual revenue or expenditure amounts are materially different from the projections contained in the budget or the SDBIP. The SDBIP is also a living document and may be modified based on the mid-year performance review. Thus the SDBIP remains a kind of contract that holds the Municipality accountable to the community.

## **7) ANNUAL REPORTING**

Section 46 (1) of Municipal Systems Act stipulates that a municipality must prepare for each financial year a performance report reflecting

(a) the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;

(b) the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and

(c) measures that were or are to be taken to improve performance.

Sec 46 (2) further states that an annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the MFMA.

## **8) TABULATED SUMMARY**

### **A) DEPARTMENT: 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.

Project No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline 2013/14	2014/15 annual target	Quarter4 target	Actual Achievement	Reason for deviation /Measures to improve performance	Progress (% to target)	Revised target	Budget Expenditure
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**ADMINISTRATION**

145	Administration and Auxiliary services	Purchase of 1x Bakkie 2x Sedan and 1x mayoral Vehicles	Number of vehicles procured	12 vehicles in place	4 vehicles procured (1x Bakkie, 2x sedans for traffic & 1x Mayoral car)	Delivery and licensing of 3x traffic sedans	3x traffic sedans licensed and handed over to Community Services department	Target revised during budget adjustment	100%	None	<b>Budget</b> R 1,000,000 Expenditure R 939,06.50
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		Repair and maintenance of Mogwadi, Morebeng and Sekgosese DLTC offices	% compliance of office building in line with OHS	Dilapidated buildings in Mogwadi, Morebeng and Sekgosese DLTC offices	100% refurbished municipal buildings in line with OHS regulations	None (Project discontinued after termination of contractor and insufficient funding)	Renovation of Sekgosese and Morebeng offices, repair of doors at Mogwadi civic centre, fixing of plumbing system at Mogwadi buildings	None	50%	None	<b>Annual Budget</b> <b>R242,500.00</b>
											<b>Expenditure</b> <b>R239,728.27</b>
146		Procure office furniture when required	Percentage of office furniture procured as and when requested  No of offices fitted with proper office furniture	Dilapidated furniture	100% of office furniture procured as and when requested  Installed Office furniture in Municipal offices	Appointment of Service Provider for the supply and delivery of 1x split air con and 1x Hide away aircon	Purchased: 2 X air cons  11Steel cupboards  25X Chairs  05X Office tables	None	100%	None	<b>Budget</b> R 106,400.00  <b>Expenditure</b> R 102,388,00

Project No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline 2013/14	2014/15 annual target	Quarter 4 target	Actual Achievement	Reason for deviation/ measures to improve performance	Progress (% to target)	Revised target	Budget Expenditure
147	Administration and Auxiliary services	Purchase of Guardroom for Mogwadi Civic Centre	Number of new guardrooms procured at Municipal service points	Guardrooms at Mogwadi & Sekgoses e sites damaged	2 guardrooms at Mogwadi Civic centre and Sekgoses e traffic procured	Preparation of specifications and placing of tender advert	2 X Guardrooms procured in Mogwadi civic and Sekgoses e DLTC	None	100%	None	<b>Budget</b> R 23,600.00  <b>Expenditure</b> R 23,508.00
148		Erection of Palisade Fence to safeguard municipal assets	Percentage construction of palisade fence at Sekgoses e traffic station	Fencing at Sekgoses e traffic station is in a dilapidated state	Completed fencing at Sekgoses e traffic station	None	135 meter of concrete palisade fence completed	None	100%	None	<b>Budget</b> R 157,515.00  Expenditure R 157,515.00
149		Erection Of Signboards in Mogwadi and Morebeng	100% of signboards installed around municipal area	No signboards in Mogwadi and Morebeng	100% Signboards in all main routes within municipal jurisdiction	Appointment of Service Provider for erection of signboards in Mogwadi and Morebeng	Installed 18 signboards in Mogwadi and Morebeng areas	None	100%	None	<b>Budget</b> R 150,000  <b>Expenditure</b> R120 000.00

Project No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline 2013/14	2014/15 annual target	Quarter 4 target	Actual Achievement	Reason for deviation / measures to improve performance	Progress (% to target)	Revised target	Budget Expenditure
<b>INFORMATION AND KNOWLEDGE TECHNOLOGY</b>											
150	Integrated ICT Services	Renewal of municipal ICT software	Number of licenses renewed	All municipal systems' licenses valid and expire by end of June 2015	5 Licenses for financial systems, GIS, Payday, Server and Ms application software renewed	Renewal of Symantec and Backup Exec licenses	5 Software licenses were renewed	None	100%	None	<b>Budget</b> <b>R600 000.00</b>  <b>Expenditure</b> <b>R426 360.00</b>
151		Rental of Pabx telephone System: Msig	Number of sites with installed and upgraded IT Networks	Rental on Current system to expire in September 2014	Installed PABX at Mogwadi Civic Centre to service all municipal service points	Project Handover and signing of SLA by the appointed service provider	Appointed Telkom SA SOC for installation of Telephone Management system. Phase 01 completed - Mogwadi	Delays in linking satellite office to Main office. Awaiting delivery of equipment	80%	Project to be completed on 31 August 2015	<b>Budget</b> <b>R 400,000</b>  <b>Expenditure</b> <b>R 0.00</b>  <b>R 258,007.12 was committed in the third quarter following appointment.</b>

152		Purchase of Firewall	Installed Firewall	No firewall	Purchase and install install firewall	None	Firewall procured and installed	None	100%	None	<b>Revised Budget</b> <b>R250,000.00</b>
											<b>Expenditure</b> <b>R166,600.00</b>
153		Purchase of ICT Equipment	Number of ICT Equipment purchased	obsolete Laptops Desktops	Replace all obsolete Laptops Desktops	Bid advertisement and Appointment of Service Provider for Network connection at Mogwadi Technical Services building	Procured 5 Laptops and 13 Desktops  Network cable installed at Mogwadi Technical services building	None	100%	None	<b>Budget</b> <b>R330 000</b>
											<b>Expenditure</b> <b>R 234,524.00</b>
Project No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline 2013/14	2014/15 annual target	Quarter 4 target	Actual Achievement	Reason for deviation / measures to improve performance	Progress (% to target)	Revised target	Budget Expenditure
<b>HUMAN RESOURCE MANAGEMENT</b>											
154	nt gemen Man urce Reso n	Labour Relations	Percentage of referred cases attended to within	100 percent of all cases	100 percent of all cases attended to	100% of all cases attended to	100% of all cases attended to	None	100%	None	<b>R0.00</b>

		(Enhancement of employee relations and management of discipline in the workplace)	the required time frames	are attended to within 90 days	within 90 days	within 90 days	within 90 days					
			Number of activities coordinated to enhance labour relations	4 LLF (Local Labour Forum) and 3 subcommittee meetings are held on <i>ad hoc</i> basis	6 LLF (Local Labour Forum) and 6 Subcommittee meetings held	1 LLF (Local Labour Forum) and 1 Subcommittee meeting held	3 LLF and 2 Subcommittee meetings held	Unavailability of Labour union members and new invites to be re-issued	50%	None	<b>R0.00</b>	
					1 training conducted for members of the committees	N/A	1 training conducted for members of the committees	None	100%	None	<b>R0.00</b>	
155		Training of Councillors and employees	Percentage of Councillors capacitated municipal programmes	27 Councillors trained	100 percent of Councilors capacitated on municipal programmes	10 Councillors capacitated on municipal programmes	<b>22</b> Councillors capacitated on municipal programmes	Non-availability of some Councilors for training sessions initiated	81%	None	<b>Budget</b> <b>R500 000.00</b>	
			Percentage of training programmes implemented as	160 employees capacitated on all	100 percent of training programmes implemented	10 employees capacitated on	<b>107</b> employees capacitated on	Insufficient funding to train the set/prescribed	67%	None	<b>Expenditure</b> <b>R439 228.14</b>	

			per workplace skills plan (WSP)	identified municipal programmes	as per workplace skills plan (WSP)	municipal programme	municipal programme	target (more often than not, quotations obtained are above what is expected)				
156	Human Resource Management		Number of WSP (Workplace Skills Plan) submitted to LGSETA	WSP (Workplace Skills Plan) submitted on 30 April 2014	1 WSP (Workplace Skills Plan) submitted to LGSETA by 30 April 2015	1 WSP (Workplace Skills Plan) submitted to LGSETA by 30 April 2015	1 WSP (Workplace Skills Plan) submitted to LGSETA by 30 April 2015	None	100%	None	<b>R0.00</b>	
157			Number of compliance register developed and implemented	New target	1 compliance register developed and implemented	N/A	1 Compliance register developed and implemented	None	100%	None	<b>R0.00</b>	
158			Number of employment equity report submitted to Department of Labour (DoL)	1 employment equity report submitted to DOL (Department of Labour)	1 employment equity report submitted to DOL (Department of Labour) by 01 October 2014.	N/A	N/A	None	100%	None	<b>R0.00</b>	



## B. EPARTMENT: 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"> <li>• Implement a differentiated approach to municipal financing, planning, and support</li> <li>• Improving access to basic services</li> <li>• Implementation of the community works programme</li> </ul>							
Strategic objectives				<ul style="list-style-type: none"> <li>• Provision of sustainable infrastructure and basic services</li> </ul>							
Project No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline 2013/14	IDP Objective	Annual target	Actual annual achievement	Reason for deviation/ measures to improve performance	Progress (% to target)	Revised target	Budget Expenditure
<b>OPERATIONS AND MAINTENANCE</b>											
159	Roads and storm water	maintenance of roads and storm water infrastructure	Number of kilometres of gravel roads graded and storm water maintained	613 km of gravel roads		Maintain 600 km of gravel roads and storm water.	851.8 km of gravel roads and storm water maintained	None	100%	None	Opex

<b>Key Performance Area (KPA) 2:</b>				<b>Basic Services &amp; Infrastructure Planning</b>							
<b>Outcome '9:</b>				<b>Responsive, Accountable, Effective and Efficient Local Government System</b>							
<b>Outputs:</b>				<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, planning, and support</li> <li>• Improving access to basic services</li> <li>• Implementation of the community works programme</li> </ul>							
<b>Project No.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline 2013/14</b>	<b>IDP Objective</b>	<b>Annual target</b>	<b>Actual annual achievement</b>	<b>Reason for deviation/ measures to improve performance</b>	<b>Progress (% to target)</b>	<b>Revised target</b>	<b>Budget Expenditure</b>
<b>ROADS</b>											
160	Roads	Machaka to Sekakene Gravel to Tar	Designs completed for Machaka to Sekakene Gravel to Tar	613 km of gravel roads	Provision of sustainable infrastructure and basic services	Completed Designs for Machaka to Sekakene Phase I	Designs for Machaka to Sekakene Phase I Completed	None	100%	None	Budget R 1 900 000  Expenditure R 691 437.65
161	Roads	Mohodi to Thupana Gravel to Tar	Percentage construction of Mohodi to Thupana road from gravel to tar	613 km of gravel roads	Provision of sustainable infrastructure and basic services	4,8 km of road tarred	Tarred 4,8 km of road	None	100%	None	Budget R 21 254 400  Expenditure R 9 963 440.09
162	Roads maintenance	Purchase of Compactor Roller	Number of Compactor Roller procured.	613 km of gravel roads	Provision of sustainable infrastructure and basic	1x Compactor Roller procured	1x Compactor Roller procured.	None	100%	None	Budget R 1 350 000

<b>Key Performance Area (KPA) 2:</b>				<b>Basic Services &amp; Infrastructure Planning</b>							
<b>Outcome '9:</b>				<b>Responsive, Accountable, Effective and Efficient Local Government System</b>							
<b>Outputs:</b>				<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, planning, and support</li> <li>• Improving access to basic services</li> <li>• Implementation of the community works programme</li> </ul>							
<b>Project No.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline 2013/14</b>	<b>IDP Objective</b>	<b>Annual target</b>	<b>Actual annual achievement</b>	<b>Reason for deviation/ measures to improve performance</b>	<b>Progress (% to target)</b>	<b>Revised target</b>	<b>Budget Expenditure</b>
<b>ROADS</b>											
					services						Expenditure R 0.00
163	Municipal buildings	Construction of storeroom and change rooms in Morebeng	Percentage construction of change rooms and store room in Morebeng	New indicator	Provision of sustainable infrastructure and basic services	Change rooms and store room completed.	67% progress on construction of change rooms and store room	Slow progress on site. Termination process in place	67%	None	Budget 2 000 000 Expenditure R 905 848.26
164	Social facilities	Mohodi Sport Complex	Complete sport complex	No sport complex in Mohodi	Provision of sustainable infrastructure and basic services	Approved designs for construction of Mohodi Sport Complex	Approved designs for construction of Mohodi Sport Complex (ticket sales area)	None	100%	None	Budget R 4 341 450.00 Expenditure R2 490 355.09

<b>Key Performance Area (KPA) 2:</b>				<b>Basic Services &amp; Infrastructure Planning</b>							
<b>Outcome 9:</b>				<b>Responsive, Accountable, Effective and Efficient Local Government System</b>							
<b>Outputs:</b>				<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, planning, and support</li> <li>• Improving access to basic services</li> <li>• Implementation of the community works programme</li> </ul>							
<b>Project No.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline 2013/14</b>	<b>IDP Objective</b>	<b>Annual target</b>	<b>Actual annual achievement</b>	<b>Reason for deviation/ measures to improve performance</b>	<b>Progress (% to target)</b>	<b>Revised target</b>	<b>Budget Expenditure</b>
<b>ELECTRICITY</b>											
165	Electricity	Upgrading of Electricity Network	Percentage of Electricity Network Upgraded	Aging Electricity Network	Provision of sustainable infrastructure and basic services	100% of electricity network Upgraded	75% Electricity network upgraded	Contractor terminated services due to under-pricing	75%	None	Budget R 1 800 000 Expenditure R1 200 000
166	Electricity	Construction of High mast lights	Number of high mast lights constructed	New indicator	Provision of sustainable infrastructure and basic services	2x high mast lights constructed	2x high mast lights not constructed	Failed to attract competent service providers	0%	None	Budget R 600 000 Expenditure R0
167		Replacement of old electricity meters in Mogwadi	Number of old electricity meters replaced	Old Electricity meters	Provision of sustainable infrastructure and basic services	Replace 350 old electricity meters	Replace 350 old electricity meters	None	100%	None	Budget R 500 000 Expenditure R469 950.00

<b>Key Performance Area (KPA) 2:</b>	<b>Basic Services &amp; Infrastructure Planning</b>
<b>Outcome 9:</b>	<b>Responsive, Accountable, Effective and Efficient Local Government System</b>
<b>Outputs:</b>	<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, planning, and support</li> <li>• Improving access to basic services</li> <li>• Implementation of the community works programme</li> </ul>

Project No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline 2013/14	IDP Objective	Annual target	Actual annual achievement	Reason for deviation/ measures to improve performance	Progress (% to target)	Revised target	Budget Expenditure
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**ELECTRICITY**

168	Electricity	Electricity Master Plan	Development of Electricity Master Plan	New indicator	Provision of sustainable infrastructure and basic services	Developed and Approved Electricity Master Plan	Developed and Approved Electricity Master Plan	None	100%	None	Budget R 1 055 000 Expenditure R1 055 040
169	Electricity	Purchasing of Crane Truck with Cherry Picker	Number of Crane Truck with Cherry Picker Procured	Aging Electricity Network	Provision of sustainable infrastructure and basic services	1x Crane Truck with Cherry Picker Procured	1 Crane Truck with Cherry Picker procured	None	100%	None	Budget R 1 300 000 Expenditure R 1 066 561

## C. DEPARTMENT: COMMUNITY SERVICES

<b>Key Performance Area (KPA) 2:</b>				<b>Basic Services Delivery</b>							
<b>Outcome 9:</b>				<b>Responsive, Accountable, Effective and Efficient Local Government System</b>							
<b>Outputs :</b>				<b>Actions supportive of the human settlement outcome</b>							
				<b>Implement a differentiated approach to municipal financing, planning, and support</b>							
Project No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline 2013/14	IDP Objective	Annual target	Actual annual achievement	Reason for deviation/ measures to improve performance	Progress (% to target)	Revised target	Budget Expenditure
<b>TRAFFIC AND LICENSING</b>											
170	Integrated Transport Planning	Law enforcement operations	30 law enforcement campaigns conducted	12 law enforcement campaigns conducted	Provision of social amenities and promotion of healthy and safe communities	30 law enforcement operations conducted	43 law enforcement operations conducted	None	100%	None	Opex
171	Traffic and Licensing	Revenue collection	Percentage collection on revenue on traffic and licensing	New indicator	Provision of social amenities and promotion of healthy and safe communities	100% of annual target of revenue collected from traffic and licensing	85% Revenue collected on traffic and licensing as per the 4 <sup>th</sup> quarter budget statement.				Nil

<b>Key Performance Area (KPA) 1:</b>				<b>Municipal Transformation and Organizational Development</b>							
<b>Outcome 9:</b>				<b>Responsive, Accountable, Effective and Efficient Local Government System</b>							
<b>Outputs :</b>				<b>Implement a differentiated approach to municipal financing, planning, and support</b>							
<b>Project No.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline 2013/14</b>	<b>IDP Objective</b>	<b>Annual target</b>	<b>Actual annual achievement</b>	<b>Reason for deviation/ measures to improve performance</b>	<b>Progress (% to target)</b>	<b>Revised target</b>	<b>Budget Expenditure</b>
<b>ENVIRONMENTAL MANAGEMENT</b>											
172	Environmental management	Mogwadi Landfill site	1 waste disposal site	Non-compliant landfill site	Provision of sustainable infrastructure and basic services	Compliant waste disposal site	Compliant waste disposal site established	None	100%	None	Budget R400 000 Expenditure R338 500
173	Environmental management	Tractor	Number of tractors procured	Need for an additional tractor	Provision of sustainable infrastructure and basic services	1 tractor procured	1 tractor procured	None	100%	None	Budget R500 000 Expenditure R335 190
174	Environmental Management	Erection of street litter bins	Number of litter bins procured	Littered towns	Provision of sustainable infrastructure and basic services	50 street litter bins procured	33 Street litter bins procured.	None	60%	None	Budget R100 000 Expenditure R99 881
175	Environmental management	Beautification Plan	Unbeautified towns	Unbeautified towns	Provision of sustainable infrastructure	Beautified towns	Beautification Plan implemented	None	100%	None	Budget

<b>Key Performance Area (KPA) 1:</b>				<b>Municipal Transformation and Organizational Development</b>							
<b>Outcome 9:</b>				<b>Responsive, Accountable, Effective and Efficient Local Government System</b>							
<b>Outputs :</b>				<b>Implement a differentiated approach to municipal financing, planning, and support</b>							
<b>Project No.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline 2013/14</b>	<b>IDP Objective</b>	<b>Annual target</b>	<b>Actual annual achievement</b>	<b>Reason for deviation/ measures to improve performance</b>	<b>Progress (% to target)</b>	<b>Revised target</b>	<b>Budget Expenditure</b>
<b>ENVIRONMENTAL MANAGEMENT</b>											
					and basic services		and completed at Mogwadi town.				R250 000 Expenditure R246 950
176	Environmental management	EPWP Projects	Labour intensive waste and environmental management engagements	1 EPWP Environment & Culture sector project	Provision of sustainable infrastructure and basic services	Labour intensive waste and environmental management engagements	Labour intensive waste and environmental management engagements complete	None	100%	None	Budget R500 000 Expenditure R533 000
177	Community Waste Collection	EPWP Project	Labour intensive waste and cleaning projects	No community waste collection project	Provision of sustainable infrastructure and basic services	Labour intensive waste and cleaning projects	Labour intensive waste and cleaning projects implemented for two months	Project suspended by traditional authorities for eight weeks	85%	30/08/2015	Budget R260 600 Expenditure R117 450
178	Environmental management	Establishment of Parks	Number of parks established	Insufficient recreational facilities	Provision of sustainable infrastructure and basic	1 Park established	1 Park established	None	100%	None	Budget R600 000



<b>Key Performance Area (KPA) 1:</b>				<b>Municipal Transformation and Organizational Development</b>							
<b>Outcome 9:</b>				<b>Responsive, Accountable, Effective and Efficient Local Government System</b>							
<b>Outputs :</b>				<b>Implement a differentiated approach to municipal financing, planning, and support</b>							
<b>Project No.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline 2013/14</b>	<b>IDP Objective</b>	<b>Annual target</b>	<b>Actual annual achievement</b>	<b>Reason for deviation/ measures to improve performance</b>	<b>Progress (% to target)</b>	<b>Revised target</b>	<b>Budget Expenditure</b>
<b>ENVIRONMENTAL MANAGEMENT</b>											
					services						Expenditure R495 115

## D. DEPARTMENT: LOCAL ECONOMIC DEVELOPMENT AND PLANNING

<b>Key Performance Area (KPA) 1:</b>				<b>Spatial Rationale</b>							
<b>Outcome 9:</b>				<b>Responsive, Accountable, Effective and Efficient Local Government System</b>							
<b>Outputs :</b>				<ul style="list-style-type: none"> <li>• Actions supportive of the human settlement outcome</li> <li>• Implement a differentiated approach to municipal financing, planning, and support</li> </ul>							
<b>Strategic objectives</b>				<ul style="list-style-type: none"> <li>• To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management</li> </ul>							
Project No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline 2013/14	IDP Objective	Annual target	Actual annual achievement	Reason for deviation/ measures to improve performance	Progress (% to target)	Revised target	Budget Expenditure
<b>SPATIAL PLANNING</b>											
179	Spatial Planning	Building control	Percentage of building plans considered for approval	40 building plans received	To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management	100% Consideration of building plans received	100% of submitted building plans considered	N/A	100%	N/A	Nil
180	Spatial Planning	Assessment of land use applications	Number of land use committee meetings held	No land use committee meeting held	To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management	4 land use committee meetings	2X land use committee meeting held	Late approval of establishment of Land Use Committee Not enough applications to be considered	50%	N/A	Nil
<b>LOCAL ECONOMIC DEVELOPMENT</b>											
181	Local Economic	Street Trading	Percentage of Street Trading	Unplanned and	SMME support and Capacity	100% of Street Trading	100% of Street Trading	None	100%	None	R494

