



Molemole Municipality

2019/20 Annual Report

**Private Bag X 44
Mogwadi
0715**

**Physical Address: Main Office
303 Church Street
Mogwadi
0715**

**Private Bag X 44
Morebeng
0715**

**Morebeng Office
25 Cnr. Roets & Viviers Street
Morebeng 0810**

Contact no: 015 501 2300/ 015 501 0243/4

015 501 2371

Website address: www.molemole.gov.za



@mlmunicipality



Molemole Local Municipality

Vision: A developmental people driven organization that serves its people

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

CONTENTS

CONTENTS.....	2
EXECUTIVE SUMMARY	8
COMPONENT A: MAYOR’S FOREWORD	8
1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	
13	
1.2. SERVICE DELIVERY OVERVIEW	21
1.3. FINANCIAL HEALTH OVERVIEW	22
1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW	26
1.6 AUDITOR GENERAL REPORT	28
1.7 STATUTORY ANNUAL REPORT PROCESS	29
CHAPTER 2 – GOVERNANCE	31
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	31
2.1 POLITICAL GOVERNANCE.....	31
2.2 ADMINISTRATIVE GOVERNANCE	34
COMPONENT B: INTERGOVERNMENTAL RELATIONS	36
2.3 INTERGOVERNMENTAL RELATIONS.....	37
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	37
2.4 PUBLIC MEETINGS	38
2.5 IDP PARTICIPATION AND ALIGNMENT	39
COMPONENT D: CORPORATE GOVERNANCE	39
2.6 RISK MANAGEMENT	40
2.7 ANTI-CORRUPTION AND FRAUD	42
2.8 SUPPLY CHAIN MANAGEMENT	43
2.9 BY-LAWS	45
2.10 WEBSITES.....	46
2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES.....	47
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE.....	49
(PERFORMANCE REPORT PART I)	49

1.	FINANCIAL PERFORMANCE OF THE MUNICIPALITY FOR THE FINANCIAL YEAR 2019/20	50
1.1	Total Revenue and Expenditure by Source	50
1.2	Operating Budget and Expenditure for the 2019/20 financial year	52
1.3	Chart: Revenue and Expenditure for 2019/20.....	54
1.4	Capital Budget and Expenditure for the 2019/20 financial year	55
1.6	COMPREHENSIVE ANALYSIS OF SERVICE DEBTORS.....	57
1.7	Graphical Illustration: Total Debt 2018/19 and 2019/20.....	58
1.8	NON-FINANCIAL/SERVICE DELIVERY PERFORMANCE	59
A.	Summary of non-Financial Performance per Municipal Departments: 2018/19.....	59
B.	Summary of non-Financial Performance per Municipal Departments during 2019/20.....	60
C.	Graphical illustration: Percentage of targets achieved.....	61
D.	SUMMARY OF NON- PERFORMANCE OF SET TARGETS AND MEASURES TO IMPROVE PERFORMANCE	62
1.9	Departmental performance against planned targets as per the 2019/20 SDBIP	65
a.	Local Economic Development and Planning	65
B.	BASIC SERVICES – TECHNICAL SERVICES DEPARTMENT	70
C.	BASIC SERVICES - Community Services	78
D.	FINANCIAL VIABILITY – BUDGET AND TREASURY DEPARTMENT	80
E.	GOOD GOVERNANCE AND PUBLIC PARTICIPATION - Municipal Manager’s Office	84
F.	MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT – CORPORATE SERVICES DEPARTMENT.....	91
G.	KEY CHALLENGES DURING THE YEAR UNDER REVIEW - 2019/20	94
COMPONENT A: BASIC SERVICES	95	
3.1. WATER PROVISION	95	
3.2 WASTE WATER (SANITATION) PROVISION	96	
3.3 ELECTRICITY	98	
3.4 WASTE MANAGEMENT.....	100	
3.5 HOUSING.....	103	

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT	105
COMPONENT B: ROAD TRANSPORT	107
3.7 ROADS	107
3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)	110
3.9 WASTE WATER (STORMWATER DRAINAGE)	113
COMPONENT C: PLANNING AND DEVELOPMENT	115
3.10 PLANNING	115
3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)	119
COMPONENT D: COMMUNITY & SOCIAL SERVICES.....	123
3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)	123
3.13 CEMETORIES AND CREMATORIIUMS	125
3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES	125
COMPONENT E: ENVIRONMENTAL PROTECTION.....	127
3.15 POLLUTION CONTROL	127
COMPONENT F: HEALTH	128
3.17 CLINICS	128
3.18 AMBULANCE SERVICES	128
3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC	128
COMPONENT G: SECURITY AND SAFETY.....	128
3.20 POLICE	128
3.21 FIRE	128
3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)	129
COMPONENT H: SPORT AND RECREATION.....	129
3.23 SPORT AND RECREATION	129

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES	130
3.24 EXECUTIVE AND COUNCIL	130
3.25 FINANCIAL SERVICES	132
3.26 HUMAN RESOURCE SERVICES	135
3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES 141	141
3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES	144
COMPONENT J: MISCELLANEOUS	144
COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD	144
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE	145
(PERFORMANCE REPORT PART II)	145
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL	145
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES	146
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE	148
4.2 HR Policies	148
4.3 Injury on duty	149
PERFORMANCE REWARDS	151
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE	151
4.4 SKILLS DEVELOPMENT AND TRAINING	151
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE	155
4.6 EMPLOYEE EXPENDITURE	155
CHAPTER 5 – FINANCIAL PERFORMANCE	157
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	158
5.1 Introduction to financial statements	158
5.2 GRANTS PERFORMANCE	167
5.3 ASSET MANAGEMENT	169
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS	172
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	183

a. SOURCES OF FINANCE	184
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS	187
5.9 CASH FLOW	187
5.10 Municipal investments	188
COMPONENT D: OTHER FINANCIAL MATTERS	190
5.12 GRAP COMPLIANCE	191
COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2018-19	192
6.1 AUDITOR GENERAL REPORTS Year -1 (Previous year)	192
• A SUMMARY OF AUDIT FINDINGS FOR THE 2019/20 FINANCIAL YEAR IS TABLED BELOW	193
COMPONENT B: AUDITOR-GENERAL OPINION YEAR (2019/20).....	193
6.2 AUDITOR GENERAL REPORT YEAR 2018/19	193
6.3 AUDITOR GENERAL REPORT YEAR 2019/20	195
• A SUMMARY OF AUDIT FINDINGS FOR THE 2019/20 FINANCIAL YEAR IS TABLED BELOW	195
GLOSSARY.....	198
APPENDICES.....	201
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE	201
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES	203
APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE	204
APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY	205
APPENDIX E – WARD REPORTING	207
APPENDIX F – WARD INFORMATION	214
APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2019/20	217
MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 08 JULY 2019	223
MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 JULY 2019	223
APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS	231

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE	232
APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS: SENIOR MANAGERS	235
APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE	236
APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE	236
APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE	238
APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG	240
APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES	241
APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME	241
APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME	243
APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2019/20	245
APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 2019/20	246
APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS	247
APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION	247
APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY	248
APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT	249
VOLUME II: 2019/20 ANNUAL FINANCIAL STATEMENTS	250

Chapter 1

EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

1. Introduction

The 2019/20 financial year has been quite a peculiar year since the start of this Council term. We started the first half of the financial year on high note with spending on MIG capital project at more than 60% of the allocation. This has even stood us a chance for additional funding of R 8.1 million. This additional funding was however not received as the country, like the rest of the world was attacked by the COVID-19 pandemic. This pandemic led to declaration of the state of emergency by the President from the 4th quarter of the financial year.

Beside this the municipality managed to implement the critical service delivery projects and recorded 83% expenditure on capital projects. Although the municipality has not been able to meet its revenue projections over the previous years, this problem was exacerbated by the Covid19 pandemic in the second half of the 2019/20 financial year. The municipality has also one of the highest unemployment rates which was not helped by this pandemic. It is for this reason that the total debt book of the municipality has increased by 18 percent year on year from 2018/19 financial year. The pandemic has continued to ravage the country into the 2020/2021 financial year. It is therefore critical that the municipality should continue enforcing cost containment measures as the low revenue collection figures may not abate anytime soon. Despite the bleak outlook the municipality is more than expected now to provide basic services to the people.

This Annual report seeks to provide a comprehensive performance report of the municipality against service delivery commitments made in the 2019/20 financial year. These commitments were outlined at the beginning of the financial year during the state of municipal address. The Annual report is the most important instrument through which the municipality accounts to its citizens about the use of financial resources allocated by the national government. It is a mechanism through which the municipal Councillors give a comprehensive feedback to their constituencies. Lastly, the Annual Report serves an important instrument that can be used by the municipality and the community to plan ahead.

2. Public participation

Although the municipality was able to report to the community through Mayoral Imbizos in the first half of the financial year, this was not possible in the second half of the financial year. The municipality had to come with alternative means of engaging the key municipal stakeholders. On the 28th of May 2020 I, the Mayor of Molemole Municipality presented the draft 2020/2021 IDP and Budget in four of our community Radio stations: Mohodi, Moletji, Botlokwa and Sekgosese FM. Listeners were given an opportunity to call in and comment on the draft IDP. We thank you very much for your participation.

The draft IDP and Budget was publicised in the Municipal website and the public were encouraged to make their inputs via social media (that is Facebook and Twitter), our email address and through delivery to Municipal Offices. The draft copies were also shared with Magoshi and all the Ward Committees. The public had between 11th May to 1st June 2020 to make inputs and comments to the draft IDP. Once again we thank all those who made inputs into this critical document of the municipality.

During February of this year we have visited each of the 16 wards within the Municipality to conduct community feedback sessions as part our outreach campaign. As the elected Council of this Municipality we have indeed considered your views and comments during the finalization of the 2020/21 IDP document to make it a truly integrated service delivery blueprint for the coming Medium Term Revenue and Expenditure framework

3. Functionality of Council and its Committees

All the Council committees are functional and are able to sit for meetings as scheduled. The Municipality has five Portfolio committees, Executive Committee chaired by the Mayor, the Municipal

Chapter 1

Public Accounts Committee as well as Ethics committee. Furthermore the municipality has established governance committees in line with legislative framework and good practice. These include Audit and Risk Management Committees.

4. Financial Viability And Sustainability

The Annual Revenue Budget for 2019/20 financial year amounted to R 258,805,639. The actual revenue collected for the period ending 30 June 2020 amounts to R 220,476,285. On average 100% of all allocated budget should be collected by end of financial year; the municipality only collected 85%. This was boosted at most by institutional debtors like public works and department of rural development and land reform. The revenue collection from the individual rate payers was not satisfactory for reasons outlined above. Despite this the municipality's financial position is still in a sustainable state which guarantees the continued provision of basic services to our people. As much as we understand the difficulties faced by our people due to COVID-19 pandemic we still urge our ratepayers to continue with a culture of payment for services offered to help the municipality cover the costs of providing services to them.

5. Key service delivery programmes in the year under review

The municipality adopted a 5 year Spatial Development Framework (SDF) in 2019. Let me quickly mention that the reason for adopting the SDF in the middle of this Council term is because we wanted to ensure it is SPLUMA Compliant. The SDF Identified projects that will unlock economic activities within and beyond the Municipal jurisdiction. We have been continuing with our spatial awareness campaign especially with our traditional authorities because much of the development should take place within their areas.

Five hundred (500) grandstands have been installed in Mohodi Sports Complex and the remaining 1500 will be installed in the 2020/2021 financial year. Despite challenges of vandalism this project will be handed over to the community by the end of 2020/21 financial year. We are also on course to finalize the road projects for Nthabiseng and Capricorn Park internal streets by June of 2021. Finalizing the roads will give us an opportunity to focus on other areas that require upgrading of road projects. Feasibility studies have already been completed for the next batch of road infrastructure projects. Implementation of these projects is set to start in the 2021/22 financial year.

We have installed the six (6) high mast lights as per our commitment. We are engaging Eskom to arrange energization of the lights to help fight the crime in our communities. A further three (3) high mast lights will be installed in the 2020/21 financial year. Due to the advent of COVID-19 ESKOM could not continue with its electrification programme within our municipality. We can however report that the programme will continue in the coming financial year.

After challenges experienced with Moletji Office cluster project we are pleased to report that the construction of the offices is now complete. Office furniture has been installed and budget allocation has been made in the 2020/2021 financial year for installation of network infrastructure. This will go a long way in bringing municipal services closer to the community of Wards 10, 14, 15, and 16.

This is the last Annual report of the current Council and we are grateful for the work done since the start of the term. Although the current council is presiding over the 2020/2021 financial year it is only the next Council that will have to give an Annual report for the financial year. We hope that this report will paint a clear picture of service delivery interventions in the year under review.



**Hon. Mayor
Councillor M.E Paya**

Chapter 1

COMPONENT B: MUNICIPAL MANAGER'S OVERVIEW

Section 121(1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that every municipality and municipal entity must for each financial year prepare an annual report in accordance with its guidelines. The purpose of the annual report is to provide a record of the activities for that year, to report on performance against the budget of the municipality for the financial year reported on, and to promote accountability to the municipal stakeholders. According to the MFMA, this Report should include:

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

Summary of non-Financial Performance per Department during 2019/20 FY

No	Department	No. of planned targets	No of targets Discontinued/ Target not verifiable	No of targets achieved	% targets achieved	No of targets not achieved	% targets not achieved
1	Corporate Services	09	02	03	43%	04	57%
2	Technical Services	18	04	10	71%	05	36%
3	Community Services	08	04	02	50%	02	50%
4	Local Economic Development & Planning	15	03	05	38%	08	62%
5	Budget and Treasury	10	01	05	56%	04	44%
6	Municipal Manager's Office	19	0	11	58%	08	42%
	Total	79	14	35	54%	18	46%

Chapter 1

This Annual report has been compiled in line with the above legislative framework. Stakeholders and residents are encouraged to study this document as it will give them a better understanding of the workings of the organisation. Below is a summary of key achievements during the year under review:

2.1 Institutional Transformation and Organisational Development

The municipality continues to experience a stable administration due to its ability to keep the key staff component. Five of the required six (6) Senior Managers have been appointed. The turnover rate at the level of Divisional Managers is very low. The recruitment process for the Senior Manager: LED & P is at an advanced stage and we hope to finalize the recruitment process in the 2nd half of the 2020/2021 financial year. The Organizational structure have been reviewed to enable successful implementation of the 2020/2021 IDP service delivery programmes;

In the 2019/20 financial year performance management system has been implemented to all levels of employees. The Mid-year and Annual Assessments have been conducted for all employees and this gave us an indication of where to improve going forward. In the previous financial year the municipality has been qualified for not evaluating performance of the municipality. We are hopeful that in the coming audit the municipality will be cleared of this qualification. The 2019/20 was a pilot phase of the overall performance management project. We hope that the system will be effectively implemented in the 2020/2021 financial and will remain a critical part of the overall municipal performance. It is our wish and hope that successful implementation of the PMS will help to enhance service delivery by the municipality as the system will help us correct performance shortcomings and reward excellent performance.

2.2 Basic Services and Infrastructure Delivery

The MIG spending in the 2019/20 financial year was 99.9% with a total spending of R 35.1 million. This has qualified the municipality to get additional funding of R 8.1 Million which was later withdrawn to assist with funding for COVID-19 interventions. We got off to a very slow start to the 2020/21 financial year due to restrictive lock down regulations imposed by the government. We are however hopeful to improve once regulations are relaxed to allow for more economic activity.

2.3 Local Economic Development

The municipality has implemented the following projects in 2019/20 financial year as part of implementation of the Spatial Development framework to guide the Integrated Development Planning;

Project name	Project Cost
Survey of existing settlement	420,000
Development of Land use scheme	923,000

Chapter 1

Development of Precinct Plan	485,000
Demarcation of 230 sites	493,000

2.4 Financial Viability and Sustainable Management

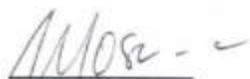
The Annual operating budget for 2019/20 financial year amounted to R212, 610,895. The actual expenditure for the period ending 30 June 2020 amounts to R 190,007,450. On average 100% of all allocated budget should be spent by end of financial year, the municipality has spent 88% on operating expenditure inclusive of staff benefits.

The municipality is financially viable and there is hope that our credit control policy is bearing fruit, albeit on institutional debtors. More efforts need to be put to improve collection on the residential side. We shall continue with prudent financial management to ensure financial sustainability and continuous provision of services to the people. Section 1.3 and Chapter 3 of this Annual report will give a detailed financial health overview of the municipality in the year under review.

It doesn't have to be emphasized that we are in tough economic times brought about by the COVID-19 pandemic. To this end we have allocated R 5 million in the 2020/2021 financial year to cover the cost of providing free basic services to the qualifying residents. This amount will increase to R 5.3 million and R 5.8 million in the 2021/2022 and 2022/2023 financial years. An increase of 4.5% has been approved for the property rates and refuse removal in the 2020/2021 financial year. Electricity tariffs as approved by NERSA will increase by 8.1% in 2020/2021 before decreasing by 5.2% in the 2021/2022 financial year.

2.5 Good Governance and Administration

Risk Committee chairperson has been appointed and has started to work. Audit Committee is also performing its assurance functions. The two committees play a critical role of ensuring management develops and adheres to internal control systems to ensure accountability for usage of municipal resources. The municipality has submitted the 2019/20 Annual Financial statements and Annual Performance report on the required timeframe. The Auditor-General has commenced the annual audit for the 2019/20 financial year in November 2020 due to disruptions of schedules by COVID-19. The municipality has once again maintained the unqualified audit opinion in the 2019/20 Audit season. Although we were all hoping for a clean audit opinion it is pleasing that the number of findings for this financial year has decreased from twenty five (25) in the previous financial year to fourteen (14) in the current financial year.



Mr. M.L Mosena
Municipal Manager

Chapter 1

1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

a) INTRODUCTION TO BACKGROUND DATA

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

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

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

b) DEMOGRAPHIC ANALYSIS.¹

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

The majority of the population is comprised of Black Africans at 98,4% with the remaining 1.6% made up of whites, Coloured, Indians and other (Statssa,2011). According to Municipal Capacity Assessment report (2018) the municipality has recorded a slight increase in the population of Black Africans to 98.6%. Molemole Local Municipality has a population density of 31.9 persons per square kilometer, which is lower than the district, provincial and national averages of 75.1, 43.2 and 40.9 persons per square kilometers respectively which infers that the municipality is sparsely populated relative to the district, province and South Africa. The Municipality covers an area of 3347km². The total number of households has increased from 30,043 in 2011 to 34,642 in 2018. Furthermore 54%

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

Chapter 1

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

c. POPULATION TRENDS

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

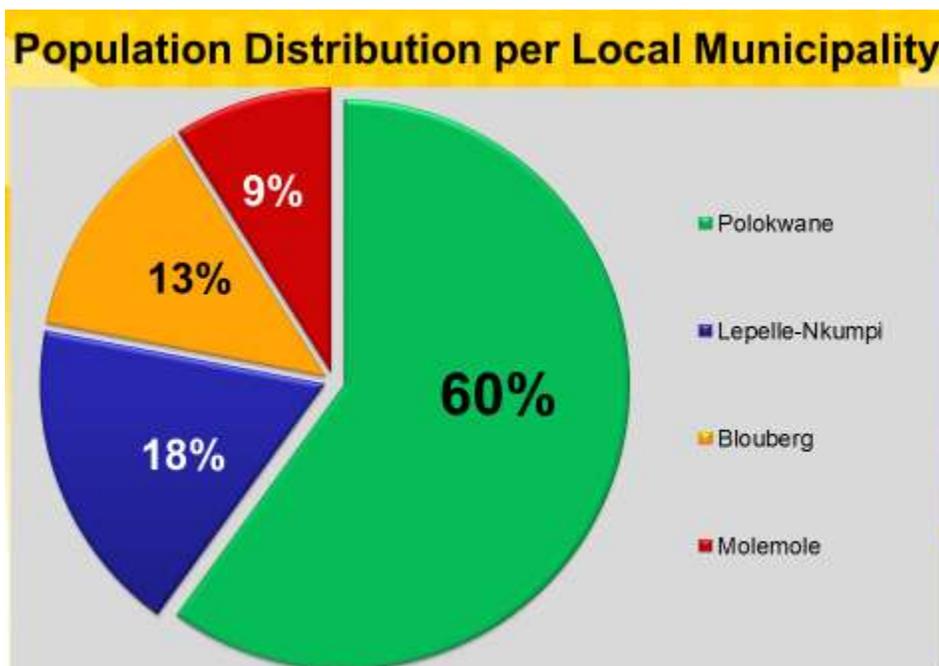


Figure 1.1: Population Composition in the CDM

d. LANGUAGE DISTRIBUTION

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

Chapter 1

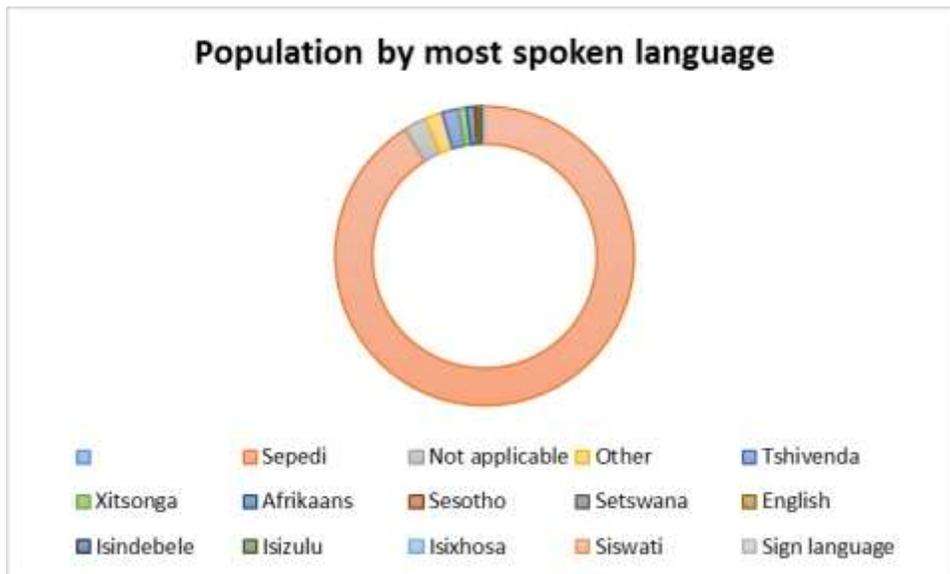


Figure 1.2: Population by most spoken language community survey: 2016

e. AGE DISTRIBUTION

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

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

Chapter 1

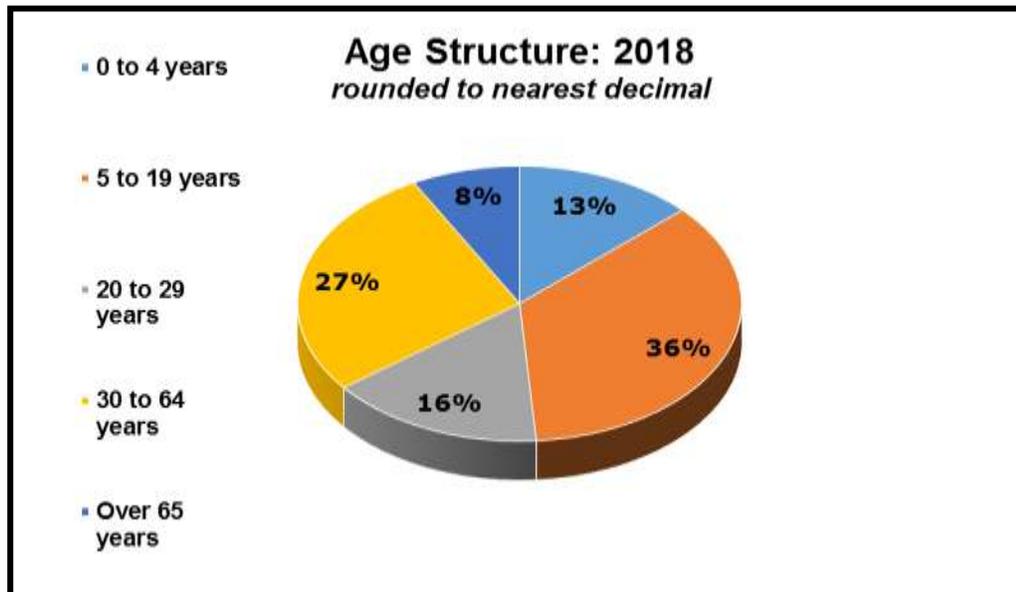


Figure 1.3 depicts age distribution of Molemole population. It is evident from the figure that 51.4% of the population is of a school going age whilst 27.6% are of general working age. Almost 10 000 (7.9%) of the population are of over the age of 65. The intensity of poverty for the municipality has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

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

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

f. GENDER DISTRIBUTION

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

Chapter 1

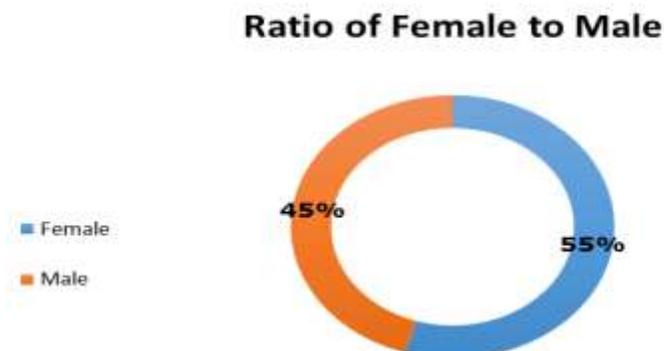


Figure 1.4: Population by gender distribution: Community Survey: 2016

g. EDUCATIONAL PROFILE.

The high proportion of people with no schooling for individuals 20 years or older (20.2%) is a very worrying factor as it may lead to an increase in social ills like teenage pregnancy, unemployability, low participation in economic activity, high incidences of substance and alcohol abuse and poor health. It is even more concerning as 95% of those with no schooling are black Africans reflecting past apartheid imbalances. The table below shows that as at 2016 only 53% of individuals 20 years and older have received some form of education from grade 10 up to PHD level. Improved educational levels can have many benefits for the municipality like ability to participate in the government work, understanding of important messages sent by the municipality, understanding health related messages from government and increased chance of getting employed or even starting your own business. Molemole is serviced by 82 schools comprising 51 primary schools, 30 secondary schools and one (1) combined school. There is one satellite FET College in Ramokgopa village.

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

Level of education	Molemole	Lepelle-Nkumpi	Blouberg	Polokwane	Totals
Bachelors degree	972	1188	614	14146	16920
Honours degree/Post-graduate diploma	795	1,235	945	6,528	9503
Masters degree	76	183	34	1474	1767
PHD	65	101	48	706	920
Post-Higher Diploma (Masters)	793	725	400	4378	6296
Higher Diploma	491	1,086	668	6373	8618
Higher/National/Advanced Certificate with Grade 12	578	1696	776	6884	9934
N4/NTC 4/Occupational certificate NQF Level 5	538	729	349	2,606	4222
N5/NTC 5/Occupational certificate NQF Level 5	215	325	203	1,819	2562

Chapter 1

Level of education	Molemole	Lepelle-Nkumpi	Blouberg	Polokwane	Totals
N6/NTC 6/Occupational certificate NQF Level 5	302	458	19	3355	4134
NTCIII/N3	204	401	117	2358	3080
NTCII/N2	208	173	93	1,053	1527
NTC I/N1	267	143	17	649	1076
Certificate with no Grade 12/Std 10	43	137	61	439	680
Diploma with Grade 12	914	2,199	634	14,932	18679
Diploma with no Grade 12	145	365	61	1,875	2446
Do not know	748	966	616	7,049	9379
Grade 0	68	146	83	207	504
Grade 10/Std 8/Form 3	6,355	13,537	9,126	41,863	70881
Grade 11/Standard 9/Form 4/NCV Level 3	7,836	14,197	11,010	51,774	84817
Grade 12/Form 5/Matric/NCV Level 4	13,524	32,281	15,235	154,749	215789
No schooling	12,885	19,151	15,838	42,862	90736
Grade 1/Sub A/Class 1	300	743	728	2,222	3993
Grade 2/Sub B/Class 2	404	1,144	983	2,898	5429
Grade 3/Standard 1/ABET 1	804	1,632	1,227	3,896	7559
Grade 4/Standard 2	857	2,105	1,764	5,804	10530
Grade 5/Standard 3/ABET 2	1,302	2,672	2,190	7,520	13684
Grade 6/Standard 4	1,691	2,725	2,508	8,133	15057
Grade 7/Standard 5/ABET 3	2,953	7,375	4,548	12,764	27640
Grade 8/Standard 6/Form 1	2,953	7,375	4,548	22,042	36918
Grade 9/Standard 7/Form 2/ABET 4/Occupational certificate NQF Level 1	4,202	7,635	6,074	23,873	41784
Other	916	688	345	6,282	8231
Unspecified	71	38	236	113	458

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

Source: Statssa 2016 Community Survey

- The table below reflect educational levels by population group.

HIGHEST EDUCATIONAL LEVEL	Black African	Coloured	Indian or Asian	White	Other
Grade 0	4030	2	1	16	5
Grade 1 / Sub A	3166	4	-	14	1
Grade 2 / Sub B	3128	1	1	9	1
Grade 3 / Std 1/ABET 1Kha Ri Gude;SANLI	3617	2	2	9	4
Grade 4 / Std 2	3855	1	1	12	9
Grade 5 / Std 3/ABET 2	4112	2	2	21	11
Grade 6 / Std 4	4364	2	5	20	2
Grade 7 / Std 5/ ABET 3	5374	2	4	51	25
Grade 8 / Std 6 / Form 1	7139	15	5	49	22
Grade 9 / Std 7 / Form 2/ ABET 4	6620	7	1	38	16

Chapter 1

Grade 10 / Std 8 / Form 3	8286	17	15	117	22
Grade 11 / Std 9 / Form 4	9084	6	6	48	42
Grade 12 / Std 10 / Form 5	10679	7	36	377	26
NTC I / N1/ NIC/ V Level 2	122	-	-	5	5
NTC II / N2/ NIC/ V Level 3	76	-	-	3	-
NTC III /N3/ NIC/ V Level 4	85	-	-	20	1
N4 / NTC 4	73	-	-	6	-
N5 /NTC 5	52	-	-	3	-
N6 / NTC 6	125	-	-	6	1
Certificate with less than Grade 12 / Std 10	74	-	5	-	-
Diploma with less than Grade 12 / Std 10	119	-	1	3	-
Certificate with Grade 12 / Std 10	1014	1	3	24	-
Diploma with Grade 12 / Std 10	1021	-	-	30	-
Higher Diploma	971	2	2	59	-
Post Higher Diploma Masters; Doctoral Diploma	178	-	-	8	-
Bachelor's Degree	530	1	2	38	3
Bachelor's Degree and Post graduate Diploma	276	-	-	13	-
Honours degree	314	-	2	19	-
Higher Degree Masters / PhD	85	-	2	11	3
Other	147	-	3	10	10
No schooling	12290	5	8	36	49
Unspecified	-	-	-	-	-
Not applicable	15541	62	27	135	36

h. EMPLOYMENT PROFILE.

