

# Contents

**2016/17**

# ANNUAL REPORT

Volume I

# Contents

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# Chapter 1

**CHAPTER 1**

**EXECUTIVE SUMMARY**

**COMPONENT A: MAYOR'S FOREWORD**

# Chapter 1



## 1. Municipal Strategic Intent

The vision of Molemole local Municipality reads "A developmental people driven organization that serves its people". The vision is apt insofar as our municipality is concerned. This vision is in tandem with one of the key objects of local government in our Constitution which is to promote social and economic development. Related to this vision is our mission which seeks to "provide essential and sustainable services in an efficient and effective manner". The municipal as well as the administration components of the municipality are guided by these two pillars of governance as we pursue the goal of discharging the much needed services to our people. In a drive towards attainment of this vision and mission the municipal political and administrative component is guided by the following values:

- Integrity
- Transparency
- Excellence
- Accountability
- Equity
- Trust
- Honesty
- Respect
- Fairness
- Partnership

## 2. Major Changes

The Municipal demarcation board has embarked on redetermination of boundaries in preparation for the 2016 local government elections. The outcome of this redetermination led to an increase in the number of wards from fourteen to sixteen. This meant the municipality would then have an increased responsibility of providing services to a more population consisting of about sixteen additional villages. Of course as the municipal council this also presents new opportunities for the municipality. The municipal council had to also integrate the IDP programmes from the former Aganang into the municipal IDP document to ensure we fulfil our constitutional mandate of discharging services to the new Wards, i.e. Ward 15 and 16.

## 3. Public participation

The municipality values public participation as its top priority as it affords the council to interact with communities on the ground and have a first-hand experience of service delivery challenges faced by people on the ground. It is for this reason that the municipality has been interacting with the various municipal stakeholders, namely: Mayor-Magoshi forum, the business associations, local civic organizations and the community at large. Public participation enables the municipal council to keep in constant touch with our communities in true commitment to our values of Transparency,

# Chapter 1

## Accountability, Trust and Partnership.

Pursuant to the development of a credible 2016-17 IDP document the municipal council has criss-crossed the length and breadth of the municipality to canvass the needs and interests of our community. It is an expressed intention of the municipal council to ensure the IDP reflects and wishes and aspirations of the people of this municipality. It was also our intention to ensure the development of a credible IDP is premised on the following six key pillars of local government, the key performance areas:

- Infrastructure and service delivery
- Institutional transformation and development
- Local economic development
- Financial viability
- Good governance and public participation
- Spatial Rationale

It is therefore only logical that as a Council we report on the progress towards the realization of those wishes to ensure we are true to our vision of a developmental people driven organization. The Annual report represents an opportunity for the Municipality to look back in terms of what it has been able to achieve over the preceding year and the lessons learned going into the following year. Once again as Molemole Local Municipality we are called to take stock and account on what we have done during the 2016/17 financial year in terms of service delivery mandate.

Two key pieces of legislation, that is, the Local Government: Municipal Systems Act (MSA), 2000 as per section 46 and the Local Government: Municipal Finance Management Act (MFMA), 2003 as per Section 121 read together with circulars 11 and 63 of the MFMA obligate us to develop an annual report that must be subjected to public scrutiny in terms of chapter 4 of the MSA. It is on this basis of the above provisions that the Draft Annual Report for 2016/17 has been prepared. This draft Annual Report represents the performance of the new council that was elected following the 2016 local government election.

During the year under review the Municipality was able to implement the following key projects;

- Construction of 3km Road from Ramokgopa to Eisleben
- Upgrading and construction of Mogwadi Internal Streets and Storm water channels
- Procurement of the TLB
- Procurement of 6m3 bulk refuse containers
- Renovation of Mogwadi Tennis Court
- Pegging of 100 sites (40 in Morebeng and 60 in Mogwadi)
- Capacitation of 5 graduates in agricultural programmes as part of Youth in Agriculture programme,
- Capacity building of 20 local SMMEs on business related skills

On the economic front the municipality was able to create over 277 job opportunities through EPWP programmes, comprising of work done during implementation of our infrastructure projects and environment sector. The municipality further continued to support over 1000 CWP beneficiaries during

# Chapter 1

the year under review.

The Municipality is proud to announce that we have been able to obtain an unqualified audit opinion for the third consecutive year which shows consistency in our financial management and internal controls. The Municipality is committed to work even harder to ensure that we obtain a clean audit in the next financial year.

The municipality has successfully hosted a Ward Committee conference as a way of empowering Ward Committees with information and knowledge pertaining to their work.

Although we have experienced challenges in terms of timeous implementation of capital projects we remain convinced that we will overcome these challenges. The expiry of employment contracts of the 3 senior managers in the third and last quarter and some vacancies critical positions have contributed to this situation as compared to the previous financial year. We are however committed to ensure that we fast-track the filling of Senior management positions and other critical positions to ensure that we continue to provide better services to our communities.

We call on our entire stakeholders to join us in taking stock of what we have done during the 2016/17 year and further provide us with the necessary feedback that will make us move forward with determination.

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

*UNITED WE STAND AND DIVIDED WE FALL IN THE QUEST TO ATTAIN IMPROVED QUALITY OF LIVES OF OUR PEOPLE".*

**HONOURABLE MAYOR  
CLLR MASILO EDWARD PAYA**



# Chapter 1

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### MUNICIPAL MANAGER'S OVERVIEW

##### MUNICIPAL MANAGER'S OVERVIEW

###### 1. Introductory background

The draft 2016/17 annual report sets yet another platform for Molemole Local Municipality to give feedback to its communities on service delivery improvements made and also account on administrative performance. Key to the performance of the municipality was the implementation of the approved 2016/17 Integrated Development Plan (IDP) crafted in line with the Local Government Key Performance Areas. The Council of the municipality adopted the Service Delivery and Budget Implementation Plan (SDBIP) as a vehicle towards the implementation of its IDP and key targets and indicators established for every Key Performance Area (KPA). To ensure that Senior Management Team implements exactly what Council has approved, all Senior Managers signed performance agreements for the 2016/17 financial year.

###### *T 1.1.1*

###### 2. Key Performance areas of Local government:

Outlined below is a summary of how the municipality has performed on its mandate, powers and function during the year under review. The information is presented in accordance with the Six Key Performance Areas in terms of the Strategic Agenda of Local Government; namely

- Institutional Transformation and Organisational Development
- Basic Services and Infrastructure Delivery
- Local Economic Development
- Financial Viability and Management
- Good Governance and Public Participation
- Spatial Rationale

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

###### a) **Achievements**

The municipality continue to ensure legislative compliance on institutional development and has been able to develop and submit the workplace skills plan to LGSETA; developed and submitted the employment equity plan to the department of labour; and undertook the annual review of the organisational structure adopted by Council for implementation in the financial year 2017/18. The

# Chapter 1

municipality also embarked on policy reviews which saw all budget related policies as well as other relevant policies of the municipality getting approved to be ready for implementation in the 2017/18 financial year. The municipality further procured two vehicles, a mobile office, ICT equipment and office furniture to ensure that our workforce has the necessary resources and working space to enable them to perform their duties efficiently and effectively. We were also able to install surveillance cameras in two municipal buildings as way to strengthen our security measures and construct 20 municipal parking bays for protection of municipal as well as staff vehicles.

## **b) Underachievement / Challenges.**

The municipality could not realise cascading of the performance management system to all employees below the S56/57 employees this due to lack of internal capacity. Due to budgetary constraints the municipality was not able to renovate the planned three municipal buildings and also to install fire detectors and alarm system.

## 2.2 Basic Services and Infrastructure Delivery

### **a) Achievements**

During the year under review the municipality was to complete 3km of the Ramokgopa to Eisleben road and also procured one (1) TLB as a way of addressing our main priority issue reflected in our IDP. Mogwadi Tennis Court was renovated while Mogwadi cemetery was also constructed. We were also able to procure 15 6m<sup>3</sup> bulk refuse containers as a way to address waste management challenges within the municipality.

Due to inadequate human resource capacity within the Technical Services department coupled with non-performance by some service providers, the municipality started but could not complete some of the priority projects such as Mogwadi Internal Street, Mohodi to Maponto gravel to tar, Mohodi one level bridge, Mohodi Sports complex, and Ramokgopa Stadium.

## 2.3 Local Economic Development

### **a) Achievements**

Empowerment of our youth was done through our Youth in Agriculture Programme where 5 young graduates in Agriculture were capacitated in agricultural programmes in partnership with our local commercial farmers. We were also able to capacitate our local SMMEs on business skills through accredited programmes. 20 local SMMEs benefited in the training.

More than 1200 job opportunities were created in the municipality through the Municipal infrastructural projects, Community Works Programme (CWP) and the expanded public works programme (EPWP) in the municipality.

### **b) Under achievements**

The following projects could not be finalised during the report under review:

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- Investment coordination and facilitations – Although the municipality was able to host a successful SMME and Investor Conference, the end result in terms of getting partnerships signed off could not be realised.
- Career EXPO- due to last minutes' challenges from institutions of higher learning as well as the Department of Basic Education the project could not be realised. It is however planned to take place in the 1<sup>st</sup> quarter of the following financial year.

## 2.4 Financial Viability and Management

### **a) Achievement**

For the financial year 2016/17 the municipality received unqualified audit opinion, which brings it the 3<sup>rd</sup> consecutive year of unqualified audit opinion. The municipality will ensure that all efforts are put in place to improve this opinion to attain a clean audit, that is, unqualified audit opinion with no matters of emphasis.

The municipality continues to perform all compliance matters as required, that is; Submission of the Annual Financial Statements (AFS), Adoption of the budget, and submission of all In-ear reports were done on time. The municipality was also able to prepare its Budget on MSCOA format and was ready for implementation on 1<sup>st</sup> July 2017 as required.

### **b) Underachievement**

There is still a marked under spending of some of our conditional grants resulting in projects being roll over. This is mainly due to capacity within Technical Services Department and non-performance by appointed service providers.

The municipality still experienced a challenge in terms of low revenue base coupled with the non-collection of the out- standing debt from previous financial years due to non-payment by rate payers.

## 2.5 Good Governance and Public Participation

### **a) Achievements**

Striving for inclusive local government and transparent administration, the municipality held Mayoral Imbizos as planned, Ward Based IDP/Budget Community Consultations, Council strategic planning session and open council meetings. Audit Committee which also performs the role of Performance Audit Committee and the Risk Management Committee are in place and continue to perform their governance oversight role as required. Council and Council Committees, i.e. Portfolio Committees, Executive Committee and Municipal Public Accounts Committee (MPAC) are also in place and have been able to adequately discharge their responsibilities during the year under review.

The municipality continues to support the public participation machinery in the form of Ward Committees. Mayor Magoshi forum is in place and meets regularly to discuss issues that affect the

# Chapter 1

respective traditional authorities within the municipality.

## **b) Under achievements**

There are still challenges with participation of sector departments in the planning by the municipality especially those operational at the municipal level.

## **2.6 Spatial Rationale**

### **a) Achievements**

Requests for processing of Land Use applications, which include subdivisions, rezoning and consent use applications were processed and no challenges were experienced. The municipality was also able to peg over 100 municipal sites in both Mogwadi and Morebeng as well as subdivide 1 site and rezone 4 municipal sites.

### **b) Underachievement**

Due to budgetary constraints the municipality was not able to develop Mogwadi Precinct Plan and the project was subsequently revised out of the SDBIP during mid-year during the year under review.

### **c) Corrective Measures**

Noting a number of unachieved targets for the financial year under, management has committed to ensure that challenges that led to underachievement addressed. The following key measures undertaken and those to be undertaken in the future are outlined as follows:

- With regard to low revenue collection rate and huge debt, the municipality engaged members of the community and there was consensus on the 100% Debt write off on condition that rate payers will hence forth start servicing their current and future account, failing which the Credit Control and Debt collection policy will apply.
  - Management has prioritised filling of the critical vacant positions such as PMU Manager and Legal Services of which recruitment processes are at an advanced stage. Management undertakes to ensure that other vacant positions are also prioritised and should be filled as a matter of urgency.
  - Where there was persistent non-performance due to appointed service provider's management terminated the contracts of the affected service providers and appointed new ones
3. Internal management changes in relation to Section 56/57 managers:

During the year under review vacancies at senior management level were in Community Services since December 2017, while in Corporate Services and Technical Services were from June 2017.

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

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

- Illegal connections.
- Misuse of land.
- Illegal dumping.
- Ageing infrastructure e.g. electricity, roads and water.
- Inability to attract investors.

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

**MOSENA ML  
MUNICIPAL MANAGER**



# Chapter 1

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

The majority of the population is comprised of Black Africans (98.1%) with a minority of whites and Indians and which equates to only 1.9% of the population. Molemole Local Municipality has a population density of 31.9 persons per square kilometer, which is lower than the district, provincial and national averages of 75.1, 43.2 and 40.9 persons per square kilometers respectively which infers that the municipality is sparsely populated relative to the district, province and South Africa. Molemole Local Municipality covers an area of 3347km<sup>2</sup>.

The municipality is bordered by:

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

### DEMOGRAPHIC ANALYSIS.

### POPULATION TRENDS.

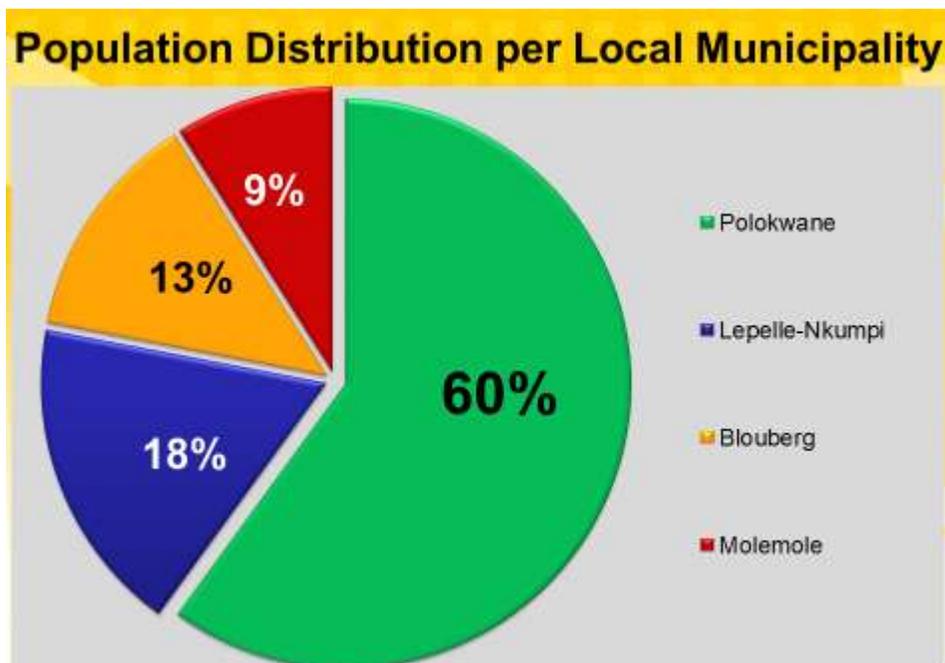
Demographic trends are key driving forces in any economic development strategy and hence must be considered in any planning process. The demographic profile influences the type and level of demand of goods and services and the pressure on local services and transport.

According to **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

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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**



## **MOLEMOLE RACIAL COMPOSITION.**

The total population of Molemole Local Municipality increased as a result of the demarcation process having two wards from the disestablished Aganang Municipality incorporated into our municipality with a population of about 16 832 which then increased our initial population from 108 321 according to census 2011 to 132 861. The Molemole population constitutes 8.6% of the Capricorn District's and only 2% of the Limpopo Province's population.

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**Table 1: Capricorn District Racial Composition.**

Statistics South Africa/Census 2011 Community Profiles

Descriptive\_Electoral\_Wards

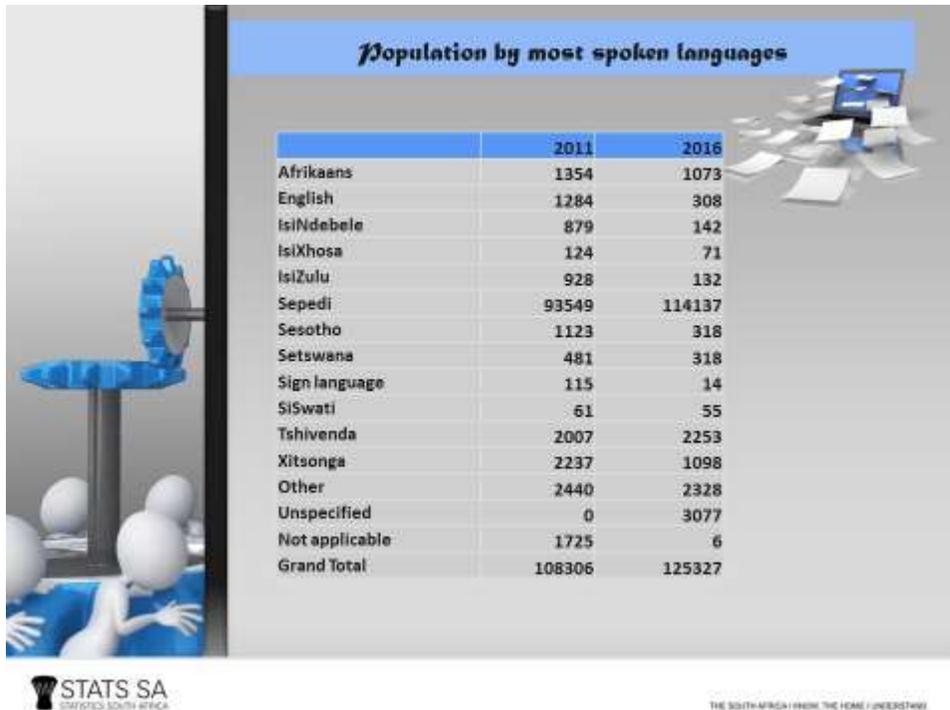
Geography by Population group

for Person weighted

	Black African	Coloured	Indian or Asian	White	Other	Grand Total
LIM351: Blouberg	161075	65	151	1006	332	162629
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

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**Table: 2 Molemole Racial Composition by most spoken languages.**

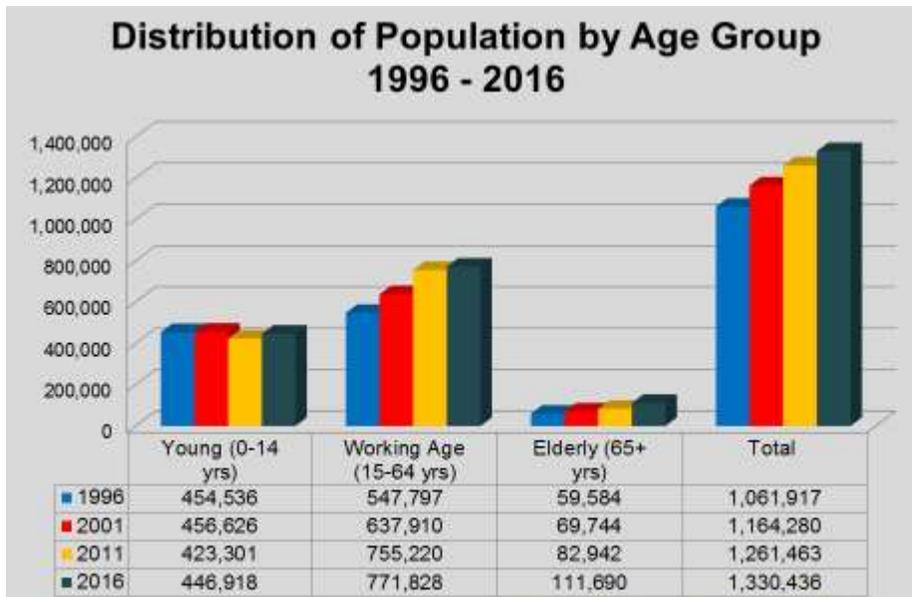


## **AGE AND GENDER DISTRIBUTION.**

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

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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.



Youth Proportion: 38%

## The challenges pertaining to the decline in population

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

## EMPLOYMENT PROFILE.

The economically active population in Molemole Local Municipality increased significantly from 9.7% in 2001 to 26.3% in 2007 (see **Table 2**). 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

# Chapter 1

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.

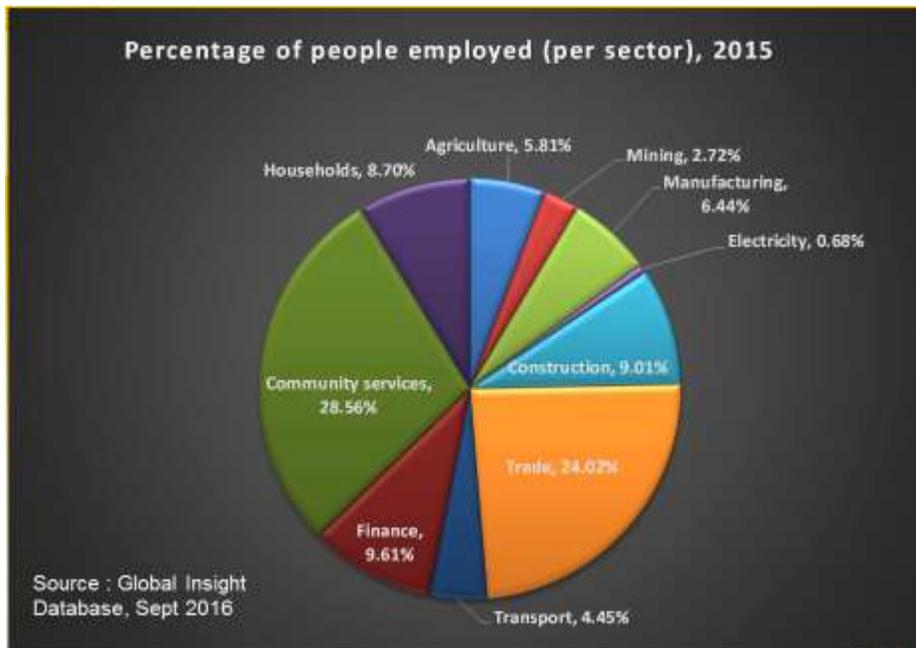
## **MLM Employment Status**

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

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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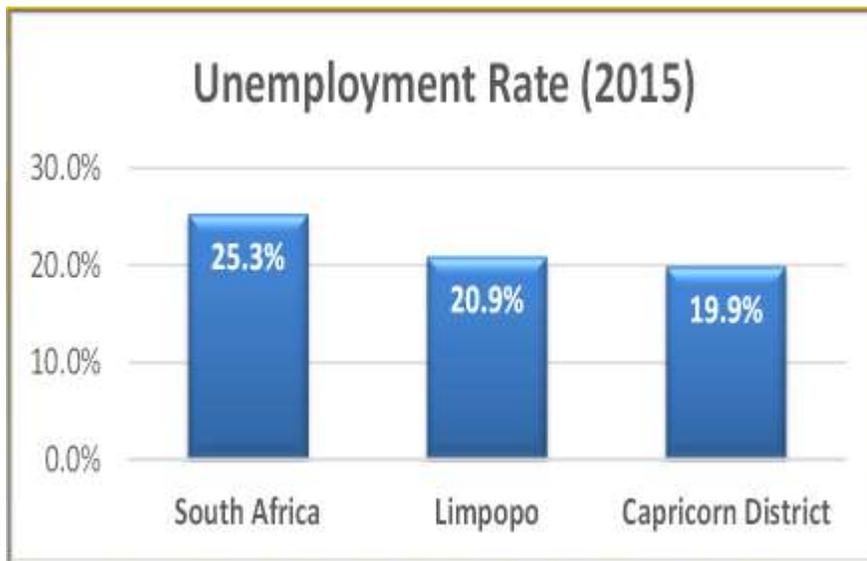
**Table 5: MLM Formal Sector Employment Status per sector**



## **UNEMPLOYMENT RATES.**

The economically active population in Molemole Local Municipality increased significantly from 26.3% (26 412) in 2007 to 56.9% (61598) in 2011(see **Table 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.

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Global Insight Database, Sept 2016

**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

# Chapter 1

According to the 2011 Census results 11.4% of the population in Molemole LM received no creation and the need to invest in education and skills training. 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.**

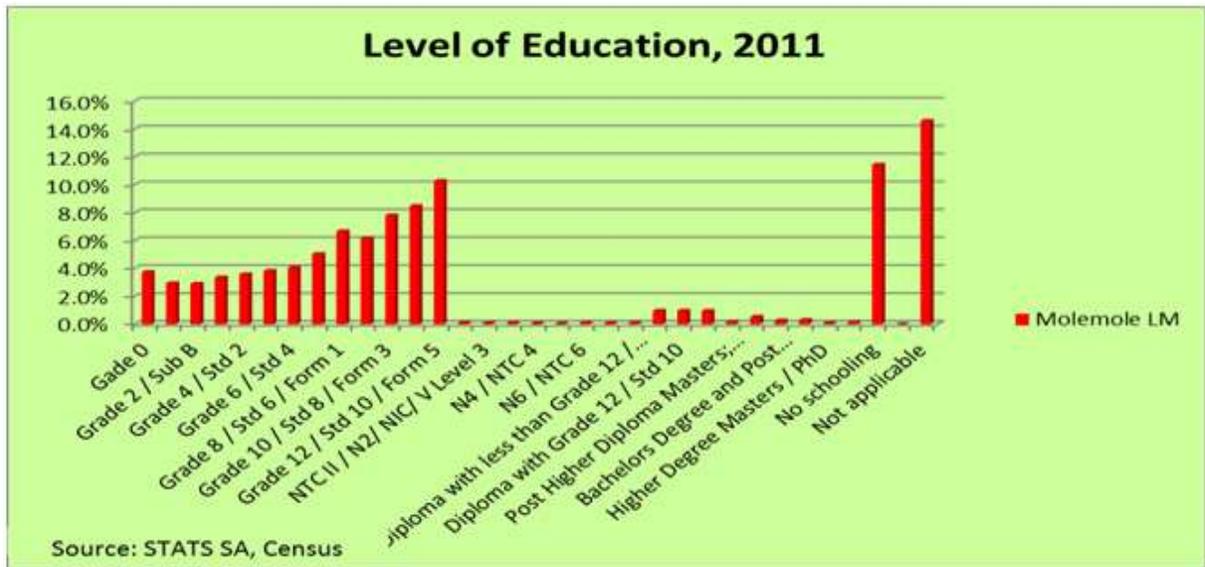
The high proportion of people not schooling is a very important issue to advice on as a high illiteracy will reflect negatively on the socio-economic performance and development of the municipality. The improvement of the resident's skills will act as a catalyst to the development of the municipality. 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. 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 (2) functional community libraries at Mogwadi and Morebeng and six (6) mobile libraries at schools – four in the East (Sefoloko High School, Kgwadu Primary School, Itshumeleng Primary and Rakgasema Pre-School) and two (2) in the west (Seripa High School and Mangwato Primary School). The municipality also has two libraries in the village, Ramatjowe and Matseke libraries but due to staff shortages and limited resources, the libraries are not functional. There is currently construction of a community library at Ramokgopa village. Most of the schools are currently experiencing shortages of both classrooms and educators hence an imbalance in the teacher/learner ratio. Most of the schools are at a dilapidating stage and need to be rebuild, e.g. Masenwe Primary School at Mohodi Ha-Manthata.

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Diagram 5



# Chapter 1

**Table 7: 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

# Chapter 1

## Statistics South Africa/Census 2011 Community Profiles

### Education\_Electoral\_Wards

**Table 1**

#### Highest educational level by Population group

for Person weighted, LIM353: Molemole

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

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Certificate with less than Grade 12 / Std 10	74	-	5	-	-
Diploma with less than Grade 12 / Std 10	119	-	1	3	-
Certificate with Grade 12 / Std 10	1014	1	3	24	-
Diploma with Grade 12 / Std 10	1021	-	-	30	-
Higher Diploma	971	2	2	59	-
Post Higher Diploma Masters; Doctoral Diploma	178	-	-	8	-
Bachelor's Degree	530	1	2	38	3
Bachelor's Degree and Post graduate Diploma	276	-	-	13	-
Honours degree	314	-	2	19	-
Higher Degree Masters / PhD	85	-	2	11	3
Other	147	-	3	10	10
No schooling	12290	5	8	36	49
Unspecified	-	-	-	-	-
Not applicable	15541	62	27	135	36

# Chapter 1

## 1.3. SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

#### **WATER AND SANITATION ANALYSIS.**

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

Water and sanitation provisions are guided by the Water Services Act (Act no. 108 of 1997) and National Water Act (Act no. 36 of 1998). The acts provide for the rights to access to basic water supply and sanitation services, the setting of national standards and norms (relating to amount, quality, distance from point of use, etc.), protection of water resources, the accountability of the Water Services Providers, the monitoring of water supply and sanitation services, etc.

##### **WATER SOURCES.**

The Municipality's source of water is groundwater. This is characterized by unreliable boreholes with aging infrastructure and inadequate water supply. 27.2% of the municipal population where there are no water sources is supplied by water tankers, which are also relying on the boreholes from other villages.

#### **Access to Basic Services (1996 – 2016)**

Service	Access (%)					Backlog (%)
	1996	2001	2007	2011	2016	
Piped Water	74.3	80.2	83.1	89.2	76	24
Electricity	33.2	61.8	81.8	87.4	96	4
Flush/Chemical Toilets	15.1	21.8	21.1	29.1	33	67
Refuse Removal	14.2	10.9	22.5	30.4	33.2	66.8

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## CHALLENGES PERTAINING TO WATER AND SANITATION.

- Aging water and sanitation infrastructure
- Unreliability and unavailability of water sources
- Breakdowns on water pipes
- Inadequate water reticulation infrastructure in rural areas
- Lack of cost recovery on water and sanitation services
- Lack of sustainable water sources for future supply
- Unavailability of funds to reduce the current water and sanitation backlog
- Insufficient funds for maintenance of current water infrastructure

<b>Water Supply Challenges and Interventions</b>	
<b>Challenges</b>	<b>Proposed Interventions</b>
Ageing infrastructure	<ul style="list-style-type: none"><li>• Functional assessment of water services infrastructure completed and costed.</li><li>• Recommended funding requirements of functional assessment to be considered during budget processes and Sector departments to assist.</li><li>• WSIG grant partly addressing ageing infrastructure.</li></ul>
High water losses	<ul style="list-style-type: none"><li>• Water Conservation and Water Demand Management Unit to be established</li></ul>
Inadequate bulk water supply and lack of funding	<ul style="list-style-type: none"><li>• Department of Water and Sanitation together with the district have conducted feasibility studies for Nandoni Dam – Molemole LM, Flag Boshielo Dam –(Polokwane LM) and Glen-Alpine Dam – (Blouberg LM)</li><li>• Provide water infrastructure to metered yard connection to enable water conservation and demand management.</li></ul>
Over-reliance on boreholes	<ul style="list-style-type: none"><li>• Geo-hydrological study completed and its recommendations to be implemented in the next coming three financial years</li><li>• Provision of water tanker services to communities where boreholes have dried-up or collapsed as a temporary measure.</li></ul>

# Chapter 1

Operation & Maintenance Challenges and Interventions	
Challenges	Proposed Interventions
Theft and vandalism of water system infrastructure.	<ul style="list-style-type: none"> <li>• Construction of concrete pump houses.</li> <li>• Risk unit to develop the security plan measures to minimise the theft and vandalism.</li> </ul>
Drying boreholes.	<ul style="list-style-type: none"> <li>• Water tinkering done as and when the village is affected.</li> </ul>
Stealing of the transformers.	<ul style="list-style-type: none"> <li>• Regular meetings between Eskom, CDM and SAPS</li> <li>• Community awareness Campaigns.</li> <li>• Eskom commitment to secure transformers against theft to be presented to the municipality.</li> </ul>
<ul style="list-style-type: none"> <li>• Prolonged turnaround time to attend to repairs and maintenance.</li> <li>• Lack of customer care contact number for water challenges.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of customer care line.</li> </ul>
Minimal cost recovery and limited budget for Operations & Maintenance.	<ul style="list-style-type: none"> <li>• Cost recovery measures to be improved where there are yard connections.</li> <li>• Water Service Provider and CDM agreement to be reviewed.</li> <li>• O &amp; M budget to be reviewed accordingly.</li> </ul>

## 1.4. FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

The municipality is confidently positive with the status of the going concern. The municipality has neither the intention to cease operations nor are there conditions that points to any necessity for liquidation or cessation of trading. Accordingly, assets and liabilities of Molemole Local Municipality are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

Management of Molemole Local Municipality confirms that no uncertainties were noted in making its assessment. The Municipality is currently facing no cash flow challenges only general resistance mainly resulting from unpaid services by consumers.

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

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

# Chapter 1

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

## **FINANCIAL**

The Municipality's **net worth/Net assets of R 230 379 828** are positive as at the end of the financial year; the Net working Capital of the Municipality is significantly in a healthy balance.

The Municipality has been operating in a positive cash flow for the past financial year and the trend continues into the current financial year.

There was never a slight threat to pay creditors on due dates.

The Municipality does not borrow and do not have any loans with any 3<sup>rd</sup> party.

## **CONTINGENT LIABILITIES**

- The pending contingent liabilities in the amount of **R 990 000.00** is higher in the past financial year.
- All pending legal or regulatory proceedings against the municipality will be paid, if successful.

## **MITIGATING PLANS**

The entity has debtors amounting **R51 527 289** (Gross including water debtors and interest) and has commenced on a rigorous debt collection campaign to liquidate this asset.

There are no new financial commitments with any party and priority is given to the already committed roll over project.

## **CONCLUSION**

### **FINANCIAL**

There are no borrowings approaching maturity without realistic prospects of renewal or repayment; or excessive reliance on short-term borrowings to finance long-term assets.

There are no substantial operating risks or operating factors that are serious significantly causing deterioration in the value of assets used to generate cash flows.

# Chapter 1

The municipality is in a position and has demonstrated its ability to comply with the terms of all its obligations.

## OPERATING

The political situation is stable.

All senior management are in place and there are no threats to abrupt termination of any of their contract(s).

There are no Labour difficulties, nor shortages of important suppliers.

## OTHER

There will be full compliance with capital or other statutory requirements.

There are no pending legal or regulatory proceedings against the entity that may, if successful, result in claims that the entity is unlikely to be able to satisfy.

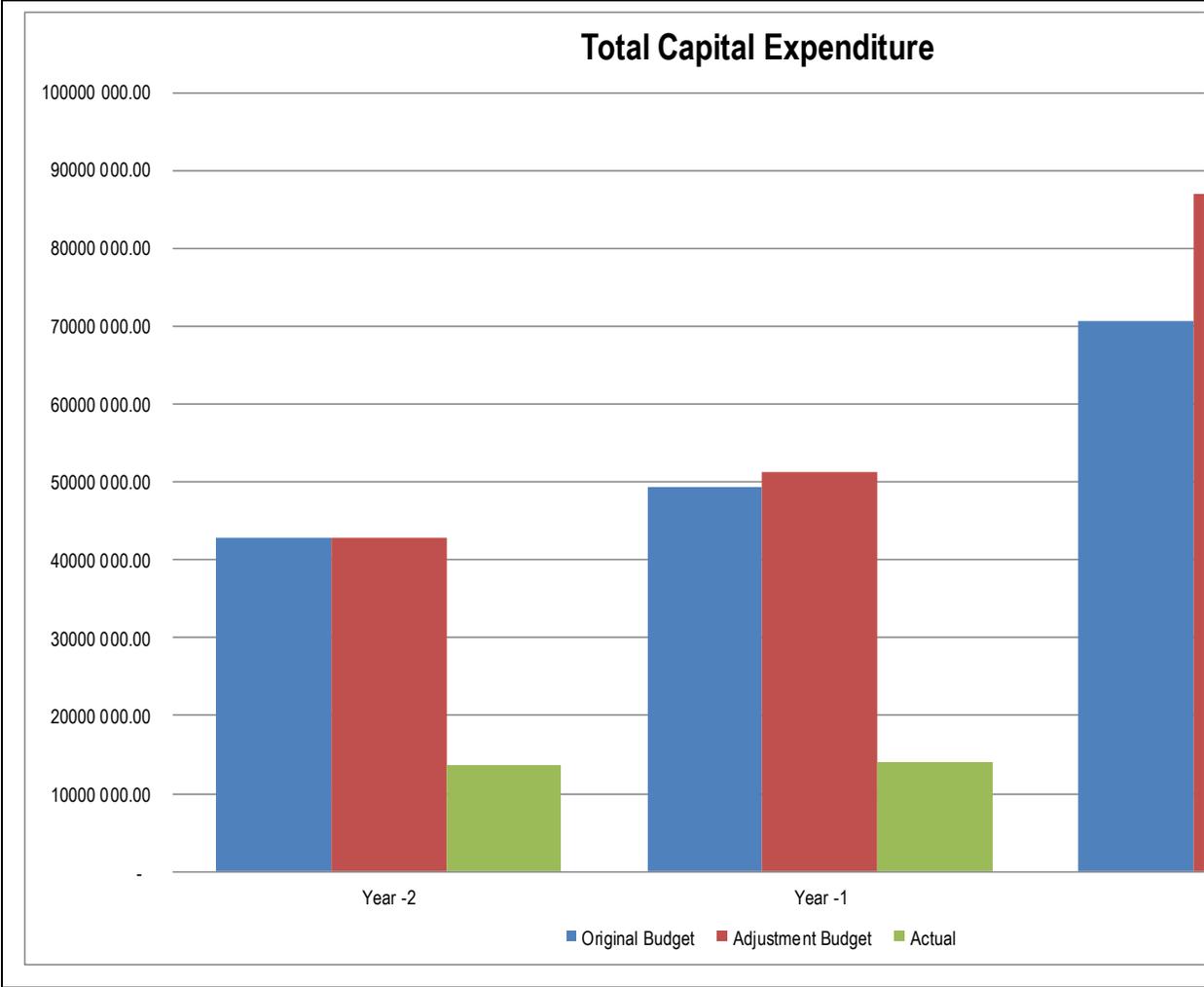
There is no threat of any changes in law or regulation or government policy expected to adversely affect the municipality.

Financial Overview: Year 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	200	205	203
Taxes, Levies and tariffs	345	355	365
Other	100	80	78
Sub Total	645	640	646
Less: Expenditure	644	640	645
Net Total*	1	0	1
<i>* Note: surplus/(defecit)</i>			<i>T 1.4.2</i>

# Chapter 1

Operating Ratios			
Detail	%		
Employee Cost			
Repairs & Maintenance			
Finance Charges & Impairment			
	<i>T 1.4.3</i>		
Total Capital Expenditure: Year -2 to Year 0			
	R'000		
Detail	Year -2	Year -1	Year 0
Original Budget	400	480	508
Adjustment Budget	450	475	520
Actual	420	468	530
	<i>T 1.4.4</i>		

# Chapter 1



# Chapter 1

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

#### ORGANISATIONAL DEVELOPMENT PERFORMANCE

Council approved an organizational structure making provision for a total of 210 funded and unfunded posts. Out of a total of 210 funded and unfunded posts, 33 is vacant and unfunded whilst 14 is vacant and funded. A total thereof of 163 posts are filled and fully funded on the organizational structure of the municipality. Percentage-wise the occupancy rate translates to 88% and the vacancy rate stands at 12%.

A Workplace Skills plan (WSP) was compiled, consequently submitted as required to guide desired training programmes in an effort to strengthen capacity and a total of 55 employees despite limited funding were trained on various municipal programmes not limited to Minimum Competency prescribed Regulation. A total of 32 Councilors were also trained on various Skills programmes, out of the 32 Councilors 02 were trained on learnership and 30 were also trained on short courses. A total of 46 employees including Councilors got trained specifically on skills programmes whilst 05 were subjected to short courses and 04 were on learnership programmes. A total of 34 appointments were made and a larger part thereof was the appointment of Councilors as a result of the 2016 Local Government Elections. 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

One (1) student has since completed her studies and three (3) are set to complete by end 2017.

#### b) Internal Employee bursary programme

Four (4) employees were awarded bursaries to pursue studies at various institutions of higher learning for the 2017/2018 financial year under Budget and Treasury office and Mayoral's 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 Sanitation. In these various areas, all the appointed

# Chapter 1

are Youth; one (01) placed in Town and regional planning, two (2) Administration, one (1) Human Resource Management. One (01) Water and Sanitation whom their contract end on the 31 January 2018 and five (5) 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.

## e) Individual performance management

The Performance Management system within the municipality is limited to Senior Management and the plan is underway to cascade PMS to managers reporting to Section 57 Managers in the 2017/18 financial year. The plan is to pilot the PMS to managers reporting to Section 57 Managers from in the last two quarters of 2017/18 financial and ultimately roll it out to all employees in the 2018/19 financial year. There are no performance rewards within the current system although the Municipality plans to cascade PMS to managers reporting to the Section 57 managers and all employees in the 2018/2019 financial year.

## PERSONNEL PROVISIONING

- a) **Recruitment and retention of employees – 12** positions were filled in the year under review, 03 positions in Mayor's Office, 01 position in Community services, 02 position in Corporate services, 04 position in Budget and Treasury, 01 position in Technical Services and 01 position Municipal Manager's Office.
- b) An **Employment Equity** report was developed and submitted to the Department of labour in line with the requirements of the Employment Equity Act.

EMPLOYMENT EQUITY ALL EMPLOYEES	
Female	93
Male	70
<b>Grand Total</b>	<b>163</b>

# Chapter 1

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

Department	Female	Male	Total
Community Services	23	36	59
Corporate Services	23	12	35
Local Economic Development & Planning	1	5	6
Finance Management Services	18	8	26
Technical Services	3	25	28
Municipal Manager's office	5	4	9
<b>Grand Total</b>	73	90	<b>163</b>

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

Number of total employees = 163

Number of people with disability = 3

Percentage = 2.40%

e) **Equity Status** at managerial level as at end 2015/2016 Financial year.