<b>Key Performance Area (KPA) 1:</b>				<b>Spatial Rationale</b>							
<b>Outcome 9:</b>				<b>Responsive, Accountable, Effective and Efficient Local Government System</b>							
<b>Outputs :</b>				<ul style="list-style-type: none"> <li>• <b>Actions supportive of the human settlement outcome</b></li> <li>• <b>Implement a differentiated approach to municipal financing, planning, and support</b></li> </ul>							
<b>Strategic objectives</b>				<ul style="list-style-type: none"> <li>• <b>To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management</b></li> </ul>							
Project No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline 2013/14	IDP Objective	Annual target	Actual annual achievement	Reason for deviation/ measures to improve performance	Progress (% to target)	Revised target	Budget Expenditure
	Development	Facilities	Facilities constructed	unregulated street trading activities	Building	Facilities constructed	Facilities constructed				190.00
182	Local Economic Development	Youth in Agriculture	Number of unemployed graduates trained	5 unemployed graduate trained	Job creation	8 Unemployed graduates Training in various farms	8 Unemployed graduates Training in various farms	None	100%	None	R425 000.00
183	Local Economic Development	Local Economic Development Forum	Number Local Economic Development Forum meetings held	4 Local Economic Development Forum meetings held	Investment Promotion	4 Local Economic Development Forum meetings held	1x Local Economic Development Forum meeting held	Unscheduled Exco and council meetings led to cancellation of the LED forum meeting	0%	The next LED forum meeting will be held during 1 <sup>st</sup> quarter of 2015/16FY	Nil
184	Local Economic Development	Carrier exhibition	Number of carrier exhibition held	1x carrier exhibition event held	SMME support and Capacity Building	1x carrier exhibition event held	1x carrier exhibition event held	None	100%	None	R 99 0000.00

<b>Key Performance Area (KPA) 6:</b>				<b>Municipal Transformation and Organizational Development</b>							
<b>Outcome 9:</b>				<b>Responsive, Accountable, Effective and Efficient Local Government System</b>							
<b>Outputs :</b>				<b>Actions supportive of the human settlement outcome</b>							
				<b>Implement a differentiated approach to municipal financing, planning, and support</b>							
<b>Strategic objectives</b>				<b>Ensure administrative support to municipal units through continuous institutional development and innovation.</b>							
<b>Project No.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline 2013/14</b>	<b>IDP Objective</b>	<b>Annual target</b>	<b>Actual annual achievement</b>	<b>Reason for deviation/ measures to improve performance</b>	<b>Progress (% to target)</b>	<b>Revised target</b>	<b>Budget Expenditure</b>
<b>INTEGRATED DEVELOPMENT PLANNING</b>											
185	Strategy and Planning	Review of IDP/Budget	Number of IDP/Budget reviewed.	2013/14 IDP/Budget		1 IDP/Budget reviewed	1 IDP/Budget reviewed	None	100%	None	
186	Strategy and Planning	Strategic Planning Sessions	Number of strategic planning sessions coordinated.	4 strategic planning sessions held		6 strategic planning sessions coordinated.	Four Strategic planning sessions held	None	100%	None	
187	Strategy and Planning	Municipal performance quarterly reports	Number of performance quarterly reports consolidated	4 quarterly performance reports consolidated		4 quarterly performance reports consolidated	4 quarterly performance reports consolidated	None	100%	None	
188	Strategy and Planning	Municipal Annual reports	Number of municipal annual report compiled	1 municipal annual report compiled		1 municipal annual report compiled	1 municipal annual report compiled	None	100%	None	

## E. DEPARTMENT: BUDGET AND TREASURY

<b>Key Performance Area (KPA) 4:</b>					<b>Municipal Financial Viability and Management</b>						
<b>Outcome 9:</b>					<b>Responsive, Accountable, Effective and Efficient Local Government System</b>						
<b>Outputs 1 &amp; 7:</b>					<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, planning and support</li> <li>• Administrative and financial capability</li> </ul>						
<b>Project No</b>	<b>Priority Area(IDP)</b>	<b>Project Name</b>	<b>Key Performance Indicator</b>	<b>Baseline 2013/14</b>	<b>IDP Objective</b>	<b>Annual target</b>	<b>Actual annual achievement</b>	<b>Reason for deviation/ measures to improve performance</b>	<b>Progress (% to target)</b>	<b>Revised target</b>	<b>Budget Expenditure</b>
<b>BUDGET AND REPORTING</b>											
189	Financial management	Submission of Section 71 report	Number of section 71 reports submitted	12 Section 71 reports submitted	To ensure sound and stable financial management	12 Section 71 reports submitted	12 Section 71 reports submitted	None	100%	None	Nil
190	Financial management	Financial management	Number of financial statements submitted	4x financial statements submitted	To ensure sound and stable financial management	4x financial statements submitted	4x financial statements submitted	None	100%	None	Nil
<b>INCOME AND REVENUE MANAGEMENT</b>											
191	Revenue management	Revenue collection	Percentage of revenue collected	80% of revenue collected	To ensure sound and stable financial management	100% of revenue collected	28% revenue collected	None	100%	None	Nil
<b>EXPENDITURE</b>											
192	Expenditure	Salary, creditors, Petty cash and VAT reconciliation, creditor	Number of Salary, creditors, Petty cash and VAT reconciliation	12 Completed expenditure reports	To ensure sound and stable financial management	12 Completed expenditure reports	12 Completed expenditure reports	None	100%	None	Nil

<b>Key Performance Area (KPA) 4:</b>					<b>Municipal Financial Viability and Management</b>						
<b>Outcome 9:</b>					<b>Responsive, Accountable, Effective and Efficient Local Government System</b>						
<b>Outputs 1 &amp; 7:</b>					<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, planning and support</li> <li>• Administrative and financial capability</li> </ul>						
<b>Project No</b>	<b>Priority Area(IDP)</b>	<b>Project Name</b>	<b>Key Performance Indicator</b>	<b>Baseline 2013/14</b>	<b>IDP Objective</b>	<b>Annual target</b>	<b>Actual annual achievement</b>	<b>Reason for deviation/ measures to improve performance</b>	<b>Progress (% to target)</b>	<b>Revised target</b>	<b>Budget Expenditure</b>
		age analysis, retention register									
<b>SUPPLY CHAIN MANAGEMENT</b>											
193	Supply chain management	Compilation of Bid reports	Percentage Compilation of Bid reports	100% bid adjudication reports compiled	To ensure sound and stable financial management	100% bid adjudication reports compiled	100% bid adjudication reports compiled	None	100%	None	Nil
194	Asset management	Verification of assets	Percentage Verification of assets	100% asset verification	To ensure sound and stable financial management	100% asset verification reports compiled	100% asset register compiled	None	100%	None	R0

## F. DEPARTMENT: MUNICIPAL MANAGER'S OFFICE

<b>Key Performance Area (KPA) 5:</b>					<b>Good Governance and Public Participation</b>						
<b>Outcome 9:</b>					<b>Responsive, Accountable, Effective and Efficient Local Government System</b>						
<b>Outputs 5:</b>					<b>Deepen democracy through a refined ward committee model</b>						
Project No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline 2013/14	IDP Objective	Annual target	Actual annual achievement	Reason for deviation/ measures to improve performance	Progress (% to target)	Revised target	Budget Expenditure
<b>MAYOR'S OFFICE</b>											
195	Public/Stakeholder Participation	Mayoral outreach programme	4 X Mayoral Imbizo's held	Coordinated Mayoral outreach	Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees	4 X Mayoral Imbizo's held	100 of Mayoral Imbizo's held	None	100%	None	R0.00
196	Public/Stakeholder Participation	Number of activities coordinated to enhance	4 X Council meetings and 240 portfolio committee meetings to be	Council and public participation programmes	Provide an accountable and transparent municipality through	4 X Council meetings and 240 Portfolio committee meetings	4 Council meetings and 128 Portfolio committee meetings	Postponements due to unforeseen circumstances and also	53%	None	R0.00

<b>Key Performance Area (KPA) 5:</b>					<b>Good Governance and Public Participation</b>						
<b>Outcome 9:</b>					<b>Responsive, Accountable, Effective and Efficient Local Government System</b>						
<b>Outputs 5:</b>					<b>Deepen democracy through a refined ward committee model</b>						
<b>Project No.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline 2013/14</b>	<b>IDP Objective</b>	<b>Annual target</b>	<b>Actual annual achievement</b>	<b>Reason for deviation/ measures to improve performance</b>	<b>Progress (% to target)</b>	<b>Revised target</b>	<b>Budget Expenditure</b>
		Council support and secretariat services	held	coordinated	sustained public participation, coordination of administration and council committees	coordinated	coordinated	unavailability of some members leading to a limited quorum			
197	Oversight	Number of Municipal Public Accounts Committee (MPAC) meetings coordinated  Number of public hearings coordinated	4 X MPAC (Municipal Public Accounts Committee) meetings coordinated  1 X public hearing coordinated	MPAC (Municipal Public Accounts Committee) meetings and public hearing coordination	Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees	4 MPAC (Municipal Public Accounts Committee) meetings coordinated  1 MPAC public hearing coordinated	3 MPAC (Municipal Public Accounts Committee) meetings held  None	Non availability of some members and some questions not adequately answered	75%  0%	None  None	R0.00  R0.00



<b>Key Performance Area (KPA) 5:</b>					<b>Good Governance and Public Participation</b>						
<b>Outcome 9:</b>					<b>Responsive, Accountable, Effective and Efficient Local Government System</b>						
<b>Outputs 5:</b>					<b>Deepen democracy through a refined ward committee model</b>						
<b>Project No</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline 2013/14</b>	<b>IDP Objective</b>	<b>Annual target</b>	<b>Actual annual achievement</b>	<b>Reason for deviation/ measures to improve performance</b>	<b>Progress (% to target)</b>	<b>Revised target</b>	<b>Budget Expenditure</b>
<b>COMMUNICATIONS</b>											
198		Publication of newsletter	Number of municipal newsletter published	2 Newsletter published	Enhance corporate identity	4 newsletters published	0 newsletters published	Order outdated, service provider terminated	0%	Second quarter 2015/16	Budget R250 000 Expenditure R0

<b>Key Performance Area (KPA) 5:</b>					<b>Good Governance and Public Participation</b>						
<b>Outcome 9:</b>					<b>Responsive, Accountable, Effective and Efficient Local Government System</b>						
<b>Outputs 5:</b>					<b>Deepen democracy through a refined ward committee model</b>						
<b>Strategic Objective</b>					<ul style="list-style-type: none"> <li>• To protect the municipality from potential risk.</li> <li>• To ensure reduction of fraud and corruption within the municipality</li> <li>• To protect the municipal properties and employees against potential threats.</li> </ul>						
<b>Project No.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline 2013/14</b>	<b>IDP Objective</b>	<b>Annual target</b>	<b>Actual annual achievement</b>	<b>Reason for deviation/ measures to improve performance</b>	<b>Progress (% to target)</b>	<b>Revised target</b>	<b>Budget Expenditure</b>
<b>INTERNAL AUDIT AND RISK MANAGEMENT</b>											
199			Percentage of identified risks resolved within timeframes as specified in the register	0%		100% of identified risks resolved within timeframes as specified in the register	36% of identified risks resolved within timeframes as specified in the register	Risk register not updated timeously.	36%	None	Nil
200			Percentage of Auditor General queries	25% of Auditor General queries addressed		100% of Auditor General queries addressed	60% of audit queries resolved.	The major outstanding findings constitute disclosure	60%	None	Nil

<b>Key Performance Area (KPA) 5:</b>					<b>Good Governance and Public Participation</b>						
<b>Outcome 9:</b>					<b>Responsive, Accountable, Effective and Efficient Local Government System</b>						
<b>Outputs 5:</b>					<b>Deepen democracy through a refined ward committee model</b>						
<b>Strategic Objective</b>					<ul style="list-style-type: none"> <li>To protect the municipality from potential risk.</li> <li>To ensure reduction of fraud and corruption within the municipality</li> <li>To protect the municipal properties and employees against potential threats.</li> </ul>						
<b>Project No.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline 2013/14</b>	<b>IDP Objective</b>	<b>Annual target</b>	<b>Actual annual achievement</b>	<b>Reason for deviation/ measures to improve performance</b>	<b>Progress (% to target)</b>	<b>Revised target</b>	<b>Budget Expenditure</b>
			addressed			d		s that were corrected at year end.			
			Number of Risk Committee meeting coordinate	4 Risk Committee meeting coordinated		4 Risk Committee meeting coordinated	3 Risk Management Committee meeting held	Unavailability of key personnel to convene the meetings.	75%	None	Nil

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### COMPONENT A: AUDITOR GENERAL AUDIT FINDINGS

#### 6. INTRODUCTION

The Constitution of the Republic of South Africa section 188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities.

Municipal Systems Act section 45 states that the results of performance measurements must be audited annually by the Auditor-General.

#### 6.1. AUDITOR GENERAL REPORTS FROM 2013/14 TO 2014/15

Auditor-General Report on Financial Performance 2013/2014	
Audit Report status*:	Qualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Budgets Expenditure incurred in excess of the limits of the amounts provided for in the votes of the approved budgets.	<ul style="list-style-type: none"><li>▪ Preparation of AFS in line with the requirements of section 122 of the Municipal Finance Management Act.</li><li>▪ Submission of draft unaudited Annual Financial Statements to Audit Committee for review prior submission to Auditor General.</li><li>▪ Regular reconciliation of assets register.</li><li>▪ Adherence to Supply Chain Management policies, procedures and applicable regulations.</li><li>▪ The municipality to draft compliance checklist to ensure that all matters concerning compliance with applicable laws and legislations are adhered to.</li></ul>
Annual financial statements, Performance and Annual report AFS not prepared in all material respects in accordance with the requirements of the Acts.	
Asset Management An adequate management, accounting and information system which accounts for assets was not in place as required by the acts. An effective system of internal control for assets including assets register not in place.	

<p><b>Audit Committee</b> The audit committee did not review the annual financial statements.</p>	<ul style="list-style-type: none"> <li>▪ Reporting of section 32 expenditure to council.</li> <li>▪ Weekly review of expenditure documentation prior payments.</li> </ul>
<p><b>Revenue Management</b> An effective system of internal control for revenue not in place.</p>	
<p><b>Procurement and Contract Management</b> Lack of adherence to SCM policy and applicable legislations.</p>	
<p><b>Expenditure Management</b> Reasonable steps not taken to prevent unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure.</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>	

<p><b>Auditor-General Report on Service Delivery Performance 2014/2015</b></p>	
<p>Audit Report status*:</p>	<p>unqualified</p>
<p><b>Non-Compliance Issues</b></p>	<p><b>Remedial Action Taken</b></p>
<p>Usefulness and reliability of the performance information The municipality did not include material output key performance indicators and targets in relation to all development priorities:</p> <ul style="list-style-type: none"> <li>▪ Electrical Services</li> <li>▪ Roads and stormwater</li> <li>▪ Public and social amenities</li> <li>▪ Waste and environmental services</li> <li>▪ Traffic and licensing services</li> </ul>	<p>The municipality to draft the Service Delivery Budget Implementation Plan in accordance with the requirements of the Framework for Managing Programme Performance Information.</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>	

## COMPONENT B: AUDITOR-GENERAL OPINION 2014/2015

### 6.2. AUDITOR GENERAL REPORT 2014/2015

Auditor-General Report on Financial Performance 2014/2015	
Audit Report status*:	Unqualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
The accounting officer did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	The draft annual financial statements to be independently reviewed by the Audit Committee and including an independent reviewer from outside the municipality.
The accounting officer did not review and monitor compliance with applicable legislation.	The municipality finalised compliance checklist to ensure that all matters concerning compliance with applicable laws and legislations are adhered to.
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Strategic planning and Performance Management	<ul style="list-style-type: none"> <li>▪ The municipality shall revise the policy to incorporate procedures to take steps of improvement where performance targets are not met.</li> <li>▪ The accounting officer will ensure that the financial statements are adequately prepared and reviewed.</li> <li>▪ Authorisation of unauthorised expenditure to be done through adjustment budget.</li> <li>▪ Development of SCM procedure manual to assist in implementation of the policy. Vetting of service provider utilising Provincial Treasury systems.</li> </ul>
Annual financial statements, performance report and annual report.	
Consequence management	
Procurement and contract	
Expenditure management	
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)	

Auditor-General Report on service delivery Performance 2014/2015	
Audit Report status*:	Unqualified
Non-Compliance Issues	Remedial Action Taken
None	N/A

#### AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS 2014/2015

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non current assets, current assets, liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently correctly resulted in the financial statements receiving unqualified audit opinion.

#### COMMENTS ON AUDITOR-GENERAL'S OPINION 2014/2015

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 auditors opinion have significantly reduced and there was an improvement by the municipality.

The municipality has through development and implementation of action plan on issues raised by Auditor-General improved its audit outcome. The Internal Audit is the custodian of the action plan report on issues raised by the Auditor- General. The report is being served in the Audit Committee on a quarterly basis.

**COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:** All section 71 reports from July 2014 to June 2015 were submitted to both National and Provincial Treasury , COGHSTA and the Mayor in the format prescribed by National Treasury.

## APPENDICES

### APPENDIX A – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal/Entity Functions		
Municipal Functions	Function applicable to Municipality (Yes/No)*	Function applicable to Entity (yes/no)
Constitution schedule 4, Part B functions		
Air Pollution	NO	
Building Regulations	YES	
Child Care facilities	NO	
Electricity and gas reticulation	YES	
Fire fighting services	NO	
Local tourism	NO	
Municipal airports	NO	
Municipal planning	YES	
Municipal Health Services	NO	
Municipal Public Transport	NO	
Municipal Public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this constitution or any other	YES	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related	NO	
Storm water management systems in built up areas	NO	
Trading regulations	YES	
Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems	YES	
<i>Continued next page</i>		



Municipal/Entity Functions		
Municipal Functions	Function Applicable to Municipality (Yes/No)*	Function Applicable to entity (Yes/No)
Constitution schedule 5, Part B Functions:		
Beaches and amusement facilities	NO	
Billboards and the display of advertisements in public places	YES	
Cemeteries, funeral parlours and crematoria	YES	
Cleansing	NO	
Control of public nuisance	NO	
Control of undertakings that sell liquor to the public	NO	
Facilities for the accommodation, care and burial of animals	NO	
Fencing and fences	NO	
Licensing of dogs	NO	
Licensing and control of undertakings that sell food to the public	NO	
Local amenities	NO	
Local sport facilities	NO	
Markets	NO	
Municipal abattoirs	NO	
Municipal parks and recreation	YES	
Municipal roads	NO	
Noise pollution	YES	
Pounds	NO	
Public places	YES	
Refuse removal, refuse dumps and solid waste disposal	YES	
Street trading	YES	
Street lighting	YES	
Traffic and parking	YES	

\*if municipality: indicate (yes or No); \* if entity: provide name of entity

TD

## APPENDIX C – WARD REPORTING

WARD COMMITTEE FUNCTIONALITY 2014-2015					
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
1.	Cllr Mphelo M	YES	12 meetings	12 reports	02 ward public meetings 15/10/2014@Morebeng boeresaal 18/10/2014@Nthabiseng hall
	Maila M				
	Satekge M				
	Letlalo R				
	Selamolela T				
	Motshetsheke M				
	Mamatlepa R				
	Mathebula S				
	Mohale J				
	Moloi C				
2.	Cllr Nkoana	Yes	12 meetings	12 reports	02 ward public meetings 12/01/2014@Eisleben taxi rank 12/10/2014@Eisleben community hall
	Rakgakala D				
	Molele C				
	Rapholo R				
	Rapetsoa R				
	Matjipa L				
	Ramaotswa D				
	Hutama D				
Ratiba W					

	Lekgate M				
	Ramotlou M				
3.	Cllr Seakamela	Yes	12 meetings	12 reports	03 ward public meetings 12/01/2015@Ramokgopa tribal hall 18/04/2015@Rathoma Primary School 30/10/2014@molotone village
	Sefako S				
	Sebetseba M				
	Ramotlou C				
	Chepape N				
	Letswalo R				
	Moholoa M				
	Kobe S				
	Makwala S				
	Mashapa D				
	Sokana D				
4.	Cllr Mapara				
	Ramathopa D				
	Matima J				
	Mahuma D				
	Nkoana P				
	Makhura P				
	Manabile M				
	Mogale S				
	Phosa S				
	Mohatli S				
	Nkoana M				
5.	Cllr Ramalepe	Yes	12 meetings	12 reports	01 ward public meeting 05/11/2014@Sokaleholo Primary School
	Makalapetlo G				
	Mafemo M				
	Makalapetlo F				
	Mogale M				
	Mohale M				