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

i. Molemole Employment Status

Chapter 1

The percentage of economically active population increased significantly by 15% from 61598 in 2011 to 70 833 in 2016 (see **Table 1.5**).

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

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

j. Molemole Income distribution levels

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

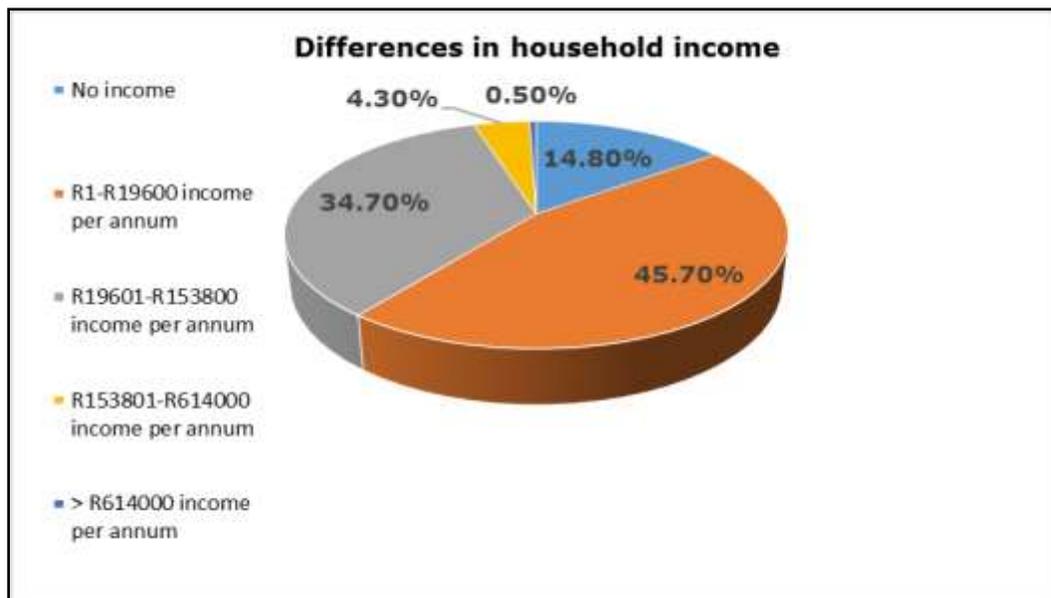


Figure 1.6: Household income. MDB 2018

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

² Based on extrapolation of 56.9% of EAP to the 2018 MDB population statistic.

Chapter 1

The figure below shows the average household income in 2011.

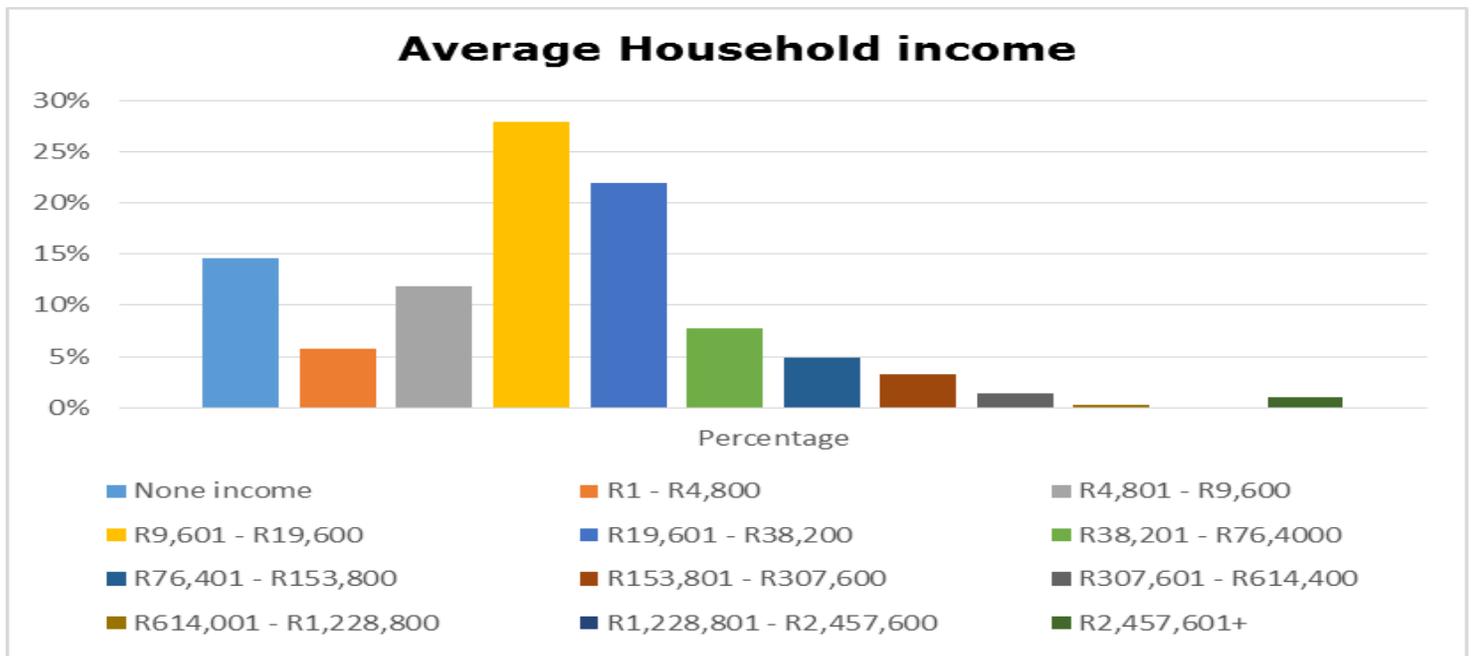


Figure 1.7: Average household income. *Statssa 2016 Community Survey*

k. UNEMPLOYMENT RATES.

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

1.2. SERVICE DELIVERY OVERVIEW

1.2.1 SERVICE DELIVERY INTRODUCTION

A) NORMS AND STANDARDS ON WATER AND SANITATION PROVISION.

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

Chapter 1

Municipality is still the Water Services Authority within Molemole municipality and as a result the service and maintenance of the water projects still lies with the District Municipality.

B) WATER SOURCES.

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

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

Source: Statssa: 2016 Community Survey

1.3. FINANCIAL HEALTH OVERVIEW

a) FINANCIAL OVERVIEW

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

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

Chapter 1

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

b) THE CURRENT RATIO

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

NORM

The legislated norm ranges 1.5 to 2:1

The Current ratio:	2019/20	2018/19
Current assets	: R 114 153 579	R 99,483,296
Current liability	: R 38 093 353	R 31,107,476
Ratio	2:9	3:1

Interpretation of Results

The ratio 2:9 is above the norm which means that the municipality will be able to pay its short term obligations with the available current assets. When comparing the current year ratio to the prior year it is stable, thus no indication of uncertainties on the liquidity of the municipality.

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

a) FINANCIAL

The Municipality's net assets amount of R 327 110 503 is positive; the Net working Capital of the Municipality is significantly in a healthy balance. The Municipality has been operating in a positive cash flow for the past financial year and it is envisaged that the trend will continue in the following financial year. All creditors were paid as per the goods and services offered. The Municipality does not have significant long term borrowings and do not have any loans with any 3rd party. There are no unplanned financial commitments with any party and priority is given to the already rolled over

Chapter 1

projects. All the projects listed on the commitments register were provided for on the approved municipal budget.

b) CONTINGENT LIABILITIES

The pending contingent liabilities as at end of June 2020 amounted to R 4,460,442.00 which constitute 1.4% of the Municipality's net assets. This will not threaten the going concern of the municipality even if it may be required to be paid. All pending legal or regulatory proceedings against the municipality will be resolved and amount due paid if required by law.

c) MITIGATING PLANS

The municipality's net debtors' book amounting to R 75 961 383.00 (including 30% commission receivable from water debtors and interest). This is a huge amount considering that the municipality is heavily reliant on grant funding to discharge its service delivery responsibilities. To this effect the municipality has commenced a rigorous debt collection campaign to liquidate this asset and the collection rate has improved since then. Most of the debtor's amount from municipality emanated through the assets/debtors received from the former disestablished Aganang local municipality after some villages were incorporated into Molemole municipality.

d) CASH FLOW ANALYSIS

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

e) OTHER

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

CONCLUSION

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

Chapter 1

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

Financial Overview: Year 2019/20			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	181,299,010	183,273,053	182,145,339
Taxes, Levies and tariffs	30,400,203	34,733,358	33,199,426
Other	79, 690, 823	40, 799, 268	5, 131, 523
Sub Total	260,989,833	258,805,679	220,476,288
Less: Expenditure	205,548,562	212,610,895	192 275 734
Net Total*	55, 441, 271	46, 194, 784	30, 468, 839
* Note: surplus/(deficit)			T 1.4.2

- Operating Ratios

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

- Three year Capital expenditure

			R'000
Detail	Year 2017/18	Year 2018/19	Year 2019/20
Original Budget	47,527,108.00	50,437,065.00	55,441,271
Adjustment Budget	64,055,528.00	60,037,686.00	46,194,785
Actual	35,306,420.00	45,682,318.00	38,284,503
			T 1.4.4

Chapter 1

1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

a) ORGANISATIONAL DEVELOPMENT PERFORMANCE

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

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

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

b) INTERNAL EMPLOYEE BURSARY PROGRAMME

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

NO	SURNAME INITIALS	DEPARTMENT	POSITION	COURSE	INSTITUTION
1	Maffa MD	Community Service	Traffic Officer	BA in Disaster and Safety Management	Lyceum
2	Matlakala ME	Corporate Services	Receptionist	Advanced Diploma in Business Management	MANCOSA
3	Mashiane MF	Community Services	Traffic Officer	Diploma in Traffic and Metropolitan Police	Lyceum

Chapter 1

NO	SURNAME INITIALS	DEPARTMENT	POSITION	COURSE	INSTITUTION
4	Rathete M	MM s office	Secretary	Higher Certificate in Local Government	Richfield Graduate Institute of Technology
5	Moloto MJ	MM s office	Internal Auditor	Advanced Diploma in Internal Auditing	UNISA
6	Moremi TD	Community Services	Traffic Officer	Diploma in Traffic and Metropolitan Police	Lyceum
7	Manyape NL	Corporate Services	Secretary	Advanced Diploma in Business Management	MANCOSA
8	Letsoalo SS	Community Services	Traffic Officer	Diploma in Traffic and Metropolitan Police	Lyceum
9	Makwala MD	Community Services	Examiner	Bachelor of Administration Licensing and Practice	Lyceum
10	Modika MA	Community Services	Examiner	Bachelor of Administration Licensing and Practice	Lyceum
11	Sepuru KJ	Corporate Services	Skills Development Facilitator	OD-ETDP	Faschs College
12	Sefake MM	Finance Department	Payroll Clerk	Bookkeeping	Damelin
13	Rabothata SE	Technical Service	Artisan Plumber	Project Management	
14	Rapetswa M	Corporate Services	Desktop Technician	Bsc Informatics	UNISA
15	Khoza K	Corporate Services	Administration Officer	Bachelor of Public Administration	MANCOSA
16	Phosa M	Finance Department	Secretary	Advanced Diploma	UNISA

Chapter 1

NO	SURNAME INITIALS	DEPARTMENT	POSITION	COURSE	INSTITUTION
17	Matotoka M	Finance Department	Finance Officer	Diploma Real Estate	Cape Peninsula
18	Seema NL	Finance Department	Clerk	N4 Business Management	TVET College

c) INTERNSHIPS AND LEARNERSHIP

A total of three (3) internship programmes were coordinated during the 2019/20 financial year and were placed under Corporate services, Local Economic Development and Communication.

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

1.6 AUDITOR GENERAL REPORT

1.6.1 AUDITOR GENERAL REPORT: YEAR 2019/20

The Audit for 2019/20 is has been completed and the Municipality has maintained the unqualified audit opinion for the year under review.

1.6.2 EXPLANATION TO CLARIFY MATTERS OF EMPHASIS IN THE 2019/20 AUDIT PROCESS

There were only three matters of emphasis in the 2019/20 audit. These matters are follows:

- a) Material misstatements of revenue from exchange transactions, employee related costs and cash flow statements identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion
- b) Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R127 550, as disclosed in note 59 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.
- c) Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).

Chapter 1

1.6.3 COMMENT ON THE OVERALL PERFORMANCE OF FINANCIAL SERVICES

The municipality is hoping for an improved audit opinion in the coming audit season. The audit action plans and relevant internal control mechanisms have been put in place to ensure we avoid the mistakes that were committed in the previous audit.

1.7 STATUTORY ANNUAL REPORT PROCESS

Molemole municipality has prepared the 2019/20 in line with a prescribed plan. The report is in the new format prescribed by the National Treasury. This, it is believed will ensure the municipality is able to finalize the Annual Report in the first half of the financial year so as to make it more useful for future planning cycles.

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

The Statutory process plan for the 2019/20 Annual Report process is depicted in the table below:

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

Chapter 1

No.	Activity	Timeframe
14	Audited Annual Report is made public and representation is invited	February
15	Oversight Committee assesses Annual Report	February - March
16	Council adopts Oversight report	March
17	Oversight report is made public	April
18	Oversight report is submitted to relevant provincial councils	April
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	April

Table 1.10: Annual report process plan

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

1.8 COMMENT ON THE ANNUAL REPORT PROCESS

The office of the Municipal Manager is driving the process plan through the office of the Manager: Executive Support and Manager: PMS. The operational process plan which was adapted from the main statutory plan was developed to assist with collection of departmental reports. The schedule has been disrupted for this year due to COVID -19 restrictions .

Chapter 3

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

a) INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

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

2.1 POLITICAL GOVERNANCE

a) INTRODUCTION TO POLITICAL GOVERNANCE

The Municipal Council, its committees, i.e. Portfolio committees, Section 79 (Ethics Committee & MPAC), Ward Committees, Executive Committee as well as Audit committee are functional and held their meetings in line with council approved corporate calendar. The Speaker of Council has established a multi-party women caucus comprising of women Councillors from all the parties that constitute the municipal Council.

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

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

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

Chapter 3

b) Composition of Municipal Council

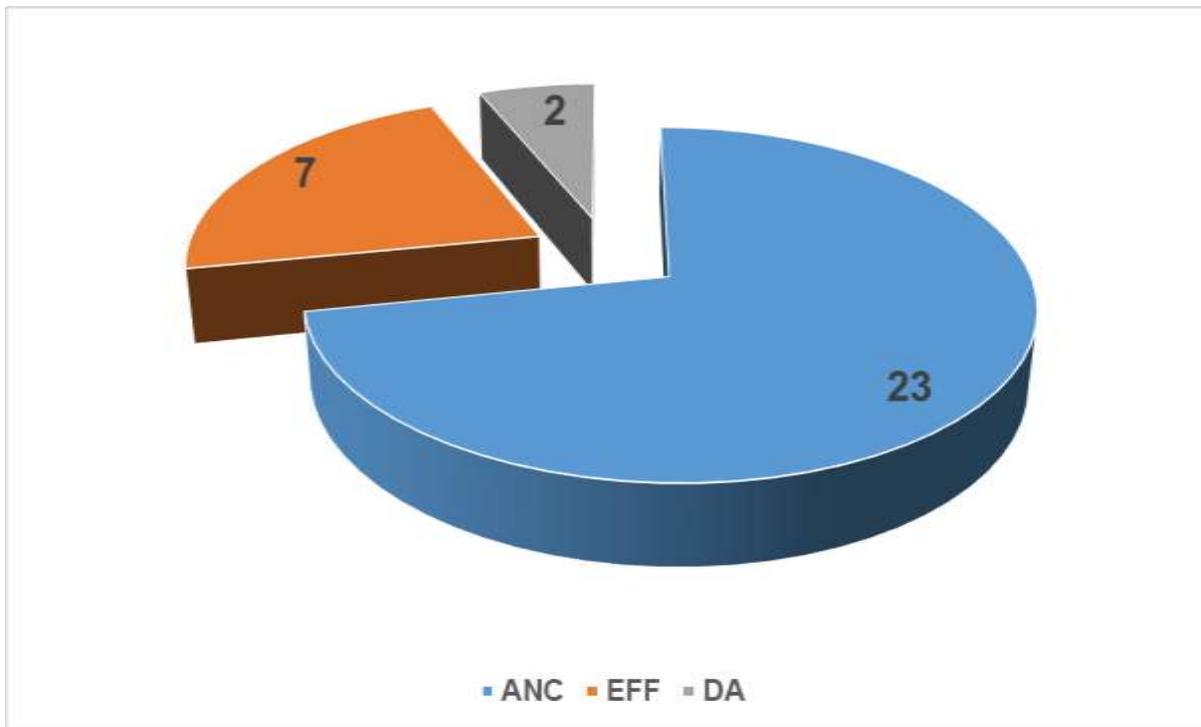


Figure 1.9: Council composition for the current term

c) POLITICAL DECISION-TAKING.

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

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

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

Chapter 3

The political executive structure of the municipality is depicted below:



**Cllr. M.E Paya
Mayor**



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



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



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



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



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



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



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



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

Chapter 3

2.2 ADMINISTRATIVE GOVERNANCE

a) INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Other administrative subcommittees that assist Management in executing its functions are: Batho Pele committee, OHSa committee, Local Labour forum, Bid committees (Specification, Evaluation and Adjudication), Employment Equity committee and Training committee. The functionality of the above committees is key for the smooth functioning of the municipal administration.

As reported in the previous financial year that about the vacancy for Risk Committee chairperson, we are pleased to report that the new chairperson has been appointed. We appreciate the indulgence of CDM for seconding an official to chair the Risk committee meetings whilst we were busy with recruitment processes for the chairperson. The strategic and operational risk registers for 2020/2021 financial year have been compiled and approved by Council with IDP. Emerging risk register was also updated owing to the Covid19 pandemic.

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

The municipality had a relatively stable management core during the financial year under review. It is however still worrisome that long vacant position of Senior Manager: LED & P is still not filled due to inability to attract competent candidates. We are however pleased to report that the process is now at advanced stage and should be finalized in the second half of the financial year.

All Senior Managers account to the Municipal Manager as head of administration. This is done through Management committee, comprising of Executive Management as well as Extended Management committee meetings. Management committee meetings are held in line with the approved corporate calendar. Decisions of management inform the agenda for the relevant portfolio committee meetings.

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

c) TOP ADMINISTRATIVE STRUCTURE

Chapter 3

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

Chapter 3

Senior Management Team



Ms. K.W Zulu
Chief Financial Officer



Mr. Y. Wasilota
Technical Services



Mr. M.L Mosena
Municipal Manager



Mr. K.E Makgatho
Corporate Services



Ms. M.F Mabuela
Community Services

COMPONENT B: INTERGOVERNMENTAL RELATIONS

Chapter 3

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

a) NATIONAL, PROVINCIAL AND DISTRICT INTERGOVERNMENTAL STRUCTURES

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

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

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

b) RELATIONSHIPS WITH MUNICIPAL ENTITIES

The Municipality does not have any entity.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

a) OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The continued success of a municipality is determined to a large extent, on the accountability of all key role players and stakeholders in the local governance process. The municipal public accountability is premised on the vision and mission that puts people at the forefront in all the developmental agenda. The IDP process plan is a tool used to involve the communities to play an active role in all the stages of reviewing the IDP. Public participation for this Annual report will be affected due to lock down restrictions aimed at curbing the spread of Covid-19. The draft and final Annual report will be publicized in the website and will also be made available in all municipal service points for ease of access by the communities.

Chapter 3

2.4 PUBLIC MEETINGS

a) Communication, Participation And Forums

Public engagements with communities is integral part of the municipal operations. These have however been affected in the 2019/20 financial year due to lock down restrictions imposed by Government to fight the spread of COVID-19. The municipality has however engaged the public through social media, radio and website as alternative to the normal face to face public participation.

A virtual meeting was convened by the Mayor and his Executive on the 17th June 2020 with traditional authorities within the municipal jurisdiction. We thank all traditional authorities for making themselves available and indeed for their participation during the review of the 2019/20 IDP document. We value your inputs and have indeed considered them during the finalization of this IDP. On the 28th of May 2020 the Mayor of Molemole Municipality presented the draft 2020/2021 IDP and Budget in four of our community Radio stations: Mohodi, Moletji, Botlokwa and Sekgosese FM. Listeners were given an opportunity to call in and comment on the draft. We thank everyone for their participation.

The draft IDP and Budget was publicised in the Municipal website and the public were encouraged to make their inputs via social media (that is Facebook), our email address and through delivery to Municipal Offices. The draft copies were also shared with Magoshi and all the Ward Committees. The public had between 11 May to 01st June 2020 to make inputs and comments to the draft;

b) Ward Committees

The Ward committees are still functional in all the Wards following the initial challenges experienced at the start of Council term. All Ward committee members were paid their usual stipends only after submission of monthly reports on service delivery challenges facing their respective Wards. The full report on functions of Ward committee for the 2019/20 financial year is attached under Appendix E.

c) Municipal Outreach Meetings

The municipality only held one Mayoral Imbizo in the year under review to report on the 1st quarter 2019/20 SDBIP performance. Furthermore, two IDP rep forum meetings were held for the Analysis and Project phases of the 2020/2021 IDP. The PMT conducted a community feedback campaign across all the sixteen wards during February of 2020. The aim of the campaign was to get a first-hand experience of the service delivery challenges facing our people on the ground. We thank the communities for their attendance and active participation during the feedback campaigns. The report from these sessions was used to compile the Ward profiles which informed services that are needed by the people on the ground.

Chapter 3

2.5 IDP PARTICIPATION AND ALIGNMENT

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

COMPONENT D: CORPORATE GOVERNANCE

Chapter 3

a) OVERVIEW OF CORPORATE GOVERNANCE

Molemole municipality consists of seven service points for the residents in both Mogwadi and Morebeng. Mogwadi is home for the municipal head office as well as one Driver's License and Testing Center (DLCTC), Technical Office and Library services. In Morebeng there is a satellite office, a DLTC as well as the Library. The municipality has entered a service level agreement with departments of Sports, Arts and Culture and Transport for the running of DLTC and Library Services. The construction of Moletji Office Cluster to cater for Wards 10, 14, 15 & 16 is complete and handed over to the municipality. Office furniture has been installed and network system will be installed in the second half of the 2020/2021 financial year.

Performance management system has been fully implemented in the year under review. We are hopeful that the municipality and indeed the community will benefit from this system through enhanced service delivery by the municipal officials.

2.6 RISK MANAGEMENT

Section 62(i) (c) of the Municipal Finance Management Act, 2003 (Act 53 of 2003) requires a municipality to have and maintain an effective, efficient and transparent system of risk management. According to Public Sector Risk Management framework the Risk Management Committee is an oversight committee responsible to the Accounting Officer for the monitoring of risk management (i.e. to assist in designing, implementing and coordinating the institution's risk management initiatives) for the achievement of the objectives of the municipality as contained in the IDP.

During the 2019/20 financial year the municipality has improved in terms of implementation and compliance of risk management by ensuring that all systems are in place. The municipality has ensured that a (i) Risk Management Committee is established with an external person appointed as Chairperson of the Committee, (ii) reviewed the risk management Policies and Strategies, (iii) and have an approved Risk Management Implementation Plan and a Risk Committee Charter.

The 2019/20 risk management policies were reviewed and approved by Council to cater for changing risk management trends. The following policies were reviewed:

- **Risk Management Policy,**
- **Risk Management Strategy**
- **Risk Management Charter**
- **Risk Management Plan.**
- **Whistleblowing policy**

Chapter 3

- **Fraud Prevention Strategy and Policy**

- **Gift Management policy**

Risk Management assessment was conducted in the fourth quarter of the 2019/20 financial year and the outcome of the process was the identification of the Strategic and Operational Risk Register for attention by management in the 2020/2021 financial year:

a. Strategic Risk register

The following strategic risks were identified:

No	Strategic objective	Risk description at Strategic Objective level	Risk category	Primary Cause (Risk at Operational level)	Secondary Cause (Risk at Business unit level)	Effect (Impact)
1	To manage and coordinate spatial planning within the municipality	Noncompliance to SPLUMA	Service delivery	Weak internal controls in spatial rationale	No municipal tribunal in place to consider land use applications	Poor Town
2	To enhance economic growth and job creations	Inadequate attraction of investors	Local Economic Development	Weak economic development	Inadequate Local Economic Development strategy	Poor Town
3	To promote sustainable basic services and infrastructure development	Ageing Infrastructure	Basic service delivery	Inadequate	Inadequate implementation of infrastructure master plan.	Dilapidated infrastructure
4		Electricity Distribution Losses	Basic service delivery	Weak internal controls in electrical unit	1, Poor monitoring of electricity connection (purchases vs sales) by municipality. 2, Theft and Vandalism of electrical infrastructure 3, Lack of bulk meters to confirm electrical meter unit	Dilapidated infrastructure
5	To ensure sound and stable financial management	Low revenue streams and collection	Financial Viability	Weak internal controls in Revenue Management	1, Lack of revenue enhancement strategy. 2, Unregistered State properties 3, Negative socio political factors	Full dependence on Grants

Chapter 3

No	Strategic objective	Risk description at Strategic Objective level	Risk category	Primary Cause (Risk at Operational level)	Secondary Cause (Risk at Business unit level)	Effect (Impact)
6		Material misstatements in the Annual financial statements(AFS)		Weak internal controls in review of AFS	1, Non adherence to AFS process plan timeline and GRAP. 2, Misalignment of transactions and reporting items due to MSCOA implementation	Negative Audit Outcome
7	Maintain strong financial management environment	Unauthorised procurement of goods and services may be made	Financial sustainability	Weak internal controls in procurement	Poor management supervision and oversight	Unauthorised, Irregular and Fruitless expenditure may occur, leading to qualified financial statements
8	To ensure institutional structures and plans are properly resourced to respond transformational objectives	Inadequate performance management system	Municipal transformation and Organizational Development	Weak internal controls in PMS unit	PMS unit not capacitated and PMS not cascaded to the lower officials	Low employees morals
9		Ineffective Disaster Recovery Plan	Information Technology	Weak internal controls in IT unit	Unauthorised access to the system	Loss of municipal data
10		Ineffective leave management	Municipal transformation and Organizational Development	Weak internal controls in Human Resource Unit	High financial liability to municipal balance sheet.	Financial liability
11	To ensure that Waste Disposal is adequately managed	Waste Disposal not adequately managed	Waste Disposal	Weak internal controls in Community Services	Air Pollution to the community	Death to the community

2.7 ANTI-CORRUPTION AND FRAUD

a) ANTI-FRAUD AND CORRUPTION STRATEGY

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

Chapter 3

proper mitigating controls are put in place. Hence the municipality conducted the fraud risk assessment during the year under review but could not identify any risks whatsoever.

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

b) **Internal Audit**

The Internal Audit unit of the Municipality consists of Chief Audit Executive (CAE), One (1) Internal Audit who reports directly to the CAE and One (1) Intern. The unit reports administratively to the Accounting Officer and functionally to the Audit Committee. The main purpose of the unit was to assess the internal control environment and other risks within the municipality and provide advice to the Accounting Officer and Audit Committee in line with Section 165(2) (a)(b) of the MFMA. The Internal Audit conducted its audit in line with the approved risk based internal audit plan 2019/20. The progress report on the implementation of the plan was reported to the Audit Committee on a quarterly basis.

2.8 **SUPPLY CHAIN MANAGEMENT**

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

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

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

b) **SCM POLICY**

The council of the Municipality approved the supply chain management policy on the 29st May 2019. The policy is in line with requirements of section 112 of the MFMA as well as principles outlined in Municipal Supply Chain Regulations (2005). The SCM practices are also guided by the various Circulars issued by Treasury from time to time. The provisions of these circulars are filtered in the

Chapter 3

SCM policy during Annual policy reviews. The policy review is also guided by shortcomings identified during Audit process, both internally and externally.

c) SCM UNIT

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

d) BID COMMITTEES

All members of bid committees are delegated in writing by the municipal manager to serve on these respective committees. These delegations are accepted in writing. Molemole municipality has put in place mechanism to ensure that the committees that preside over procurement are independent from one another. Councillors are not sitting in any committees, however, they receive reports on SCM implementation on a quarterly basis.

The following Officials served as chairpersons on the bid committees

Names	Official Position Held	Committee
Mr. Mashotja M.F	Manager: Town Planning and Regional	Bid Specification Committee
Mr. Modisha N.J	Manager: Executive Support	Bid Evaluation Committee
Ms. Zulu K.	Chief Financial Officer	Bid Adjudication Committee

e) TENDER ADVERT AND AWARDS

Tenders are advertised on e-tender publication portal as well as the municipal website. During the year under review the municipality has stopped selling hard copies of tender documents and uploads them on E-tender portal. We have since augmented this by creating a specific link on the website where users can access municipal tender documents. This has save the municipality time and money for buying paper and tonners. This is part of our objective of moving towards a paperless operation to boost efficiency. We are pleased to report that this has been going so well with very minimal

Chapter 3

inconveniences to the public users. A total of 18 tenders were awarded during the 2019/20 financial year at a total value of R 13,646,679.41

The Supply Chain Management unit continue to play an important role of advancing empowerment policies of national government through procurement of goods and services to local businesses, youth and women-led small businesses. This is done in line with the Section 217 of the Constitution to advance the principles of Equity, fairness, competitiveness, cost-effectiveness and transparent. The table below outlines procurement statistics for the 2019/20 financial year:

2019/20 Procurement statistics					
Quarter	Total Procurement Bill	Bill spent on Local Suppliers	% Percentage	% of District Suppliers	% outside district
1 st	3,121,354.24	2,405,601.54	77.07	14.62	8.31
2 nd	13,845,495.99	1,462,893.00	17.75	69.69	12.56
3 rd	5,784,783.62	2,197,053.91	40.34	62.02	-
4 th	2,809,805.71	1,260,251.00	44.85	40.86	14.29
Total	25 561 439.56	8,320,412.45	44.41	46.80	8.79

Qtr.	RFQ	Tender	Totals
1st Q	3,121,354.24	-	3,121,354.24
2nd Q	4,696,993.41	9,148,502.58	13,845,495.99
3rd Q	5,446,305.09	338,478.53	5,784,783.62
4th Q	2,654,805.71	155,000.00	2,809,805.71
Totals	15919458.45	9641981.11	25561439.56

2.9 BY-LAWS

a) Introduction to By-laws

Capricorn District Municipality have developed Waste Management by-law for the municipality to help in managing waste management within the municipal jurisdiction. The municipality has developed two by-laws: Cemetery and outdoor advertising.

b) COMMENT ON BY-LAWS:

Chapter 3

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

2.10 WEBSITES

a) COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

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

The municipality has in the 2019/20 financial year began the process of upgrading the website to make it more user-friendly and also be a hub of information for our users. Users are now able to download important information on government-wide policies and other service delivery programmes. Social media has become an invaluable resource during the COVID-19 pandemic as it assist us to interact with the public through Facebook and Twitter accounts.