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
15-17	16	0	0	0	6	0	0	0	22
Percentage	76%	0	0	0	24%	0	0	0	100%

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- 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 compiled within 2016/17 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 2017.
- 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 downturn and server downturn 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 2016/17 financial year.
  - Matters of mutual interest between the employer and employees are bargained at LLF and there were challenges in holding meetings as prescribed due to members not forming a quorum. A total of 4(Four) LLF meetings were convened.

## 1.6. AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT: YEAR 16/17

The municipality has sustained the unqualified audit opinion third financial year in a row. 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

# Chapter 1

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 2016/17.**

1. The significant issues were based on the restatement of corresponding figures disclosed in note number 41 to the financial statements as the corresponding figures for 30 June 2016 have been restated as comparative balances for the 2016 & 2017 financial statements.
2. Material amount for impairment as a results non-payment of services by rate payers lead to the increase in the provision for doubtful debts. Material technical loss on electricity which is also a challenge to the municipality will required the municipality to conduct an extensive audit physical verification process of electricity meters for all the meters currently connected to the municipal financial system.
3. Compliance matters in respect to the legislation in strategic planning and performance, procurement and contract management, budget management and expenditure management where also discovered by the auditors and the municipality will full focus on this matters by improving the effectiveness of the internal controls.

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

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

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

### **GOING CONCERN**

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

### **LIQUIDITY**

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

# Chapter 1

## 1.7. STATUTORY 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.

### 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.

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

# Chapter 1

No.	Activity	Timeframe
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
14	Audited Annual Report is made public and representation is invited	February
15	Oversight Committee assesses Annual Report	February - March
16	Council adopts Oversight report	March
17	Oversight report is made public	April
18	Oversight report is submitted to relevant provincial councils	April
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	April

# Chapter 2

## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The municipality has an active Audit Committee which is chaired by an outside independent person. The committee gives technical advice on financial and performance related matters but also reports directly 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.

#### 2.1 POLITICAL GOVERNANCE

##### INTRODUCTION TO POLITICAL GOVERNANCE

Molemole municipality) thirty-two (32) councillors with Executive Committee comprising of five (5) councillors, chaired by the Mayor. The portfolios within the municipality are Corporate Services, Community Services, Budget and Treasury Department and Local Economic Development and Planning and finally the Portfolio on Technical Services. Each Portfolio has a Chairperson in the Council resolutions register, copies The resolutions are then distributed to relevant departments for implementation.

# Chapter 2

<b>PHOTOS</b>	<b>POLITICAL STRUCTURE</b>	<b>FUNCTION</b>
	<b>MAYOR</b>  PAYA ME	The Mayor is the political head of the municipality  He is also the chairperson of the executive committee during EXCO meetings
	<b>SPEAKER</b> MORERWA MS	The speaker is the chairperson of the council meetings The speaker signs all the notices and the agenda of the council before are disseminated to all councillors The speaker also signs the resolutions before are implemented by various departments
	<b>CHIEF WHIP</b>  RATHAHA ME	The chief whip is the chairperson of the coccus The chief whip ensures that the manifesto is adhered to at all times
	LEHONG DM	<i>Chairperson of technical ensures that projects are implemented as per specification.            Make sure that projects are completed as per the contract period.</i>
	SEAKAMELA NW	Finance chairperson chairs the finance portfolio. He also ensures that financial issues are implemented as per the MFMA
	RAMPYAPEDI NF	The chairperson ensures that portfolio meetings are convened as per the corporate calendar He is the chairperson of the portfolio committee
	KOBO MA	LEDP chairperson ensures that meetings are convened in time. He is chairperson of portfolio committee

# Chapter 2

## **COUNCILLORS**

During disestablishment of Aganang municipality two wards were incorporated in Molemole respectively 'That has made the number of councilors in Molemole to increase from twenty seven (27) to thirty two (32) The total number include both ward councilors and those that are appointed on a proportional basis 'Ward councilors are those councilors who are confined to their wards The ward Councilor convene meetings during those meetings that the ward councilor provide communities with feedback in terms of service delivery as per IDP.

## **POLITICAL DECISION-TAKING**

Each time when a decision is take at the municipality the agenda together with the invitation is prepared and delivered to all municipal; council .The invitation would specify the dates ,time and the venue for both the Executive meeting and the council meeting .It is also important to note that each council meeting is specified according to its nature .The special council is mostly convened when there urgent matters that need to be attended .In that case the special council meeting would be convened in terms of section 29 (1) of the Municipal Structure Act 1998. It is in that meeting that decision would be taken by the council. The EXCO meeting shall have recommended all the reports to the council for decision making. The approved resolution would then be referred to various department for the purpose of implementation. The other type of a council meeting is the ordinary council. The ordinary council is scheduled and it appears on the corporate calendar of the municipality. The ordinary council is also convened in terms of section 29 (1) of the Municipal Structures Act, 1998.The ordinary council in most of the time is open in which communities within the jurisdiction of the municipality are invited and provided with transport in order to attend the ordinary council meeting. During the ordinary council meeting the same procedures that has applied in the special council would be applicable, the EXCO would still recommend to the council and the council would take decision and eventually be taken to various department for implementation. Most of the matters that are discussed during the ordinary council are compliance issues.

T 2.1.3

## **2.2 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 ensuring that the day to day activities of various components deliver on the strategic objectives and also accountable for:

- The formation and development of an economical, effective, efficient and accountable administration.

# Chapter 2

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.
- Ensure maintenance of discipline 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**

# Chapter 2

All Senior Managers account to the Municipal Manager as head of administration. Meetings of Senior Management generally 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 with respective middle managers.

There are quarterly extended management committee meetings whereby the Municipal Manager reflects on the status of the municipality in terms of performance against set targets 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

PHOTOS	DESIGNATION	INITIALS AND SURNAME
	Municipal Manager	Mr. N.I Makhura
	Chief Financial Officer	Mr. E.K Moloko
	Senior Manager: Corporate Services	Mr. M.H Madibana
	Senior Manager: Technical Services	Mr. DM Masipa
	Senior Manager: Community Services	Mrs. M.P Moabelo
	Senior Manager: LED&P	Mr. N.N Keetse

# Chapter 2

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

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

#### 2.3 INTERGOVERNMENTAL RELATIONS

##### NATIONAL INTERGOVERNMENTAL 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 so that projects planned for them by individual municipalities find expression in the IDP documents and are accordingly planned, that synergy of ensuring that Integrated Planning is still not good enough

##### PROVINCIAL INTERGOVERNMENTAL 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.

T 2.3.2

##### RELATIONSHIPS WITH MUNICIPAL ENTITIES

The Municipality does not have any entity.

##### DISTRICT INTERGOVERNMENTAL 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 to 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 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.

# Chapter 3

## 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.

#### 2.4 PUBLIC MEETINGS

##### COMMUNICATION, PARTICIPATION AND FORUMS

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.

# Chapter 3

## 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.

- **WARD COMMITTEES**

Council has approved a ward committee model which is applicable in all the wards. The main purpose of a Ward Committee is:

- to get better participation from the community to inform council decisions
- to make sure that there is more effective communication between the council and the community
- to assist the ward councillor with consultation and report-backs to the community.

## PUBLIC MEETINGS

Nature and purpose of the meeting	Date of Events	Number of participating Municipal Councilors	Number of participating Municipal administrators	Number of Community members attending	Date and manner of feedback given to community
Mayoral Imbizos	05/11/2016@Chicago Sports Ground,Mokomene	16	07	233	30/05/2017@Tidima Sports Grounds
	04/03/2017@Makgato Pirates Sports Grounds	18	11	235	
	30/05/2017@Tidima Sports Grounds	17	13	643	

# Chapter 3

<b>.PUBLIC MEETINGS</b>					
<b>Nature and purpose of the meeting</b>	<b>Date of Events</b>	<b>Number of participating Municipal Councillors</b>	<b>Number of participating Municipal administrators</b>	<b>Number of Community members attending</b>	<b>Date and manner of feedback given to community</b>
Mayoral Imbizos	05/11/2016@Chicago Sports Ground,Mokomene	16	07	233	30/05/2017@Tidima Sports Grounds
	04/03/2017@Makgato Pirates Sports Grounds	18	11	235	
	30/05/2017@Tidima Sports Grounds	17	13	643	
IDP Consultative meetings	15-11-2016@Nthabiseng Community Hall	2	07	22	15-11-2016@Nthabiseng Community Hall
	16-11-2016@Eisleben Community Hall	1	07	7	16-11-2016@Eisleben Community Hall
	16-11-2016@Ramohlale Primary School		12	64	16-11-2016@Ramohlale Primary School
	17-11-2016@Makgato Tribal Authority		5	8	17-11-2016@Makgato Tribal Authority
	17-11-2016@Kgorong Ya Rapholo	2	08	17	17-11-2016@Kgorong Ya Rapholo
	18-11-2016@Lephalale Primary School	3	08	19	18-11-2016@Lephalale Primary School
	18-11-2016@Sekakeng Community Hall	3	04	16	18-11-2016@Sekakeng Community Hall
	29-11-2016@Motswapo Pre-School	1	08	16	29-11-2016@Motswapo Pre-School
	29-11-2016@Dendron Community Hall	1	05	10	29-11-2016@Dendron

# Chapter 3

<b>.PUBLIC MEETINGS</b>					
<b>Nature and purpose of the meeting</b>	<b>Date of Events</b>	<b>Number of participating Municipal Councilors</b>	<b>Number of participating Municipal administrators</b>	<b>Number of Community members attending</b>	<b>Date and manner of feedback given to community</b>
					Community Hall
	30-11-2016@Mohodi Tribal Office	1	04	9	30-11-2016@Mohodi Tribal Office
	30-11-2016@Maponto Community Hall	1	05	9	30-11-2016@Mohodi Tribal Office
	01-12-2016@Rapoo Primary School	1	04	10	01-12-2016@Rapoo Primary School
	01-12-2016@Brussels Community Hall	1	08	20	01-12-2016@Brussels Community Hall
	02-12-2016@Karabi Primary School	1	03	8	02-12-2016@Karabi Primary School
	02-12-2016@Nkoana Primary School	1	08	11	02-12-2016@Nkoana Primary School
	10-04-2017@Nthabiseng Community Hall	4	11	207	10-04-2017@Nthabiseng Community Hall
	11-04-2017@Motswapo Community Hall		8	147	11-04-2017@Motswapo Community Hall
	12-04-2017@Radipitsi Community Hall	11	9	137	12-04-2017@Radipitsi Community Hall
	13-04-2017@Madikana Cosmos Sports Ground		11	102	13-04-2017@Madikana Cosmos Sports Ground
Council Outreach Meeting					

# Chapter 3

.PUBLIC MEETINGS					
Nature and purpose of the meeting	Date of Events	Number of participating Municipal Councilors	Number of participating Municipal administrators	Number of Community members attending	Date and manner of feedback given to community
Open Council Meeting	31/03/2017 Mohodi Community Hall, Mohodi	28	08	138	
	30/05/2017 Tsherane MPCC Hall,Sefene	31	06	62	
Open Council Meeting	31/03/2017 Mohodi Community Hall,Mohodi	28	08	138	
	30/05/2017 Tsherane MPCC Hall,Sefene	31	06	62	

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes

# Chapter 3

IDP Participation and Alignment Criteria*	Yes/No
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
<i>* Section 26 Municipal Systems Act 2000</i>	

# Chapter 3

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

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

In pursuit of enhancing good governance, 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

# Chapter 3

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.

## 2.6 RISK MANAGEMENT

### RISK MANAGEMENT

The Accounting Officer has the responsibility to ensure that the municipality has and maintains effective, and transparent system of financial, risk and internal control. The municipality 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 which are termed as risk champions. All departments submit progress report on the measures taken to mitigate identified risks on a quarterly basis to the Risk Management Committee.

The Risk Management policy is reviewed on an annual basis and was approved by Council on the 29 July 2016 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 risk register during the year.

Quarterly progress report on the implementation of Risk Management are submitted to the Audit Committee and Council. The following risks were identified as top five (5) risks identified after completion of the IDP:

1. Low revenue streams and collection.
2. Fraud and corruption,
3. Non-compliance to MSCOA regulations.
4. Inadequate Performance Management System.
5. Landfill sites not adequately managed.

# Chapter 3

## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

#### ***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. There was no fraud related cases that were reported from District anti-fraud hotline in 2016/17 financial year. The municipality also uses review by the internal audit unit and Office of the Auditor General (AGSA) on the control environment to detect any corrupt and fraudulent activities.

#### **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.

# Chapter 3

## INTERNAL AUDIT

The Internal Audit unit has in accordance with the approved annual plan conducted regulatory, internal control, performance audits and IT audit. The audit reports were presented quarterly to the Audit Committee. 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.

## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW 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 practice 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 behaviors 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.

# Chapter 3

## 2.9 BY-LAWS

By-laws Introduced during Year 2015/16					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Traffic (enforce and ensure compliance NRTA) By-law	No	Yes	2016/17 financial year	No	Not yet published
Spatial Planning and Land Use Management Act By-law	No	Yes	2016/17 financial year	No	Not yet published
street trading By-law	No	Yes	2016/17 financial year	No	Not yet published

### 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 are in addition to the existing thirteen (13) Council adopted by-laws in the Municipality addressing various compliance issues.

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<b>Municipal website: content and currency of material</b>		
<b>Documents published on the municipality`s /entity`s website</b>	<b>Yes/No</b>	<b>Publishing date</b>
Current annual and adjustment budgets and all budget related documents	Yes	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)	N/A	
All supply chain management contracts above a prescribed value (give value)	N/A	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4)	Yes	Yearly
Contracts agreed in 2015/16 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
PPP agreements referred to in section 120	N/A	
All quartely reports tabled in the council in terms of section 52 (d) during (2015/16)	Yes	As and when tabled to council

# Chapter 3

## **COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:**

Molemole municipality conforms to section 21 of the Municipal Systems Act, 2000 (Act 32 of 2000 as amended) and section 75 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), whose main objective it is to notify the community about municipal events or any statutory 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).

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.

## **2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES**

The municipality has assigned two dedicated officials to deal with all complaints directed to the municipality. The main channels of registering complaints are: Presidential and Premier hotlines, suggestion books available in all service centres.

The municipal council has approved service standards whose main purpose is to set timeframes and the level of service quality that residents can expect from all municipal service points. The service standards are going to be published in booklets to be distributed to communities. The booklets are expected to be published by the end of the 3<sup>rd</sup> quarter 2018

**THE REPORT ON COMPLAINTS MANAGEMENT DURING THE 2016/17 FINANCIAL YEAR IS TABULATED BELOW:**

# Chapter 3

<b>DIVISION</b>	<b>TOTAL CASES RECEIVED</b>	<b>TOTAL CASES RESOLVED</b>	<b>TOTAL CASES OUTSTANDING</b>
Administration	6	6	0
Road & Storm Water	2	0	2
Water & Sanitation	1	0	1
Electricity	6	0	6
Parks & Cemetery and Refuse Removal	3	0	3
Library	0	0	0
Traffic	3	0	3
IDP	0	0	0
Town Planning	2	1	1
Income	0	0	0
<b>TOTAL CASES</b>	<b>23</b>	<b>7</b>	<b>16</b>

# Chapter 3

## **CHALLENGES ON COMPLAINTS MANAGEMENT**

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

# Chapter 3

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

# Chapter 3

## REVENUE

### 1. FINANCIAL PERFORMANCE OF THE MUNICIPALITY FOR THE FINANCIAL YEAR 2016/17

DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	% REVENUE /EXPENDITURE	VARIANCE	REASONS FOR VARIANCE
<b>Revenue by source</b>	<b>R</b>	<b>R</b>	<b>%</b>	<b>%</b>	
Property Rates	12,000,000	13 663 498	114	-14	Properties acquired from Aganang
Service Charges- Electricity revenue including selling of prepaid electricity	7,727,053	7,129,408	92	8	The municipal decision on the improvement of cash flow has led to the decrease on electricity revenue. Customers are expected to buy electricity and the usage is being monitored by them continuously.
Service Charges-Refuse Revenue	1,937,244	1,830,294	94	6	
Rental of facilities and equipment	290,893	268,872	92	8	The original projections included rental of Department of Home Affairs of which the contract was not extended
Interest earned- external investment	2,345,200	2,422,613	103	-3	Availability of excess cash for investment

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DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	% REVENUE /EXPENDITURE	VARIANCE	REASONS FOR VARIANCE
Interest earned- outstanding debtors	1,508,722	1,574,496	104	-4	Community engagement process of resolving long outstanding debt challenges led to rate payers declining to pay services
Fines	1,017,128	1,212,000	119	-19	Assumptions was done based on the previous financial year's actual movement and due to traffic officer's experience and skills development the number of tickets issued increased.
Licence and permits	4,000,000	3,471,446	87	13	The Municipality is having an ENATIS system problem which emanated after the appointment of the new service provider and the problem has been persistent for consecutive months. The Department of Transport is currently assisting the municipal traffic department in resolving the matter.
Agency services	2,649,845	2,368,846	89	11	Fluctuations of water pressure due to lack of sustainable water supply sources
Actuarial gains	-	1,335,841	100	0	Gain from actuarial report not foreseen during budget process
Transfers recognized- operational	130,257,759	124,396,032	95	5	
Transfers recognized – capital	44,024,000	28,048,247	64	36	Challenges with two projects funded by MIG. Mohodi sports complex contractor terminated and Ramokgopa stadium contractor appointed in June due to long engagements with Department of sport.

# Chapter 3

DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	% REVENUE /EXPENDITURE	VARIANCE	REASONS FOR VARIANCE
Public contributions and donations	0	17,577,096		100	Public contributions emanated from Aganang transferred assets and properties which were not taken care of during adjustment budget as the report of alignment of assets from Aganang was not finalised by then.
Other revenue	46,748,522	12, 537,471	30	70	The municipal process of selling stands was not finalized by the Municipality and the non-selling of stands in the current financial year lead to the decrease in revenue collected. An amount of R23 528 235.00 is surplus cash and investment for roll over projects which is actual cash, therefore no actual movement will show on the trial balance.
<b>Total Revenue ( including Capital transferred)</b>	<b>254,506,363</b>	<b>217,836,160</b>	<b>86</b>	<b>14</b>	

The Annual budget for 2016/17 financial year amounts to R254, 506,363. The actual revenue collected for the period ending 30 June 2017 amounts to R 217, 836,160. The Municipality should collect 100% against the total allocated budget at the end of the financial year and the Municipality collected 86% and variance is 14%. Reasons provided above are only for variances above 6%.

	R	R	%	%	
Operating expenditure by type					
Employee related costs	75,687,863	67 101 147	89	11	Vacant and funded positions not filled
Remuneration of Councilors	11,219,675	10,568,433	94	6	
Debt impairment	6,301,000	8 026 682	127	-27	Impairment from the District (CDM) and properties received from Aganang.

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DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	% REVENUE /EXPENDITURE	VARIANCE	REASONS FOR VARIANCE
Depreciation	8,978,052	8,517,577	95	5	
Finance Costs	1,050,000	1,062,667	101	-1	Additional interest from extended contract of 2 photocopiers
Electric Purchases	9,299,000	7,502,657	81	19	VAT differences
Contracted services	3,506,327	3,133,474	89	11	VAT differences
General Expenses	42,882,482	51 340 929	120	-20	Reallocation of RAL road from capital expenditure to operational expenditure
Repairs and Maintenance	8,280,093	5,220,502	63	37	Most of the budget was planned as and when the need arises. There was no expenditure on Repair and maintenance of high mast light since the high mast light was not acquired
Loss on disposal of assets	-	33,404	-	100	Council resolution to write off redundant and obsolete assets
<b>TOTAL OPERATING EXPENDITURE</b>	<b>167,204,492</b>	<b>162,507,472</b>	<b>97</b>	<b>3</b>	
<p><b>The Annual operating budget for 2016/17 financial year amounts to R167, 204,492. The actual operating expenditure for the period ending 30 June 2017 amounts to R 161,755,770. The Municipality should spend 100% against the total allocated budget at the end of the financial year and the Municipality spent 97% and variance is 3%. Reasons provided above are only for variances above 6%.</b></p>					
<b>Capital expenditure by funding</b>					
Assets from own funds	41,114,414	30,745,305	75	25	VAT difference .Late submission of compliant specification from Eskom MV Auto for Electricity network project

# Chapter 3

DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	% REVENUE /EXPENDITURE	VARIANCE	REASONS FOR VARIANCE
Assets from Grants and subsidies	45,899,725	9,495,782.00	21	79	Challenges with two projects funded by MIG. Mohodi sports complex contractor terminated and Ramokgopa stadium contractor appointed in June due to long engagements with Department of sport.
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>87,014,139</b>	<b>40,241,087</b>	<b>46</b>	<b>54</b>	

The Annual capital budget for 2016/17 financial year amounts to R87, 014,139. The actual capital expenditure for the period ending 30 June 2017 amounts to R 40,241,087. The Municipality should spend 100% against the total allocated budget at the end of the financial year and the Municipality spent 46% and variance is 54%. Reasons provided above are only for variances above 6%.

## DEBTORS

### Comprehensive analysis of service debtors

The net outstanding debtors per services as at 30 June 2017 amounts to Rand is made up as follows:

Service	Current	Current VAT	30 Days	30 Days VAT	60 Days	60 Days VAT	90 Days	90 Days VAT	120 Days	120 Days VAT	150 Days
Electricity	223 250,26	30 903,37	159 282,00	21 396,72	142 838,36	19 672,53	97 330,91	13 616,50	109 584,95	15 017,40	4 215 127,83
Basic Refuse	134 837,20	18 850,83	130 479,06	18 228,77	128 875,08	18 014,41	128 066,43	17 907,78	127 490,98	17 842,23	6 121 207,51
Water and Sewerage	179 864,46	25 162,75	175 950,81	24 603,61	166 126,37	23 227,18	160 181,96	22 387,50	168 415,83	23 424,43	9 974 568,39
Deposit	307,00	-	-	-	-	-	-	-	-	-	10 933,31
Interest	144 110,01	-	140 670,95	-	137 864,39	-	134 350,14	-	131 170,82	-	5 788 868,64
Sundry	2 712,96	379,82	2 712,96	379,82	2 712,96	379,82	2 712,96	379,82	2 712,96	379,82	405 366,54
Property rates	911 358,91	-	918 424,66	-	908 885,26	-	906 407,34	-	891 871,53	-	38 979 531,08
	<b>1 596 440,80</b>	<b>75 296,77</b>	<b>1 527 520,44</b>	<b>64 608,92</b>	<b>1 487 302,42</b>	<b>61 293,94</b>	<b>1 429 049,74</b>	<b>54 291,60</b>	<b>1 431 247,07</b>	<b>56 663,88</b>	<b>65 495 603,30</b>

# Chapter 3

The net outstanding debtors per category as at 30 June 2017 amounts to Rand is made up as follows:

<b>Catergories</b>	<b>Amount</b>
Residential	31 683 226,93
Business	2 009 957,77
Government	32 048 537,22
Private farms	7 521 757,68
Others-Churches	15 839,28
	<b>73 279 318,88</b>
Aganang Properties Debtors	13 088 659,07
<b>Total Debts</b>	<b>86 367 977,95</b>

The municipality is not responsible for issues under this section. The department of Agriculture is responsible for activities related to Abbartour and other areas.

# Chapter 3

## 1.1. DEPARTMENT: CORPORATE SERVICES

Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				Implement a differentiated approach to municipal financing, planning, and support									
Strategic objectives				Ensure administrative support to municipal units through continuous institutional development and innovation.									
No	Priorit y area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 Annual target	Revised 2016/17 Annual target	2015/16 Actual performance achieved	2016/17 Actual Achievements Achieved or Not Achieved	New or Old Indicator	Challenges	Correctiv e Measure	Budget Expenditure	Means of verification
1	Admin istration	Procurement of 2x Vehicles for Mayor & Speaker.	Number of vehicles procured	Only one (1) Mayoral vehicle purchased in 2011	Two(2) vehicles procured	None	N/A	Achieved  Two (2) vehicle procured	New	None	None	Budget R1,500,000 Expenditure R1,499,842.80	Appointment letter  Invoice
2		Installation of Security Cameras in two municipal buildings	Number of Municipal buildings installed with surveillance cameras	No surveillance cameras installed in all municipal buildings	Two (02) municipal buildings installed with surveillance cameras	None	N/A	Achieved  Two municipal buildings installed with surveillance cameras	New	None	None	Budget R180,000  Expenditure R151,900	Purchase Order  Invoice
3	Admin istration	Renovation of Municipal Buildings/ Extension of buildings	Number of buildings renovated	New indicator	Three (3) Buildings renovated	Project discontinued	N/A	Not achieved.  Target discontinued	New	Funds shifted to repairs and maintenance category	None	Budget R0 Expenditure R 0	Budget adjustment

# Chapter 3

								and funds moved to Repair and Maintenance vote.					
4	Administration	Construction of Parking Bays at Civic Centre and Old Building	Number of municipal parking bays constructed	New indicator	35 municipal parking bays constructed	20 municipal parking bays constructed	N/A	Achieved  20 municipal parking bays constructed	New	None	None	Budget R200,000  (Aganang MDTG)  R250,000  Expenditure R449,705.00	Approved Specification  Appointment letter.  Invoice
5	Administration	Mobile Unit	Number of mobile office unit procured	New indicator	One (1) Mobile office unit	None	N/A	Achieved  One mobile office unit procured	New	None	None	Budget R1,800,000  Expenditure R1,397,436.90	Approved Specification  Appointment letter.  Invoice
6	Administration	Procurement of Office Furniture	Number of office furniture procured	New indicator	200 office furniture procured	None	N/A	Not Achieved  167 furniture items procured and allocated	New	Budget reduced due to withdrawal of MDTG grant	Outstanding furniture items to be procured in the 2017/18 Financial year	Budget R600,000  Expenditure R 580,164.2	Approved Specification  Appointment letter.  Invoice

# Chapter 3

7	Information and Communication Technology	Annual Software License renewal	Renewal of annual software licenses	Microsoft, Symantec and backup exec, Venus, Payday and GIS licenses are in place	Renewal of annual software licenses	None	Achieved	Achieved	Old	None	None	Budget R585,000  Actual Expenditure R 423,729.94	Appointment Letter. Invoice
8	Information and Communication Technology	Replacement of Obsolete ICT Equipment	Percentage (13) procurement of ICT Equipment	24 laptops, 27 desktops, 41 printer, 3 UPS in place	100% (13) procurement of ICT Equipment	None	Achieved	Achieved	Old	None	None	Budget R750 000 (Aganang MDT R300 000 Expenditure R 785,177.48	Approved Spec Appointment Letter. Invoice
9	Human Resources Management	Installation of Fire detectors and alarm system	Installation of Fire detectors and alarm system	New Indicator	Installation of fire detectors and alarm system	None	N/A	Not achieved.  Project discontinued and funds moved to other projects during adjustment budget.	New	No building plans to implement the project	Deferred to 2017/8 financial year	Budget R200,000  Expenditure R0	Budget Adjustment
1	Risk	Risk	Percentage	54% of	100% of	None	Not	Achieved	Old	None	None	Opex	Strategic risk

# Chapter 3

0	Management	Management	of identified risks resolved within timeframe as specified in the risk register	risks resolved (2 strategic risks and 15 operational risks resolved)	risks resolved within the timeframe as specified in the register		Achieved						100% of risks resolved within the timeframe as specified in the register		register 2016/17
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## 1.2 DEPARTMENT: TECHNICAL SERVICES

<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>Strategic objectives</b>					<b>Provision of sustainable infrastructure and basic services</b>									
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance	2016/17 Actual achievement Achieved or not Achieved	New or Old Indicator	Challenges	Corrective measures	Budget Expenditure	Means of verification	
<b>OPERATIONS AND MAINTENANCE</b>														

# Chapter 3

<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>Strategic objectives</b>					<b>Provision of sustainable infrastructure and basic services</b>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance Achievement	2016/17 Actual achievement Achieved or not Achieved	New or Old Indicator	Challenges	Corrective measures	Budget Expenditure	Means of verification
<b>OPERATIONS AND MAINTENANCE</b>													
11	Access roads	Mogwadi Internal Streets	Number of Mogwadi Internal Streets upgraded from gravel to tar and Storm Water constructed	Planning and Design of the project	3,5 km of roads and storm water completed	None	Achieved	Not Achieved  3.5 KM of roads completed. Storm water not completed.	Old	Insufficient budget.	Project rolled-over to 2017/18	Budget R23,671,230.82  Expenditure R23,218,560.86	Physical verification of internal Street as constructed  SLA and progress payment Certificates.

# Chapter 3

Key Performance Area (KPA) 2:					Basic Services & Infrastructure Planning								
Outcome 9:					Responsive, Accountable, Effective and Efficient Local Government System								
Outputs:					<ul style="list-style-type: none"> <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					Provision of sustainable infrastructure and basic services								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance Achievement	2016/17 Actual achievement Achieved or not Achieved	New or Old Indicator	Challenges	Corrective measures	Budget Expenditure	Means of verification
<b>OPERATIONS AND MAINTENANCE</b>													
12	Access roads	Mohodi to Maponto gravel to tar	Number of Mohodi to Maponto Gravel to Tar constructed	New indicator	3,5 km of road completed	2.0 km of road completed	N/A	Not Achieved  Roadbed layer works and stabilization 95% complete and culverts are at 100% complete	New	Electrical poles in the roadway awaiting for Eskom to relocate poles.	Multi-year project.	Budget R9 799 853,00  Expenditure R6 052 935,53	Physical internal Street constructed  SLA and progress payment Certificates.
13	Access roads	Ramokgopa Eisleben gravel to tar	Number of Ramokgopa Eisleben Gravel to Tar constructed	New indicator	3 km of road completed	None	N/A	Achieved  3 km of road completed	New	None	None	Budget R17 113 747,00  Expenditure	Physical verification SLA and progress Payment Certificates and Completion

# Chapter 3

<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>Strategic objectives</b>					<b>Provision of sustainable infrastructure and basic services</b>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance Achievement	2016/17 Actual achievement Achieved or not Achieved	New or Old Indicator	Challenges	Corrective measures	Budget Expenditure	Means of verification
<b>OPERATIONS AND MAINTENANCE</b>													
												R17 107 647,32	Certificate.
14	Access Roads	Mohodi Low Level Bridge	Mohodi Low Level Bridger constructed	New indicator	One (1) Mohodi Low Level Bridge Completed	None	N/A	Not achieved  Service Provider appointed	New	The service provider was appointed at year end. The project was re-advertised due non responsive bids.	Project rolled-over to 2017/18	Budget R500 000.00  Expenditure R0.00	Physical verification,  Appointment letter and SLA and progress Payment  Certificates and Completion  Certificate.
15	Roads	Procurement of TLB	Number of TLB	New indicator	One (1) TLB	None	N/A	Achieved	New	None	None	R1 500,000.00	Appointment letter

# Chapter 3

<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>Strategic objectives</b>					<b>Provision of sustainable infrastructure and basic services</b>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance Achievement	2016/17 Actual achievement Achieved or not Achieved	New or Old Indicator	Challenges	Corrective measures	Budget Expenditure	Means of verification
<b>OPERATIONS AND MAINTENANCE</b>													
			Procured		Procured			One (1) TLB Procured				Expenditure R1 447 000.00	SLA Procured TLB
16	Social amenities	Mohodi Sport Complex	Construction of Mohodi sports complex  (Grand stand, change rooms and septic tank constructed	Layer works and lights installed	Grand stand, change rooms and septic tank completed	Completion on outstanding layers works, completion of electrical works, water and sewer reticulation and soccer	Not achieved	Not achieved  Borehole drilling with 135kl elevated steel tank 60% completed pending installations Earthwork to create levels	Old	Contract terminated due to Poor performance.	Re-appointment of new reputable service provider. Project rolled over to 2017/18 FY	Budget R5 046 300,00  Expenditure R2 286 033,27	Appointment letter  SLA and Payment Certificate.

# Chapter 3

<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>Strategic objectives</b>					<b>Provision of sustainable infrastructure and basic services</b>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance Achievement	2016/17 Actual achievement Achieved or not Achieved	New or Old Indicator	Challenges	Corrective measures	Budget Expenditure	Means of verification
<b>OPERATIONS AND MAINTENANCE</b>													
						pitch completed		for the different pitches 60% completed. Rehabilitation of storm water storage 80% completed.					
17	Social Amenities	Construction of Ramokgopa Stadium	Construction of Ramokgopa stadium football and cricket pitch, borehole and storage tank sewer system	New indicator	Design and construct football and cricket pitch borehole and storage tank	None	N/A	Not achieved  Appointment of consultant and contractor and also handed over side for construction	New	Role clarification between MLM and Department of Sports Art and Culture	Project rolled over to 2017/18 FY	Budget R9 000 000.00  Expenditure R 432 464,24	Appointment letter and Appointment letters.

# Chapter 3

<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>Strategic objectives</b>					<b>Provision of sustainable infrastructure and basic services</b>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance Achievement	2016/17 Actual achievement Achieved or not Achieved	New or Old Indicator	Challenges	Corrective measures	Budget Expenditure	Means of verification
<b>OPERATIONS AND MAINTENANCE</b>													
			fence and gates completed		sewer system fence and gates completed					regarding the SCM processes.			
18	Electricity	Upgrading of Electricity Network	Electricity Network infrastructure Upgraded	Replaced 80 rotten poles, 1500 Low Volt conductor and 120 Low voltage insulators	Electricity Network infrastructure Upgraded (Replacement of electricity poles, Construction of MV line, construction of MV	None	Achieved	Not Achieved  Appointment of service provider	Old	Late submission of compliance specification from Eskom for MV Auto Recloser)	Project Rolled-over to 2017/18	Budget R 1,000 000  R200,000 (Aganang MDTG)  Expenditure	Appointment Letter  SLA and  Progress Payment certificates

# Chapter 3

<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>Strategic objectives</b>					<b>Provision of sustainable infrastructure and basic services</b>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance Achievement	2016/17 Actual achievement Achieved or not Achieved	New or Old Indicator	Challenges	Corrective measures	Budget Expenditure	Means of verification
<b>OPERATIONS AND MAINTENANCE</b>													
					Auto Re-closer)							R 0	
19	Electricity	Installation of Ga Phasha High Mast light	Number of High Mast lights installed	2x High mast lights constructed	1 high mast light installed	None	Achieved	Not Achieved  Appointment of service provider	Old	Procurement plan not adhered to.	Project Rolled-over to 2017/18	Budget R500,000  Expenditure R 0	Appointment Letter, SLA, physical verification

# Chapter 3

Key Performance Area (KPA) 2:					Basic Services & Infrastructure Planning								
Outcome 9:					Responsive, Accountable, Effective and Efficient Local Government System								
Outputs:					<ul style="list-style-type: none"> <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					Provision of sustainable infrastructure and basic services								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance Achievement	2016/17 Actual achievement Achieved or not Achieved	New or Old Indicator	Challenges	Corrective measures	Budget Expenditure	Means of verification
<b>OPERATIONS AND MAINTENANCE</b>													
20	Electricity	Purchase of Electrical bakkie	Number of Electrical Bakkies purchased	New indicator	1 electrical bakkie purchased	Project discontinued	N/A	Not achieved  Project discontinued	New	Insufficient budget	Project deferred to 2017/18	Budget R0  Expenditure R0	Budget adjustment
21	Electricity	Electrification of cluster 3 in ward 15 and 16	Number of household electrification	New indicator	246 household electrified	None	N/A	Not achieved  Consultant and contractor appointed and currently the project in progress	New	Late transfer of project from disestablished Aganang municipality	Project rolled over 2017/18	Budget R7 401 000  Expenditure R3 656 804.78	Appointment letters  Project  Construction, Payment certificate, &SLA
22	Risk	Risk	Percentage	66% of	100% of	N/A	Not	Not achieved	Old	Delayed	Installation	Nil	Strategic risk

# Chapter 3

<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>Strategic objectives</b>					<b>Provision of sustainable infrastructure and basic services</b>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance Achievement	2016/17 Actual achievement Achieved or not Achieved	New or Old Indicator	Challenges	Corrective measures	Budget Expenditure	Means of verification
<b>OPERATIONS AND MAINTENANCE</b>													
	Management	Management	of identified risks resolved within timeframe as specified in the risk register	risks resolved( 2 operational risks resolved)	risks resolved within the timeframe as specified in the register		achieved	0% of risks resolved within the timeframe as specified in the register		with the appointment of service provider for the installation of check meters.	n of check meters to be finalised in 2017/18 financial year. Implementation of the assets management plan in 2017/18 financial year.		register 2016/17

# Chapter 3

## 1.3 DEPARTMENT: COMMUNITY SERVICES

Key Performance Area (KPA) 1 & 2:					Spatial Rationale and Basic Service Delivery								
Outcome 9:					Responsive, Accountable, Effective and Efficient Local Government System								
Outputs :					Actions supportive of the human settlement outcome								
Strategic objectives					To promote orderly development through integrated spatial planning and land use management								
No	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of verification
<b>ENVIRONMENTAL MANAGEMENT</b>													
22	Environmental management	6m3 bulk refuse containers	Number of bins procured and delivered	New indicator	15 6m3 bulk refuse containers procured	None	N/A	Achieved  15 6m3 bulk refuse containers procured	New	None	None	Budget R300 000  Expenditure R 297000.00	Advert, appointment letter, SLA Physical verification
23	Social amenities	Upgrading of Cemeteries	Mogwadi cemetery upgraded	New indicator	Mogwadi cemetery upgraded	None	N/A	Achieved  Mogwadi cemetery upgraded	New	None	None	Budget R300,000  Expenditure	Advert, appointment letter, SLA Physical verification

# Chapter 3

Key Performance Area (KPA) 1 & 2:					Spatial Rationale and Basic Service Delivery								
Outcome 9:					Responsive, Accountable, Effective and Efficient Local Government System								
Outputs :					Actions supportive of the human settlement outcome								
Strategic objectives					To promote orderly development through integrated spatial planning and land use management								
No	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of verification
<b>ENVIRONMENTAL MANAGEMENT</b>													
												R 300,000	
24	Social amenities	Renovation of tennis courts	Mogwadi tennis courts renovated	New indicator	Mogwadi tennis court renovated	None	N/A	Achieved  Mogwadi tennis court renovated	New	None	None	Budget  R200, 000  Expenditure R181.289.64	Advert, Order, Physical verification
25	Risk Management	Risk management	Percentage of identified risks resolved within timeframe as specified in the risk register	33% of risks resolved( 1 operational risk resolved)	100% of risks resolved within the timeframe as specified in the	None	N/A	Achieved  100% of risks resolved within the timeframe as specified in	Old	None	None	Opex	Strategic Risk register 2017/18

# Chapter 3

<b>Key Performance Area (KPA) 1 &amp; 2:</b>					<b>Spatial Rationale and Basic Service 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>Strategic objectives</b>					<b>To promote orderly development through integrated spatial planning and land use management</b>								
No	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of verification
<b>ENVIRONMENTAL MANAGEMENT</b>													
					register			the register					

## 1.4. 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>	<b>To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management</b>

# Chapter 3

N o.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 actual achievement Achieved or Not Achieved	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of verification
<b>SPATIAL PLANNING</b>													
26	Spatial planning	Development of precinct plan in Mogwadi	Number of precinct plan developed	New indicator	One (1) precinct plan developed	Draft status quo report developed	N/A	Not achieved  The Project was discontinued.	New	Insufficient budget	Deferred for 2018/19 FY	Budget R 0  Expenditure R 0	Budget adjustment
27	Spatial planning	Pegging of Existing Municipal sites in Mogwadi and Morebeng Towns	Number of sites pegged in Mogwadi and Morebeng town	New indicator	40 sites in Morebeng and 60 sites in Mogwadi pegged	None	N/A	Achieved Pegging of 40 sites in Morebeng and pegging of 150 sites in Mogwadi	New	None	The budget was adjusted from R200 000 to R300 000 for pegging of more sites in Mogwadi. The target was omitted to include	Budget R 300 000.00  Expenditure R290 211.00	Approval letters by MM, Adverts, Order and map with pegs.

# Chapter 3

<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>				<b>To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management</b>									
<b>N o.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline</b>	<b>2016/17 annual target</b>	<b>Revised 2016/17 Annual target</b>	<b>2015/16 Actual performance achievement</b>	<b>2016/17 actual achievement Achieved or Not Achieved</b>	<b>New or Old Indicator</b>	<b>Challenges</b>	<b>Corrective Measure</b>	<b>Budget Expenditure</b>	<b>Means of verification</b>
											additional sites during review process.		
28	Spatial planning	Drafting of building plans for existing municipal properties	Number of municipal building plans compiled	New indicator	8 compiled building plans	None	N/A	Achieved  8 building plans compiled	New	None	None	Budget R 350 000.00  Expenditure R 311 135.00	Approval letter, adverts, order and building plans

# Chapter 3

Key Performance Area (KPA) 1:				Spatial Rationale									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				<ul style="list-style-type: none"> <li>• Actions supportive of the human settlement outcome</li> <li>• Implement a differentiated approach to municipal financing, planning, and support</li> </ul>									
Strategic objectives				To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management									
N o.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 actual achievement Achieved or Not Achieved	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of verification
29	Spatial planning	Subdivision and Rezoning of sites for Magistrate Court	Number of sites subdivided	New indicator	Submission of draft plans	None	N/A	Achieved	New	None	None	Budget R 150 000.00	Approval letter, adverts, order and sub divisional diagram
												Expenditure R147 500.00	
30	Spatial planning		Number of sites rezoned	New indicator	Submission of rezoning application	None	N/A	Achieved	New	None	None		Approval letter, adverts, appointment letters and rezoning application documents with plans
								Rezoning application submitted					

# Chapter 3

<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>				<b>To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management</b>									
<b>N o.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline</b>	<b>2016/17 annual target</b>	<b>Revised 2016/17 Annual target</b>	<b>2015/16 Actual performance achievement</b>	<b>2016/17 actual achievement Achieved or Not Achieved</b>	<b>New or Old Indicator</b>	<b>Challenges</b>	<b>Corrective Measure</b>	<b>Budget Expenditure</b>	<b>Means of verification</b>
31	Spatial planning	Rezoning of Erven 493, 180 Mogwadi and 25 Morebeng	Number of erven rezoned	New indicator	Rezoning of 3 (three) municipal erven	None	N/A	Achieved  Rezoning of 3 (three) municipal erven	New	None	None	Budget R 135 000  Expenditure R115 000.00	Approval letter, adverts, appointment letters and rezoning application documents
<b>LOCAL ECONOMIC DEVELOPMENT</b>													
32	Local Economic Development	Youth in agriculture programme	Number of graduates capacitated in agricultural programmes	8 Graduates appointed and capacitated	5 graduates capacitated in agricultural programmes	6 graduates capacitated in agricultural programmes	Achieved	Achieved  6 graduates capacitated in agricultural programmes	Old	None	None	Budget R400 000.00 Expenditure R385 775.00	Contracts with Graduates, SLA with Farmers and reviewed concept document.