	Makgobatlou J				
	Machabaphala S				
	Ramarutha M				
	Machabaphala C				
	Mpati L				
6.	Cllr Moseamo	Yes	12 meetings	12 reports	03 ward public meetings 05/10/2014 @Mphakane Tribal kraal 17/10/2014 @Dikgading tribal kraal 13/01/2015 @Rampo High School
	Ramahlare G				
	Machaka S				
	Sehowa N				
	Fatshe D				
	Pheena P				
	Kwenaite M				
	Mabitsi H				
	Maapola M				
	Phefadu M				
7.	Cllr Makgalo	Yes	12 meetings	12 reports	03 ward public meetings 10/08/2014 @Matseke Resource Centre 16/09/2014 @Mabeba Primary School 13/01/2015 @Tsherane MPCC
	Mongalo S				
	Mohale W				
	Sehlwana F				
	Rammabi D				
	Ramahoyo J				
	Masiela A				
	Kgaabi E				
	Kwatapa A				
	Tshewe R				
	Mankwane G				
8..	Cllr Malema Q	Yes	12 meetings	12 reports	03 ward public meetings 06/07/2014 @Polatla tribal kraal 12/10/2014 @Mangata tribal kraal 13/01/2015 @Sekakene Community hall
	Seshibe M				
	Mashaba G				

	Matsapola B				
	Mpholo C				
	Molobisi A				
	Machaka D				
	Mokgawa M				
	Chohledi M				
	Ramuse J				
	Phihlela B				
9.	Cllr Hlapa J	Yes	12 meetings	12 reports	01 ward public meeting 14/01/2015@Rakobela tribal kraal
	Leshaba J				
	Manthata J				
	Ramosweu J				
	Machabaphala M				
	Molokomme P				
	Mabitsela S				
	Fache M				
	Molamodi R				
	Monyela MW				
	Meela MW				
10.	Cllr Moyo T	Yes	12 meetings	12 reports	01 ward public meeting 14/10/2014@Mogwadi Community hall
	Sefolo M				
	Seanego M				
	Mabeba A				
	Mamabolo J				
	Mohlabeng L				
	Mmangweta N				
	Makgoatha S				
	Letswalo P				
	Masehela J				

11.	Mohale W	Yes	12 meetings	12 reports	01 ward public meeting 02/11/2014@Manthata tribal hall
	Cllr Mehala P				
	Masekela T				
	Manthata M				
	Seleka J				
	Manthata K				
	Makhura V				
	Mohokare J				
	Ramokgobedi S				
	Mapiti E				
	Maloba A				
Meso F					
12.	Cllr Mahlophe A	Yes	12 meetings	12 reports	04 ward public meetings 30/07/2014@Phalana Creche 17/08/2014@Leboho tribal kraal 12/10/2014@Broekman 28/01/2015@Phalana Creche
	Mailula J				
	Moningi G				
	Maitja L				
	Motjopi S				
	Manaka M				
	Manthata F				
	Tsedu E				
	Dikotla F				
	Mohale D				
	Thoka B				
13..	Cllr Lehong D	Yes	12 meetings	12 reports	03 ward public meetings 12/10/2014@New stand 19/10/2014@New stand 16/01/2015@Rapoho Primary School
	Matjee M				
	Ramaloko M				
	Maphakela D				
	Mahladisa J				

	Manaka N				
	Morokolo J				
	Kgopane T				
	Masipa E				
	Ramaloko R				
	Mokondelela A				
14.	Cllr Duba M	Yes	12 meetings	12 reports	01 ward public meeting 27/10/2014@Rheinlandprimary school 29/04/2015@Mokgehle Pre School 16/01/2015@Brussels hall
	Lamola S				
	Matsiya S				
	Mokgehle C				
	Kgare L				
	Semenya J				
	Moloko N				
	Hlapa W				
	Makgato J				
	Mankga ST				
	Ngoepe B				

## APPENDIX D – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2014/15

### REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE OF MOLEMOLE LOCAL MUNICIPALITY

We are pleased to present the audit and performance committee report for the financial year ended 30 June 2015.

#### **Audit and Performance Committee responsibilities**

The Audit and Performance Committee reports that it has complied with its responsibilities arising from section 166 of the MFMA. The Audit Committee has adopted appropriate formal Terms of Reference and has undertaken its affairs in compliance with the charter. As mandated, we hereby report on the functions of the Audit Committee for the financial year ended 30 June 2015.

#### **Audit Committee meetings**

The Audit Committee consists of three (3) members and this is in line with Circular 65 of the MFMA. The committee is expected to meet at least four times in a year. The committee held five (5) meetings during 2014/15 financial year.

#### **Effectiveness of internal control**

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:

- The effectiveness of internal control systems;
- The effectiveness of internal audit;
- The effectiveness of the risk management processes.
- The risk areas of the entity's operations to be covered in the scope of internal and external audits;
- The adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- Any accounting and auditing concerns identified as a result of internal and external audits;
- The municipality's compliance with legal and regulatory provisions;
- The activities of the internal audit function, including its annual work programme, coordination with external auditors,



- The reports of significant investigations and the responses of management to specific recommendations;
- 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.

### **Evaluation of Financial Statements**

The audit committee reviewed the following;

- Effectiveness of internal control.
- Quality of management reports.
- Risk management reports.
- Performance management Information reports.
- Financial management reports.
- Mid-year reports.

#### Annual Financial Statements

The audit committee reviewed the Annual Financial Statements of the municipality for 2014/15 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 accepted by Council and be read together with the final signed report by the Auditor-General(AGSA).

**Municipal Audit Committee Recommendations**

Date of Committee	Committee recommendations during 2014/15	Recommendations adopted (enter Yes); not adopted (provide explanation)
20 November 2014	<ul style="list-style-type: none"> <li>a) Submission of Section 71 to the Audit Committee on a quarterly basis.</li> <li>b) Progress report (update) on internal audit plan 2014/15 to be submitted to the Audit Committee meetings quarterly.</li> <li>c) Action plan on issues raised by the Internal Audit to be continually monitored and presented to the Audit Committee meetings.</li> <li>d) Management to provide an update on the filling of the position for the Risk Officer was advertised in February 2015.</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
26 January 2015	<ul style="list-style-type: none"> <li>a) Management ad hoc audit on the appointment of financial consultants for preparation of annual financial statements 2012/13. Management to provide comments on the findings raised by the 06th February 2015. The sequence of events timeline should be submitted to the committee with management response.</li> <li>b) The draft annual report 2013/14 to be revised in line with Circular 63 of the MFMA.</li> <li>c) Management to provide comments on all exception raised in the mid-year report 2014/15.</li> <li>d) An action plan report on issues raised by the Auditor General 2013/14 to be submitted in all Audit Committee meetings to monitor progress on resolution of issues.</li> <li>e) A schedule of meeting for Audit Committee to assist in managing corporate calendars/diaries of both management and Audit Committee members.</li> <li>f) Develop AFS process 2014/15 financial year to assist in preparation of the year end activities and key dates for compliance issues.</li> </ul>	<p>Yes</p> <p>No. Lack of review of annual report prior submission to council for adoption.</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

		Yes
23 March 2015	<p>a) Management ad hoc audit appointment of financial consultants for preparation of annual financial statements 2012/13. The committee recommended an independent investigation on the matter.</p> <p>b) Revenue management audit report. Management to provide comments on all issues raised in the report and submit in the next audit committee meeting.</p> <p>c) The AFS process plan 2014/15 to be presented in all audit committee meetings.</p>	<p>No. The matter was investigated by the office of the Public Protector.</p> <p>Yes</p> <p>Yes</p>
28 May 2015	<p>a) Management to provide a schedule of policies indicating the approval date and due date for review.</p> <p>b) AFS process plan to include meeting dates for draft engagement letter and draft management report 2014/15.</p> <p>c) Management to conduct MSCOA strategic risk assessment for 2015/16 and submit to council for noting by the 30 June 2015.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>
29 June 2015	<p>a) The municipality to arrange a meeting for performance assessment of all Senior Managers.</p> <p>b) The consolidated strategic and operational risk register 2014/15 to form part of the quarterly risk management report.</p> <p>c) The municipality to identify and assess the MSCOA risks and submit to Council by the 30th June 2015.</p> <p>d) The MSCOA risk register to be served in the Risk Management Committee meetings communicated to the relevant stakeholders.</p> <p>e) The municipality to consider appointment of the funded vacancy of the Risk Officer.</p> <p>f) A follow up report on issues raised by Internal Audit 2014/15 to be served as a standing item in all Audit Committee meetings.</p>	<p>No.</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

## APPENDIX E – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS:

The municipality does not have any long term contracts and public private partnerships.

## APPENDIX F – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2014 to 30 June 2015		
Position	Name	Description of financial interest* (Nil/or details)
Mayor	Makgato P	Nil
Member of Mayco/Exco	Matlou D	Nil
	Phihlela M.A	Nil
	Paya M.E	Nil
	Moseamo R.M	Nil
Councillor	Moabelo L	Nil
	Rakubu P	Nil
Municipal Manager	Makhura NI	Nil
Chief Financial Officer	Moloko EK	Supply Matrix CC KMTM Financial Services Moloko Mokoko Construction

Other S57 Officials		
	Madibana MH	Sasol Limited share
	Keetse NN	Nil
	Masipa D.M	Nil
	Moabelo MP	Sasol Izalo Shares
*Financial interests to be disclosed even if they incurred for only part of the year. see MBRR SA34A		TJ

APPENDIX G: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX G (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue collection performance by vote						
						R`000
Vote Description	2013/14	Current Year 2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Cooperate Services	100,052	372,961	375,339	209,716	44%	44%
LED &P	19,504	305,630	35,630	25,004	9%	30%
Municipal Manager	-	-	-	-	-	-
Mayor's Office	-	-	-	-	-	-
Budget & Treasury	95,865,325	107,597,355	111,732,945	107,869,677	0%	3%
Community Services	8,143,599	9,142,128	11,211,644	7,766,599	15%	31%
Technical Services: Roads & Stormwater	18,467,461	30,397,000	31,065,242	29,976,813	1%	4%
Technical: Electricity &		10,284,934	10,290,718	6,538,615	36%	36%

Machinery	5,550,086					
Technical: Water & Sanitation	1,176,576	2,226,687	2,806,687	1,277,971	43%	54%

#### APPENDIX H: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: Excluding MIG							R`000
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)	
				Budget	Adjustment Budget		
FMG	1,600,000	1,916,852	1,916,852	0%	0%		
MSIG	934,000	1,416,113	1,011,985	-8%	29%		
EPWP	1,454,000	1,454,000	1,454,000	0%	0%		
<b>Total</b>	<b>3,988,000</b>	<b>5,256,348</b>	<b>4,382,837</b>	<b>-9%</b>	<b>17%</b>		

#### COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

Molemole Municipality was allocated R5,256,348 for conditional grants excluding MIG. The expenditure as at 30 June 2015 is 4,382,837 which translate to 83%.

VOLUME II: ANNUAL FINANCIAL STATEMENTS





Molemole Local Municipality  
Financial statements  
for the year ended 30 June 2015

**Molemole Local Municipality**  
Financial Statements for the year ended 30 June 2015  
**General Information**

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**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  
Councillors**

Citr MP Makgato  
Citr M.P. Paya  
Citr D. Matlou  
Citr A. Phihlola  
Citr R. Moseamo  
Citr D. Lehong  
Citr S. Senoamadi  
Citr M. Malla  
Citr A. Moyo  
Citr M. Duba  
Citr E. Rahlana  
Citr M.E. Mphelo  
Citr N.W. Seakamela  
Citr M. Malema  
Citr M. Tawana  
Citr C. Matjee  
Citr N.E. Ramalepe  
Citr N.G. Makgalo  
Citr P. Mehala  
Citr J. Hlapa  
Citr A. Makgoka  
Citr M.P. Nkoana  
Citr M. Mapara  
Citr A. Mahlophe  
Citr L. Moabelo  
Citr P. Rakubu  
Citr M. Masekela

**Grading of local authority**

Level 3 Local Municipality

**Chief Finance Officer (CFO)  
Municipal Manager**

E.K. Moloko  
N. I. Makhura

**Business address**

303 Church Street  
Mogwadi  
715

**Postal address**

Private Bag X44  
Mogwadi  
715

**Bankers**

Nedbank

**Auditors**

Office of the Auditor General (Limpopo)

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Index

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

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#### Abbreviations

COID	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
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance 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)

## **Molemole Local Municipality**

Financial Statements for the year ended 30 June 2015

### **Accounting Officer's Responsibilities and Approval**

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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 were given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with the 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 places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the set 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 2016 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 external auditors are responsible for independently auditing and reporting on the municipality's financial statements.

The financial statements set out on page 5 to 47, which have been prepared on the going concern basis, were approved by the accounting officer on 31-August 2015 and were signed on its behalf by:

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**N.I. Makhura**  
Designation

## **Molemole Local Municipality**

Financial Statements for the year ended 30 June 2015

### **Accounting Officer's Report**

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The Accounting Officer submits his report for the year ended 30 June 2015.

#### **1. Going concern**

We draw attention to the fact that at 30 June 2015, the municipality had accumulated surplus of R 133 215 192 and that the municipality's total assets exceeds its liabilities by R 172 886 480.

The financial statements have been prepared on the basis of accounting the policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization 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 of the municipality.

#### **2. Subsequent events**

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year, which might have a material effect on these financial statements.

#### **3. Accounting policies**

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

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Statement of Financial Position as at 30 June 2015

Figures in Rand

	Note(s)	2015	2014 Restated
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	8	214 618	329 537
Other Debtors	6	11 148 182	8 843 970
Receivables from exchange transactions	9	9 837 544	8 027 046
Receivables from non-exchange transactions	10	8 679 257	8 980 113
VAT receivable	11	514 058	-
Cash and cash equivalents	12	31 334 599	26 671 315
		<b>61 728 268</b>	<b>62 861 881</b>
<b>Non-Current Assets</b>			
Investment property	2	1 874 334	1 917 668
Property, plant and equipment	3	140 010 095	133 514 179
Intangible assets	4	1 135 056	747 130
Heritage assets	5	368 150	368 150
		<b>143 387 635</b>	<b>138 547 127</b>
<b>Total Assets</b>		<b>205 115 893</b>	<b>189 399 108</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	14	519 735	376 198
Payables from exchange transactions	19	6 628 149	7 329 140
VAT payable	11	-	16 827
Consumer deposits	20	476 478	471 661
Unspent conditional grants and receipts	15	3 649 221	4 251 666
Other current liabilities	17	114 796	1 432 807
Current employee benefits	18	5 739 953	4 376 289
		<b>17 128 332</b>	<b>18 264 688</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	14	299 325	819 060
Employee benefit obligation	7	6 117 299	4 966 713
Provisions	7&16	8 684 457	6 266 482
		<b>15 101 081</b>	<b>12 052 265</b>
<b>Total Liabilities</b>		<b>32 229 413</b>	<b>30 308 843</b>
<b>Net Assets</b>		<b>172 886 480</b>	<b>159 092 264</b>
<b>Reserves</b>			
Revaluation reserve	13	39 671 288	39 671 288
Accumulated surplus		133 215 192	119 420 976
<b>Total Net Assets</b>		<b>172 886 480</b>	<b>159 092 264</b>

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Statement of Financial Performance

Figures in Rand

	Note(s)	2015	2014 Restated
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service Charges	24	7 868 111	6 927 963
Rental of Facilities and Equipment	33	310 226	247 824
Interest Earned - outstanding debtors		4 144 675	3 352 923
Interest Earned - external investment		1 255 011	481 419
Commissions received		1 277 971	1 176 576
Licences and Permits		3 987 769	3 493 260
Other income	26	438 141	259 565
<b>Total revenue from exchange transactions</b>		<b>19 281 804</b>	<b>16 838 630</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	23	10 319 307	9 399 061
<b>Transfer revenue</b>			
Government grants & subsidies	25	122 589 504	102 303 739
Fines		1 398 467	1 169 180
<b>Total revenue from non-exchange transactions</b>		<b>134 307 278</b>	<b>112 871 980</b>
<b>Total revenue</b>	22	<b>163 689 182</b>	<b>128 811 610</b>
<b>Expenditure</b>			
Employee related costs	28	(58 009 620)	(46 243 658)
Remuneration of councillors	29	(7 650 725)	(7 584 942)
Actuarial Losses	7	(849 955)	(475 787)
Depreciation and amortisation	31	(8 147 957)	(6 637 029)
Finance costs	32	(827 815)	(1 186 336)
Debt impairment	30	(6 130 228)	(10 470 463)
Repairs and maintenance		(3 116 765)	(1 923 947)
Bulk purchases	35	(7 073 013)	(6 007 940)
Contracted services	34	(3 106 114)	(3 513 482)
Loss on disposal of assets		(95 564)	-
General Expenses	27	(45 128 409)	(32 205 185)
<b>Total expenditure</b>		<b>(140 198 186)</b>	<b>(116 817 428)</b>
<b>Operating surplus</b>		<b>13 468 017</b>	<b>13 682 761</b>
<b>Surplus for the year</b>		<b>13 468 017</b>	<b>13 682 761</b>

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	38 989 774	146 269 788	184 259 562
Adjustments			
Correction of errors	-	(41 084 579)	(41 084 579)
<b>Balance at 01 July 2013 as restated*</b>	<b>38 989 774</b>	<b>104 185 209</b>	<b>143 174 983</b>
Changes in net assets			
Net income (losses) recognised directly in net assets	-	1 673 019	1 673 019
Net income (losses) recognised directly in net assets	-	1 673 019	1 673 019
Surplus for the year	-	13 562 751	13 562 751
Total recognised income and expenses for the year	-	15 235 770	15 235 770
Revaluation of Buildings	(2 148 427)	-	(2 148 427)
Total changes	(2 148 427)	15 235 770	13 087 343
Correction of errors refer note 41.1 - Reversal of Revalue of Buildings	2 148 427	-	2 148 427
Correction of errors refer note 41.1 - Correct Revaluation of Buildings	681 514	-	681 514
<b>Balance at 01 July 2014 as restated*</b>	<b>39 671 288</b>	<b>119 420 979</b>	<b>169 092 267</b>
Changes in net assets			
Surplus for the year	-	13 453 017	13 453 017
Landfill site transferred from economic development dept 24/11/2014	-	297 790	297 790
Asset write offs as per council resolution	-	43 406	43 406
Total changes	-	13 794 213	13 794 213
<b>Balance at 30 June 2015</b>	<b>39 671 288</b>	<b>133 215 192</b>	<b>172 886 480</b>
Note(s)	13		



## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Cash Flow Statement

Figures in Rand	Note(s)	2015	2014 Restated
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		19 800 585	13 367 621
Grants		121 987 059	102 240 739
Interest income		1 255 011	(308 660)
		<u>143 042 655</u>	<u>115 299 700</u>
<b>Payments</b>			
Suppliers		(123 223 784)	(101 814 374)
Finance costs		(827 815)	(1 186 336)
		<u>(124 051 599)</u>	<u>(103 000 710)</u>
<b>Net cash flows from operating activities</b>	36	<u>18 991 056</u>	<u>12 298 990</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(13 400 646)	(14 117 240)
Purchase of other intangible assets	4	(594 873)	(150 015)
<b>Net cash flows from investing activities</b>		<u>(14 095 519)</u>	<u>(14 267 255)</u>
<b>Cash flows from financing activities</b>			
Movement of financial liabilities		143 944	(127 806)
Finance lease payments		(376 198)	(214 236)
<b>Net cash flows from financing activities</b>		<u>(232 254)</u>	<u>(342 042)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>4 663 283</u>	<u>(2 310 307)</u>
Cash and cash equivalents at the beginning of the year		26 671 316	28 981 623
<b>Cash and cash equivalents at the end of the year</b>	12	<u>31 334 599</u>	<u>26 671 316</u>

**Molemole Local Municipality**  
Financial Statements for the year ended 30 June 2015

**Statement of Comparison of Budget and Actual Amounts**

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	400 000	-	400 000	214 618	(185 382)	
Other financial assets	-	-	-	11 148 182	11 148 182	
Receivables from exchange transactions	2 888 488	-	2 888 488	-	(2 888 488)	
Receivables from non-exchange transactions	2 842 627	-	2 842 627	8 679 257	6 836 630	
VAT receivable	-	-	-	514 058	514 058	
Cash and cash equivalents	31 879 784	-	31 879 784	31 334 599	(545 186)	
	<b>38 010 899</b>	<b>-</b>	<b>38 010 899</b>	<b>51 890 714</b>	<b>13 879 816</b>	
<b>Non-Current Assets</b>						
Investment property	4 107 000	-	4 107 000	1 874 335	(2 232 665)	
Property, plant and equipment	208 420 103	-	208 420 103	141 455 191	(66 964 912)	
Intangible assets	-	-	-	1 135 056	1 135 056	
	<b>212 527 103</b>	<b>-</b>	<b>212 527 103</b>	<b>144 464 582</b>	<b>(68 062 521)</b>	
<b>Total Assets</b>	<b>250 538 002</b>	<b>-</b>	<b>250 538 002</b>	<b>198 356 298</b>	<b>(52 181 704)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Finance lease obligation	-	-	-	-	-	
Payables from exchange transactions	21 637 784	-	21 637 784	5 628 149	(16 009 635)	
Consumer deposits	495 578	-	495 578	476 478	(19 101)	
Unspent conditional grants and receipts	-	-	-	3 649 221	3 649 221	
Other current liabilities	-	-	-	114 796	114 796	
Current employee benefits	5 955 413	-	5 955 413	5 539 160	(416 253)	
	<b>28 088 778</b>	<b>-</b>	<b>28 088 778</b>	<b>18 407 804</b>	<b>(11 680 974)</b>	
<b>Non-Current Liabilities</b>						
Finance lease obligation	-	-	-	819 060	819 060	
Employee benefit obligation	-	-	-	6 187 523	6 187 523	
Provisions	4 081 978	-	4 081 978	8 815 029	4 733 051	
	<b>4 081 978</b>	<b>-</b>	<b>4 081 978</b>	<b>15 821 612</b>	<b>11 738 634</b>	
<b>Total Liabilities</b>	<b>32 170 764</b>	<b>-</b>	<b>32 170 764</b>	<b>32 229 416</b>	<b>68 892</b>	
<b>Net Assets</b>	<b>218 367 248</b>	<b>-</b>	<b>218 367 248</b>	<b>164 126 880</b>	<b>(54 241 368)</b>	
<b>Reserves</b>						
Revaluation reserve	46 965 101	-	46 965 101	39 671 288	(7 293 813)	
Accumulated surplus	171 402 147	-	171 402 147	133 215 190	(38 186 957)	
<b>Total Net Assets</b>	<b>218 367 248</b>	<b>-</b>	<b>218 367 248</b>	<b>172 886 478</b>	<b>(45 480 770)</b>	