Chapter 3

Municipal website: content and currency of material		
Documents published on the municipality`s /entity`s website	Yes/No	Publishing date
Current annual and adjustment budgets and all budget related documents	Yes	Annual
All current budget related policies	Yes	July 2019
The previous annual report (2018/19)	Yes	April 2020
The annual report for 2019/20 published / to be published	Yes	May 2021
All current performance agreements required in terms of section 57 (1) (b) of the MSA and resulting score cards	Yes	31 July 2019
All service delivery agreements (2019/20)	N/A	
IDP 2019/20	Yes	July 2019
All long term borrowing contracts (2019/20)	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 2019/20 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 (2018/19)	Yes	After approval by Council

b) Communication with Internal stakeholders

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

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

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

- Presidential and premier hotlines
- Suggestions boxes
- Suggestion books.

Chapter 3

- Through our social media, i.e. Facebook and Twitter.
- Community Protests
- Municipal Outreach programmes

Batho Pele committee was holding its meetings in line with the schedule during the year. The committee's brief is to facilitate the resolution of all cases brought to the municipality and compile monthly reports to the office of the Premier. During the 2019/20 the committee did a tremendous job as they managed to resolve 94% of the reported cases.

a) THE REPORT ON COMPLAINTS MANAGEMENT DURING THE 2019/20 FINANCIAL YEAR IS TABULATED BELOW:

Division	Total cases received	Total cases resolved	Total outstanding cases
Administration	02	02	0
Road & Storm Water	0	0	0
Water & Sanitation	0	0	0
Electricity	01	01	0
Parks & Cemetery and Refuse Removal	0	0	0
Library	01	01	0
Traffic	01	01	0
IDP	0	0	0
Town Planning	01	01	0
Income	07	07	0
Municipal Manager	05	04	01
TOTAL CASES	18	17	01

b) CHALLENGES ON COMPLAINTS MANAGEMENT

Total cases increased from 04 in 2018/19 financial year to 18 which is a 350% increase in cases of complaints. This can be attributed to problems experienced during the lock down restrictions as the municipality was operating on a skeletal staff. Thirty eight percent of cases received are for billing section whilst 28% are for office of the Municipal Manager. It is however pleasing to report that 94% of the cases have been resolved. The municipality will put systems in place to reduce the total number of cases reported by the residents. A more people-oriented approach is required if we are to make our people happy with our services. This is even more critical as 2021 is the year of local government elections.

Chapter 3

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

Chapter 3

1. FINANCIAL PERFORMANCE OF THE MUNICIPALITY FOR THE FINANCIAL YEAR 2019/20

1.1 TOTAL REVENUE AND EXPENDITURE BY SOURCE

Description	Annual Budget R	Annual actual R	% Revenue	Variance %	Reasons for variance
PROPERTY RATES	(19,858,067)	(20 010 884)	101	-1	None
FINES, PENALTIES AND FORFEITS	(4,720,834)	(909,431)	19	81	The budgeted amount was inclusive of the savings realised from the projects which were not fully completed in the previous financial years. The outstanding amount on the initial projects was categories under forfeits during the budget processes.
TRANSFERS & SUBSIDIES	(183,273,053)	(182,145,339)	99	1	None
RENTAL OF FACILITIES AND EQUIPMENT	(233,935)	(254,705)	109	(9)	The budgeted amount was based on the actual amount received from the previous financial years while the recognised amount disclosed is based on GRAP1 (accrual base).
SERVICE CHARGES	(11,512,854)	(10,503,009)	91	9	Electricity consumption was not realised as the usage level decreased due to the implementation of the smart split electricity meters which also had a positive impact on the customer electricity usage.
INTEREST EARNED EXTERNAL INVESTMENTS	(2,112,000)	(1,729,419)	82	18	The Municipality had less excess cash to invest as expected
INTEREST EARNED OUTSTANDING DEBTORS	(1,200,437)	(912,778)	76	24	The budgeted amount on interest on debtors was done based on the billing amount/billing transactions

Chapter 3

Description	Annual Budget R	Annual actual R	% Revenue	Variance %	Reasons for variance
					and movements excluding payments and the municipality has collected R 12 852 980.59 in the current financial year which is almost 50% of the total billing excluding prepaid electricity and other revenue items.
AGENCY SERVICES	(664,705)	(683,390)	103	(3)	None
OTHER REVENUE	(28,164,290)	(3 468 877)	12	88	The sale of stands processes were not finalised due to the limited amount of time caused by the pandemic (COVID-19) challenges.
LICENCES AND PERMITS	(7,065,504)	(3,123,723)	44	56	The non-functioning of the municipal traffic stations during lock-down lead a drastic decrease in the municipal traffic and licensing collection rate.
TOTAL REVENUE INCLUDING CAPITAL TRANSFERRED	(258,805,679)	(223 741 555)	86	14	

The Annual Revenue Budget for 2019/20 financial year amounted to R258, 805,639. The actual revenue for the period ending 30 June 2020 amounts to R 223,741,555. On average 100% of all allocated budget should be collected by end of financial year, the municipality only collected 86%.

Chapter 3

1.2 OPERATING BUDGET AND EXPENDITURE FOR THE 2019/20 FINANCIAL YEAR

DESCRIPTION	ANNUAL BUDGET R	ANNUAL ACTUAL R	% EXPENDI TURE	% VARIANCE	REASONS FOR VARIANCE
Employee related cost	91,393,205	87,328,279	96	4	Vacant posts not filled
Remuneration of Councillors	14,127,295	12,916,703	91	9	The municipality budgeted for Councillors increase using the CPI plus 1.5 % during the 2019/20 budget. The increase was 7%. The municipality was unable to adjust during the adjustment budget as the upper limits gazette was not issued. The gazette was issued in April 2020 and the finalization of the payments done in June 2020.
Contracted services	32,156,669	26,876,466	84	16	The contracted services expenditure is much less than the budget because of the Covid- 19 pandemic which led to closing of offices for 4 months of the year.
Operational cost	39,973,229	32,902,406	82	18	The operational expenditure is much less than the budget because of the Covid- 19 pandemic which led to closing of offices for 4 months of the year.
Bulk purchases	10,268,000	10,107,196	98	2	None

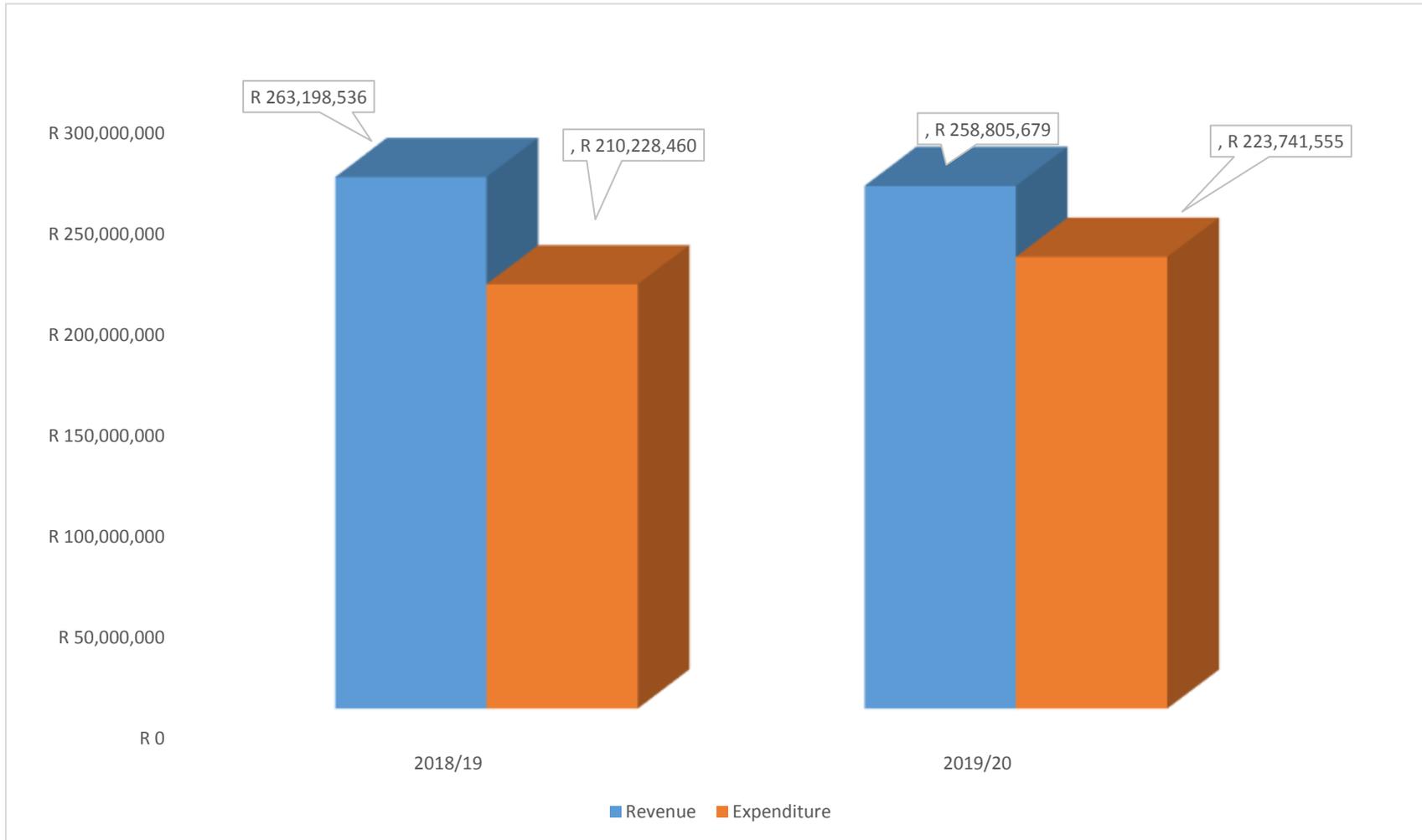
Chapter 3

DESCRIPTION	ANNUAL BUDGET R	ANNUAL ACTUAL R	% EXPENDITURE	% VARIANCE	REASONS FOR VARIANCE
Finance charges	1,255,286	421,596	34	66	Interest cost for post-retirement benefits were classified to employee related cost and therefore the actual expenditure is less than the budget.
Debt impairment	6,800,000	5,811,925	85	15	Impairment budget was only inclusive of municipal service related debtors excluding the CDM impairment.
Depreciation & amortisation	16,637,211	15,893,038	96	4	None
Total : expenditure	212,610,895	192,437,205	88	2	

The Annual operating budget for 2019/20 financial year amounted to R212, 610,895. The actual expenditure for the period ending 30 June 2020 amounts to R 192,437,205. On average 100% of all allocated budget should be spent by end of financial year, the municipality has spent 90% on operating expenditure inclusive of staff benefits.

Chapter 3

1.3 CHART: REVENUE AND EXPENDITURE FOR 2019/20



Chapter 3

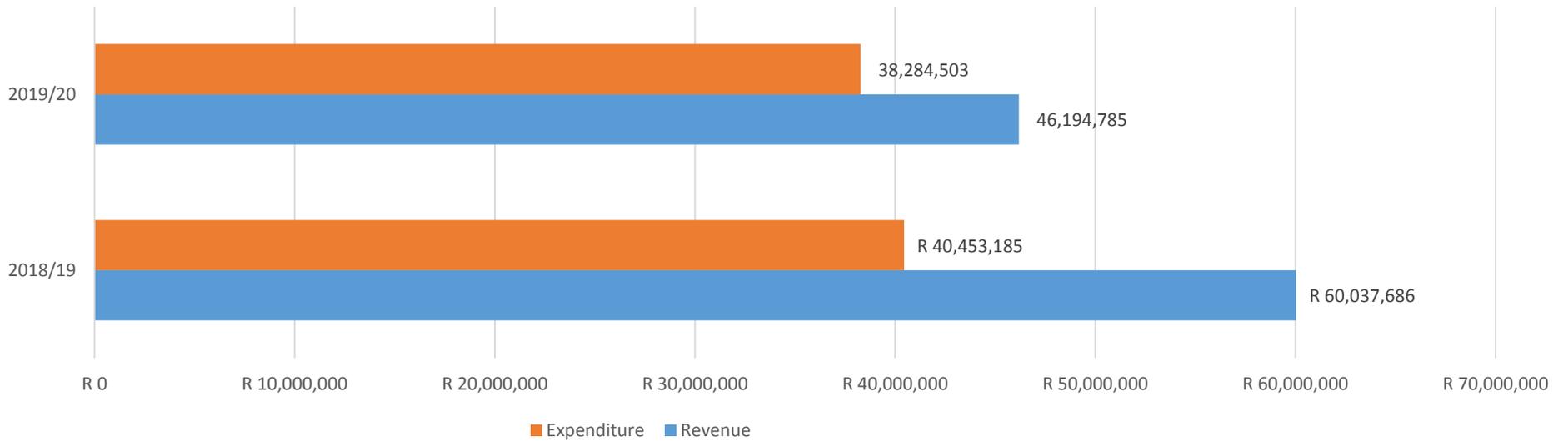
1.4 CAPITAL BUDGET AND EXPENDITURE FOR THE 2019/20 FINANCIAL YEAR

DESCRIPTION	BUDGET R	ANNUAL ACTUAL R	% EXPENDITURE	% VARIANCE	REASONS FOR VARIANCE
Property plant and equipment	46,194,785	38,284,503	83%	17%	The municipality has a balance of R1 million for Mohodi sports complex which is committed. The municipality applied for rollover.

Payments in respect of capital projects up to 30 June 2020 amounts to **R 38,284,503** against an Annual budget of **R46, 194,785**, which is 83% against the annual budget.

Chapter 3

1.5 MIG CAPITAL AND EXPENDITURE PER FINANCIAL YEAR: 2019/20



Note: The municipality received additional funding in the 2018/19 financial year. There was no additional funding received in the 2019/20 as the money had to be redirected towards fighting COVID-19

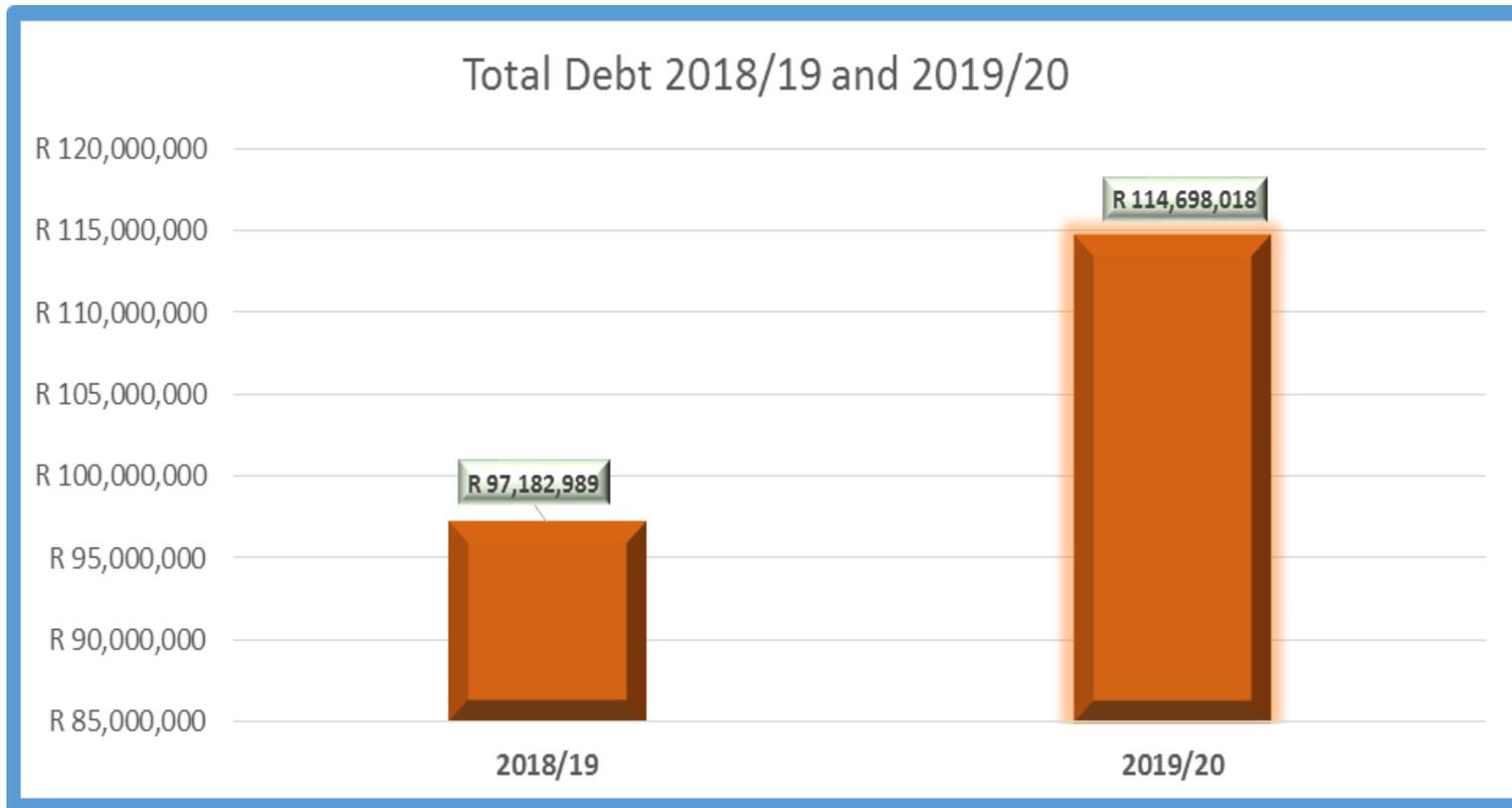
Chapter 3

1.6 COMPREHENSIVE ANALYSIS OF SERVICE DEBTORS

Description	0 - 30 days	60 DAYS	90 DAYS	More than 90 days	DEBIT-AMT	CREDIT-AMT	DEBIT-AMT
Credits	-	-	-	-	-	5,935,218.67	-
Electricity	560,905.84	22,120.42	20,915.64	3,003,619.80	3,607,561.70	-	3,607,561.70
Other service charges	13,028.23	6,465.82	6,433.63	679,345.93	705,273.61	-	705,273.61
Rates : Agricultural properties	215,240.67	107,514.75	106,220.51	9,808,270.44	10,237,246.37	-	10,237,246.37
Rates : Business and commercial	269,551.34	125,645.37	120,441.83	4,558,888.04	5,074,526.58	-	5,074,526.58
Rates : Farm properties	68.60	34.28	34.28	402.63	539.79	-	539.79
Rates : national government	2,297,394.54	1,136,563.85	1,122,697.73	63,422,131.37	67,978,787.49	-	67,978,787.49
Rates : Public service infrastructure	1,089.78	544.91	544.91	77,888.46	80,068.06	-	80,068.06
Rates : Residential development	421,419.13	201,681.81	199,397.03	8,498,396.50	9,320,894.47	-	9,320,894.47
Rates : Residential Vacant land	10,887.20	5,284.79	5,163.25	185,395.99	206,731.23	-	206,731.23
Waste	444,595.46	217,374.12	214,891.39	10,120,609.11	10,997,470.08	-	10,997,470.08
Waste water	165,292.09	79,807.63	78,115.59	1,787,250.63	2,110,465.94	-	2,110,465.94
Water	337,234.48	136,673.65	133,987.53	3,770,556.56	4,378,452.22	-	4,378,452.22
Grand Total	4,736,707.36	2,039,711.40	2,008,843.32	105,912,755.46	114,698,017.54	5,935,218.67	114,698,017.54

Chapter 3

1.7 GRAPHICAL ILLUSTRATION: TOTAL DEBT 2018/19 AND 2019/20



Chapter 3

1.8 NON-FINANCIAL/SERVICE DELIVERY PERFORMANCE

A. SUMMARY OF NON-FINANCIAL PERFORMANCE PER MUNICIPAL DEPARTMENTS: 2018/19

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

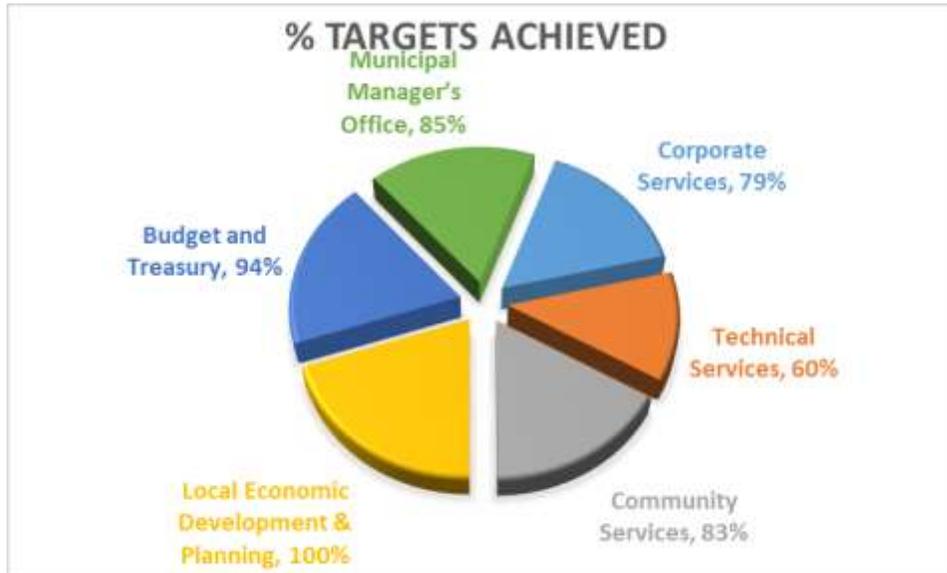
Chapter 3

B. SUMMARY OF NON-FINANCIAL PERFORMANCE PER MUNICIPAL DEPARTMENTS DURING 2019/20

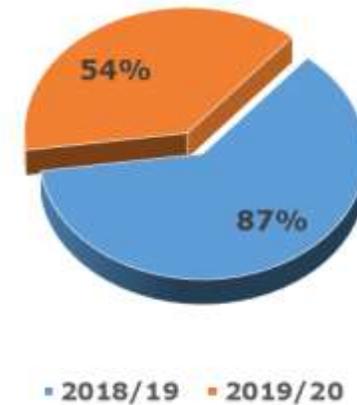
No	Department	No. of planned targets	No of targets Discontinued/ Target not verifiable	No of targets achieved	% targets achieved	No of targets not achieved	% targets not achieved
1	Corporate Services	09	02	03	43%	04	57%
2	Technical Services	18	03	09	60%	06	40%
3	Community Services	08	04	02	50%	02	50%
4	Local Economic Development & Planning	15	03	05	38%	08	62%
5	Budget and Treasury	10	01	05	56%	04	44%
6	Municipal Manager's Office	19	0	11	58%	08	42%
	Total	79	14	35	54%	18	46%

Chapter 3

C. GRAPHICAL ILLUSTRATION: PERCENTAGE OF TARGETS ACHIEVED



Comparison of targets achieved



N.B: There were 79 targets in the 2019/20 financial year compared to (127) targets in the 2018/19 financial year. The municipality's performance has been adversely affected by the lockdown regulations which prohibited public gatherings. Some targets required public participation before a report can be presented to Council for approval whilst some required meetings of various municipal forums, which could not convene.

Chapter 3

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

TARGETS NOT ACHIEVED	REASON FOR VARIANCE	CORRECTIVE MEASURES
1. LED&P Department		
Spatial planning awareness	- Lockdown regulations and restrictions	To be held in the 2020/21 financial year
Submission of draft layout plan to Council	- Lockdown regulations and restrictions	To be done in the 1 st quarter of 2020/2021
Development of land use schemes	- No public consultation due to national lockdown regulations	To be finalized in the 2 nd quarter of 2020/2021
Number Compilation of precinct	- No public consultation due to national lockdown regulations	1 st quarter 2020/2021
Compilation of precinct	- No public consultation due to national lockdown regulations	1 st quarter 2020/2021
LED stakeholder engagements	- Negative lockdown impact	2020/2021 financial year
Capacity building of SMME's	- National lockdown	2020/2021 financial year
Job creation	- Lockdown regulations and restrictions	2020/2021 financial year
2. TECHNICALSERVICES		
- Grandstand for Mohodi sports complex	- Budget cuts , Advertised in March 2020 but due to lockdown we were forced to re-advertise as the closing was in the middle of Level 5 lockdown	Re-Advertised closed on the 25/06/2020, on evaluation stage for implementation in 2020/21 FY
- Renovation of Ramokgopa stadium	- Faulty irrigation system delayed Installation of Kikuyu grass, Marking of Combination courts (50 m2), Construction of 60m V drain	Outstanding work to be done in 1st quarter of 2020/2021
- Audit action plan (AG)	- 83% of findings resolved. 5 of 6 findings resolved	Reduction of Electricity distribution losses is ongoing process
- Risk register	- Project for smart meters discontinued during adjustment	- -Procurement and Installation 500 Smart Meters to be implemented in the 2020/21 Financial Year
- Council Resolutions	- 3 of 4 (75%) resolutions implemented. 1 resolution not implemented due to budget constraints	-To be budgeted in the 2020/2021 financial year

Chapter 3

TARGETS NOT ACHIEVED	REASON FOR VARIANCE	CORRECTIVE MEASURES
3. CORPORATE SERVICES		
- Disaster Recovery Plan (DRP) not implemented	- No responsive bids during competitive bidding processes	- Rolled over to 2020/2021 financial year
- 04x Councillors training programmes coordinated	- National lock down restrictions	- 2020/2021 financial year
- Implementation of Risk register	- Non-responsive bids for disaster recovery project	- 2020/2021
4. COMMUNITY SERVICES		
- Implementation of Council resolutions	- 50% (1 of 2). No agreement was reached with BLOUBERG municipality for pounding services	- To engage other local municipalities about the pounding services.
- Risk register	- Limited municipal budget	- Allocate budget for the construction of a compliant landfill site for 2020\2021 fy
5. OFFICE OF MUNICIPAL MANAGER		
Strategic planning session	National lockdown	2020/2021 financial year
Coordination of disability support programmes	National lockdown	2020/2021 financial year
Coordination of local Aids council activities	National lockdown	2020/2021 financial year
Audit action plan (AG) Audit action (internal)	- Awaiting Annual Assessments of all employees	2 nd quarter 2020/2021
Risk register	- Awaiting Annual Assessments of all employees	2 nd quarter 2020/2021
Implementation of audit committee resolutions	- Target not achieved	2020/2021
6. BUDGET AND TREASURY		
- Audit action plan (AG)	- 75 percent of findings addressed	- 1 st quarter 2020/2021
- Audit action plan (Internal Audit)	- Findings relates to issues raised in the 2018/19 financial year	- 1 st quarter 2020/2021

Chapter 3

TARGETS NOT ACHIEVED	REASON FOR VARIANCE	CORRECTIVE MEASURES
- Risk register	- Due to temporary closure during country's lock-down, we were unable to implement our strategies. - Strategic risk achieved 67% and operational risk 57%. Therefore an average of 45.5% achieved	- To be implemented in the 2020/2021 financial year
- Implementation audit committee resolutions	- 2 of 3 resolutions addressed	- Appointment of mechanics will be done in 2020/21 to reduce incidents of deviations

Chapter 3

1.9 Departmental performance against planned targets as per the 2019/20 SDBIP

The Departmental Scorecards (detailed SDBIP) capture the performance of each Department. Unlike the Municipal Scorecard, which reflects on the strategic performance of the Municipality, the Departmental SDBIP 2019/20 provides a comprehensive picture of the performance per Department. It consists of objectives, indicators and targets derived from the approved SDBIP.