# Chapter 3

Key Performance Area (KPA) 1:				Spatial Rationale									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				<ul style="list-style-type: none"> <li>• Actions supportive of the human settlement outcome</li> <li>• Implement a differentiated approach to municipal financing, planning, and support</li> </ul>									
Strategic objectives				To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management									
N o.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 actual achievement Achieved or Not Achieved	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of verification
33	Local Economic Development	Investment coordination and facilitation	Number of partnership agreements signed on social labour plans	Investors recruited and engaged	3x partnership agreement signed on social labour plans and investor conference	None	Not achieved	<p>Not achieved.</p> <p>Investor conference coordinated and hosted.</p> <p>No partnership agreements on social labour plans and investor conferences were signed.</p>	Old	Lack interest and commitment from identified partners to sign agreements with the municipality. Partners indicated challenge of outdated LED strategy	LED Strategy to be "Reviewed" in 2017/18FY. This will include projects, programmes and investment opportunities	<p>Budget R380 000.00</p> <p>Expenditure R275 200.00</p>	1 Partnership Agreement, 1 SLA, and Reviewed TOR and concept document and Report on Conference.
34	Local	Career	Number of	1x Career	To hold 1x	None	Achieved	Not Achieved	Old	Delays	The	Budget	SLA with

# Chapter 3

<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>				<b>To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management</b>									
<b>N o.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline</b>	<b>2016/17 annual target</b>	<b>Revised 2016/17 Annual target</b>	<b>2015/16 Actual performance achievement</b>	<b>2016/17 actual achievement Achieved or Not Achieved</b>	<b>New or Old Indicator</b>	<b>Challenges</b>	<b>Corrective Measure</b>	<b>Budget Expenditure</b>	<b>Means of verification</b>
	Economic Development	Expo and Dialogue	Career Expo held	Expo held	Career expo			No Career expo held		from key partner, Dept of Education (Bochum East) in granting permission for all the identified school to participate in the Expo.	project will be over to the new financial and the expo will be hosted before end of August 2017	R170 000.00 Expenditure Nil	service provider, reviewed TOR and concept document and report on Career EXPO
35	Local Economic Development	Capacity building on SMME	Number of SMME's trained	20 SMME's capacitated	To capacitate 20 SMME's	None	Achieved	Achieved 20 SMME's capacitated	Old	None	None	Budget R200 000.00 Expenditure R157 004.00	SLA with service provider, reviewed TOR and concept document and training report

# Chapter 3

INTEGRATED DEVELOPMENT PLANNING													
36	IDP	Review of 2016/2017 IDP	Reviewed 2016/2017 IDP	One Reviewed and adopted 2016/2017 IDP	Adopted and printed a credible 2017/2018 IDP	None	Achieved	Achieved	Old	None	None	Budget R430,000.00  R200,000.00 (Aganang MDTG)  Expenditure R558 356.00	Invites and Attendance Register
37	IDP	Strategic working sessions on the IDP and SDBIP review	Number of strategic working sessions held	4 strategic working sessions held	4 strategic sessions held	3 strategic sessions held	Achieved	Achieved	Old	None	None	Budget R250,000  Expenditure R197 500	Invites and attendance register.
38	IDP	Compilation of	Approved 2015/2016	Approved	2015/2016 Annual	None	Achieved	Achieved	Old	None	None	Budget R200,000	Invites and

# Chapter 3

<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>				<b>To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management</b>									
<b>N o.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline</b>	<b>2016/17 annual target</b>	<b>Revised 2016/17 Annual target</b>	<b>2015/16 Actual performance achievement</b>	<b>2016/17 actual achievement Achieved or Not Achieved</b>	<b>New or Old Indicator</b>	<b>Challenges</b>	<b>Corrective Measure</b>	<b>Budget Expenditure</b>	<b>Means of verification</b>
		Annual Report	Annual Performance report and Annual Report	2014/2015 Annual Performance report and Annual report	Performance report and Annual Report approved			2015/2016 Annual Performance report and Annual Report approved				Expenditure R187,500	attendance register, Annual performance report, annual report and council resolution
39	IDP	Consolidation of SDBIP	2016/17 SDBIP	2015/2016 SDBIP compiled	2016/2017 SDBIP compiled	None	Achieved	Achieved  2016/2017 SDBIP compiled	Old	None	None	Opex	Reviewed 2016/17 and approved 2017/18

# Chapter 3

Key Performance Area (KPA) 1:				Spatial Rationale									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				<ul style="list-style-type: none"> <li>• Actions supportive of the human settlement outcome</li> <li>• Implement a differentiated approach to municipal financing, planning, and support</li> </ul>									
Strategic objectives				To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management									
N o.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 actual achievement Achieved or Not Achieved	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of verification
40	IDP Unit	Coordination of IDP Representative Forum meetings	Number of IDP Representative Forum coordinated	2015/16 IDP Representative Forum in place	4 X 2016/17 IDP Representative Forum meetings coordinate	03 X 2016/17 IDP Representative Forum meetings coordinate	Achieved	Achieved 4 X 2016/17 IDP Representative Forum meetings coordinate	Old	None	None	Budget R74,000  Expenditure R69,300	Invites and attendance register
41	Risk Management	Risk Management	Percentage of identified risks resolved within timeframe as specified in the risk register	0% of risks resolved	100% of risks resolved within the timeframe as specified in the register	75% of risks resolved within the timeframe as specified in the	Not achieved	Not achieved  0% of risks resolved within the timeframe as specified in	Old	Awaiting the promulgation of by-law and passing of Provincial Legislation	Spatial Planning By-law and LED Strategy to be	Opex	Updated risk register

# Chapter 3

<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>				<b>To Promote Orderly Development Through Integrated Spatial Planning And Land Use Management</b>									
<b>N o.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline</b>	<b>2016/17 annual target</b>	<b>Revised 2016/17 Annual target</b>	<b>2015/16 Actual performance achievement</b>	<b>2016/17 actual achievement Achieved or Not Achieved</b>	<b>New or Old Indicator</b>	<b>Challenges</b>	<b>Corrective Measure</b>	<b>Budget Expenditure</b>	<b>Means of verification</b>
						register		the register		n Spatial Planning and Land Use Management. Review of LED strategy budgeted for 2017/18	finalised in 2017/18		

## 1.5 DEPARTMENT: FINANCE

<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>Strategic Objective</b>	<b>To ensure sound and stable financial management</b>

# Chapter 3

No	Priority Area(ID P)	Project Name	Key Performance Indicator	Baseline	2016/17 Annual Target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
<b>BUDGET &amp; TREASURY</b>													
42	Financial management	Configuration of Chart of Accounts in line with SCOA	Functional Financial system compliant with MSCOA	New indicator	Approved functional financial reporting system	None	N/A	Achieved  Approved functional financial reporting system	New	None	None	Budget R 1 447 000  Expenditure R1 433 957.22	Closure report
43	Financial management	Infrastructure Asset Revaluation	Number of reports on assets revaluation compiled	One (1) Assets report	One (1) of 2015/16 reports on assets revaluation compiled	None	Achieved	Achieved  One (1) of 2015/16 report on assets revaluation compiled	Old	None	None	Budget R 200 000.00  Expenditure R163464.91	Alignment of Assets Report
44	Financial management	Infrastructure Asset Revaluation	Specifications, advertisement and appointment of the contractor for 2016/17	One (1) Specifications, advertisement and appointment of the	Specifications, advertisement and appointment of the contractor	None	Achieved	Achieved  Specifications, advertisement and	Old	None	None	Budget R600 000.00  Expenditure	Residual Report and Cost of Landfill restoration Report

# Chapter 3

<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>Strategic Objective</b>				<b>To ensure sound and stable financial management</b>									
No	Priority Area(ID P)	Project Name	Key Performance Indicator	Baseline	2016/17 Annual Target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
			reports on assets revaluation compiled	contractor for 2015/16 reports on assets revaluation compiled	for 2016/17 reports on assets revaluation compiled			appointment of the contractor for 2016/17 reports on assets revaluation compiled				R 345 876.67	
45	Financial management	Asset management plan	Annual assets management plan compiled	New indicator	One (1) annual asset management plan compiled	None	N/A	Not Achieved	New	Municipality had no base (existing data) for maintenance plan, the service provider had to start by investigating the asset performance history which took		Budget R900,000 Expenditure R 235 800.00	Appointment Letter

# Chapter 3

<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>Strategic Objective</b>				<b>To ensure sound and stable financial management</b>									
No	Priority Area(ID P)	Project Name	Key Performance Indicator	Baseline	2016/17 Annual Target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
										much more time than expected before the actual compilation of asset management plan			
46	Financial management	Enterprise Resource Management & Planning System (ERMP) (System improvement)	Customized Functional integrated system	New indicator	Customized Functional integrated system	None	N/A	Achieved	New	None	None	Budget R 1 447 000  Expenditure R1 340 294.32	

# Chapter 3

<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>Strategic Objective</b>				<b>To ensure sound and stable financial management</b>									
No	Priority Area(ID P)	Project Name	Key Performance Indicator	Baseline	2016/17 Annual Target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
47	Financial management	Data cleansing (MSCOA system improvement)	Number of data cleansing report compliant with MSCOA	New indicator	One (1) data cleansing report compliant with MSCOA	None	N/A	Achieved  One (1) data cleansing report compliant with MSCOA	New	None	None	Budget R 712 000  (Aganang MDTG) Expenditure R550 300.00	Debt verification report, Business account verification report, updated GRAP compliant revenue policies and by-laws.
48	Financial management	Preparation and Compilation of Financial Statement	Number of 2015/16 AFS submitted	2014/15 AFS submitted	One (1) 2015/16 AFS submitted	None	Achieved	Achieved  One (1) 2015/16 AFS submitted	Old	None	None	Budget R 750 000.00 Expenditure R670 000.00	AFS
49	Financial	Maintenanc	Updated	Supplement	Maintena	None	Achieved		Old	None	None	Budget	Maintenance

# Chapter 3

<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>Strategic Objective</b>				<b>To ensure sound and stable financial management</b>									
No	Priority Area(ID P)	Project Name	Key Performance Indicator	Baseline	2016/17 Annual Target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
	management	Valuation Roll	general valuation and supplementary valuation roll compiled	ary and general valuation roll	nce and updating the general valuation roll			Achieved				R158,788.00 Expenditure R68 400.00	of the general valuation roll and the supplementary valuation roll.
50	Financial management	Compilation of general evaluation roll	General valuation roll compiled	General valuation roll compiled	One (1) General valuation roll compiled	None	Achieved	Achieved	Old	None	None	Budget R 800 000.00 Expenditure R 723 398.40	General Valuation Roll

# Chapter 3

<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>Strategic Objective</b>				<b>To ensure sound and stable financial management</b>									
No	Priority Area(ID P)	Project Name	Key Performance Indicator	Baseline	2016/17 Annual Target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
51	Risk Management	Risk Management	Percentage of identified risks resolved within timeframe as specified in the risk register	80% of risk resolved( 4 strategic risks resolved)	100% of risks resolved within the timeframe as specified in the register	None	Not Achieved	Achieved 100% of risks resolved within the timeframe as specified in the register	Old	None	None	Opex	Strategic risk register 2016/17

# Chapter 3

## 1.6. DEPARTMENT: MUNICIPAL MANAGERS OFFICE

Key Performance Area (KPA) 5:					Good Governance and Public Participation								
Outcome 9:					Responsive, Accountable, Effective and Efficient Local Government System								
Outputs 5:					Deepen democracy through a refined ward committee model								
Strategic Objective					Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
<b>MAYOR'S OFFICE</b>													
52	Special Focus	HIV/AIDS	Number of HIV/AIDS Forum held	4 x HIV/AIDS Forums held	To hold 4 x Forums	4 x HIV forum	Achieved	Achieved  4X HIV forums held	Old	None	None	Budget R466 157.00  Expenditure R464 938.39 total inclusive	Attendance Register, invitation

# Chapter 3

<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>					<b>Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees</b>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
53	Special Focus	HIV/AIDS	Number of HIV/AIDS events held	2 events held	3 x events to be held	3 x HIV events	Achieved	Achieved  No dedicated official to deal with special focus issues	Old	No enough human capital	None		Attendance Register, invitation
54	Special Focus	Youth	Number of youth forums meetings	New indicator	2 x Youth Council and events to be held	1 x Youth EXPO event	Achieved	Not achieved  No dedicated personnel within the unit to deal with SF issues	Old	No enough human capital	Prioritize recruitment of staff in 2017/18 FY		Attendance Register, invitation

# Chapter 3

Key Performance Area (KPA) 5:					Good Governance and Public Participation								
Outcome 9:					Responsive, Accountable, Effective and Efficient Local Government System								
Outputs 5:					Deepen democracy through a refined ward committee model								
Strategic Objective					Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
			Number of events to be held	1 youth day event held	2x events held	1 x youth day celeb	Achieved	Achieved 2x youth day celebration held	Old	None	None		Attendance Register, invitation
55	Special Focus	Women and Children	Number of forum meetings	New indicator	4 x forum meetings and events	4x forums and meeting	Not achieved	Not achieved No dedicated personnel within the unit to deal with SF issues	Old	No enough human capital	prioritise recruitment of staff in 2017/18 FY		Attendance Register, invitation
56	Special Focus	Women and Children	Number of Women and Children events held	3 events held	3 x events held	None	Achieved	Not achieved No dedicated personnel within the unit to deal with SF issues	Old	No enough human capital	Prioritize recruitment of staff in 2017/18 FY		Attendance Register, invitation

# Chapter 3

Key Performance Area (KPA) 5:					Good Governance and Public Participation								
Outcome 9:					Responsive, Accountable, Effective and Efficient Local Government System								
Outputs 5:					Deepen democracy through a refined ward committee model								
Strategic Objective					Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
57	Special Focus	Disability	Number of Disability forums meetings	New indicator	7 x Disability forum meeting	None	N/A	Not achieved  No dedicated personnel within the unit to deal with SF issues	New	No enough human capital	Prioritize recruitment of staff in 2017/18 FY		Attendance Register, invitation
58	Special Focus	Disability	Number of disability events held	New indicator	3 x disability awareness events	None	N/A	Not achieved  No dedicated personnel within the unit to deal with SF issues	New	No enough human capital	prioritize recruitment of staff in 2017/18 FY		Attendance Register, invitation

# Chapter 3

Key Performance Area (KPA) 5:					Good Governance and Public Participation								
Outcome 9:					Responsive, Accountable, Effective and Efficient Local Government System								
Outputs 5:					Deepen democracy through a refined ward committee model								
Strategic Objective					Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
59	Special Focus	Older Persons	4 x Older Persons forum meetings and 3 events to be held	New indicator	7 x Older Persons forum meetings and 3 events	None	N/A	Not achieved  No dedicated personnel within the unit to deal with SF issues	New	No enough human capital	prioritise recruitment of staff in 2017/18 FY		Attendance Register, invitation
60	Special Focus	Older persons	Number of disaster awareness campaign	1 disaster awareness campaigns held	3 X Disaster awareness campaigns held	None	Not achieved	Not achieved  No dedicated personnel within the unit to deal with SF issues	Old	No enough human capital	prioritise recruitment of staff in 2017/18 FY		Attendance Register, invitation

# Chapter 3

Key Performance Area (KPA) 5:					Good Governance and Public Participation								
Outcome 9:					Responsive, Accountable, Effective and Efficient Local Government System								
Outputs 5:					Deepen democracy through a refined ward committee model								
Strategic Objective					Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
61	Council support	Councillor induction	Number of Councillor induction	New indicator	1 council or induction held	None	N/A	Achieved  1 councillor induction held	New	None	None	Budget R 1,220,000  Expenditure R 1 168 536	Attendance registers,  Appointment letters
62	Council support	ward committee induction	Number of Ward committee induction session held	Ward committee induction held in 2015/16	Ward committee induction session held	None	N/A	Achieved  Ward committee induction session held	New	None	None		Ward Committee Resolutions  Appointment letter of Service Provider.

# Chapter 3

<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>					<b>Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees</b>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
63	Council support	Ward Committee Training	Number of ward committee members trained	03 x Ward Committee training conducted in the 2015/16 financial year	4 ward committee members trained	None	N/A	Not achieved  Disputes in the establishment of ward committees were not yet resolved.	New	Dispute in the establishment of ward committee members	Deferred to 2017/18	Budget R 100,000.00  Expenditure R Nil	Certificates  Attendance register

## LEGAL SERVICES

# Chapter 3

Key Performance Area (KPA) 5:					Good Governance and Public Participation								
Outcome 9:					Responsive, Accountable, Effective and Efficient Local Government System								
Outputs 5:					Deepen democracy through a refined ward committee model								
Strategic Objective					Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
No.	Priority area(IDP)	Project Name	Key performance indicator	Baseline	2016/2017 annual target	Revised 2016/2017 annual targets	2015/16 Actual performance achieved	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget	Means of Vilification
64	Legal advisory services	Legal advisory services	Percentage of documented Legal advisory services provided	Limited documentation on legal advisory services provided	100% of legal advises provided & documented	None	Achieved	Achieved  100% of legal advises provided & documented	Old	None	None	Opex	List of Legal Advices and Support Services
65	Legal advisory services	Litigation management	Percentage of cases instituted and defended	100% of cases instituted and defended	100% of cases instituted and defended	None	Achieved	Achieved  100% of cases instituted and	Old	None	None	Budget R943,800  Expenditure R911,840	Register of cases instituted.

# Chapter 3

Key Performance Area (KPA) 5:					Good Governance and Public Participation								
Outcome 9:					Responsive, Accountable, Effective and Efficient Local Government System								
Outputs 5:					Deepen democracy through a refined ward committee model								
Strategic Objective					Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
								defended					
66	Legal advisory services	Contracts	Percentage of contracts developed and drafted as per instruction	100% of contracts developed and drafted as per instruction	100% of contracts developed and drafted as per instruction	None	Achieved	Achieved  100% of contracts developed and drafted as per instruction	Old	None	None	Opex	Contracts register
67	Legal advisory services	Review of by laws	Number of bylaws reviewed and gazzetted	New indicator	Six (6) bylaws reviewed and gazzetted	None	Not achieved	Not achieved  There was no dedicated Official in	New	Resignation of the Legal Advisor	Deferred to 2017/18 financial year	Budget R800,000  Expenditure	Copied of reviewed by-laws

# Chapter 3

<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>					<b>Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees</b>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
								the Legal Unit.				R 0	

<b>COMMUNICATIONS</b>													
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/2017 annual target	Revised 2016/2017 annual targets	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
68	Communications	Printing and Publication	Number of diaries and calendars printed	300 diaries and 1000 calendars printed	300 diaries and 500 calendars printed	None	Achieved	Achieved 300 diaries and 500 calendars printed	Old	None	None	Budget R 850,000 Expenditure R 663 225	Invoice and orders
69	Communications	Printing	Number of	5000	100000	None	Achieved	Not achieved	Old	Delayed	Appoint		Invoices,

# Chapter 3

<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>					<b>Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees</b>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
	ons	and Publication	Municipal Newsletters published	newsletters published	newsletters published			Service provider was appointed to do two editions of the newsletter. First edition was designed and printed. The Jan-June edition was delayed as the service provider did not have the draft due to non-performance on his part.		delivery from appointed service provider	new service provider		orders and printed newsletters

# Chapter 3

Key Performance Area (KPA) 5:					Good Governance and Public Participation								
Outcome 9:					Responsive, Accountable, Effective and Efficient Local Government System								
Outputs 5:					Deepen democracy through a refined ward committee model								
Strategic Objective					Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
70		Events Management Equipment	Number of Equipment and material purchased		Procurement of podium and ten (10) municipal branding	None	Achieved	Achieved	Old	None	None	Budget R100 000  Expenditure R 85,438.60	Invoice and orders
71	Communications	Events Management Equipment	Number of Advertising Trailers procured	New indicator	Advertising trailer procured	None	Achieved	Achieved	New	None	None	Budget R100 000  Expenditure R 89 858.00	Invoice and orders

# Chapter 3

<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>					<b>Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees</b>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/17 annual target	Revised 2016/17 Annual target	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of Verification
72	Communications	Marketing, Publicity and Advertising	% of marketing, advertising requested on municipal activities on print and electronic media	New Indicator	% of requested marketing and advertising of municipal activities publicized	None	Achieved	Achieved	Old	None	None	Budget R450 000  Expenditure R342 090.00	Printed notices/adverts, invoice and orders

# Chapter 3

<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>No.</b>	<b>Priority area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline</b>	<b>2016/2017 annual target</b>	<b>Revised 2016/2017 annual targets</b>	<b>2015/16 Actual performance achievement</b>	<b>2016/17 Actual achievement Achieved or Not Achieved</b>	<b>New or Old Indicator</b>	<b>Challenges</b>	<b>Corrective Measure</b>	<b>Budget Expenditure</b>	<b>Means of Verification</b>
<b>INTERNAL AUDIT</b>													
73	Internal Audit	Action plan	Percentage of audit queries addressed	68% of audit queries addressed	100% of Auditor General queries addressed	None	Not Achieved	Not achieved  83% of Auditor General queries addressed	Old	No meeting held to address the progress on the action plan	Weekly steering committee meetings to address outstanding issues	Opex	Updated action plan on issues raised by the Auditor General
74	Internal Audit	Performance audits	Number of performance audit	4 Performance audit	4 Performance audit	None	Achieved	Achieved	Old	None	None	Opex	Quarterly Performance audit

# Chapter 3

<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>											
			reports submitted to Council.	report submitted to Council.	report submitted to Council.			4 Performance audit report submitted to Council.						reports
75	Internal Audit	Audit Committee meeting	Number of Audit Committees coordinated	4 Audit Committee meetings coordinate	4 Audit Committee meetings coordinate	None	Achieved	Achieved  4 Audit Committee meetings coordinated	Old	None	None	Opex	Audit Committee reports, Minutes, attendance registers	

# Chapter 3

<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>N o.</b>	<b>Priorit y area (IDP)</b>	<b>Project Name</b>	<b>Key performance indicator</b>	<b>Baseline</b>	<b>2016/2017 annual target</b>	<b>Revised 2016/2017 annual targets</b>	<b>2015/16 Actual performance achievement</b>	<b>2016/17 Actual achievement Achieved or Not Achieved</b>	<b>New or Old Indicator</b>	<b>Challenges</b>	<b>Corrective Measure</b>	<b>Budget Expenditure</b>	<b>Means of verification</b>
76	Risk Management	Risk register	Percentage of identified risks resolved within timeframe as specified in the risk register.	54% of risk resolved .	100% of risks resolved within the timeframe as specified in the register	None	Not Achieved	Not achieved  57% of risks resolved within the timeframe as specified in the register	Old	Non alignment of risk management process to the budget and IDP process.	Alignment of the risk management process to the IDP and budget	Opex	Updated risk register
77	Risk Management	Risk Management Committee meeting	Number of Risk Management Committee meetings coordinated.	4 Risk Management Committee meeting	4 Risk Management Committee meetings	None	Achieved	Achieved  4 Risk Management	Old	None	None	Opex	Quarterly Risk management reports, Minutes, Attendance

# Chapter 3

<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>										
				s coordinat ed.	coordinat ed.			Committee meetings coordinate d						register
78	Risk Mana gemen t	Risk Managem ent Committe e meeting	Number of Risk assessment reports compiled	4 Risk assessm ent reports	4 of Risk assessme nt reports compiled	Project discontinue d	Achieved	Project discontinue d	Old	Insufficien t staff capacity to implemen t Risk Managem ent	Prioritize recruitmen t in the financial year 2017/18	Opex	Council Resolution	

# Chapter 3

<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>

N o.	Priorit y area (IDP)	Project Name	Key performance indicator	Baseline	2016/2017 annual target	Revised 2016/2017 annual targets	2015/16 Actual performance achievement	2016/17 Actual achievement Achieved or Not Achieved	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of verification
79	Risk management	Risk management	Number of Strategic Risk assessments reports compiled	One (1) 2015/2016 Strategic Risk assessments reports compiled	One (1) Strategic Risk assessments reports compiled	None	Achieved	Achieved  One (1) Strategic Risk assessment report compiled	Old	None	None	Opex	Strategic risk register 2016/17
80	Risk management	Risk management	Number of operational risk register compiled	One (1) operational risk register compiled	One (1) operational risk register compiled	None	Achieved	Achieved  One (1) operational risk	Old	None	None	Opex	Operational risk register

# Chapter 3

<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>										
									register compiled					
81	Risk management	Risk management	Number of risk management awareness campaigns conducted	New indicator	Two (2) risk management awareness campaigns conducted	None	Not achieved	Not Achieved	New	Risk officer not appointed . Risk awareness conducted through placing of anti-fraud corruption stickers on municipal vehicles.	Risk awareness prioritized in the risk management implementation plan 2017/18	Opex	Risk management awareness report, attendance register	

# Chapter 3

Key Performance Area (KPA) 5:					Good Governance and Public Participation								
Outcome 9:					Responsive, Accountable, Effective and Efficient Local Government System								
Outputs 5:					Deepen democracy through a refined ward committee model								
Strategic Objective					<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>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/2017 annual target	Revised 2016/2017 annual targets	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of verification
<b>PERFORMANCE MANAGEMENT SYSTEM</b>													
82	Performance Management	Assessment of Senior Managers.	Number of Performance assessment conducted	2015/2016 performance assessment conducted	2 performance assessments conducted	None	Not achieved	Not achieved  There was no dedicated personnel for PMS unit	Old	Insufficient staffing component at PMS unit	Motivation for additional staff to assist with PMS functions.	Opex	Performance Assessment reports
83	Performance Management	Annual performance report	Coordination of Annual Performance Report	1 Annual Performance report compiled	1 Annual Performance report compiled and submitted	None	Achieved	Achieved  1 Annual Performance report compiled and submitted	Old	None	None	Opex	Approved Annual Performance report

# Chapter 3

<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>								
No.	Priority area (IDP)	Project Name	Key performance indicator	Baseline	2016/2017 annual target	Revised 2016/2017 annual targets	2015/16 Actual performance achievement	2016/17 Actual achievement	New or Old Indicator	Challenges	Corrective Measure	Budget Expenditure	Means of verification
84	Performance Management	Annual performance report	Number of SDBIP Quarterly Performance reports submitted to COGHSTA	Four (4) quarterly performance reports	Four (4) SDBIP Quarterly performance reports compiled	None	Achieved	Achieved  Four (4) SDBIP Quarterly performance reports compiled	Old	None	None	Opex	4 SDBIP reports
85	Risk Management	Percentage of identified risks resolved within timeframe as specified in the risk register	0% of risk resolved	100% of risks resolved within the timeframe as specified in the register	100% of risks resolved within the timeframe as specified in the register	None	N/A	Not achieved  50% risks resolved within the timeframe as specified in the register	New	Budgetary constraints and Shortage of personnel at PMS, Legal, Risk divisions.	Budget provision and appointment of Legal, Risk and PMS officer.	Opex	Strategic Risk Register 2016/17

# Chapter 3

## COMPONENT A: BASIC SERVICES

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

### INTRODUCTION TO BASIC SERVICES

The Municipality is facing or experiencing a massive challenge with regards to water services, this is due to the fact that Molemole Municipality is not a water service authority nor provider we rely mainly on Capricorn District Municipality (CDM) to assist in addressing such challenges.

T 3.1.0

# Chapter 3

## 3.1. WATER PROVISION

### INTRODUCTION TO WATER PROVISION

*The municipality does not have water provision strategy, however we had project that were implemented by Capricorn District Municipality in the financial year 2014/15, 2015/16 and 2016/17*

Projects implemented in 2014/15 FY

Projects implemented in 2015/16 FY

Projects implemented in 2016/17 FY

T 3.1.1

### Total Use of Water by Sector (cubic meters)

	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	50	40	35	150	10
Year 0	50	44	46	9	11

T 3.1.2

### COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The performance of water services in general is not appealing to our community, due to high level of challenges faced by the District Municipality in providing such services.

Molemole Municipality is failing to meet performance target as they are not responsible to provide water services.

T 3.1.10

# Chapter 3

## 3.2 WASTE WATER (SANITATION) PROVISION

### INTRODUCTION TO SANITATION PROVISION

The Municipality is facing or experiencing a massive challenge with regards to provision of sanitation services, this is due to the fact that Molemole Municipality is not authorized to provide sanitation services, we rely mainly on Capricorn District Municipality (CDM) to assist in addressing such challenges.

### COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The performance of Sanitation services in general is not appealing to our community, due to high level of challenges faced by the District Municipality in providing such services.

Molemole Municipality is failing to meet performance target as they are not responsible to provide water services.

*T 3.2.10*

## 3.3 ELECTRICITY

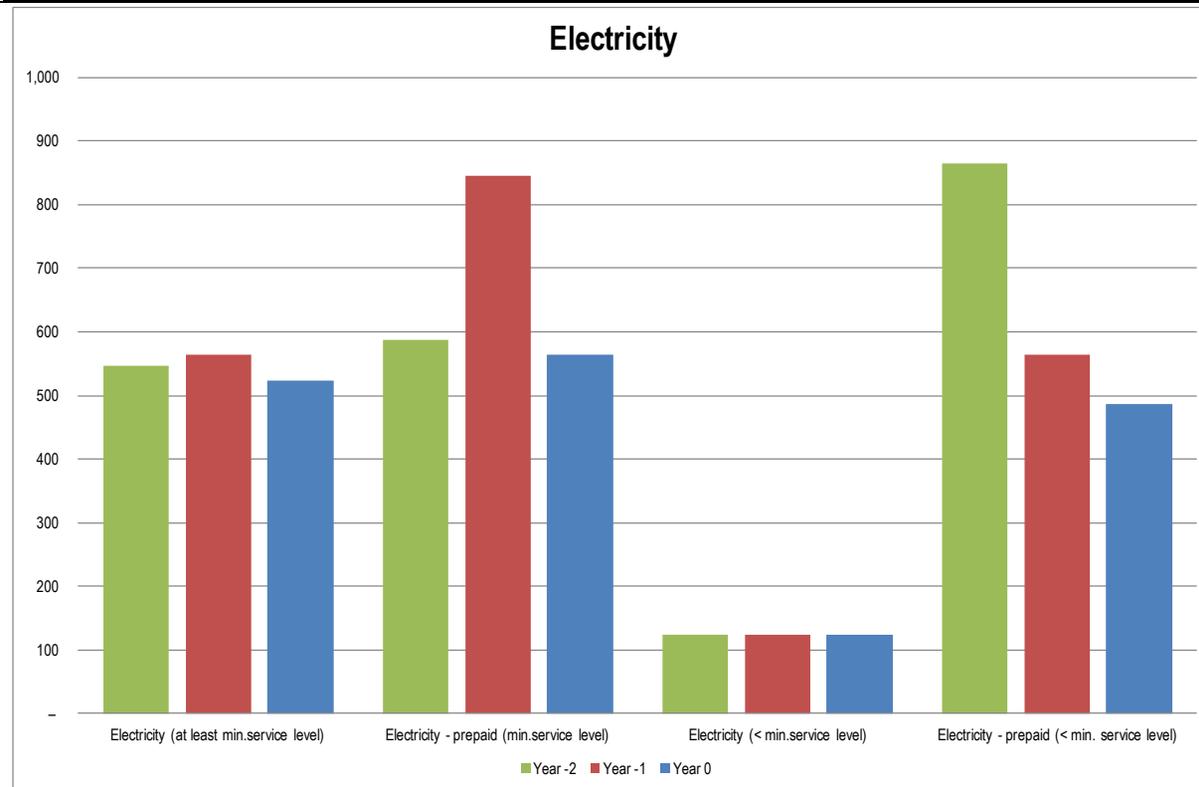
### INTRODUCTION TO ELECTRICITY

The source of electricity is Eskom. The municipality gets electricity in bulk from Eskom and sell to the two towns within the municipality (i.e. Mogwadi and Morebeng) while Eskom is supplying the villages directly. There are initiatives in place to make sure that the municipality makes application for the extension of the trade license on electricity. This will help in enhancing the limping revenue collection of the municipality. ESKOM has adopted strategy to curb the electricity backlog whereby there are initiative in place to create space for the municipalities to access funding from DOE so that municipalities are able to electrify villages on their own. It is also worth noting that the backlog in electrification is mainly on village extensions, the municipality is working closely with ESKOM to ensure that the backlog is addressed by 2020.

# Chapter 3

The municipality has a low revenue collection which makes it difficult to extend the electricity services to the villages.

T 3.3.1



T 3.3.2

# Chapter 3

Electricity Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<b><u>Energy: (above minimum level)</u></b>				
Electricity (at least min.service level)	655	547	565	523
Electricity - prepaid (min.service level)	565	587	846	565
<i>Minimum Service Level and Above sub-total</i>	1,220	1,134	1,411	1,088
<i>Minimum Service Level and Above Percentage</i>	52.8%	52.8%	66.3%	62.1%
<b><u>Energy: (below minimum level)</u></b>				
Electricity (< min.service level)	112	123	124	124
Electricity - prepaid (< min. service level)	955	865	565	487
Other energy sources	24	26	28	54
<i>Below Minimum Service Level sub-total</i>	1,091	1,014	717	664
<i>Below Minimum Service Level Percentage</i>	47.2%	47.2%	33.7%	37.9%
<b>Total number of households</b>	2,310	2,147	2,127	1,753
				T 3.3.3

# Chapter 3

Households - Electricity Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
<b>Informal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households ts below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
						T 3.3.4

# Chapter 3

Electricity Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		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)
<b>Service Objective xxx</b>									
<b>Provision of minimum supply of electricity</b>	Additional households (HHs) provided with minimum supply during the year (Number of HHs below minimum supply level)	xxxxxx additional HHs (xxxxxx HHs below minimum)							
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; **Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

T 3.3.5

# Chapter 3

Financial performance 2016/17; Electricity Services R`000					
Details	2015/16	2016/17		Actual	Variance to Budget
	Actual	Original Budget	Adjustment Budget		
<b>Total operational revenue (excluding tariffs)</b>	<b>6,422,523</b>	22,680,630	20,052,481	19,146,675	905,806
<b>Expenditure</b>					
Employees	1,947,862	2,581,422	2,581,422	2,122,323	459,099
Repairs and Maintenance	498,286	727,808	791,808	459,397	311,411
Other	0	1,106,000	847,323	741,323	106,000
<b>Total Operational Expenditure</b>	<b>2,446,148</b>	4,415,230	4,220,553	3,323,043	897,510
<b>Net Operational (service) expenditure</b>	<b>-3,976,375</b>	-18,265,400	-15,831,928	-15,823,632	-8,296

Capital expenditure 2016/17: Electricity Services R`000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
<b>Total all</b>					
Electrification: Cluster 3 Extensions	11,955,051	7,401,000	3,311,182	4,089,818	

# Chapter 3

<b>Electricity Upgradings</b>	0	1,200,000	0	1,200,000	
<b>Phasha Highmast</b>	500,000	500,000	0	500,000	
<b>Electricity Networks</b>	492,215	192,500	0	192,500	
<b>Replacement of old electricity</b>	<b>1,700,000</b>	<b>500,000</b>	<b>419,270</b>	<b>80,730</b>	
<b>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</b>					

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

### **INTRODUCTION TO 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 course 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

# Chapter 3

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.

Solid Waste Service Delivery Levels				
Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<b>Solid Waste Removal: (Minimum level)</b>				
Removed at least once a week	2,895	2,685	2,846	2,235
<i>Minimum Service Level and Above sub-total</i>	2,895	2,685	2,846	2,235
<i>Minimum Service Level and Above percentage</i>	50.9%	47.1%	51.5%	44.8%
<b>Solid Waste Removal: (Below minimum level)</b>				
Removed less frequently than once a week	655	547	565	523
Using communal refuse dump	865	846	487	865
Using own refuse dump	655	547	565	523
Other rubbish disposal	502	952	938	720
No rubbish disposal	112	123	124	124
<i>Below Minimum Service Level sub-total</i>	2,790	3,015	2,678	2,755
<i>Below Minimum Service Level percentage</i>	49.1%	52.9%	48.5%	55.2%
<b>Total number of households</b>	<b>5,685</b>	<b>5,699</b>	<b>5,523</b>	<b>4,991</b>
				T 3.4.2

# Chapter 3

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
<b>Informal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households ts below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
						T 3.4.3



# Chapter 3

Employees: Solid Waste Magement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

*T3.4.5*

# Chapter 3

Employees: Waste Disposal and Other Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
<b>Total</b>	<b>55</b>	<b>93</b>	<b>55</b>	<b>38</b>	<b>41%</b>

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.4.6

Financial Performance Year 0: Solid Waste Management Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
<b>Total Operational Expenditure</b>	<b>195</b>	<b>732</b>	<b>750</b>	<b>744</b>	<b>2%</b>
<b>Net Operational Expenditure</b>	<b>75</b>	<b>607</b>	<b>650</b>	<b>649</b>	<b>6%</b>

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

T 3.4.7

# Chapter 3

Financial Performance Year 0: Waste Disposal and Other Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
<b>Total Operational Expenditure</b>	195	732	750	744	2%
<b>Net Operational Expenditure</b>	75	607	650	649	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.4.8

Capital Expenditure Year 0: Waste Management Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.4.9

# Chapter 3

T 3.4.10

## 3.5 HOUSING

Molemole is not a housing implementation agency but depends on COGHSTA for provision of RDP houses. The municipality only provides land for construction of such units and assists with distribution of such units after completion. The housing backlog is currently at 1500 of which 200 units will be built 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.

# Chapter 3

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.5.4



# Chapter 3

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

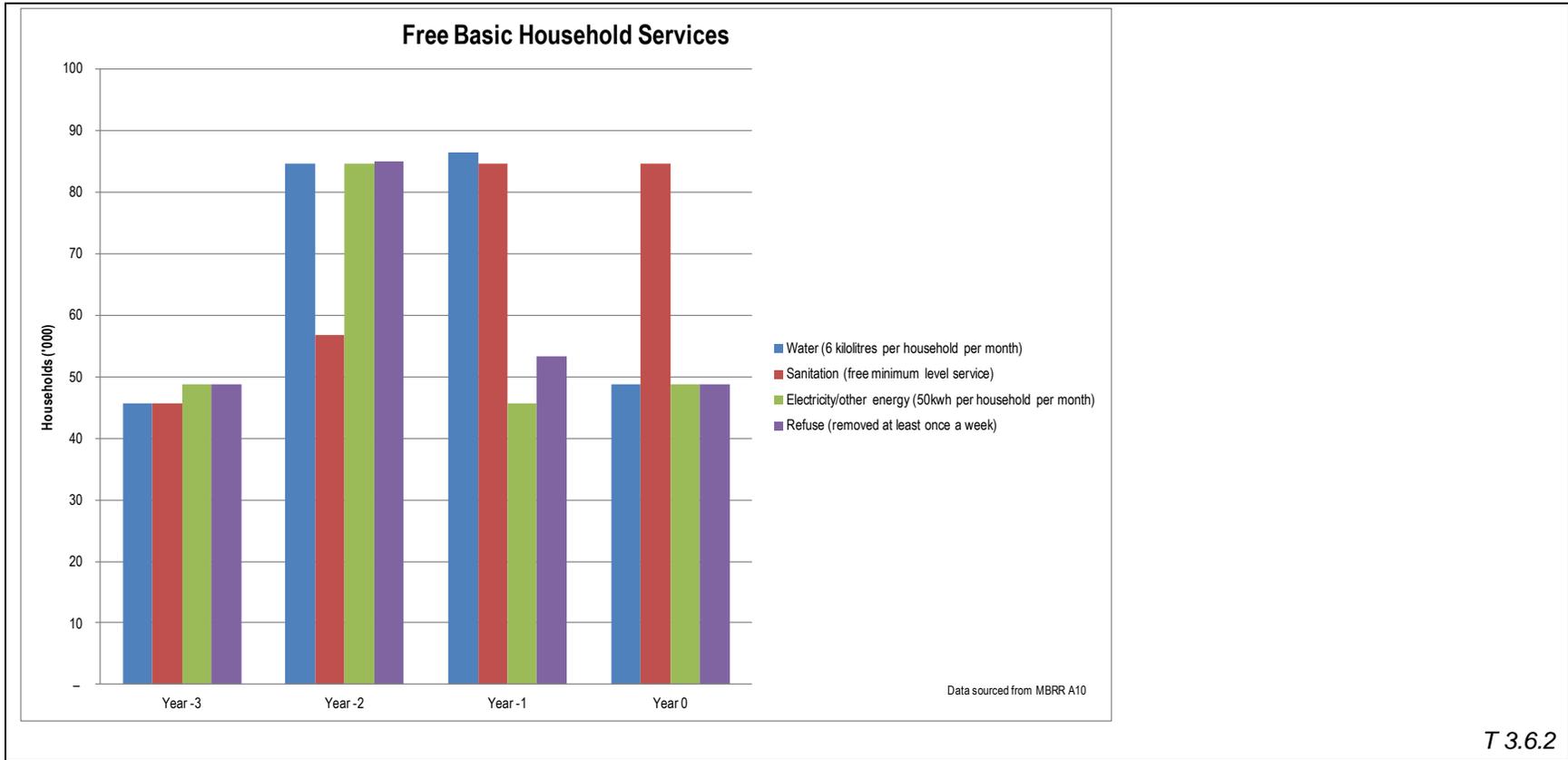
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T 3.5.4

## 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

T 3.6.1

# Chapter 3



T 3.6.2

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Access	%	Access	%	Access	%	Access	%	
Year -2	100,000	18,000	12,000	67%	10,000	56%	13,000	72%	7,000	39%
Year -1	103,000	18,500	13,000	70%	11,000	59%	14,500	78%	8,000	43%
Year 0	105,000	19,000	15,000	79%	12,000	63%	16,100	85%	9,000	47%

T 3.6.3

# Chapter 3

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	200	244	250	248	2%
Waste Water (Sanitation)	220	240	250	245	2%
Electricity	100	120	130	135	11%
Waste Management (Solid Waste)	105	110	120	125	12%
Total	625	714	750	753	5%
					T 3.6.4



# Chapter 3

T 3.6.6

## COMPONENT B: ROAD TRANSPORT

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

### INTRODUCTION TO ROAD TRANSPORT

T 3.7

## 3.7 ROADS

### INTRODUCTION TO ROADS

The municipality has managed to implement the following projects since 2014/15, 2015/16 and 2016/17,

2014/15 FY Projects

Mohodi to Thupane gravel to tar phase 1, Mohodi Sports Complex Phase 1

2015/16 FY Projects

Machaka to Sekakene, Mohodi to Thupane gravel to tar phase 2, Mohodi Sports Complex Phase 2, Design and Construction of Morebeng Change rooms, Madikana, Madiehe and Ramatjowe level bridges, as well as Purchasing of new grader and compactor roller machine.