Statement of Financial Performance

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	11 848 358	(243 192)	11 605 166	7 868 111	(3 737 056)	Electricity Conventional meters has been converted prepaid meters and residents are currently using electric spiral due to the fact that it are in a position of monitor units purchased and consumed.
Rental of facilities and equipment	284 241	8 243	292 484	310 226	17 742	
Interest received (trading)	2 360 426	2 000 000	4 360 426	4 544 675	(216 751)	
Licences and permits	4 253 926	3 000 000	7 253 926	3 987 769	(3 266 157)	Licensing and permit fees were previously captured against traffic and licensing account and a different was identified after the re-classification of receipt.
Commissions received	726 687	580 000	1 306 687	1 277 971	(28 716)	
Other income	5 467 557	(594 023)	4 873 534	438 141	(4 056 393)	Surplus cash for roll over projects 2013/2014 include under other revenue
Interest received - Investment	683 959	40 000	723 959	1 255 011	531 052	
<b>Total revenue from exchange transactions</b>	<b>26 826 164</b>	<b>4 381 028</b>	<b>30 016 182</b>	<b>19 281 804</b>	<b>(10 734 278)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation and Grant revenue</b>						
Property rates	8 345 692	2 022 675	10 368 367	10 319 307	(48 060)	
Government grants & subsidies	125 445 000	777 807	126 222 807	122 589 504	(3 633 303)	Transfers recognized-operational - Refund on free basic water from Capricorn District Municipality not yet received and the condition met on PABX funded from MSIG r met.
Transfer revenue						
Fines	910 452	-	910 452	1 398 467	488 015	
<b>Total revenue from non-exchange transactions</b>	<b>134 701 144</b>	<b>2 800 482</b>	<b>137 501 629</b>	<b>134 307 278</b>	<b>(3 194 348)</b>	
<b>Total revenue</b>	<b>160 326 298</b>	<b>7 181 510</b>	<b>167 617 808</b>	<b>153 689 182</b>	<b>(13 928 626)</b>	
<b>Expenditure</b>						
Personnel	(53 173 523)	1 902 270	(51 271 253)	(58 009 620)	3 261 833	Other vacant posts not fill
Remuneration of councillors	(9 040 482)	(1 000 000)	(10 040 482)	(7 650 725)	2 389 757	No upper limits for Council due to downgrading of Municipality from grade 3 to

**Molemole Local Municipality**  
Financial Statements for the year ended 30 June 2015

**Statement of Comparison of Budget and Actual Amounts**

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
Actual Losses	-	-	-	(849 955)	<b>(848 865)</b>	Provision for post-employment was not met. Municipality will make provision during budget adjustment 2015/2016.
Depreciation and amortisation	(4 000 000)	-	(4 000 000)	(8 147 957)	<b>(4 147 957)</b>	Newly capitalization of as and capitalized work in progress.
Finance costs	(25 000)	-	(25 000)	(827 815)	<b>(802 815)</b>	
Debt impairment	(2 670 280)	(500 000)	(3 170 280)	(5 130 228)	<b>(2 959 948)</b>	
Bulk purchases	(7 000 000)	(700 000)	(7 700 000)	(7 073 013)	<b>626 987</b>	The provision for budget-security services was based on the current contract. The contract ended January 2 and the new service prov was appointed less than previous one.
Contracted Services	(3 350 000)	-	(3 350 000)	(3 105 114)	<b>244 886</b>	
General Expenses	(28 062 499)	(6 526 791)	(34 589 290)	(48 245 174)	<b>(13 655 884)</b>	The following line items had an impact on underpend of general expenses. Free basic water- The machines for pumping water in the villages no longer use diesel but electricity which in the reduction of expenditure.
<b>Total expenditure</b>	<b>(117 321 784)</b>	<b>(8 824 621)</b>	<b>(124 146 405)</b>	<b>(140 040 801)</b>	<b>(16 894 396)</b>	
Operating surplus	43 004 614	388 888	43 393 503	13 648 681	<b>(29 744 822)</b>	
Loss on disposal of assets and liabilities	-	-	-	(95 564)	<b>(95 564)</b>	
<b>Surplus</b>	<b>43 004 614</b>	<b>388 888</b>	<b>43 393 503</b>	<b>13 553 117</b>	<b>(29 840 386)</b>	
<b>Capital Expenditure</b>						
Executive and council	(105 500)	-	(105 500)	(101 219)	<b>(4 281)</b>	
Budget and treasury office	(500 000)	(229 440)	(729 440)	(559 375)	<b>(170 065)</b>	
Corporate services	(2 990 000)	657 245	(2 332 755)	(2 005 914)	<b>(326 841)</b>	
Community and public safety	(8 326 970)	1 570 520	(6 756 450)	(5 784 458)	<b>(971 992)</b>	
Planning and development	(500 000)	-	(500 000)	(433 500)	<b>(66 500)</b>	
Road transport	(26 154 400)	(2 207 304)	(28 361 704)	(2 602 525)	<b>(25 759 179)</b>	
Electricity	(4 208 000)	100 000	(4 108 000)	(2 238 329)	<b>(1 869 671)</b>	
<b>Total Capital Expenditure</b>	<b>(42 784 870)</b>	<b>(108 878)</b>	<b>(42 893 748)</b>	<b>(13 726 320)</b>	<b>(29 167 428)</b>	
<b>Surplus after capital expenditure</b>	<b>218 644</b>	<b>268 010</b>	<b>477 654</b>	<b>(272 303)</b>	<b>(68 687 016)</b>	

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	12 582 000	8 859 132	21 441 132	19 800 588	(1 640 547)	
Grants	125 445 000	777 807	126 222 807	121 987 059	(4 235 748)	
Interest income	3 044 384	(1 847 825)	1 196 559	1 255 011	58 452	
	<b>141 071 384</b>	<b>7 789 114</b>	<b>148 860 498</b>	<b>143 042 656</b>	<b>(5 817 843)</b>	
<b>Payments</b>						
Suppliers	(99 563 513)	(16 706 822)	(116 270 335)	(123 223 784)	(8 953 449)	
Finance costs	(22 500)	-	(22 500)	(827 815)	(806 315)	
	<b>(99 586 013)</b>	<b>(16 706 822)</b>	<b>(116 292 835)</b>	<b>(124 051 599)</b>	<b>(7 758 764)</b>	
<b>Net cash flows from operating activities</b>	<b>41 485 371</b>	<b>(8 917 708)</b>	<b>32 567 663</b>	<b>18 991 058</b>	<b>(13 576 607)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	38 506 383	(71 073 383)	(32 567 000)	(13 400 646)	18 188 364	
Proceeds from sale of property, plant and equipment	-	-	-	-	-	
Purchase of other intangible assets	-	-	-	(694 873)	(694 873)	
<b>Net cash flows from investing activities</b>	<b>38 506 383</b>	<b>(71 073 383)</b>	<b>(32 567 000)</b>	<b>(14 095 519)</b>	<b>18 471 481</b>	
<b>Cash flows from financing activities</b>						
Repayment of other financial liabilities	-	-	-	143 844	143 844	
Finance lease payments	-	-	-	(376 198)	(376 198)	
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(232 354)</b>	<b>(232 354)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>79 991 754</b>	<b>(79 991 091)</b>	<b>663</b>	<b>4 663 283</b>	<b>4 662 820</b>	
Cash and cash equivalents at the beginning of the year	4 494 000	(360 552)	3 833 448	26 671 316	23 037 898	
<b>Cash and cash equivalents at the end of the year</b>	<b>84 486 754</b>	<b>(660 644)</b>	<b>3 834 111</b>	<b>31 334 599</b>	<b>27 700 488</b>	

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (l.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (l.t.o. s31 of the MFMA)	Virement (l.t.o. council approved policy)	Final budget	Actual outcome	Unauthorized expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
<b>Financial Performance - 2015</b>											
Property rates	8 345 682	2 022 675	10 368 357	-		10 368 357	10 319 307		(49 050)	100 %	124 %
Service charges	11 848 358	(243 192)	11 605 166	-		11 605 166	7 858 111		(3 737 055)	68 %	66 %
Investment revenue	683 959	40 000	723 959	-		723 959	1 256 011		531 052	173 %	183 %
Transfers recognised - operational	96 502 000	578 948	97 080 948	-		97 080 948	94 106 231		(2 974 717)	97 %	98 %
Other own revenue	14 003 289	4 594 220	18 597 509	-		18 597 509	11 669 335		(6 928 174)	63 %	83 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>131 383 298</b>	<b>6 882 651</b>	<b>138 275 948</b>	<b>-</b>		<b>138 275 948</b>	<b>125 217 885</b>		<b>(13 157 954)</b>	<b>80 %</b>	<b>86 %</b>
Employee costs	(63 173 523)	1 908 270	(61 265 253)	-		(61 265 253)	(58 009 620)		3 255 633	95 %	92 %
Remuneration of councillors	(9 040 482)	(1 000 000)	(10 040 482)	-		(10 040 482)	(7 650 725)		2 389 757	76 %	85 %
Debt Impairment	(2 670 280)	(500 000)	(3 170 280)			(3 170 280)	(6 130 228)		(2 959 948)	193 %	230 %
Depreciation and asset impairment	(4 000 000)	-	(4 000 000)			(4 000 000)	(8 147 957)		(4 147 957)	204 %	204 %
Finance charges	(25 000)	-	(25 000)	-		(25 000)	(827 815)		(802 815)	3 311 %	3 311 %
Materials and bulk purchases	(7 000 000)	(700 000)	(7 700 000)	-		(7 700 000)	(7 073 013)		626 987	92 %	101 %
Other expenditure	(40 666 127)	(20 427 167)	(61 093 294)	-		(61 093 294)	(52 408 893)		8 684 401	86 %	129 %
<b>Total expenditure</b>	<b>(128 676 412)</b>	<b>(20 718 897)</b>	<b>(147 294 308)</b>	<b>-</b>		<b>(147 294 308)</b>	<b>(140 248 261)</b>		<b>7 046 058</b>	<b>86 %</b>	<b>111 %</b>
<b>Surplus/(Deficit)</b>	<b>4 807 888</b>	<b>(13 728 248)</b>	<b>(8 918 360)</b>	<b>-</b>		<b>(8 918 360)</b>	<b>(15 030 268)</b>		<b>(8 111 898)</b>	<b>188 %</b>	<b>(313)%</b>
Transfers recognised - capital	28 943 000	198 859	29 141 859	-		29 141 859	28 483 273		(658 586)	98 %	98 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>33 750 888</b>	<b>(13 627 387)</b>	<b>20 223 498</b>	<b>-</b>		<b>20 223 498</b>	<b>13 453 017</b>		<b>(8 770 482)</b>	<b>87 %</b>	<b>40 %</b>

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Accounting Policies

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#### 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.

##### 1.6 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:

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Accounting Policies

#### 1.6 Investment property (continued)

- 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.

#### 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 by equal instalments 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.

#### 1.7 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.



**Molemole Local Municipality**  
 Financial Statements for the year ended 30 June 2015  
**Accounting Policies**

**1.7 Property, plant and equipment (continued)**

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Land and Buildings which are carried at a revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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 straight line basis over their expected useful lives to their estimated residual value.

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

Item	Average useful life
<b>Buildings</b>	
* Municipa Buildings	15 - 30 years
* Land	Indefinite
<b>Infrastructure</b>	
* Roads	5 - 30 years
* Paving On Car Ports	5 - 30 years
* Electricity Network	5 - 45 years
* Single Face Meters 97/98	2-20 years
* Water	2-20 years
* Sewerage	2 - 20 years
* Stormwater	5 - 30 years

**Molemole Local Municipality**  
Financial Statements for the year ended 30 June 2015

**Accounting Policies**

**1.7 Property, plant and equipment (continued)**

<b>Community</b>	
• Community Buildings	15 - 30 years
• Recreational Facilities	20 - 30 years
• Tennis courts	20 - 30 years
• Swimming Pool And Pumps	5 - 10 years
• Security	5 - 10 years
• Palisade Fence	3- 10 years
• Guard Room	2 - 30 years
• Parks and gardens	20 -30 years
• Taxi Rank	22 - 30 years
<b>Other property, plant and equipment</b>	
• Gates And Fencing	5 - 10 years
• Air conditioners	5 - 15 years
• Plant and equipment	5 - 30 years
• Security Measures	5 - 30years
• Other vehicles	5 - 10 years
• Specialised Vehicle	10 - 15 years
• Computer Equipment	5-10 years
• Office equipment	5-15 years
• Furniture and fittings	7- 15 years
• Bins and containers	2-7 years
• Other items of plant and equipment	10 -15 years
• Landfill sites	30 - 45 years
• Computer equipment	3 - 15 years
<b>Finance Leased Assets</b>	
• 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.

**1.8 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.

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Accounting Policies

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#### 1.8 Intangible assets (continued)

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Computer software, other	3 - 7 years

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.

#### 1.8 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.

**Molemole Local Municipality**  
Financial Statements for the year ended 30 June 2015

**Accounting Policies**

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**1.8 Heritage assets (continued)**

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.

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.

**1.10 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.

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Accounting Policies

#### 1.10 Financial Instruments (continued)

##### 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.

##### 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.

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**Molemole Local Municipality**  
Financial Statements for the year ended 30 June 2015  
**Accounting Policies**

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**1.10 Financial Instruments (continued)**

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.

**1.11 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.

**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 interest rate implicit in the lease.

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

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

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Accounting Policies

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#### 1.11 Leases (continued)

##### 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

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.

#### 1.12 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.

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Accounting Policies

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#### 1.12 Inventories (continued)

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 arise. 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.

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.



## **Molemole Local Municipality**

Financial Statements for the year ended 30 June 2015

### **Accounting Policies**

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#### **1.18 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**

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, 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**

## **Molemole Local Municipality**

Financial Statements for the year ended 30 June 2015

### **Accounting Policies**

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#### **1.13 Employee benefits (continued)**

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.

#### **1.14 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.

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.

#### **1.15 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.

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Accounting Policies

#### 1.17 Unauthorized expenditure (continued)

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.

#### 1.18 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.

#### 1.19 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):

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.

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Accounting Policies

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#### 1.20 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.

#### 1.21 Retirement Benefits

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Accounting Policies

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#### 1.22 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.

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Notes to the Financial Statements

Figures in Rand

	2015			2014		
<b>2. Investment property</b>						
		2015		2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2 091 000	(216 666)	1 874 334	2 091 000	(173 332)	1 917 668
<b>Reconciliation of investment property - 2015</b>						
				Opening balance	Depreciation	Total
Investment property				1 917 668	(43 333)	1 874 335
				<b>1 917 668</b>	<b>(43 333)</b>	<b>1 874 335</b>
<b>Reconciliation of investment property - 2014</b>						
				Opening balance	Additions	Depreciation
Investment property				1 671 001	290 000	(43 333)
				<b>1 671 001</b>	<b>290 000</b>	<b>(43 333)</b>
						Total
						1 917 668
						<b>1 917 668</b>

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Notes to the Financial Statements

Figures in Rand

#### 3. Property, plant and equipment

	2015			2014					
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Original Cost / Valuation	Rectified Cost / Valuation	Original Accumulated depreciation & accumulated impairment	Rectified Accumulated depreciation & accumulated impairment	Original Carrying value	Rectified Carrying value
Land and Buildings	47 607 818	(1 521 857)	46 085 961	28 403 278	41 448 278	(4 371 213)	(867 058)	22 032 068	40 781 218
Land	21 851 269	-	21 851 269	12 295 590	19 308 910	-	-	12 295 590	19 308 910
Buildings	25 656 349	(1 521 857)	24 134 492	14 107 689	22 139 368	(4 371 213)	(667 059)	9 736 476	21 472 309
Infrastructure Assets	64 080 373	(8 798 876)	55 281 497	129 103 092	64 208 828	(18 849 716)	(8 782 216)	110 263 378	47 474 811
Infrastructure	-	-	-	129 103 092	-	(18 849 716)	-	110 253 376	-
Electricity Network	12 484 906	(2 018 727)	10 466 179	-	10 814 432	-	(1 630 711)	-	9 183 721
Roads	34 426 528	(4 965 944)	29 460 584	-	36 273 455	-	(3 232 265)	-	33 041 190
Stormwater Network	7 118 939	(2 815 204)	4 303 735	-	7 118 939	-	(1 869 239)	-	5 249 700
Community Assets	33 388 443	(2 888 622)	30 499 821	30 888 182	28 157 560	(1 646 726)	(1 896 920)	29 239 436	26 260 640
Community	-	-	-	30 888 182	-	(1 646 726)	-	29 239 436	-
Community Buildings	21 404 557	(1 060 235)	20 344 322	-	20 827 589	-	(541 617)	-	20 285 972
Recreational Facilities	6 973 956	(1 057 437)	5 916 519	-	2 749 041	-	(966 223)	-	1 782 818
Taxi Rank	5 009 930	(570 850)	4 439 080	-	4 580 930	-	(389 080)	-	4 191 850
Other Assets	28 437 240	(7 818 406)	20 618 834	23 226 168	26 310 970	(8 860 718)	(7 676 683)	14 274 443	17 736 407
Other property, plant and equipment	-	-	-	23 226 159	-	(8 950 716)	-	14 274 443	-
Air Conditioners	254 928	(71 724)	183 204	-	223 478	-	(44 894)	-	178 584
Computer equipment	1 967 625	(1 171 262)	796 363	-	2 308 363	-	(1 059 984)	-	1 238 379
Furniture and fixtures	2 091 726	(887 461)	1 204 265	-	2 053 744	-	(772 192)	-	1 281 552
Motor vehicles	10 843 952	(2 340 331)	8 503 621	-	9 590 642	-	(2 057 504)	-	7 533 138
Office equipment	1 778 951	(761 376)	1 017 575	-	1 464 902	-	(651 165)	-	813 737
Plant and Equipment	6 659 573	(1 900 568)	4 759 005	-	7 527 704	-	(2 519 554)	-	5 008 150
Security Measures	2 840 485	(686 683)	2 153 802	-	2 142 137	-	(460 270)	-	1 681 867
Finance Lease Assets	1 708 870	(1 230 880)	477 990	1 708 870	1 708 870	(444 748)	(444 748)	1 262 222	1 262 222
Other leased Assets	1 706 970	(1 230 890)	476 080	1 706 970	1 706 970	(444 748)	(444 748)	1 262 222	1 262 222
<b>Total</b>	<b>183 070 644</b>	<b>(23 080 648)</b>	<b>160 000 000</b>	<b>211 324 682</b>	<b>160 830 804</b>	<b>(34 283 118)</b>	<b>(17 318 506)</b>	<b>177 081 543</b>	<b>133 614 088</b>

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

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

##### Reconciliation of property, plant and equipment - 2015

	Opening Balance Carrying Value	Additions	Additions Work in Progress	Disposals	Transfers / Revaluation	Depreciation	Closing Balance / Carrying Value
<b>Land and Buildings</b>	<b>40 781 218</b>	<b>23 608</b>	<b>2 285 831</b>	-	<b>3 748 898</b>	<b>(854 800)</b>	<b>46 885 781</b>
Land	19 308 910	-	-	-	2 542 359	-	21 851 269
Buildings	21 472 309	23 509	2 285 831	-	-	(854 800)	24 134 492
<b>Infrastructure Assets</b>	<b>47 474 810</b>	<b>882 888</b>	<b>1 176 447</b>	-	<b>(2 244 588)</b>	<b>(3 087 734)</b>	<b>44 230 488</b>
Infrastructure	-	-	-	-	-	-	-
Electricity Network	9 183 721	567 257	1 103 217	-	(2 244 588)	(388 016)	10 466 179
Roads	33 041 189	325 412	72 230	-	-	(1 733 753)	29 460 584
Stormwater Network	5 249 700	-	-	-	-	(945 965)	4 303 735
<b>Community Assets</b>	<b>28 280 840</b>	<b>528 563</b>	<b>4 702 320</b>	-	-	<b>(781 802)</b>	<b>30 898 821</b>
Community	-	-	-	-	-	-	-
Community Buildings	20 285 971	528 563	48 405	-	-	(518 618)	20 344 322
Recreational Facilities	1 782 819	-	4 224 915	-	-	(91 214)	5 915 519
Taxi Rank	4 191 850	-	429 000	-	-	(181 770)	4 439 080
<b>Other Assets</b>	<b>17 736 408</b>	<b>3 280 826</b>	<b>611 482</b>	<b>(812 478)</b>	-	<b>(2 287 400)</b>	<b>18 817 836</b>
Air Conditioners	178 585	31 450	-	-	-	(26 830)	183 204
Computer equipment	1 238 379	219 684	-	(153 933)	-	(507 767)	796 363
Furniture and fixtures	1 281 552	92 894	-	(18 239)	-	(151 942)	1 204 265
Motor vehicles	7 533 139	1 760 634	-	(144 343)	-	(645 808)	8 503 621
Office equipment	758 061	543 055	-	(83 672)	-	(255 545)	1 017 575
Plant and Equipment	5 063 827	446 242	-	(212 292)	-	(483 095)	4 759 005
Security Measures	1 681 865	186 866	511 482	-	-	(226 413)	2 153 800
Finance Lease Assets	1 282 222	-	-	-	-	(788 142)	478 080
Other leased Assets	1 262 222	-	-	-	-	(786 142)	476 080
<b>Total</b>	<b>133 614 098</b>	<b>4 726 688</b>	<b>8 876 080</b>	<b>(812 478)</b>	<b>1 606 430</b>	<b>(7 787 878)</b>	<b>140 010 056</b>



## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

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

##### Reconciliation of property, plant and equipment - 2014

	Original Opening Balance Carrying Value	Revised Opening Balance Carrying Value	Original Additions	Revised Additions	Original Additions Work In Progress	Revised Additions Work In Progress	Original Revalua- tions/ Transfers	Revised Revalua- tions/ Transfers	Original Deprecia- tion	Revised Deprecia- tion	Original Closing Balance Carrying Value	Revised Closing Balance Carrying Value
Land and Buildings	28 807 848	35 142 828	148 870	416 882	388 708	-	(2 180 828)	6 871 068	(2 364 048)	(848 824)	22 082 084	40 781 218
Land	12 283 390	19 308 910	97 777	-	-	-	-	-	-	-	12 295 590	19 308 910
Buildings	14 324 556	15 834 018	52 193	415 862	363 708	-	(2 160 626)	5 871 053	(2 354 046)	(648 624)	9 736 474	21 472 309
Infrastructure assets	103 148 866	44 883 682	780 087	1 845 844	15 234 106	4 112 778	-	-	(27 787 187)	(2 887 704)	110 263 378	47 474 810
Infrastructure	103 148 866	-	790 097	-	15 234 106	-	-	-	(18 849 717)	-	110 253 376	-
Electricity Network	-	8 887 453	-	418 277	-	280 033	-	-	(415 498)	(402 042)	-	9 183 721
Roads	-	29 600 474	-	1 227 667	-	3 832 745	-	-	(7 337 616)	(1 619 697)	-	33 041 189
Stormwater Network	-	6 195 665	-	-	-	-	-	-	(1 164 365)	(945 965)	-	5 249 700
Community Assets	24 702 832	26 888 771	771 880	188 600	1 338 131	1 188 831	-	(268 836)	(4 144 137)	(717 427)	28 288 438	28 280 840
Community	24 702 832	-	771 880	-	1 338 131	-	-	-	(3 372 470)	-	29 239 436	-
Community Buildings	-	20 774 574	-	169 500	-	52 193	-	(259 835)	(504 701)	(450 461)	-	20 285 971
Recreational Facilities	-	1 195 948	-	-	-	678 085	-	-	(91 214)	(91 214)	-	1 782 819
Taxi Rank	-	3 928 249	-	-	-	438 353	-	-	(175 752)	(175 752)	-	4 191 850
Other Assets	12 173 178	13 028 837	5 438 890	8 244 208	388 000	388 000	-	-	(12 838 063)	(1 881 890)	14 274 443	17 736 408
Other property, plant and equipment	12 173 178	-	5 438 890	-	396 000	-	-	-	(10 447 709)	-	14 274 443	-
Air Conditioners	-	135 431	-	60 600	-	-	-	-	(13 132)	(17 446)	-	178 585
Computer equipment	-	1 716 125	-	16 266	-	-	-	-	(529 453)	(494 012)	-	1 238 379
Furniture and fixtures	-	1 363 876	-	58 632	-	-	-	-	(135 234)	(140 966)	-	1 281 552
Motor vehicles	-	6 005 309	-	2 047 429	-	-	-	-	(944 763)	(519 599)	-	7 533 139
Office Equipment	-	287 144	-	669 794	-	-	-	-	-	(198 877)	-	758 061
Plant and Equipment	-	2 338 805	-	2 720 766	-	396 000	-	-	(768 762)	(391 744)	-	5 063 827
Security Measures	-	1 180 147	-	670 719	-	-	-	-	-	(168 996)	-	1 681 865
Finance Lease Assets	1 708 870	1 432 818	-	-	-	-	-	-	(687 823)	(170 887)	1 262 222	1 262 222
Other leased Assets	1 708 870	1 432 818	-	-	-	-	-	-	(587 823)	(170 697)	1 262 222	1 262 222
<b>Total</b>	<b>188 387 681</b>	<b>129 186 047</b>	<b>7 161 087</b>	<b>8 476 612</b>	<b>17 382 844</b>	<b>6 678 408</b>	<b>(2 180 828)</b>	<b>6 811 218</b>	<b>(47 882 268)</b>	<b>(8 488 082)</b>	<b>177 081 641</b>	<b>193 614 089</b>

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Notes to the Financial Statements

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

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.

The HCB property valuations (Reg : 2008/029880/23) , an independent valuer , was appointed by the Molemole municipality to determine the fair fair value of its Land and Buildings.

Fair value is determined by reference to the market based evidence. The date of the revaluation was June 2014. =

#### 4. Intangible assets

	2015			2014	
	Cost / Valuation	Accumulated amortification and accumulated Impairment	Carrying value	Rectated Cost / Valuation	Rectated Accumulated amortification and accumulated Impairment
Computer software, other	1 660 239	(525 183)	1 135 056	965 346	(218 216)

#### Reconciliation of Intangible assets - 2015

	Opening balance	Additions	Amortification	Total
Computer software, other	747 130	694 873	(306 967)	1 135 056
	<b>747 130</b>	<b>694 873</b>	<b>(306 967)</b>	<b>1 135 056</b>

#### Reconciliation of Intangible assets - 2014

	Opening Carrying Balance	Additions	Rectated Additions	Amortification	Rectated Carrying Balance
Computer software, other	382 604	140 140	536 140	(171 614)	747 130
	<b>382 604</b>	<b>140 140</b>	<b>536 140</b>	<b>(171 614)</b>	<b>747 130</b>



## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

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	2015	2014
<b>7. Employee benefit obligations (continued)</b>		
Present value of fund obligation at the beginning of the year	5 025 489	3 889 553
Total Expenses	889 101	660 149
Current service cost	481 931	369 153
Interest cost	468 946	358 472
Benefits paid	(58 776)	(67 476)
Actuarial Losses	272 933	475 787
Present value of fund obligation at the beginning of the year	5 187 523	5 035 489
Less : transfer of current portion	(70 224)	(58 776)
<b>Balance 30 June</b>	<b>6 117 298</b>	<b>4 988 713</b>
<b>Long Service Bonus</b>		
The Long Service Bonus plans are defined benefit plans. As at year end, 152 employees were eligible for Long Service Bonuses.		
The Employer's Unfunded Accrued Liability at 30 June 2015 is estimated at R 2 203 076. The Current-service Cost for the year ending 30 June 2015 is estimated at R187 196. It is estimated to be R 293 371 for the ensuing year.		
Key actuarial assumptions used:		
<b>Rate of Interest</b>		
Discount rate	8,23%	8,08%
general Salary Inflation (long-term)	7,20%	7,17%
Net Effective Discount Rate applied to Long Service Bonuses	0,96%	0,85%
The amounts recognised in the Statement of Financial Position are as follows:		
<b>Present Value of fund obligation</b>		
Balance	2 203 076	1 508 297
<b>Net liability / (asset)</b>	<b>2 203 076</b>	<b>1 608 287</b>
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	1 508 297	1 334 404
Total expenses	117 757	207 582
Current service cost	187 196	177 786
Interest cost	114 599	97 668
Benefits Paid	(184 038)	(67 872)
Actuarial (gains)/losses	577 022	(33 689)
Present value of fund obligation at the end of the year	2 203 076	1 508 297
Less: Transfer of Current Portion	(130 570)	(184 038)
<b>Balance 30 June</b>	<b>2 072 606</b>	<b>1 324 259</b>
<b>8. Inventories</b>		
Consumable Stores - Stationery and materials - At cost	214 618	329 537
<b>Total Inventory</b>	<b>214 618</b>	<b>329 537</b>
No inventory assets were pledged as security for liabilities.		

**Molemole Local Municipality**  
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	2015	2014
<b>8. Receivables from exchange transactions</b>		
Trade debtors	<u>9 837 544</u>	<u>8 027 046</u>
<b>Service Receivables</b>		
Electricity	7 195 312	6 525 833
Refuse	7 170 126	5 705 639
Less: Allowance for Doubtful Debts	<u>(9 994 026)</u>	<u>(8 765 582)</u>
	<u>4 371 412</u>	<u>3 465 890</u>
<b>Other Receivables</b>		
Other arrears	17 952 934	16 096 793
Less: Allowance for Doubtful Debts	<u>(12 496 802)</u>	<u>(11 535 632)</u>
	<u>5 456 132</u>	<u>4 561 161</u>
<b>Total Net Trade Debtors from Exchange Transactions</b>		
Service Receivables	4 371 412	3 465 890
Other Receivables	<u>5 456 132</u>	<u>4 561 161</u>
	<u>9 837 544</u>	<u>8 027 051</u>
<b>Electricity: Ageing</b>		
Current (0 - 30 days)	230 954	194 216
31 - 60 days	149 131	123 023
61 - 90 days	162 243	105 688
+90 days	5 652 984	6 102 906
<b>Total</b>	<u>7 195 312</u>	<u>6 626 833</u>
<b>Refuse: Ageing</b>		
Current (0 - 30 days)	136 517	127 771
31 - 60 days	129 519	119 774
61 - 90 days	128 296	118 473
+90 days	5 775 794	5 339 621
<b>Total</b>	<u>7 170 126</u>	<u>5 706 639</u>
<b>Other Debtors: Ageing</b>		
Current (0 - 30 days)	367 379	315 811
31 - 60 days	377 243	309 593
61 - 90 days	370 624	303 874
+90 days	15 847 689	15 166 515
<b>Total</b>	<u>17 952 936</u>	<u>16 098 793</u>

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Notes to the Financial Statements

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	2015	2014
<b>10. Receivables from non-exchange transactions</b>		
Trade Debtors - Property Rates	8 679 257	8 980 113
<b>Property Rates Receivables</b>		
Taxes - Rates	28 521 979	31 691 715
Less: Allowance for Doubtful Debts	(19 842 722)	(22 711 602)
	<b>8 678 267</b>	<b>8 980 113</b>
<b>Ageing of Receivables from Non-Exchange Transactions</b>		
<b>Rates: Ageing</b>		
Current (0 - 30 days)	749 317	766 216
31 - 60 days	722 152	741 662
61 - 90 days	718 874	835 370
+90 days	26 331 636	29 348 468
<b>Total</b>	<b>28 521 978</b>	<b>31 691 716</b>
Debits are required to be settled after 30 days, interest is charged after this date at 15%. The fair value of trade and other receivables approximates their carrying amounts.		
<b>11. VAT receivable/(Payable)</b>		
VAT	514 058	-
Corrections	-	(568 670)
VAT Previously reported	-	551 843
<b>Total VAT Receivable/( Payable )</b>	<b>514 058</b>	<b>(18 827)</b>
VAT is claimable on the invoice basis. VAT is claimed from SARS once an invoice has been received from creditors.		
<b>12. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash Floats	10 000	656
Bank balances	16 513 756	17 698 311
Call Investment Deposits	14 810 843	8 972 348
<b>Total Cash and Cash Equivalents - Assets</b>	<b>31 334 600</b>	<b>26 671 316</b>

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

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#### 12. Cash and cash equivalents (continued)

The municipality had the following bank accounts:

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
Nedbank - Primary Account - 146 700 0442	7 000 442	4 155 362	4 930 619	1 863 728	1 611 630	2070307
Nedbank - Primary Account - 101 3894825	7 886 066	16 087 417	6 324 551	14 660 108	16 087 337	6 324 551
Nedbank - Call Investment Deposit - 03/7411508977/000001	14 810 843	8 972 348	5 586 764	14 810 843	8 972 348	5 586 764
Nedbank call Investment Deposit - 03/7411508977/000011	-	-	5 000 000	-	-	5 000 000
Nedbank Call Investment Deposit - 03/7411508977/000010	-	-	10 000 000	-	-	10 000 000
<b>Total</b>	<b>29 697 350</b>	<b>29 215 127</b>	<b>31 841 934</b>	<b>31 324 679</b>	<b>28 671 316</b>	<b>28 811 316</b>

#### 13. Revaluation reserve

Opening balance	39 671 288	38 989 774	-	38 989 774
Change during the year	-	681 514	2 829 841	(2 148 427)
	<b>39 671 288</b>	<b>39 671 288</b>	<b>2 829 841</b>	<b>38 841 347</b>

#### 14. Finance lease obligation

Minimum lease payments due

- within one year
- in second to fifth year inclusive

519 735  
299 325

376 198  
819 060

less: future finance charges

819 060  
(519 735)

1 195 258  
(376 198)

Present value of minimum lease payments

**299 325**

**819 060**

Non-current liabilities

299 325

819 060

Current liabilities

519 735

376 198

**819 060**

**1 195 258**

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest Rate	Annual Escalation	Lease Term	Maturity Date
Datamaster Office Automation	Photocopy machine	9,50%	8%	5 Years	30-11-2016
Datamaster Office Automation	Photocopy machine	9,50%	8%	5 Years	30-11-2016

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	2015	2014
<b>16. Unspent conditional grants and receipts</b>		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant	658 587	879 351
Finance Management Grant	-	316 852
Municipal System Improvement Grant	404 128	482 113
CDM - Taxi Rank	412 516	901 576
CDM - Stadium	-	53 987
CDM - Mogwadi Community Hall	32 435	50 000
Community Waste collection	143 150	-
Audit Committee Facilities	400 000	-
Integrated transport plan	500 000	-
Expanded Public Works Program	-	469 383
CDM Operational and Maintenance (Water)	1 098 405	1 098 405
	<b>3 648 221</b>	<b>4 261 687</b>
<b>Movement during the year</b>		
Balance at the beginning of the year	4 251 666	7 570 477
Additions during the year	123 136 932	100 369 000
Conditions met - Operating	(94 361 874)	(82 906 693)
Conditions met - Capital	(28 227 629)	(19 620 761)
Adjustments/corrections	(1 149 875)	(1 160 357)
	<b>3 648 220</b>	<b>4 261 688</b>

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

**18. Provisions**

**Reconciliation of provisions - 2015**

	Opening Balance	Additions	Total
Landfill Site rehabilitation provision	4 942 223	1 539 157	6 481 380
Employee benefit cost	1 324 259	878 817	2 203 076
	<b>6 266 482</b>	<b>2 417 974</b>	<b>8 684 456</b>

**Reconciliation of provisions - 2014**

	Original Opening Balance	Additions	Restated Total
Landfill site rehabilitation cost provision	-	4 942 223	4 942 223
Employee benefit cost	1 228 193	96 066	1 324 259
	<b>1 228 193</b>	<b>5 038 289</b>	<b>6 266 482</b>

**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 6 481 380 (2014: R 4 942 223) 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.



## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

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	2015	2014
<b>17. Other Liabilities</b>		
State cheques control account	-	20 421
Unallocated deposits	-	-
Receipt reversal suspense	14	-
Traffic income	-	70 140
Salary suspense account	4 139	-
Loans redeemed and advance repaid	47 515	47 515
Free Basic Water Diesel	-	2 559
Unallocated receipts	63 234	-
Prior Year Roll Over	(106)	56 617
Unallocated Deposits	-	1 235 554
	<b>114 788</b>	<b>1 432 808</b>
<b>18. Current Employee Benefits</b>		
Current Portion of Post Retirement Healthcare Benefits	70 224	58 776
Current Portion of Long-Service Provisions	130 570	184 038
Staff Leave	5 539 159	4 133 474
<b>Total Current Employee Benefits</b>	<b>5 739 963</b>	<b>4 376 288</b>
The movement in current employee benefits are reconciled as follows:		
Provision for Staff Leave		
Balance at Beginning of the year	4 133 474	5 438 793
Contribution to current portion	1 602 827	(1 305 319)
Expenditure during the year	(157 142)	-
<b>Balance at end of year</b>	<b>5 539 159</b>	<b>4 133 474</b>
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.		
<b>19. Payables from exchange transactions</b>		
Trade payables	1 545 439	4 771 041
Payments received in advanced - contract in process	1 029 381	632 391
Retention Creditor	3 318 035	1 198 520
Prepaid electricity not used	73 139	-
Salary Accruals	192 772	727 188
Creditor National Treasury	469 383	-
	<b>6 628 149</b>	<b>7 329 140</b>
<b>20. Consumer deposits</b>		
Electricity	476 478	471 681
<b>Total Consumer Deposits</b>	<b>476 478</b>	<b>471 681</b>
The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.		

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

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#### 21. Financial Instruments disclosure

#### 22. Revenue

	2015	2014
Service charges	7 868 111	6 927 963
Rental of facilities and equipment	310 226	247 824
Interest received (trading)	4 144 675	3 352 923
Licences and permits	3 987 769	4 061 930
Commissions received	1 277 971	1 176 576
Other income	438 141	259 565
Interest received - investment	1 255 011	481 419
Property rates	10 319 307	9 399 061
Government grants & subsidies	122 589 504	102 303 739
Fines	1 398 467	1 169 180
	<b>163 589 182</b>	<b>129 380 180</b>

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	7 868 111	6 927 963
Rental of facilities and equipment	310 226	247 824
Interest received (trading)	4 144 675	3 352 923
Licences and permits	3 987 769	4 061 930
Commissions received	1 277 971	1 176 576
Other income	438 141	259 565
Interest received - investment	1 255 011	481 419
	<b>18 281 904</b>	<b>18 608 200</b>

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

Taxation revenue		
Property rates	10 319 307	9 399 061
Transfer revenue		
Government grants & subsidies	122 589 504	102 303 739
Fines	1 398 467	1 169 180
	<b>134 307 278</b>	<b>112 871 980</b>

#### 23. Property rates

##### Rates received

Property rates	10 319 307	9 399 061
----------------	------------	-----------

#### 24. Service charges

Electricity	6 378 369	5 550 086
Refuse removal	1 489 742	1 377 877
	<b>7 868 111</b>	<b>6 927 963</b>

## Molemole Local Municipality

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2014

#### 26. Government grants and subsidies

##### Operating grants

Equitable share	89 014 492	80 478 000
Finance Management Grant	1 839 164	1 412 649
Municipal System Improvement Grant	883 585	660 227
CDM	1 117 450	1 303 384
Expanded Public Works Program	1 454 000	1 148 650
Municipal Infrastructure Grant	1 053 183	-
	<u>94 361 874</u>	<u>85 002 910</u>

##### Capital grants

Municipal Infrastructure Grant	27 430 089	17 300 829
Finance Management Grant	77 688	-
Municipal System Improvement Grant	128 400	-
CDM	591 452	-
	<u>28 227 629</u>	<u>17 300 829</u>
	<u>122 589 503</u>	<u>102 303 739</u>

#### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	33 575 011	21 825 739
Unconditional grants received	89 014 492	80 478 000
	<u>122 589 503</u>	<u>102 303 739</u>

The municipality does not expect any significant changes to the level of grants.

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned.

See Appendix F and note 15 for a reconciliation of all grants.

#### Equitable Share

Balance unspent at beginning of year	-	-
Current-year receipts	89 014 492	80 478 000
Conditions met - transferred to revenue	(89 014 492)	(80 478 000)
Conditions still to be met	<u>-</u>	<u>-</u>

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

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Figures in Rand	2015	2014
<b>26. Government grants and subsidies (continued)</b>		
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	879 351	2 939 535
Current-year receipts	28 943 000	16 401 000
Conditions met - transferred to revenue	(1 053 183)	(742 433)
Conditions met - transferred to capital	(27 430 089)	(16 558 396)
Other	(560 492)	(1 150 355)
<b>Conditions still to be met</b>	<b>858 687</b>	<b>878 351</b>
Conditions still to be met - remain liabilities (see note 15).		
Municipal Infrastructure Grant received with conditions to be met.		
<b>Finance Management Grant</b>		
Balance unspent at beginning of year	316 852	179 502
Current-year receipts	1 600 000	1 550 000
Conditions met - transferred to revenue	(1 839 164)	(1 020 818)
Conditions met - transferred to capital	(77 688)	(391 832)
<b>Conditions still to be met</b>	<b>-</b>	<b>316 862</b>
Conditions still to be met - remain liabilities (see note 15).		
Finance Management Grant received with conditions to be met.		
<b>Municipal System Improvement Grant</b>		
Balance unspent at beginning of year	482 113	252 339
Current-year receipts	934 000	890 000
Conditions met - transferred to revenue	(883 585)	(441 726)
Conditions met - transferred to capital	(128 400)	(218 500)
<b>Conditions still to be met</b>	<b>404 128</b>	<b>482 113</b>
Conditions still to be met - remain liabilities (see note 15).		
Municipal System Improvement Grant received with conditions to be met.		
<b>CDM - Taxi Rank</b>		
Balance unspent at beginning of year	901 576	1 458 947
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions met - transferred to capital	(489 060)	(557 371)
Adjustments/Corrections	-	-
<b>Conditions still to be met</b>	<b>412 516</b>	<b>901 576</b>
Conditions still to be met - remain liabilities (see note 15).		
CDM - Taxi Rank grant received with conditions to be met.		