A. LOCAL ECONOMIC DEVELOPMENT AND PLANNING

Key performance area			KPA 3 - LOCAL ECONOMIC DEVELOPMENT										
Outcome			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
Outputs			Implement a differentiated approach to municipal financing, planning and support; Improve access to basic services; Implementation of the community works programme; Actions Supportive of human settlement outcome;										
Key Organizational Strategic Objective			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
LED&P - 001-2019/20	Number of spatial awareness workshops conducted	Spatial Planning awareness	4	4	None	Achieved	3		Lockdown restrictions	To be held in the 2020/21 financial year	R 80,000.00	R 13,000.00	Invites, Agendas, programs, presentations
LED&P -002-2019/20	Number of settlements sites demarcated	Demarcation of sites	150 Sites demarcated	230	None	Achieved	241 (Replaced public places with residential places)		Lockdown regulations restricted public participation. Waiting for Council approval of Layout plan	To be finalized in the 2nd quarter 2020/21	R 493,350.00	R 493,350.00	Layout plan, Approval letter. council resolution

Chapter 3

Key performance area			KPA 3 - LOCAL ECONOMIC DEVELOPMENT										
Outcome			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
Outputs			Implement a differentiated approach to municipal financing, planning and support; Improve access to basic services; Implementation of the community works programme; Actions Supportive of human settlement outcome;										
Key Organizational Strategic Objective			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
LED&P-003-2019/20	Number of Land Use Schemes developed	Development of land use schemes	Non-SPLUM A compliant land use scheme in place	1	None	None	1 Land use scheme developed		Lockdown regulations restricted public participation. Waiting Council approval of land use scheme	To be finalized in the 2nd quarter 2020/21	R 1,000,000.00	R 923,360.00	Approved Land Use Scheme Council Resolution
LED&P-005-2019/20	Number of Precinct plans compiled	Compilation of Precinct Plan	New Indicator	1	None	None	1 Precinct plan compiled.		Lockdown regulations restricted public participation. Waiting Council approval of Precinct Plan	1st quarter 2020/21	R 485,000.00	R 478,000.00	Approved Precinct Plan
LED&P-006-2019/20	Number of settlements surveyed	Survey of Existing Settlements	New Indicator	1	None	None	1		None	None	R 420,000.00	R 420,000.00	Approved Layout map
LED&P-008-2019/20	8. Number of sites	Demarcation of Sites -	New Indicator	150 sites demarcated	None	None	150		None	None	R 400,000.00	R 400,000.00	Approved Layout plan

Chapter 3

Key performance area			KPA 3 - LOCAL ECONOMIC DEVELOPMENT										
Outcome			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
Outputs			Implement a differentiated approach to municipal financing, planning and support; Improve access to basic services; Implementation of the community works programme; Actions Supportive of human settlement outcome;										
Key Organizational Strategic Objective			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
	demarcated	Ratsak a Village											
LED&P-010-2019/20	Number of LED Forum meetings held	LED Stakeholder Engagements	4	4	None	Achieved	3		Lockdown restrictions	Will be implemented in the next financial year	R 74,600.00	R 24,700.00	Attend registers, agendas and Minutes
LED&P-011-2019/20	Number of agriculture graduates capacitated in farming disciplines	Youth in agriculture programme	6	6	4	6	4		None	None	R 480,000.00	R 250,989.04	Capacity building reports
LED&P-012-2019/20	Numbers of SMME's capacitated	Capacity building of SMME's	20 SMME's capacitated	20 SMME's capacitated	40 SMME's capacitated	Achieved	20 SMME's capacitated		Lockdown restrictions	2020/2021 Financial year	R 105,566.00	R 13,575.00	Reviewed concept document and Capacity building report, & list of SMME's capacitated

Chapter 3

Key performance area			KPA 3 - LOCAL ECONOMIC DEVELOPMENT										
Outcome			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
Outputs			Implement a differentiated approach to municipal financing, planning and support; Improve access to basic services; Implementation of the community works programme; Actions Supportive of human settlement outcome;										
Key Organizational Strategic Objective			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
LED&P-OP-14-201920	Percentage of risks resolved within timeframe as specified in the risk register	Risk register	100%	100%	None	Achieved	50% (1 of 2)		No investor conference was facilitated	2020/2021	Opex	Opex	Risk Register
LED&P-OP-15-201920	Percentage of internal audit queries addressed	Audit action plan	No queries raised	100	None	None	None	N/A	No findings raised	None	Opex	Opex	Internal Audit Action plan
LED&P-OP-16-201920	Percentage of Council resolutions implemented	Implementation of Council resolutions	100%	100%	None	Achieved	100%		None	None	Opex	Opex	Updated Council resolution register
LED&P-OP-17-201920	Percentage of AG audit queries addressed	Audit action plan	No queries raised	100%	None	None	None	N/A	No issues raised	None	Opex	Opex	Audit action plan

Chapter 3

Key performance area			KPA 3 - LOCAL ECONOMIC DEVELOPMENT										
Outcome			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
Outputs			Implement a differentiated approach to municipal financing, planning and support; Improve access to basic services; Implementation of the community works programme; Actions Supportive of human settlement outcome;										
Key Organizational Strategic Objective			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
LED&P-OP-18-201920	Percentage of audit committee resolutions implemented	Implementation of Audit committee resolutions	100%	100%	None	Achieved	100% (1 of 1)		None	None	Opex	Opex	Updated resolution register

Chapter 3

B. BASIC SERVICES – TECHNICAL SERVICES DEPARTMENT

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
Outputs			Improving access to basic services										
Key Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
TECH-001-2019/20	Number of feasibility studies developed for projects to be registered on MIG	Feasibility Study for Engineering projects	New Indicator	2	None	None	2		None	None	R 752,975	R 752,975	Preliminary investigation reports and final feasibility study reports
TECH-002-2019/20	Number of km gravel roads upgraded	Capricorn Park Internal Streets	1 km	3 km	2 km	Achieved	2 km		None	None	R 16,393,450	R 16,323,184.94	Completion certificate
	Date for Surfacing, Road Markings, Signage and Finishing completed			31 Dec 2019	None	None	31 Dec 2019		None	None	Opex	Opex	Progress report

Chapter 3

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
Outputs			Improving access to basic services										
Key Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
TECH-004-2019/20	Number of km gravel roads upgraded	Nthabeseng Internal Streets	2.5 km	3 km	2 km	Not Achieved	2 km		None	None	R 17 000 000	R 16,975,498.21	Completion certificate
TECH-008-2019/20	Number of Motor Graders Procured	Procurement of motor grader	New Indicator	1 motor grader procured	No Target	None	N/A	N/A	Project Discontinued during adjustment	None	0	0	Approved Specification, Advertisement, Appointment Letter, Signed SLA and Delivery
TECH-009-2019/20	Number of Tipper Trucks Procured	Procurement of tipper truck	New Indicator	1 Tipper Truck Procured	None	None	1		None	None	R 962,180	R 962,180	Delivery note
TECH-010-2019/20	Number of Culvert Bridges Procured	Procurement of culvert	New Indicator	20 Culvert bridges procured	No Target	None	None	N/A	Project Discontinued during adjustment	None	0	0	Approved Specification, Advertisement

Chapter 3

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
Outputs			Improving access to basic services										
Key Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
		5 bridges											ent, Appointment Letter, Signed SLA and Delivery Note
TECH-011-2019/20	Number of grandstands for Mohodi Sports Complex supplied and installed.	Grandstand for Mohodi Sports Complex	Completed phase 1&2 Mohodi sports complex	1 grandstand (2500 capacity) supplied and installed	Supply and installation of 500 capacity grandstands	Not Achieved	0 Service Provider appointed, Site establishment.		Advertised in march 2020 but due to lockdown we were forced to re-advertise as the closing date was in the middle of Level 5 lockdown	Outstanding work to be done in 2 nd quarter of 2020/2021	R 1,616,000	470,86. 50	Specification, Advert, Appointment SLA, Design report
TECH 0012 2019/20	Number of Stadium Components to be completed.	Renovation of Ramokgopa Stadium	Ablution, combination courts, relocation of	6 Stadium components completed	Installation of kikuyu grass (8500 m2, Install	None	10 m2 ceramic floor tiles, Installation of pressure pump for		Faulty irrigation system delayed Installation of Kikuyu grass,	Outstanding work to be done in 1 st quarter of 2020/2021	R 800,000	R 427,390.8068	Progress report and completion certificate.

Chapter 3

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
Outputs			Improving access to basic services										
Key Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
			high-mast light, water supply, and Existing infrastructure refurbished. Installation of palisade fence, guard house, and ticket house completed.		pressure pump for water supply, install submersible pump for borehole, 10 m2 ceramic floor tiles, Marking of Combination courts (50 m2), Construction of 60m V drain		water supply, Installation of submersible pump for borehole		Marking of Combination courts (50 m2), Construction of 60m V drain				

Chapter 3

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
Outputs			Improving access to basic services										
Key Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
TECH-013-2019/20	Number of meters upgraded	Upgrading of Electricity Meters	220 smart meters installed	150 smart meters installed	No Target	Not Achieved	N/A	N/A	Project Discontinued during adjustment	None	0	0	Specifications, Advert, SLA, appointment letter, progress report and completion certificate
TECH-015-2019/20	Number of high mast lights installed	Procurement of 6 x High-Mast (Apollo) lights	New Indicator	6 high-mast lights installed	None	None	6		None	None	R 3,000,000.00	R 2,937,405.90	Progress report and completion certificate
TECH-016-2019/20	Number of cluster offices constructed	Construction of Moletji Cluster Office	Earth works and foundations	1 cluster office constructed	None	None	1		None	None	R 2,127,821.00	R 1,849,284.00	Progress report and completion certificate

Chapter 3

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
Outputs			Improving access to basic services										
Key Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
TECHO P-018-2019/20	Percentage of audit queries addressed	Audit action plan	No queries raised for the financial year	100% of Auditor-General Queries addressed	None	None	83% (5 of 6)		Electricity losses is a work in process	Installation of smart meters to continue in 2020/2021	Opex	Opex	Audit action plan
TECHO P-019-2019/20	Percentage of internal audit queries addressed	Audit action plan	No queries raised for the financial year	100% of Internal Audit Queries addressed	None	None	N/A	N/A	No findings raised	None	Opex	Opex	Updated Audit action plan
TECHO P-020-2019/20	Percentage of risks resolved within timeframe as specified in the risk register	Risk register	100% (2 of 2) of Risks resolved timeframe as specified in the	100% of the risks resolved within the timeframe as specified in the register	None	Achieved	50% (1 of 2)		Project for Smart meters Discontinued during adjustment	Smart meters to be budgeted for in the 2020/2021 financial year	Opex	Opex	Strategic risk register

Chapter 3

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
Outputs			Improving access to basic services										
Key Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
			register										
TECHO P-021-2019/20	Percentage of Council resolutions implemented	Implementation of Council resolutions	100% (09 out of 09) of Council Resolutions implemented	100% of Council Resolutions implemented	None	Achieved	75%(3 of 4)		Budget constraints	To be budgeted in the 2020/2021 financial year	Opex	Opex	Council resolution register
TECH-022-2019/20	Number of km of gravel roads maintained	Blading of gravel roads	620 km of roads gravelled	603 km of gravel roads maintained	None	Achieved	617		More time to do maintenance of the roads as the was less requests due to the lockdown	None	Opex	Opex	Signed weekly reports and monthly progress reports
TECHO P-024-2019/20	Percentage of audit committee resolution	Implement audit committee	100% (2 of 2) of Audit	100% of Audit Committee resolution	None	No resolutions taken	100% (2 of 2)		None	None	Opex	Opex	Updated Audit committee resolution register

Chapter 3

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
Outputs			Improving access to basic services										
Key Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
	s implemented	resolutions	Committee resolutions implemented	ns implemented									

Chapter 3

C. BASIC SERVICES - COMMUNITY SERVICES

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
Outputs			Improving access to basic services										
Key Organizational Strategic Objective			To promote social cohesion										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
COMM-002-2019/20	Number of items of traffic equipment procured	Procurement of Traffic Equipment	1 item of traffic equipment procured	No Target	None	None	None	N/A	Project discontinued	None	0	0	Delivery note and invoices
COMM-004-2019/20	Number of waste trucks purchased	Purchasing of skip loader truck	1 skip loader truck	1 skip loader truck purchased	No target	New Indicator	None	N/A	Project discontinued	None	0	0	Delivery note and invoice
COMM-005-2019/20	Number of TLBs purchased	Purchasing of TLB	New Indicator	1	None	None	1		None	None	R 714,276	R 714,276	Delivery note and invoice
COMM OP-016-2019/20	Percentage of audit queries addressed	Audit action plan	No queries raised for the financial year	100	None	No findings raised	100 (2 of 2)		None	None	Opex	Opex	Updated Audit action plan
COMM OP-017-2019/20	Percentage of internal audit queries	Audit action plan	No queries raised for the	100	None	No findings raised	N/A	N/A	No internal audit queries raised	None	Opex	Opex	Updated Audit action plan

Chapter 3

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
Outputs			Improving access to basic services										
Key Organizational Strategic Objective			To promote social cohesion										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
	addressed		financial year										
COMM OP-018-2019/20	Percentage of risks resolved within timeframe as specified in the risk register	Risk register	0% (0 of 1) Risks resolved	100%	None	0 (0 of 1)	0 (0 of 1)		Limited municipal budget	Allocate budget for the construction of a compliant landfill site in 2021/22 fy.	Opex	Opex	Strategic risk register
COMM OP-019-2019/20	Percentage of Council resolutions implemented	Implementation of Council resolutions	100% (04 of 04) resolutions implemented	100%	None	100%	50% (1 of 2)		No agreement was reached with BLOUBERG municipality for pounding services	To engage other local municipalities about the pounding services.	Opex	Opex	Updated Council resolution register
COMM OP-020-2019/20	Percentage of Audit Committee resolutions implemented	Implementation Audit Committee resolutions	No AC resolution taken	100%	None	No resolutions taken	N/A	N/A	No resolutions taken	None	Opex	Opex	Updated Audit Committee resolution register

Chapter 3

D. FINANCIAL VIABILITY – BUDGET AND TREASURY DEPARTMENT

Key performance area			KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			To Ensure Sound And Stable Financial Management										
Key Organizational Strategic Objective			Ensure compliance with accounting standards and legislation										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
BNT-001-2019/20	Number of Inventory Management systems procured	Inventory Module (mSCOA module)	New indicator	No target	None	None	N/A	N/A	Project discontinued during adjustment	None	0	0	Delivery note, invoice
BNT-002-2019/20	Number of Municipal Assets revaluation reports	Municipal Assets revaluation	2018/19 Municipal Assets revaluation reports completed	5 Municipal Assets revaluation reports completed	None	2018/19 Municipal Assets revaluation reports completed	5		None	None	R 1,000,000.00	R 835,593.72	Municipal Assets revaluation reports regulated by GRAP 17
BNT-003-2019/20	Number of municipal property audit reports	Municipal Property Audit identifying potential	New indicator	1	None	None	1		None	None	R 648,000.00	R 648,000.00	Specification Advert Appointment letter Property audit report

Chapter 3

Key performance area			KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			To Ensure Sound And Stable Financial Management										
Key Organizational Strategic Objective			Ensure compliance with accounting standards and legislation										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
		investment properties											
BNT-004-2019/20	Annual Financial Statements (AFS) compiled	Compilation of 2018/19 AFS	2017/18 AFS compiled	2018/19 AFS compiled	None	Achieved	2018/19 AFS Compiled		None	None	R 900,000.00	R 874,000.00	Signed Annual Financial Statements
BNT-005-2019/20	Number of valuation rolls developed	Development of Supplementary valuation roll	MPRA compliant General Valuation roll and annual valuation rolls	1	None	MPRA compliant General Valuation roll and annual valuation rolls	1		None	None	R 300,000	295 000	MPRA Compliant Supplementary valuation rolls. Public Notice
BNTOP-23-2019/20	Percentage of Auditor General audit queries	Audit action plan	67%	100%	None	Not Achieved	94% (15 of 16)		Issues raised relate to 2018/19 AFS	To be resolved during preparation of 2019/20 AFS	Opex	Opex	Updated Audit action plan

Chapter 3

Key performance area			KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			To Ensure Sound And Stable Financial Management										
Key Organizational Strategic Objective			Ensure compliance with accounting standards and legislation										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
	addressed												
BNTOP-24-2019/20	Percentage of internal audit queries addressed	Audit action plan	57%	100%	None	Not Achieved	36% (5 of 14)		Issues raised relate to 2018/19 AFS	To be resolved during preparation of 2019/20 AFS	Opex	Opex	Updated Audit action plan
BNTOP-25-2019/20	Percentage of risks resolved within timeframe as specified in the risk register	Risk register	50%	100%	None	Not Achieved	67% (2 of 3)		Due to temporary closure during country's lock-down	To be implemented in the 2020/2021 financial year	Opex	Opex	Strategic risk register
BNTOP-26-2019/20	Percentage of Council resolutions implemented	Implementation of Council resolutions	100%	100%	None	Achieved	100% (6 of 6)		None	None	Opex	Opex	Updated Council resolution register

Chapter 3

Key performance area			KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			To Ensure Sound And Stable Financial Management										
Key Organizational Strategic Objective			Ensure compliance with accounting standards and legislation										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
BNTOP-27-2019/20	Percentage of Audit Committee resolutions implemented	Implementation Audit Committee resolutions	92%	100%	None	Not Achievement	67% (2 of 3)		Panel of mechanics not appointed to reduce deviations	Appointment of mechanics will be done in 2020/21	Opex	Opex	Updated Audit Committee resolution register

Chapter 3

E. GOOD GOVERNANCE AND PUBLIC PARTICIPATION - MUNICIPAL MANAGER'S OFFICE

Key performance area			KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			- Deepen democracy through a refined ward committee model - Administrative and financial capability										
Key Organizational Strategic Objective			To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	2019/20 Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
MM-001-2019/20	IDP/Budget reviewed and adopted and submitted to COGHSTA	Development and Review of IDP/Budget	2018/2019 IDP/Budget reviewed and adopted	2019/2020 IDP/Budget reviewed and adopted and submitted to COGHSTA	None	Achieved	2019/2020 IDP/Budget reviewed and adopted and submitted to COGHSTA		None	None	R 200,000	R 74,772.00	Attendance registers, invites, agenda and IDP/BUDGET document
MM-002-2019/20	Number of IDP Representative Forums held	IDP Representative Forums	Functional 2018/2019 IDP Representative Forum	3	None	Achieved	3		None	None	R 175,144.00	R 115,230.00	Attendance registers, invites, agenda and presentation of process plan
MM-003-2019/20	Number of strategic planning sessions coordinated	Strategic Planning Sessions	3	4	None	Achieved	3		National Lock down	20202021 Financial year	R 427,032.00	R 78,647.00	Attendance registers, invites, agenda and IDP/BUDGET document

Chapter 3

Key performance area			KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			- Deepen democracy through a refined ward committee model - Administrative and financial capability										
Key Organizational Strategic Objective			To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	2019/20 Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
MM-004-2019/20	Number of Event Management Equipment items procured	Procurement of Event Management Equipment	4	15	13	4	13		None	None	R 150,000.00	R 111,398.00	Specification, Advertisement, Order and delivery note
MM-005-2019/20	Number of Diaries, Calendars, IDP Documents and Annual reports printed and distributed	Printing and Publications	Printing of 1000 Diaries; 1000 Calendars; 800 Know Your Leader s; 100 Annual reports and 200 IDP documents	1500 Diaries; 2000 Calendars; 100 Annual Reports; 200 IDP documents printed and distributed	None	Achieved	1500 Diaries; 2000 Calendars; 100 Annual Reports; 200 IDP documents printed and distributed		None	None	R 1,201,000	R 777,642.69	Order, Invoice, copy of advertisement, Delivery Note
MM-006-	Percentage of municip	Marketing, Publicit	100%	100%	None	None	100% (15 of 15)		None	None	R 543,039	R 418,118.10	Order, Invoice, copy of

Chapter 3

Key performance area			KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			- Deepen democracy through a refined ward committee model - Administrative and financial capability										
Key Organizational Strategic Objective			To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	2019/20 Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
2019/20	all activities marketed, advertised and publicized	Advertising											advertisement, Delivery Note
MM-007-2019/20	Percentage of required corporate identity items purchased	Corporate Identity	New Indicator	100%	None	None	100% (200 A4 folders)		None	None	R 100,000	R 19,000.00	Order, Invoice, copy of advertisement, Delivery Note
MM-008-2019/20	Number of youth programmes coordinated	Coordination of Youth Development Programmes	4	2	1	None	1		None	None	R 169,582	R 68,400.00	Attendance register Minutes

Chapter 3

Key performance area			KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			- Deepen democracy through a refined ward committee model - Administrative and financial capability										
Key Organizational Strategic Objective			To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	2019/20 Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
MM-009-2019/20	Number of women and children activities/events coordinated.	Coordination of Women and Children development programmes	3	2	None	Achieved	2		None	None	R 230,689	R 220,000.00	Attendance register Minutes
MM-010-2019/20	Number of activities/ events related to people with disability coordinated	Coordination of Disability Support Programmes	3	3	None	Achieved	1		Forum members transported but meeting cancelled	2020/2021 Financial year	R 84,198	R 30,300.00	Attendance register, Minutes, Concept document
MM-011-2019/20	Number of older person support programmes coordinated	Coordination of Older Persons support programmes	2	3	None	Achieved	3		None	None	R 143,150.00	R 108,750.00	Attendance register Reports

Chapter 3

Key performance area			KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			- Deepen democracy through a refined ward committee model - Administrative and financial capability										
Key Organizational Strategic Objective			To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	2019/20 Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
MM-012-2019/20	Number of Women Caucus programmes coordinated	Coordination of Women Caucus programmes	4	2	None	Achieved	1		National Lock down	2020/2021	R 78,000.00	R 8,000.00	Quarterly Reports
MM-013-2019/20	Number of Local AIDs Council meetings coordinated	Coordination of Local Aids Council activities	4	4	None	Achieved	2		National Lock down	2020/2021	R 292,582	R 122,210	Attendance register. Minutes
MM-014-2019/20	Number of Automated PMS reports generated	Automation of PMS reports	New Indicator	4	None	None	4		None	None	R 600,000.00	R 319,806.72	Approved automated PMS reports
MMOP-053-2019/20	Percentage of AG audit queries addressed	Audit action plan	67%	100%	None	Not Achieved	0% (0 of 1)		Awaiting Annual Assessments of all employees	1st Quarter 2020/2021	Opex	Opex	Updated Audit action plan

Chapter 3

Key performance area			KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			- Deepen democracy through a refined ward committee model - Administrative and financial capability										
Key Organizational Strategic Objective			To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	2019/20 Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
MMOP-054-2019/20	Percentage of internal audit queries addressed	Audit action plan	57%	100%	None	Not Achieved	83% (5 of 6)		Awaiting Annual Assessments for all employees	1st Quarter 2020/21	Opex	Opex	Updated Audit action plan
MMOP-055-2019/20	Percentage of risks resolved within timeframe as specified in the risk register	Risk register	50%	100%	None	Not Achieved	0% (0 of 1)		Awaiting Annual assessments of all employees	2020/2021	Opex	Opex	Strategic risk register
MMOP-056-2019/20	Percentage of Council resolutions implemented	Implementation of Council resolutions	100%	100%	None	Not Achieved	100% (12 of 12)		None	None	Opex	Opex	Updated Council resolution register

Chapter 3

Key performance area			KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			- Deepen democracy through a refined ward committee model - Administrative and financial capability										
Key Organizational Strategic Objective			To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	2019/20 Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
MMOP-057-2019/20	Percentage of Audit Committee resolutions implemented	Implementation Audit Committee resolutions	92%	100%	None	Not Achieved	88% (21 of 25)		The annual close out report and Project Risk register in progress	2020/2021	Opex	Opex	Updated Audit Committee resolution register

Chapter 3

F. MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT – CORPORATE SERVICES DEPARTMENT

Key performance area			KPA 6 - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT										
Outcome			Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees.										
Outputs			Implement a differentiated approach to municipal financing, planning, and support										
Key Organizational Strategic Objective			Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation										
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
CORP-001-2019/20	Number of items of office furniture procured and allocated	Procurement of Office Furniture	37	47	55	Achieved	55		None	None	R 250,000.00	R 226,329.00	Delivery notes, Invoices
CORP-003-2019/20	Number of Council or training programmes coordinated	Training of Councilors	4	5	None	Achieved	4		Covid-19 Lockdown	2020/2021	R 550,000	R 522,006.40	Training Report, Attendance Register
CORP-008-2019/20	Number of firefighting equipment procured	Procurement of Firefighting equipment	New indicator	10	04	None	30		None	None	R28,720.00	R28,720.00	Approved Specification, Delivery notes, Appointment Letters, Invoices

Chapter 3

Key performance area		KPA 6 - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT											
Outcome		Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees.											
Outputs		Implement a differentiated approach to municipal financing, planning, and support											
Key Organizational Strategic Objective		Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation											
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
CORP-019-2019/20	Percentage of Disaster Recovery Plan (DRP) implemented	Implementation of Disaster Recovery Plan	File server in place. Backup are done of external hard drives	100%	No Target	None	N/A	N/A	Project discontinued during adjustment	2020/2021	0	0	Monthly Reports
CORPO P-024-2019/20	Percentage of audit queries addressed	Audit action plan	67%	100%	None	Not Achieved	N/A	N/A	No findings raised	None	Opex	Opex	Audit action plan
CORPO P-025-2019/20	Percentage of internal audit queries addressed	Audit action plan	57%	100%	None	Achieved	50% (2 of 4)		Recruitment of Senior Manager: LED & P not completed	2020/2021	Opex	Opex	Updated Audit action plan
CORPO P-026-	Percentage of risks	Risk register	50%	100%	None	Not Achieved	50% (1 of 2)		Budget constraints	2020/2021	Opex	Opex	Strategic risk register

Chapter 3

Key performance area		KPA 6 - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT											
Outcome		Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees.											
Outputs		Implement a differentiated approach to municipal financing, planning, and support											
Key Organizational Strategic Objective		Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation											
IDP Ref no	KPI	Project name	Baseline	2019/20 Annual Target	2019/20 Revised Annual Target	2018/19 Actual Achievement	2019/20 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2019/20 Budget	2019/20 Expenditure	Means of verification
2019/20	resolved within timeframe as specified in the risk register												
CORPO P-027-2019/20	Percentage of Council resolutions implemented	Implementation of Council resolutions	100%	100%	None	Achieved	92% (11 of 12)		Appointment of Senior Manager: LED not finalized	3rd Quarter 2020/2021	Opex	Opex	Updated Council resolution register
CORPO P-028-2019/20	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions	92%	100%	None	Not Achieved	100% (3 of 3)		None	None	Opex	Opex	Updated Audit Committee resolution register

Chapter 3

G. KEY CHALLENGES DURING THE YEAR UNDER REVIEW - 2019/20

- The municipality was affected by the COVID-19 pandemic which led to imposition of national lock down. This delayed implementation of service delivery projects in line with schedule. This in the main has affected implementation of own funded projects which led most of them being rolled over into the 2020/2021 financial year. It is pleasing to report that the projects funded by MIG have all been completed in line with the implementation plan of the municipality
- During the year under review the municipality was confronted with the following challenges which affected service delivery performance:

DESCRIPTION OF CHALLENGE	PROPOSED INTERVENTION
Increase in Electricity distribution losses	Quarterly monitoring of distribution losses
Persistent break down of service delivery plant and equipment	Lease option instead of outright purchase
Aging infrastructure for water services as provided by CDM	Devolve more powers to the local municipality
Community disruption in the implementation of credit control interventions	Council to assist in getting buy in from the community
Local businesses empowerment not well coordinated and structured.	Engage united approach to service small business, through LED forum sessions.
Uncoordinated programmes to develop young people.	Forge partnership with relevant stakeholders to pursue youth development programme.

Chapter 3

COMPONENT A: BASIC SERVICES

a) INTRODUCTION TO BASIC SERVICES

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

3.1. WATER PROVISION

Molemole municipality is still a water service provider and has entered into a service delivery agreement with CDM, a water service authority. As a water service provider Molemole municipality has created personnel in the organizational structure to facilitate the provision and maintenance of water service infrastructure within our jurisdiction. There is one Technician, Artisan Plumbers and their Assistants. There are also Water tanker Operators as well as Pump Operators who assist the CDM with tankering services.

The Mayor of Molemole municipality, Councillor Masilo Edward Paya and the Executive Mayor of Capricorn District Municipality Councillor Makoro Mpe welcomed the Deputy Minister of Water and Sanitation David Mahlobo to hand over 12 Jojo Tanks to the community of Botlokwa. The tanks were handed over to the community of Sefene, Springs, Sekhwama and Mphakane. The residents will now access water from the nearest tank instead of walking long distances to get this basic resource. Deputy Minister urged the residents to take responsibility of ensuring the tanks are safeguarded. He further appreciated the work done by both the Executive Mayor of CDM and Mayor of Molemole in ensuring the community gets the Jojo tanks.

Through its infrastructure services the district has managed to provide an additional 231 households with access to water services during the 2019/20 financial year. The national lock down has however led to suspension of all the water infrastructure projects. These projects will continue should the lock down restrictions be lifted in the coming financial year. Once completed these projects will benefit about 5,499 households in the areas of Sephala (Ward 3), Mokopu (Ward 3), Thoka (Ward 3), Makwetja RWS (Ward 3), Sekhokho (Ward 7), Sefene (Ward 7) and Machabaphala (Ward 15).

Chapter 3

a) COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The municipality will continue to increase capacity to reach all qualifying indigents to ensure compliance to government's social assistance programme.

3.2 WASTE WATER (SANITATION) PROVISION

a) INTRODUCTION TO SANITATION PROVISION

Sanitation, or waste water services is also a function of the Capricorn District Municipality. It remains the responsibility of the district to provide sanitation facilities to the residents of Mogwadi, Morebeng as well as in all the villages of the municipality. Mogwadi and Morebeng have flush toilet systems while the other villages are using Pit latrines either provided by the district or the families are able to build one for themselves. According Statssa Community Survey (2016) Molemole municipality has a backlog of 82%. Three hundred and ninety five (395) sanitation units have been completed in Molemole during the year under review. Fifteen (15) of the units were still under construction at Flora and about 164 under construction at Phaudi village.

b) COMMENT ON SANITATION SERVICES PERFORMANCE

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

Chapter 3

Financial Performance Year 2019/20: Water Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	444026	2011785	403536	295708	-580%
Expenditure:					
Employees	6128971	6955573	6888450	6240532	-11%
Repairs and Maintenance					0%
Other	1554616	83796	120063	302676	72%
Total Operational Expenditure	7683588	7039369	7008513	6543208	-8%
Net Operational Expenditure	7239562	5027584	6604977	6247500	20%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.1.8					

Financial Performance Year 2019/20: Sanitation Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	242794	870563	261169	387682	-125%
Expenditure:					
Employees	2428734	2474229	2402249	2501915	1%
Repairs and Maintenance					0%
Other	21344	62093	52093	15697	-296%
Total Operational Expenditure	2450078	2536322	2454342	2517612	-1%
Net Operational Expenditure	2207283	1665759	2193173	2129930	22%
<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 3.2.8					

Chapter 3

3.3 ELECTRICITY

a) INTRODUCTION TO ELECTRICITY

The main source of electricity within the municipality is Eskom. The municipality haven't as yet made investments on solar power supply services as an alternative to electricity. Currently the municipality is licensed to reticulate electricity in the two towns, i.e. Mogwadi and Morebeng. The municipality received a grant from the department of Energy for the electrification of Fatima village. The project will benefit five hundred household in the phase. A total of 150 households will benefit over the medium term. This is another critical source of revenue for the municipality which will go a long way in ensuring acceleration of services to our people. 4872 indigents received free basic electricity in the financial year under review. The municipality continues to engage Eskom to include new settlements in its electrification programme as part of government's Integrated National Electrification Programme. Due to dispute between Kanana headman and the beneficiaries, the project was stopped. Rheiland/ Westphalia electrification project were completed in the 2019/20 financial year.

Eskom projects 2019/20 financial year:

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

The municipality acknowledge the persistent electricity losses experienced year in year out. It has been discovered that one of the causes of these losses are illegal connections in the two licensed areas. Another cause of this problem is the ageing and antiquated infrastructure. To address this problem the municipality has made budget provision to install smart meters which will serve as an effective internal control to pick up illegal connections from the desktop. The smart meter project have been rolled over to the 2020/21 financial year as it could not be implemented in the 2019/20 due to COVID19 restrictions in the latter half of the financial year.