2016/17 FY Projects

Mogwadi Internal Street, Mohodi to Maponto gravel to tar and Ramokgopa to Eisleben gravel to tar.

T 3.7.1

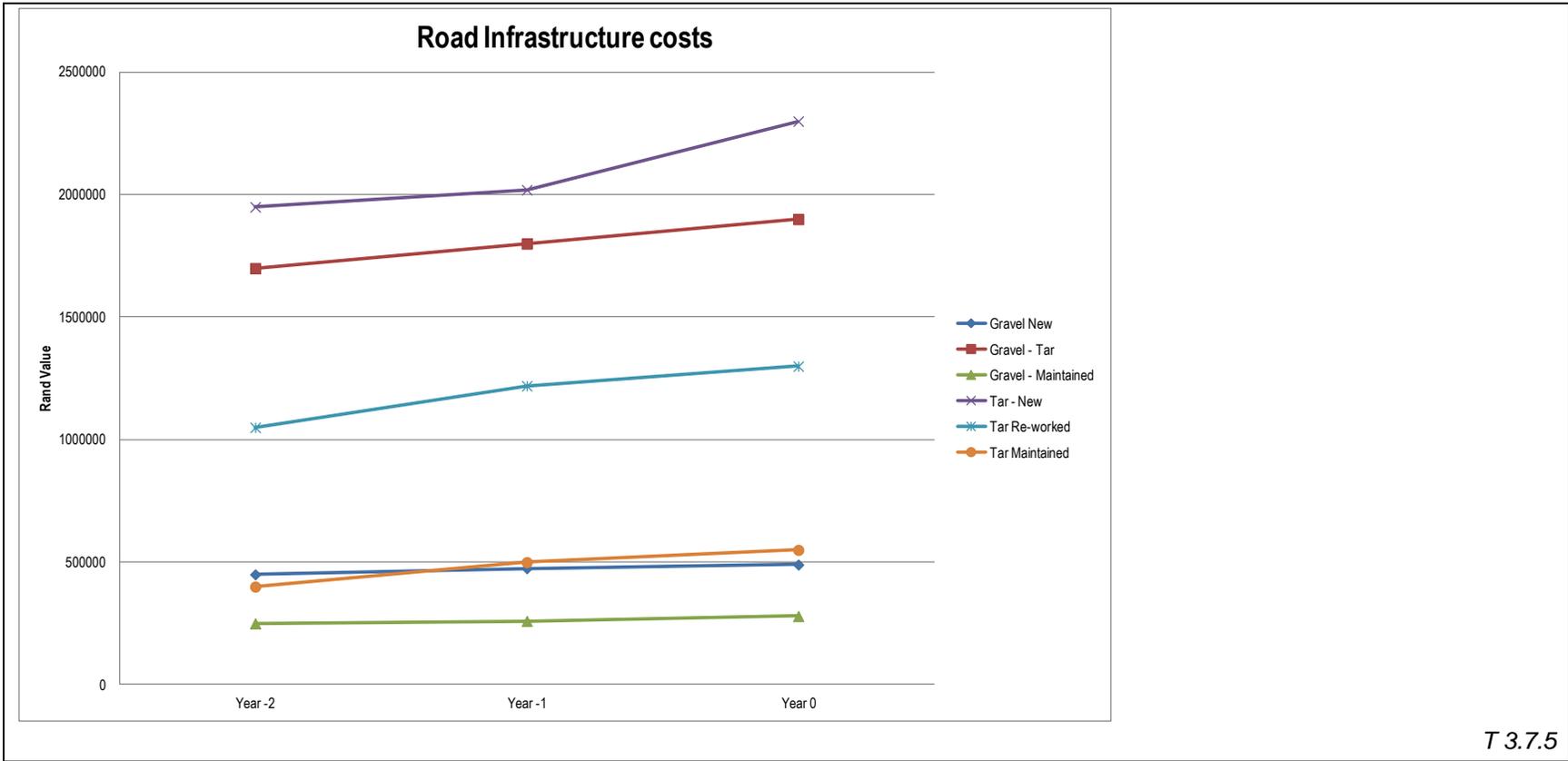
# Chapter 3

Gravel Road Infrastructure				
	Kilometers			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	145	15	10	100
Year -1	160	20	12	120
Year 0	166	25	14	140
				<i>T 3.7.2</i>

Tarred Road Infrastructure					
	Kilometers				
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	85	10	23	18	100
Year -1	98	14	25	15	120
Year 0	114	20	30	25	140
					<i>T 3.7.3</i>

Cost of Construction/Maintenance						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2	450000	1700000	250000	1950000	1050000	400000
Year -1	475000	1800000	260000	2020000	1220000	500000
Year 0	490000	1900000	280000	2300000	1300000	550000
						<i>T 3.7.4</i>

# Chapter 3



T 3.7.5



# Chapter 3

Employees: Road Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
<b>Total</b>	<b>55</b>	<b>93</b>	<b>55</b>	<b>38</b>	<b>41%</b>

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.7.7

Financial Performance Year 0: Road Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue</b>	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
<b>Total Operational Expenditure</b>	195	732	750	744	2%
<b>Net Operational Expenditure</b>	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.7.8

# Chapter 3

Capital Expenditure Year 0: Road Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.7.9

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

### INTRODUCTION TO TRANSPORT

Public transport forms a key part in the socio-economic development of our municipality. It also assists in providing communities with access to opportunities outside the local community. This is important to our Municipality as there are no opportunities for sustainable employment in most villages. The communities are mostly dependent on public transport to reach health care facilities, schools and other social facilities.

The Limpopo's road network within the District consist of National, Provincial and District roads. The national roads are managed by SANRAL, Provincial and District road network is managed by Road Agency Limpopo and the Provincial Department of Public Works, Roads and Infrastructure. The municipality has Law Enforcement Officers and through concerted law enforcement and educational campaigns, we strive

# Chapter 3

for the reduction of fatal crashes on our municipal roads especially along the N1 from Polokwane to Musina. Operating from the limited budget it is difficult for the municipality to plan for a 24 hours' law enforcement deployment on critical routes and hotspots on the road.

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

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

The Molemole Transport Forum has been launched to address issues pertaining to transport and its logistics. The Capricorn District municipality is currently with the study on Integrated Transport Plan aimed at soliciting mechanisms to address the transport challenges within the district. The service provider has been appointed to develop Molemole Integrated Transport Plan inclusive of the transferred wards from disestablished Aganang Municipality.

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Priority area	Number of Taxi Ranks	Number of bus Companies	Number of Railway Stations	Number of Landing Strip
Public Transport	5	5	1	0

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

- Surfacing of Road **D2037** linking Mogwadi to Bandelierkop;
- 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.

## **POSSIBLE CAUSES OF ACCIDENTS.**

- Pedestrians;
- Fatigue;
- Un-safe Overtaking;

# Chapter 3

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

## **CHALLENGES PERTAINING TO PUBLIC TRANSPORT.**

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

# Chapter 3

## 3.9 WASTE WATER (STORMWATER DRAINAGE)

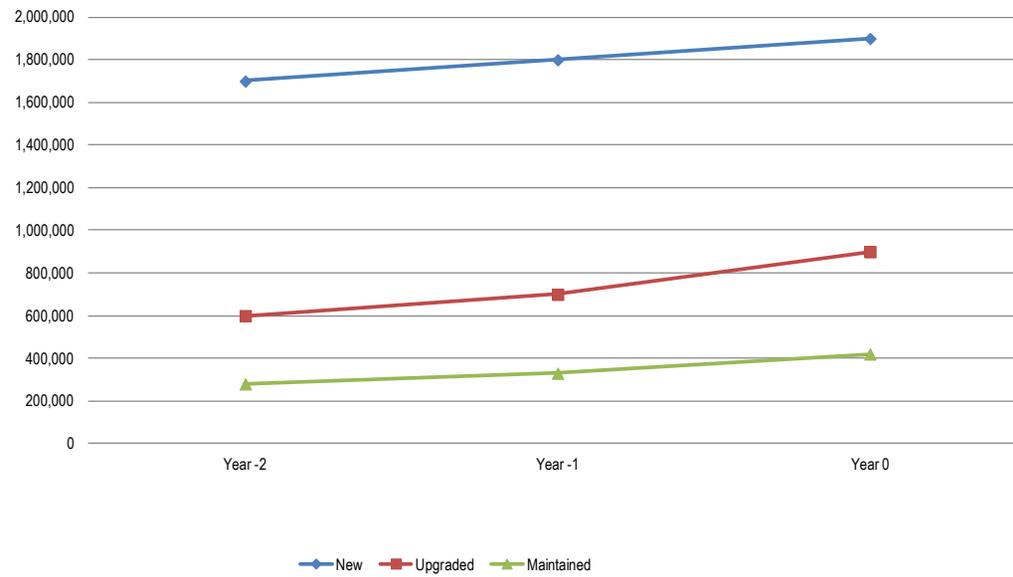
T 3.9.1

Stormwater Infrastructure				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2	145	15	10	100
Year -1	160	20	12	120
Year 0	166	25	14	140
				T 3.9.2

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
Year -2	1,700,000	600,000	280,000
Year -1	1,800,000	700,000	330,000
Year 0	1,900,000	900,000	420,000
			T 3.9.3

# Chapter 3

### Stormwater infrastructure costs



T 3.9.4



# Chapter 3

Employees: Stormwater Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.9.6*

Capital expenditure 2016/17: Electricity Services					
R`000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
<b>Total all</b>					
<b>Electrification: Cluster 3 Extensions</b>	<b>11,955,051</b>	<b>7,401,000</b>	<b>3,311,182</b>	<b>4,089,818</b>	
Electricity Upgrading's	0	1,200,000	0	1,200,000	
Phasha Highmast	500,000	500,000	0	500,000	
Electricity Networks	492,215	192,500	0	192,500	
Replacement of old electricity	1,700,000	500,000	419,270	80,730	

# Chapter 3

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

Capital expenditure 2016/17: Road Services & Storm Water R`000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
<b>Construction of change rooms</b>	564,790	454,258	454,258	0	
Mohodi low level bridge	<b>500,000</b>	500,000	0	500,000	
Mogwadi internal streets	23,671,231	23,671,231	20,367,189	3,304,042	
Mohodi to maponto gravel to tar road pha	9,799,853	9,799,853	5,309,593	4,490,260	
Ramokgopa Esleben Gravel to tar	17,113,747	17,113,747	0	17,113,747	
Equipment	0	0	109,499	-109,499	
TLB	1,500,000	1,500,000	1,447,000	53,000	
Computer Hardware and Software	93,000	119,000	87,818	31,182	
Office furniture	51,770	71,825	43,765	28,060	

T3.9.9

# Chapter 3

## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.10 PLANNING

#### INTRODUCTION TO PLANNING

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

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

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

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<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
Schulenburg	352
Koekoek	421
Ga-Mokwele	174
Ga-Mabotha	113

<b>Overview of neighborhoods within Molemole Municipality</b>	
<b>Settlements Type</b>	<b>Population</b>
<b>Towns</b>	
Shashe	382
Ga-Poopedi	343
Tshitale	654
Manthata	450

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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>

Molemole Local Municipality (MLM) is located in the Capricorn District Municipality (CDM) in the Limpopo Province. The neighboring local municipalities forming the CDM are Blouberg, Aganang, Lepelle-Nkumpi and Polokwane. The Municipality has two towns known as Mogwadi (formerly known as Dendron) which is the administrative and economic capital of the Municipality and Morebeng. The two towns were classified

# Chapter 3

as District Growth Points by Capricorn District Municipality. The municipality is institutionalizing initiatives to expand the two towns spatially and economically. These includes fast tracking funds to install bulk infrastructure in the newly demarcated sites in Morebeng and Mogwadi

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 interns 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.

Applications for Land Use Development						
Detail	formalizations of Townships		Rezoning		Building plans	
	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017
Planning application received	0	0	8	5	23	36
Determination made in year of receipt	0	0	8	5	0	0
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	0	0	0	0

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Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%



# Chapter 3

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.10.4

Financial performance 2016/17: Economic Development and Planning Services					
R`000					
Details	2015/16	2016/17			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	349,626	10,742,201	10,743,754	595,550	10,148,204
<b>Expenditure:</b>					
Employees	2,936,761	3,565,834	3,565,914	3,292,146	273,768

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Repairs & Maintenance	0	0	0	0	0
Other	2,616,528	4,462,588	4,062,688	3,457,539	605,149
<b>Total operational expenditure</b>	5,623,765	<b>8,028,422</b>	7,628,602	<b>6,749,686</b>	878,916
<b>Net Operational (service) expenditure</b>	<b>3,493,549</b>	3,115,152	6,154,135	-9,269,287	1,117,146

Capital Expenditure Year 0: Planning Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.10.6

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<b>Capital expenditure 2016/17: Economic Development and Planning Services</b>					
<b>R`000</b>					
<b>Capital Projects</b>	<b>2016/17</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total project value</b>
<b>Total all</b>					
Rezoning	<b>285,000</b>	0	0	0	0

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

### INTRODUCTION TO ECONOMIC DEVELOPMENT

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

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

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<b>Economic Activity by Sector: R`000</b>			
<b>Sector</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</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>			

<b>Economic Employment by Sector</b>			
<b>Sector</b>	<b>Jobs</b>		
	<b>Year 1</b>	<b>Year -1</b>	<b>Year 0</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>
Agric, forestry and fishing	20,000	25,000	30,000
Mining and quarrying	400,000	435,000	372,000
Manufacturing	320,000	300,000	270,000
Wholesale and retail trade	190,000	200,000	210,000

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Economic Employment by Sector			
Finance, property, etc.	275,000	255,000	235,000
Govt, community and social services	300,000	310,000	320,000
Infrastructure services	400,000	430,000	450,000
<b>Total</b>	<b>1905000</b>	<b>1955000</b>	<b>1887000</b>

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
Year -2				
Year -1				
Year 0				
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				

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Job creation through EPWP* projects		
	EPWP Projects	Jobs created through EPWP projects
Details	No.	No.
Year -2	40	2,000
Year -1	50	2,900
Year 0	66	4,500

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%



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## COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

#### 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.

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 was planned to commence in the 2015/2016 financial year but, has not yet started.

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## **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 vandalized several times and this results in serious setbacks for both the municipality and the community. The multiyear 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 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.

The third phase of the Mogwadi Park was implemented in the year under review 2015/16, where the existing swimming pool and ablution facilities were refurbished. Additional braai stands were planted and walk paths were also paved in. The facility was also exposed to vandalism

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since the fence at one corner was cut for access into the amenity. The gate to the children's play area has been forced open and it currently broken as well. The Mogwadi Park is currently not in good a good state for utilization by the community. Plans are in place to repair the damages in order for the amenity to be fully functional for usage

## **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.

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) prioritized 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

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- 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 storm water 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.

### **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 subsidize the taxi industry for purchasing of new vehicles.



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Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.12.4

Financial performance 2016/17: Libraries, Community Facilities, other R`000					
Details	2015/16	2016/17			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	9,123,744	9,230,654	9,232,394		108,650
Expenditure:					

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Employees	15,374,298	17,999,403	18,143,785	17,131,651	1,012,134
Repairs & Maintenance	170,541	1,120,000	814,000	522,722	291,278
Other	1,225,964	1,927,653	1,970,253	1,861,729	108,524
<b>Total operational expenditure</b>	<b>16,770,803</b>	<b>21,047,056</b>	<b>20,928,038</b>	<b>10,488,433</b>	<b>10,439,605</b>

<b>Capital Expenditure Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other</b>					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.12.6

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Capital expenditure 2016/17: Community facilities R`000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Ramokgopa Stadium	9,000,000	9,000,000	379,355	8,620,645	
<b>Mogwadi Landfill site</b>	500,000	500,000	<b>0</b>	500,000	500,000
<b>Mohodi sports complex</b>	5,046,300	5,046,300	2,005,292	3,042,008	
<b>Equipment</b>	300,000	290,000	286,701	3,300	
<b>Upgrading of cemeteries</b>	300,000	300,000	263,158	36,842	
<b>Renovation of Tennis Court</b>	200,000	0	0	0	
<b>Equipment: EPWP</b>	37,300	0	0	0	
<b>6M3 Bulk Refuse Containers</b>	300,000	300,000	260,526	39,474	

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## 3.13 CEMETORIES AND CREMATORIUMS

### INTRODUCTION TO CEMETORIES & CREMATORIUMS

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

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.

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.

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.



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## 3.14 CHILD CARE; 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 preschools. 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.

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## COMPONENT E: ENVIRONMENTAL PROTECTION

### 3.15 POLLUTION CONTROL

#### INTRODUCTION TO POLLUTION CONTROL

Issues pertaining to air quality are functions of Capricorn District Municipality. Air quality management plan is under review by Capricorn District Municipality. The plan covers aspects of:

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

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o Capacity Building and training.

Some aspects of the plan will be implemented in the local municipalities including Molemole municipality. The implementation process will be headed by the Capricorn District Municipality with the support of the officials of Molemole Municipality in relevant and affected divisions.

## COMPONENT F: HEALTH

### 3.17 CLINICS

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

### 3.18 AMBULANCE SERVICES

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

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

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

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## COMPONENT G: SECURITY AND SAFETY

### 3.20 POLICE

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

### 3.21 FIRE

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

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

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

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## COMPONENT H: SPORT AND RECREATION

### 3.23 SPORT AND RECREATION

#### 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.

#### 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.

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## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.24 EXECUTIVE AND COUNCIL

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

#### SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

Employees: The Executive and Council					
Job level	2014/15		2015/16		
Job Level	Councilors	Posts	Councilors	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	27	27	27	0	0
4-6	-	-	-	-	-
7-9	-	-	-	-	-
10-12	-	-	-	-	-

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<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>

## 3.71 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 Organizational Development functions., filled three (3) posts within the municipality, successfully reviewed the 2015/2016 organizational 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 100% 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.

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Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

# Chapter 3

## SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Service Objectives	Outline service targets	2014/15		2015/16		2016/17
		Target	Actual	Target		
		*Previous year		*Current year	*Current year	*following year
		(iii)	(iv)	(viii)	(ix)	(x)
Service Desk indicators (i)	(ii)					
Council Approved HR strategy	Development of car allowance policy	None	None	Car allowance	Achieved	Overtime Policy

# Chapter 3

Financial performance 2015/16: Corporate services R`000					
Details	2014/15	2015/16			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
<b>Total operational revenue (excluding tariffs)</b>	<b>209,716</b>	390,783	390,783	267,583	123,200
<b>Expenditure:</b>					
Employees	10,574,841	11,005,018	10,568,043	10,544,627	23,416
Repairs & Maintenance	858,999	771,185	1,091,185	1,127,874	-36,689
Other	12,774,940	12,151,529	12,202,266	10,663,239	1,539,027
<b>Total operational expenditure</b>	<b>24,208,780</b>	23,927,732	23,861,494	22,335,740	1,525,754

# Chapter 3

## 3.25 FINANCIAL SERVICES

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates							
Electricity - B							
Electricity - C							
Water - B							
Water - C							
Sanitation							
Refuse							
Other							
<i>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.</i>							T 3.25.2

# Chapter 3

## Concerning T 3.25.2

The proportion of account value billed is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues.

T 3.25.2.1

Financial Performance Year 0: Financial Services						R'000
Details	Year -1	Year 0			Variance to Budget	
	Actual	Original Budget	Adjustment Budget	Actual		
<b>Total Operational Revenue</b>	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
<b>Total Operational Expenditure</b>	195	732	750	744	2%	
<b>Net Operational Expenditure</b>	75	607	650	649	6%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.25.5	

# Chapter 3

Capital Expenditure Year 0: Financial Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.25.6

## 3.26 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 organizational Development functions., filled three (3) posts within the municipality, successfully reviewed the 2015/2016 organizational 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 100% 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

# Chapter 3

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## SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

Employees: The Executive and Council					
Job level	2014/15		2015/16		
Job Level	Councilors	Posts	Councilors	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	27	27	27	0	0
4-6	-	-	-	-	-
7-9	-	-	-	-	-
10-12	-	-	-	-	-
13-15	-	-	-	-	-
16-18	-	-	-	-	-
19-20	-	-	-	-	-
<b>Total</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>-0</b>	<b>-0</b>

Employees: Human Resource Services		
Job Level	Year -1	Year 0

# Chapter 3

	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

## SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Service Objectives  Service Desk  indicators (i)	Outline service targets  (ii)	2014/15		2015/16		2016/17
		Target	Actual	Target		
		*Previous year (iii)	(iv)	*Current year (viii)	*Current year (ix)	*following year (x)
Council Approved HR strategy	Development of car allowance policy	None	None	Car allowance	Achieved	Overtime Policy

# Chapter 3

Financial performance 2015/16: Corporate services R`000					
Details	2014/15	2015/16			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
<b>Total operational revenue (excluding tariffs)</b>	<b>209,716</b>	390,783	390,783	267,583	123,200
<b>Expenditure:</b>					
Employees	10,574,841	11,005,018	10,568,043	10,544,627	23,416
Repairs & Maintenance	858,999	771,185	1,091,185	1,127,874	-36,689
Other	12,774,940	12,151,529	12,202,266	10,663,239	1,539,027
<b>Total operational expenditure</b>	<b>24,208,780</b>	23,927,732	23,861,494	22,335,740	1,525,754



# Chapter 3

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
<b>Total</b>	<b>55</b>	<b>93</b>	<b>55</b>	<b>38</b>	<b>41%</b>

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.26.4

Financial Performance Year 0: Human Resource Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
<b>Total Operational Expenditure</b>	195	732	750	744	2%
<b>Net Operational Expenditure</b>	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.26.5

# Chapter 3

Capital Expenditure Year 0: Human Resource Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.26.6</i>

## 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

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

The ICT Unit has installed network connectivity in the two mobile offices which were procured. The VPN line has also been installed as per the MSCOA requirements, the line will be used by the Financial System's service provider and the Department of Treasury to render support.



# Chapter 3

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.27.6</i>

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

*T3.27.7*

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

This component includes: property; legal; risk management and procurement services.

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES



# Chapter 3

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.28.4

# Chapter 3

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
<b>Total Operational Expenditure</b>	195	732	750	744	2%	
<b>Net Operational Expenditure</b>	75	607	650	649	6%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.28.5	

Capital Expenditure Year 0: Property; Legal; Risk Management and Procurement Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	260	326	378	31%		
Project A	100	130	128	22%	280	
Project B	80	91	90	11%	150	
Project C	45	50	80	44%	320	
Project D	35	55	80	56%	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.28.6	

## COMPONENT J: MISCELLANEOUS



# Chapter 4

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

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

# Chapter 4

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	26,485	26,485	23,572	23,572	%
Waste Water (Sanitation)	8,541	8,541	8,285	8,285	%
Electricity	12,355	12,355	10,254	10,254	%
Waste Management	14,232	14,232	13,235	13,235	%
Housing	6,542	6,542	5,496	5,496	%
Waste Water (Stormwater Drainage)	5,643	5,643	5,530	5,530	%
Roads	5,643	5,643	5,530	5,530	%
Transport	5,322	5,322	4,470	4,470	%
Planning	1,254	1,254	1,003	1,003	%
Local Economic Development	2,516	2,516	2,063	2,063	%
Planning (Strategic & Regulatory)	12,546	12,546	10,413	10,413	%
Local Economic Development	2,355	2,355	2,190	2,190	%
Community & Social Services	4,565	4,565	3,698	3,698	%
Environmental Protection	5,649	5,649	4,971	4,971	%
Health	5,649	5,649	4,971	4,971	%
Security and Safety	5,649	5,649	4,971	4,971	%
Sport and Recreation	5,649	5,649	4,971	4,971	%
Corporate Policy Offices and Other	5,649	5,649	4,971	4,971	%
<b>Totals</b>	<b>136,240</b>	<b>136,240</b>	<b>120,592</b>	<b>120,592</b>	<b>-</b>
<i>Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.</i>					T 4.1.1

# Chapter 4

Vacancy Rate: Year 0			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	10	1	10.00
Other S57 Managers (Finance posts)	3	1	33.33
Police officers	12	3	25.00
Fire fighters	20	3	15.00
Senior management: Levels 13-15 (excluding Finance Posts)	25	5	20.00
Senior management: Levels 13-15 (Finance posts)	6	2	33.33
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	8	22.86
Highly skilled supervision: levels 9-12 (Finance posts)	8	1	12.50
<b>Total</b>	<b>121</b>	<b>25</b>	<b>20.66</b>

Note: \*For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 4.1.2

# Chapter 4

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	50	18	36%
Year -1	50	12	24%
Year 0	50	10	20%

\* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year

T 4.1.3

T 4.1.4

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

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

T 4.2.0

# Chapter 4

## 4.2 POLICIES

NO	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	24-02-2016	31-03-2009	Corporate Services
3	Cellphone policy	28-04-2011	24-02-2016	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 /29/05/2015 6.4.6	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	01/07/2016	29-05-2015	OC29/05/15	Finance

# Chapter 4

NO	POLICY NAME	DATE APPROVED	DATE LAST REVIEWED	RESOLUTION NUMBER	DEPARTMENT
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

# Chapter 4

NO	POLICY NAME	DATE APPROVED	DATE LAST REVIEWED	RESOLUTION NUMBER	DEPARTMENT
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
28	Communications Strategy	29-05-2015	29-05-2015	OC 6.4.10/29/05/2015	Municipal Office      Manager's
29	Public participation policy	14-08-2009	14-08-2009	A050/2009	Municipal Office      Manager's
30	Schedule of Delegation of Powers	31-05-2009	31-05-2009	A034/2009	Municipal Office      Manager's
31	Mayoral Study Bursary Fund Policy	31-05-2009	29-05-2015	OC                  6.4.6/ 29/05/2015	Municipal Office      Manager's
32	Fraud Prevention Strategy and Prevention Plan	25-08-2015	25-08-2015	OC61528/08/15	Municipal Office      Manager's
33	Fraud Prevention Policy	02-08-2012	02-08-2012	OC61528/08/15	Municipal Office      Manager's
34	Risk Management Strategy	25-08-2015	25-08-2015	OC61528/08/15	Municipal Office      Manager's
35	Risk management Policy	02-08-2012	02-08-2012	OC61528/08/15	Municipal Office      Manager's
36	Performance Management System Policy	29-05-2015	24-02-2016	OC                  6.4.8/ 29/05/2015	Municipal Office      Manager's

# Chapter 4

NO	POLICY NAME	DATE APPROVED	DATE LAST REVIEWED	RESOLUTION NUMBER	DEPARTMENT
38	Staff Provisioning Policy & Recruitment Policy	29-05-2013	24-02-2016	OC04/2013	Corporate Services
39	Training and Development Policy	29-05-2015	24-02-2016	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	Tariff Structure	29-05-2015	29-05-2015	OC 6.3.1 /29/05/2015	Finance
44	Employee leave policy	29-05-2015	24-02-2016	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
48	Molemole Placement policy	20/01/2016	20/01/2016	SC5.2.1/201/2016	Corporate
49	Outdoor advertisement by-law	31/03/2016	31/03/2016	OC6.3.3.31/03/2016	Corporate

# Chapter 4

T 4.2.1.1

4.3

<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</b>	<b>Total Estimated Cost</b>
	<b>Days</b>	<b>No.</b>	<b>%</b>	<b>Days</b>	<b>R'000</b>
Required basic medical attention only	60	5	8%	12	60
Temporary total disablement					
Permanent disablement					
Fatal					
<b>Total</b>	<b>60</b>	<b>5</b>	<b>8%</b>	<b>12</b>	<b>60</b>

T 4.3.1

# Chapter 4

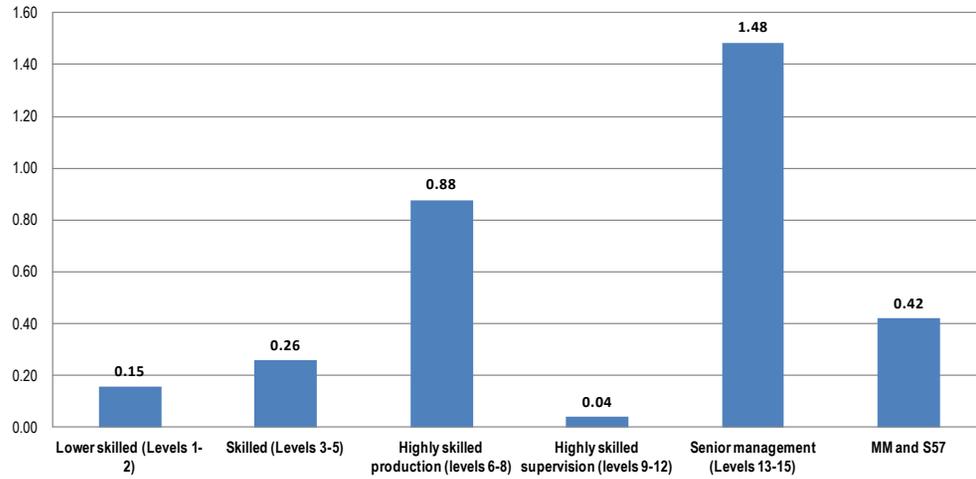
Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	24	90%	10	30	0.15	30
Skilled (Levels 3-5)	40			22	0.26	
Highly skilled production (levels 6-8)	136			58	0.88	
Highly skilled supervision (levels 9-12)	6	95%	2	26	0.04	31
Senior management (Levels 13-15)	230			11	1.48	
MM and S57	65			8	0.42	
<b>Total</b>	<b>501</b>	<b>93%</b>	<b>12</b>	<b>155</b>	<b>3.23</b>	<b>61</b>

\* - Number of employees in post at the beginning of the year  
 \*Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2

# Chapter 4

Average Number of Days Sick Leave (excluding IOD)



T 4.3.3

# Chapter 4

T 4.3.4

## 4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	20	9		45%
	Male	30	12		
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S57	Female				
	Male				
<b>Total</b>		50	21		
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes/No
<p><i>Note: MSA 2000 S51(d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. 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 of the column (as illustrated above).</i></p>					T 4.4.1

# Chapter 4

## **COMMENT ON PERFORMANCE REWARDS:**

NO Performance reward were awarded to The Molemole municipality employees in the 2016/17 financial year

T 4.4.1.1

# Chapter 4

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and s57	Female		5						0	1				1
	Male		5						1	2		1		2
Councillors, senior officials and managers	Female		2						3	3		3		3
	Male		3						4	4		4		4
Technicians and associate professionals*	Female		4						2	2		2		2
	Male		8						8	9		8		9
Professionals	Female		8						6	6		6		6
	Male		6						2	2		2		2
Sub total	Female		19						11	12		11		12
	Male		22						15	17		15		17
<b>Total</b>		<b>0</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52</b>	<b>58</b>	<b>0</b>	<b>52</b>	<b>58</b>

\*Registered with professional Associate Body e.g CA (SA)

T 4.5.1

# Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
<i>Accounting officer</i>	0	0	0	0	0	0
<i>Chief financial officer</i>	0	0	0	0	0	0
<i>Senior managers</i>	0	0	0	0	0	0
<i>Any other financial officials</i>	0	0	0	0	0	0
<b>Supply Chain Management Officials</b>						
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	1	1	1
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>

\* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

T 4.5.2

# Chapter 4

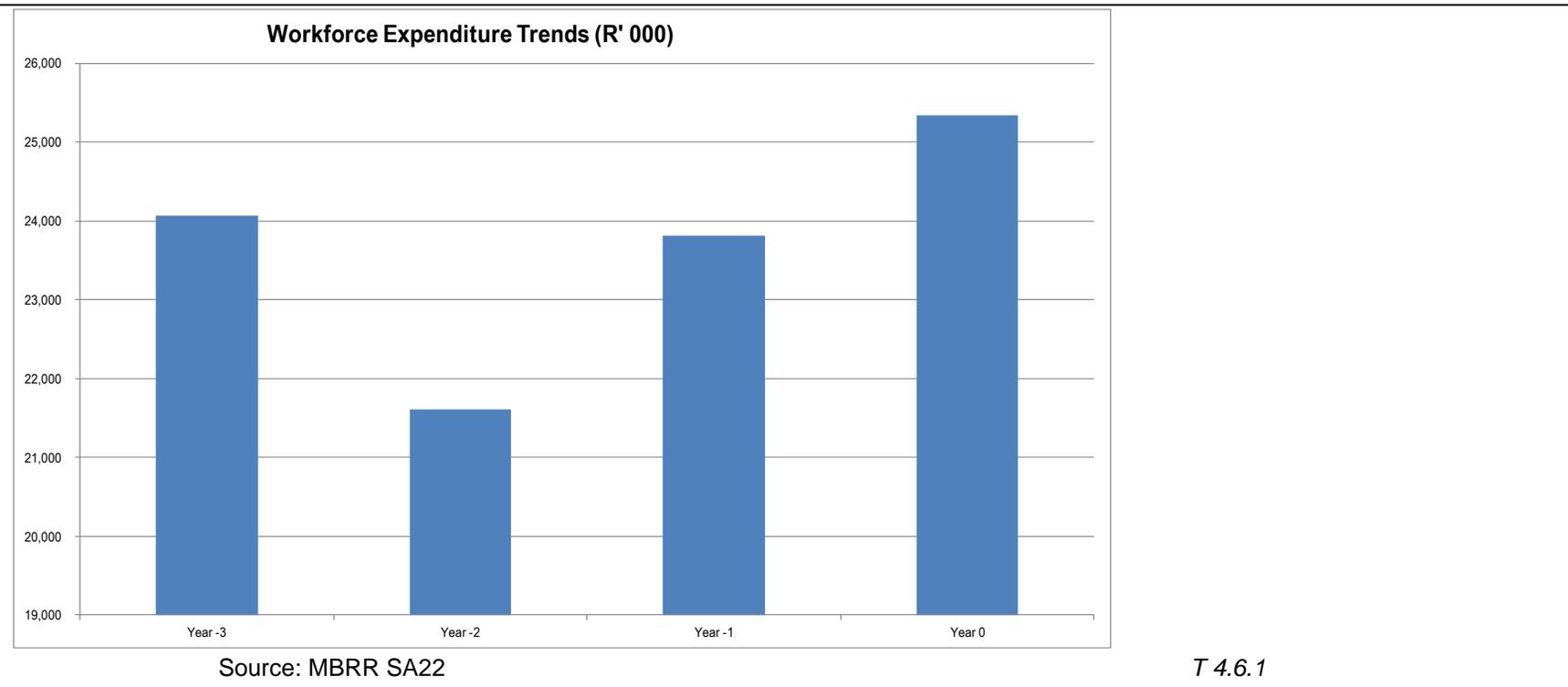
Skills Development Expenditure											
										R'000	
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1								
			Learnerships		Skills programmes & other short courses		Other forms of training		Total		
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	
MM and S57	Female							10	20	10	20
	Male							20	25	20	25
Legislators, senior officials and managers	Female										
	Male										
Professionals	Female										
	Male										
Technicians and associate professionals	Female										
	Male										
Clerks	Female										
	Male										
Service and sales workers	Female										
	Male										
Plant and machine operators and assemblers	Female										
	Male										
Elementary occupations	Female										
	Male										
Sub total	Female							10	20	10	20
	Male							20	25	20	25
<b>Total</b>		0	0	0	0	0	0	30	45	30	45
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.										%* *R	
T4.5.3											

# Chapter 4

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

T 4.6.0

### 4.6 EMPLOYEE EXPENDITURE



T 4.6.1.1





# Chapter 4

COUNCILLORS DECLARATION REGISTER							
11	2820	Makgoka	Mangalane Adelaide	Councillors	Yes	Media 24 Holding, Welkom Yizani, Ngalane Trading & Projects, Mabea Micro Finance	2011/08/19
12	2840	Malema	Moni Quintilian	Councillors	Yes	None	2011/06/09
13	3230	Mpati	Ramalepe Lawrance	Councillors	Yes	None	2016/08/18
14	2780	Matlou	Dikeledi	Councillors	Yes	Libdik Trading Enterprise	2012/01/12
15	3370	Nakana	Sewatlalene Robert	Councillors	None	None	None
16	3250	Manthata	Mokgadi Jeanette	Councillors	Yes	None	2016/08/18
17	4310	Duba	Marias	Councillors	Yes	M2B Trading Enterprise	2013/10/14
18	1510	Matjee	Moloko Calvin	Councillors	Yes	Nedbank Investment, Department of Education	2011/06/07
19	3330	Sephesu	Matlou Godlive	Councillors	Yes	None	None
20	3280	Ramukhubedi	Naledzani Selinah	Councillors	Yes	None	2016/08/19
21	3290	Kobola	Sekwattle Elias	Councillors	Yes	None	2016/08/22

# Chapter 4

COUNCILLORS DECLARATION REGISTER							
22	3260	Masoga	Phuti Stanford	Councillors	Yes	Komosana General Trading, Mahlabakgadishi Security, Mhlasedi Cooperative	2016/08/22
23	2870	Moabelo	Moloko Letta	Councillors	Yes	None	2016/09/06
24	3380	Hopane	Ngwakwana Margaret	Councillors	Yes	None	2016/08/18
25	1460	Makgalo	Ntshwamare Godfree	Councillors	None	None	None
26	3310	Raphaswana	Tebogo Edith	Councillors	Yes	None	2016/10/07
27	3340	Marutha	Madiga Daisie	Councillors	Yes	None	2016/09/09
28	3220	Mohafe	Marema Issac	Councillors	Yes	Maphumo CC	2016/09/13
29	3320	Meso	Mamoraka Dorcas	Councillors	Yes	None	2016/09/05
30	3200	Rakimane	Phetola Thomas	Councillors	None	None	None
31	3270	Leferela	Motlalaohle Jacqueline	Councillors	None	None	None
32	3360	Tloubatla	Malose Phinius	Councillors	None	None	None

T 4.6.6

# Chapter 5

## CHAPTER 5 – FINANCIAL PERFORMANCE

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

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

The Municipality has engaged the consultant on preparation and compilation of annual Financial statements 2016/2017 financial year with an amount of R849, 300.00. The Municipality is still in the learning process of the case ware system that will assist in compilation.