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

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	2015	2014
<b>26. Government grants and subsidies (continued)</b>		
<b>CDM - Stadium</b>		
Balance unspent at beginning of year	53 987	800 000
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions met - transferred to capital	(53 987)	(746 013)
Adjustments/Corrections	-	-
<b>Conditions still to be met</b>	<b>-</b>	<b>53 987</b>
Conditions still to be met - remain liabilities (see note 15).		
<b>CDM - Stadium grant received with conditions to be met.</b>		
<b>CDM - Mogwadi Community Hall</b>		
Balance unspent at beginning of year	50 000	-
Current-year receipts	30 840	50 000
Conditions met - transferred to revenue	-	-
Conditions met - transferred to capital	(48 405)	-
Adjustments/Corrections	-	-
<b>Conditions still to be met</b>	<b>32 435</b>	<b>50 000</b>
Conditions still to be met - remain liabilities (see note 15).		
<b>CDM - Mogwadi Community Hall grant received with conditions to be met.</b>		
<b>Community Waste collection</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	260 600	-
Conditions met - transferred to revenue	(117 450)	-
Conditions met - transferred to capital	-	-
Adjustments/Corrections	-	-
<b>Conditions still to be met</b>	<b>143 150</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 15).		
<b>Community Waste collection grant received with conditions to be met.</b>		
<b>Audit Committee Facilities</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	400 000	-
Conditions met - transferred to revenue	-	-
Conditions met - transferred to capital	-	-
Adjustments/Corrections	-	-
<b>Conditions still to be met</b>	<b>400 000</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 15).		
<b>Audit Committee Facilities grant received with conditions to be met.</b>		

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	2015	2014
<b>26. Government grants and subsidies (continued)</b>		
<b>Integrated Transport Plan</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	500 000	-
Conditions met - transferred to revenue	-	-
Conditions met - transferred to capital	-	-
Adjustments/Corrections	-	-
<b>Conditions still to be met</b>	<b>500 000</b>	<b>-</b>
<b>Expanded Public Works Program</b>		
Balance unspent at beginning of year	469 383	618 033
Current-year receipts	1 454 000	1 000 000
Conditions met - transferred to revenue	(1 454 000)	-
Conditions met - transferred to capital	-	(1 148 650)
Adjustments/Corrections	(469 383)	-
<b>Conditions still to be met</b>	<b>-</b>	<b>469 383</b>
Conditions still to be met - remain liabilities (see note 15).		
Expanded Public Works Program received with conditions to be met.		
<b>CDM Operational and Maintenance (Water)</b>		
Balance unspent at beginning of year	1 098 405	1 322 121
Current-year receipts	-	-
Conditions met - transferred to revenue	-	(223 716)
Conditions met - transferred to capital	-	-
Adjustments/Corrections	-	-
<b>Conditions still to be met</b>	<b>1 098 405</b>	<b>1 098 405</b>
Conditions still to be met - remain liabilities (see note 15).		
CDM Operational and Maintenance (Water) received with conditions to be met.		
<b>26. Other Income</b>		
Books Lost	-	373
Building Plan Fees	52 503	17 982
Clearance Certificates	20 601	6 906
Grave Fees	7 451	7 102
Insurance Income Received	-	6 999
New Connections	53 702	32 660
Penalties	-	51
Re-Connections	42 650	14 207
Sale Of Stands	900	-
Sale Of Pre-paid Meters	994	11 012
Surplus Cash	-	200
Tender Documents	139 014	49 516
Town Planning Fees	12 041	19 504
Skills Development Levy Refund	98 046	93 053
Sundry Income	10 000	-
	<b>438 141</b>	<b>269 586</b>

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<b>27. General expenses</b>		
Accommodation and Meals	540 673	488 018
Accommodation and Meals : FMG	121 756	176 576
Advertising	138 899	85 327
Advertising : Recruitment	37 375	70 861
Affiliation & Membership Fees : SALGA	7 15 147	502 180
Audit Committees Expenses	189 168	197 799
Audit Fees - External	2 607 819	2 894 052
Bank charges	228 353	238 316
Bill: Municipal Electricity	389 786	220 039
Bill: Municipal Water	46 700	82 544
Cash Management Services	115 056	115 056
Career Exhibition	96 000	88 957
Catering General	29 609	-
Cleaning Materials	228 755	119 758
Commission Paid	213 620	20 721
Consultancy Fees	1 400 155	1 110 946
Departmental: Electricity	9 800	10 734
Departmental: Water	13 370	13 862
EAP	42 853	400
Employee Loan/Bursary Scheme	-	15 121
Environmental & Waste Management Initiative	657 773	58 418
Financial Management Support: FMG	175 000	191 458
Financial System Support	273 749	-
Free Basic Electricity	2 666 536	2 105 065
Free Basic Water	504 150	341 688
Fuel and Oil: Municipal Fleet	1 231 991	1 124 646
Fuel and Oil: Other	6 725	46 350
GIS System	-	2 415
HR Management Strategy	-	123 527
Insurance - General	758 084	802 443
ITC Wireless Solutions	448 458	-
LED Support Fund	87 140	32 026
Legal Expenses	1 008 452	3 760 633
Licences - Vehicles	78 553	55 022
Marketing	324 278	420 172
Mandela Day	40 413	58 117
Mayoral Bursary	513 327	250 000
Membership Fees	(226)	2 638
Plant Hire	54 160	18 191
Postage and Telephone	256 929	222 486
Printing, Publication & Marketing	166 058	134 790
Promotions and sponsorships	144 237	4 000
Protective clothing	314 724	166 146
Public Participation	783 288	669 408
Rental Building	33 600	33 600
Rental Office Machines : Usage	138 340	137 794
SMME's & Cooperative Support and Coordination	-	48 500
Special Focus - Woman	350 942	299 625
Special Focus - Youth	-	306
Stationery	714 379	517 884
Strategic Planning Expenditure	73 654	65 881
Subscriptions and Systems Licencing	143 671	72 995
Substance and Travelling - Other	84 550	53 766
Telephone Management System	150 874	356 178
Tracking Device System	80 989	87 032
Training and Conferences	439 228	219 051
Training and Education : FMG	557 830	312 793
Transport and freight	78 080	118 723
Valuation Roll Costs	128 199	243 944

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Notes to the Financial Statements

Figures in Rand	2015	2014
<b>27. General expenses (continued)</b>		
Virtual Private Network	-	57 367
Ward Committee Expenses	1 989 462	1 657 297
Other general expenses	476 062	514 802
RAL Roads expenditure	20 258 759	10 366 741
GOIDA	253 611	-
Beautification Plan	246 950	-
Rehabilitation cost	331 516	-
Electricity Masterplan	926 000	-
	<b>46 128 409</b>	<b>32 206 186</b>

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees and auditing fees.



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	2015	2014
<b>28. Employee related costs</b>		
Basic Salaries	35 896 210	29 318 212
Annual Bonus	2 703 782	2 022 580
Housing Subsidy	49 232	129 581
Substance and Travel Claim	1 288 973	1 258 925
Overtime payments	653 556	431 900
Telephone/Cellphone Allowance	745 606	685 589
Acting allowances	52 072	403 484
Leave pay provision charge	1 602 827	(796 480)
Standby Allowance	155 867	154 906
Travelling/Vehicle Allowance	3 078 521	2 698 923
Long-service awards	636 014	574 533
Clothing Allowance	6 000	6 000
Industrial/Bargaining Council	12 536	11 506
Unemployment Insurance Fund	247 636	219 929
Medical aid - company contributions	2 149 403	1 786 365
Pension Funds	6 319 305	4 823 831
Skills Development Levy	517 407	417 679
Interns Salaries: FMG	520 458	487 903
Danger Allowance	30 000	26 000
PMU - MIG Salaries	962 024	743 341
Laptop Allowance	382 181	323 638
	<b>68 009 820</b>	<b>46 718 446</b>
Municipal Manager is appointed on a 3-year fixed contract and the Director Community Services, Director Corporate Services and Director Finance on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.		
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	794 024	994 714
Other	219 861	262 892
Other	-	1 307 963
	<b>1 013 885</b>	<b>2 565 269</b>
<b>Remuneration of Chief Financial Officer</b>		
Annual Remuneration	930 063	861 969
Other	294 718	369 607
	<b>1 224 781</b>	<b>1 231 576</b>
<b>Remuneration of Manager Technical Services</b>		
Annual Remuneration	698 939	677 686
Other	330 248	297 557
	<b>1 029 187</b>	<b>975 243</b>
<b>Remuneration of Manager Corporate Services</b>		
Annual Remuneration	751 721	742 835
Other	282 478	474 526
	<b>1 034 199</b>	<b>1 217 361</b>
<b>Remuneration of Manager Community Services</b>		

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Notes to the Financial Statements

Figures in Rand	2015	2014
<b>28. Employee related costs (continued)</b>		
Annual Remuneration	786 138	733 529
Other	250 088	244 212
	<b>1 038 226</b>	<b>977 741</b>
<b>Remuneration of Manager Local Economic Development</b>		
Annual Remuneration	842 430	790 204
Other	192 311	288 553
	<b>1 034 741</b>	<b>1 078 767</b>
<b>29. Remuneration of councillors</b>		
Executive Mayor	702 299	730 102
Chief Whip	532 838	577 769
Mayoral Committee Members	1 520 355	1 481 829
Speaker	566 729	668 862
Councillors	4 328 505	4 126 380
	<b>7 650 726</b>	<b>7 584 942</b>
<b>30. Debt Impairment</b>		
Debt Impairment	6 130 228	10 470 453
Total Contribution to Impairment Provision	<b>6 130 228</b>	<b>10 470 453</b>
<b>31. Depreciation and amortisation</b>		
Property, plant and equipment	7 797 677	6 422 081
Investment property	43 333	43 333
Intangible assets	306 947	171 615
Total Depreciation and Amortisation	<b>8 147 967</b>	<b>6 637 029</b>
<b>32. Finance costs</b>		
Finance leases	225 037	1 186 336
Other Interest Paid	22 233	-
Interest on post retirement benefits	580 545	-
	<b>827 815</b>	<b>1 186 336</b>
<b>33. Rental of facilities and equipment</b>		
Premises		
Rental of facilities	263 386	223 402
Other Rentals	46 840	24 422
Total Rentals	<b>310 226</b>	<b>247 824</b>
<b>34. Contracted services</b>		
Other Contractors	3 106 114	3 513 482

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

### Notes to the Financial Statements

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	2015	2014
<b>36. Bulk purchases</b>		
Electricity	7 073 013	6 007 940
<b>Total Bulk Purchases</b>	<b>7 073 013</b>	<b>6 007 940</b>
<b>38. Cash generated from (used in) operations</b>		
	2015	2014 Restated
Surplus	13 453 017	13 562 751
Deficit	-	1 673 015
<b>Adjustments for:</b>		
Depreciation and amortisation	8 147 957	6 637 029
Actuarial Gain / (Loss)	849 955	475 787
Finance costs	-	-
Debt Impairment	6 130 228	10 470 453
Movements in provisions	1 210 333	(1 016 182)
Contributions to Employee benefits	1 150 586	-
(Profit)/Loss on Sale of Assets	53 212	-
<b>Changes in working capital:</b>		
inventories	114 919	(41 014)
Receivables from exchange transactions	(1 810 498)	(4 863 084)
Consumer debtors (Debt written off)	(6 529 005)	-
Other receivables from non-exchange transactions	300 856	(7 839 219)
Payables from exchange transactions	(700 991)	(2 803 443)
VAT	(530 885)	(268 988)
Unspent conditional grants and receipts	(602 445)	(3 318 810)
Consumer deposits	4 817	(5 014)
Other Debtor	(2 304 212)	(364 291)
	<b>18 991 058</b>	<b>12 288 990</b>

## Molemole Local Municipality

Financial Statements for the year ended 30 June 2015

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	2015	2014
<b>37. Commitments</b>		
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	-	345 905
- in second to fifth year inclusive	-	628 994
- later than five years	-	-
	-	<b>874 899</b>
		-
<p>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.</p>		
<b>Capital Commitments</b>		
<b>Commitments in respect of Capital expenditure:</b>		
Infrastructure	1 837 575	4 335 607
Community Building	11 439 560	5 755 386
Equipment	437 938	-
	1 234 538	163 166
<b>Total</b>	<b>14 949 611</b>	<b>10 254 159</b>
<b>This expenditure will be financed from:</b>		
Government Grants	12 999 198	10 254 159
Own Revenue	1 950 413	-
	<b>14 949 611</b>	<b>10 254 159</b>
<b>Operating Commitments</b>		
<b>Commitments in respect of Operating expenditure:</b>	<b>12 047 006</b>	<b>6 214 934</b>
<b>38. Contingencies</b>		
<b>Contingent Liability</b>		
See attached appendix G for more details	1 140 000	1 001 000

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Figures in Rand	2015	2014
<b>37. Commitments</b>		
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due:</b>		
- within one year	-	245 905
- in second to fifth year inclusive	-	628 994
- later than five years	-	-
	-	<b>874 899</b>
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.		
<b>Capital Commitments</b>		
<b>Commitments in respect of Capital expenditure:</b>		
Infrastructure	1 837 575	4 335 607
Community	11 439 560	5 755 386
Building	437 938	-
Equipment	1 234 538	163 166
<b>Total</b>	<b>14 949 611</b>	<b>10 254 159</b>
<b>This expenditure will be financed from:</b>		
Government Grants	12 999 198	10 254 159
Own Revenue	1 950 413	-
	<b>14 949 611</b>	<b>10 254 159</b>
<b>Operating Commitments</b>		
Commitments in respect of Operating expenditure:	12 047 006	6 214 934
<b>38. Contingent liabilities</b>		
<b>Contingent Liability</b>		
See attached appendix G for more details	1 140 000	1 001 000

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				2015	2014
<b>39. Related parties (continued)</b>					
<b>Remuneration of the Chief Finance Officer</b>					
Annual remuneration				930 063	861 969
Travel, motor car, accommodation, subsistence and other allowances				271 276	344 866
S & T				23 442	24 742
				<b>1 224 781</b>	<b>1 231 678</b>
<b>2016</b>					
<b>Remuneration of Individual Executive Directors</b>					
	<b>Local Economic Development</b>	<b>Technical Services</b>	<b>Corporate Services</b>	<b>Community Services</b>	
Annual remuneration	847 547	698 938	751 721	786 138	
Performance and other bonuses	-	-	65 826	56 631	
Travel, motor car, accommodation, subsistence and other allowances	177 000	324 108	207 000	177 000	
S & T	10 194	6 140	9 653	16 457	
	<b>1 034 741</b>	<b>1 029 187</b>	<b>1 034 200</b>	<b>1 036 226</b>	
<b>2014</b>					
	<b>Local Economic Development</b>	<b>Technical Services</b>	<b>Corporate Services</b>	<b>Community Services</b>	
Annual Remuneration	790 204	677 686	742 835	733 529	
Performance and other bonuses	-	-	61 047	56 631	
Travel, motor car, accommodation, subsistence and other allowances	273 437	289 218	376 455	177 000	
S & T	15 116	8 339	37 025	10 581	
	<b>1 078 757</b>	<b>976 243</b>	<b>1 217 362</b>	<b>977 741</b>	
<b>Remuneration of Councillors</b>					
Mayor (MP Makgato) remuneration, pension, cellphone allowance and housing allowance				722 541	730 102
Speaker (L Moabelo) remuneration, pension, cellphone allowance and housing allowance				651 330	668 862
Chief Whip (P Rakubu) remuneration, pension, cellphone allowance and housing allowance & disbursements				565 890	577 769
Councillors' allowances and remuneration				5 848 859	5 626 989
Disbursements of councillors				172 854	194 853
				<b>7 961 474</b>	<b>7 798 676</b>
<b>Related party per Councillor</b>					
	<b>Basic Salary</b>	<b>Allowances</b>	<b>S &amp; T</b>	<b>Total 2016</b>	<b>Total 2014</b>
MP Makgato	508 370	206 521	7 650	722 541	730 102
L Moabelo	406 696	172 397	72 237	651 330	668 862
P Rakubu	381 278	163 504	20 688	565 890	577 769
M.P Pava	209 702	94 369	13 828	317 899	316 661
O Lehong	209 702	94 369	50 482	354 553	321 918
O Matlou	209 702	94 369	17 168	321 239	324 653
R Moseamo	209 702	94 369	31 608	335 679	325 221
A Phihlela	209 702	94 369	4 413	308 484	330 621
M Mapara	152 511	75 305	-	227 816	220 779
S Senwanadi	152 511	75 305	-	227 816	220 779
N G Makgato	152 511	75 305	10 102	237 918	225 618
M Tawana	152 511	75 305	3 270	231 086	228 436
C Matjee	152 511	75 305	-	227 816	220 779
P Mchale	152 511	75 305	-	227 816	220 779
JHlapa	152 511	75 305	-	227 816	220 779
M P Nkoana	152 511	75 305	-	227 816	222 004

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				2015	2014
<b>39. Related parties (continued)</b>					
A Moyo	152 511	75 305	-	227 816	221 454
M Malla	152 511	75 305	1 930	229 746	221 980
N E Ramolepe	152 511	75 305	-	227 816	222 970
A Mahlopho	152 511	75 305	3 150	230 966	222 084
E Rahiana	152 511	75 305	12 700	240 516	237 334
A Makgoka	152 511	75 305	19 320	247 136	238 258
M Masekela	152 511	75 305	-	227 816	220 779
M Molema	152 511	75 305	3 983	231 799	220 779
M E Mphelo	152 511	75 305	-	227 816	220 779
N W Seakamela	152 511	75 305	-	227 816	220 779
Malebatsa TB	-	-	-	-	17 710
M Duba	152 511	75 305	900	228 716	157 669
	<b>6 242 693</b>	<b>2 446 482</b>	<b>278 429</b>	<b>7 961 474</b>	<b>7 798 676</b>

**40. Prior period errors**

**Statement of Financial Position**

**Property Plant and Equipment**

Balance previously reported	177 061 543
Reversal of incorrect journal processed in 2014 regarding revaluations of land and buildings	2 148 426
Asset 22706 - not capitalised in 2014 - part of repairs and maintenance vote Office Telephone Machine	134 497
Correct (Devaluation)/Revaluation of Land and buildings for 2014	681 515
Correction of 2014 depreciation because of review of useful lives and residual values	654 678
Accumulated depreciation written back on the calculation of residual values up to 30 June 2013	262 035
Additional Accumulated depreciation for incorrect acquired dates of assets up to 30 June 2013	(40 872)
Accumulated Depreciation write back on assets related to review of useful lives up to 30 June 2013	648 056
Reversal of accumulated depreciation on revaluation of land and buildings assets up to 30 June 2013	2 962 605
RAL Roads write offs up to 2013/2014	(60 070 728)
Land registered at deeds not previously accounted for in asset register	7 000 000
Design fees for highmast reversed - Asset did not continue, 2009/2010	(363 045)
Asset (Mercedes) sold trade for new vehicle 2011/2012	(254 115)
Asset (Mazda) sold via auction 2011/2012	(20 000)
Renovation done on building not belonging to municipality 2010/2011	(198 820)
Reversal of Difference in 2013/2014 depreciation on assets with residual values	1 904 637
Vending system incorrectly capitalised to office equipment instead of intangible asset	(396 000)
RAL roads land now derecognised	(3 220 000)
Dendron Landfillsite rehabilitation cost not accounted for in 2014	4 942 223
Mayoral Chain reclassified to Heritage Assets - Cost	(368 150)
Accumulated depreciation l.r.o. mayoral chain reversed	55 684
	<b>132 532 174</b>

**Heritage Asset**

Balance previously reported	-
Mayoral Chain reclassified from Property Plant and equipment	368 150
	<b>368 150</b>

**Intangible Asset**

Balance previously reported	351 130
Vending system incorrectly capitalised to office equipment instead of intangible asset	396 000
	<b>747 130</b>

**Revaluation Reserve**

Balance previously reported	36 841 347
Reversal of incorrect journal processed in 2014 regarding revaluations of land and buildings	2 148 426
Correct (Devaluation)/Revaluation of Land and buildings for 2014	681 515
	<b>39 671 288</b>