Chapter 3

Financial Performance Year 2019/20: Electricity Services					R'000
Details	2018/19	2019/2020			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	8396818	9750561	9720026	8487575	-15%
Expenditure:					
Employees	2464298	3211627	3128489	3128857	-3%
Repairs and Maintenance	459701	682033	636000	596973	-14%
Other	10389118	13409488	15754027	14558784	8%
Total Operational Expenditure	13313117	17303148	19518516	18284614	5%
Net Operational Expenditure	4916298	7552587	9798490	9797039	23%
<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 3.6.1

- The table below outline capital project implemented in the 2019/20 financial year:

Chapter 3

Capital Expenditure Year 2019/20: Electricity Services					
R' 000					
Capital Projects	2019/20				
	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5000000	4212338	3329856	-50%	
Electrification cluster 3 projects	2000000	1212338	775590	-158%	280
Supply & installation of streets lights	3000000	3000000	2554266	-17%	150
				0%	320
				0%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.3.8</i>

3.4 WASTE MANAGEMENT

a) INTRODUCTION TO WASTE MANAGEMENT

Molemole municipality aims to achieve the target set by the National Government for refuse collection, disposal sites, street cleaning and recycling. Molemole has three licensed waste disposal sites, the Mogwadi, Morebeng and Ramokgopa landfill sites but only two landfill sites (Mogwadi and Morebeng) are currently in use to dispose waste from the two towns and surrounding villages. The function for Waste management resides within the Community Service department and is led by Superintended Waste and Environmental Management. The Waste collection is rendered mainly in Morebeng Towns and Mogwadi Town. The municipality also receives EPWP grant from the department of Public works and has recruited a total number 81 beneficiaries in the 2018/19 financial year under review to assist with Waste Collection services. The municipality recruited 74 EPWP beneficiaries in the 2019/20 financial year to assist with Waste Collection services.

Chapter 3

Currently, refuse collection is done consistently in Mogwadi and Morebeng towns and benefit about 2664 households. Refuse collection services in the residential areas are rendered once a week and twice a week for businesses. These includes residents qualifying for free basic services. The municipality has commenced with bulk refuse collection (garden waste and builders' rubble, etc.) and has purchased a further 10 6m³ bulk containers to continue the roll out. Waste collection for bulk refuse containers is done on a weekly basis. A Service level agreement was entered into with Property owners of Botlokwa shopping complex for bulk refuse removal, providing another revenue stream for the municipality.

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

SOLID WASTE SERVICE DELIVERY LEVELS		
Description	2018/1 Actual No	2019/20 Actual No
Solid waste removal: (minimum level)		
<i>Removed at least three times a week</i>	2664	2664
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No. of rubbish disposal sites	2	2
<i>Total number of households</i>	2664	2664
<i>T 3.4.2</i>		

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

Chapter 3

Employees: Solid Waste Management Services					
Job Level	2018/19	2019/20			
0-3	Employees No.	Posts No	Employees No.	Vacancies (full time equivalent) No.	Vacancies (as a % of total posts)
4-6	08	13	13	0	0%
7-9	03	05	05	0	0%
10-12	01	01	01	0	0%
13-15	01	01	01	0	0%
16-18	01	01	01	0	0%
19-20	0	0	0	0	0%
Total	14	21	21	0	

T3.4.5

Financial Performance Year 2019/20: Solid Waste Management Services					
Details	Year 2018/19	Year 2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2037689	2507528	2507528	2417319	-4%
Expenditure:					
Employees	4445736	5369561	5280808	5021878	-7%
Repairs and Maintenance					0%
Other	4089856	930591	1410574	1669504	44%
Total Operational Expenditure	8535592	6619693	6690940	6350792	-4%
Net Operational Expenditure	6497903	4112165	4183412	3933473	-5%

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

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

Capital Expenditure Year 2019/20: Waste Management Services					
					R' 000
Capital Projects	Year 2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0		/
					0
				0%	0
				0%	0
				0%	0
<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 3.4.9</i>

3.5 HOUSING

Molemole is not a housing implementation agency but depends on COGHSTA for provision of RDP houses. The municipality only provides land for construction of such units and assists with distribution of such units after completion. COGHSTA has approved an RDP allocation of 400 beneficiaries within Molemole municipality. Ward Councillors are currently busy with submissions of deserving beneficiary list. Once completed this list will be sent to COGHSTA for the project to be rolled out in the 2018/19 financial year. COGHSTA allocated again 400 units to be rolled out in the 2019/20 financial year. This is much appreciated as having a place called home as a basic need. The housing backlog is currently at 950 of which 400 units were built in the year 2018/19. Due to the backlog there were illegal land invasion that took place in 2017, the municipality is planning to sell 400 stands in Mogwadi and Morebeng which could also assist in addressing the housing backlog, even though it is not a low cost housing.

Chapter 3

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

a) HOUSING CHALLENGES.

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

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

Employees: Housing Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
4 – 6	0	0	0	0	0%
7 – 9	0	0	0	0	0%
10 – 12	0	0	0	0	0%
13 – 15	0	0	0	0	0%
16 – 18	01	01	01	0	0%
19 – 20	0	0	0	0	0%

Chapter 3

Employees: Housing Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	01	01	01	0	0%
					<i>T 3.5.4</i>

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

a) INTRODUCTION TO FREE BASIC SERVICES

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

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

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

Chapter 3

Free Basic Services To Low Income Households										
Financial Year	Number of households									
	Total	Households earning less than R3,500 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		Total
		Access	%	Access	%	Access	%	Access	%	
Year 2017/18	5 147	5 147	5 069	98%	5 069	98%	4 537	88%	5 069	98%
Year 2018/19	5 147	5 147	5 055	98%	5 055	98%	4 706	91%	5 055	98%
Year 2019/20	5 147	5 147	5 055	98%	5 055	98%	4 706	91%	5 055	98%
										T 3.6.3

- Financial performance for free basic services

Service Delivered	2018/19	2019/20			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budgeted
Water	0	0	0	0	0
Waste Water (Sanitation)	0	0	0	0	0
Electricity	2,828,646.00	4,355,626	4,700,165	4,473,468	5%
Waste Management (Solid Waste)	0	0	0	0	0
Total	2,828,646.00	4,355,626	4,700,165	4,473,468	5%
					T3.6.4

Chapter 3

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

a) INTRODUCTION TO ROADS

As per the commitment made by the Honourable Mayor, Councillor M.E Paya to give a concerted attention to the long outstanding road infrastructure projects in the 2019/20 financial year, it is pleasing to report that the long outstanding project for Ramokgopa to Eisleben to gravel to tar road project has finally completed. Molemole municipality rely on the Municipal Infrastructure Grant (MIG) to implement road infrastructure projects in the 2019/20 financial year. MIG allocation in the 2019/20 was R 35,151,000.00 which is a decrease of 24.4% (or R 11,342,000.00) compared to the 2018/19 financial year. Five percent (or R 1,757,550) of the allocations went to cover PMU overheads (salaries, furniture and office equipment). The funding was used to implement the following road infrastructure projects:

Item	Project Name	Ward(s) benefitted	Contract Amount	Expenditure	% Construction	Remarks
1	Capricorn Park Internal Streets Phase 2	01	R 16 393 450.00	R 16 392844.18	100%	None
2	Nthabiseng Internal Streets phase 3	01	R 17 000 000.00	R16 975398.25	100%	None

Gravel Road Infrastructure				
				Kilometers
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2017/18	613	0	10	613
2018/19	603	0	6.9	467
2019/20	596.1	0	4	617
				T 3.7.2

Chapter 3

Tarred Road Infrastructure					
Year	Total tarred roads	New tar roads	Kilometers		Tar roads maintained
			Existing tar roads re-tarred	Existing tar roads re-sheeted	
2017/18	36	10	0	0	0
2018/19	43.9	6.9	0	0	0
2019/20	47.9	4	0	0	0
<i>T 3.7.3</i>					

Cost of Construction/Maintenance						
R' 000						
Year	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2017/18	0	25700	0	25700	0	0
2018/19	0	46493	0	46493	0	0
2019/20	0	35151	0	35151	0	0
<i>T 3.7.4</i>						

Chapter 3

Employees: Road Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0		0	0
4 - 6	4	4		1	25%
7 - 9	2	2		1	50%
10 - 12	2	2		0	0%
13 - 15	0	0		0	0
16 - 18	0	0		0	0
19 - 20	1	1		1	0%
Total	9	4		4	0%

T3.7.7

Financial Performance Year 2019/20: Road Services					
					R'000
Details	Year 2018/19	Year 2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	35151010	36767053	35661444	1%
Expenditure:					
Employees	2556074	5346232	5277610	4432117	-21%
Repairs and Maintenance	5313701	5400000	4700000	3926538	-38%
Other	15112856	4178956	11331450	9011217	54%
Total Operational Expenditure	22982631	14925188	21309060	17369872	14%
Net Operational Expenditure	22982631	-20225822	-15457993	-18291572	-11%

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 2019/20: Road Services					
R' 000					
Capital Projects	Year 2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	40321271	38899451	32725678	-23%	
Nthabiseng internal street	17000000	17000000	14761303	-15%	14761303
Capricorn park internal street	16393450	15787716	13648921	-20%	13648921
Mohodi sports complex	3000000	1616000	470866	-537%	470866
Ramokgopa stadium	800000	800000	427391	-87%	427391
Construction of Moletji office	2127821	2127821	1849284	-15%	1849284
Mohodi to Maponto gravel to tar road	0	605734	605734	100%	605734
Procurement of 2x tipper trucks 10m3	1000000	962180	962180	-4%	962180
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.7.9</i>

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

a) INTRODUCTION TO TRANSPORT

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

Chapter 3

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

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

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

- Dendron primary school
- Deelkraal primary school
- Boduma primary school
- Lephallale primary school
- Kgothloana primary school
- Nhlodimele primary school
- Nanedi primary school
- Phala primary school
- Lehaiwa secondary school

Chapter 3

- Kgwadu primary school
- Makgato cross

b) CDM Integrated Transport Plan

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

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

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

c) POSSIBLE CAUSES OF ACCIDENTS.

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

Chapter 3

d) CHALLENGES PERTAINING TO PUBLIC TRANSPORT.

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

3.9 WASTE WATER (STORMWATER DRAINAGE)

Storm water Infrastructure				
	Total Storm water measures	New Storm water measures	Storm water measures upgraded	Kilometers Storm water measures maintained
2017/18	145	20	3	110
2018/19	165	20	5	130
2019/20	185	20	10	150
				<i>T 3.9.2</i>

Chapter 3

Cost of Construction/Maintenance			
R' 000			
Year	Storm water Measures		
	New	Upgraded	Re-worked
2017/18	2000	1500	300
2018/19	3000	2000	550
2019/20	3500	2500	600
<i>T 3.9.3</i>			

Employees: Storm water Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	1	4	1	100%
7 - 9	6	1	2	1	100%
10 - 12	2	1	2	1	100%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	1	1	1	100%
Total	8	4	9	4	100%
<i>T3.9.6</i>					

Chapter 3

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

a) INTRODUCTION TO PLANNING

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

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

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

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

Chapter 3

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

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

Applications for Land Use Development						
Detail	Formalizations of Townships		Rezoning		Building plans	
	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
Planning application received	0	1	0	21	23	23
Determination made in year of receipt	0	0	1	1	23	23
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	0	0	1	1
Applications outstanding at year end	0	0	1	6	6	6

Chapter 3

Employees: Planning Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.		No.	%
0 - 3	1	1	1	1	100%
4 - 6	0	0	0	0	0%
7 - 9	1	1	1	0	0%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	0%
16 - 18	2	2	2	0	0%
19 - 20	0	0	0	0	0%
Total	5	5	5	0	0%
					T 3.10.4

Financial Performance Year 2019/20: Planning Services					
					R'000
Details	Year 2018/19	Year 2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	144249	15119762	7689762	77,606	-10382%
Expenditure:					
Employees	2568123	3030990	3051618	2,396,226	-18%
Repairs and Maintenance	0	0	0	0	0%
* Other	2875783	4980732	3574312	2584284	-73%
Total Operational Expenditure	5443907	8011722	6625930	4,980,510	-47%

Chapter 3

Financial Performance Year 2019/20: Planning Services						R'000
Details	Year 2018/19	Year 2019/20				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Net Operational Expenditure	5299658	-7108040	-1063832	4902904	234%	
<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 3.10.5						

Capital Expenditure Year 2019/20: Planning Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	2850000	2721710	2721710	-5%		
Demarcation of sites	1000000	923360	923360	-8%	923360	
Development of land use scheme	500000	493350	493350	-1%	493350	
Compilation of Precinct Plan	500000	485000	485000	-3%	485000	
Survey of Existing Settlements	450000	420000	420000	-7%	420000	
Demarcation of Ratsaka Sites	400000	400000	400000	0%	400000	
<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						

Chapter 3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

a) INTRODUCTION TO ECONOMIC DEVELOPMENT

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

- Youth in Agriculture Programme seeks to incubate the young people possessing qualifications in agriculture, the municipality has during the 2019/20 financial managed to place 04 graduates in two farms (Elimak Farming and Mapfresh produce Enterprise cc). The other two graduates terminated their contract with the municipality after they got other job opportunities elsewhere. We hope these will go a long way in motivating more youth to take on agricultural related courses in institutions of higher learning. The following table outline job opportunities created by sector for the past three years;

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

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

Chapter 3

Workers 15 years and Older by Sector		
Description	Total employment	Total in %
Source: Statssa 2011		

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

Jobs Created during 2019/20 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
2015/16	10	-2	08	Service Level agreements
2016/17	34	-2	32	Service Level agreements
2017/18	35	-2	33	Service Level agreements
Initiative A (2017/18)	10	-2	08	Service Level agreements
Initiative B (2017/18)	06	0	06	Service Level agreements
Initiative C (2018/19)	19	0	19	Service Level agreements

Chapter 3

Details	Jobs created through EPWP (Infrastructure & Environment) projects	Jobs created through CWP projects
	No.	No.
2017/18 FY	100	1356
2018/19 FY	85	1123
2019/20	75	1135

Employees: : Local Economic Development Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.		No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	1	1	1	0	0%

T 3.10.6

Chapter 3

Financial Performance Year 2019/20: Local Economic Development Services					
R'000					
Details	Year 2018/19	Year 2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	35200	0	0	0	-
Expenditure:					
Employees	1574136	2249168	1681803	1641133	-37%
Repairs and Maintenance	0	0	0	0	0%
Other	849907	873670	684670	342670	-155%
Total Operational Expenditure	2424043	3122838	2366473	1983804	-57%
Net Operational Expenditure	2388843	3122838	2366473	0	-
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.11.9					

Chapter 3

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

a) LIBRARIES

The municipality has three functional libraries, Mogwadi, Ramokgopa and Morebeng. For extension of services to schools, there are seven mobile libraries at Rakgasema Pre-School in Eisleben, Kgwadu Primary School in Sekonye, Itshomeleng Primary School in Nthabiseng, Sefoloko High School in Mokomene, Mangwato Primary School in Mohodi and Seripa High School in Brussels. The Librarians visit these mobiles once a month for support and monitoring. Shortage of staff and furniture are challenges still identified in 2019/20 and also the consistent cut-off of electricity.

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

Employees: Libraries, Archives, Museums, Galleries, Community facilities, Other					
Job Level	2017/18	2019/20			
	Employees No.	Posts No	Employees No.	Vacancies (full time equivalent) No.	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	0	0	0	0	0%
7-9	01	01	01	0	0%
10-12	01	01	01	0	0%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	0	02	02	0	0%
					T3.12.4

Chapter 3

Financial Performance Year 2019/20: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	Year 2018/19	Year 2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	353834	287272	237272	211717	-36%
Expenditure:					
Employees	2106921	1294233	1246528	1737591	26%
Repairs and Maintenance	397251	452336	452336	289349	-56%
Other	1039615	838414	963414	1274174	34%
Total Operational Expenditure	3543787	2584983	2662278	3301114	22%
Net Operational Expenditure	3189952	2297711	2425006	3089397	26%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
<i>T 3.12.5</i>					

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

Capital Expenditure Year 2018/19: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Capital Projects	Year 2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	900000	714276	714276	-26%	
TLB	900000	714276	714276	-26%	280
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
<i>T 3.12.6</i>					

Chapter 3

3.13 CEMETORIES AND CREMATORIALS

a) CEMETERIES

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

b) SERVICE STATISTICS FOR CEMETERIES

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

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

a) INTRODUCTION TO CHILD AND AGED CARE; SOCIAL PROGRAMMES

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

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

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

Chapter 3

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

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

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

b) CHALLENGES OF SOCIAL PROGRAMMES FUNCTION

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

c) SERVICE STATISTICS FOR CHILD CARE AND SOCIAL PROGRAMMES

Currently, the municipality has succeeded in establishing the local aids council, Youth forums, and Older Persons as well as Disability forums. The following events were coordinated in the 2019/20 financial year:

Name of event	Number of events held
Youth forum event	01
Disability forum	01
Older persons forum	03
Women's day event	02

Chapter 3

COMPONENT E: ENVIRONMENTAL PROTECTION

3.15 POLLUTION CONTROL

a) INTRODUCTION TO POLLUTION CONTROL

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

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

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

Chapter 3

COMPONENT F: HEALTH

3.17 CLINICS

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

3.18 AMBULANCE SERVICES

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

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

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

COMPONENT G: SECURITY AND SAFETY

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

3.20 POLICE

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

3.21 FIRE

Chapter 3

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

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

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

COMPONENT H: SPORT AND RECREATION

3.23 SPORT AND RECREATION

a) INTRODUCTION TO SPORTS AND RECREATION

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

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

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

Chapter 3

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.24 EXECUTIVE AND COUNCIL

a) INTRODUCTION TO CORPORATE POLICY OFFICES

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

b) THE EXECUTIVE AND COUNCIL

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

Chapter 3

Financial Performance Year 2019/20: Financial Services					
					R'000
Details	Year 2017/18	Year 2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	143036453	159184117	177587691	148004970	-8%
Expenditure:					
Employees	9932425	13530608	13390149	12428715	-9%
Repairs and Maintenance	0	0	0	0	
Other	27505346	15164338	17225700	14932651	-2%
Total Operational Expenditure	37437770	28694946	30615849	27361366	-5%
Net Operational Expenditure	-105598682	-130489171	-146971842	-120643604	-8%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.25.5</i>

Chapter 3

3.25 FINANCIAL SERVICES

DEBT RECOVERY							
Details of the types of account raised and recovered	(2017/18)		(2018/19)			(2019/20)	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected
Property Rates	4,042,732.51	0.34	7,418,033.78	4,275,069.76	0.58	14,601,482.00	5,044,980.92
Electricity	1,585,465.09	0.53	2,531,622.29	1,329,435.45	0.53	4,028,451.92	2,859,179.48
Water	237,993.14	0.15	6,619,399.29	254,146.05	0.04	1,547,320.72	487,135.00
Sanitation	93,443.41	0.13	487,571.46	108,840.34	0.22	804,116.70	229,830.36
Refuse	140,722.14	0.08	782,179.76	174,640.89	0.22	1,991,608.82	368,952.20
Other/Write-off	424,687.83	0.17	(13,881,453.12)	36,946.92	(0.00)	3,089,362.00	652,264.80
TOTAL	6,525,044.12		3,957,353.46	6,179,079.41		26,062,342.16	9,642,342.76
T3.25.2							

Chapter 3

Employees: Financial Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	6	8	6	2	25%
10 - 12	03	03	03	0	0%
13 - 15	04	04	04	0	0%
16 - 18	04	04	04	0	0%
19 - 20	0	0	0	0	0%
Total	17	19	17	02	1%

T 3.25.4

Financial Performance Year 2019/20: Financial Services					
					R'000
Details	Year 2018/19	Year 2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	143036453	159184117	177587691	148004970	-8%
Expenditure:					
Employees	9932425	13530608	13390149	12428715	-9%
Repairs and Maintenance	0	0	0	0	
Other	27505346	15164338	17225700	14932651	-2%
Total Operational Expenditure	37437770	28694946	30615849	27361366	-5%
Net Operational Expenditure	-105598682	-130489171	-146971842	-120643604	-8%

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

T 3.25.5

Chapter 3

Capital Expenditure Year 2019/20: Financial Services					
					R' 000
Capital Projects	Year 2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	48071271	44770331	38284503	-26%	2905000
Furniture	250000	250000	226329	-10%	226329
Building	300000	94250	94250	-218%	94250
ICT Equipment	1100000	1005750	1053997	-4%	1053997
High mast Light	3000000	3000000	2554266	-17%	2554266
Branding Materials	150000	150000	111398	-35%	111398
Fire Extinguisher	50000	50000	28720	-74%	28720
TLB	900000	714276	714276	-26%	714276
Tipper Truck	1000000	962180	962180	-4%	962180
Capricorn park internal street	16393450	15787716	14254654	-15%	14254654
Nthabiseng internal street 3	17000000	17000000	14761303	-15%	14761303
Moletji office cluster	2127821	2127821	1849284	-15%	1849284
Ramokgopa Stadium	800000	800000	427391	-87%	427391
Mohodi Sports Complex	3000000	1616000	470866	-537%	470866
Smart metering	2000000	1212338	775590	-158%	775590
<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

Chapter 3

3.26 HUMAN RESOURCE SERVICES

3.26.1 INTRODUCTION TO HUMAN RESOURCE SERVICES

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

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

3.26.2 SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

a) Employee Wellness Program

The municipality continues to provide Employee Wellness Services to all employees who require such services. The Municipality encourages all officials to report to HR manager's office on all matters pertaining to employee wellness. This will enable the HR division to coordinate meetings or sessions with professionals who can assist with necessary interventions. Due to Covid-19 pandemic in the second half of the financial year under review, the programmes that require contact sessions were disrupted and subsequently cancelled in line with the requirements of Covid-19 lockdown regulations.

3.26.3 Individual Performance Management

Chapter 3

The Performance Management system is implemented across all levels of employees following the appointment of a service provider to assist with cascading to employees below section 56 Managers. All employees have thus signed performance agreements with their respective Supervisors and two assessments were conducted for Mid-year and Annual performance.

3.26.4 Personnel Provisioning

- **Recruitment and retention of employees – 3 Interns and 8** positions were filled in the 201920 financial year. The recruitment per department was as follows:

Department	Total new recruits
LED & P	0
Technical Services	03
Community Services	03
Budge and Treasury	01
Municipal Manager	01
Corporate Services	03
Total	11

EMPLOYMENT EQUITY ALL EMPLOYEES	
Female	68
Male	111
Grand Total	179

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

Department	Female	Male	Total
Community Services	23	39	62
Corporate Services	20	13	33

Chapter 3

Department	Female	Male	Total
Local Economic Development & Planning	1	5	6
Finance Management Services	13	13	26
Technical Services	4	37	41
Municipal Manager's office	5	6	11
Grand Total	68	113	179

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

Number of total employees = 179

Number of people with disability = 3

Percentage = 1.6%

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

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
15-17	10	0	0	0	6	0	0	0	16
Percentage	67%	0	0	0	33%	0	0	0	100%

Chapter 3

- **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. One (1) meeting was held in the 2019/20 financial year to address OHSA related issues in the workplace. Other planned meetings were disrupted by the Covid-19 pandemic lockdown regulations.
- **Human Resources Development** – The municipality continue to offer funding to employees to further their studies as part of support for career development. In the 2019/20 financial year the municipality has approved bursaries for eighteen (18) employees at various levels to further their studies.
- **Workplace Skills Plan** (WSP) and the **Annual Training Report** (ATR) were developed and submitted to the Local Government SETA by the 30th of April 2019. The municipality has been doing well in implementing the Workplace Skills Plan. For the year under review the municipality spent 70% of the annual budget on implementation of the Workplace skills plan.
- **Leave Management** The electronic leave management is now fully in place and all employees have been capacitated to use the system. The online system makes it easy to manage leave accurately. The Human resource division is conducting leave audits on a quarterly basis.
- **Labour Relations** A total of eight (8) meetings were held with Local Labour forum during the 2019/20 financial year. This signals a good working relationship with labour unions, hence there was no employee strike during the year under review. A total of one (1) disciplinary proceedings were instituted during the year with three already finalized.

Chapter 3

Employees: Human Resource Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0%
13 - 15	2	2	2	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	4	4	4	0	0%
					T3.26.4

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

The overall performance of the Human Resource Service during the year under review was good in a sense that all HR processes were conducted reasonably well. The few challenges that were experienced as a result of the pandemic were fairly dealt with.

Chapter 3

Financial Performance Year 2019/20: Human Resource Services					
R'000					
Details	Year 2018/19	Year 2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	152738	204317	562317	482513	58%
Expenditure:					
Employees	2367553	2806597	2784135	2568265	-9%
Repairs and Maintenance	0	0	0		0%
Other	3806285	5254004	6012004	4700557	-12%
Total Operational Expenditure	6173837	8060601	8796139	7268822	-11%
Net Operational Expenditure	6021099	7856284	8233822	6786309	-16%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.26.5					

Capital Expenditure for 2019/20: Human Resource Services					
R 00.00					
Capital Projects	2020/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Procurement of Firefighting equipment	50,000	28,720	28,720	0%	28,720
T3.26.6					

Chapter 3

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

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

b) SERVICE STATISTICS FOR IT SERVICES

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

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

The contract for copier machines is set to expire in March of 2021 whilst that of Telkom will expire in October of 2021. The municipality will once again run SCM processes for new contracts as these are critical services for the smooth functioning of the municipality. Network installation project is underway to for the purpose of preparing the office for full operation. The municipality is hoping to have the office operational by the beginning of 2021/22 financial year. Request have been made with Moloto traditional authority for the placement of the wireless tower in the area.

Chapter 3

c) THE OVERALL PERFORMANCE OF ICT SERVICES

The process of fully migrating to MSCOA is well underway and the municipality has recently enlisted the Asset Management module as well as Performance Management System. Budget allocation was made for implementation of Disaster Recovery Plan in the year under review. The project could not be implemented due to non-responsive bids and was therefore moved to 2021 financial year.

The ICT governance committee held quarterly meetings according to schedule with all members attending. The unit has resolved all findings raised in the 2019/20 audit period as well as issues raised by internal audit.

EMPLOYEES: ICT SERVICES					
Job Level	2018/19	2019/19			
	Employees No.	Posts No	Employees No.	Vacancies (full time equivalent) No.	Vacancies (as a % of total posts)
07-09	0	0	0	0	0
10-12	1	1	1	0	0%
13-15	0	0	0	0	0
16-18	1	1	1	0	0%
19-20	0	1	1	0	0
Total	2	2	3	0	

Chapter 3

Financial Performance Year 2019/20: ICT Services					
R'000					
Details	Year 2018/19	Year 2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0		0
Expenditure:			0		
Employees	1686661	1617223	1594973	1749540	8%
Repairs and Maintenance	836070	1084047	1084047	1072220	-1%
Other	2533158	2032031	2282031	2474913	18%
Total Operational Expenditure	5055889	4733301	4961051	5296673	11%
Net Operational Expenditure	5055889	4733301	4961051	5296673	11%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.27.5					

Capital Expenditure Year 2019/20: ICT Services					
R' 000					
Capital Projects	Year 2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1700000	1605750	0	0	
TEAM MATE SOFTWARE	600000	600000	0	0	0
DISASTER RECOVERY	1100000	1005750	0	0	0
					0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
T 3.27.6					

Chapter 3

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Legal services and Risk Management services falls under Municipal Manager's office whilst Procurement services are under the jurisdiction of Budget and Treasury department. The municipality have a contract for a panel of three attorneys that are called upon as and when there is a need to institute or defend the municipalities in litigations matters. The Legal division will be embarking on procurement process for new panel as the current contract is set to expire in the first quarter of 2018/19 financial year. Currently the Legal unit is manned by one Manager and there is consideration to beef up the unit for a smooth running of the function. The total pending cases as at June 2018 were twenty four (24) in number. This is constituted by eight (8) active cases, eight (8) dormant cases and eight (08) have been settled.

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

COMPONENT J: MISCELLANEOUS

- **None.**

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

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

Chapter 6

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

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

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

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

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

Chapter 6

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2018/19	2019/20			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Budget & Treasury	24	29	29	01	10%
Municipal Manager's Office	26	22	22	02	15%
Technical services	15	35	35	0	10%
Local Economic Development and Planning	5	8	7	01	15%
Community & Social Services	35	59	56	3	15%
Corporate Services	34	40	38	2	10%
Totals	164	193	187	09	100%
					<i>T 4.1.1</i>

Chapter 6

Vacancy rate: 2019/20			
Designations	2019/20		
	Total Approved Posts	Vacancies (fulltime equivalent)	Vacancies (as a percentage of total posts in each category)
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 (excl. Finance)	3	1	33%
Managers (Excl. Finance)	11	0	0%
Managers: Finance	4	0	0%
Supervisors/Specialized skills	10	0	0%

T 4.1.2

Turnover Rate as at 30 June 2020			
Details	Total appointments as of beginning of financial year	Terminations during the Financial year	Turnover rate*
2017/18	149	6	4%
2018/19	179	13	7%
2019/20	187	9	4.8%

T4.1.3

Chapter 6

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

a. Introduction to Managing Municipal Workforce

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

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

4.2 HR POLICIES

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

Chapter 6

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
10.	Leave	100%	yes	29 May 2019
11.	Occupational Health and Safety	100%	yes	29 May 2019
12.	Official Working Hours and Overtime	100%	yes	29 May 2019
13.	Performance Management and Development	100%	yes	29 May 2019
14.	Recruitment, Selection and Appointments	100%	yes	29 May 2019
15.	Sexual Harassment	100%	yes	29 May 2019
16.	Skills Development	100%	yes	29 May 2019
<i>T 4.2.1</i>				

4.3 INJURY ON DUTY

Number and Cost of Injuries on Duty 2019/20					
Type of Injury	Injury leave taken (days)	Employees using injury leave No.	Proportion of employees using sick leave (%)	Average injury leave per employee (days)	Total estimated cost (R 000)
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	0	0	0	0	0
<i>T4.3.1</i>					

Chapter 6

Number of Sick leave (excluding Injury on duty) as at 30 June 2020						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
General Assistants/Cleaning staff	300	0%	40	100	3.24	
Officers/ Technicians	55	0%	25	52	0.84	
Superintendents/Accountant/ Management Rep	95	0%	2	12	0.28	
Managers	40	0%	2	18	0.30	
MM and S57	80	0%	3	5	0.11	
Total	570	0%	72	187	4.77	
						<i>T 4.3.2</i>

Number and Period of Suspensions as at 30 June 2020				
Position	Nature of alleged Misconduct	Date of Suspension	Status of Case	Date Finalized
Manager: IDP	Violation of MFMA/SCM policy	May 2019	Disciplinary process underway	Pending

Chapter 6

PERFORMANCE REWARDS

No Performance reward were awarded to T employees in the 2019/20 financial year. A full performance management system will be rolled out in the next financial year. The system will cover employees at all levels. Assessments will be done in Mid-year and Annually. The Annual Assessment outcome will be used to determine performance bonus for employees. Performance which is below the expected level will require corrective measures by the respective Supervisors which may include coaching, mentoring and/or training.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

a. Introduction

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

4.4 SKILLS DEVELOPMENT AND TRAINING

The municipality has conducted the Skills audit during the 2018/19 financial year. The outcome of that skills has enabled the Municipality to develop the Workplace skills plan for the 2019/20 financial year. The implementation of Performance management systems at all levels of employees will in the future, assist with identification of training needs because all employees are expected to attach the Personal Development Plans to the annual performance agreement. It is hoped that will be an effective way of improving the capacity of employees as it links directly to the Key Performance indicators for a specific financial year. Table T4.5.1 below outline the training interventions during the 2019/20 financial year.