*T 5.0.1*

# Chapter 5

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

*T 5.1.0*

# Chapter 5

## 5.1 Reconciliation of Table A1 Budget Summary

Description	Year -1					Year 0								
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Original Budget	Actual Outcome as % of Final Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered
R thousands	1	2	3	4	5	6	7	8	9	11	10	12	13	14
<b>Financial Performance</b>														
Property rates	12 383	(383)	12 000	-		12 000	13 663		(1 663)	110	114			
Service charges	11 957	(2 293)	9 664	-		9 664	8 960		705	75	93			
Investment revenue	2 345	-	2 345	-		2 345	2 423		(77)	103	103			
Transfers recognised - operational	130 441	(183)	130 258	-		130 258	125 148		5 109	96	96			
Other own revenue	69 706	30 533	100 239	-		100 239	40 343		59 896	58	40			
<b>Total Revenue (excluding capital transfers and</b>	<b>226 832</b>	<b>27 674</b>	<b>254 506</b>	<b>-</b>	<b>-</b>	<b>254 506</b>	<b>190 537</b>	<b>-</b>	<b>63 969</b>	<b>84</b>	<b>75</b>			

# Chapter 5

<b>contributions)</b>																			
Employee costs	(72 455)	(3 233)	(75 688)	-	-	688	(75)	(66)	-	(8)	92	88							
Remuneration of councillors	(10 861)	(358)	(11 220)	-	-	220	(11)	(10)	-	(651)	97	94							
Debt impairment	(2 300)	(4 001)	(6 301)	-	-	301	(6)	(8)	-	724	349	127							
Depreciation & asset impairment	(8 480)	(498)	(8 978)	-	-	978	(8)	(8)	-	(449)	101	95							
Finance charges	(50)	(1 000)	(1 050)	-	-	050	(1)	(1)	-	45	190	104							
Materials and bulk purchases	(9 299)	-	(9 299)	-	-	299	(9)	(7)	-	(796)	81	81							
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-							
Other expenditure	(52 470)	(2 199)	(54 669)	-	-	669	(54)	(59)	-	4	114	109							
<b>Total Expenditure</b>	<b>(155 915)</b>	<b>(11 289)</b>	<b>(167 204)</b>	<b>-</b>	<b>-</b>	<b>204</b>	<b>(167)</b>	<b>(162)</b>	<b>-</b>	<b>(4 934)</b>	<b>023</b>	<b>699</b>							
<b>Surplus/(Deficit)</b>	<b>70 917</b>	<b>16 385</b>	<b>87 302</b>	<b>-</b>	<b>-</b>	<b>302</b>	<b>87</b>	<b>28</b>	<b>-</b>	<b>035</b>	<b>107</b>	<b>774</b>							
Transfers recognised - capital	44 024	-	44 024	-	-	024	44	27	-	16	63	63							
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-	-							
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>																			
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	0	-	-							
<b>Surplus/(Deficit) for the year</b>	<b>70 917</b>	<b>16 385</b>	<b>87 302</b>	<b>-</b>	<b>-</b>	<b>302</b>	<b>87</b>	<b>28</b>	<b>-</b>	<b>035</b>	<b>-</b>	<b>-</b>							
<b>Capital expenditure &amp; funds sources</b>																			
<b>Capital expenditure</b>																			
Transfers recognised - capital	44 024	-	44 024	-	-	024	44	27	-	16	63	63							
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-							

# Chapter 5

Borrowing Internally generated funds	-	-	-	-	-	42	12	-	-	-	-	-	-	-	-	-	-
26 703	16 287	42 990	-	-	990	578	40	412	30	47	29	-	-	-	-	-	-
<b>Total sources of capital funds</b>	70 727	16 287	87 014	-	-	014	351	-	664	57	46	46	-	-	-	-	-
<b>Cash flows</b>																	
Net cash from (used) operating	114 467	(29 824)	84 642	-	-	84	61	-	23	53	72	-	-	-	-	-	-
Net cash from (used) investing	(71 172)	(14 603)	(85 775)	-	-	(85 775)	(40 351)	-	(45 425)	57	47	-	-	-	-	-	-
Net cash from (used) financing			-	-	-	-	(517)	-	517	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	79 335	(46 034)	33 302	-	-	33	55	-	(22 305)	70	167	-	-	-	-	-	-

T 5.1.1

## Notes

3 = sum of column 1 and 2

2 represents movements in original budget to get to final adjustment budget (including shifting of funds)

Virements must offset each other so that virements in Total Expenditure equals zero

6 = sum of column 3, 4 and 5

4 and 5

8 does not necessarily equal the difference between 9 and 8 because overspending is not the only reason for unauthorised expenditure

9 = 7 - 6

# Chapter 5

Financial Performance of Operational Services						
						R '000
Description	Year -1	Year 0		Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	26,485	23,572	28,075	23,042	-2.30%	-21.84%
Waste Water (Sanitation)	8,541	8,285	9,054	8,456	2.02%	-7.07%
Electricity	12,355	10,254	12,478	13,219	22.43%	5.61%
Waste Management	14,232	13,235	13,662	12,097	-9.41%	-12.94%
Housing	6,542	5,496	5,954	6,346	13.40%	6.19%
Component A: sub-total	68,155	60,842	69,222	63,161	3.67%	-9.60%
Waste Water (Stormwater Drainage)	5,643	5,530	5,925	5,304	-4.26%	-11.70%
Roads	5,643	5,530	5,925	5,304	-4.26%	-11.70%
Transport	5,322	4,470	5,747	4,630	3.45%	-24.14%
Component B: sub-total	16,607	8,455	8,624	9,554	11.50%	9.73%
Planning	1,254	1,003	1,191	1,354	25.93%	12.04%
Local Economic Development	2,516	2,063	2,264	2,340	11.83%	3.23%
Component B: sub-total	3,769	3,066	3,455	3,693	17.00%	6.46%
Planning (Strategic & Regulatory)	12,546	10,413	11,793	11,542	9.78%	-2.17%
Local Economic Development	2,355	2,190	2,425	2,402	8.82%	-0.98%
Component C: sub-total	14,900	12,603	14,218	13,944	9.62%	-1.97%
Community & Social Services	4,565	3,698	4,337	4,291	13.83%	-1.06%
Environmental Protection	5,649	4,971	6,157	4,971	0.00%	-23.86%
Health	5,649	4,971	6,157	4,971	0.00%	-23.86%
Security and Safety	5,649	4,971	6,157	4,971	0.00%	-23.86%
Sport and Recreation	5,649	4,971	6,157	4,971	0.00%	-23.86%
Corporate Policy Offices and Other	5,649	4,971	6,157	4,971	0.00%	-23.86%
Component D: sub-total	32,808	28,552	35,122	29,445	2.04%	-20.51%
<b>Total Expenditure</b>	<b>136,240</b>	<b>113,518</b>	<b>130,642</b>	<b>119,497</b>	<b>5.00%</b>	<b>-9.33%</b>

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.1.2

# Chapter 5

## COMMENT ON FINANCIAL PERFORMANCE:

Comment on variances above 10%.

T5.1.3

## 5.2 GRANTS

Grant Performance						
R' 000						
Description	2015/16	2016/17		2016/17 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b><u>Operating Transfers and Grants</u></b>						
<b>National Government:</b>	<b>108,706</b>	<b>120,989</b>	<b>120,989</b>	<b>119,629</b>		
Equitable share	106,287	118,756	118,756	117,668	1	1
Municipal Systems Improvement	930	-	-	-	-	-
Department of Water Affairs	-	-	-	-	-	-
Levy replacement	-	-	-	-	-	-
Financial Management Grant	1,489	2,233	2,233	1,961	12	12
Municipal Demarcation Transitional Grant	-	8,952	8,125	3,930	56	48
	-	-	-	-		

# Chapter 5

<b>Provincial Government:</b>						
Health subsidy	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Ambulance subsidy	-	-	-	-	-	-
Sports and Recreation	-	-	-	-	-	-
Financial Management Grant	-	-	-	-	-	-
<b>District Municipality:</b>	<b>375</b>	<b>500</b>	<b>1,144</b>	<b>837</b>		
CDM	375	500	1,144	837	(67)	73
<b>Other grant providers:</b>	-	-	-	-		
<i>[insert description]</i>						
<b>Total Operating Transfers and Grants</b>	<b>109,081</b>	<b>121,489</b>	<b>122,133</b>	<b>120,466</b>		
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						
						T 5.2.1

# Chapter 5

## COMMENT ON OPERATING TRANSFERS AND GRANTS:

- 1.** Financial Management Grant has a balance of R272, 482 due to low spending on the vote of salaries because other interns resign and couldn't appoint on time. The other vote that showed slow spending was Implementation of MSCOA due to late implementation of the project.
- 2.** Municipal Demarcation Transitional Grant: The upgrade from Venus system to solar was done very late due long engagements with BCX (The service provider) as they were not part of the LIST MSCOA approved vendors.

T 5.2.2

# Chapter 5

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<b>Foreign Governments/Development Aid Agencies</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<b>Private Sector / Organisations</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<i>Provide a comprehensive response to this schedule</i>					<i>T 5.2.3</i>	

## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

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

The staff involved in managing municipal asset are composed of SCM-Manager, Accountant, and two inventory clerk. They are given responsibilities to manage and account for municipal assets and inventory were key exercise are physical verification and financial recording.

*T 5.3.1*

# Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
<b>Asset 1</b>				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
<b>Asset 2</b>				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
<b>Asset 3</b>				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				

# Chapter 5

T 5.3.3

Repair and Maintenance Expenditure: 2016/17				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	7,552,093.00	8,280,093.00	5,111,003.00	38
T 5.3.4				

**COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:**

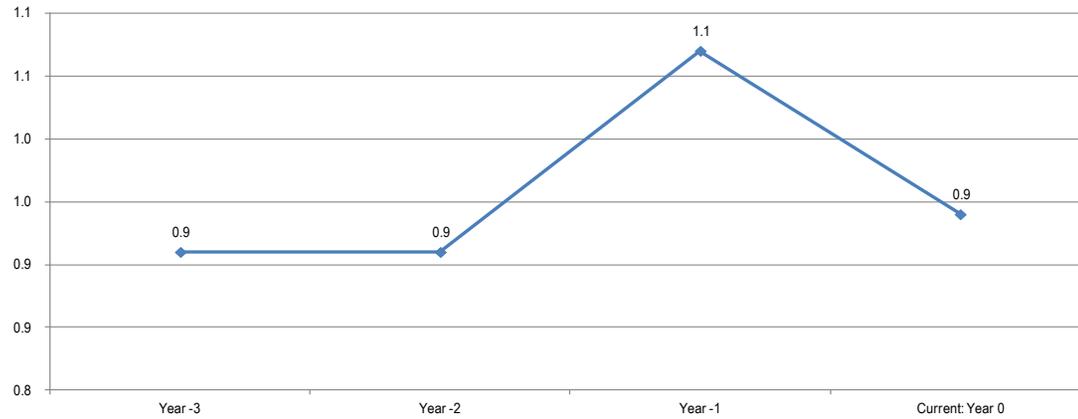
Most of the budget was planned as and when the need arises. There was no expenditure on repair and maintenance of Highmast light since the Highmast were not acquired.

# Chapter 5

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

# Chapter 5

Liquidity Ratio

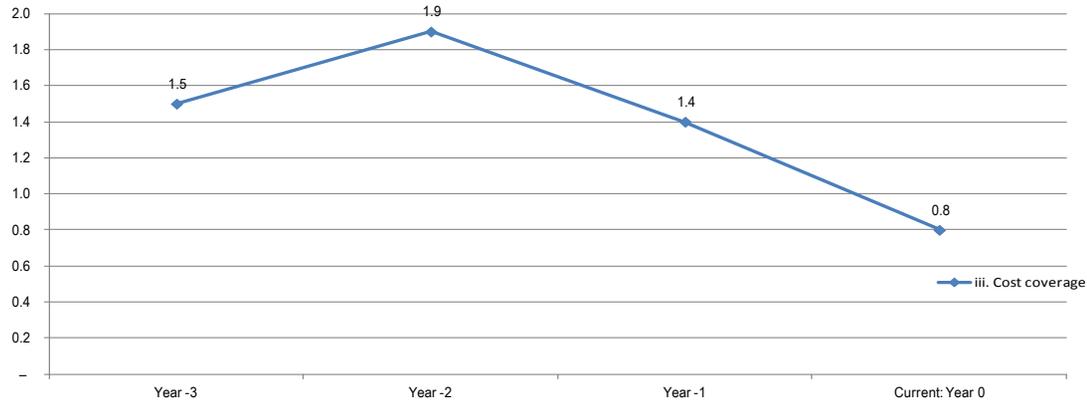


Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year ) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

# Chapter 5

### Cost Coverage

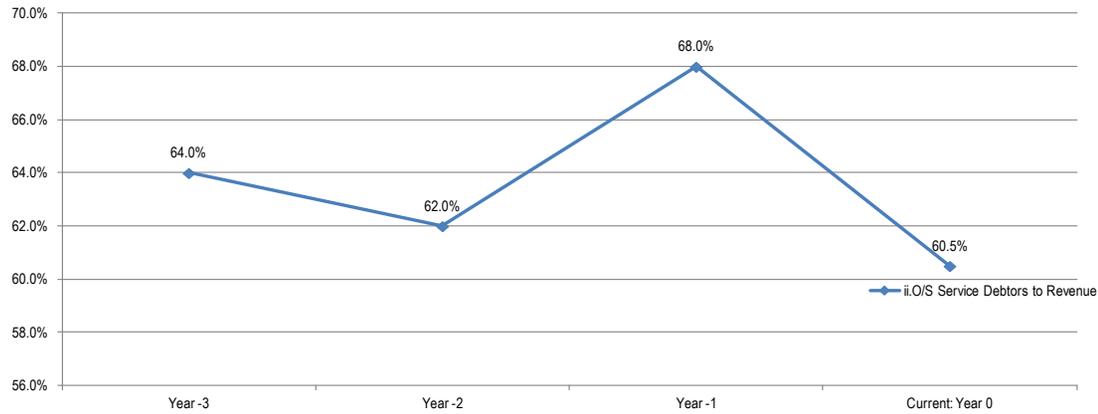


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

# Chapter 5

### Total Outstanding Service Debtors

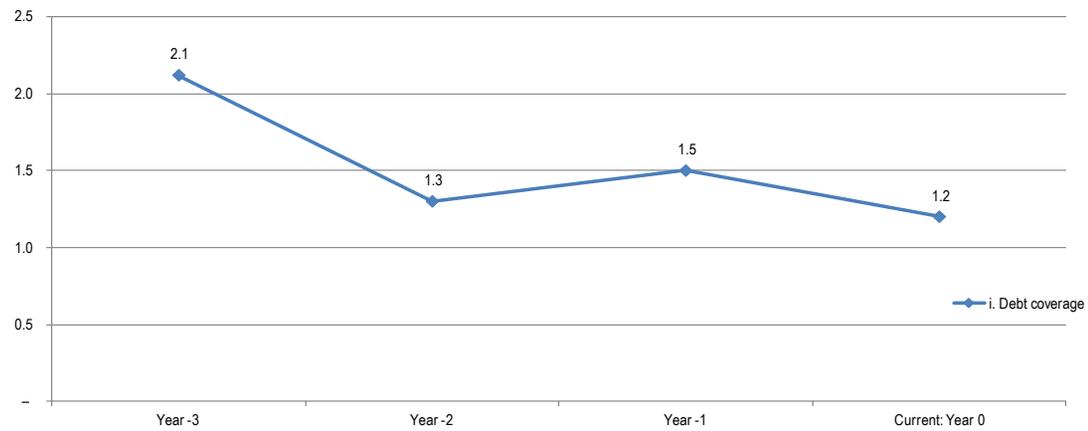


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

Data used from MBRR SA8

# Chapter 5

### Debt Coverage

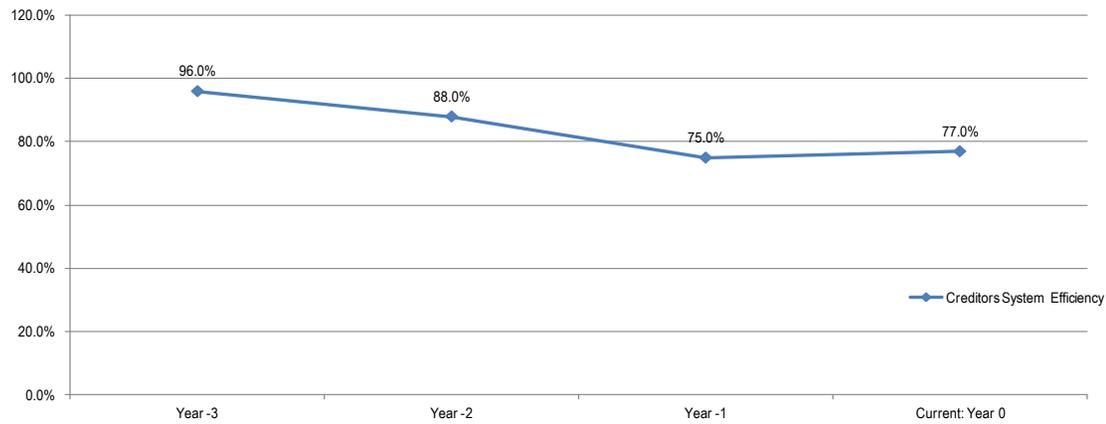


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants). This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

# Chapter 5

### Creditors System Efficiency



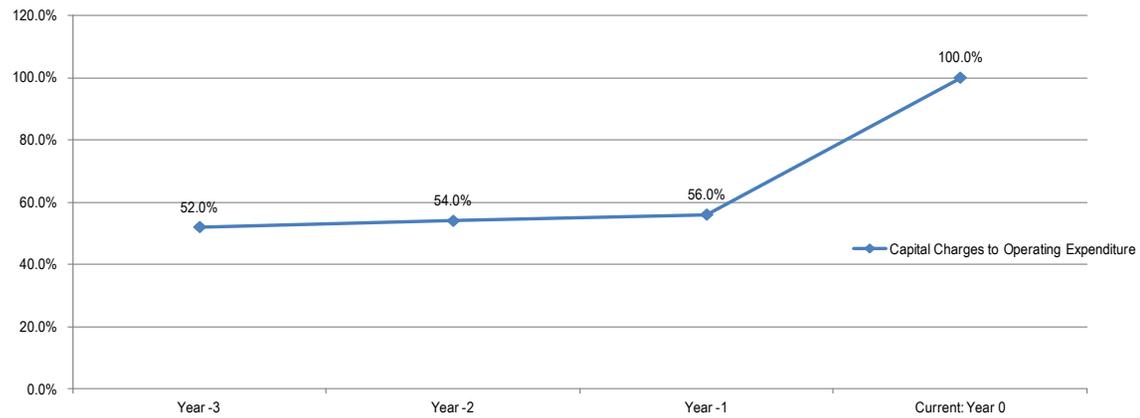
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

# Chapter 5

T 5.4.5

### Capital Charges to Operating Expenditure



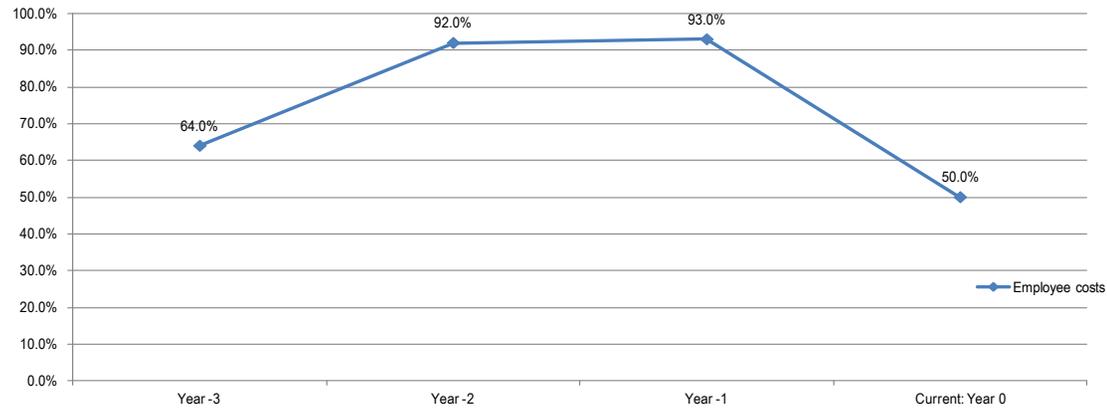
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

# Chapter 5

T 5.4.6

### Employee Costs



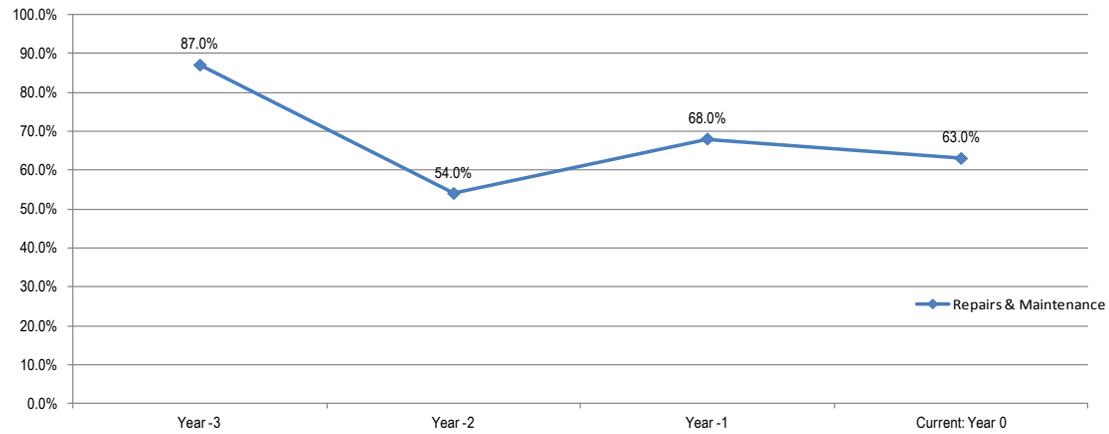
Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

# Chapter 5

### Repairs & Maintenance



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

Data used from MBRR SA8

T 5.4.8

# Chapter 5

## COMMENT ON FINANCIAL RATIOS:

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

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

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

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

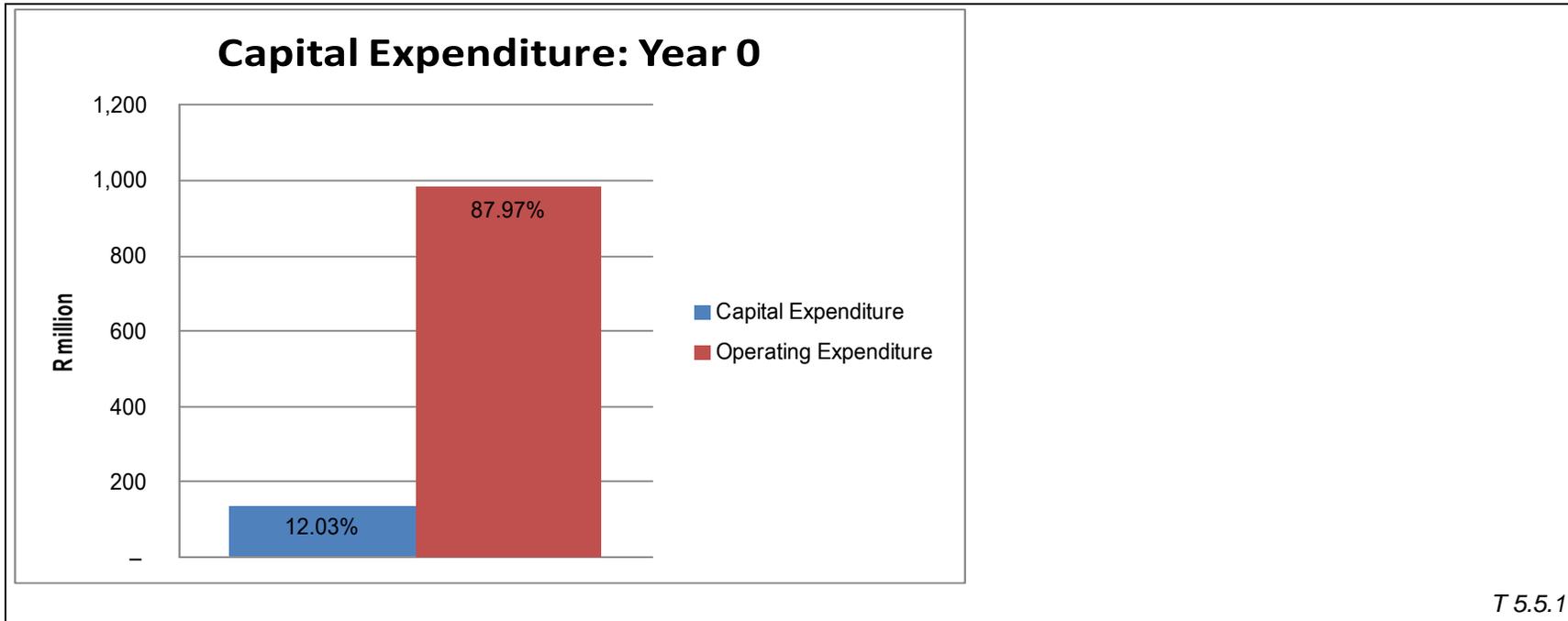
### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

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

*T 5.5.0*

## 5.5 CAPITAL EXPENDITURE

# Chapter 5



# Chapter 5

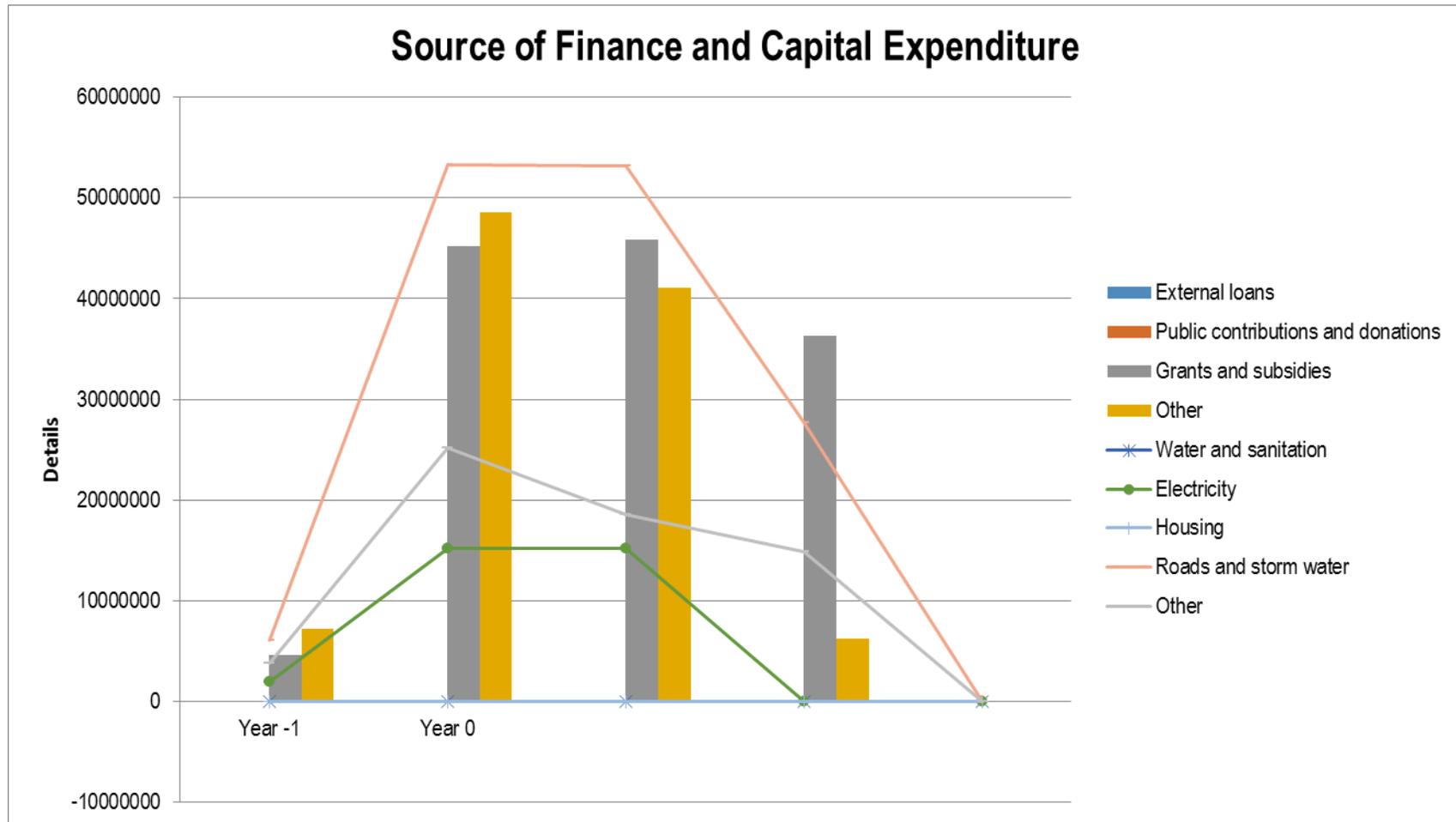
## 5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0							R' 000
Details	Year -1	Year 0					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
<b>Source of finance</b>							
External loans	0	0	0	0	0,00%	0,00%	
Public contributions and donations	0	0	0	0	0,00%	0,00%	
Grants and subsidies	4655355	45161970	45899725	36322804	1,63%	-19,57%	
Other	7178684	48548286	41114413	6216452	-15,31%	-87,20%	
<b>Total</b>	<b>11834039</b>	<b>93710256</b>	<b>87014138</b>	<b>42539256</b>	<b>-13,68%</b>	<b>-106,77%</b>	
<i>Percentage of finance</i>							
External loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
Grants and subsidies	39,3%	48,2%	52,7%	85,4%	-11,9%	18,3%	
Other	60,7%	51,8%	47,3%	14,6%	111,9%	81,7%	
<b>Capital expenditure</b>							
Water and sanitation	0	0	0	0	0,00%	0,00%	
Electricity	1954635	15197266	15197266	2453	0,00%	-99,98%	
Housing	0	0	0	0	0,00%	0,00%	
Roads and storm water	6036008	53294391	53229914	27709621	-0,12%	-48,01%	

# Chapter 5

Capital Expenditure - Funding Sources: Year -1 to Year 0							
	Other	3843396	25218599	18586959	14827182	-26,30%	-41,21%
<b>Total</b>		<b>11834039</b>	<b>93710256</b>	<b>87014139</b>	<b>42539256</b>	<b>-26,42%</b>	<b>-189,20%</b>
<i>Percentage of expenditure</i>							
	Water and sanitation	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Electricity	16,5%	16,2%	17,5%	0,0%	0,0%	52,8%
	Housing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Roads and storm water	51,0%	56,9%	61,2%	65,1%	0,5%	25,4%
	Other	32,5%	26,9%	21,4%	34,9%	99,5%	21,8%
							<i>T 5.6.1</i>

# Chapter 5



# Chapter 5

## COMMENT ON SOURCES OF FUNDING:

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Toyota Fortuner 2,4 (2016)	540 900	540 900	540800	95%	0%
B - Mercedes Benz GLE 250d (2016)	959 100	959 100	959043	98%	0%
C - Server	435 425	435 425	317472	96%	27%
D - Electricity Meter	500 000	500 000	419270	98%	16%
E - Tractor loader bachoe (TLB)	1 500 000	1500 000	1447000	99%	4%
* Projects with the highest capital expenditure in Year 0					
<b>Name of Project - A</b>	<b>Toyota Fortuner 2,4 (2016)</b>				
Objective of Project	For the Speaker's travelling				
Delays	N/A				
Future Challenges	None				
Anticipated citizen benefits	Community to be visited regularly				
<b>Name of Project - B</b>	<b>Mercedes Benz GLE 250d (2016)</b>				
Objective of Project	For the Mayor's travelling				
Delays	N/A				
Future Challenges	None				
Anticipated citizen benefits	Community to be visited regularly				
<b>Name of Project - C</b>	<b>Server</b>				
Objective of Project	Storing of the Municipal Information				
Delays	N/A				
Future Challenges	None				
Anticipated citizen benefits	community to be served with credible & safe Information				

# Chapter 5

<b>Capital Expenditure of 5 largest projects*</b>	
<b>Name of Project - D</b>	<b>Electricity Meters</b>
Objective of Project	Installing new prepaid electricity
Delays	N/A
Future Challenges	None
Anticipated citizen benefits	Community to control electricity usage
<b>Name of Project - E</b>	<b>Tractor loader bachoe (TLB)</b>
Objective of Project	Road Maintenance
Delays	N/A
Future Challenges	Maintenance
Anticipated citizen benefits	Community roads to be maintained regularly
<i>T 5.7.1</i>	

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

*T 5.9*

# Chapter 5

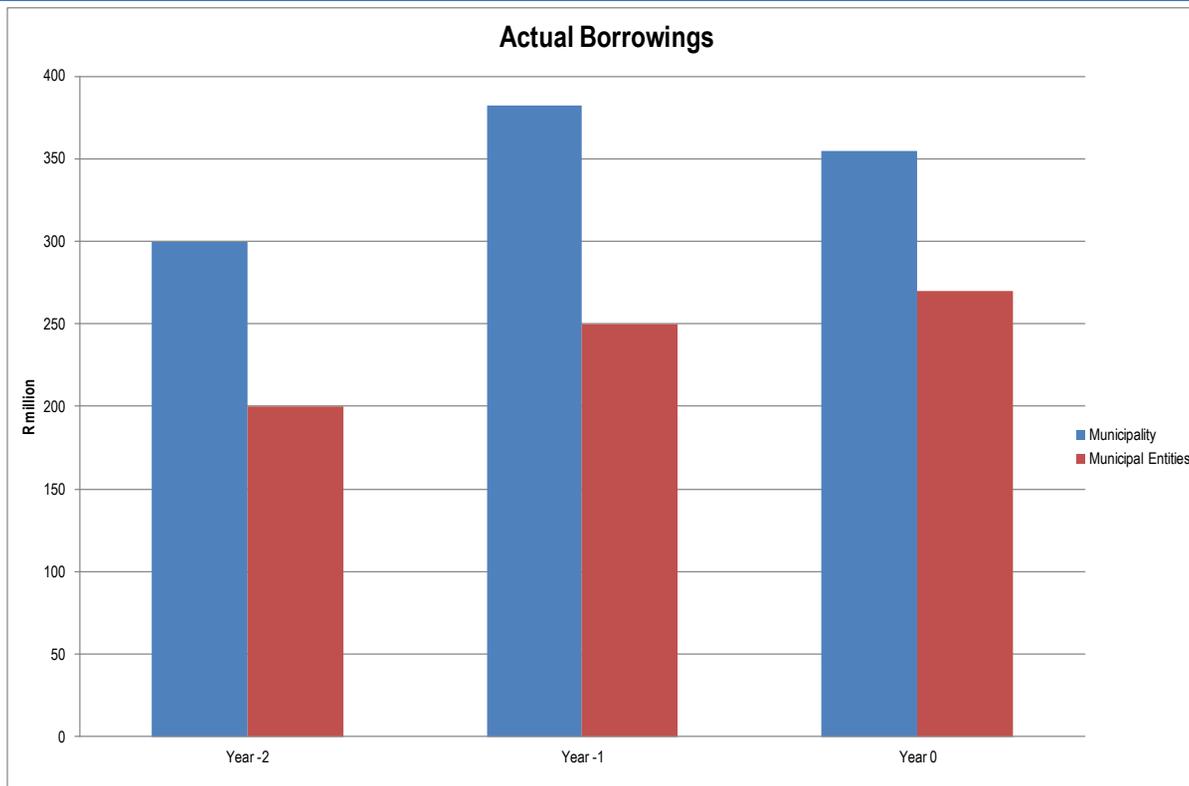
## 5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2015/16	Current: 2016/17		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
		34	40	29
Ratepayers and other		368	100	320
		130	131	128
Government – operating		423	422	157
		44	44	44
Government – capital		024	024	024
		5	1	2
Interest		999	418	423
Dividends				
<b>Payments</b>				
		(100	(132	(141
Suppliers and employees		347)	321)	789)
				(1
Finance charges		–	–	095)
Transfers and Grants				
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	–	114 467	84 643	61 040
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE		–	–	–

# Chapter 5

<b>Cash Flow Outcomes</b>				
Decrease (Increase) in non-current debtors		-	-	-
Decrease (increase) other non-current receivables		-	-	-
Decrease (increase) in non-current investments		-	-	-
<b>Payments</b>				
Capital assets		(71) 172)	(85) 775)	(40) 351)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	-	<b>(71) 172)</b>	<b>(85) 775)</b>	<b>(40) 351)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing				(517)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	-	-	-	<b>(517)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	-	<b>43 294</b>	<b>(1) 132)</b>	<b>20 173</b>
Cash/cash equivalents at the year begin:		<b>36 041</b>	<b>34 434</b>	<b>35 434</b>
Cash/cash equivalents at the year-end:		<b>79 335</b>	<b>33 302</b>	<b>55 607</b>
<i>Source: MBRR A7</i>		<i>T 5.9.1</i>		

# Chapter 5



5.10

# Chapter 5

T 5.10.3

# Chapter 5

<b>Municipal and Entity Investments</b>			
			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<b><u>Municipality</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
<b>Municipality sub-total</b>	0	0	0
<b><u>Municipal Entities</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
<b>Entities sub-total</b>	0	0	0
<b>Consolidated total:</b>	0	0	0

T 5.10.4 5.11

PUBLIC

262  
PRIVATE

# Chapter 5

## PARTNERSHIPS

### COMPONENT D: OTHER FINANCIAL MATTERS

#### 5.12 SUPPLY CHAIN MANAGEMENT

##### SUPPLY CHAIN MANAGEMENT

*T 5.12.1*

#### 5.13 GRAP COMPLIANCE

##### GRAP COMPLIANCE

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

*T 5.13.1*

# Chapter 6

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

The Annual Financial Statements have been audited by the Office of the Auditor General and are set in Volume II of the report. An unqualified audit opinion was achieved. The Auditor General report is included as an annexure

T 6.0.1

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

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

Auditor-General Report on Financial Performance 2015/16	
Audit Report status*:	Unqualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
The financial statements were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.	The draft annual financial statements to be independently reviewed by the Audit Committee and including an independent reviewer from outside the municipality.

# Chapter 6

The annual performance report for the year under review did not include the performance of the municipality's external services provider and a comparison of the performance with set targets and/or comparison with the previous financial year as required by section 46 (1)(a) and (b) of the MSA	The report for external service providers to be prepared in line with the recommendation. The comparison of targets with that previous year to be completed as recommended.
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Awards were made to providers who are in the service of other state institutions, in contravention of section 112(j) of the MFMA and Supply Chain Management regulation 44 (SCM regulation).	The central database system to assist with the background checks of suppliers.
Thresholds for local content on designated sectors procurement were not properly applied in accordance with the requirements of the Preferential Procurement Regulation 9.	Implementation of SCM policy and other relevant SCM circulars.
Quotations were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its regulations.	Independent review of bid documents to ensure that correct preference points are used.
Contracts were modified without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.	All amendments to the contracts will be submitted to Council for noting.
Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA	Implementation of SCM policy and compliance with the Acts to prevent Unauthorized, Irregular and fruitless and wasteful expenditure.
An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2) (c) of the MFMA.	
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)	
<b>Auditor-General Report on service delivery Performance 2015/16</b>	
Audit Report status*:	Unqualified

# Chapter 6

Non-Compliance Issues	Remedial Action Taken
<p>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.</p>	<p>The approved PMS policy for 2016/17 was reviewed in line with the applicable legislations.</p>
<p>Key performance indicators in respect of each of the development priorities and objectives were not set out in the IDP, as required by section 41(1)(a) of the MSA and the Municipal planning and performance management regulation 1 and 9(1)(a)</p>	<p>The strategic SDBIP will be incorporated in the IDP during the review process.</p>
<p>Performance targets were not set for each of the key performance indicators for the financial year as required by section 41(1)(b) of the MSA and the Municipal planning and performance management regulations 12(1) and 12(2)(e)</p>	<p>SDBIP will be reviewed to ensure adherence to the applicable laws and legislations. Performance targets for each indicators.</p>
<p>The service delivery and budget implementation plan (SDBIP) for implementing the municipality's delivery of municipal services and annual budget did not indicate projections for each month of the revenue to be collected, by source and/or the operational and capital expenditure, by vote, as required by section 1 and 53(1)(c) of the MFMA.</p>	<p>The monthly projections for revenue and expenditure were included in the final approved SDBIP 2016/17 financial year.</p>

# Chapter 6

## COMPONENT B: AUDITOR-GENERAL OPINION YEAR (2016/17)

### 6.2 AUDITOR GENERAL REPORT YEAR 2016/17

#### Auditor-General Report on Financial Performance 2016/2017

Audit Report status*:	Unqualified
Non-Compliance Issues	Remedial Action Taken

# Chapter 6

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

# Chapter 6

Auditor-General Report on Service Delivery Performance 2016/2017	
Audit Report status*:	Unqualified
Non-Compliance Issues	Remedial Action Taken
No material findings on the usefulness and reliability of the reported performance information for the following development priorities:  KPA 1: Spatial rationale. KPA 2: Basic service delivery and infrastructure planning.	None
Note:* The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)	

## 6.3 GENERAL REPORT 2016/2017

### **AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS 2016/17**

The financial statements present fairly, in all material respects, the financial position of the municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division e of Revenue Act, 2016 (Act No. 3 of 2016).

# Chapter 6

## **COMMENTS ON AUDITOR-GENERAL'S OPINION 2016/17**

Matters affecting the audit report are the most serious as these will lead to findings on the audit report and the non-achievement of a clean audit. The matters affecting the auditor's opinion have significantly reduced and there was an improvement by the municipality. Overall the total number of audit findings has drastically reduced from that reported in 2016/17 financial year. 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 and Finance Portfolio on a quarterly basis.

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

All section 71 reports from July 2016 to June 2017 were submitted to both National and Provincial Treasury, COGHSTA and the Mayor in the format prescribed by National Treasury.

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

All section 71 reports from July 2016 to June 2017 were submitted to both National and Provincial Treasury, COGHSTA and the Mayor in the format prescribed by National Treasury.