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	2015	2014
<b>40. Prior period errors (continued)</b>		
<b>Vat Receivable</b>		
Balance previously reported		551 843
Recognition of Vat output for traffic and licensing commission		(568 570)
		<u>116 273</u>
<b>Provisions</b>		
Balance previously reported		1 324 259
Dendron Landfill site provision not accounted for in 2014		4 942 224
		<u>6 266 483</u>
<b>Accumulated Surplus - 2014</b>		
Asset 22706 - not capitalised in 2014 - part of repairs and maintenance vote Office Telephone Machine		(134 497)
Correction of 2014 depreciation because of review of useful lives and residual values		(654 578)
RAL Roads write offs 2013/2014 expenditure incorrectly capitalised now expensed through operating		10 366 741
Reversal of depreciation of Roads write offs 2013/2014		(5 700 721)
Depreciation (2013/2014) written back design fees of project not materialised		(13 926)
Reversal of depreciation for 2013/2014 of Asset (Mazda) sold via auction		(5 000)
Reversal of depreciation for 2013/2014 l.r.o. Asset (Mercedes) sold trade for new vehicle		(47 835)
Reversal of depreciation for 2013/2014 l.r.o. Renovation done on building not belonging to municipality		(7 512)
Reversal 2013/2014 depreciation on assets with residual values		(332 296)
Reversal of depreciation raised on heritage asset		(55 676)
Recognition of Vat output for traffic and licensing commission		568 570
		<u>3 983 470</u>
<b>Accumulated Surplus - 2013</b>		
Accumulated depreciation written back on the calculation of residual values up to 30 June 2013		(262 035)
Additional Accumulated depreciation for incorrect acquired dates of assets up to 30 June 2013		40 872
Accumulated Depreciation write back on assets related to review of useful lives up to 30 June 2013		(648 066)
Reversal of accumulated depreciation on revaluation of land and buildings assets up to 30 June 2013		(2 952 605)
RAL Roads write offs before 30/06/2013		61 020 814
RAL Roads Land write offs before 30/06/2013		3 220 000
Reversal of depreciation of RAL Roads write offs before June 2013		(5 616 106)
Land registered at deeds not previously accounted for in asset register		(7 000 000)
Design fees for highmast reversed . Asset did not continue. 2009/2010		376 971
Asset (Mazda) sold via auction 2011/2012		50 000
Accumulated Depreciation before June 2013 written back Mazda sold on Auction Assets to 2011/2012		(25 000)
Asset (Mercedes) sold trade for new vehicle 2011/2012		478 350
Reversal of accumulated depreciation up to 30 June 2013 l.r.o. Asset (Mercedes) sold trade for new vehicle 2011/2012		(176 400)
Reversal of Renovation done on building not belonging to municipality 2010/2011		225 370
Reversal of acc depreciation l.r.o. Renovation done on building not belonging to municipality 2010/2011		(19 038)
Reversal of accumulated depreciation up to 30 June 2013 on assets with residual values		(1 572 341)
Recognition of CDM debtors previously de-recognised up to June 2013		(5 616 243)
		-
Other corrections		(439 964)
Other		(649 447)
		<u>41 084 579</u>
<b>Statement of Financial Performance</b>		
<b>Depreciation and Amortization</b>		
Balance previously reported		13 454 573
Correction of 2014 depreciation because of review of useful lives and residual values		(654 578)
Reversal of depreciation of Roads write offs 2013/2014		(5 700 721)
Depreciation (2013/2014) written back design fees of project not materialised 2009/2010		(13 926)
Reversal of depreciation for 2013/2014 of Asset (Mazda) sold via auction in 2011/2012		(5 000)
Reversal of depreciation for 2013/2014 l.r.o. Asset (Mercedes) sold trade for new vehicle		(47 835)
Reversal of depreciation for 2013/2014 l.r.o. Renovation done on building not belonging to municipality		(7 512)
Reversal 2013/2014 depreciation on assets with residual values		(332 296)
Accumulated depreciation l.r.o. mayoral chain reversed		(55 676)



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#### 40. Prior period errors (continued)

##### General Expenses

Balance previously reported	21 972 941
RAL Roads write offs 2013/2014 expenditure incorrectly capitalised now expensed through operating	10 366 741
Asset 22706 - not capitalised in 2014 - part of repairs and maintenance vote Office Telephone Machine	(134 497)
	<u>32 205 185</u>

##### Licences and Permits

Balance previously reported	4 061 930
Recognition of Vat output for traffic and licensing commission	(568 670)
	<u>3 493 260</u>

#### 41. Risk management

##### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end 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 2015

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
* Trade and other Payables	6 628 149	-	-	-
* Other financial liabilities	114 796	-	-	-

##### At 30 June 2014

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
* Trade and other Payables	7 329 140	-	-	-
* Other financial liabilities	1 432 807	-	-	-

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#### 41. Risk management (continued)

##### 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:

##### Non-Exchange Receivables

###### Rates

2015 Percentage	2015 Amount	2014 Percentage	2014 Amount
100,00%	28 521 979	100,00%	31 691 716

##### Exchange Receivables

###### Electricity Refuse Other

2015 Percentage	2015 Amount	2014 Percentage	2014 Amount
22,26%	7 195 312	23,04%	6 525 833
22,18%	7 170 126	20,14%	5 705 639
55,56%	17 962 934	56,82%	16 096 793
100,00%	32 328 372	100,00%	28 328 266

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 3 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

###### Rates

2015 Percentage	2015 Amount	2014 Percentage	2014 Amount
100,00%	19 842 722	100,00%	22 711 602

##### Exchange Receivables

###### Electricity Refuse Other

2015 Percentage	2015 Amount	2014 Percentage	2014 Amount
22,26%	5 005 774	19,68%	4 675 683
22,18%	4 988 252	31,79%	7 554 788
55,56%	12 496 802	48,53%	11 535 632
100,00%	22 490 828	100,00%	23 767 103

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**41. Risk management (continued)**

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.

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.

**42. Unauthorized expenditure**

**Reconciliation of unauthorised expenditure:**

Opening Balance	25 928 496	6 493 124
Add: Unauthorised expenditure - Current year	5 600 351	19 435 372
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
<b>Unauthorized expenditure awaiting authorization</b>	<b>31 528 847</b>	<b>26 928 496</b>

**43. Fruitless and wasteful expenditure**

**Reconciliation of fruitless and wasteful expenditure:**

Opening Balance	2 592 269	195 140
Add: Fruitless and wasteful expenditure - Current year	22 000	2 405 129
Corrections	-	2 405 129
Amount Previously reported	-	-
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
<b>Fruitless and wasteful expenditure awaiting condonement</b>	<b>2 614 269</b>	<b>2 682 269</b>

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**44. Irregular expenditure**

Reconciliation of Irregular expenditure:

Opening balance	21 223 330	3 465 406
Add: Irregular Expenditure - current year	1 340 037	17 757 924
Corrections	-	17 757 924
Amount previously reported	-	-
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
<b>Irregular Expenditure awaiting condonement</b>	<b>22 563 367</b>	<b>21 223 330</b>

Recoverability of all Irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. On 30 September council condone the Irregular expenditure to the amount of R 17 757 924.

**45. Additional disclosure in terms of Municipal Finance Management Act**

Contributions to organized local government - IMFA 126 (1)(b) - SALGA Contributions

Current year subscription / fee	715 147	250 000
Amount paid - current year	(715 147)	(250 000)
	-	-

**Audit fees**

Current year subscription / fee	2 607 819	2 894 052
Amount paid - current year	(2 607 819)	(2 894 052)
	-	-

**PAYE, SDL and UIF**

Current year subscription / fee	10 426 361	8 565 010
Amount paid - current year	(10 426 361)	(8 565 010)
	-	-

**Pension and Medical Aid Deductions**

Current year subscription / fee	8 468 707	6 610 196
Amount paid - current year	(8 468 707)	(6 610 196)
	-	-

**VAT**

VAT is claimable on the Cash basis.

VAT is claimed from SARS once payment has been received from creditors.

**Councillors' arrear consumer accounts**

No Councillors had arrear accounts outstanding for more than 90 days at 30 June 2015.

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#### 46. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### 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 City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

##### Incident

Sole provider deviations

1 827 457

1 117 136

#### 48. Assets subject to restrictions

Assets that have been recognised, but which are subject to restrictions, the amount of restriction are as follows:

#### 47. Financial Instruments

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

Financial Assets	Classification	2015	2014
Investments			
Fixed Deposit	Held to maturity	-	-
Consumer Debtors			
Trade receivables from exchange transactions	Financial Instruments at amortised cost	9 837 544	8 027 050
Other receivables from exchange transactions	Financial Instruments at amortised cost	19 827 439	16 096 793
Call Deposits	Financial Instruments at amortised cost	31 324 599	25 059 684
Bank Balances and Cash			
Cash Floats and Advances	Financial Instruments at amortised cost	10 000	656
<b>Summary of Financial Assets</b>		<b>-</b>	<b>60 969 682</b>
			<b>48 184 183</b>
Financial Liability	Classification	2015	2014
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	299 325	819 060
Trade Payables			
Trade Creditors	Financial Instruments at amortised cost	6 628 149	7 329 140
Bank Balances and Cash			
Current Portion of Long-term Liabilities	Financial Instruments at amortised cost	31 324 599	25 059 684
Annuity Loans			
Capitalised Lease Liability	Financial Instruments at amortised cost	-	-
	Financial Instruments at amortised cost	519 735	376 198
<b>Summary of Financial Liability</b>		<b>-</b>	<b>38 771 808</b>
			<b>33 684 062</b>

#### 48. Events after the Reporting Date

The municipality did not have any events after the reporting date.

#### 49. In-kind Donations and Assistance

The municipality did not receive any in-kind donations or assistance during the year under review.

#### 50. Private Public Partnerships

Council has not entered into any private public partnerships during the financial year.

## Molemole Local Municipality

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#### 51. Distribution Losses

##### Electricity Distribution Losses (Units)

Loss on Sale Of Electricity

(2 508 063)

(3 448 201)

Sales - Prepaid

3 414 121

2 398 525

Sales - Billing

3 070 133

1 360 893

Total units

4 758 768

3 748 419

Units purchased

7 306 831

7 197 619

Percentage Distribution Loss

34%

48%

**Appendix E(1)**  
June 2015

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2015**

	Current year	Current year	Variance		Explanation of Significant Variances greater than 10% versus Budget
	2014	2014	Rand	Var	
	Act. Bal.	Adjusted Budget			
	Rand	Rand			
<b>Revenue</b>					
Service charges	7 868 111	11 605 166	(3 737 055)	(32,2)	Electricity Conventional meters have been converted to prepaid meters and residence are currently using electricity spindles due to the fact that they are in a position of monitoring units purchased and consumed. Increment on rental contracts implemented during the financial year.
Rental of facilities and equipment	310 226	292 484	17 742	6,1	
Interest received (trading)	4 144 675	4 360 426	(215 751)	(4,9)	Municipality collected 90% of revenue and it lead to a decreased in interest on debtors.
Licences and permits	3 987 769	7 253 926	(3 266 157)	(45,0)	Licensing and permit receipt were previously captured against traffic and licensing account and a different was identified after the re-classification of receipt.
Commissions received	1 277 971	1 306 687	(28 716)	(2,2)	Water revenue is based on consumption and currently the municipality is facing water shortage which lead to lower billing.
Other income - (rollup)	438 142	4 473 534	(4 035 392)	(90,2)	
Interest received - Investment	1 255 011	723 959	531 052	73,4	
	<b>19 281 905</b>	<b>30 016 182</b>	<b>(10 734 277)</b>	<b>(35,8)</b>	
<b>Expenses</b>					
Personnel	(58 009 621)	(61 265 253)	3 255 632	(5,3)	- Other vacant and funded posts not filled
Remuneration of Councilors	(7 650 725)	(10 040 482)	2 389 757	(23,6)	- No upper limits for Councilors due to downgrading of Municipality from grade 3 to 2
Actuarial Valuation	(849 955)	-	(849 955)	-	- Provision for post-employment was not made, Municipality will make provision during budget adjustment 2015/2016.
Depreciation	(8 147 957)	(4 000 000)	(4 147 957)	103,7	- Newly capitalization of assets and capitalized work in progress
Finance costs	(827 815)	(25 000)	(802 815)	211,3	- The provision made was only for interest on late payments and interest on neoBank cards for fees. The Municipality will make provision for interest on lease as well during budget adjustment 2015/2016.
Debt Impairment	(6 130 228)	(3 170 280)	(2 959 948)	53,4	-
Repairs and maintenance - General	(3 116 765)	(4 410 116)	1 293 351	(29,3)	- Roll over budget for EPWP for repair and maintenance of streets and pavements not approved.
Bulk purchases	(7 073 013)	(7 700 000)	626 987	(8,1)	-
Contracted Services	(3 106 114)	(3 350 000)	243 886	(7,3)	- The provision for budget of security services was based on the current contract. The contract ended January 2015 and the new service provider was appointed less than the previous one.
General Expenses	(45 128 410)	(53 333 178)	8 204 768	(15,4)	- The following line items had an impact on underpending of general expenses: 1. Consultancy fees- The budget for data cleansing was deferred to 2015/2016 financial year. 2. Free basic water- The machines for pumping water in the villages no longer use diesel but electricity which led in the reduction of expenditure. 3. Integrated transport plan- the funds are rolled over to the 2015/2016 financial year as they were received late. 4. Legal expenses- Case for section 57 and 58 and claim one did not see down in court.
	<b>(140 040 603)</b>	<b>(147 294 309)</b>	<b>7 253 706</b>	<b>(4,9)</b>	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	(95 563)	-	(95 563)	-	
	<b>(95 563)</b>	<b>-</b>	<b>(95 563)</b>	<b>-</b>	
Net surplus/ (deficit) for the year	<b>(120 854 251)</b>	<b>(117 278 127)</b>	<b>(3 576 124)</b>	<b>3,0</b>	

# Report of the auditor-general to the Limpopo provincial legislature and the council on Molemole Local Municipality

## Report on the financial statements

### Introduction

1. I have audited the financial statements of the Molemole Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMFA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (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.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



## Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Molemole Local Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matters

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

## Restatement of corresponding figures

8. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 2015 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

## Irregular expenditure

9. As disclosed in note X to the financial statements, irregular expenditure of R1 010 037 was incurred in the current year as a result of transgressions of SCM legislation.

## Material losses

10. As disclosed in note 50 to the financial statements, material losses to the amount of R588 667 were incurred as a result of electricity distribution losses.

## Additional matter

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

## Unaudited supplementary information

12. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

## Report on other legal and regulatory requirements

13. 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 findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### **Predefined objectives**

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2015:
  - KPA 2: Basic service delivery on pages x to x
15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPPi)*.
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify material findings on the usefulness and reliability of the reported performance information for the development priority KPA2: Basic service delivery on pages x to x.

### **Additional matters**

19. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected development priorities, I draw attention to the following matters:

#### **Achievement of planned targets**

20. Refer to the annual performance report on pages x to x and x to x for information on the achievement of the planned targets for the year.

#### **Adjustment of material misstatements**

21. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for KPA 2: Basic service delivery. As management subsequently corrected the misstatements, I did not identify material findings on the usefulness and reliability of the reported performance information.

#### **Unaudited supplementary schedules**

22. The supplementary information set out on pages XX to XX does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

### **Compliance with legislation**

23. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

#### **Strategic planning and performance management**

24. The performance management system did not provide for policies and procedures to take steps of improvement where performance targets were not met, as required by section 41 (1)(d) of the MSA.

#### **Annual financial statements, performance report and annual report**

25. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

#### **Consequence management**

26. Authorisation of unauthorised expenditure was not done through an adjustment budget, as required by section 32(2)(a)(i) of the MFMA.

#### **Procurement and contract management**

27. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by *Supply Chain Management (SCM) Regulation 19(a)*.
28. Awards were made to providers who are in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulation 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).

#### **Expenditure management**

29. Reasonable steps were not taken to prevent unauthorised and irregular expenditure, as required by section 62(1)(d) of the MFMA.

### **Internal control**

30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for unqualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

## Leadership

31. The accounting officer did not adequately review the financial statements before submitting them for auditing, consequently a large number of corrections had to be made to the financial statements.

## Financial and performance management

32. The accounting officer did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
33. The accounting officer did not review and monitor compliance with applicable legislation

*Audit-General*

Auditor-General

Polokwane

Date of signing



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## ANNEXURE O: AUDIT ACTION PLAN

<b>Financial year</b>	<b>2014/15</b>
<b>Municipality name</b>	<b>Molemole</b>
<b>Audit opinion</b>	<b>Unqualified</b>
<b>Reporting period</b>	<b>Jun-16</b>

### ANNEXURE A: MATTERS AFFECTING THE AUDITORS REPORT

Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Position	Progress	Narrative to Progress / Challenges
1	SCM	Matters affecting the auditor's report	New	Lack of adherence to SCM policy and related regulations				NJ Mabote	Manager SCM	Not yet started	

			statement of the ageing of the debt in arrears and no evidence that the municipality made queries regarding this at the time of awarding of contract.									
2	SCM	Matters affecting the auditor's report	The awards were made to suppliers with interest in the state.	New	Non compliance with SCM policy and applicable regulations				NJ Mabote	Manager SCM	Not yet started	
3	Disclosure	Matters affecting the auditor's report	There was an overspending between the budget per vote and the actual expenditure incurred	New	Lack of management review on financial information				EK Moloko/ B Lethuba	CFO/ Manager Budget & Reporting	Not yet started	

			which resulted in unauthorised expenditure.									
4	SCM	Matters affecting the auditor's report	Competitive bidding not followed for appointment of service provider. Insurance company with Marsh (PTY) Limited was renewed without following a competitive bidding process. A total expenditure of R857 137.22 was paid in 2014/15.	New	Lack of compliance with SCM regulations .				NJ Mabote	Manager SCM	Not yet started	

5	Predetermined Objectives	Matters affecting the auditor's report	The Performance Management System does not provide policies and procedures to take steps to improve performance with regard to those development priorities and objectives where performance targets are not met. The PMS did not establish a process of regular reporting to Council, other political structure, political office bearers	New	Lack of management oversight regarding performance reporting.				NN Keetse	Senior Manager LED&P	Not yet started	
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			and staff of the municipality, including the public and appropriate organs of the state.									
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<b>Financial year</b>	<b>2014/15</b>
<b>Municipality name</b>	<b>Molemole</b>
<b>Audit opinion</b>	<b>Unqualified</b>
<b>Reporting period</b>	<b>Jun-16</b>

**ANNEXURE B: OTHER IMPORTANT MATTERS**

<b>Audit Findings</b>	<b>Category of Finding</b>	<b>Description of Finding</b>	<b>Finding status</b>	<b>Root Cause</b>	<b>Action Plan Description</b>	<b>Start Date</b>	<b>Completion Date</b>	<b>Person Responsible</b>	<b>Position</b>	<b>Progress</b>	<b>Narrative to Progress/ Challenges</b>
1	Disclosure	Other important matters	Related parties note did not include all required information: i) Name of related party ii) Nature of relationship iii) Transaction amount iv) Outstanding balance v) Terms and conditions (security/guarantees) vi) Provision for bad debts (outstanding balance) vii) Debt written off for the year	New	Lack of compliance to GRAP 17 paragraph 27.			NJ Mabote	Manager SCM	Not yet started	
2	Assets	Other important matters	The accounting of rehabilitation provision was done incorrectly. There were differences identified in the amounts between annual financial statements and the report provided.	New	Lack of compliance to GRAP standards.			EK Moloko	CFO	Not yet started	
3	Disclosure	Other important matters	Leave accruals classified as provision in the statement of financial position.	New	Inadequate review of financial information.			EK Moloko	CFO	Not yet started	

4	Assets	Other important matters	The Landfill rehabilitation provision information did not include the following: i) No input data included in the report to test the reasonability of provision. ii) No information included in the report to ensure that the size of the property used stayed the same from the prior year to ensure that the adjustment from prior year to this year is reasonable. iii) No information available for the previous valuation of Soekmeaar landfill to test the reasonability of provisions.	New	Insufficient disclosure and reporting of financial information. Lack of proper record management.				NJ Mabote	Manager SCM	Not yet started		
5	Disclosure	Other important matters	The revaluation disclosure was incomplete as it did not include the following i) the effective date of the valuation. ii) whether an independent valuer was involved. iii) the methods and significant assumptions applied in estimating the items' fair value. the extent to which the items fair value were determined directly by reference to observable prices in an active market or recent market transactions on arms length terms or were estimated using other valuation techniques.	New	Lack of compliance to GRAP 17. Insufficient disclosure and reporting of financial information.				EK Moloko	CFO	Not yet started		
6	Expenditure	Other important matters	Input VAT claimed on an exempt supplies. An invoice from the University of the Witwatersrand exempted items (university tuition fees).	Recurring	Inadequate procedures in place in calculating input VAT.				NL Ramaboea	Manager Expenditure	Not yet started		

7	Expenditure	Other important matters	Input VAT not claimed on the Samsung Teldned CC operating lease payments	New	Lack of adequate control procedure for recording VAT.				B Lethuba	Manager Budget & Reporting	Not yet started		
8	Assets	Other important matters	The location of the assets visited during assets verification did not match the location indicated in the asset register. Asset numbers X0448, X0449, X0450, X0451, X0452, X0399, X0413, X0414, X0421 and X0522	New	Lack of review of the assets register for accuracy and completeness.				NJ Mabote	Manager SCM	Not yet started		
9	Disclosure	Other important matters	The risk management disclosure paragraph in the annual financial statement was not completely disclosed including the relevant information that forms part of the disclosure.	New	Lack of review of financial information.				EK Moloko	CFO	Not yet started		
10	Disclosure	Other important matters	There were differences identified between recalculated finance charges for finance leases and finance charges per annual financial statements.	New	Lack of review of financial information.				EK Moloko	CFO	Not yet started		
11	Cash and cash equivalents	Other important matters	No procedure for benchmarking and performance evaluation in Cash Management and Investment Policy were available as per requirements of the MFMA.	New	Lack of review of financial policies and procedures manuals.				B Lethuba	Manager Budget & Reporting	Not yet started		
12	Cash and cash equivalents	Other important matters	No procedure for annual review of Investment Policy in the Cash Management and Investment Policy 2014/15 document.	New	Lack of review of financial policies and procedures manuals.				B Lethuba	Manager Budget & Reporting	Not yet started		
13	Cash and cash equivalents	Other important matters	There were differences identified in the cash flow statement amounting to R 1 730 378.	New	Lack of review of financial information.				EK Moloko	CFO	Not yet started		