Chapter 6

SKILLS MATRIX														
Management Level	Gender	Employee s at post at 30 June 2019/20	Number of skilled employees required and actual as at 30 June 2019/20											
			Learnerships			Skills Programmes Short Courses			Other forms of training			Total		
			No.	Actual 18/19	Target 19/20	Actual 19/20	Actual 18/19	Target 19/20	Actual 19/20	Actual 18/19	Target 19/20	Actual 19/20	Actual 18/19	Target 19/20
Councillors	Male	17	4	0	0	7	17	16	17	17	0	28	17	16
	Female	15	6	0	0	8	15	15	15	15	0	29	15	15
MM and S57	Male	0	0	0	0	0	2	2	0	3	0	03	2	2
	Female	0	0	0	0	0	1	1	0	2	0	0	1	1
Managers	Male	12	3	0	0	0	10	0	0	12	0	03	10	0
	Female	6	0	0	0	0	6	0	0	6	0	0	6	0
Technicians	Male	3	0	0	0	0	2	0	0	3	0	0	2	0
	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
Professionals	Male	18	5	0	0	18	4	0	0	8	0	23	4	0
	Female	5	0	0	0	0	7	2	0	5	0	0	7	2
Totals		71	18			33	64	36	46	71	0	86	64	36

T4.5.1

Chapter 6

- Skills Development Expenditure

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

Employee Level	Gender	Actual (No.)	Original Budget R	Actual R
MM & S57	Male	2	R739,000.00	0
	Female	1		0
Managers	Male			0
	Female	0		0
Plant and Machine Operators	Male	2		0
	Female	0		0
Technicians	Male	0		0
	Female	0		0

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

Chapter 6

Employee Level	Gender	Actual (No.)	Original Budget R	Actual R	
Sales & Services Workers	Male	2		0	
	Female	9		0	
Officers	Male	0		0	
	Female	0		0	
Clerks	Male	0		0	
	Female	0		0	
General Assistants	Male	0		0	
	Female	0		0	
Totals					R287,029.33
%					0
				T4.5.3	

Chapter 6

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

Number of employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
MM & S57	Male	0
	Female	0
Managers	Male	0
	Female	0
Officers and Supervisors	Male	0
	Female	0
Clerical	Male	0
	Female	0
General Assistants/Cleaners	Male	0
	Female	0
Total		0
		T4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	None	None	None	None
				T 4.6.3

Chapter 6

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None	None	None	None	None
				<i>T 4.6.4</i>

DISCLOSURES OF FINANCIAL INTERESTS:

See Appendix J below.

Chapter 6

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 2019/20 Annual Financial statements with an amount of **R 2,110,280.00** for a preparation of 2019/20 annual financial statements and 2020/2021 third quarter and annual financial statements

T 5.0.1

Chapter 6

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 INTRODUCTION TO FINANCIAL STATEMENTS

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

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

Chapter 6

a) Reconciliation of Budget Summary

Description	Year 2019/20										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
R thousands	1	2	3	4	5	6	7	8	9	10	11
Financial Performance											
Property rates	15,291	4,567	19,858	-	-	19,858	20,011		(153)	101	131
Service charges	11,513	-	11,513	-	-	11,513	10,503		1,010	91	91
Investment revenue	2,112	-	2,112	-	-	2,112	1,729		383	82	82
Transfers recognised - operational	147,906	358	148,264	-	-	148,264	148,236		28	100	100
Other own revenue	50,775	(8,725)	42,050	-	-	42,050	9,353		32,697	22	18
Total Revenue (excluding capital transfers and contributions)	227,596	(3,800)	223,796	-	-	223,796	189,832	-	33,964	85	83
Employee costs	(93,986)	2,593	(91,393)	-	-	(91,393)	(87,508)	-	(3,885)	96	93

Chapter 6

Description	Year 2019/20										
	R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget
Remuneration of Councillors	(14,127)	-	(14,127)	-	-	(14,127)	(12,917)	-	(1,211)	91	91
Debt impairment	(5,837)	(963)	(6,800)	-	-	(6,800)	(5,812)	-	(988)	85	100
Depreciation & asset impairment	(8,660)	(7,977)	(16,637)	-	-	(16,637)	(15,893)	-	(744)	96	184
Finance charges	(1,255)	(350)	(1,605)	-	-	(1,605)	(422)	-	(1,184)	26	34
Materials and bulk purchases	(8,268)	(2,000)	(10,268)	-	-	(10,268)	(10,107)	-	(161)	98	122
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	(73,415)	1,635	(71,780)	-	-	(71,780)	(59,779)	-	(12,001)	83	81
Total Expenditure	(205,549)	(7,062)	(212,611)	-	-	(212,611)	(192,437)	-	(20,174)	91	94

Chapter 6

Description	Year 2019/20										
	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
Surplus/(Deficit)	22,048	(10,863)	11,185	-	-	11,185	(2,605)	-	13,791	(23)	(12)
Transfers recognised - capital	33,393	1,616	35,010	-	-	35,010	33,910	-	1,100	97	102
Contributions recognised - capital & contributed assets			-			-				-	-
Surplus/(Deficit) after capital transfers & contributions										-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		0	-	-
Surplus/(Deficit) for the year	55,441	(9,247)	46,195	-	-	46,195	31,304	-	14,890	68	56
<u>Capital expenditure & funds sources</u>											
Capital expenditure											
Transfers recognised - capital	33,393	1,616	35,009	-	-	35,009	33,910	-	1,100	97	102

Chapter 6

Description	Year 2019/20										
	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
Public contributions & donations	-		-			-			-	-	-
Borrowing	-		-			-			-	-	-
Internally generated funds	22,048	(10,863)	11,185	-		11,185	4,375		6,811	39	20
Total sources of capital funds	55,441	(9,246)	46,195	-	-	46,195	38,285	-	7,910	83	69
Cash flows											
Net cash from (used) operating	38,452	7,297	45,749	-		45,749	42,184		3,565	92	110
Net cash from (used) investing	(55,241)	9,046	(46,195)	-		(46,195)	(38,285)		(7,910)	83	69
Net cash from (used) financing	209	(98)	111			111	(262)		373	(236)	(125)

Chapter 6

Description	Year 2019/20										
	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
Net increase/(decrease) in cash and cash equivalents	(16,580)	16,246	(335)	-	-	(335)	3,638	-	(3,972)	(1,087)	(22)
Cash/cash equivalents at the beginning of the year	14,331	4,866	19,196			19,196	19,373		(177)	101	135
Cash/cash equivalents at the year end	(2,249)	21,111	18,862	-	-	18,862	23,011	-	(4,149)	122	(1,023)
						-					
T 5.1.1											
<p>Notes</p> <p>3 = sum of column 1 and 2</p> <p>2 represents movements in original budget to get to final adjustment budget (including shifting of funds)</p> <p>Virements must offset each other so that virements in Total Expenditure equals zero</p> <p>6 = sum of column 3, 4 and 5</p> <p>8 does not necessarily equal the difference between 9 and 8 because overspending is not the only reason for unauthorised expenditure</p>											

Chapter 6

Description	Year 2019/20										
	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
9 = 7 - 6											
10 = (7/6)*100											
11 = (9/1)*100											
14 = 13 - 12											
15 in revenue equals Audited Outcome plus funds actually recovered											
15 in expenditure equals Audited Outcome less funds actually recovered											
15 in Cash Flow equals Audited Outcome plus funds recovered											
<p>This schedule must be part of the financial statements of the municipality (all other schedules, A2 - A7, should form part of the annexures to the financial statements. These schedules do not directly form part of the audit opinion)</p>											

Chapter 6

b) FINANCIAL PERFORMANCE: OPERATING SERVICES

R '000						
Description	Year 2018/19	Year 2019/20			Year 2019/20 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	7,684	7,039	7,009	6,543	17.11%	15.43%
Waste Water (Sanitation)	2,450	2,536	2,454	2,517	0.00%	0.00%
Electricity	13,313	17,303	19,519	18,285	-26.83%	-22.51%
Waste Management					0.00%	0.00%
Housing	-	-	-		0.00%	0.00%
Component A: sub-total	23,447	26, 878	28, 982	27, 345	-8.78%	-6.88%
Waste Water (Stormwater Drainage)		-	-		0.00%	0.00%
Roads	22,983	18,104	24,505	20,332	54.24%	-10.00%
Transport	-	-	-		0.00%	0.00%
Component B: sub-total	22,983	18,104	24,505	20,332	54.24%	-10.00%
Planning						
Local Economic Development						
Component B: sub-total	-	-	-	-	-	-
Planning (Strategic & Regulatory)	3,765	8,379	6,992	4,981	0.00%	0.00%

Chapter 6

R '000						
Description	Year 2018/19	Year 2019/20			Year 2019/20 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Local Economic Development	2,424	3,123	2,366	1,984	0.00%	0.00%
Component C: sub-total	6,189	3,962	9,358	6,965	0.00%	0.00%
Community & Social Services	30,026	30,064	29,531	31,092	5.63%	4.06%
Environmental Protection		-	-		0.00%	0.00%
Health		-	-		0.00%	0.00%
Security and Safety		-	-		0.00%	0.00%
Sport and Recreation		-	-		0.00%	0.00%
Corporate Policy Offices and Other	111,667	126,541	120,235	104,274	0.24%	-4.23%
Component D: sub-total	141,694	156,605	149,766	135,366	1.38%	-2.48%
Total Expenditure	194,312	205,549	212,611	190,008	6.15%	-4.55%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2

c) COMMENT ON FINANCIAL PERFORMANCE

THE LIQUIDITY RATIOS FOR 2019/20 FINANCIAL YEAR ARE AS FOLLOWS:

- Current ratio = 2.9:1

Chapter 6

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

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

5.2 GRANTS PERFORMANCE

Description	2018/19	2019/20			2019/20 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	133,212,145	147,905,550	148,263,550	148,235,565	100	100
Equitable share	128,184,000	142,578,000	142,578,000	142,577,970	100	100
Municipal Systems Improvement		-			-	-
Expanded Public Works	1,101,000	1,167,000	1,167,000	1,167,000	100	100
Municipal Infrastructure Grant	1,749,815	1,757,550	1,757,550	1,751,670	100	100
Financial Management Grant	2,177,330	2,403,000	2,403,000	2,400,849	100	100
Municipal Disaster Relief Grant	-	-	358,000	338,076	-	94
Provincial Government:	771,000	-				
Other grant	771,000	-				
Housing		-			-	-
Ambulance subsidy		-			-	-
Sports and Recreation		-			-	-
Financial Management Grant		-			-	-
District Municipality:	72,890					
CDM	72,890					

Chapter 6

Description	2018/19	2019/20			2019/20 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Other grant providers:		-	-			
Total Operating Transfers & Grants	134,056,035	147,905,550	148,263,550	148,235,565	100	100

T 5.2.1

d) COMMENT ON OPERATING TRANSFERS AND GRANTS:

The financial Management grant got allocation of R 2,403,000 at the beginning of the financial year. The municipality used this money to recruit Finance Interns for a period of two years. The grant is also used to purchase Laptops for the interns to enable them compile Portfolio of evidence during their studies. The total amount spent was R 2,400,848.57 or 99.9 percent. The remaining unspent amount of R 2,151.43 as returned to National Revenue Fund.

Total MIG allocation for the year under review was R 35,767,692.00, which includes an amount of R 1, 616, 692 which was rolled over from the 2018/19 financial year. The municipality applied for approval of roll over and is pleased to report that Treasury approved a total amount of R 1,075,196. Overall the municipality have used about R 35,661,443 (about 97% of the allocation) and could only return R 31,051.56 to National Revenue Fund.

The municipality was also grateful to receive the Municipal Disaster Relief Grant of R 358,000, of which 94% (or 338,000) of the grant was used for the purchase of PPE for Covid19 pandemic.

Chapter 6

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

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

5.3 ASSET MANAGEMENT

a) INTRODUCTION TO ASSET MANAGEMENT

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

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

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

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

The following reports have been updated on the asset module:

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

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

Chapter 6

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2019/20	
Asset 1	
Name	High mast Light
Description	High mast Light
Asset Type	Infrastructure Asset (Electricity)
Key Staff involved	Asset Managers
-Staff Responsibilities	Physical and Financial Management of Asset
Year-2019/20	
Asset Value	R 2,554,266.00
Capital Implications	Yes
Future Purpose of Asset	Roads
Describe key Issues	Upgrading of electrical infrastructure for effective electrical system
Policies in Place to Manage Asset	Yes
Asset 2	
Name	Nthabiseng Internal Street Phase 2
Description	Nthabiseng Internal Street Phase 2
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Year-2019/20	
Asset Value	R 13 648 914.00
Capital Implications	Yes
Future Purpose of Asset	Roads
Describe key Issues	Upgrading of gravel road to tar for effective transport system
Policies in Place to Manage Asset	Yes

Chapter 6

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2019/20	
Asset 3	
Name	
Description	
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Year-2019/20	
Asset Value	R 14 761 302.82
Capital Implications	Yes
Future Purpose of Asset	Roads
Describe key Issues	Upgrading of gravel road to tar for effective transport system
Policies in Place to Manage Asset	Yes

a) COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

- During the year under review the municipality had budget allocation of R 8,422,987 for repair and maintenance of municipal assets.

Repair and Maintenance Expenditure: 2019/20				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	8,422,987	7,672,987	6,280,208	18
<i>T 5.3.4</i>				

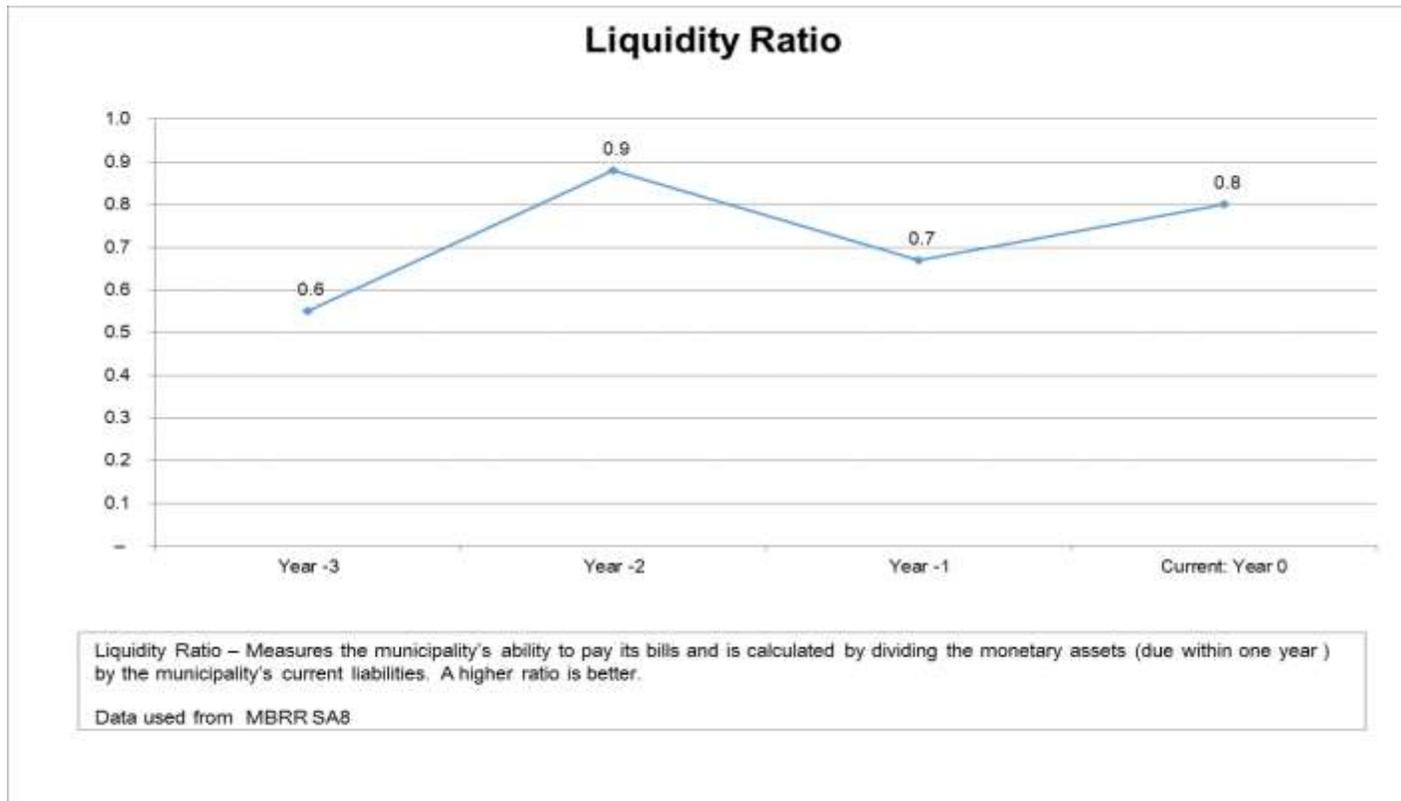
Chapter 6

The total expenditure Repair and Maintenance for 2019/20 was R 6,280,208.00. The proportion of Repair and Maintenance to the budget stood at 4% which is way below the required 8% as per circular 71. The municipality will work hard to ensure there is improvement in the coming financial years to ensure all procured assets are able to be maintained to extract the expected service delivery benefits from such assets.

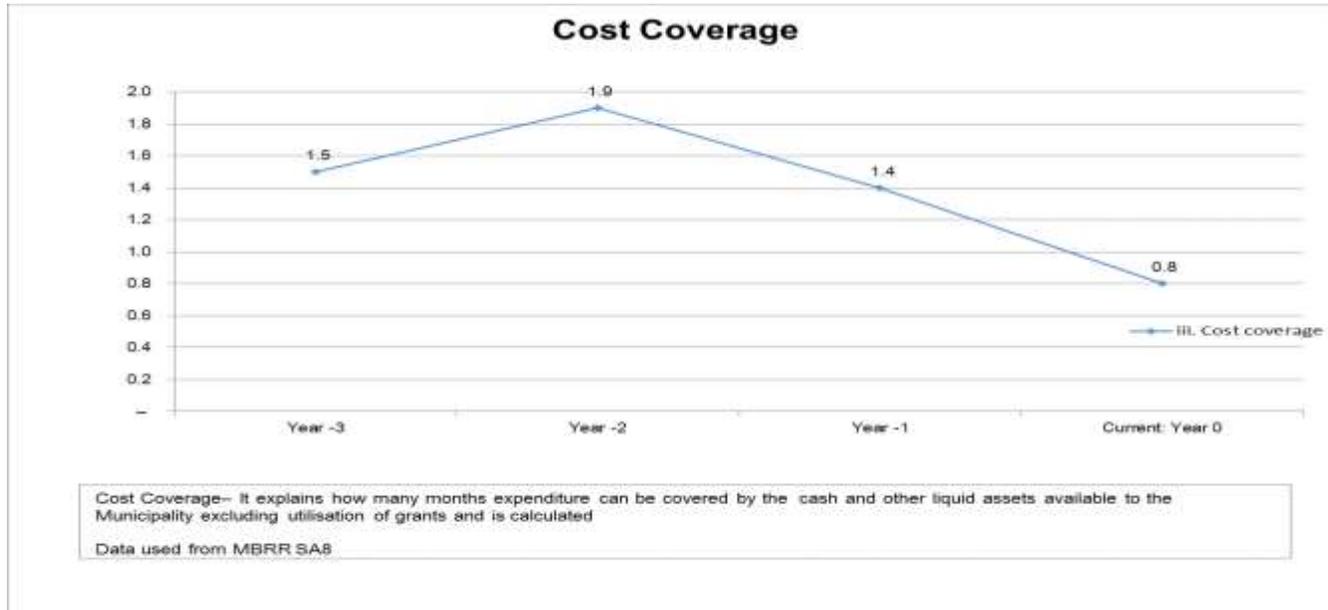
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Financial ratios for the 2019/20 as described under financial overview above are illustrated hereunder in a graphical display