Signed (Chief Financial Officer)



Dated

30/04/2018

# GLOSSARY

## GLOSSARY

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

# GLOSSARY

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

# GLOSSARY

<b>Performance Standards:</b>	<p>The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMS performance standards are divided into indicators and the time factor.</p>
<b>Performance Targets:</b>	<p>The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.</p>
<b>Service Delivery Budget Implementation Plan</b>	<p>Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.</p>
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

# GLOSSARY

## APPENDICES

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

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

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
1. Mshilo Edward Paya	FT	Mayor	ANC	100%	N/A
2. Mpelege Sara Moreroa	FT	Speaker	ANC	100%	N/A
3. Emmanuel Masilo Rathaha	FT	Chief Whip	ANC	100%	N/A
4. Moyahabo Daniel Lehong	FT	Ward Councillor MAYORAL	ANC	100%	N/A
5. Ngaletjane Frank Rampyapedi	FT	Ward Councillor MAYORAL	ANC	100%	N/A
6. Nakedi Winny Seakamela	FT	Ward Councillor MAYORAL	ANC	80%	20%
7. Makoma Tawana	PT	Ward Councillor MAYORAL	ANC	80%	20%
8. Makgabo Alex Kobo	PT	PR Councillor MAYORAL	EFF	90%	10%
9. Adelaide Makgoka	PT	PR Councillor	ANC	100%	N/A

# GLOSSARY

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
10.Moyahabo Paulina Makgato	PT	PR Councillor	ANC	70%	30%
11. Moloko Letta Moabelo	PT	PR Councillor	ANC	80%	20%
12. Moloko Calvin Matjee	PT	PR Councillor	DA	60%	40%
13.Ngwakwana Margret Hopane	PT	PR Councillor	ANC	80%	20%
14. Dikeledi Matlou	PT	PR Councillor	ANC	90%	!0%
15.Cllr M D Marutha	PT	PR Councillor	ANC	80%	20%
16.Malose Phineas Tloubatlla	PT	PR Councillor	DA	100%	N/A
17. Tebogo Raphaswana	PT	PR Councillor	EFF	90%	10%
18.Marutha Daisie Madiga	PT	PR Councillor	EFF	80%	20%
19.Marema Isaac Mohafe	PT	PR Councillor	EFF	90%	10%
20.Mamoraka Dorcas Meso	PT	PR Councilor	EFF	90%	10%
21.Motlalaohle Leferela Jacqueline	PT	PR Councillor)	EFF	90%	10%
22.Malema Moni Quintilian	PT	Ward Councillor(08)	ANC	80%	20%

# GLOSSARY

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

# GLOSSARY

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## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

MUNICIPAL COMMITTEES	NAMES AND INITIALS	PURPOSE OF COMMITTEE
CHAIRPERSON	PAYA M E	CHAIRPERSON OF EXCO
FINANCE DEPARTMENT	SEAKAMELA N W	CHAIRPERSON OF FINANCE
TECHNICAL DEPARTMENT	LEHONG M D	CHAIRPERSON OF TECHNICAL SERVICES
COMMUNITY DEPARTMENT	RAMPYAPEDI N F	CHAIRPERSON OF COMMUNITY SERVICES
CORPORATE SERVICES	TAWANA PM	CHAIRPERSON OF CORPORATE SERVICES
LOCAL ECONOMIC DEVELOPMENT AND PLANNING	KOBO M A	CHAIRPERSON OF LOCAL ECONOMIC AND DEVELOPMENT

# GLOSSARY

Committees (other than Mayoral / Executive Committee) and Purposes of Committees		
Municipal Committees		Purpose of Committee
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	Rathete Paul Tshepiso	OVERSIGHT
AUDIT & PERFORMANCE AUDIT COMMITTEE	Established in terms of Section 166 of the MFMA. Committee established per Council resolution 5.1/11/08/2014 dated 11 August 2014.	
ETHICS & INTERGRITY COMMITTEE	Duba marias	COUNCILLOR CODE OF CONDUCT

# GLOSSARY

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

<b>Third Tier Structure</b>	
<b>Directorate</b>	<b>Director/Manager</b>
Municipal Manager's Office	Municipal Manager - Mr NI Makhura
Budget and Treasury	Chief Financial Officer - Mr EK Moloko
Corporate Services	Senior Manager Corporate Services - Mr
Community Services	Senior Manager Community Services - M
Technical Services	Senior Manager Technical Services M
LED and Planning	Senior Manager LED & Planning – Mr Ramogale mw

# GLOSSARY

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal/Entity Functions		
Municipal Functions	Function applicable to Municipality (Yes/No)*	Function applicable to Entity (yes/no)
<b>Constitution schedule 4, Part B functions</b>		
Air Pollution	NO	
Building Regulations	YES	
Child Care facilities	NO	
Electricity and gas reticulation	YES	
Firefighting 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>		
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	

# GLOSSARY

Municipal/Entity Functions		
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	

## APPENDIX E – WARD REPORTING

WARD COMMITTEE FUNCTIONALITY 2016/2017					
Ward No.	Name of ward Councillor & elected 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 Rathete T Satekge MS Rababalela MK Ramohloa SJG	YES	8 meetings held	8 reports submitted	01 ward public meetings held

# GLOSSARY

WARD COMMITTEE FUNCTIONALITY 2016/2017									
	Mapate SP								
	Motsosi FP								
	Molele SP								
	Maeko MI								
	Matsebatlela MS								
	Kekana MP								
	Mutsusi TS								
2.	Cllr Rampyapedi N	Yes	8 meetings held	8 reports submitted	03 ward public meetings held				
	Makwela SG								
	Mabeba MZ								
	Mapokgole JM								
	Mahapeletja MB								
	Padima MF								
	Rapetswa RS								
	Sediela ML								
	Mashapa MV								
	Hamese MC								
	Makoetja PA								
3.	Cllr Seakamela N					Yes	8 meetings held	8 reports submitted	03 ward public meetings held
	Sebetseba MD								
	Mapatha ME								
	Makwala MS								
	Letswalo MR								
	Sesokga MT								
	Ralekgokgo K								
	Mahlakaro ML								
	Mofumadi G								
	Morale MD								
	Peta SA								

# GLOSSARY

WARD COMMITTEE FUNCTIONALITY 2016/2017					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
4.	Cllr Rathaha M	Yes	8 meetings held	8 reports submitted	06 ward public meetings held
	Mahuma DE				
	Madiba TJ				
	Matima MJ				
	Manabile MK				
	Thobakgale MT				
	Makhura MP				
	Mohlakela NE				
	Ratema MJ				
	Sebone SI				
Ramatjie MD					
5.	Cllr Mpati R	Yes	8 meetings held	8 reports submitted	06 ward public meetings held
	Ramarutha ME				
	Makgato MS				
	Rawane MM				
	Mabitsi MR				
	Machaka ND				
	Sekgota AN				
	Hamese M A				
	Thuputlela MD				
	Moalamedi IS				
Makgato MA					
6.	Cllr Tawana M	Yes	8 meetings held	8 reports submitted	05 ward public meetings held
	Machete MC				
	Phefadu MP				
	Makwala MH				
	Monchela MD				
	Kotopane SB				
	Rapholo MS				
	Ramaphakela				

# GLOSSARY

## WARD COMMITTEE FUNCTIONALITY 2016/2017

	NG				
	Maapola MK				
	Leta SC				
	Ramahlare AG				

# GLOSSARY

WARD COMMITTEE FUNCTIONALITY 2016/2017					
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
7.	ClIr Nakana S	Yes	8 meetings held	8 reports submitted	02 ward public meetings held
	Ramahoyo MJ				
	Machethe ME				
	Mabokachaba MM				
	Mochela JS				
	Sebone TB				
	Phooko MB				
	Tshewe RM				
	Racheku C				
	Mafona MC				
	Matsepane NL				
8.	ClIr Malema M	Yes	8 meetings held	8 reports submitted	05 ward public meetings held
	Mpholo SC				
	Morokolo MA				
	Thobakgale TG				

# GLOSSARY

WARD COMMITTEE FUNCTIONALITY 2016/2017					
	Molobisi MA				
	Maleta SR				
	Mongalo JN				
	Phefadu S				
	Seshoka MG				
	Mashaba MG				
	Hlabolwa MN				
9.	Cllr Manthata M	Yes	8 meetings held	8 reports submitted	05 ward public meetings held
	Makopolla MI				
	Machabaphala ME				
	Pagadi MD				
	Sethole NR				
	Molamudi MC				
	Senamolela MY				
	Mogale SK				

# GLOSSARY

WARD COMMITTEE FUNCTIONALITY 2016/2017					
	Malemela MD				
	Machaka ME				
	Monyemangene MM				

WARD COMMITTEE FUNCTIONALITY 2016/2017						
Ward No.	Name of ward Councillor & elected 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	
10.	Cllr Sepheso M	Yes	8 meetings held	8 reports submitted	02 ward public meetings held	
	Mabeba RA					
	Matlou T A					
	Malebana TG					
	Sepuru RL					
	Thlapa MC					
	Makgatho NL					
	Moloto PG					
	Mphago MJ					
	Mpyana MW					
Machabaphala MA						

# GLOSSARY

WARD COMMITTEE FUNCTIONALITY 2016/2017					
1 1.	Cllr Ramukhubedu N	Yes	8 meetings held	8 reports submitted	02 ward public meetings held
	Lamola CS				
	Maapola CM				
	Manthata SM				
	Moningi SE				
	Matjea MJ				
	Mashamaite M				
	Seanego M				
	Seleka R				
	Makgosa F				
	Ngobene MS				
1 2.	Cllr Kobola S	Yes	8 meetings held	8 reports submitted	02 ward public meetings held
	Mohale MD				
	Letlalo MS				
	Maloba MM				
	Makhathi SJ				
	Mohlabeng TA				
	Letlalo MA				
	Pabala MF				
	Mmangweta MN				

# GLOSSARY

WARD COMMITTEE FUNCTIONALITY 2016/2017					
	Molemisi KM				
	Mamabolo MJ				

WARD COMMITTEE FUNCTIONALITY 2016/2017					
Ward No.	Name of ward Councillor & elected committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
13..	ClIr Lehong D	Yes	8 meetings held	8 reports submitted	01 ward public meetings held
	Maphakela DA				
	Mokondelela MA				
	Rakabe PS				
	Setati RW				
	Mphaka SL				
	Kgopane TO				
	Makobela MC				
	Mahladisa MJ				
	Manaka AN				
Mashalane MB					
14.	ClIr Moreroa M	Yes	8 meetings held	8 reports submitted	10 ward public meetings held
	Tau MS				

# GLOSSARY

	Mabitsela RI				
	Makgato LJ				
	Leshabane PB				
	Mokgehle MC				
	Semenya KJ				
	Maphakela MS				
	Moloko KN				
	Dipela MJ				
	Kgare MM				
15.	Cllr Duba M	Yes	8 meetings held	8 reports submitted	02 ward public meetings held
	Manoko TS				
	Malebana PJ				
	Masehela BF				
	Manamela MC				
	Nong CD				
	Tele SA				
	Kgodu TA				
	Mokgehle TS				
	Mankga ST				
	Mokoele MM				

# GLOSSARY

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<b>WARD COMMITTEE FUNCTIONALITY 2016/2017</b>					
<b>Ward No.</b>	<b>Name of ward Councillor elected committee members</b>	<b>Committee established (/No/Yes)</b>	<b>Number of ward committee meetings held during the year</b>	<b>Number of monthly reports submitted to Speakers office on time</b>	<b>Quarterly public ward meetings held during the year</b>
16.	Cllr Masoga P	Yes	8 meetings held	8 reports submitted	04 ward public meetings held
	Mpyana PV				
	Moitsi ME				
	Mathapo MC				
	Mabitsela SM				
	Kobo C				
	Kgare KJ				
	Setlhako MA				
	Molokomme TF				
	Maeta JM				
	Phaho IK				



# GLOSSARY

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2016/17

### INTRODUCTION

On behalf of the Audit and Performance Audit Committee (APAC) I have a pleasure in submitting herewith the annual report of the Audit and Performance Audit Committee for the financial year ended 30 June 2017.

### 1. GOVERNANCE OF THE COMMITTEE

- 2.1.1 All members of the Audit and Performance Audit Committee are independent external non-executive members.
- 2.1.2 The Manager Internal Audit reports operationally to the Municipal Manager and functionally to the Audit Committee.
- 2.1.3 Risk Management Committee, is a management committee chaired by an independent Audit Committee member to guide and advise the Accounting Officer while providing Audit and Performance Audit Committee oversight.
- 2.1.4 The members of the Audit and Performance Audit Committee and Sub-committee during the period under review were:

Name	Audit and Performance Audit Committee	Sub-Committee
		Risk Management Committee
Mr. MP. Mongalo	Chairperson	-
Mr. MW. Mokwele	Member	Chairperson
Mr. CC. Semanya	Member	-

# GLOSSARY

## 3. AUDIT COMMITTEE RESPONSIBILITIES

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 seven (7) meetings during 2016/17 financial year.

In carrying out its mandate which is conferred by its terms of reference and section 166 of the MFMA, the committee confirms that taking into consideration the reports by both internal and external auditors, it has reviewed and assessed the following:

- a) The effectiveness of internal control systems;
- b) The effectiveness of internal audit;
  - 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.

### 3.1 Annual Financial Statements

The audit committee reviewed the Annual Financial Statements of the municipality for 2016/17 financial year. The audit committee concurs and accepts the Auditors General's conclusion on the

# GLOSSARY

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).

## 4. INTERNAL CONTROL

- 4.1. Internal Audit evaluated effectiveness of municipal system of internal controls following AG (SA) Methodology and using the tool provided by AG (SA).
- 4.2. Internal Audit reported system weaknesses and recommended corrective actions for management to address the deficiencies. Management implemented part of the internal audit recommendations to enhance the system of internal controls to the acceptable level.

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

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

## 5. INTERNAL AUDIT

- 5.1. The committee is satisfied that the internal audit has during the period under review effectively focused its available resources towards identified critical risk areas in accordance with the approved Risk Based Annual Audit plan for 2016/2017. The committee also approved the Risk Based Annual Audit plan for the 2016/2017 reporting period and was given the assurance that every effort will be made by the Accounting Officer to have all the resources available to properly execute the plan.
- 5.2. All Internal Audit activities were completed in accordance with the approved Internal Audit Charter and no compromise of the independence or objectivity of the function was observed throughout for the year under review.

## 6. PERFORMANCE MANAGEMENT

- 6.1. The Audit and Performance Audit Committee noted that Management has developed a performance management policy, which was approved by Council.
- 6.2. Internal Audit unit has in line with the MFMA/MSA regulations audited on a quarterly basis performance information. All system weaknesses reported were brought to the attention of the Accounting Officer.

# GLOSSARY

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

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

.....

**SAB Ngobeni**

**Chairperson Audit and Performance Committee**

# GLOSSARY

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2016/17	Recommendations adopted (enter Yes); not adopted (provide explanation)
27 July 2016	<ul style="list-style-type: none"> <li>a) Internal audit reports - A workshop to be scheduled to assist management with responding to audit findings.</li> <li>b) Performance assessment - A schedule for performance assessment to be developed and forwarded to the committee members.</li> <li>c) Evaluation of the Audit Committee - It was recommended that the Municipal Manager take steps to ensure the evaluation of both the audit committee and the Internal Audit function.</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p>
26 August 2016	<ul style="list-style-type: none"> <li>a) Draft annual financial statements 2015/16 - A follow up meeting to be scheduled for the 29th August 2016 at 12H00 to discuss the final draft that incorporates all the issues raised. A member from the Audit Committee to form part of the meeting.</li> </ul>	<p>Yes</p>
26 October 2016	<ul style="list-style-type: none"> <li>a) Progress on regulatory audit (AGSA) 2015/16 - The committee recommended for the approval of the additional fees for external audit 2015/16.</li> <li>b) Progress on external audit - Management to provide a suitable date before 22 November 2016</li> <li>c) for discussion of draft management report with AG.</li> <li>d) Follow up report on issues raised by Internal Audit 2015/2016 - Management to prioritise issues raised by internal audit and update progress.</li> </ul>	<p>Yes</p> <p>Yes</p>

# GLOSSARY

Municipal Audit Committee Recommendations		
	e) Revised Internal Audit Plan 2016/17-2018/19 - Internal audit should prioritise Low revenue collection audit for 2017/18 and 2018/19.	Yes
	f) SCM performance report first quarter 2016/17 - The number of orders processed should be indicated on the report.	Yes
	g) Contingent liability register to be updated and reflect possible anticipated liabilities.	
	h) An item to be written to Council regarding the establishment of Disciplinary Board.	Yes
	i) Audit Committee to be evaluated annually by Council, management and Internal Audit. Internal audit to be evaluated by Audit Committee in line with the charter.	Yes
	j) Management to submit AFS process plan to all ordinary audit committee meetings and that it must be aligned with the Auditor General's plan for the committee to be updated on the progress of the AG.	Yes Partially
	k) The signed Unauthorized, Irregular, Fruitless and Wasteful expenditure register should be submitted to all ordinary committee meetings.	Yes
	l) Management to prioritise MSCOA risks to ensure that the municipality complies by the 01 July 2017.	
	m) Management to revise the draft section 52 report and submit to Internal Audit before submission to Council.	Yes
		Yes



# GLOSSARY

Date of Committee	Committee recommendations during 2014/15	Recommendations adopted (enter Yes); not adopted (provide explanation)
21 February 2017	<p>a) Internal audit progress report second quarter 2016/17 - The revised internal audit plan should be submitted to the Committee incorporating risk management activities. Internal audit should develop a training plan and submit to the next Committee meeting. The position of the Risk Officer should be prioritised to be advertised as a matter of urgency.</p> <p>b) Follow up report on issues raised by Internal Audit 2015/2016 - 2016/17 - Management to prioritise issues raised by internal audit and update progress.</p> <p>c) Follow up report on issues raised by Auditor General 2015/16 - The targets which do not have timeframes should be updated. The dates that have passed should be revised with the correct dates.</p> <p>d) Risk management report- Develop a risk tolerance model to identify the risks which can be mitigated and those which cannot be tolerated.</p> <p>e) mSCOA presentation – The committee requested that the end users of mSCOA should be given training.</p> <ul style="list-style-type: none"> <li>✚ Municipality should have a representative from BCX after the implementation of the project to assist with post implementation issues.</li> <li>✚ An action plan should be sent to the municipality with the timeline regarding milestones on the activities to be taken and those completed.</li> <li>✚ An assessment to be provided on whether the testing of the system can be undertaken prior July 2017.</li> <li>✚ A representative from BCX should be available in the next Audit Committee meeting to give report on the progress.</li> <li>✚ A special Audit Committee meeting should be arranged by mid-March 2017 to discuss MSCOA progress. An invitation should be extended to BCX and Provincial Treasury.</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>No</p> <p>Yes</p>

# GLOSSARY

Date of Committee	Committee recommendations during 2014/15	Recommendations adopted (enter Yes); not adopted (provide explanation)
	<p>f) Unauthorized, Irregular and Fruitless and wasteful expenditure register should be submitted quarterly to Internal Audit unit.</p> <p>g) Annual Financial Statement process plan 2015/16 should be developed and submitted in the next meeting.</p> <p>h) Draft annual report 2015/16 - Management should correct all issues raised and schedule a meeting between the Audit Committee and MPAC by mid-March to discuss the corrected report.</p> <p>i) Performance assessment 2016/17 - Management should provide a schedule for assessment through internal audit.</p> <p>j) Evaluation of Audit Committee and Internal Audit function - The evaluation of performance of the audit committee was performed by the Speaker on behalf of Council.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

# GLOSSARY

Date of Committee	Committee recommendations during 2014/15	Recommendations adopted (enter Yes); not adopted (provide explanation)
		Yes
26 April 2017	<p>a) Internal audit progress report - Internal Audit should make provision for hours in the review of the ICT Technology audit. Audit of Assets should be prioritised in the next financial year 2017/18. A quotation should be sourced for an audit software and submit in the next meeting.</p> <p>b) Revised internal audit plan - Scope for Asset management project should be consolidated with aging infrastructure project in the financial year 2017/18. MSCOA project should be prioritized for 2018/19.</p> <p>c) Follow up on issues raised by internal Audit 2015/16 - 2016/17 – Management should consider findings raised in the service delivery audit and all outstanding issues in the action plan.</p> <p>d) Follow up on issues raised by Auditor General 2015/16 - Management should highlight all the issues that can be resolved during the AFS preparation process. The Audit Steering Committee meeting should be convened weekly to discuss the action plan on issues raised by Auditor General.</p> <p>e) Risk Management report - The emerging risks shall be reported to Council and mitigation strategies shall be put in place. The strategic risk register for 2017/18 should be presented to Council with the final Draft IDP/Budget 2017/18.</p> <p>f) Mscosa implementation plan - The municipality should continue with the self-assessment in order to measure progress against targets.</p> <p> ICT due-diligence must be submitted to Provincial Treasury for recommendation on the proposed upgrade.</p> <p> The pricing schedule for the upgrade of the system should be confirmed with the system vendor.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

# GLOSSARY

Date of Committee	Committee recommendations during 2014/15	Recommendations adopted (enter Yes); not adopted (provide explanation)
	<ul style="list-style-type: none"> <li> Council resolution should be obtained for the procurement of the new system.</li> <li> The municipality should consult with Provincial Treasury regarding the approach to be followed in procuring the system.</li> <li> The system vendor (BCX) should be invited to the meeting between Audit Committee and management for the discussion of the engagement letter.</li> </ul> <p>g) Annual financial statements process plan 2016/17 - The Audit Committee meeting to discuss the AGSA engagement letter and Audit strategy should be incorporated in the plan.</p> <ul style="list-style-type: none"> <li> The submission date for the draft AFS 2016/17 to Internal Audit should be planned for 7 days prior Audit Committee review.</li> <li> The dates for confirmation of closing balances should be prioritised in the plan.</li> <li> The draft plan should reconcile with AGSA Audit Strategy.</li> </ul> <p>h) Audit Committee close out report - The hand over report to be discussed with the upcoming committee. The committee shall propose to Council to consider an extension of its term by one (1) month in order to review the draft Annual Financial Statements for 2016/17 financial year before submission on 31 August 2017.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>
27 July 2017	<p>a) Internal audit progress report - Internal Audit to update all activities in the internal audit progress report.</p> <p>b) Follow up on issues raised by internal Audit 2015/16 - 2016/17</p>	<p>Yes</p>

# GLOSSARY

Date of Committee	Committee recommendations during 2014/15	Recommendations adopted (enter Yes); not adopted (provide explanation)
	Management should have prioritised issues raised by internal audit to ensure that corrective measures are put in place.	Partial
	c) Audit Committee Charter/ Risk Management policies and strategies – Present Audit Committee Charter 2017/18 and Risk Management strategies/ policies 2017/18 to Council for adoption.	Yes
	d) Risk Management report fourth quarter - Management should priorities the appointment of Risk Officer and Legal Manager. Management should develop standard operating procedures and the turnaround time for the filling of vacant positions.	Yes
	e) Mscoa implementation plan - Management should engage office of the Auditor General for interim audit on the post-implementation of mSCOA project. That management should develop mSCOA post-implementation plan and compile risk register.	Partial
	f) The committee recommended that the schedule on debtors aging analysis should be rectified prior submission to Council.	No
	g) The annual financial statements process plan should be updated and reasons provided for non-achievement of targets.	Yes
	h) Audit Committee close out report – It was requested that all Audit Committee members should form part of the Council meeting for the discussion of the handover report. That a meeting be arranged for handover to the new Audit Committee	Yes

## EVALUATION OF THE PERFORMANCE OF THE AUDIT COMMITTEE

The Council of the municipality has the responsibility to assess performance of the Audit Committee to ensure its effectiveness in carrying out their responsibilities in-line with the applicable law and regulations. Council evaluated performance of the Audit Committee to ensure that the committee adds





# APPENDICES

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



# APPENDICES

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Member of MayCo / Exco		
Councillor		
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials		

\* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A

# APPENDICES

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

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

Revenue Collection Performance by Source					R "000	
Vote Description	Year - 1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustments Budget
0000/00/2/03/0100/	(10 850 493)	(12 383 208)	(12 000 000)	(11 536 113)	7%	4%
0000/00/2/05/1030/	(5 939 993)	(9 727 053)	(7 727 053)	(6 665 518)	31%	14%
0000/00/2/05/2410/	(1 551 721)	(1 635 481)	(1 937 244)	(1 830 294)	-12%	6%
0000/00/2/20/1000/	(2 100 559)	(2 345 200)	(2 345 200)	(2 422 613)	-3%	-3%
0000/00/2/22/1910/	(2 554 030)	(4 871 328)	(1 508 722)	(1 574 497)	68%	-4%
0000/00/2/25/0030/	(232 558)	(240 893)	(240 893)	(245 772)	-2%	-2%
0000/00/2/25/0110/	(56 995)	(64 891)	(50 000)	(47 222)	27%	6%
0000/00/2/36/0005/	(2 502)	(3 936)	(3 936)	-	100%	100%
0000/00/2/36/0050/	(132)	(213)	(263)	(333)	-56%	-27%
0000/00/2/36/0100/	(16 640)	(16 373)	(34 794)	(23 960)	-46%	31%
0000/00/2/36/0110/	(7 946)	-	(8 876)	(6 461)		27%
0000/00/2/36/0165/	(19 290)	(25 881)	(25 881)	(5 613)	78%	78%
0000/00/2/36/0200/	(13 608)	(10 660)	(10 660)	(8 205)	23%	23%
0000/00/2/36/0500/	(4 193)	-	(236 976)	(236 976)		0%
0000/00/2/36/1150/	(18 532)	(1 866)	(1 866)	(1 457)	22%	22%
0000/00/2/36/1210/	(230 096)	(329 096)	(329 096)	(42 804)	87%	87%
0000/00/2/36/1405/	(406)	(204)	(700)	(1 194)	-485%	-71%
0000/00/2/36/1500/	-	(234 520)	(234 520)	-	100%	100%
0000/00/2/36/1600/	(12 798)	(22 847)	(400)	(283)	99%	29%
0000/00/2/36/1647/	-	(2 355)	(2 355)	-	100%	100%
0000/00/2/36/1690/	(16 700)	(26 215)	(15 000)	(13 516)	48%	10%
0000/00/2/36/1700/	(151 066)	(9 993 860)	(9 993 860)	(10 000)	100%	100%
0000/00/2/36/1740/	(2 428 167)	(173 179)	(182 055)	(116 981)	32%	36%
0000/00/2/36/1850/	(251 567)	(430 300)	(180 000)	(100 264)	77%	44%
0000/00/2/36/1900/	(16 334)	(23 729)	(4 000)	(3 434)	86%	14%
0000/00/2/36/1950/	(385 850)	(1 017 128)	(1 017 128)	(1 212 000)	-19%	-19%
0000/00/2/36/2000/	(4 908 146)	(5 971 854)	(4 000 000)	(3 471 446)	42%	13%
0000/00/2/36/2010/		0	(11 955 051)	(11 955 051)		0%
0000/00/2/36/2501/	(1 921 682)	(1 923 490)	(1 923 490)	(1 665 859)	13%	13%
0000/00/2/36/2510/	(266 343)	(296 830)	(726 355)	(703 401)	-137%	3%
<b>Total</b>	<b>(33 958 345)</b>	<b>(51 772 590)</b>	<b>(56 696 374)</b>	<b>(43 901 266)</b>	<b>379%</b>	<b>734%</b>

# APPENDICES

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

Description	Year - 1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustments Budget
PROPERTY RATES (ASSESSMENT RATES?)	(10 850 493)	(12 383 208)	(12 000 000)	(11 536 113)	7%	4%
ELECTRICITY SALES	(5 939 993)	(9 727 053)	(7 727 053)	(6 665 518)	31%	14%
REFUSE REMOVAL	(1 551 721)	(1 635 481)	(1 937 244)	(1 830 294)	-12%	6%
INTEREST FROM EXTERNAL INVESTMENTS	(2 100 559)	(2 345 200)	(2 345 200)	(2 422 613)	-3%	-3%
LATE PAYMENT (ARREARS)	(2 554 030)	(4 871 328)	(1 508 722)	(1 574 497)	68%	-4%
RENTAL - BUILDINGS	(232 558)	(240 893)	(240 893)	(245 772)	-2%	-2%
RENTAL - GRAZING	(56 995)	(64 891)	(50 000)	(47 222)	27%	6%
ADVERTISING SIGNS	(2 502)	(3 936)	(3 936)	-	100%	100%
BOOKS LOST	(132)	(213)	(263)	(333)	-56%	-27%
BUILDING PLAN FEES	(16 640)	(16 373)	(34 794)	(23 960)	-46%	31%
CLEARANCE CERTIFICATES	(7 946)	-	(8 876)	(6 461)		27%
ELECTRICITY FINES	(19 290)	(25 881)	(25 881)	(5 613)	78%	78%
GRAVE FEES	(13 608)	(10 660)	(10 660)	(8 205)	23%	23%
LEGAL FEES RECOUPED	(4 193)	-	(236 976)	(236 976)		0%
MEMBERSHIP FEES	(18 532)	(1 866)	(1 866)	(1 457)	22%	22%
NEW CONNECTIONS	(230 096)	(329 096)	(329 096)	(42 804)	87%	87%
PENALTIES	(406)	(204)	(700)	(1 194)	-485%	-71%
PROVISION FOR SALES OF ASSETS	-	(234 520)	(234 520)	-	100%	100%
RECONNECTIONS	(12 798)	(22 847)	(400)	(283)	99%	29%
REPLACEMENT OF REFUSE BIN	-	(2 355)	(2 355)	-	100%	100%
SALE OF PREPAID METERS	(16 700)	(26 215)	(15 000)	(13 516)	48%	10%
SALE OF STANDS	(151 066)	(9 993 860)	(9 993 860)	(10 000)	100%	100%
SKILLS DEVELOPMENT LEVY - REFUND	(2 428 167)	(173 179)	(182 055)	(116 981)	32%	36%
TENDER DOCUMENTS	(251 567)	(430 300)	(180 000)	(100 264)	77%	44%
TOWN PLANNING FEES	(16 334)	(23 729)	(4 000)	(3 434)	86%	14%
TRAFFIC FINES	(385 850)	(1 017 128)	(1 017 128)	(1 212 000)	-19%	-19%
TRAFFIC LICENSING	(4 908 146)	(5 971 854)	(4 000 000)	(3 471 446)	42%	13%
TRANSFER AGANANG		0	(11 955 051)	(11 955 051)		0%
COMMISSION/WATER	(1 921 682)	(1 923 490)	(1 923 490)	(1 665 859)	13%	13%
COMMISSION SANITATION	(266 343)	(296 830)	(726 355)	(703 401)	-137%	3%
<b>TOTALS</b>	<b>(33 958 345)</b>	<b>(51 772 590)</b>	<b>(56 696 374)</b>	<b>(43 901 266)</b>	<b>379%</b>	<b>734%</b>

# APPENDICES

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
<i>Other Specify:</i>						
<b>Total</b>						
<p><i>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</i></p>						TL

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# APPENDICES

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

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

Capital Expenditure - New Assets Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-		-	-	-	-
<b>Infrastructure: Road transport - Total</b>	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
<b>Infrastructure: Electricity - Total</b>	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
Reticulation							
Sewerage purification							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
<b>Community - Total</b>	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<i>Table continued next page</i>							

# APPENDICES

Table continued from previous page

Capital Expenditure - New Assets Programme*								R '000
Description	Year - 1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
<b>Capital expenditure by Asset Class</b>								
<b>Heritage assets - Total</b>	-	-		-	-	-	-	
Buildings								
Other								
<b>Investment properties - Total</b>	-	-		-	-	-	-	
Housing development								
Other								
<b>Other assets</b>	-	-		-	-	-	-	
General vehicles								
Specialised vehicles								
Plant & equipment								
Computers - hardware/equipment								
Furniture and other office equipment								
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)								
Other								
<b>Agricultural assets</b>	-	-		-	-	-	-	
List sub-class								
<b>Biological assets</b>	-	-		-	-	-	-	
List sub-class								
<b>Intangibles</b>	-	-		-	-	-	-	
Computers - software & programming								
Other (list sub-class)								
<b>Total Capital Expenditure on new assets</b>	-	-		-	-	-	-	
<b>Specialised vehicles</b>	-	-		-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								

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

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# APPENDICES

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

Capital Expenditure - Upgrade/Renewal Programme*								R '000
Description	Year -1	Year 0		Actual Expenditure	Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget		FY + 1	FY + 2	FY + 3	
<b>Capital expenditure by Asset Class</b>								
<b>Infrastructure - Total</b>	-	-		-	-	-	-	
Infrastructure: Road transport - Total	-	-		-	-	-	-	
Roads, Pavements & Bridges								
Storm water								
<b>Infrastructure: Electricity - Total</b>	-	-		-	-	-	-	
Generation								
Transmission & Reticulation								
Street Lighting								
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-	
Dams & Reservoirs								
Water purification								
Reticulation								
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-	
Reticulation								
Sewerage purification								
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-	
Waste Management								
Transportation								
Gas								
Other								
<b>Community</b>	-	-		-	-	-	-	
Parks & gardens								
Sportsfields & stadia								
Swimming pools								
Community halls								
Libraries								
Recreational facilities								
Fire, safety & emergency								
Security and policing								
Buses								
Clinics								
Museums & Art Galleries								
Cemeteries								
Social rental housing								
Other								
<b>Heritage assets</b>	-	-		-	-	-	-	
Buildings								
Other								

Table continued next page

# APPENDICES

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	-	-		-	-	-	-
Housing development							
Other							
<b>Other assets</b>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
List sub-class							
<b>Biological assets</b>	-	-		-	-	-	-
List sub-class							
<b>Intangibles</b>	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-		-	-	-	-
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

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

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# APPENDICES

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2016/17

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
R' 000					
<b>Water</b>					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
<b>Sanitation/Sewerage</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Electricity</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Housing</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Refuse removal</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Stormwater</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Economic development</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Sports, Arts &amp; Culture</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Environment</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Health</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Safety and Security</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>ICT and Other</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
T N					





# APPENDICES

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

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
<b>Clinics:</b>		
<b>Housing:</b>		
<b>Licencing and Testing Centre:</b>		
<b>Reseviors</b>		
<b>Schools (Primary and High):</b>		
<b>Sports Fields:</b>		
		T Q



# APPENDICES

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

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		
<p><i>* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.</i></p>		

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# VOLUME II

## VOLUME II: ANNUAL FINANCIAL STATEMENTS

# Molemole Local Municipality

(Registration number LIM 353)

Annual Financial Statements for the year ended 30 June 2017

## General Information

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<b>Legal form of entity</b>	Local Government
<b>Nature of business and principal activities</b>	Performing the functions as set out in the Constitution (Act no 105 of 1996). Providing municipal services and maintaining the best interests of the local community mainly in the Mogwadi area.
<b>Mayor</b>	Cllr M E Paya
<b>Councillors</b>	Cllr E. M Rathaha Cllr M. S . Moreroa Cllr N W Seakamela Cllr M. P Tawana Cllr M D Lehong Cllr N F Rampyapedi Cllr M A Kobo Cllr P T Rathete Cllr R L Mpati Cllr S R Nakana Cllr M Q Malema Cllr M J Manthata Cllr G M Sepheso Cllr N S Ramukhubedu Cllr. S E Koboia Cllr M Duba Cllr P S Maoga Cllr M P Makgato Cllr M L Moabelo Cllr N M Hopane Cllr D Matlou Cllr N G Makgalo Cllr M A Makgoka Cllr T Raphaswana Cllr M D Marutha Cllr M I Mohafe Cllr M D Meso Cllr P T Rakimane Cllr M J Leferela Cllr M C Matjee Cllr M P Tloubatla
<b>Business address</b>	303 Church Street Mogwadi 715
<b>Grading of local authority</b>	Level 3 Local Municipality
<b>Chief Finance Officer (CFO)</b>	Acting CFO : B M M Lethuba
<b>Accounting Officer</b>	Acting MM : M W Ramogale
<b>Postal address</b>	Private Bag X44 Mogwadi

# Molemole Local Municipality

(Registration number LIM 353)

Annual Financial Statements for the year ended 30 June 2017

## General Information

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**Bankers**

Nedbank

**Auditors**

Office of the Auditor General (Limpopo)

# Molemole Local Municipality

(Registration number LIM 353)

Annual Financial Statements for the year ended 30 June 2017

## Index

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

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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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**

(Registration number LIM 353)

Annual Financial Statements for the year ended 30 June 2017

### **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 annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 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 annual financial statements set out on page 5-69, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2017 and were signed on its behalf by:

  
Acting MM : M W Ramogale  
Designation

# Molemole Local Municipality

(Registration number LIM 353)

Annual Financial Statements for the year ended 30 June 2017

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2017.

### 1. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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

### 2. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

# Molemole Local Municipality

(Registration number LIM 353)

Annual Financial Statements for the year ended 30 June 2017

## Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	8	136 520	189 822
Other debtors	6	3 388 367	3 184 215
Receivables from exchange transactions	9	7 866 857	5 677 940
Receivables from non-exchange transactions	10	33 091 921	16 470 852
VAT receivable	11	7 178 710	5 519 565
Cash and cash equivalents	12	55 607 102	35 434 325
		<b>107 269 477</b>	<b>66 476 719</b>
<b>Non-Current Assets</b>			
Investment property	2	1 787 668	1 831 002
Property, plant and equipment	3	186 396 766	147 083 373
Intangible assets	4	402 493	917 987
Heritage assets	5	368 150	368 150
		<b>188 955 078</b>	<b>150 200 512</b>
<b>Total Assets</b>		<b>296 224 555</b>	<b>216 677 231</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	14	294 229	459 894
Payables from exchange transactions	19	16 174 673	10 021 887
Consumer deposits	20	501 449	492 592
Unspent conditional grants and receipts	15	21 279 217	2 018 664
Other Current Liabilities	17	825 096	2 816 730
Current Employee Benefits	18	6 179 744	6 471 094
		<b>45 254 410</b>	<b>22 280 861</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	7	6 976 304	7 015 073
Provisions	16	12 871 578	12 297 892
		<b>19 847 882</b>	<b>19 312 965</b>
<b>Total Liabilities</b>		<b>65 102 292</b>	<b>41 593 826</b>
<b>Net Assets</b>		<b>231 122 263</b>	<b>175 083 405</b>
<b>Reserves</b>			
Revaluation reserve	13	41 894 856	41 894 856
Accumulated surplus		189 227 407	133 188 549
<b>Total Net Assets</b>		<b>231 122 263</b>	<b>175 083 405</b>

\* See Note 41

## Molemole Local Municipality

(Registration number LIM 353)

Annual Financial Statements for the year ended 30 June 2017

### Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	23	8 959 702	7 642 189
Rental of facilities and equipment		268 872	295 195
Interest received - Outstanding debtors		1 574 496	2 554 030
Licences and permits		3 471 446	3 749 004
Commissions received		2 368 846	2 188 588
Actuarial gains		1 335 841	115 307
Other income	24	582 421	895 962
Interest received - external investment	25	2 422 613	2 100 559
<b>Total revenue from exchange transactions</b>		<b>20 984 237</b>	<b>19 540 834</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	22	13 663 498	10 850 493
<b>Transfer revenue</b>			
Government grants & subsidies	26	152 920 507	140 722 555
Gain as a result of transfer of function	49	29 532 147	-
Public contributions and donation		-	2 399 584
Fines		1 208 600	1 877 650
<b>Total revenue from non-exchange transactions</b>		<b>197 324 752</b>	<b>155 850 282</b>
<b>Total revenue</b>	21	<b>218 308 989</b>	<b>175 391 116</b>
<b>Expenditure</b>			
Employee related costs	27	(66 931 269)	(62 456 161)
Remuneration of councillors	28	(10 568 433)	(8 659 340)
Actuarial Losses		-	(65 334)
Depreciation and amortisation	29	(8 529 313)	(7 546 774)
Finance costs	30	(1 094 931)	(925 870)
Debt Impairment	31	(8 024 716)	(14 146 104)
Repairs and maintenance		(5 111 003)	(5 828 037)
Bulk purchases	32	(7 502 657)	(7 775 854)
Contracted services	33	(3 133 474)	(2 901 362)
Loss on disposal of assets		(33 402)	(61 055)
General Expenses	34	(51 340 930)	(52 763 457)
<b>Total expenditure</b>		<b>(162 270 128)</b>	<b>(163 129 348)</b>
<b>Surplus for the year</b>		<b>56 038 861</b>	<b>12 261 768</b>

\* See Note 41

## Molemole Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

### Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	39 671 288	121 061 586	160 732 874
Correction of errors - refer to note 41	-	(134 805)	(134 805)
<b>Restated Balance at 01 July 2015</b>	<b>39 671 288</b>	<b>120 926 781</b>	<b>160 598 069</b>
Changes in net assets			
Revaluation of Assets	2 223 568	-	2 223 568
Surplus for the year	-	12 261 768	12 261 768
<b>Restated* Balance at 01 July 2016</b>	<b>41 894 856</b>	<b>133 188 549</b>	<b>175 083 405</b>
Changes in net assets			
Surplus for the year	-	56 038 858	56 038 858
<b>Balance at 30 June 2017</b>	<b>41 894 856</b>	<b>189 227 407</b>	<b>231 122 263</b>

\* See Note 41

# Molemole Local Municipality

(Registration number LIM 353)

Annual Financial Statements for the year ended 30 June 2017

## Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		29 320 053	13 587 004
Grants		172 181 061	141 491 583
Interest Income		2 422 613	2 100 559
		<b>203 923 727</b>	<b>157 179 146</b>
<b>Payments</b>			
Suppliers		(141 788 880)	(137 549 229)
Finance costs		(1 094 931)	(925 870)
		<b>(142 883 811)</b>	<b>(138 440 057)</b>
<b>Net cash flows from operating activities</b>	<b>36</b>	<b>61 039 916</b>	<b>18 739 090</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(40 350 587)	(14 002 743)
Purchase of other intangible assets	4	-	(98 631)
<b>Net cash flows from investing activities</b>		<b>(40 350 587)</b>	<b>(14 101 374)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(516 552)	(537 902)
<b>Net cash flows from financing activities</b>		<b>(516 552)</b>	<b>(537 902)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>20 172 777</b>	<b>4 099 814</b>
Cash and cash equivalents at the beginning of the year		35 434 325	31 334 599
<b>Cash and cash equivalents at the end of the year</b>	<b>12</b>	<b>55 607 102</b>	<b>35 434 413</b>

\* See Note 41

# Molemole Local Municipality

(Registration number LIM 353)

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## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	11 957 021	(2 292 724)	<b>9 664 297</b>	8 959 702	<b>(704 595)</b>	35.1%
Rental of facilities and equipment	305 784	(14 891)	<b>290 893</b>	268 872	<b>(22 021)</b>	1.2%
Interest received outstanding debtors	4 871 328	(3 362 606)	<b>1 508 722</b>	1 574 496	<b>65 774</b>	4.4%
Licences and permits	5 971 854	(1 971 854)	<b>4 000 000</b>	3 471 446	<b>(528 554)</b>	Note 35.2
Commissions received	2 220 320	429 525	<b>2 649 845</b>	2 368 846	<b>(280 999)</b>	Note 35.3
Actuarial Gains	-	-	-	1 335 841	<b>1 335 841</b>	Note 35.4
Other income	11 295 234	35 453 288	<b>46 748 522</b>	582 421	<b>(46 166 101)</b>	Note 35.5
Interest received - investment	2 345 200	-	<b>2 345 200</b>	2 422 613	<b>77 413</b>	3.3%
<b>Revenue - exchange transactions</b>	<b>38 966 741</b>	<b>28 240 738</b>	<b>67 207 479</b>	<b>20 984 237</b>	<b>(46 223 242)</b>	
<b>Revenue - non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	12 383 208	(383 208)	<b>12 000 000</b>	13 663 498	<b>1 663 498</b>	Note 35.6
<b>Transfer revenue</b>						
Government grants & subsidies	174 465 000	(183 241)	<b>174 281 759</b>	152 920 507	<b>(21 361 252)</b>	Note 35.7
Gains on transfer of function	-	-	-	29 532 147	<b>29 532 147</b>	Note 35.8
Fines, Penalties and Forfeits	1 017 128	-	<b>1 017 128</b>	1 208 600	<b>191 472</b>	Note 35.9
<b>Revenue - non-exchange transactions</b>	<b>187 865 336</b>	<b>(566 449)</b>	<b>187 298 887</b>	<b>197 324 752</b>	<b>10 025 865</b>	
<b>Total revenue</b>	<b>226 832 077</b>	<b>27 674 289</b>	<b>254 506 366</b>	<b>218 308 989</b>	<b>(36 197 377)</b>	
<b>Expenditure</b>						
Personnel	(72 455 289)	(3 232 574)	<b>(75 687 863)</b>	(66 931 269)	<b>8 756 594</b>	Note 35.10
Remuneration of councillors	(10 861 205)	(358 470)	<b>(11 219 675)</b>	(10 568 433)	<b>651 242</b>	5.8%
Depreciation and amortisation	(8 480 000)	(498 052)	<b>(8 978 052)</b>	(8 529 314)	<b>448 738</b>	5.1%
Finance costs	(50 000)	(1 000 000)	<b>(1 050 000)</b>	(1 094 931)	<b>(44 931)</b>	1.2%
Debt impairment	(2 300 000)	(4 001 000)	<b>(6 301 000)</b>	(8 024 716)	<b>(1 723 716)</b>	Note 35.11
Repairs and maintenance	(7 552 093)	(728 000)	<b>(8 280 093)</b>	(5 111 003)	<b>3 169 090</b>	Note 35.12
Bulk purchases	(9 299 000)	-	<b>(9 299 000)</b>	(7 502 657)	<b>1 796 343</b>	Note 35.13
Contracted Services	(3 506 327)	-	<b>(3 506 327)</b>	(3 133 474)	<b>372 853</b>	Note 35.14
General Expenses	(41 411 305)	(1 471 176)	<b>(42 882 481)</b>	(51 340 930)	<b>(8 458 449)</b>	Note 35.15
<b>Total expenditure</b>	<b>(155 915 219)</b>	<b>(11 289 272)</b>	<b>(167 204 491)</b>	<b>(162 236 727)</b>	<b>4 967 764</b>	
<b>Operating surplus</b>	<b>70 916 858</b>	<b>16 385 017</b>	<b>87 301 875</b>	<b>56 072 262</b>	<b>(31 229 613)</b>	
Loss on disposal of assets and liabilities	-	-	-	(33 404)	<b>(33 404)</b>	
<b>Surplus</b>	<b>70 916 858</b>	<b>16 385 017</b>	<b>87 301 875</b>	<b>56 038 858</b>	<b>(31 263 017)</b>	
	-	-	-	-	-	

# Molemole Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

Functions	Approved Budget	Adjustments	Final Budget	Actual Amounts	Difference	Reference
<b>Capital Expenditure</b>						
Executive and council	200 000	-	200 000	152 847	(47 153)	Vat difference
Budget and Treasury office	2 270 000	474 425	2 744 425	498 425	(2 246 000)	The Upgrade from Solar was done very late due to long engagements with BCX(The service provider) as they were not part of the list mSCOA compliant vendors
Corporate services	6 780 000	(1 170 000)	5 610 000	4 762 211	(847 789)	The records management project was added during adjustment due to revision of MDTG business plan for non - approval of projects not meeting grants conditions in the 3rd quarter
Community and Public safety	7 533 600	7 902 700	15 436 300	3 195 032	(12 241 268)	Challenges with two projects funded by MIG. Mohodi sports complex contractor terminated and Ramokgopa stadium contractor appointed in June due to long engagements with Department Sport
Planning and development	285 000	(285 000)	-	-	-	
Road Transport	51 408 670	1 821 244	53 229 914	27 819 120	(25 410 794)	Challenge with hard rock for mogwadi internal street. Mohodi low level bridge re advertised due to non responsive of bidders.