14	Commitments (disclosure)	Other important matters	Liabilities accrued by the municipality was disclosed as commitments in the financial statements. The total amounts of the liabilities is R120 872.	New	Lack of review of financial information prior submission for auditing.				EK Moloko	CFO	Not yet started		
15	Commitments (disclosure)	Other important matters	Commitments were inaccurately disclosed in the annual financial statements. i) A disclosure of R357 024 correct amount R677 881 difference (R320 857) ii) Valuation roll disclosed at R150 866.37 correct amount R273 600 difference (R122 733.63).	New	Lack of management oversight on financial and performance reporting.				EK Moloko	CFO	Not yet started		
16	Commitments (disclosure)	Other important matters	Commitments not disclosed in the annual financial statements for the following projects i) Vending of prepaid electricity ii) Project management of Mohodi to Thupana gravel to tar. iii) Maintenance of Mohodi internal streets	New	Lack of management oversight on financial information.				EK Moloko	CFO	Not yet started		
17	Contingent liabilities	Other important matters	The total contingent liabilities in the annual financial statements does not agree to the total contingent liabilities listing.	New	Lack of review of financial information.				H Tshikovhi	Manager Legal Services	Not yet started		
18	Employee costs	Other important matters	There were differences identified between the Trial Balance and the annual financial statements. i) Long service awards TB R 3 158 AFS R636 014 Difference (R632 856) ii) Long service awards prior year R98 746 AFS comparatives R574 533 Difference (R475 787)	New	Lack of review of financial information. Lack of proper record keeping.				EK Moloko	CFO	Not yet started		
19	Compliance	Other important	The oversight report was not made public within	New	Lack of compliance				M Morokolo	Manager IDP	Not yet started		

		matters	seven days of its adoption.		to the MFMA.								
20	Compliance	Other important matters	A comparison of the budgeted amounts and actual amounts presented as a separate additional financial statement did not include an explanation of material differences between the budget and the actual amounts for i) Other income ii) Government grants and subsidies iii) Debt impairment iv) General expenses	New	Lack of management oversight on financial reporting of information.				B Lethuba	Manager Budget & Reporting	Not yet started		
21	Compliance	Other important matters	The municipality did not comply with the requirements of the DORA in submission of the quarterly reports. i) Quarter 1 ended September 2014 submitted 13 November 2014. ii) Quarter 4 ended 30 June 2015 submitted 31 August 2015.	New	Lack of compliance to section 12(2) of DORA .				B Lethuba	Manager Budget & Reporting	Not yet started		
22	Immovable assets	Other important matters	There were differences between the opening balances in the fixed asset register and annual financial statements for Land and Buildings. Land and Building opening cost FAR & GL R36 506 055 Land and Building opening cost AFS R39 726 055 Difference (R 3 220 000)	New	Lack of review of the financial information.				NJ Mabote	Manager SCM	Not yet started		

2 3	Assets	Other important matters	Inconsistent useful lives between the fixed asset register and the accounting policy were used for the following asset categories: Guardroom(Land and Buildings), Palisade fence(Land and Buildings), Taxi rank (Community Assets), Community buildings (Community Assets), Recreational facilities (Community Assets), Electricity network (infrastructure assets), Roads(infrastructure assets), Storm water(Infrastructure assets), Office equipment (Other assets), Furniture and fittings( Other assets), Air conditioners (Other assets) Plant & Equipment (Other assets) Security measures (Other assets) Computer equipment(Other asset).	New	Lack of review of the financial information.				NJ Mabote	Manager SCM	Not yet started	
2 4	Assets (Disclosure)	Other important matters	The class of assets categories were not disclosed in the accounting policy section for Property, Plant & Equipment in the financial statements for useful lives. i) Land and building Guardroom ii) Land and building Palisade fence iii) Community Assets Taxi rank iv) Community Assets Community buildings	New	Lack of compliance to section 70, GRAP 17.				EK Moloko	CFO	Not yet started	

25	Movable assets	Other important matters	There were differences identified between the opening balances in the General Ledger and annual financial statements for Office Equipment. Opening balance - GL R 2 229 052 Opening cost AFS & FAR R 1 833 052 Difference R 396 000.	New	Lack of review of financial information.				NJ Mabote	Manager SCM	Not yet started		
26	Assets (Disclosure)	Other important matters	The useful life for Intangible Assets namely 3 and 7 were used for amortisation purposes. The useful life of 3 years was disclosed appropriately but not the 7 years useful life. The 7 years useful life was not disclosed at all.	New	Lack of review of financial information.				NJ Mabote	Manager SCM	Not yet started		
27	Assets	Other important matters	The asset number 22666 could not be traced to the asset register. The asset number in the asset register is recorded 22421.	New	Lack of review of asset register for accuracy and completeness.				NJ Mabote	Manager SCM	Not yet started		
28	Assets	Other important matters	The residual values of assets estimated amount had an amount that would not be currently obtained from the disposal of the asset after deducting the estimated costs of disposal if the asset was already in the age and in the condition expected at the end of its useful life namely VAT. The residual value erroneously included VAT.	New	Lack of review of asset register for accuracy and completeness.				NJ Mabote	Manager SCM	Not yet started		
29	Assets (Disclosure)	Other important matters	The disclosure for depreciation & amortisation note 30 was not complete. Investment property and intangible	New	Lack of review of financial information				EK Moloko	CFO	Not yet started		



			assets breakdown not included in note 30.									
30	Assets	Other important matters	There were differences identified in the calculation of depreciation for Morebeng taxi rank (community assets) asset number X0433. The depreciation per GL amounted to R 6018.53 and the recalculated depreciation R 14 645.10 Difference R8 626.57.	New	Lack of review of asset register for accuracy and completeness.				NJ Mabote	Manager SCM	Not yet started	
31	Assets	Other important matters	The Mayoral Chain was accounted for using Property, Plant & Equipment standard (GRAP 17) instead of GRAP 103 Heritage Assets. i) The accounting policy was not disclosed for Heritage Assets in the Financial Statements. ii) Accumulated depreciation not accounted for per GRAP 103. iii) Depreciation current year not accounted for per GRAP 103. iv) Presentation and disclosure not accounted for per GRAP 103.	New	Lack of compliance to GRAP 13.				NJ Mabote	Manager SCM	Not yet started	
32	SCM	Other important matters	The awards were made to service providers who did not submit certified copies of BBBEE status level verification certificates.	New	Lack of compliance to SCM policy and applicable regulations.				NJ Mabote	Manager SCM	Not yet started	

3 3	SCM	Other important matters	<p>There were shortcomings in the SCM policy of the municipality the following were identified.</p> <p>1) The policy does not stipulate the requirements for proper recording keeping.</p> <p>2) The policy does not provide for attendance or oversight process.</p> <p>3) The policy does not restrict the acquisition and storage of goods in bulk(other than water) which necessitate special safety arrangements, including gases and fuel.</p> <p>4) The policy does not cover aspects of SCM regulation 38 on combating of abuse of supply chain management system.</p> <p>5) The policy does not stipulate conditions for the procurement of goods and services through written or verbal quotations.</p>	New	Lack of review of SCM policy to ensure consistency with applicable regulations.				NJ Mabote	Manager SCM	Not yet started		
3 4	SCM	Other important matters	<p>Specifications were approved after the publication of the invitation to bid for the following projects</p> <p>i) Provision of security services.</p> <p>ii) Supply and delivery of 3 brand new sedans.</p> <p>iii) Planning, design, project management and construction of Morebeng Market stalls.</p>	New	Lack of adherence to SCM regulations 27(2)(g).				NJ Mabote	Manager SCM	Not yet started		
3 5	SCM	Other important matters	<p>Invitation to tender for construction contracts were not published on the CIDB website.</p>	New	Lack of compliance to CIDB regulations.				NJ Mabote	Manager SCM	Not yet started		

36	SCM	Other important matters	Project not registered in the register of contract regulated by CIDB. i) Supply, delivery and installation of electricity pre-payment split meters.	New	Lack of compliance to CIDB regulations.				NJ Mabote	Manager SCM	Not yet started		
37	SCM	Other important matters	Tender register not published on the municipality website for the following project: i) Supply of vibratory steel compactor roller.	New	Lack of compliance to SCM regulations.						Not yet started		
38	SCM	Other important matters	There were findings noted on unauthorised, irregular, fruitless and wasteful expenditure that was not disclosed in the annual financial statements.	New	Lack of compliance to section 125(2) of the MFMA.				EK Moloko	CFO	Not yet started		
39	SCM	Other important matters	The appointment of consultants did not include transfer of skills as their terms of reference has not outlined the following objectives: i) Employees to be trained; ii) Skills to be transferred; iii) Monitoring and evaluation arrangements.	New	Lack of compliance to SCM policy and applicable regulations.				EK Moloko	CFO	Not yet started		
40	Contract Management	Other important matters	Contracts did not contain a clause for dispute resolution mechanisms to settle dispute between the parties. i) Morebeng Change Rooms. ii) Debt Collection Services. iii) Security Services.	New	Lack of effective contract management.				H Tshikovhi	Manager Legal Services	Not yet started		
41	Disclosure	Other important matters	There were no disclosure for operating leases made in the annual financial statements.	New	Lack of compliance to GRAP 13 paragraph 42.				EK Moloko	CFO	Not yet started		
42	Disclosure	Other important matters	The opening balance disclosure for Fruitless, wasteful and irregular expenditure does not agree to prior year. The prior period note was	New	Lack of review of financial information.				EK Moloko	CFO	Not yet started		

			adjusted with no reference to a restatement that was done.										
4 3	Disclosure	Other important matters	No fruitless and wasteful expenditure was reported during the year, the amount disclosed does not include the interest on overdue accounts. The disclosure for fruitless and wasteful expenditure in the annual financial statements is therefore incomplete.	New	Lack of compliance to section 65 of the MFMA.				NL Ramaboea	Manager Expenditure	Not yet started		
4 4	Expenditure	Other important matters	A suspense account was not cleared timeously resulting in an unallocated balance of R4 139 remaining to a vote number 9100088010020.	New	Lack of management oversight on financial information.				NL Ramaboea	Manager Expenditure	Not yet started		
4 5	SCM	Other important matters	A contract was renewed with a service provider BCX (Pty) Ltd who did not declare their interest in the state. Total payments made to the supplier amounted to R281 704.70.	New	Lack of compliance to SCM policy and applicable regulations.				NJ Mabote	Manager SCM	Not yet started		
4 6		Other important matters	The differences were identified between the general ledger and annual financial statements for Debtors with credit balances.	New	Lack of review of financial information.				EK Moloko	CFO	Not yet started		
4 7	Expenditure	Other important matters	There were no supporting documentation records for journal number 148, 149 and 150.	New	Lack of proper record keeping.				NL Ramaboea	Manager Expenditure	Not yet started		
4 8	Expenditure	Other important matters	There were differences identified between payables in the general ledger and creditors listing.	New	Lack of review of financial information.				NL Ramaboea	Manager Expenditure	Not yet started		
4 9	Predetermined Objectives	Other important matters	The municipality does not have a person responsible for the coordination and managing of reporting on	New	Inadequate staff capacity for PMS.				NN Keetse	Senior Manager LED&P	Not yet started		

			performance at an outcome/development priority level.										
50	Predetermined Objectives	Other important matters	There were differences noted between the information reported in the annual report and the supporting documentation provided for the following indicators: i) Number of kilometres of gravel roads graded and stormwater maintained. ii) Number of Compactor roller procured. iii) Number of old electricity metres replaced.	New	Lack of management oversight regarding performance reporting and compliance.				DM Masipa	Senior Manager Technical Services	Not yet started		
51	Predetermined Objectives	Other important matters	Performance management framework was not adopted by council before or at the same time as the commencement by the municipality of the process of setting KPI's and targets in accordance with its IDP.	Recurring	Lack of compliance to PMS regulation 8.				NN Keetse	Senior Manager LED&P	Not yet started		
52	Provisions	Other important matters	There were differences between the information send to experts and the information per employee files. i) The dates of employment send to experts not the same as per employment contracts. ii) Identity numbers on the information send to experts not the same as the Identity copies. iii) Salaries information send to experts not as per the information in the employee files.	New	Lack of review of information for accuracy and completeness.				KG Letsoalo	Manager Human Resources	Not yet started		
53	Provisions	Other important matters	Medical aid information not included in employee files 60,1530,570,2590,2100,1950,1710,440,2550,4320,3160,1920 and 4300.	New	Lack of proper record keeping.				KG Letsoalo	Manager Human Resources	Not yet started		

54	Provisions	Other important matters	Employment date as per information send to the experts differs from employee contract. The employee codes 80, 1170,150,4330,4210,4480,1250,2590 and 2420.	New	Lack of review of information for accuracy and completeness.				KG Letsoalo	Manager Human Resources	Not yet started		
55	Provisions	Other important matters	Identity numbers on the information send to experts not the same as per Identity copies. Employee code 1130, 4580, 4320 and 4300.	New	Lack of review of information for accuracy and completeness.				KG Letsoalo	Manager Human Resources	Not yet started		
56	Provisions	Other important matters	The recalculated leave provision does not agree with the leave provision calculation. i) The leave taken as per leave provision calculation spread sheet did not agree with the approved leave forms. ii) The Prorata leave days that the employees accrued as per the calculation spread sheet did not agree with the recalculated pro rata leave days. iii) Employee leave days below 48 days were forfeited.	New	Lack of review of information for accuracy and completeness.				KG Letsoalo	Manager Human Resources	Not yet started		
57	Human Resources	Other important matters	Child dependents as per information send to the experts differs from the information as per the employee files.		Lack of review of information for accuracy and completeness.				KG Letsoalo	Manager Human Resources	Not yet started		
58	Receivables	Other important matters	The municipality does not disconnect services of non payment by customers as per policy. The long outstanding customers are not handed over to legal since the contract with the debt collectors expired on the 30 February 2015.	Recurring	Lack of implementation of credit control policy.				AS Nkalanga	Manager Revenue	Not yet started		

59	Receivables	Other important matters	The auctioneer debt as disclosed under other debtors does not agree to the invoice submitted by the auctioneer. The receivable raised amounted to R492 925 the amount per invoice R477 952 which resulted in the overstatement of receivable by R15 000.	New	Lack of review of information for accuracy and completeness.				NJ Mabote	Manager SCM	Not yet started		
60	Receivables	Other important matters	The municipality did not raise a debt for a prior year finding for implementing the requirements of section 9(2) of notice GNR 805 of 1 August 2006 MPR by limiting the claims of Municipal Managers and managers accountable to Municipal Manager to mileage in excess of 500km per month. This resulted in managers being overpaid on a monthly basis.	Recurring	Lack of management oversight on financial and performance management.				EK Moloko	CFO	Not yet started		
61	Reserves	Other important matters	There were differences noted between Accumulated surplus amount in the trial balance and the annual financial statements. The amount per the trial balance (R 21 316 031.16) , the amount per the financial statements R 117 987 775.00 Difference R139 303 806.16.	New	Lack of review of financial information.				EK Moloko	CFO	Not yet started		
62	Disclosure	Other important matters	The annual financial statements line items disclosure of prior period errors that were affected were presented except for other debtors that were affected but no disclosure was made.	New	Lack of review of financial information for accuracy.				EK Moloko	CFO	Not yet started		

63	Disclosure	Other important matters	The prior period error as per the annual financial statements for traffic debtors does not agree to the supporting documentations. The total amount of supporting information per journal that effected the debtors traffic fines R302 905.02, total amount of prior period error as per AFS R439 957.00 Difference R137 051.98.	New	Lack of review of financial information for accuracy and complete.				EK Moloko	CFO	Not yet started		
64	Revenue	Other important matters	The prepaid electricity amounts were not separately disclosed per category to show the difference of revenue in electricity from prior year and current year.	New	Lack of review of financial information for accuracy and complete.				AS Nkalanga	Manager Revenue	Not yet started		
65	Revenue	Other important matters	Technical Services division does not investigate areas with largest distribution losses and compile a report on the areas.	Recurring	Inadequate record keeping.				DM Masipa	Senior Manager Technical Services	Not yet started		
66	Taxes	Other important matters	The are no reconciliation performed between the General ledger and the VAT 201 forms to ensure that the VAT 201 forms are accurately completed.	New	Lack of management oversight on VAT procedures.				NL Ramaboea	Manager Expenditure	Not yet started		
67	Taxes	Other important matters	No output VAT was declared on the sale price of assets sold.	New	Lack of management oversight on VAT procedures.				AS Nkalanga	Manager Revenue	Not yet started		
68	Taxes	Other important matters	No output VAT was declared on the commission charged to Provincial Department of Transport for being an agent for the issuing of licences and permits.	New	Lack of management oversight on VAT procedures.				AS Nkalanga	Manager Revenue	Not yet started		



69	Taxes	Other important matters	Journal incorrectly processed. A debtor paid an outstanding balance in the prior period financial year, the account was not credited a journal was passed. The bank was debited, provision for sale credited and Output Vat credited.	New	Lack of review of financial information.				NL Ramaboea	Manager Expenditure	Not yet started	
70	Taxes	Other important matters	Input VAT not claimed on the following expenses in the Nedbank Nedfleet invoices where input VAT could have been claimed as these goods and services was acquired in the making of taxable supplies. The expense include, Repairs & Maintenance, Tollgate and Water.	New	Lack of management oversight on VAT procedures.				BM Lethuba	Manager Budget & Reporting	Not yet started	
71	Disclosure	Other important matters	The amounts as per Statement of Comparison of Budget and actual amounts does not agree to the approved budgets and adjustment budget by Council. The differences noted include General expense and personnel.	New	Lack of review of financial information for accuracy and completeness.				EK Moloko	CFO	Not yet started	

<b>Financial Year</b>	<b>2014/15</b>
<b>Municipality name</b>	<b>Molemole</b>
<b>Audit opinion</b>	<b>Unqualified</b>
<b>Reporting period</b>	<b>Jun-16</b>

**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	Position	Progress	Narrative to Progress/ Challenges
1	Disclosure	Administrative matters	The disclosure for Property, Plant and Equipment not complete as it did not include the requirements of GRAP 17 paragraph 83.	New	Lack of compliance to GRAP 13 Paragraph 83.				EK Moloko	CFO	Not yet started	
2	Governance	Administrative matters	Internal Auditors are not registered with the Institute of Internal Auditors.	New					EK Moloko	CFO	Not yet started	
3	Expenditure	Administrative matters	Loans redeemed and advance repaid did not have supporting documentation. The total amount R47 515. The amount has being outstanding since 2013 financial year and no movement in the suspense vote were recorded since.	New	Lack of proper record keeping.				NL Ramaboea	Manager Expenditure	Not yet started	
4	Human Resources	Administrative matters	i) There were no employee contracts in the employee files 1250, 4210, 1710, 2110,520, 1130 and 2590. ii) There were no appointment letters included in the employee files 440, 1250, 2370, 1880, 2100 and 3160. iii) The Municipal Manager did not sign the employment contract of the following employees 1530, 1880, 4320 and 1750.	Recurring	Lack of review of employee files. Improper record keeping.				KG Letsoalo	Manager Human Resources	Not yet started	

5	Human Resources	Administrative matters	<p>i) There were unapproved salary increases in comparison of August and September payroll report. The salary increase could not agree to any supporting documentation.</p> <p>ii) Payday report reconciliation not performed and reviewed by independent Senior Manager.</p>	New	Lack of proper record keeping.				KG Letsoalo	Manager Human Resources	Not yet started	
6	Human Resources	Administrative matters	Termination notification memorandum not included in employee file number 4160 and 660.	New	Lack of proper record keeping.				KG Letsoalo	Manager Human Resources	Not yet started	
7,1	Disclosure	Administrative matters	<p>There were differences between the annual financial statements and the trial balance. The items were disclosed in the Statement of Financial Performance and not as separate items in the Statement of changes in net assets.</p> <p>i) Landfill site transferred from economic development dept 24/11/2014.</p> <p>ii) Asset write offs as per council resolution.</p>	New	Lack of review of financial information for accuracy and completeness.				EK Moloko	CFO	Not yet started	
7,2		Administrative matters	<p>There were differences identified between the Trial Balance and the Annual Financial Statements on the following items</p> <p>Corrections of error as per TB R46 626 585.74</p> <p>Correction as per the financial statements R46 842 249</p> <p>Difference R215 663.26</p>	New	Lack of review of financial information for accuracy and completeness.				EK Moloko	CFO	Not yet started	
7,3		Administrative matters	The amount disclosed in the Statement of changes in assets as Profit and not as a Loss R43 406.00.	New	Lack of review of financial information for accuracy and completeness.					EK Moloko	CFO	Not yet started

8	Disclosure	Administrative matters	There were no disclosure relating to the condonement of irregular, unauthorised and fruitless and wasteful expenditure by Council.	New	Lack of disclosure of financial information for accuracy and completeness.				EK Moloko	CFO	Not yet started	
9,1	Disclosure	Administrative matters	Contingent liabilities not supposed to be disclosed because the possibility of any outflow in settlement is remote.	New					H Tshikovhi	Manager Legal Services	Not yet started	
9,2		Administrative matters	Contingent liabilities not correctly disclosed. i) The legal fees was estimated and disclosed but the other cost that relates to this possible obligation was not estimated and information as to why the cost were not estimated should be disclosed to comply to paragraph 104 of GRAP 19. ii) The legal fees was estimated and disclosed but the other cost that relates to the possible obligation was not estimated and information as to why the cost were not estimated should be disclosed to comply with paragraph 104 of GRAP 19.	New	Lack of compliance to GRAP 19 Paragraph 104.				H Tshikovhi	Manager Legal Services	Not yet started	
10	Revenue	Administrative matters	Revenue is not properly disclosed as it is recognised on payment basis and not on accrual basis.	New	Lack of compliance to GRAP standards.				AS Nkalanga	Manager Revenue	Not yet started	
11	Human Resources	Administrative matters	There was no verification process for new appointments for criminal record checks, citizenship verifications, qualification verifications and reference checks for the list of new appointments.	New	Lack of implementation of effective human resource management.				KG Letsoalo	Manager Human Resources	Not yet started	

12	Human Resources	Administrative matters	Vacant positions were not filled, unfunded vacancies are as a result of first preference being given to vacancies that have major impact on service delivery.	New					KG Letsoalo	Manager Human Resources	Not yet started	
13	Expenditure	Administrative matters	The payroll report did not agree to the general ledger	New	Lack of review of financial information for accuracy and completeness.				NL Ramaboea	Manager	Not yet started	
14	Expenditure	Administrative matters	Payments not made within 30 days resulting in interest paid on late payments.	Recurring	Lack of compliance to section 65 of the MFMA.				NL Ramaboea	Manager	Not yet started	