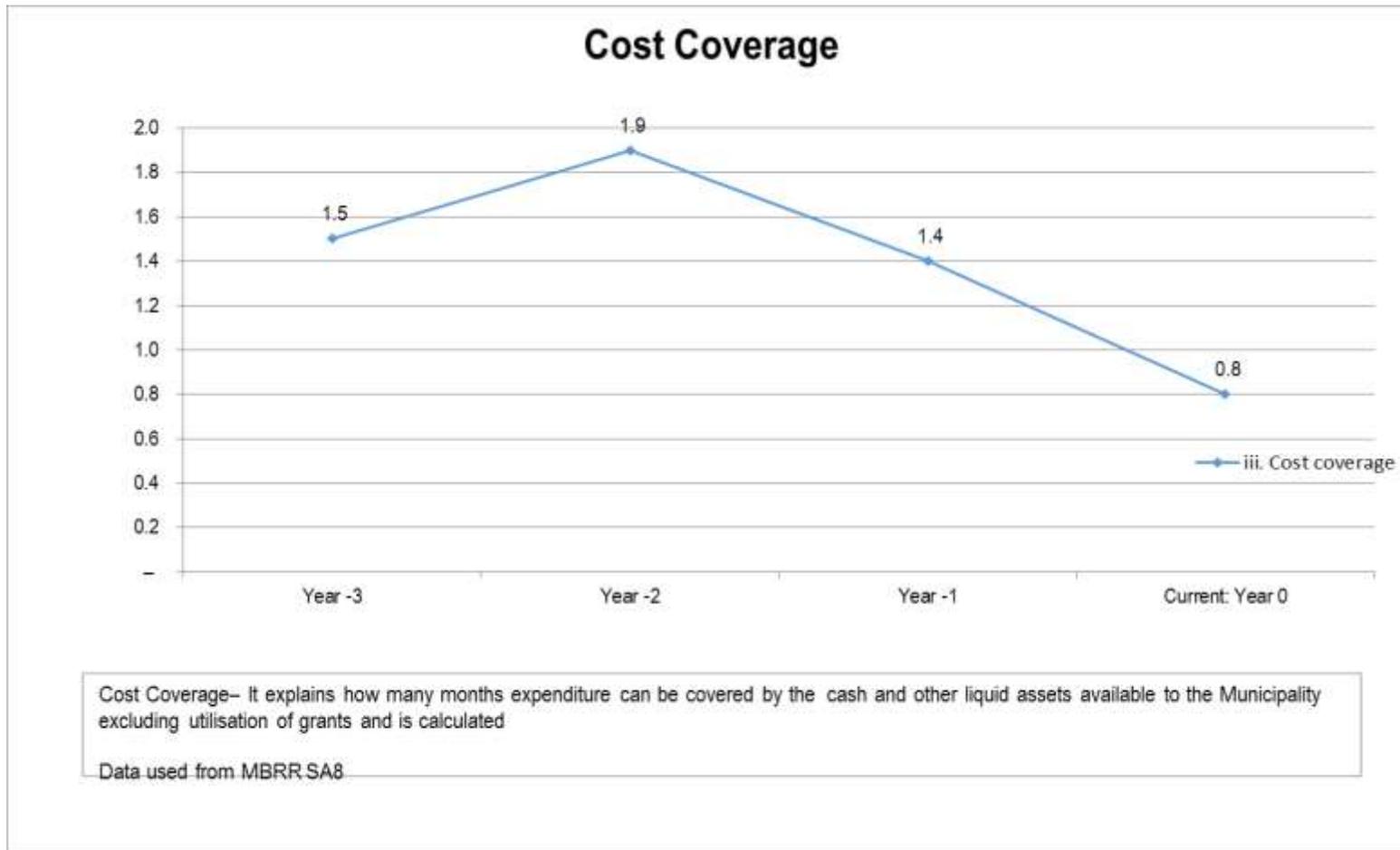
Chapter 6



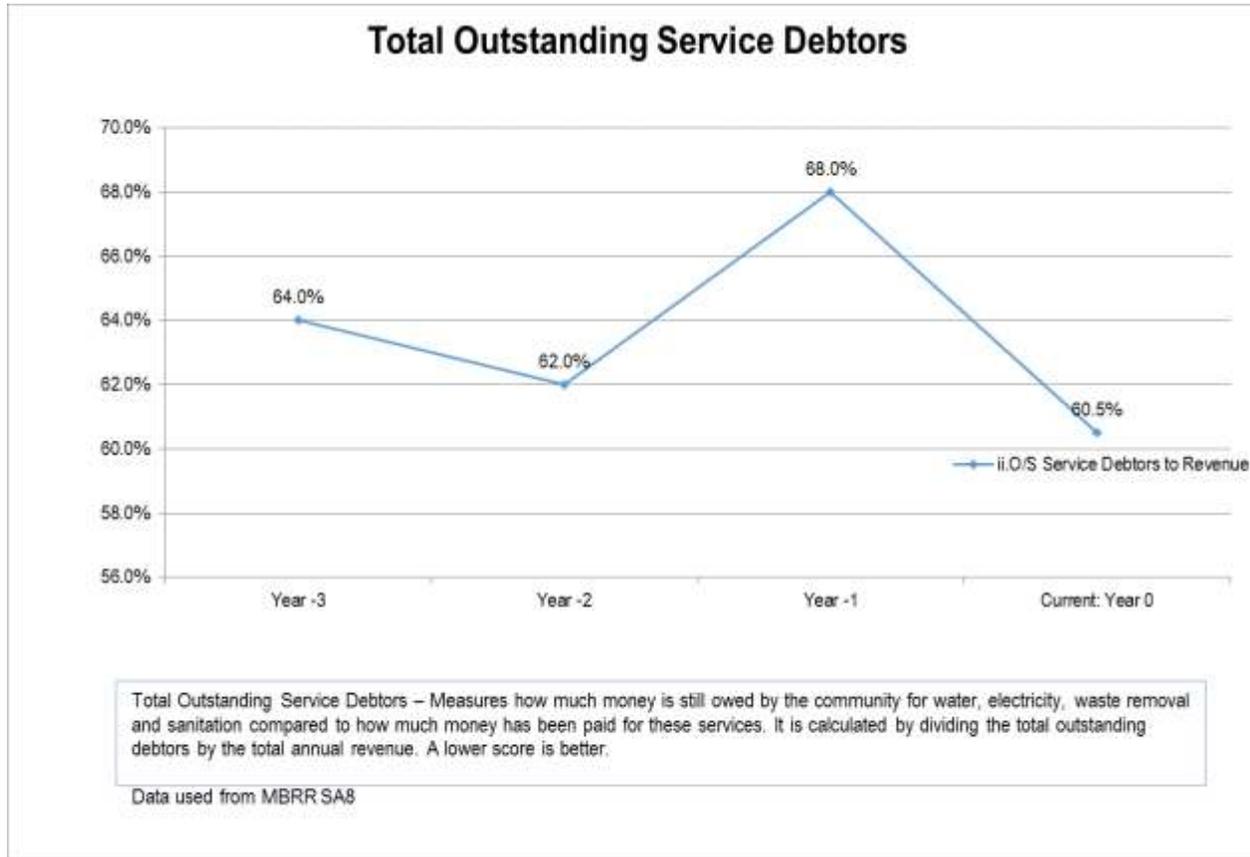
Chapter 6



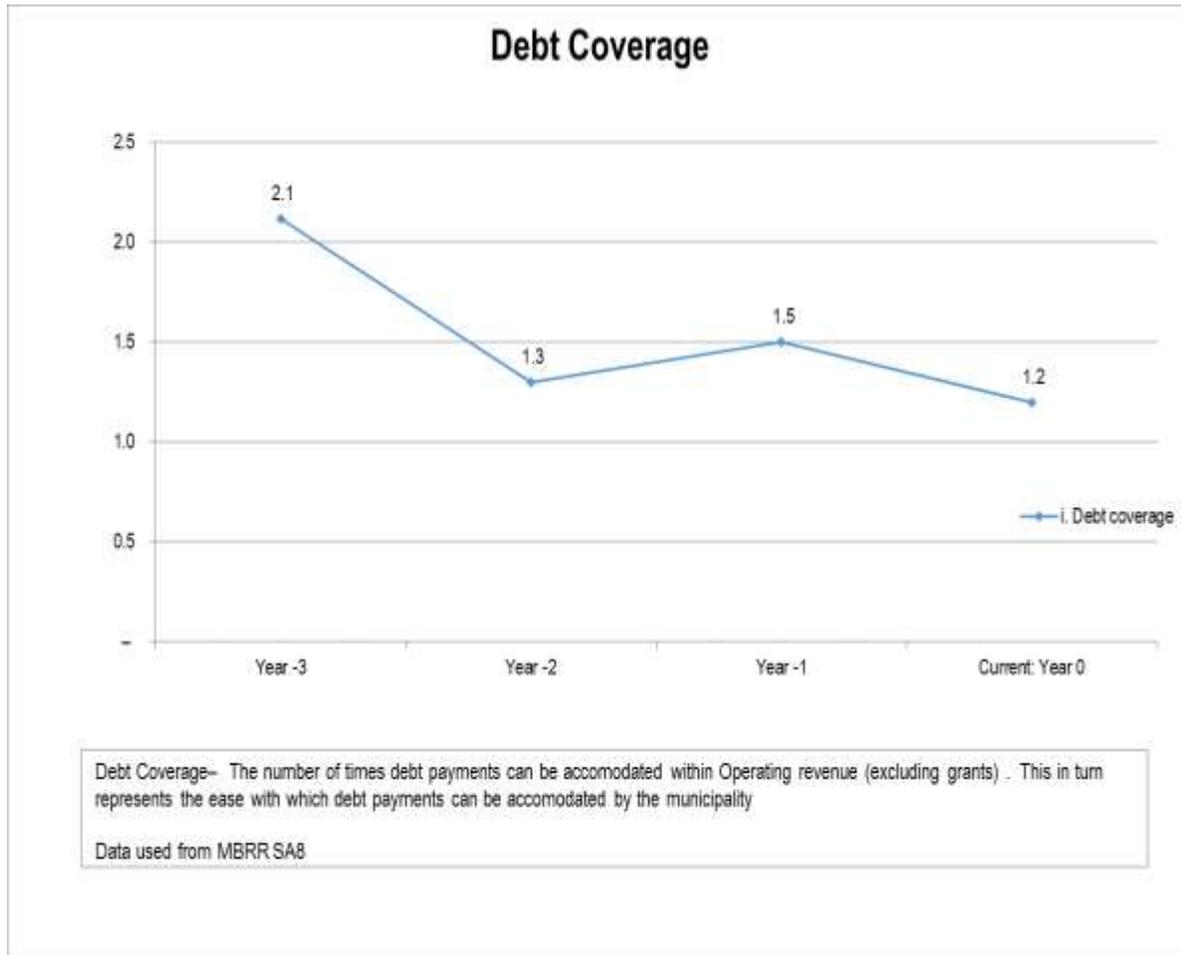
Chapter 6



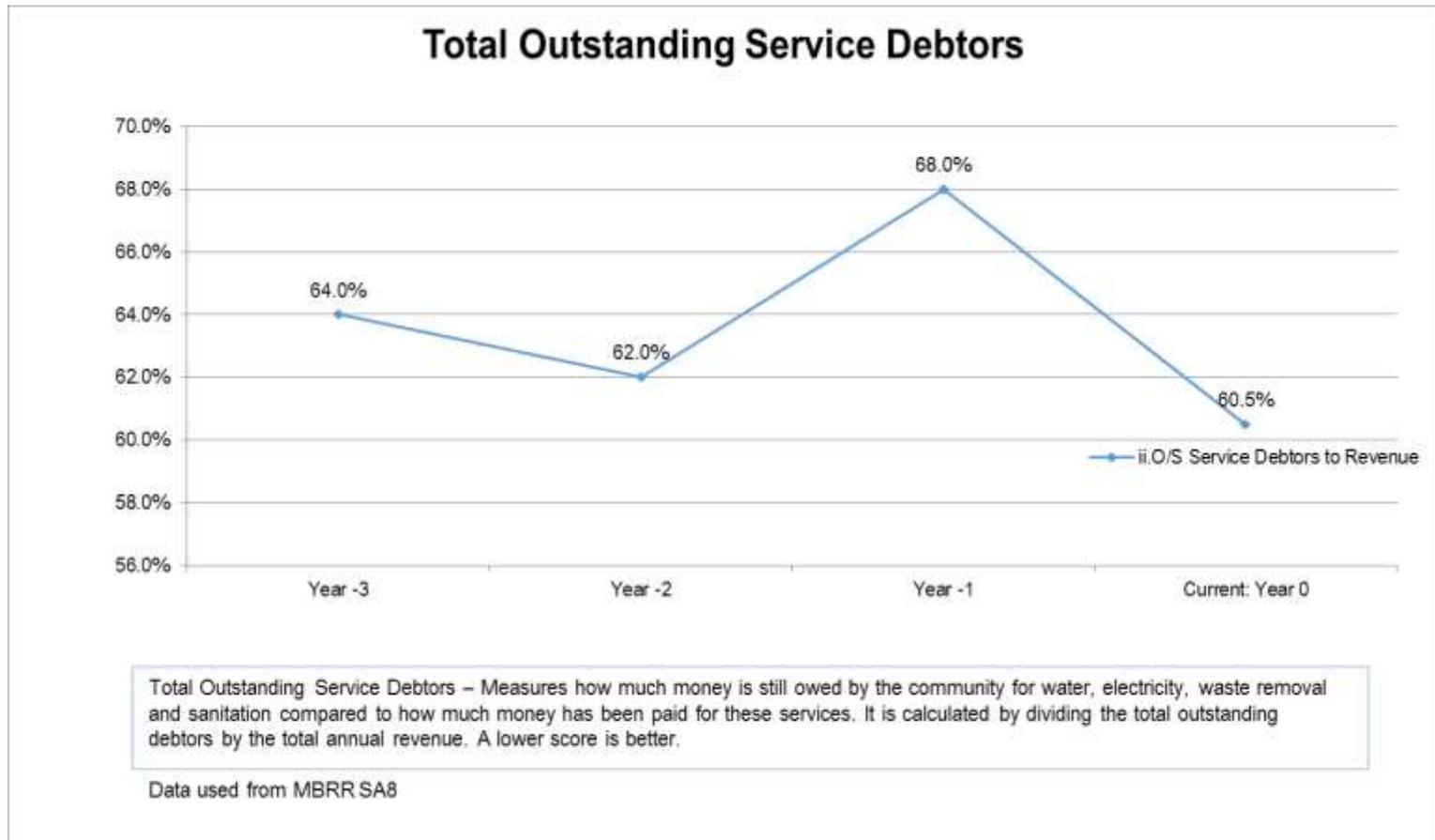
Chapter 6



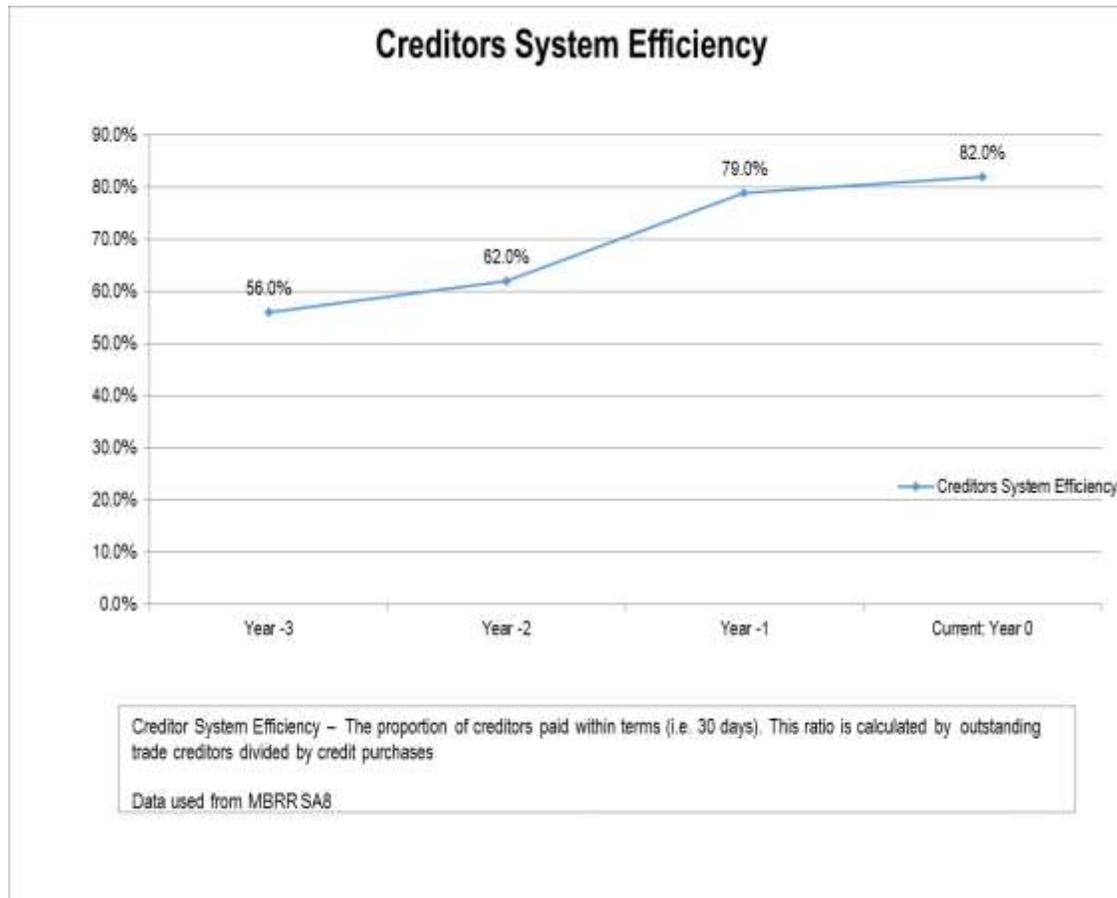
Chapter 6



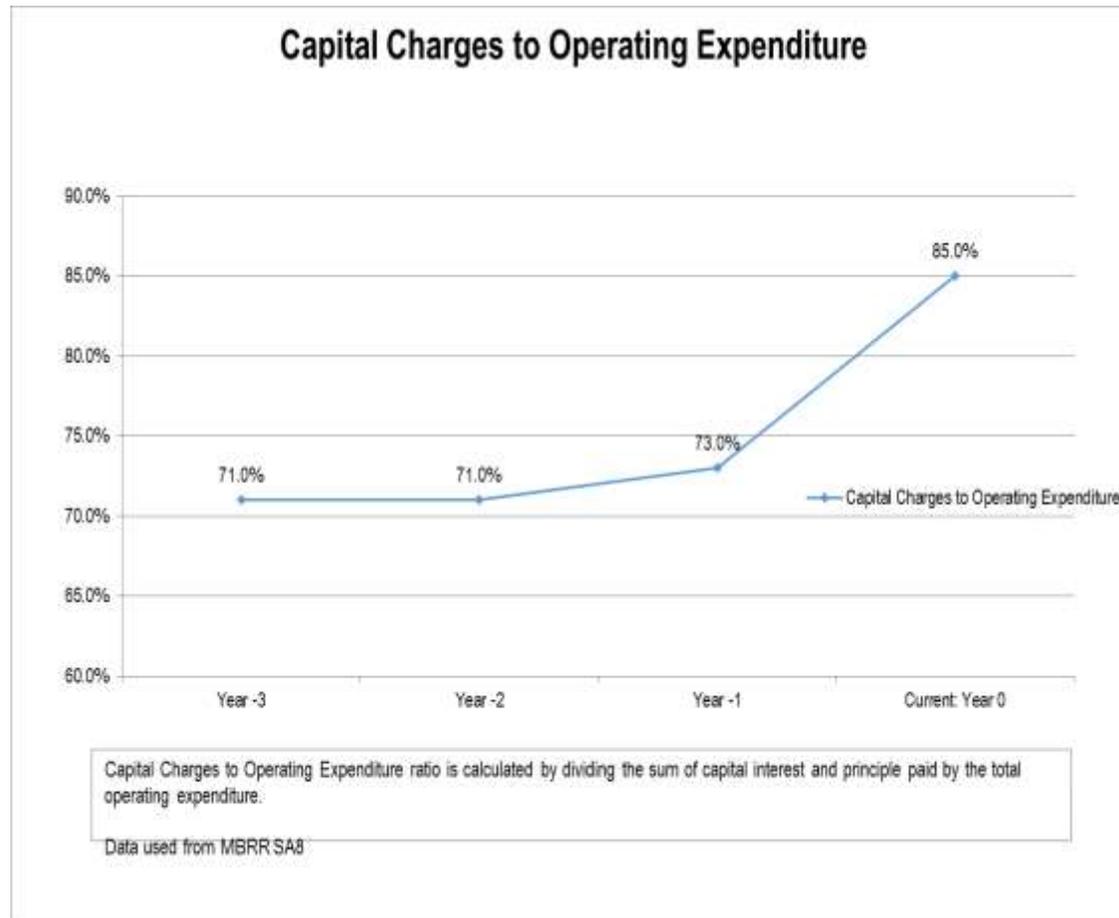
Chapter 6



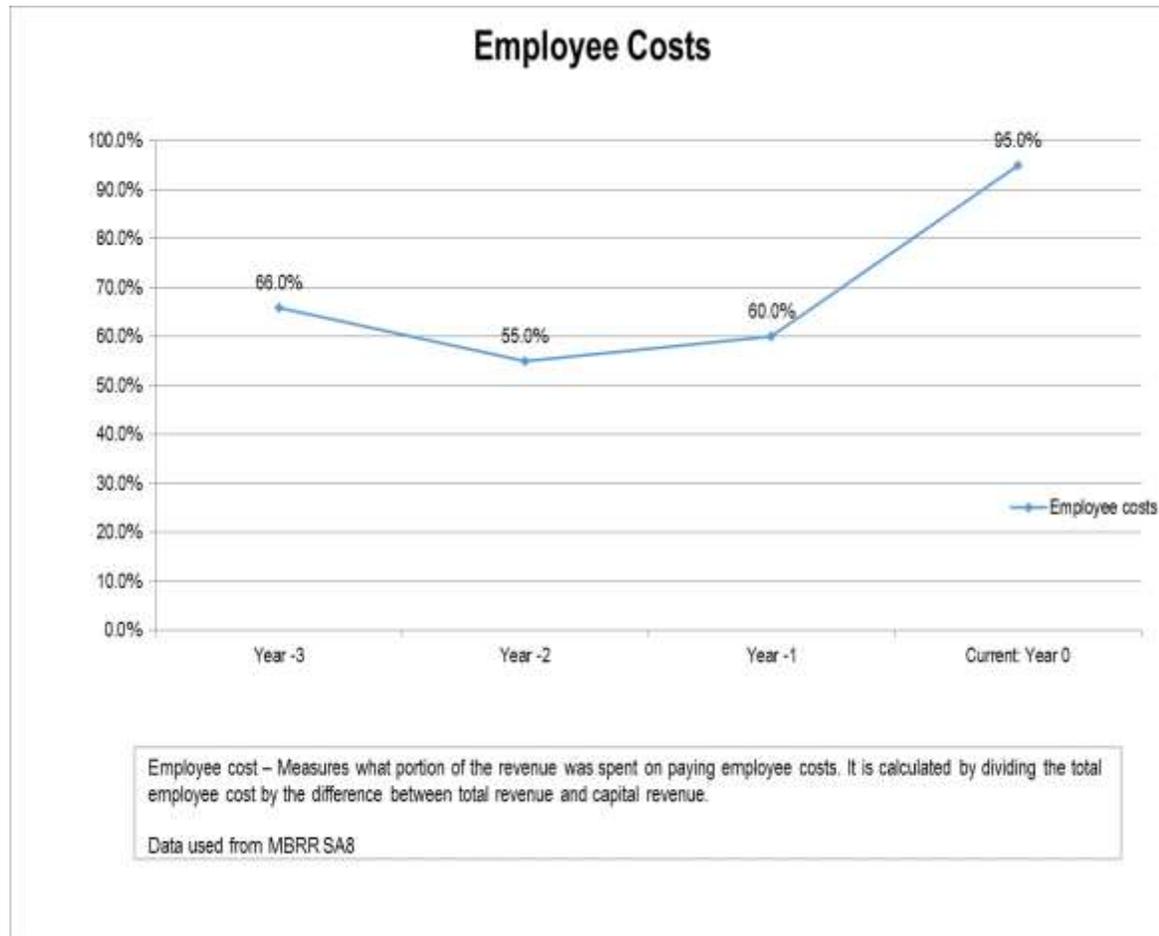
Chapter 6



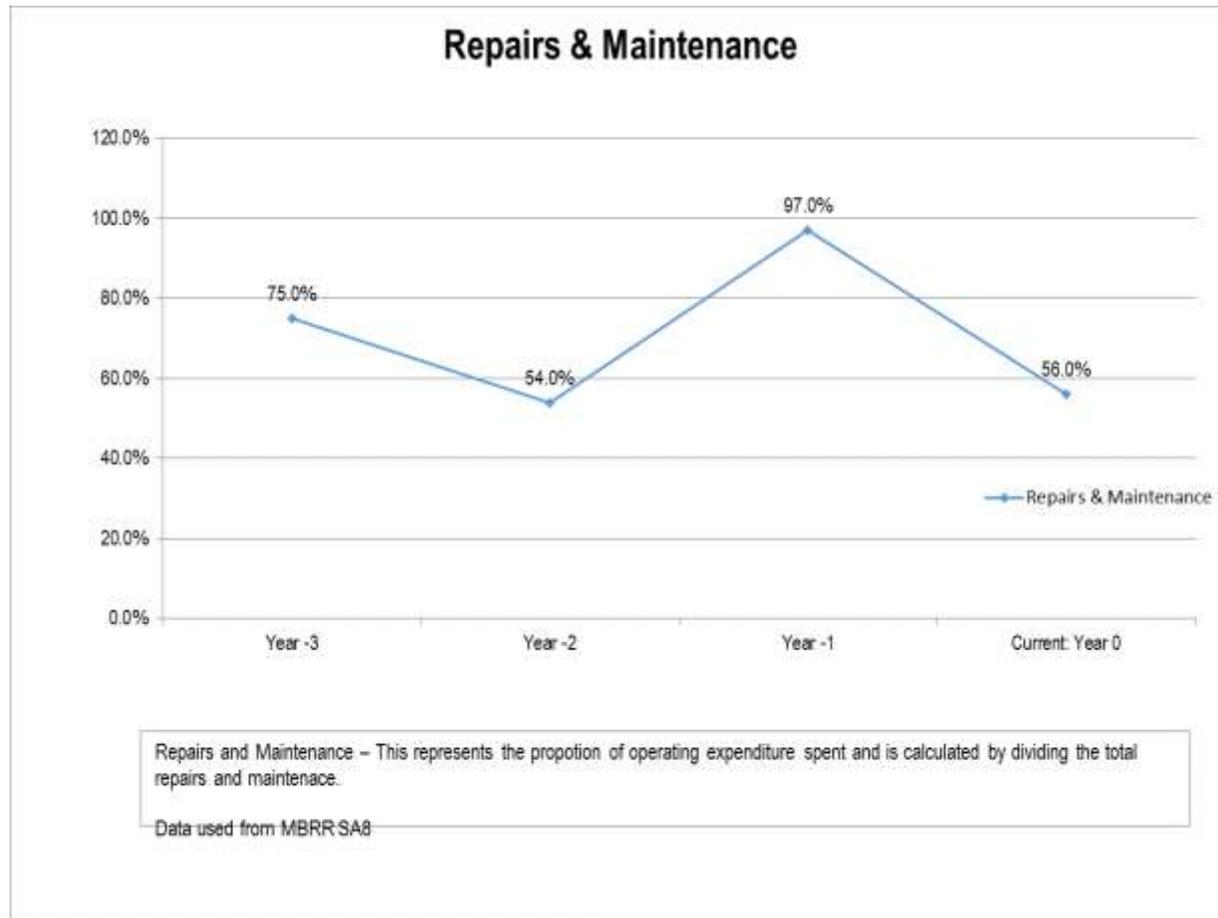
Chapter 6



Chapter 6



Chapter 6



Chapter 6

COMMENT ON FINANCIAL RATIOS:

The ratio of 2.9:1 is above the norm which means that the municipality will be able to pay its short term obligations with the available current assets. When comparing the current year ratio to the prior year it is stable, thus no indication of uncertainties on the liquidity of the municipality. The Municipality's net assets amount of R 295 523 701

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

a) INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

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

Chapter 6

A. SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2018/19 to Year 2019/20							
							R' 000
Details	Year 2018/19		Year 2019/20				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
Source of finance							
	External loans	0	0	0	0	0.00%	0.00%
	Public contributions and donations					0.00%	0.00%
	Grants and subsidies	38,798,613	35,613,450	33,393,450	29,015,957	48.03%	18.19%
	Other	6,883,705	19,872,821	12,801,335	9,268,546	-35.01%	-60.91%
Total		45,682,318	55,441,271	46,194,785	38,284,503	19.03%	-9.43%
<i>Percentage of finance</i>							
	External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Grants and subsidies	84.9%	64.3%	72.3%	75.8%	252.3%	-192.9%
	Other	15.1%	35.7%	27.7%	24.2%	-183.9%	646.1%
Capital expenditure							
	Water and sanitation					0.00%	
	Electricity	1,315,139	5,000,000	4,212,338	3,329,856	213.23%	46.13%
	Housing					0.00%	0.00%

Chapter 6

Capital Expenditure - Funding Sources: Year 2018/19 to Year 2019/20							
							R' 000
Details		Year 2018/19	Year 2019/20				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
	Roads and storm water	34,264,180	45,541,271	38,899,451	32,725,678	9.23%	-6.96%
	Other	10,103,039	4,900,000	3,082,996	2,228,969	33.70%	-20.51%
Total		45,682,358	55,441,271	46,194,785	38,284,503	256.16%	18.66%
<i>Percentage of expenditure</i>							
	Water and sanitation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Electricity	2.9%	9.0%	9.1%	8.7%	83.2%	247.2%
	Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Roads and storm water	75.0%	82.1%	84.2%	85.5%	3.6%	-37.3%
	Other	22.1%	8.8%	6.7%	5.8%	13.2%	-109.9%
							<i>T 5.6.1</i>

Chapter 6

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: 2019/20			Variance: 2019/20	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Nthabiseng internal street 3	17,000,000	17,000,000	14,761,302.83	9%	9%
Capricorn park internal street	16,393,450	15,787,716	14,254,654.00	13%	0%
High mast Light	3,000,000	3,000,000	2,554,266.00	17%	17%
Moletji office cluster	2,127,821	2,127,821	1,849,284.25	13%	0%
Tipper Truck	1,000,000	962,180	962,179.97	0%	0%
<i>T 5.7.1</i>					

Chapter 6

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

a) INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality has a favorable bank balance of R 23 010 966 (compared to R 19,371,738 in 2018/19) at year end as per table.

5.9 CASH FLOW

Cash Flow Outcomes				
Description	2018/19	Current: 2019/20		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	20,192	32,038	50,331	
Government - operating	128,430	131,941	122,468	
Government - capital	46,749	32,768	44,768	
Interest	1,820	3,440	3,053	
Dividends				
Payments				
Suppliers and employees	(173,103)	(123,224)	(174,367)	
Finance charges	(1,155)	(828)	(1,154)	
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	22,934	76,135	45,100	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	738	-	-	

Chapter 6

Cash Flow Outcomes				
Description	2018/19	Current: 2019/20		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Decrease (Increase) in non-current debtors		-	-	
Decrease (increase) other non-current receivables		-	-	
Decrease (increase) in non-current investments		-	-	
Purchase of intangibles	(1,235)	-	-	
Payments				
Capital assets	(44,447)	(50,437)	(60,038)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(44,945)	(50,437)	(60,038)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	(197)	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(197)	-	-	
NET INCREASE/ (DECREASE) IN CASH HELD	(22,207)	25,698	(14,938)	
Cash/cash equivalents at the year begin:	41,581	39,005	39,005	
Cash/cash equivalents at the year end:	19,374	64,703	24,067	
Source: MBRR A7				T 5.9.1

5.10 MUNICIPAL INVESTMENTS

Chapter 6

A) INTRODUCTION TO INVESTMENTS

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

Description	2019	2020
Bank balances	R 11,497,723	R 2 407 532
Short-term Investment	R 7,874,015	R 20 603 434
TOTAL	R 19,371,738	R 23 010 966

- The table below gives a detailed overview of investments during the 2019/20 financial year.

Municipal and Entity Investments			
			R' 000
Investment type	Year 2017/18	Year 2018/19	2019/20
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government	0	0	
Listed Corporate Bonds	0	0	
Deposits – Bank	11,578,914.00	7,874,015	20,603,434
Deposits - Public Investment Commissioners	0	0	0
Deposits - Corporation for Public Deposits	0	0	
Bankers' Acceptance Certificates	0	0	
Negotiable Certificates of Deposit – Banks	0	0	
Guaranteed Endowment Policies (sinking)	0	0	
Repurchase Agreements - Banks	0	0	

Chapter 6

Municipal and Entity Investments			
Investment type	R' 000		
	Year 2017/18	Year 2018/19	2019/20
	Actual	Actual	Actual
Municipal Bonds	0	0	
Other	0	0	
Municipality sub-total	11,578,914.00	7,874,015	20,603,434
Municipal Entities			
Securities - National Government	0	0	0
Listed Corporate Bonds	0	0	0
Deposits - Bank	0	0	0
Deposits - Public Investment Commissioners	0	0	0
Deposits - Corporation for Public Deposits	0	0	0
Bankers' Acceptance Certificates	0	0	0
Negotiable Certificates of Deposit - Banks	0	0	0
Guaranteed Endowment Policies (sinking)	0	0	0
Repurchase Agreements - Banks	0	0	0
Other	0	0	0
Entities sub-total	0	0	0
Consolidated total:	11,578,914.00	7,874,015	20,603,434
			<i>T 5.10.4</i>

a. PARTNERSHIPS

The municipality did not have any official partnerships

COMPONENT D: OTHER FINANCIAL MATTERS

Chapter 6

5.12 GRAP COMPLIANCE

GRAP is an acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules for which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable the National Treasury to assess the pace of progress and to consider the implications if not adhered to. Molemole Municipality followed the directives issued by the Accounting Standards Board in compiling the 2019/20 Annual Financial Statements. Molemole municipality's Asset management policy and Asset register are in compliance with GRAP

Chapter 6

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2018-19

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Financial year	2018/19
Municipality name	Molemole
Audit opinion	Unqualified
Reporting period	Jun-2019

Chapter 6

- A SUMMARY OF AUDIT FINDINGS FOR THE 2019/20 FINANCIAL YEAR IS TABLED BELOW

COMPONENT B: AUDITOR-GENERAL OPINION YEAR (2019/20)

6.2 AUDITOR GENERAL REPORT YEAR 2018/19

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

Chapter 6

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

Chapter 6

6.3 AUDITOR GENERAL REPORT YEAR 2019/20

- A SUMMARY OF AUDIT FINDINGS FOR THE 2019/20 FINANCIAL YEAR IS TABLED BELOW

Auditor-General Report on Financial Performance 2019/20	
Audit Report status*:	Unqualified
Non-Compliance Issues	Remedial Action Taken
<p>1. Annual financial statements, performance and annual reports</p> <p>The financial statements submitted for audit were not prepared in all material respects in accordance with the requirements of section 122 (1) of the MFMA.</p> <p>Material misstatements of revenue from exchange transactions, employee related costs and cash flow statements identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion</p>	<p>Adequate time for the review of the Annual Financial Statement.</p> <p>Monthly Audit Steering Committee meetings to monitor implementation of the audit action plans on issues raised by the Auditor General and Internal Audit.</p>
<p>2. Expenditure management</p> <p>Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R127 550, as disclosed in note 59 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments</p>	<p>To ensure that payments are done within 30 days of receiving the invoice as per section 65 2 (d) of the MFMA</p>

Chapter 6

Auditor-General Report on Financial Performance 2019/20	
<p>3. Procurement and contract management Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by regulation 8 (2) of the preferential procurement regulations (2017)</p>	<p>Regular review of bids to before advertisement to monitor compliance and ensure that all legislative requirements are met</p>
<p>Note:* The report`s status is supplied by the Auditor – General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse) T6.1.1</p>	
Auditor-General Report on Service Delivery Performance 2019/20	
<p>Audit Report status*:</p>	<p>Unqualified</p>
Non-Compliance Issues	Remedial Action Taken
<p>No material findings on the usefulness and reliability of the reported performance information for the following development priority: KPA 2: Basic service delivery and infrastructure planning.</p>	<p>Unqualified</p>

Chapter 6

b) COMMENTS ON AUDITOR-GENERAL'S OPINION 2019/20

The matters communicated throughout the audit report relate to the three fundamentals of internal control that should be addressed to achieve sustained clean administration. The Auditor General is committed to assist in identifying and communicating good practices to improve governance and accountability and to build public confidence in government's ability to account for public resources in a transparent manner.

c) COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

All section 71 reports for the 2019/20 financial year were submitted to both National and Provincial Treasury, COGHSTA and the Mayor, in the format prescribed by National Treasury. The signed copies are also published in the municipal website in line with section 75 of the Municipal Finance Management Act, 2003 (Act 53 of 2003)

GLOSSARY

GLOSSARY

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

GLOSSARY

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

GLOSSARY

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

GLOSSARY

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION 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. Masilo 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 COMMITTEE	ANC	100%	N/A
5. Ngaletjane Frank Rampyapedi	FT	Ward Councillor MAYORAL COMMITTEE	ANC	100%	N/A
1. Nakedi Winny Seakamela	FT	Ward Councillor MAYORAL COMMITTEE	ANC	80%	20%
7. Makoma Tawana	PT	Ward Councillor MAYORAL COMMITTEE	ANC	80%	20%
8. Mamoraka Dorcus Meso	PT	Ward Councillor MAYORAL COMMITTEE	EFF	90%	10%
9. Adelaide Makgoka	PT	PR Councillor	ANC	100%	N/A
10. Moyahabo Paulina Makgato	PT	PR Councillor	ANC	60%	40%
11. Moloko Letta Moabelo	PT	PR Councillor	ANC	80%	20%
12. Moloko Calvin Matjee	PT	PR Councillor	DA	70%	70%
13. Ngwakwana Margret Hopane	PT	PR Councillor	ANC	80%	20%
14. Dikeledi Matlou	PT	PR Councillor	ANC	90%	10%
15. Cllr M D Marutha	PT	PR Councillor	ANC	80%	20%
16. Malose Phineas Tloubatlla	PT	PR Councillor	DA	100%	N/A
17. Tebogo Raphaswana	PT	PR Councillor	EFF	90%	10%
18. Marutha Daisie Madiga	PT	PR Councillor	EFF	80%	20%
19. Marema Isaac Mohafe	PT	PR Councillor	EFF	90%	10%
20. Mamoraka Dorcas Meso	PT	PR Councillor	EFF	90%	10%
21. Motlalaohle Leferela Jacqueline	PT	PR Councillor)	EFF	60%	40%

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

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

MUNICIPAL COMMITTEES	NAMES AND INITIALS OF CHAIRPERSON	PURPOSE
Finance portfolio	Seakamela N.W	Monitoring and implementation of national building regulations Implementation of SPLUMA Promotion of Township Establishment Development of Precinct Plans for promotion of economic growth
Technical Portfolio	Lehong M.D	Provision of basic infrastructure to the communities Provision of basic electricity services Provision of housing services Sport and Recreation services Provision of water and sanitation services Promotion of Law enforcement Environmental Management Health and Safety of citizens Maintenance of road infrastructure services
Community services portfolio	Rampyapedi N.F	Promotion of Law enforcement Environmental Management Health and Safety of citizens
Corporate services portfolio	Tawana P.M	Assisting with the development of necessary policies across all depts. and ensure effective implementation thereof. Creating a conducive climate for all employees and Councillors, Establishing systems that are enablers of improved performance for all departments thereby contributing maximally towards improved organizational performance. Creating a committed and highly productive workforce for improved delivery of basic services to our communities
Local economic development and planning portfolio	Meso D	Promotion of local Economic development within the municipality. Ensure the municipality is able to use its competitive advantage to attract potential investors.