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## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Electricity	2 250 000	7 543 500	9 793 500	3 922 952	(5 870 548)	Late transfer of projects from disestablished Aganang Municipality for electrification of Cluster 3. Late submission of compliant specification from Eskom Mv Auto Construction of highmast re-advertised
<b>Actual Amount</b>	<b>70 727 270</b>	<b>16 286 869</b>	<b>87 014 139</b>	<b>40 350 587</b>	<b>(46 663 552)</b>	

# Molemole Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

## 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
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Figures in Rand

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	200 810	-	200 810	136 520	(64 290)	35.16
Other Debtors	-	-	-	3 388 367	3 388 367	35.17
Receivables from exchange transactions	8 088 882	-	8 088 882	7 866 857	(222 025)	35.18
Receivables from non-exchange transactions	15 286 251	-	15 286 251	33 091 921	17 805 670	35.19
VAT receivable	-	-	-	7 178 710	7 178 710	35.20
Cash and cash equivalents	101 025 553	(46 033 383)	54 992 170	55 607 102	614 932	35.21
	<b>124 601 496</b>	<b>(46 033 383)</b>	<b>78 568 113</b>	<b>107 269 477</b>	<b>28 701 364</b>	

##### Non-Current Assets

Investment property	1 874 000	(42 999)	1 831 001	1 787 668	(43 333)	35.22
Property, plant and equipment	260 012 444	(18 193 078)	241 819 366	186 396 766	(55 422 600)	35.23
Intangible assets	2 460 556	(1 542 570)	917 986	402 493	(515 493)	35.24
Heritage assets	-	368 150	368 150	368 150	-	
	<b>264 347 000</b>	<b>(19 410 497)</b>	<b>244 936 503</b>	<b>188 955 077</b>	<b>(55 981 426)</b>	
<b>Total Assets</b>	<b>388 948 496</b>	<b>(65 443 880)</b>	<b>323 504 616</b>	<b>296 224 554</b>	<b>(27 280 062)</b>	

#### Liabilities

##### Current Liabilities

Finance lease obligation	-	-	-	294 229	294 229	35.25
Payables from exchange transactions	6 190 552	-	6 190 552	16 174 673	9 984 121	35.26
VAT payable	281 134	-	281 134	-	(281 134)	35.27
Consumer deposits	507 926	-	507 926	501 449	(6 477)	35.28
Unspent conditional grants and receipts	1 098 405	-	1 098 405	21 279 217	20 180 812	35.29
Other Current Liabilities	-	-	-	825 096	825 096	35.30
Current Employee Benefits	6 795 200	-	6 795 200	6 179 744	(615 456)	35.31
	<b>14 873 217</b>	<b>-</b>	<b>14 873 217</b>	<b>45 254 408</b>	<b>30 381 191</b>	

##### Non-Current Liabilities

Employee benefit obligation	2 348 479	-	2 348 479	6 976 304	4 627 825	35.32
Provisions	6 909 151	-	6 909 151	12 871 578	5 962 427	35.33
	<b>9 257 630</b>	<b>-</b>	<b>9 257 630</b>	<b>19 847 882</b>	<b>10 590 252</b>	
<b>Total Liabilities</b>	<b>24 130 847</b>	<b>-</b>	<b>24 130 847</b>	<b>65 102 290</b>	<b>40 971 443</b>	
<b>Net Assets</b>	<b>364 817 649</b>	<b>(65 443 880)</b>	<b>299 373 769</b>	<b>231 122 263</b>	<b>(68 251 505)</b>	

#### Net Assets

##### Reserves

Revaluation reserve	39 671 000	11 800 000	51 471 000	41 894 856	(9 576 144)	35.34
Accumulated surplus	325 146 649	(77 243 880)	247 902 769	189 227 407	(58 675 362)	
<b>Total Net Assets</b>	<b>364 817 649</b>	<b>(65 443 880)</b>	<b>299 373 769</b>	<b>231 122 263</b>	<b>(68 251 505)</b>	

# Molemole Local Municipality

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## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	34 367 813	5 731 947	40 099 760	29 320 053	(10 779 707)	35.35
Grants	174 447 000	998 288	175 445 288	172 181 061	(3 264 227)	35.36
Interest income	5 998 696	(4 580 438)	1 418 258	2 422 613	1 004 355	35.37
	<b>214 813 509</b>	<b>2 149 797</b>	<b>216 963 306</b>	<b>203 923 727</b>	<b>(13 039 579)</b>	
<b>Payments</b>						
Suppliers	(100 347 002)	(31 973 963)	(132 320 965)	(141 788 880)	(9 467 915)	35.38
Finance costs	-	-	-	(1 094 931)	(1 094 931)	35.39
	<b>(100 347 002)</b>	<b>(31 973 963)</b>	<b>(132 320 965)</b>	<b>(142 883 811)</b>	<b>(10 562 846)</b>	
<b>Net cash flows from operating activities</b>	<b>114 466 507</b>	<b>(29 824 166)</b>	<b>84 642 341</b>	<b>61 039 916</b>	<b>(23 602 425)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(71 172 106)	(14 603 032)	(85 775 138)	(40 350 587)	45 424 551	35.40
<b>Cash flows from financing activities</b>						
Finance lease payments	-	-	-	(516 552)	(516 552)	35.41
Net increase/(decrease) in cash and cash equivalents	43 294 401	(44 427 198)	(1 132 797)	20 172 777	21 305 574	
Cash and cash equivalents at the beginning of the year	36 041 000	(1 606 586)	34 434 414	35 434 325	999 911	
<b>Cash and cash equivalents at the end of the year</b>	<b>79 335 401</b>	<b>(46 033 784)</b>	<b>33 301 617</b>	<b>55 607 102</b>	<b>22 305 485</b>	

# Molemole Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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

#### 1.3 Comparative Information

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

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

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

- GRAP 25 Employee Benefits
- GRAP 105 Transfers of Functions Between Entities Under Common Control
- GRAP 106 Transfers of Functions Between Entities Not Under Common Control
- GRAP 107 Mergers

Nature of impending changes in accounting policy:

- None.

Impact on the municipality's financial statements once implemented:

- None.

#### 1.5 Use of Estimates

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

# Molemole Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

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## 1.6 Transfer of functions between entities under common control

### Definitions

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

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

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

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

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

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

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

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

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

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

- Input: Any resource that creates, or has the ability to create, outputs when one or more processes are applied to it.
- Process: Any system, standard, protocol, convention or rule that when applied to an input or inputs, creates or has the ability to create outputs.
- Output: The result of inputs and processes applied to achieve and improve efficiency. This may be in the form of achieving service delivery objectives, or the delivery of goods and/or services.

### Identifying the acquirer and transferor

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

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

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

### Determining the transfer date

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

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

# Molemole Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

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

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

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

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

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

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

- the reasons for the transaction
- the timing of the transaction

### 1.7 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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

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

### Cost model

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

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

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

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

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

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

### **1.8 Property, plant and equipment**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

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

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

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

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

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

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

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

Item	Average useful life
<b>Buildings</b>	
• Municipla Buildings	15 - 30 years
• Land	Indefinite
<b>Infrastructure</b>	
• Roads	5 - 30 years
• Paving On Car Ports	5 - 30 years
• Electricity Network	4 - 45 years
• Single Fase Meters 97/98	2 -20 years
• Water	2 -20 years
• Sewerage	2 - 20 years
• Stormwater	5 - 30 years
<b>Community</b>	
• Community Buildings	15 - 30 years
• Recreational Facilities	20 - 30 years
• Tennis courts	20 - 30 years
• Swimming Pool And Pumps	5 - 10 years
• Security	5 -30 years
• Palisade Fence	3- 10 years
• 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 - 15 years
• Specialised Vehicle	10 - 15 years
• Office equipment	5-15 years
• Furniture and fittings	2- 20 years
• Bins and containers	2 -10 years
• Other items of plant and equipment	10 -15 years
• Landfill sites	30 - 45 years
• Computer equipment	3 - 15 years
<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.

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The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Property, plant and equipment which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from the sale of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

## 1.9 Intangible assets

### Initial Recognition

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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.

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

<b>Item</b>	<b>Useful life</b>
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.

## 1.10 Heritage assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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## 1.11 Financial instruments

### Initial recognition and measurement

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

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

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

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

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

### Subsequent measurement

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

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

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

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

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

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

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

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

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

### 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

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

## Trade and Other Receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

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

## Trade Payables and Borrowings

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

## Cash and Cash Equivalents

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

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

## 1.12 Leases

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

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

### 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.

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## Finance leases - lessee

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

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

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

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

## Operating leases - lessor

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

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

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

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

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

## Operating leases - lessee

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

## Municipality as Lessee

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

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

## Municipality as Lessor

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.

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## 1.13 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

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

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

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

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

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

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

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

### Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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.

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The basis for allocating cost to inventory items is the first in first out (FIFO) method.

## 1.14 Employee benefits

### Short-term employee benefits

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

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

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

### Post Retirement Medical Obligation

The Municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds.

Council pays 70% of the contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

### Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

### Provision for Staff Leave

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

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A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, contract workers and other senior managers, is recognised as it accrues. The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. This bonus is not guaranteed.

### 1.15 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.

### 1.16 Revenue from non-exchange transactions

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

#### Government grants

Government grants are recognised as revenue when:

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

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

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

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

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Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

## 1.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

## 1.18 Unauthorised expenditure

Unauthorised expenditure means:

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. The Unauthorised expenditure is disclosed in a note to the Annual Financial Statements.

## 1.19 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.

## 1.20 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

# Molemole Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

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- (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.

## 1.21 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and when the plan will be implemented; and
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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## 1.22 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2016-07-01 to 2017-06-30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

## 1.23 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

## 1.24 Retirement Benefits

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

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## 1.25 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.

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Annual Financial Statements for the year ended 30 June 2017

### Notes to the Annual Financial Statements

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#### 2. Investment property

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2 091 000	(303 332)	1 787 668	2 091 000	(259 998)	1 831 002

#### Reconciliation of investment property - 2017

	Opening balance	Depreciation	Total
Investment property	1 831 001	(43 333)	1 787 668

#### Reconciliation of investment property - 2016

	Opening balance	Depreciation	Total
Investment property	1 874 335	(43 333)	1 831 002

## Molemole Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

### Notes to the Annual Financial Statements

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#### 3. Property, plant and equipment

	2017		2016	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
<b>Land and Building</b>				
Land	53 145 375	(3 363 780)	49 781 595	(2 368 215)
Buildings	22 256 319	-	22 256 319	-
<b>Infrastructure assets</b>	30 889 056	(3 363 780)	27 525 276	(2 368 215)
Electricity Network	80 432 470	(11 247 947)	69 184 523	(9 488 075)
Roads	18 235 713	(2 748 379)	15 487 334	(2 301 399)
	62 196 757	(8 499 568)	53 697 189	(7 186 676)
<b>Community Assets</b>	41 208 990	(3 801 087)	37 407 903	(2 739 685)
Community Buildings	21 639 731	(2 227 579)	19 412 152	(1 515 475)
Recreational Facilities	13 323 756	(1 282 028)	12 041 728	(1 153 734)
Taxi Rank	6 245 503	(291 480)	5 954 023	(70 476)
<b>Other Assets</b>	43 644 113	(13 884 527)	29 759 586	(10 078 219)
Air Conditioners	478 885	(138 019)	340 866	(95 106)
Computer equipment	3 153 054	(2 030 974)	1 122 080	(1 410 082)
Furniture and fixtures	2 588 687	(1 143 968)	1 444 719	(1 037 902)
Motor vehicles	17 769 843	(4 502 086)	13 267 757	(3 253 003)
Office equipment	4 500 653	(2 290 415)	2 210 238	(1 368 257)
Plant and Equipment	11 842 191	(2 662 621)	9 179 570	(1 982 506)
Security Measures	3 310 800	(1 116 444)	2 194 356	(931 363)
<b>Finance Leased Assets</b>	2 057 847	(1 794 690)	263 157	(1 572 284)
Other leased Assets	2 057 847	(1 794 690)	263 157	(1 572 284)
<b>Total</b>	<b>220 488 795</b>	<b>(34 092 031)</b>	<b>186 396 764</b>	<b>(26 246 478)</b>
			<b>173 329 850</b>	<b>147 083 372</b>

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Annual Financial Statements for the year ended 30 June 2017

### Notes to the Annual Financial Statements

Figures in Rand

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

##### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Additions - work in progress	Disposals	Transfers received	Transfers Leased Assets	Depreciation	Total
<b>Land and Building</b>	<b>46 126 119</b>	<b>1 925 123</b>	<b>454 257</b>	-	<b>2 271 660</b>	-	<b>(995 564)</b>	<b>49 781 595</b>
Land	22 256 319	-	-	-	-	-	-	22 256 319
Buildings	23 869 800	1 925 123	454 257	-	2 271 660	-	(995 564)	27 525 276
<b>Infrastructure assets</b>	<b>41 344 662</b>	<b>419 270</b>	<b>29 180 463</b>	-	-	-	<b>(1 759 872)</b>	<b>69 184 523</b>
Electricity Network	12 010 216	419 270	3 503 682	-	-	-	(446 980)	15 487 334
Roads	29 334 446	-	25 676 781	-	-	-	(1 312 892)	53 697 189
<b>Community Assets</b>	<b>36 090 658</b>	<b>-</b>	<b>2 384 647</b>	<b>(5 752)</b>	-	-	<b>(1 061 649)</b>	<b>37 407 903</b>
Community Buildings	20 124 256	-	-	-	-	-	(712 103)	19 412 152
Recreational Facilities	9 785 375	-	2 384 647	-	-	-	(128 294)	12 041 728
Taxi Rank	6 181 027	-	-	(5 752)	-	-	(221 252)	5 954 023
<b>Other Assets</b>	<b>23 387 247</b>	<b>5 986 827</b>	-	<b>(27 652)</b>	<b>4 344 162</b>	-	<b>(3 930 996)</b>	<b>29 759 586</b>
Air Conditioners	155 114	228 665	-	-	-	-	(42 912)	340 866
Computer equipment	1 263 408	478 737	-	-	827	-	(620 893)	1 122 080
Furniture and fixtures	1 152 352	494 310	-	(12 481)	8 971	-	(198 433)	1 444 719
Motor vehicles	8 682 633	1 499 843	-	-	4 334 364	-	(1 249 082)	13 267 757
Office Equipment	1 862 052	1 317 838	-	(15 171)	-	-	(954 480)	2 210 238
Plant and Equipment	7 892 252	1 967 434	-	-	-	-	(680 114)	9 179 570
Security Measures	2 379 436	-	-	-	-	-	(185 082)	2 194 356
<b>Finance Leased Assets</b>	<b>134 686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>350 877</b>	<b>(222 406)</b>	<b>263 157</b>
Other leased Assets	134 686	-	-	-	-	350 877	(222 406)	263 157
	<b>147 083 372</b>	<b>8 331 220</b>	<b>32 019 367</b>	<b>(33 404)</b>	<b>6 615 822</b>	<b>350 877</b>	<b>(7 970 487)</b>	<b>186 396 764</b>

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Annual Financial Statements for the year ended 30 June 2017

### Notes to the Annual Financial Statements

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

##### Reconciliation of property, plant and equipment - 2016

	Restated Opening balance	Additions	Additions - work in progress	Disposals	Transfers received	Transfers / Revaluations	Revaluations	Restated Depreciation	Restated closing Carrying value
<b>Land and Building</b>	<b>45 985 760</b>	-	<b>603 666</b>	<b>(20 035)</b>	-	-	<b>405 050</b>	<b>(848 323)</b>	<b>46 126 119</b>
Land	21 851 269	-	-	-	-	-	405 050	-	22 256 319
Buildings	24 134 491	-	603 666	(20 035)	-	-	-	(848 323)	23 869 800
<b>Infrastructure assets</b>	<b>39 926 763</b>	<b>945 760</b>	<b>3 103 469</b>	-	-	-	-	<b>(2 631 242)</b>	<b>41 344 662</b>
Electricity Network	10 466 179	945 760	1 008 875	-	-	-	-	(410 510)	12 010 216
Roads	29 460 584	-	2 094 594	-	-	-	-	(2 220 732)	29 334 446
<b>Community Assets</b>	<b>30 699 922</b>	-	<b>4 490 153</b>	-	<b>1 414 783</b>	-	<b>403 735</b>	<b>(917 934)</b>	<b>36 090 659</b>
Community Buildings	20 344 323	-	-	-	-	-	403 735	(623 801)	20 124 257
Recreational Facilities	5 916 519	-	3 965 153	-	-	-	-	(96 297)	9 785 375
Taxi Rank	4 439 080	-	525 000	-	-	1 414 783	-	(197 836)	6 181 027
<b>Other Assets</b>	<b>18 617 837</b>	<b>4 859 695</b>	-	<b>(41 021)</b>	<b>2 370 144</b>	-	-	<b>(2 419 406)</b>	<b>23 387 247</b>
Air Conditioners	183 204	-	-	(12 159)	14 500	-	-	(30 431)	155 114
Computer equipment	796 363	285 166	-	(1 357)	425 880	-	-	(242 644)	1 263 408
Furniture and fixtures	1 204 265	-	-	(10 884)	123 020	-	-	(164 049)	1 152 352
Motor vehicles	8 503 622	-	-	-	1 091 684	-	-	(912 672)	8 682 633
Office equipment	1 017 575	740 598	-	(247)	715 060	-	-	(610 934)	1 862 062
Plant and machinery	4 759 006	3 363 616	-	(16 374)	-	-	-	(213 996)	7 892 251
Security Measures	2 153 802	470 315	-	-	-	-	-	(244 680)	2 379 437
<b>Finance Leased Assets</b>	<b>476 080</b>	-	-	-	-	-	-	<b>(341 394)</b>	<b>134 686</b>
Other leased Assets	476 080	-	-	-	-	-	-	(341 394)	134 686
	<b>135 706 361</b>	<b>5 805 455</b>	<b>8 197 288</b>	<b>(61 056)</b>	<b>2 370 144</b>	<b>1 414 783</b>	<b>808 785</b>	<b>(7 158 299)</b>	<b>147 083 373</b>

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Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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

#### Reconciliation of Work-in-Progress 2017

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	4 246 516	10 108 024	353 967	14 708 507
Additions/capital expenditure	29 180 464	2 838 904	-	32 019 368
Transferred to completed items	(929 007)	-	-	(929 007)
	<b>32 497 973</b>	<b>12 946 928</b>	<b>353 967</b>	<b>45 798 868</b>

#### Reconciliation of Work-in-Progress 2016

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	1 539 436	13 223 419	511 482	15 274 337
Additions/capital expenditure	3 103 469	5 093 819	470 315	8 667 603
Transferred to completed items	(396 389)	(8 209 214)	(627 830)	(9 233 433)
	<b>4 246 516</b>	<b>10 108 024</b>	<b>353 967</b>	<b>14 708 507</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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### 4. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 788 310	(1 385 817)	402 493	1 788 311	(870 324)	917 987

#### Reconciliation of intangible assets - 2017

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

#### Reconciliation of intangible assets - 2016

	Opening balance	Additions	Transfers received	Amortisation	Total
Computer software, other	1 135 056	98 631	29 440	(345 141)	917 986

### 5. Heritage assets

	2017			2016		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral Chain	368 150	-	368 150	368 150	-	368 150

#### Reconciliation of heritage assets 2017

	Opening balance	Total
Mayoral Chain	368 150	368 150

#### Reconciliation of heritage assets 2016

	Opening balance	Total
Mayoral Chain	368 150	368 150

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## Notes to the Annual Financial Statements

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<b>6. Other Debtors</b>		
Other Debtors consist of the following:		
Sundry Debtors	38 970	82 605
CDM Water Debtor	833 301	622 525
National Treasury Debtor	1 119 645	1 119 645
Traffic Fines	1 374 081	1 323 725
Itron Debtor	24 370	35 715
	<b>3 388 367</b>	<b>3 184 215</b>
<b>CDM Water Debtor reconciliation</b>		
CDM Water debtor	13 330 541	11 048 636
Less: Allowance for Doubtful Debts	(12 497 240)	(10 426 111)
	<b>833 301</b>	<b>622 525</b>
<b>Reconciliation of provision for impairment of CDM Water Debtor</b>		
Opening balance	10 426 111	6 651 978
Provision for impairment	2 071 129	3 774 133
	<b>12 497 240</b>	<b>10 426 111</b>

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## Notes to the Annual Financial Statements

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### 7. Employee benefit obligations

#### Post-employment Health Care Benefits

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas;
- Discovery;
- LA Health;
- Hosmed;
- Samwumed; and
- Keyhealth.

The Municipality's Accrued Unfunded Liability at 30 June 2017 is estimated at R7 056 620. The Current-service Cost for the year ending 30 June 2017 is estimated at R 572 315. It is estimated to be R 600 475 for the ensuing year.

Key actuarial assumptions used:

#### Rate of Interest

Discount Rate	9.98%	9.74%
Health Care Cost	8.24%	8.74%
Net Effective Discount Rate	1.60%	0.92%

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

#### Present Value of fund obligations

Opening Balance	7 056 620	7 112 585
	<b>7 056 620</b>	<b>7 112 585</b>
<hr/>		
Present Value at Fund obligation at the beginning of the year	7 112 585	6 187 523
Total Expenses	1 205 575	1 040 369
Current Service Cost	572 315	546 880
Interest Cost	687 787	563 713
Benefits Paid	(54 527)	(70 224)
Actuarial (gains) / losses	(1 261 540)	(115 307)
Present value of fund obligation at the end of the year	7 056 620	7 112 585
Less : transfer of current portion	(80 316)	(97 512)
<b>Balance 30 June</b>	<b>6 976 304</b>	<b>7 015 073</b>

### 8. Inventories

Consumable Stores - Stationery and materials - At cost	136 520	189 822
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#### Inventory pledged as security

No inventory assets were pledged as security for liabilities

# Molemole Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>9. Receivables from exchange transactions</b>		
Trade debtors	7 866 857	5 677 940
<b>Service Receivables</b>		
Electricity	5 048 021	4 085 044
Refuse	6 861 800	5 229 980
Less: Allowance for Doubtful Debts	(6 208 071)	(5 086 930)
	<b>5 701 750</b>	<b>4 228 094</b>
<b>Other Receivables</b>		
Other arrears	4 522 478	3 194 192
Less: Allowance for Doubtful Debts	(2 357 371)	(1 744 346)
	<b>2 165 107</b>	<b>1 449 846</b>
<b>Total Net Trade Debtors from Exchange Transactions</b>		
Service Receivables	5 701 750	4 228 094
Other Receivables	2 165 107	1 449 846
	<b>7 866 857</b>	<b>5 677 940</b>
<b>Electricity: Ageing</b>		
Current (0 - 30 days)	434 832	156 094
31 - 60 days	162 511	122 741
61 - 90 days	110 947	110 833
+90 days	4 339 730	3 695 376
<b>Total</b>	<b>5 048 020</b>	<b>4 085 044</b>
<b>Refuse: Ageing</b>		
Current (0 - 30 days)	302 396	143 449
31 - 60 days	146 889	141 010
61 - 90 days	145 974	139 747
+90 days	6 266 541	4 805 775
<b>Total</b>	<b>6 861 800</b>	<b>5 229 981</b>
<b>Other Debtors: Ageing</b>		
Current (0 - 30 days)	182 973	126 405
31 - 60 days	87 956	122 638
61 - 90 days	85 560	121 091
+90 days	4 165 989	2 824 057
<b>Total</b>	<b>4 522 478</b>	<b>3 194 191</b>

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## Notes to the Annual Financial Statements

Figures in Rand 2017 2016

### 10. Receivables from non-exchange transactions

Trade Debtors - Property Rates	33 091 921	16 470 852
<b>Property Rates Receivables</b>		
Taxes - Rates	56 605 138	36 287 363
Less: Allowance for Doubtful Debts	(23 513 217)	(19 816 511)
	<b>33 091 921</b>	<b>16 470 852</b>

#### Ageing of Receivables from Non-Exchange Transactions

<b>Rates: Ageing</b>		
Current (0 - 30 days)	1 829 784	902 605
31 - 60 days	908 885	866 810
61 - 90 days	906 407	856 450
+90 days	52 960 062	33 661 498
<b>Total</b>	<b>56 605 138</b>	<b>36 287 363</b>

Debts are required to be settled after 30 days, interest is charged after this date at 10%. The fair value of trade and other receivables approximates their carrying amounts.

### 11. VAT receivable

Opening Balance	5 519 565	514 058
Change during the year	1 659 145	5 005 507
	<b>7 178 710</b>	<b>5 519 565</b>

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

### 12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	557	9 347
Bank balances	33 602 753	9 265 130
Call investment deposits	22 003 792	26 159 848
	<b>55 607 102</b>	<b>35 434 325</b>

#### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
Nedbank - Primary Account 146 700 0442	14 942 119	10 850 656	7 000 442	14 044 109	6 113 245	1 863 728
Nedbank Grants Account 1013994825	19 558 724	3 151 885	7 886 065	19 558 644	3 151 885	14 650 108
Nedbank Call Investment Deposit	22 003 792	26 159 848	14 810 843	22 003 792	26 159 848	14 810 843
<b>Total</b>	<b>56 504 635</b>	<b>40 162 389</b>	<b>29 697 350</b>	<b>55 606 545</b>	<b>35 424 978</b>	<b>31 324 679</b>

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## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>13. Revaluation reserve</b>		
Opening balance	41 894 856	39 671 288
Change during the year	-	2 223 568
	<b>41 894 856</b>	<b>41 894 856</b>
<b>14. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	444 548	459 894
less: future finance charges	(150 319)	(48 319)
<b>Present value of minimum lease payments</b>	<b>294 229</b>	<b>411 575</b>
Non-current liabilities	-	-
Current liabilities	294 229	459 894
	<b>294 229</b>	<b>459 894</b>

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest Rate	Lease Term	Maturity Date
Datamaster Office Automation	Photocopy machine	9,16%	1 Year	31-03-2018
Datamaster Office Automation	Photocopy machine	9,16%	1 Year	31-03-2018

### 15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Municipal Infrastructure Grant	15 498 245	91 280
Finance Management Grant	272 482	110 925
CDM - Taxi Rank	-	10 940
CDM - Mogwadi Community Hall	32 435	32 435
Expanded public works program	1 279	6 256
CDM Operational and Maintenance	1 098 405	1 098 405
Integrated transport plan	108 614	500 000
Audit Committee Facilities	35 200	148 288
Community Waste collection	37 190	20 135
Municipal demarcation grant	4 195 367	-
	<b>21 279 217</b>	<b>2 018 664</b>

#### Movement during the year

Balance at the beginning of the year	2 018 664	3 649 220
Additions during the year	172 400 462	139 833 857
Conditions met Operating	(125 148 402)	(111 171 445)
Conditions met Capital	(27 772 106)	(29 551 111)
Adjustments / Corrections	(219 402)	(741 858)
	<b>21 279 217</b>	<b>2 018 664</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.

# Molemole Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

2017

2016

### 16. Provisions

#### Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Transfer to current portion	Total
Landfill site rehabilitation	9 831 391	491 570	-	-	10 322 961
Employee benefit cost	2 466 501	541 248	(129 071)	(330 061)	2 548 617
	<b>12 297 892</b>	<b>1 032 818</b>	<b>(129 071)</b>	<b>(330 061)</b>	<b>12 871 578</b>

#### Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Total
Landfill site rehabilitation	6 481 380	3 350 011	-	9 831 391
Employee benefit cost	2 203 076	393 995	(130 570)	2 466 501
	<b>8 684 456</b>	<b>3 744 006</b>	<b>(130 570)</b>	<b>12 297 892</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 10 322 960 (2015: R 9 831 391) to restore the site at the end of its useful life, estimated to be in the 2025 (soekmekaar landfill site) and 2032 (Dendron Landfill site) financial year. Provision has been made for the best estimate of costs at the reporting date with reference to the inflation rate.

#### Long Service Bonus

The Long Service Bonus plans are defined benefit plans. As at year end, 146 employees were eligible for Long Service Bonuses.

The Employer's Unfunded Accrued Liability at 30 June 2017 is estimated at R 2 945 085. The Current-service Cost for the year ending 30 June 2017 is estimated at R 320 898. It is estimated to be R 319 783 for the ensuing year.

Key actuarial assumptions used:

#### Rate of Interest

Discount Rate	8.48%	8.68%
General Salary Inflation (long Term)	6.30%	7.45%
Nett Effective Discount Rate Applied to Long Service Bonusses	2.05%	1.14%

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

#### Present Value of fund obligation

Balance	2 945 085	2 607 208
<b>Net liability / (asset)</b>	<b>2 945 085</b>	<b>2 607 208</b>

Reconciliation of present value of fund obligation:

#### Reconciliation fo present Value of fund obligation

Present value of fund obligation at teh beginning of the year	2 607 208	2 203 076
Total expenses	412 177	338 798
Curent service cost	320 898	293 371
Interest Cost	220 350	175 997
Benefits paid	(129 071)	(130 570)

# Molemole Local Municipality

(Registration number LIM 353)

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

	2017	2016
<b>16. Provisions (continued)</b>		
Actuarial Losses / (Gain)	(74 300)	65 334
Present Value of Fund obligation	2 945 085	2 607 208
Less : Transfer of current portion	(396 468)	(140 707)
<b>Balance 30 June</b>	<b>2 548 617</b>	<b>2 466 501</b>
<b>17. Other current liabilities</b>		
Receipt reversal suspense	14	14
Salary suspense account	(63)	(3 509)
Payments received in advance	21 067	-
Injuries on duty	(1)	429
Unallocated receipts	804 079	2 819 902
Prior year roll over	-	(106)
	<b>825 096</b>	<b>2 816 730</b>
<b>18. Current Employee Benefits</b>		
Current Portion of Post Retirement Health Care benefits	80 316	97 512
Current Portion of Long Service Provisions	396 468	140 707
Staff Leave	5 702 960	6 232 875
<b>Total Current Employee Benefits</b>	<b>6 179 744</b>	<b>6 471 094</b>
The movement in current employee benefits are reconciled as follows:		
<b>Provision for Staff Leave</b>		
Balance at the beginning of the year	6 232 875	5 539 159
Contribution to current portion	567 647	817 057
Expenditure during the year	(927 683)	(123 341)
<b>Balance at end of year</b>	<b>5 872 839</b>	<b>6 232 875</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	7 144 086	3 372 377
Payments received in advanced	747 663	952 556
Retention Creditors	6 417 278	3 886 635
Prepaid electricity not used	185 858	164 774
Bonus Accruals	1 210 405	1 176 162
Creditor National Treasury	469 383	469 383
	<b>16 174 673</b>	<b>10 021 887</b>
<b>20. Consumer deposits</b>		
Electricity	501 449	492 592
	<b>501 449</b>	<b>492 592</b>
The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts		
<b>21. Revenue</b>		
Service charges	8 959 702	7 642 189

# Molemole Local Municipality

(Registration number LIM 353)

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>21. Revenue (continued)</b>		
Rental of facilities and equipment	268 872	295 195
Interest received - outstanding debtors	1 574 496	2 554 030
Licences and permits	3 471 446	3 749 004
Commissions received	2 368 846	2 188 588
Actuarial Gain	1 335 841	115 307
Other income	12 537 472	895 962
Interest received - investment	2 422 613	2 100 559
Property rates	13 663 498	10 850 493
Government grants & subsidies	152 920 507	140 722 555
Public contributions and donations	17 577 096	2 399 584
Fines	1 208 600	1 877 650
	<b>218 308 989</b>	<b>175 391 116</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	8 959 702	7 642 189
Rental of facilities and equipment	268 872	295 195
Interest received - Outstanding debtors	1 574 496	2 554 030
Licences and permits	3 471 446	3 749 004
Commissions received	2 368 846	2 188 588
Actuarial Gain	1 335 841	115 307
Other income	582 421	895 962
Interest received - investment	2 422 613	2 100 559
	<b>20 984 237</b>	<b>19 540 834</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	13 663 498	10 850 493
<b>Transfer revenue</b>		
Government grants & subsidies	152 920 507	140 722 555
Public contributions and donations	17 577 096	2 399 584
Fines	1 208 600	1 877 650
	<b>185 369 701</b>	<b>155 850 282</b>
<b>22. Property rates</b>		
<b>Rates received</b>		
Property rates	13 663 498	10 850 493
<b>23. Service charges</b>		
Sale of electricity	7 129 408	6 090 468
Refuse removal	1 830 294	1 551 721
	<b>8 959 702</b>	<b>7 642 189</b>
<b>24. Other income</b>		
Advertising signs	-	2 502
Building Plan Fees	23 960	16 640
Clearance Certificates	6 461	7 946
Grave Fees	8 205	13 608
Legal Fees Recouped	236 976	-

# Molemole Local Municipality

(Registration number LIM 353)

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## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>24. Other income (continued)</b>		
Library membership fees	1 457	18 532
New Connections	42 804	365 539
Penalties	1 194	406
Re-Connections	283	12 798
Sale Of Pre-paid Meters	13 516	16 700
Sundry	10 000	-
Skills Development Levy Refund	122 594	170 356
Refund of tracker	11 273	3 034
Tender Documents	100 264	251 567
Town Planning Fees	3 434	16 334
	<b>582 421</b>	<b>895 962</b>
<b>25. Interest received - external investment</b>		
<b>Interest revenue</b>		
Interest received - External investments	2 422 613	2 100 559
<b>26. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	117 668 462	106 286 857
Municipal Infrastructure Grant	1 132 086	1 344 460
Finance Management Grant	1 897 518	1 241 657
Municipal System Improvement Grant	-	930 000
Community Waste collection	332 945	123 015
Audit Committee Facilities	113 088	251 712
Integrated Transport Plan	391 386	-
Expanded Public Works Program	1 380 721	993 744
Municipal Demarcation grant	2 232 195	-
	<b>125 148 401</b>	<b>111 171 445</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	26 011 669	28 902 117
Finance Management Grant	63 000	247 418
CDM - Taxi Rank	-	401 576
Municipal Demarcation grant	1 697 437	-
	<b>27 772 106</b>	<b>29 551 111</b>
	<b>152 920 507</b>	<b>140 722 556</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	35 252 045	34 435 699
Unconditional grants received	117 668 462	106 286 857
	<b>152 920 507</b>	<b>140 722 556</b>

### 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.

## Molemole Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand

	2017	2016
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#### 26. Government grants and subsidies (continued)

##### Equitable Share

Current-year receipts	117 668 462	106 286 857
Conditions met - transferred to revenue	(117 668 462)	(106 286 857)
	-	-

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

##### Municipal Infrastructure Grant

Balance unspent at beginning of year	91 281	658 586
Current-year receipts	42 642 000	30 017 000
Conditions met - transferred to revenue	(1 132 086)	(1 344 460)
Conditions met - transferred to capital	(26 011 669)	(28 902 117)
Adjustments/Returned to National revenue fund	(91 281)	(337 729)
	<b>15 498 245</b>	<b>91 280</b>

Conditions still to be met - remain liabilities (see note 15).

Municipal Infrastructure Grant received with conditions to be met.

##### Finance Management Grant

Balance unspent at beginning of year	110 925	-
Current-year receipts	2 233 000	1 600 000
Conditions met - transferred to revenue	(1 897 518)	(1 241 657)
Conditions met - transferred to capital	(63 000)	(247 418)
Adjustments/Returned to National revenue fund	(110 925)	-
	<b>272 482</b>	<b>110 925</b>

Conditions still to be met - remain liabilities (see note 15).

Finance Management Grant received with conditions to be met.

##### Municipal System Improvement Grant

Balance unspent at beginning of year	-	404 128
Current-year receipts	-	930 000
Conditions met - transferred to revenue	-	(930 000)
Other	-	(404 128)
	-	-

Conditions still to be met - remain liabilities (see note 15).

Municipal System Improvement Grant received with conditions to be met.

##### CDM - Taxi Rank

Balance unspent at beginning of year	10 940	412 516
Conditions met - transferred to capital	-	(401 576)
Adjustments	(10 940)	-
	-	<b>10 940</b>

# Molemole Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

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### 26. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 15).

CDM - Taxi Rank grant received with conditions to be met.

#### CDM - Mogwadi Community Hall

Balance unspent at beginning of year	32 435	32 435
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Conditions still to be met - remain liabilities (see note 15).

CDM - Mogwadi Community Hall grant received with conditions to be met.

#### Community Waste collection

Balance unspent at beginning of year	20 135	143 150
Current-year receipts	350 000	-
Conditions met - transferred to revenue	(332 945)	(123 015)
	<b>37 190</b>	<b>20 135</b>

Conditions still to be met - remain liabilities (see note 15).

Community Waste collection grant received with conditions to be met.

#### Audit Committee Facilities

Balance unspent at beginning of year	148 288	400 000
Conditions met - transferred to revenue	(113 088)	(251 712)
	<b>35 200</b>	<b>148 288</b>

Conditions still to be met - remain liabilities (see note 15).

Audit Committee Facilities grant received with conditions to be met.

#### Integrated Transport Plan

Balance unspent at beginning of year	500 000	500 000
Conditions met - transferred to revenue	(391 386)	-
	<b>108 614</b>	<b>500 000</b>

Conditions still to be met - remain liabilities (see note 15).

Integrated transport plan grant received with conditions to be met.

#### Expanded Public Works Program

Balance unspent at beginning of year	6 256	-
Current-year receipts	1 382 000	1 000 000
Conditions met - transferred to revenue	(1 380 721)	(993 744)
Adjustments/Returned to National revenue fund	(6 256)	-
	<b>1 279</b>	<b>6 256</b>

Conditions still to be met - remain liabilities (see note 15).

Expanded Public Works Program received with conditions to be met.

## Molemole Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand

	2017	2016
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#### 26. Government grants and subsidies (continued)

##### CDM Operational and Maintenance (Water)

Balance unspent at beginning of year	1 098 405	1 098 405
	<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.

##### Municipal Demarcation grant

Current-year receipts	8 125 000	-
Conditions met - transferred to revenue	(2 232 196)	-
Conditions met - transferred to capital	(1 697 437)	-
	<b>4 195 367</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 15).

Grant received in respect of the demarcation of Aganang Municipality. Molemole municipality took over 2 wards.

#### 27. Employee related costs

Basic Salaries	40 497 157	38 794 369
Annual Bonus	3 827 714	2 939 645
Housing Subsidy	118 720	92 000
Subsistence and Travel Claim	2 069 049	1 429 611
Overtime payments	1 237 075	919 299
Telephone/Cellphone Allowance	893 288	891 869
Acting allowances	135 286	50 960
Leave pay provision charge	397 770	808 961
Standby Allowance	164 125	162 783
Travelling/Vehicle Allowance	3 631 095	3 454 906
Long-service awards	893 213	543 544
Clothing Allowance	6 000	6 000
Industrial/Bargaining Council	14 347	13 549
Unemployment Insurance Fund	277 211	257 402
Medical aid - company contributions	2 916 715	2 580 102
Pension Funds	7 293 005	6 770 228
Skills Development Levy	600 721	556 545
Interns Salaries: FMG	387 277	423 400
Danger Allowance	109 000	96 250
PMU - MIG Salaries	1 077 578	1 259 955
Laptop Allowance	384 923	404 783
	<b>66 931 269</b>	<b>62 456 161</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.

##### Remuneration of Municipal Manager

Annual Remuneration	878 902	878 902
Motor car, Housing, and other allowances	191 516	187 000
	<b>1 070 418</b>	<b>1 065 902</b>

# Molemole Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

	2017	2016
<b>27. Employee related costs (continued)</b>		
<b>Remuneration of Chief Finance Officer</b>		
Annual Remuneration	982 211	982 211
Motor car, Housing , and other allowances	284 407	279 891
	<b>1 266 618</b>	<b>1 262 102</b>
<b>Remuneration of Manager Technical Services</b>		
Annual Remuneration	803 751	741 617
Motor car, Housing , and other allowances	307 115	330 108
	<b>1 110 866</b>	<b>1 071 725</b>
<b>Remuneration of Manager Corporate Services</b>		
Annual Remuneration	878 824	792 797
Travel, motor car , accomodation , subsistance and other allowance	265 914	279 148
	<b>1 144 738</b>	<b>1 071 945</b>
<b>Remuneration of Manager Community Services</b>		
Annual Remuneration	492 229	822 730
Travel, motor car , accomodation , subsistance and other allowance	149 222	251 456
	<b>641 451</b>	<b>1 074 186</b>
<b>Remuneration of Manager Local Economic Development</b>		
Annual Remuneration	965 609	889 925
Travel, motor car , accomodation , subsistance and other allowance	169 266	183 000
	<b>1 134 875</b>	<b>1 072 925</b>
<b>28. Remuneration of councillors</b>		
Executive Major	779 276	819 443
Chief Whip	587 758	649 161
Mayoral Committee Members	2 619 323	1 825 853
Speaker	639 481	765 294
Councillors	5 942 595	4 599 589
	<b>10 568 433</b>	<b>8 659 340</b>
<b>29. Depreciation and amortisation</b>		
Property, plant and equipment	7 970 487	7 158 300
Investment property	43 333	43 333
Intangible assets	515 493	345 141
	<b>8 529 313</b>	<b>7 546 774</b>
<b>30. Finance costs</b>		
Finance leases	172 110	164 895
Other interest paid	14 684	21 265
Interest on post retirement benefits	908 137	739 710

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## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>30. Finance costs (continued)</b>	<b>1 094 931</b>	<b>925 870</b>
<b>31. Debt impairment</b>		
Debt impairment - Traffic Fines	522 716	1 338 175
Debt impairment - provision	5 430 871	39 455 717
Bad debts written off	-	(26 647 788)
Debt impairment - provision - CDM	2 071 129	-
	<b>8 024 716</b>	<b>14 146 104</b>
The council approved the debt write of in respect of uncollectable services and its interest.		
<b>32. Bulk purchases</b>		
Electricity - Eskom	7 502 657	7 775 854
<b>33. Contracted services</b>		
Security Services	3 133 474	2 901 362
<b>34. General Expenses</b>		
Accommodation and Meals	1 410 607	610 249
Accommodation and Meals : FMG	-	270 732
Advertising	496 558	146 362
Advertising : Recruitment	116 516	52 518
Affiliation & Membership Fees : SALGA	822 925	765 543
Audit Committees Expenses	331 870	303 018
Audit Fees - External	1 925 948	2 487 510
Bank charges	303 840	288 562
Beautification Plan	-	172 500
Bill: Municipal Electricity	386 151	372 633
Bill: Municipal Water	82 962	64 264
Audit of community facilities	99 200	220 800
COIDA	500 000	518 320
Career Exhibition	1 000	147 000
Cash Management Services	10 307	119 372
Catering General	59 030	57 141
Building Plans	311 135	-
Consolidation of consumer accounts	191 000	-
Cleaning Materials	378 288	269 572
Commission Paid	497 016	463 614
Conferences and seminars	173 907	-
Consultancy Fees	927 192	742 715
Credit control and debt collection	86 660	-
Data Cleansing	529 546	964 314
Departmental: Electricity	2 014	30
Departmental: Water	25 788	12 797
EAP	92 684	65 001
Employee bursary scheme	66 940	-
Environmental & Waste Management	1 070 505	500 825
Free Basic Electricity	3 739 011	2 675 560
Free Basic Water	113 513	154 227
Fuel and Oil: Municipal Fleet	1 720 800	1 472 000
Fuel and Oil: Other	5 710	6 049
IDP Expenditure	1 153 600	715 785
ITC Wireless Solutions	-	19 120

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<b>34. General Expenses (continued)</b>		
Insurance - General	905 315	839 840
Intergrated Transport Plan	355 241	-
Investor Co-ordination	305 200	304 518
LED Support Fund	45 026	38 570
Legal Expenses	771 816	530 577
Licences - Vehicles	91 903	111 950
Mandela Day	56 592	42 129
Marketing	283 178	299 846
Mayoral Bursary	391 531	568 162
Membership Fees	3 250	4 168
Other general expenses	1 019 217	526 820
Plant Hire	22 509	22 737
Policies and By-Laws	-	2 443
Postage and Telephone	406 214	308 056
Printing, Publication & Marketing	548 751	372 585
Promotions and sponsorships	350 311	331 795
Protective clothing	3 000	353 644
Public Participation	1 395 820	835 550
RAL Roads expenditure	15 043 549	21 346 015
Re-Pegging of sites	553 435	81 699
Rehabilitation cost	491 570	3 350 011
Rental Building	-	5 600
Rental Office Machines : Usage	98 643	86 036
Research and development costs	741 323	-
Revaluation of Infrastructure Assets	189 810	835 064
Scoa implementation:fmg	2 054 031	-
Special Focus - Woman	517 995	534 880
Stationery	874 457	730 505
Subscriptions and Systems Licencing	547 279	534 475
Subsistance and Travelling - Other	84 155	30 622
Telephone Management System	430 224	293 235
Township establishment	85 100	297 850
Tracking Device System	94 245	62 282
Training SMME	157 004	179 000
Training and Conferences	530 168	493 808
Training and Education : FMG	149 691	339 013
Transport and freight	163 069	65 795
Valuation Roll Costs	1 028 420	690 844
Ward Committee Expenses	2 919 665	2 655 200
	<b>51 340 930</b>	<b>52 763 457</b>

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### 35. Budget Differences

#### STATEMENT OF FINANCIAL PERFORMANCE

##### 35.1 Service Charges

The electricity was less than expected because change of conventional meters to prepaid

##### 35.2 Licences and permits

The Municipality is having an ENATIS system problem which emanated after the appointment of the new service provider and the problem has been persistent for consecutive months. The Department of Road and Transport is currently assisting the traffic municipal department in resolving the matter.

##### 35.3 Commissions Received

Fluctuations of water pressure due to lack of sustainable water supply sources.

##### 35.4 Actuarial Gains

Gain from actuarial report not foreseen during budget process

##### 35.5 Other Income

An amount of R23 528 235.00 is surplus cash and investment for roll over projects which is actual cash, therefore no actual movement will show on the trial balance. R11million received from Aganang was budgeted part of other income.

##### 35.6 Property Rates

Aganang properties transferred to Molemole was not part of budget

##### 35.7 Government grants & subsidies

Challenges with two projects funded by MIG . Mohodi sports complex contractor terminated and Ramokgopa stadium contractor appointed in June due to long

##### 35.8 Gains on transfer of function

Gains on transfer of function emanated from Aganang transferred assets and properties which were not taken care of during adjustment budget as the report of alignment of assets from Aganang was not finalised by then.

##### 35.9 Fines ,Penalties and Forfeits

Assumptions was done based on the previous financial years actual movement and due to traffic officers experience and skills development the number of tickets issued increased.

##### 35.10 Personell

Vacant and funded positions not filled

##### 35.11 Debt Impairment

R2, 386,627.42 was impaired by the District (CDM) and it was not anticipated by the municipality

##### 35.12 Repairs and maintenance

Most of the budget was planned as and when the need arise. There was no expenditure on Repair and maintenance of highmast light since the highmast light was not acquired

##### 35.13 Bulk Purchases

VAT differences

##### 35.14 Contracted services

VAT differences

##### 35.15 General expenses

Reallocation of RAL road from capital expenditure to operational expenditure

# Molemole Local Municipality

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## Notes to the Annual Financial Statements

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### 35. Budget Differences (continued)

#### STATEMENT OF FINANCIAL POSITION

##### 35.16 Inventories

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

##### 35.17 Other Debtors

The other debtors from the budget tables included in the receivables from non-exchange transactions

##### 35.18 Receivables from exchange transactions

Less than 5% difference

##### 35.19 Receivables from non-exchange transactions

Additions from Aganang Municipality

##### 35.20 VAT receivable

Additional amount for the current year not yet paid by SARS

##### 35.21 Cash and cash equivalents

Less than 5% difference

##### 35.22 Investment property

The decrease was made of depreciation for the current year

##### 35.23 Property Plant and equipment

The municipality had most projects rolled over to the next financial year which made the value of assets not realised as planned

##### 35.24 Intangible assets

During budgeting process the amortisation of computer softwares were not taken into consideration

##### 35.25 Finance Lease obligation

Nothing to compare the municipality did not budget for it

##### 35.26 Payables from exchange

Payments were accrued and paid in the new financial year because of delay on migration to a upgraded financial system(SOLAR)

##### 35.27 VAT payable

Budget for a vat payable but at end of year it was a vat receivable

##### 35.28 Consumer deposits

Less than 5% difference

##### 35.29 Unspent conditional grants and receipts

Slow spending on MIG projects and applied for roll over

##### 35.30 Other Current Liabilities

Found unallocated deposits

##### 35.31 Current Employee Benefits

Most officials redeemed their leave in 2016/2017 financial year when they resigned and others contracts ended that decreases the provision of leave

##### 35.32 Employee benefit obligation

long service and medical aid provision for the current year decreased because of two employees that died.

## Molemole Local Municipality

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### Notes to the Annual Financial Statements

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#### 35. Budget Differences (continued)

##### 35.33 Provisions

Employee benefit cost not part of budget

##### 35.34 Revaluation reserve

Aganang transfer of assets were included budget but actual part of gains in respect of transfer of function

#### CASHFLOW STATEMENT

##### 35.35 Sale of goods and services

The budget did not include the non payment of consumers

##### 35.36 Grants

The allocation as per DORA has changed and therefore less actual.

##### 35.37 Interest Income

The budgeted interest only include the investment interest

##### 35.38 Suppliers

More payments than budgeted because of Aganang transfer.

##### 35.39 Finance Costs

The finance cost budget part of suppliers budget as the National Treasury schedule B does not have separate line item.

##### 35.40 Purchase of property, plant and equipment

Capital projects finance from MIG grants rolled over to next year.

##### 35.41 Finance lease payments

The finance lease contract extended.

#### 36. Cash generated from operations

Surplus	56 038 858	12 274 305
<b>Adjustments for:</b>		
Depreciation and amortisation	8 529 314	7 569 281
Gain/(Loss) on disposal of assets	33 402	109 139
Debt impairment	8 024 716	14 146 104
Movements in retirement benefit assets and liabilities	(330 119)	925 062
Movements in provisions	573 686	3 623 570
Donated assets	-	(2 399 584)
Gain on transfer of function	(17 577 096)	-
<b>Changes in working capital:</b>		
Inventories	53 302	24 796
Receivables from exchange transactions	(2 188 917)	(4 159 604)
Consumer debtors	(8 228 868)	(1 311 988)
Other receivables from non-exchange transactions	(16 621 069)	(7 791 595)
Aganang debtors	10 961 274	-
Payables from exchange transactions	6 152 802	2 349 555
VAT	(1 659 145)	(5 005 508)
Unspent conditional grants and receipts	19 260 553	(1 630 557)
Consumer deposits	8 857	16 114
Other Current Liabilities	(1 991 634)	-
	<b>61 039 916</b>	<b>18 739 090</b>

# Molemole Local Municipality

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Figures in Rand	2017	2016
<b>37. Commitments</b>		
<b>Capital Commitments</b>		
<b>Commitments in respect of Capital Expenditure</b>		
• Infrastructure	29 009 476	35 167 380
<b>This expenditure will be financed from:</b>		
Government Grants	29 009 476	35 167 380
<b>Operating Commitments</b>		
• Commitments in respect of operating expenditure	8 751 320	9 727 413
<b>This expenditure will be financed from :</b>		
Own Revenue	8 751 320	9 727 413
<b>Total commitments</b>		
Authorised capital expenditure	29 009 476	35 167 380
Authorised operational expenditure	8 751 320	9 727 413
	<b>37 760 796</b>	<b>44 894 793</b>
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	298 772	358 526
- in second to fifth year inclusive	-	298 772
	<b>298 772</b>	<b>657 298</b>
<b>38. Contingencies</b>		
Contingent Liability	930 000	460 000
For more information see supplementary schedule 2 attached		
Contingent Asset	520 000	430 000

For more information see supplementary schedule 3 attached

# Molemole Local Municipality

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### 39. Related parties

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents

#### Compensation to accounting officer and other key management

Remuneration	-	-	17 049 233	15 315 440
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#### Key management information

##### Remuneration of Municipal Manager

Annual Remuneration		878 902	878 902
Motor car, Housing , and other allowances		191 516	187 000
		-	-
		<b>1 070 418</b>	<b>1 065 902</b>

##### Remuneration of Chief Financial Officer

Annual Remuneration		982 211	982 211
Motor car, Housing , and other allowances		284 407	279 891
A. S Nalanga(Acting CFO)		18 777	-
N .J Mabote (Acting CFO)		21 129	-
		<b>1 306 524</b>	<b>1 262 102</b>

#### 2017

##### Remuneration of individual Executive Directors

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

#### 2016

	Local Economic Development	Technical Services	Corporate Services	Community Services
Annual Remuneration	889 925	741 617	792 797	822 731
Performance and other bonuses	-	-	66 148	68 456
Motor car, Housing , and other allowances	183 000	330 108	213 000	183 000
	<b>1 072 925</b>	<b>1 071 725</b>	<b>1 071 945</b>	<b>1 074 187</b>

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### 39. Related parties (continued)

2017

#### Remuneration of Councillors

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

Related party per Councillor	Basic Salary	Allowances	Total 2017
M EPaya	524 174	211 902	736 076
MP Makgato	220 164	101 142	321 306
M S Moreroa	399 808	167 911	567 719
E M Rathaha	375 051	159 659	534 710
P T Rathete	201 221	90 682	291 903
M A Kobo	208 908	93 244	302 152
N F Rampyapedi	367 872	146 232	514 104
L Moabelo	207 938	97 042	304 980
P Rakubu	45 848	19 565	65 413
Rathete	-	-	-
D Lehong	392 464	157 221	549 685
D Matlou	184 370	87 857	272 227
R Moseamo	25 336	11 398	36 734
A Phihlela	25 336	11 398	36 734
M Mapara	19 163	9 341	28 504
S Senwamadi	19 163	9 341	28 504
N G Makgalo	178 215	85 805	264 020
M Tawana	228 071	102 424	330 495
C Matjee	178 215	85 805	264 020
P Mehale	19 163	9 341	28 504
J Hlapa	19 163	9 341	28 504
M P Nkoana	19 163	9 341	28 504
A Moyo	19 163	9 341	28 504
M Maila	19 163	9 341	28 504
N E Ramalepe	19 163	9 341	28 504
A Mahlophe	19 163	9 341	28 504
E Rahlana	19 163	9 341	28 504
A Makgoka	178 215	85 805	264 020
M Masekela	19 163	9 341	28 504
M Malema	177 644	85 454	263 098
M E Mphelo	19 163	9 341	28 504
N W Seakamela	387 035	155 412	542 447
M Duba	178 215	85 805	264 020
M Duba	-	-	-
P T Rakimane	159 034	76 619	235 653
M I Mohafe	159 034	79 217	238 251
R L Mpati	159 034	76 619	235 653
M J Manthata	159 034	76 619	235 653
P S Masoga	159 034	76 619	235 653

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## Notes to the Annual Financial Statements

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		2017	2016
<b>39. Related parties (continued)</b>			
M J Leferela			
N S Ramukhubedi	159 034	76 619	235 653
S E Kobola	159 034	76 619	235 653
T Raphaswana	159 034	76 619	235 653
M D Meso	159 034	76 619	235 653
G M Sepheso	159 034	76 619	235 653
M D Marutha	159 034	76 619	235 653
M P Tloubatla	159 034	76 619	235 653
S R Nakana	159 034	76 619	235 653
N MHopane	159 034	76 619	235 653
	<b>7 299 566</b>	<b>3 305 738</b>	<b>10 605 304</b>

### 2016

#### Remuneration of Councillors

Mayor (M p Makgato) remuneration , pension , cellphone allowance and housing allowance	812 018
Speaker ( L Moabelo) remuneration , pension , cellphone allowance and housing allowance	758 319
Chief Whip ( P Rakunu) remuneration , pension , cellphone allowance and housing allowance	644 886
Councillors allowance and remuneration	6 481 431
	<b>8 696 654</b>

#### Related party per Councillor

Related party per Councillor	Basic Salary	Allowances	Total 2016
MP Makgato	581 218	230 800	812 018
L Moabelo	464 975	191 823	656 798
P Rakubu	435 914	182 137	618 051
M.P Paya	240 869	104 757	345 626
D Lehong	225 155	99 520	324 675
D Matlou	240 869	104 757	345 626
R Moseamo	240 869	104 757	345 626
A Pihlela	240 869	104 757	345 626
M Mapara	175 173	82 859	258 032
S Senwamadi	175 173	82 859	258 032
N G Makgalo	175 173	82 859	258 032
M Tawana	175 173	82 859	258 032
C Matjee	175 173	82 859	258 032
P Mehale	175 173	82 859	258 032
JHlapa	175 173	82 859	258 032
M P Nkoana	175 173	82 859	258 032
A Moyo	175 173	82 859	258 032
M Maila	175 173	82 859	258 032
N E Ramalepe	175 173	82 859	258 032
A Mahlophe	175 173	82 859	258 032
E Rahlana	175 173	82 859	258 032
A Makgoka	175 173	82 859	258 032
M Masekela	175 173	82 859	258 032
M Malema	175 173	82 859	258 032
M E Mphelo	175 173	82 859	258 032
N W Seakamela	175 173	82 859	258 032
M Duba	175 173	82 859	258 032
	<b>5 999 025</b>	<b>2 697 629</b>	<b>8 696 654</b>

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### 40. Change in estimate

#### Property, plant and equipment

The useful life of certain other property plant and equipment was estimated in 2016 to be 5 years. In the current period management have revised their estimate to 7 years. The effect of this revision has decrease the depreciation charges for the current period by R 943 554 and increase the future periods by R 943 554

### 41. Prior period errors

#### Statement of Financial Position

##### Property Plant and Equipment

Balance previously reported	147 060 865
Depreciation incorrectly calculated on highmast asset	22 507
Restated Balance	<u>147 083 372</u>

##### Property plant and equipment - Cost

Balance previously reported	174 196 621
Community buildings amount disclosed as part of accumulated depreciation - no impact on carrying value	(168 561)
Taxi rank amount disclosed as part of accumulated depreciation - no impact on carrying value	(698 210)
Restated Balance	<u>173 329 850</u>

##### Property plant and equipment - Accumulated depreciation

Balance previously reported	(27 135 756)
Community buildings amount disclosed as part of accumulated depreciation - no impact on carrying value	168 561
Taxi rank amount disclosed as part of accumulated depreciation - no impact on carrying value	698 210
Restated Balance	<u>(26 967 195)</u>

##### Payables from exchange transactions

Balance previously reported	10 012 606
Vat not recognised in prior year	9 281
Restated Balance	<u>10 021 887</u>

##### Finance Lease Liability

Balance previously reported	299 325
Recalculated lease period on amortisation table	160 569
Restated Balance	<u>459 894</u>

##### Accumulated Surplus - 2016

Balance previously reported	(133 335 891)
Depreciation re-calculated on highmast	(22 507)
Finance charges re-calculated on finance lease for 2016 year	35 295
Correction of interest paid	(251)
Accumulated changes i.r.o 2015	134 806
Restated Balance	<u>(133 188 548)</u>

##### Accumulated Surplus - 2015

Balance previously reported	(121 061 586)
Finance charges re-calculated on finance lease for 2015 year	157 538
Provision for bad debt i.r.o. cdm water debtors for 2014	9 532
Finance lease liability correction	(32 264)
Restated Balance	<u>(120 926 780)</u>

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### 41. Prior period errors (continued)

#### Statement of Financial Performance

##### Depreciation and Amortization

Balance previously reported	7 569 281
Depreciation re-calculated on highmast	(22 507)
Restated Balance	<u>7 546 774</u>

##### Finance Charges

Balance previously reported	890 826
Finance charges re-calculated on finance lease for 2016 year	35 295
Correction of interest paid	(251)
Restated Balance	<u>925 870</u>

### 42. Risk management

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period 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 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	16 174 673	-	-	-
Other financial liabilities	825 096	-	-	-

#### Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

## Molemole Local Municipality

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### Notes to the Annual Financial Statements

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#### 42. Risk management (continued)

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:

<b>Non-Exchange Receivables</b>	2017 Percentage	2017 Amount	2016 Percentage	2016 Amount
Rates	100,00%	56 605 138	100,00%	36 287 363
<b>Exchange Receivables</b>	2017 Percentage	2017 Amount	2016 Percentage	2016 Amount
Electricity	30.72%	5 048 021	22.26%	4 085 044
Refuse	41.75%	6 861 800	22.18%	5 229 981
Other	27.52%	4 522 478	55.56%	3 194 191
	<b>100</b>	<b>16 432 299</b>	<b>100,00%</b>	<b>12 509 216</b>

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note & of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at 15% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

<b>Non-Exchange Receivables</b>	2017 Percentage	2017 Amount	2016 Percentage	2016 Amount
Rates	100%	20 833 233	100,00%	19 811 511
<b>Exchange Receivables</b>	2017 Percentage	2017 Amount	2016 Percentage	2016 Amount
Electricity	33.3%	2 618 253	32.6%	2 230 840
Refuse	39.2%	3 082 818	41.8%	2 856 089
Other	27.5%	2 165 107	25.5%	1 744 346
	<b>100%</b>	<b>7 866 178</b>	<b>100,00%</b>	<b>6 831 275</b>

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.

# Molemole Local Municipality

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## Notes to the Annual Financial Statements

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### 42. Risk management (continued)

#### 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

### 43. Unauthorised expenditure

Opening Balance	12 424 809	31 528 847
Add: Unauthorised expenditure - Current year	10 227 096	5 931 685
Less : Amount written of by council	(5 931 685)	(25 035 723)
	<b>16 720 220</b>	<b>12 424 809</b>

The unauthorized expenditure for the current year relates to general expenses, bad debt impairment and finance costs.

### 44. Fruitless and wasteful expenditure

Opening Balance	202 264	2 614 269
Add: Fruitless and wasteful expenditure - Current year	6 245	16 124
Less : Amount written of by council	(16 124)	(2 428 129)
	<b>192 385</b>	<b>202 264</b>

Fruitless and wasteful expenditure relates to interest charged on Eskom accounts.

### 45. Irregular expenditure

Opening balance	7 674 820	22 563 367
Add: Irregular Expenditure - current year	512 734	4 209 414
Less: Amounts written of by council	(4 209 414)	(19 097 961)
	<b>3 978 140</b>	<b>7 674 820</b>

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

#### Contributions to organised local government

Current year subscription / fee	806 190	765 543
Amount paid - current year	(806 190)	(765 543)
	-	-

# Molemole Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

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

#### Audit fees

Current year subscription / fee	1 925 948	2 487 510
Amount paid - current year	(1 925 948)	(2 487 510)
	-	-

#### PAYE and UIF

Current year subscription / fee	11 810 141	11 471 295
Amount paid - current year	(11 810 141)	(11 471 295)
	-	-

#### Pension and Medical Aid Deductions

Current year subscription / fee	10 264 249	8 807 622
Amount paid - current year	(10 208 553)	(8 807 622)
	55 696	-

#### VAT

VAT receivable	11 435 039	9 226 290
VAT payable	(4 256 329)	(3 764 049)
	7 178 710	5 462 241

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

#### Councillors' arrear consumer accounts

During the year no councillors had arrears accounts outstanding for more than 90 days at 30 June 2017:

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

#### Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

#### Incident

Sole Supplier	3 389 409	1 622 146
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### 47. Financial Instruments

Financial Assets	Classification	2017	2016
<b>Investments</b>			
Fixed Deposit	Held to maturity	-	-
<b>Consumer Debtors</b>			
Trade receivables from exchange transactions	Financial instruments at amortised cost	7 866 857	5 677 940
Other receivables from exchange transactions	Financial instruments at amortised cost	36 480 288	19 655 067
Call Deposits	Financial instruments at amortised cost	55 606 545	35 424 978
<b>Bank Balances and Cash</b>			
Cash Floats and Advances	Financial instruments at amortised cost	557	9 347

# Molemole Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

### 47. Financial Instruments (continued)

<b>Summary of Financial Assets</b>				
		-	99 954 247	60 767 332
<b>Financial Liability</b>	<b>Classification</b>	<b>2017</b>	<b>2016</b>	
<b>Long-term Liabilities</b>				
<b>Trade Payables</b>				
Trade Creditors	Financial instruments at amortised cost	16 174 673	10 021 887	
<b>Bank Balances and Cash</b>				
Bank Balances	Financial instruments at amortised cost	55 607 102	31 324 599	
<b>Current Portion of Long-term Liabilities</b>				
Annuity Loans	Financial instruments at amortised cost	-	-	
Capitalised Lease Liability	Financial instruments at amortised cost	294 229	459 894	
<b>Summary of Financial Liability</b>				<b>-</b>
		<b>72 076 004</b>	<b>41 806 380</b>	

### 48. Distribution Losses

#### Electricity Distribution Losses (Units)

Units Purchased	6 277 179	6 620 829
Units Sold	5 179 269	3 912 469
Units Loss	1 097 910	2 708 359
Percentage distribution loss	17%	41%

#### Electricity Distribution Losses (Rands)

Electricity Purchased	6 277 179	6 090 468
Electricity Sold	7 502 657	7 775 854
Electricity Loss	373 249	1 685 386

### 49. Transfer of functions between entities not under common control

#### Transfer of functions between entities under common control occurring during the current reporting period

Entities involved in the transfer of functions were:

Molemole Local Municipality and Aganang Local Municipality

The transfer was due to the dissolution of Aganang Local Municipality by the Municipal Demarcation Board.

The transfer of function took place during the 2017 financial year.

The transfer was finalized on Wednesday 10 August 2016

11% of remaining funds were distributed to Molemole Municipality

#### Value of the assets acquired and liabilities assumed

##### Assets acquired

Property plant and equipment	6 615 822	-
Receivables from non-exchange transactions	10 961 274	-
Cash and cash equivalents	11 955 051	-
<b>Transfer of functions between entities under common control</b>		<b>29 532 147</b>

Assets and cash were transferred from Aganang Municipality to Molemole Municipality.

The assets were transferred at fair value.

# Molemole Local Municipality

(Registration number LIM 353)  
Annual Financial Statements for the year ended 30 June 2017

## Supplementary Information

### 1. Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Property rates	12 383 208	(383 208)	12 000 000	-	-	12 000 000	13 663 498	-	1 663 498	114 %	110 %
Service charges	11 957 021	(2 292 724)	9 664 297	-	-	9 664 297	8 959 702	-	(704 595)	93 %	75 %
Investment revenue	2 345 200	-	2 345 200	-	-	2 345 200	2 422 613	-	77 413	103 %	103 %
Operational Transfers	131 823 000	(1 422 241)	130 400 759	-	-	130 400 759	125 776 752	-	(4 624 007)	96 %	95 %
Other own revenue	25 681 648	30 390 462	56 072 110	-	-	56 072 110	22 765 573	-	(33 306 537)	41 %	89 %
<b>Revenue (excluding capital transfers)</b>	<b>184 190 077</b>	<b>26 292 289</b>	<b>210 482 366</b>	-	-	<b>210 482 366</b>	<b>173 588 138</b>	-	<b>(36 894 228)</b>	<b>82 %</b>	<b>94 %</b>
Employee costs	(72 455 289)	(3 232 574)	(75 687 863)	-	-	(75 687 863)	(66 931 269)	-	8 756 594	88 %	92 %
Remuneration of councillors	(10 861 205)	(358 470)	(11 219 675)	-	-	(11 219 675)	(10 568 433)	-	651 242	94 %	97 %
Debt impairment	(2 300 000)	(4 001 000)	(6 301 000)	-	-	(6 301 000)	(8 024 716)	-	(1 723 716)	127 %	349 %
Depreciation and asset impairment	(8 480 000)	(498 052)	(8 978 052)	-	-	(8 978 052)	(8 529 314)	-	448 738	95 %	101 %
Finance charges	(50 000)	(1 000 000)	(1 050 000)	-	-	(1 050 000)	(1 094 931)	-	(44 931)	104 %	2 190 %
Repairs & Maintenance	(9 299 000)	-	(9 299 000)	-	-	(9 299 000)	(7 502 657)	-	1 796 343	81 %	81 %
Other expenditure	(52 469 725)	(2 199 177)	(54 668 902)	-	-	(54 668 902)	(59 618 811)	-	(4 949 909)	109 %	114 %
<b>Total expenditure</b>	<b>(155 915 219)</b>	<b>(11 289 273)</b>	<b>(167 204 492)</b>	-	-	<b>(167 204 492)</b>	<b>(162 270 131)</b>	-	<b>4 934 361</b>	<b>97 %</b>	<b>104 %</b>
<b>Surplus/(Deficit)</b>	<b>28 274 858</b>	<b>15 003 016</b>	<b>43 277 874</b>	-	-	<b>43 277 874</b>	<b>11 318 007</b>	-	<b>(31 959 867)</b>	<b>26 %</b>	<b>40 %</b>
Transfers recognised - capital	42 642 000	1 382 000	44 024 000	-	-	44 024 000	27 143 755	-	(16 880 245)	62 %	64 %
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	17 577 096	-	17 577 096	DIV/0 %	DIV/0 %
<b>Surplus (Deficit) after capital transfers</b>	<b>70 916 858</b>	<b>16 385 016</b>	<b>87 301 874</b>	-	-	<b>87 301 874</b>	<b>56 038 858</b>	-	<b>(31 263 016)</b>	<b>64 %</b>	<b>79 %</b>

\* See Note 41

# Molemole Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

## Supplementary Information

### 2. Schedule of Contingent Liabilities ( Refer Note 38 )

Name of Legal Rep	Litigation	Nature of Dispute	Status	Projected	Projected Estimates 2017	Projected Estimates 2016
None	Van Vuuren	Claim for damages of over R7.4m as a result of road accident on R36 Morebeng	Pending	The municipality received a letter of demand from Adams & Adams but the claim was disputed	100 000	100 000
SC Mdhuli Attorneys 015 291 5440	NFM Consulting	NFM claiming R447 000 and interdict against appointment of consultant on Rmakgopa-Eisleben Road	Pending	The municipality opposed the application and the matter is pending	100 000	100 000
AM Carrim Attorneys 015 293 1700	Badau Film & video production	Claim for damages of R1 560 841-10	Pending	Summons issued and pleadings exchanged. Matter set-down for the 28th August 2015	150 000	150 000
SC Mdhuli Attorneys 015 291 5440	Sinthumule Nkhumeleni	Claim for unlawful confiscation and impounding of the Plaintiffs vehicle alleging lack of necessary permit. the Plaintiff is claiming loss of income of R100 000 , plus 9% interest per annum and cost of suit.	Pending	Summons issued and pleadings exchange . The Municipality is disputing the claim	100 000	0
SC Mdhuli Attorneys 015 291 5440	Illegal occupants at Mogwadi	Interdict illegal occupants at Mogwadi portion of portion 2 of the remaining extent of the farm Deutschland 69	Pending	The sheriff has issued and order for illegal occupants to vacate the occupied land and a signboard to that effect has been erected on the affected vacant area.	70 000	0
DA Mohuba		Municipality opposed application instituted by Sekgota & 19 others Case NO 655/2017	Pending	The application was postponed sine die agreement of parties	100 000	0
Np Mohale /		Municipality requested us to persure file and safegaurd the interests and possible litigation of the matter in Case No: 56893/16	Pending	We were instructed to peruse the Court paperss and await further Consultation and instructions	100 000	0
Pratt Lytt & De Lange Attorneys 015 297 0186	Mabohlatjana Community	Urgent interdict against CDM	Pending	Municipality cited as second respondent and main relief from CDM in the portion 2 of the farm Duitschland 169 LS	60 000	60 000
None	Ga Mohale CPA / HD Du Preeze Boedary	Claim for evicting HD Du Preeze by Ga Mohale CPA	Pending	The municipality is cited as the land falls within its jurisdiction. The municipality be ordered to provide alternative accomodation for the people staying in the farms	50 000	50 000

## Molemole Local Municipality

(Registration number LIM 353)

Annual Financial Statements for the year ended 30 June 2017

### Supplementary Information

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

Name of Legal Rep	Litigation	Nature of Dispute	Status	Projected	Projected Estimates 2017	Projected Estimates 2016
SC Mdhuli Attorneys 015 291 5440	Rambuda Nditsheni Joseph	Claim for unlawfull confiscation and impunding of the Plaintiffs Vechile allegging lack of necessary permit . The Plaintiff is claiming loss of income of R100 000 , plus 9% interest per annum of cost of suit.	Pending	Summos issued and pleadings exchanged . The Municipality is diputing the claim	100 000	0
					<b>930 000</b>	<b>460 000</b>

## Molemole Local Municipality

(Registration number LIM 353)

Annual Financial Statements for the year ended 30 June 2017

### Supplementary Information

#### 3. Schedule of Contingent Assets ( Refer Note 38 )

Name of Legal Rep	Litigation	Nature of Dispute	Status	Projected	Projected Estimates 2017	Projected Estimates 2016
Mdhluli Attorneys 082 802 8439	MH Hlako	Municipality issued summons for recovery of undue performance bonus paid	Pending	Matter was set-down for 26 June 2015 but withdrawn due to settlement proposal by Mr Hlako	160 000	150 000
Mdhuli Attorneys 082 802 8439	MH Hlako	Eviction from municipal house	Pending	Eviction papers drafted and issued but could not proceed due to the PIE Act.	160 000	150 000
Pratt Lytt & De Lange Attorneys 015 297 0186	Matebele Dinare Construction	Municipality issued summons for recovery of unjustified enrichment of R2 79 529-50	Pending	Pleadings exchanged. Matebele Dinare applied for exception of the summons	50 000	30 000
Pratt Lytt & De Lange Attorneys 015 297 0186	PW Mokgehele and others	Eviction from municipal land	Pending	The municipality instituted eviction proceedings in Polokwane High Court and the matter was dismissed with costs. Further went to the Pretoria High court and the matter was dismissed with costs	150 000	100 000
	1					
					<b>520 000</b>	<b>430 000</b>

# APPENDICES

## REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATION AND 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 2016, 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) (MFMA) and Division of Revenue Act of South Africa, 2015 (Act No. 5 of 2015) (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 entity'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 entity'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.

# APPENDICES

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 2016 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 41 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of an error discovered during 2016 in the financial statements of the municipality at, and for the year ended, 30 June 2015.

## IRREGULAR EXPENDITURE

9. As disclosed in note 46 to the financial statements, irregular expenditure of R4 209 415 was incurred in the current year had not yet been resolved.

## MATERIAL LOSSES

10. As disclosed in note 31 to the financial statements, material losses to the amount of R26 647 788 were incurred as a result of a write-off of irrecoverable trade debtors.

## 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.

# APPENDICES

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of 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.

### PREDETERMINED OBJECTIVES

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected development priorities presented in the annual performance report of the Molemole Local Municipality for the year ended 30 June 2016:

□ Development priority: Basic service delivery and infrastructure on pages x to x

15. 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 [programmes]. 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).

16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

17. The material findings in respect of the selected programme is as follows:

### **DEVELOPMENT PRIORITY: BASIC SERVICE DELIVERY AND INFRASTRUCTURE**

#### USEFULNESS OF REPORTED PERFORMANCE INFORMATION

18. Section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) requires the integrated development plan to form the basis for the annual report, therefore requiring consistency targets between planning and reporting documents. A total of 44% of the reported targets were not consistent with those in the approved integrated development plan. This was due to applicable performance reporting requirements not understood by staff.

# APPENDICES

## ADDITIONAL MATTER

18. 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; x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported performance information in paragraphs 18 of this report.

## UNAUDITED SUPPLEMENTARY SCHEDULES

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

## COMPLIANCE WITH LEGISLATION

22. 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

23. 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.
24. Key performance indicators in respect of each of the development priorities and objectives were not set out in the IDP, as required by section 41(1)(a) of the MSA and the *Municipal planning and performance management regulation* 1 and 9(1)(a)
25. Performance targets were not set for each of the key performance indicators for the financial year as required by section 41(1)(b) of the MSA and the *Municipal planning and performance management regulations* 12(1) and 12(2)(e)
26. The service delivery and budget implementation plan (SDBIP) for implementing the municipality's delivery of municipal services and annual budget did not indicate projections for each month of the revenue to be collected, by source and/or the operational and capital expenditure, by vote, as required by section 1 and 53(1)(c) of the MFMA.

# APPENDICES

## ANNUAL FINANCIAL STATEMENTS, PERFORMANCE REPORT AND ANNUAL REPORT

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.
28. Material misstatements of non-current assets, current liabilities, revenue, and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently resulted in the financial statements receiving an unqualified audit opinion.
29. The annual performance report for the year under review did not include the performance of the municipality's external services provider and a comparison of the performance with set targets and/or comparison with the previous financial year as required by section 46 (1)(a) and (b) of the MSA

## PROCUREMENT AND CONTRACT MANAGEMENT

30. Awards were made to providers who are in the service of other state institutions, in contravention of section 112(j) of the MFMA and *Supply Chain Management regulation 44* (SCM regulation). 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).
31. Thresholds for local content on designated sectors procurement were not properly applied in accordance with the requirements of the *Preferential Procurement Regulation 9*.
32. Quotations were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its regulations.
33. Contracts were modified without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.

## EXPENDITURE MANAGEMENT

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

## ASSETS AND LIABILITY MANAGEMENT

35. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2) (c) of the MFMA.

# APPENDICES

## INTERNAL CONTROL

36. 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

37. The accounting officer reviewed the annual financial statements and the annual performance plan with the assistance of the audit committee prior to their submission for audit, but a number of material misstatements were still identified. This was mainly due to staff not fully understanding the requirements of the financial reporting framework.

## FINANCIAL AND PERFORMANCE MANAGEMENT

38. Daily and monthly internal controls measures in place are not adequate to identify prevent and correct all the errors and misstatements in the financial statements to ensure compliance with the relevant laws and regulations applicable to the municipality for reporting.

## OTHER REPORTS

39. I draw attention to the following engagements that could potentially impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

## INVESTIGATIONS

40. A case of alleged attempted fraud was investigated by the institution, from the preliminary investigation a decision to appoint an objective investigator was made and Department of Cooperative governance, Human Settlement and Traditional Affairs was regarded to be such relevant investigator. There is no financial loss suffered by the entity as a result of the attempted fraud. The case is not yet concluded as the investigation is still in progress by the Department of Cooperative governance, Human Settlement and Traditional Affairs.



Polokwane

30 November 2016



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*