MUNICIPAL COMMITTEES	NAMES AND INITIALS OF CHAIRPERSON	PURPOSE
		Initiate job creation activities within the municipality Promotion of SMMEs
Risk Management Committee	Mr. Mathibela K	To assist the Municipal Manager in discharging his accountability for risk management by reviewing the effectiveness of the Municipality's risk management systems, practices and procedures, and providing recommendations for improvement.
ICT Steering committee	Mr. Makgatho K	To develop ICT strategies for the municipality to ensure cost-effective application and management of ICT systems
Ethics Committee	Duba M	To ensure Councillors adhere to code of conduct at all times

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

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

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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

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

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

APPENDIX E – WARD REPORTING

WARD COMMITTEE FUNCTIONALITY 2019 / 2020					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
1.	Cllr Rathete T	YES	12 meetings held	12 reports submitted	02 ward public meetings held
	Ramoshaba MP				
	Rababalela MK				
	Ramohloa SJG				
	Mapate SP				
	Motsosi FP				
	Molele SP				
	Maeko MI				
	Matsebatlela MS				
	Kekana MP				
	Mutsusi TS				
2.	Cllr Rampyapedi N	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Makwela SG				
	Mabeba MZ				
	Mapokgole JM				
	Mahapeletja MB				
	Padima MF				
	Rapetswa RS				
	Sediela ML				
	Hamise MM				
	Hamese MC				
	Makoetja PA				
3.	Cllr Seakamela N	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Sebetseba MD				
	Mapatha ME				
	Makwala MS				
	Letswalo MR				
	Sesokga MT				
	Ralekgokgo K				
	Mahlakaro ML				
	Mofumadi G				
	Morale MD				
	Peta SA				
4.	Cllr Rathaha M	Yes	12 meetings held	12 reports submitted	

WARD COMMITTEE FUNCTIONALITY 2019 / 2020					
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
	Mahuma DE Molosi MJ Matima MJ Mokgawa MJ Thobakgale MT Makhura MP Mohlakela NE Ratema MJ Sebone SI Ramatjie MD				03 ward public meetings held
5.	Cllr Mpati R Ramarutha ME Makgato MS Rawane MM Mabitsi MR Machaka ND Sekgota AN Hamese M A Thuputlela MD Moalamedi IS Makgato MA	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
6.	Cllr Tawana M Phefadu MP Makwala MH Monchela MD Kotopane SB Rapholo MS Ramaphakela NG Maapola MK Leta SC Ramahlare AG	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
7.	Cllr Nakana S Ramahoyo MJ Machethe ME	Yes	12 meetings held	12 reports submitted	03 ward public meetings held

WARD COMMITTEE FUNCTIONALITY 2019 / 2020					
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
	Mabokachaba MM				
	Raphadu DM				
	Sebone TB				
	Phooko MB				
	Sewedi MS				
	Racheku C				
	Matsepane NL				
8..	Cllr Malema M	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
	Mpholo SC				
	Morokolo MA				
	Thobakgale TG				
	Molobisi MA				
	Maleta SR				
	Mongalo JN				
	Phefadu S				
	Seshoka MG				
	Mashaba MG				
	Hlabolwa MN				
	Makopolla MI				
	Machabaphala ME				
	Pagadi MD				
	Sethole NR				
	Molamudi MC				
	Senamolela MY				
	Mogale SK				
	Malemela MD				
	Machaka ME				
	Monyemangene MM				

WARD COMMITTEE FUNCTIONALITY 2019/2020					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
9.	ClIr Manthata M	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
	Makopolla MI				
	Machabaphala ME				
	Pagadi MD				
	Sethole NR				
	Molamudi MC				
	Senamolela MY				
	Mogale SK				
	Malemela MD				
	Machaka ME				
	Monyemangene MM				
10.	ClIr Sepheso M	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
	Morema MJ				
	Matlou T A				
	Malebana TG				
	Sepuru RL				
	Thlapa MC				
	Makgatho NL				
	Moloto PG				
	Mphago MJ				
	Mpyana MW				
	Machabaphala MA				
11.	ClIr Ramukhubedu N	Yes	12 meetings held	12 reports submitted	02 ward public meetings held
	Lamola CS				
	Maapola CM				
	Manthata SM				
	Moningi SE				

WARD COMMITTEE FUNCTIONALITY 2019/2020					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
	Matjea MJ				
	Mashamaite M				
	Mokoko MN				
	Seleka R				
	Makgosa F				
	Ngobene MS				
12.	Clr Kobola S	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
	Masehlong MW				
	Letlalo MS				
	Maloba MM				
	Makhathi SJ				
	Mohlabeng TA				
	Paya PD				
	Mafathla MF				
	Mmangweta MN				
	Molemisi KM				
	Mamabolo MJ				

WARD COMMITTEE FUNCTIONALITY 2019/2020					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
13..	CLlr Lehong D	Yes	12 meetings held	12 reports submitted	02 ward public meetings held
	Maphakela DA				
	Mokondelela MA				
	Rakabe PS				
	Setati RW				
	Mphaka SL				
	Kgopane TO				
	Makobela MC				
	Mahladisa MJ				
	Manaka AN				
	Mashalane MB				
14.	CLlr Moreroa M	Yes	12 meetings held	12 reports submitted	09 ward public meetings held
	Tau MS				
	Mabitsela RI				
	Makgato LJ				
	Leshabane PB				
	Mokgehle MC				
	Semenya KJ				
	Maphakela MS				
	Moloko KN				
	Dipela MJ				
	Kgare MM				
15.	CLlr Duba M	Yes	12 meetings held	12 reports submitted	02 ward public meetings held
	Manoko TS				
	Mahopo KE				
	Masehela BF				
	Manamela MC				
	Nong CD				
	Tele SA				
	Kgodu TA				
	Ramabu MD				
	Mankga ST				
	Mokoele MM				

WARD COMMITTEE FUNCTIONALITY 2019/2020					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
16.	Cllr Masoga P	Yes	12 meetings held	8 reports submitted	02 ward public meetings held
	Mpyana PV				
	Moitsi ME				
	Mathapo MC				
	Phadu RR				
	Kobo C				
	Kgare KJ				
	Setlhako MA				
	Molokomme TF				
	Maeta JM				
	Phaho IK				

APPENDIX F – WARD INFORMATION

Project Name	Service Provider	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Ward(s) Benefited	Project Start Date	Project End Date	Rating Score
Basic service and Infrastructure delivery								
SUPPLY AND DELIVERY OF A NEW TIPPER TRUCK	RAMSLEY CONTRACTORS	R 994 613.00	Achieved	100%	ALL WARDS	01 OCTOBER 2019	20 December 2019	3
FEASIBILITY STUDIES FOR MOLEMOLÉ WEST	DOLMEN ENGINEERS	R 320 000.00	Achieved	100%	10 TO 16	21 OCTOBER 2019	30 June 2020	3
SUPPLY AND DELIVERY OF TRACTOR LOADER BACKHOE	MOSA DISTRIBUTORS AND GENERAL PROJECTS	R 714 276.00	Achieved	100%	ALL WARDS	22 OCTOBER 2019	22 December 2019	3
CONSTRUCTION OF MOLETJIE CLUSTER OFFICE	DIMACAY TRADING ENTERPRISE	R 1 888 586.75	Achieved	100%	10,14,15,16	18 OCTOBER 2019	31 March 2020	3
FEASIBILITY STUDIES FOR MOLEMOLÉ EAST	AES CONSULTING CC	R 432 975.00	Achieved	100%	01 TO 09	21 OCTOBER 2019	30 June 2020	3
UPGRADING OF RAMOKGOPA STADIUM PHASE 2	BAAGISHANI PROJECTS	R 785 912.88	Not Achieved	40%	03	22 OCTOBER 2019	30 September 2020	2
SUPPLY, DELIVERY INSTALLATION OF 6X HIGHMAST LIGHTS	VOLT CONSULTING ENGINEERS	R 2 937 405.90	Achieved	100%	13, 14,07,15,10,16	14 NOVEMBER 2019	13 May 2020	3
DESIGN AND CONSTRUCT OF 500 SEATER GRAND STAND FOR MOHODI SPORTS COMPLEX (TURN-KEY)	RIXONGILE CONSULTING	R 1 550 000.00	Not Achieved	20%	11	12 June 2020	30 Oct 2020	3
Spatial rationale and Local Economic Development								
DEVELOPMENT OF LAND SCHEMES	LIMPOPO SUPPLEMENT TRADERS (PTY) LTD	R 939 360.00	Not Achieved	60%	10	02 January 2020	Dec 2020	2

Project Name	Service Provider	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Ward(s) Benefited	Project Start Date	Project End Date	Rating Score
SURVEY OF EXISTING LAND	TECHNIPLANO DEVELOPMENT	R 420 000	Achieved	100%	10	13 Dec 2019	30 June 2020	3
COMPILATION OF PRECINCT PLAN	TECHNIPLANO DEVELOPMENT	R 485 000	Not achieved	60%	01	13 December 2019	2020/2021	2
DERMACATION OF 230 SITES IN MOGWADI	LIBERTY TOWN PLANNERS	R 493 350	Not Achieved (241 surveyed after public place was replaced with residential areas)	60%	10	14 October 2019	2020/2021	3
Municipal Transformation and Organizational Development								
SUPPLY, INSTALL, SERVICE AND MAINTENANCE OF CLEANING EQUIPMENT FOR A PERIOD OF 24 MONTHS	LIMPOPO SUPPLEMENT TRADERS (PTY) LTD	R 292 202.53	Term Project	Ongoing	01 & 10	01 March 2020	28 February 2022	N/A
SERVICE AND MAINTANANCE OF AIR CONDITIONERS FOR A PERIOD OF TWELVE MONTHS	MABRAP AIRCONDITIO NING	R 46 276.00	Term Project	Ongoing	01 & 10	26 February 2020	31 January 2021	N/A
Financial Viability								
SERVICES FOR PROPERTY AUDIT FOR ALL PROSPERTIES REGISTERED ON THE MUNICIPAL COUNCIL	HCB VALUATION	R 648 000.00	Achieved	100%	ALL WARDS	13 DECEMBER 2019	31 March 2020	3
COMPILATION OF 2018/19 ANNUAL FINANCIAL STATEMENTS	MUNIREPS	R 874 000	Achieved	100%	ALL WARDS	15 July 2019	30 November 2019	3

Project Name	Service Provider	Total Project value	Project achieved / not achieved / Term contract	Project status quo	Ward(s) Benefited	Project Start Date	Project End Date	Rating Score
MUNICIPAL ASSETS REVALUATION	TLADI AND ASSOCIATES, MED GOLDING PHEKISO CONSULTING	R 835,593.72	Achieved	100%	ALL WARDS	01 March 2020	30 June 2020	3
Good Governance and Public Participation								
PROVISION OF SHORT TERM INSURANCE BROKERAGE SERVICES FOR THE PERIOD OF NINE MONTHS	KUNENE MAKOPO RISK SOLUTIONS	R 698 621.35	Achieved	100%	ALL WARDS	01 NOVEMBER 2019	30 August 2020	3

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2019/20

1. INTRODUCTION

On behalf of the Audit and Performance Audit Committee (APAC) I have a pleasure in submitting herewith the annual report of the Audit and Performance Audit Committee for the financial year ended 30 June 2020.

2. GOVERNANCE OF THE COMMITTEE

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

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

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

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

Name	Audit and Performance Audit Committee
Mr. Ngobeni SAB	Chairperson
Mr. Maredi ID	Member
Mr. Lekoloane T	Member
Adv. Monobe TE	Member
Name	Risk Management Committee
Kabelo Mathibela	Chairperson

3. AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee consists of four (4) members and this is in line with Circular 65 of the MFMA. The committee is expected to meet at least four times in a year. The committee held seven (7) meetings during 2019/20 financial year. In carrying out its mandate which is conferred by its terms of reference and section 166 of the MFMA, the committee confirms that taking into consideration the reports by both internal and external auditors, it has reviewed and assessed the following:

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

4. Year-End Process

4.1 Evaluation of Financial Statements

APC reviewed the annual financial statements prepared by the municipality at the audit committee meeting held in 20 October 2020, and recommended them for audit.

4.2 Evaluation of Annul Report

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

5. INTERNAL CONTROL

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

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

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

6. INTERNAL AUDIT

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

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

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

7. In-Year Management and Monthly/Quarterly Report

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

8. PERFORMANCE MANAGEMENT

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

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

9. Risk Management

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

10. Compliance with laws and regulations

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

11. Auditor General's Report

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

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

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

13. Conclusion

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

A handwritten signature in black ink, consisting of the letters 'SAB' followed by a stylized flourish, all enclosed within an oval shape.

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

AUDIT COMMITTEE SCHEDULE OF RESOLUTIONS 2019/19

GLOSSARY

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISION DATE
MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 08 JULY 2019						
1. Risk Assessment report 2019/20 (08 July 2019)	<p>(a) The special Risk Management Committee should be coordinated to consider the risk assessment report.</p> <p>(b) Develop a schedule of meetings to be approved by the management.</p> <p>(c) Convene strategic risk assessment workshop with all Senior Managers including stakeholders.</p> <p>(d) That Risk unit should develop Ethics risk register within fourteen (14) working days from date of the meeting.</p> <p>(e) That the operational risk assessment should be conducted per department and the process should be completed by the 16th July 2019.</p>	Risk Officer	July 2019	<p>(a) The RMC meeting has been convened on the 23rd July 2019 to consider Risk Assessment report. (b) The scheduled of meetings will be compiled in line with Corporate Calendar. (c) Strategic Risk management workshop was held in May 2019 to consider strategic risks. (d) Risk Unit still on benchmarking exercise for Ethics Risk register. (e) The operational Risk assessment for all departments was completed on the 19th July 2019.</p>	Completed	
MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 JULY 2019						
1. Risk Assessment report 2019/20 (08 July 2019)	That management should prepare annual risk close out report.	Risk Officer	August 2019	The draft report was compiled. To be finalized by 31 October 2019	In progress	
2. Significant Litigation matters	<p>That the litigation report should</p> <p>(a) Indicate new cases on a Quarterly basis.</p> <p>(b) The date of registering the matter and the date of finalization.</p>	Manager Legal	August 2019	The litigation report was prepared in line With the recommendation.	Completed	

	(c)The legal costs incurred.					
3. Updated IIA Coverage Plan	That Internal Audit should develop a report on conclusion of overall internal control environment.	Manager Internal Audit	August 2019	The draft overall internal control assessment report was prepared.	Completed	
4. Internal Audit progress report	That management should Prioritized all issues raised by internal audit that has impact on the financial statements.	CFO	August2019	All the issues raised were assessed and none has impact on the annual financial statements.	Completed	
5. Supply Chain Management (23 October 2018)	That the municipality must submit the project report on quarterly basis which must include: (a) Projects currently Running. (b) Progress to date. (c) Physical inspection log. That all rollover projects should be included in the project status report.	Senior Manger Technical Services		4th Quarter report submitted	Completed	
6. Quarterly ICT Governance Report (24 April 2018)	Quarterly report to be submitted in all ordinary Audit Committee meetings.	Senior Manager Corporate Services	Quarterly	Fourth quarter ICT report submitted	Completed	
7. Quarterly HR Governance Report (24 April 2018)	Include vetting of new employee results in the HR report. Management should develop a reporting template and submit to committee members for inputs.	Senior Manager Corporate Services	Quarterly	Fourth quarter HR Governance report submitted	Completed	

MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 29 OCTOBER 2019						
1. Risk Management	That the emerging risk discussed in the meeting should be included in the risk register	Risk Officer		Emerging risks identified are discussed in the risk management committee and included in the risk register every quarter	Ongoing	
	The risk management implementation plan 2020 should include Ethics awareness				In progress	
2. Performance Management	Management should submit the departmental SDBIP 2019/20 to the Committee members and subsequently to Council for noting and Mayor for approval	Manager Executive Support	December 2019	The SDBIP report was submitted to Council in December 2019.	Completed	
3. Ethics	That the Risk Officer should submit a report detailing list of all officials that have declared their interest including those who submitted late.	Risk Officer		Declaration of interest documents have been submitted to Risk Committee meetings and Internal Audit	Completed	
	That management should prepare a report to Council on the ZONDO Commission enquiry.	Manager Executive Support	30 October 2019	An item was submitted to Council on the 30 October regarding the status quo on ZONDO Commission	Completed	
4. Supply Chain Management & Capital Projects	That the nature of the deviation should be relooked and the appropriate reasons should be provided	Manager SCM	January 2020	Re-advertised and will be appointed by November 2020	In Progress	
MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 27 JANUARY 2020						
1. Progress report on External Audit	The committee resolved that a meeting should be scheduled between the	Chairperson	March 2020	An email was sent to the municipality providing	Completed	

	Chairperson and the CFO to discuss clean audit strategies			guidance on clean audit strategies. An in committee meeting was held on the 21 October 2020 to discuss the clean audit strategies		
2. Midyear Performance report	Midyear performance report was pending risk information. The committee advised management to prioritize outstanding risk information and submit to internal audit for final review	Risk Officer	February 2020	Updated risk register was submitted to Internal Audit	Completed	
3. Report on Outstanding AG Findings/OPCA	That progress on the action plan should be distributed to the Audit Committee members on a monthly basis	CAE	Monthly	February and March and April 2020 reports submitted	Completed	
4. Risk Management	(a) That management should convene Risk Management Committee meeting and submit the report in the next meeting. (b) That management must update the risk register and submit to internal audit unit for review and update of the quarterly SDBIP and mid-year performance report. (c) That the Risk Officer should consider the issues raised in	Risk Officer	February 2020	(a) Risk management reports are submitted to Audit Committed every quarter. (b) Risk Management Unit together with management update the risk register frequently and submit to Risks Committee and Internal Audit	Completed	

	the audit report 2018/19 and review the current risk register.			Committee meetings (c) All issues raised in the prior audit reports are always considered when crafting risk registers		
5. Performance Management	That management should prepare performance project/implementation plan on the cascading of PMS to lower level and submit in the next meeting	Manager PMS	March 2020	PMS process plan developed	Completed	
6. Information Technology	That management should convene ICT steering committee meeting for second quarter and report in the next Audit Committee meeting.	Senior Manager Corporate Services	February 2020	Management has convened 2Q and 3RD Quarter ICT Steering Committee meetings	Completed	
7. SCM Performance report	That the CFO should prepare month to month comparison report on the local content benefit status for the quarter	CFO	February/March 2020	SCM Comparison report submitted	Completed	
8. Significant Litigation matters report	That management should update the date on the status of the cases (old/new) matters on the register	Legal Manager	March 2020	The register was updated, the column for old/new matter was added.	Completed	

9. Unauthorized, Irregular, Fruitless & Wasteful (UIF + W) Expenditure.	That the reported fruitless expenditure should be submitted to Council and subsequently to MPAC for investigations	CFO	January 2020	UIF expenditure submitted to Council and MPAC. Report is attached.	Completed	
10. Project Status report	That the report should separate MIG and Own funding projects and actual expenditure should be updated	Senior Manager Technical Services	March 2020	Project status report separating MIG and Own funding project submitted	Completed	
MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 25 JUNE 2020						
1. Review of Audit Committee Charter 2020/21	Audit Committee Charter was recommended for submission to Council for approval.	CAE	June 2020	The draft Audit Committee Charter was submitted to Council for approval	Completed	
2. Performance Information Audit Report Q3 2019/20	It was agreed that the report should be forwarded to all Committee members as soon as the system issues are corrected	CAE	03 June 2020	The Performance information audit report was forwarded to all Committee members	Completed	
3. Updated Internal Audit Coverage Plan 2019/20	The Audit Committee approved the amended Internal Audit Plan 2019/20 to move the date as presented by internal audit	CAE	2020/21	The Audit Committee approved the amended internal audit plan 2019/20	Completed	
4. Reports on Outstanding AG Findings/OPCA	That progress on the issues raised by the Auditor General be reported to the Audit Committee members in 14 days from the date of the meeting	CAE	15 July 2020	Progress on the action plan was discussed in the Ordinary Audit Committee meeting held on the 28th July 2020.	Completed	
5. Quarterly risk Management report, Risk	(a) That the Risk Officer should prioritize the review of all risk management policies/strategies	Risk Officer	July 2020	(a) The risk management policies will be	(a) Completed	

<p>register and Mitigation</p>	<p>submit to the next special Audit Committee Meeting.</p> <p>(b) That the column be added in the strategic risk register for all risk with financial implication.</p> <p>(c) That the strategic risk assessment should be presented in the next Special Audit Committee meeting together with the draft risk implementation plan.</p> <p>(d) That the risk assessment should be conducted on the quarterly basis due to the current pandemic.</p> <p>(e) That the COVID risk register should cover all the relevant stakeholders.</p>			<p>served in the next risk and audit committee meetings.</p> <p>(b) The financial implication column on the strategic risk register for 2020/21 financial year has been added.</p> <p>(c) The strategic risk register for 2020/21 financial year will be presented in the next audit committee meetings</p> <p>(d) Risk assessment will be conducted in ever risk committee settings as emerging risks.</p> <p>(e) COVID risk register will be reviewed every quarter to cover all the</p>	<p>(b) Completed</p> <p>(c) Completed</p> <p>(d) On going</p> <p>(e) On going</p>	
--------------------------------	--	--	--	--	---	--

				relevant stakeholders.		
6. Significant Litigation Matters report	The Committee interacted with the report and agreed that a meeting should be scheduled between the Audit Committee member- Advocate Monobe and the Legal Manager to discuss the litigation report in detail and provide feedback in the next Audit Committee meeting.	Manager Legal Services	July 2020	The meeting between Advocate Monobe and Manager Legal Services took place on the 17 th August 2020.	Completed	
7. Project Status Report	The Committee advised that the project status report be reported in the Risk Management Committee meetings.	Senior Manager Technical Services	Quarterly	The project status report was submitted to the Risk Officer to be presented in the next risk management committee meeting	Completed	
MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 28 JULY 2020						
1. Risk Management	That the progress on COVID 19 should serve in all management meetings	Risk Officer	September 2020	Progress on the COVID 19 checklist was presented in the Senior Management committee on the 07 September 2020	Completed	
	That management should develop a project risk register and submit in the next Ordinary Committee meeting	Risk Officer	September 2020		In progress	

• **EVALUATION OF THE PERFORMANCE OF THE AUDIT COMMITTEE**

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

APPENDICES

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long term contracts (20 Largest Contracts Entered into during 2019/20)					
Name of Service Provider	Description of Service rendered	Start Date	Expiry date of Contract	Project Manager	Contract Amount
ModHope Properties	Valuation Roll	May 2016	June 2022	Mr. A.S Nkalanga	R 2,934,360.00

APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date	Rating Score
Basic service and Infrastructure delivery									
SUPPLY AND DELIVERY OF A NEW TIPPER TRUCK TO MOGWADI OFFICE	RAMSLEY CONTRACTORS	R 994 613.00	Achieved	100%	None	None	01 OCTOBER 2019	20 December 2019	3
FEASIBILITY STUDIES FOR MOLEMOLÉ WEST	DOLMEN ENGINEERS	R 320 000.00	Achieved	100%	None	None	21 OCTOBER 2019	30 June 2020	3
SUPPLY AND DELIVERY OF TRACTOR LOADER BACKHOE TO MOGWADI OFFICE	MOSA DISTRIBUTORS AND GENERAL PROJECTS	R 714 276.00	Achieved	100%	None	None	22 OCTOBER 2019	22 December 2019	3
CONSTRUCTION OF MOLETJIE CLUSTER OFFICE	DIMACAY TRADING ENTERPRISE	R 1 888 586.75	Achieved	100%	None	None	18 OCTOBER 2019	31 March 2020	3
FEASIBILITY STUDIES FOR MOLEMOLÉ EAST	AES CONSULTING CC	R 432 975.00	Achieved	100%	None	None	21 OCTOBER 2019	30 June 2020	3
UPGRADING OF RAMOKGOPA STADIUM PHASE 2	BAAGISHANI PROJECTS	R 785 912.88	Not Achieved	40%	Installation of Water pump and Rehabilitation of soccer pitch outstanding.	1st quarter 2020/2021	22 OCTOBER 2019	30 September 2020	2
SUPPLY, DELIVERY INSTALLATION OF 6X HIGHMAST LIGHTS	VOLT CONSULTING ENGINEERS	R 2 937 405.90	Achieved	100%	None	None	14 NOVEMBER 2019	13 May 2020	3
DESIGN AND CONSTRUCT OF 500 SEATER GRAND STAND FOR MOHODI SPORTS COMPLEX (TURN-KRY)	RIXONGILE CONSULTING	R 1 550 000.00	Not Achieved	20%	None	None	12 June 2020	30 Oct 2020	1

APPENDICES

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date	Rating Score
Spatial rationale and Local Economic Development									
DEVELOPMENT OF LAND SCHEMES	LIMPOPO SUPPLEMENT TRADERS (PTY) LTD	R 939 360.00	Not Achieved	60%	Lockdown regulations restrict public participation	2nd quarter 2020/2021	02 January 2020	Dec 2020	2
SURVEY OF EXISTING LAND	TECHNIPLANO DEVELOPMENT	R 420 000	Achieved	100%	None	None	13 December 2019	30 June 2020	3
COMPILATION OF PRECINCT PLAN	TECHNIPLANO DEVELOPMENT	R 485 000	Not achieved	60%	Lockdown regulations restrict public participation	2020/2021	13 December 2019	2020/2021	2
DERMACATION OF 230 SITES IN MOGWADI	LIBERTY TOWN PLANNERS	R 493 350	Not Achieved (241 surveyed after public place was replaced with residential areas)	60%	Lockdown regulations restrict public participation	2020/2021	14 October 2019	2020/2021	3
Municipal Transformation and Organizational Development									
SUPPLY, INSTALL, SERVICE AND MAINTENANCE OF CLEANING EQUIPMENT FOR A PERIOD OF 24 MONTHS	LIMPOPO SUPPLEMENT TRADERS (PTY) LTD	R 292 202.53	Term Project	Ongoing	None	None	01 March 2020	28 February 2022	N/A
SERVICE AND MAINTANANCE OF AIR CONDITIONERS FOR A PERIOD OF TWELVE MONTHS	MABRAP AIRCONDITIONING	R 46 276.00	Term Project	Ongoing	None	None	26 February 2020	31 January 2021	N/A
Financial Viability									
SERVICES FOR PROPERTY AUDIT FOR ALL PROSPERTIES	HCB VALUATION	R 648 000.00	Achieved	100%	None	None.	13 DECEMBER 2019	31 March 2020	3

APPENDICES

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date	Rating Score
REGISTERED ON THE MUNICIPAL COUNCIL									
COMPILATION OF 2018/19 ANNUAL FINANCIAL STATEMENTS	MUNIREPS	R 874 000	Achieved	100%	None	None	15 July 2019	30 November 2019	3
MUNICIPAL ASSETS REVALUATION	TLADI AND ASSOCIATES, MED GOLDING PHEKISO CONSULTING	R 835,593.72	Achieved	100%	None	None	01 March 2020	30 June 2020	3
Good Governance and Public Participation									
PROVISION OF SHORT TERM INSURANCE BROKERAGE SERVICES FOR THE PERIOD OF NINE MONTHS	KUNENE MAKOPO RISK SOLUTIONS	R 698 621.35	Achieved	100%	None	None	01 NOVEMBER 2019	30 August 2020	3

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS: SENIOR MANAGERS

No	Surnames	Full names	Designation	Declaration Form	Declaration Date
1	Mosena	Maphala Lazarus	Municipal Manager	Yes	15/08/2019
2	Zulu	Khanyisile Wendy	CFO	Yes	15/08/2019
3	Mabuela	Mmbengwa Francina	Senior Manager: Community Services	Yes	15/08/2019
4	Wasilota	Yeta	Senior Manager: Technical Services	Yes	15/08/2019
5	Makgatho	Kgabo Emmanuel	Senior Manager: Corporate Services	Yes	15/08/2019

N.B. Position for Senior Manager: LED and P is vacant.

APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

REVENUE COLLECTION PERFORMANCE BY VOTE					R' 000	
Vote Description	Year 2018/19	Current: Year 2019/20			Year 2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 01 - Corporate Services						
01.1 - Corporate Services Admin	160	276,424	0	17,356	259,068	-17,356
01.2 - Human Resources	152,738	204,317	562,317	482,513	278,196	79,804
01.3 - Information Technology Services	0	0	0	0	0	0
01.4 - Council Support	0	0	0	0	0	0
01.5 - Local Economic Development	35200	0	0	0	0	0
01.6 - Municipal Planning Idp	132,097	10,462	60,462	43,334	-32,872	17,128
01.7 - Town & Regional Planning	12151	15,109,300	7,629,300	34,271	15,075,029	7,595,029
01.8 - Led Administration	0	0	0		0	0
Vote 02 - Municipal Manager					0	0
02.1 - Municipal Manager Admin	0	0	0		0	0
02.2 - Legal Services	0	0	0		0	0
02.3 - Political Office Bearers	0	0	0		0	0
02.4 - Pms	0	0	0		0	0
02.5 - Internal Audit	0	0	0		0	0
Vote 03 - Mayors Office					0	0
03.1 - Mayors Office Admin	0	0	0		0	0
03.2 - Office Of The Speaker	0	0	0		0	0
03.3 - Office Of The Chief Whip	0	0	0		0	0
03.4 - Exco Members	0	0	0		0	0
03.5 - Council General Administration	0	0	0		0	0
Vote 04 - Budget And Treasury					0	0
04.1 - Budget And Treasury Admin	146,165,461	164,808,540	168,816,399	165,477,440	668,900	3,338,959

APPENDICES

REVENUE COLLECTION PERFORMANCE BY VOTE						R' 000
Vote Description	Year 2018/19	Current: Year 2019/20			Year 2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
04.2 - Chief Financial Officer Admin	0	0	0		0	0
					0	0
					0	0
04.3 - Budget & Reporting	1,820,125	2,112,000	2,112,000	1,729,419	382,581	382,581
04.4 - Budget & Reporting	0	0	0		0	0
04.5 - Revenue Management	19,384	18,444,995	20,283,541	29,616	18,415,379	20,253,925
04.6 - Supply Chain Management	0	0	0		0	0
04.7 - Expenditure	0	0	0		0	0
Vote 05 - Community Services					0	0
05.1 - Community Services Admin	1,133,435	1,167,000	1,167,000	1,167,000	0	0
05.2 - Libraries	0	0	0		0	0
05.3 - Sports Recreation & Social Amenities	354,630	287,272	237,272	211,717	75,555	25,555
05.4 - Traffic Service	3,517,122	8,265,511	8,265,511	4,026,623	4,238,888	4,238,888
05.5 - Traffic Service	753,050	0	0		0	0
05.6 - Parks; Cemeteries	5,850	12,565	12,565	7,269	5,296	5,296
05.7 - Refuse	2,037,689	2,507,528	2,507,528	2,417,319	90,209	90,209
05.8 - Taxi Ranks	0	0	0		0	0
Vote 06 - Technical Services					0	0
06.1 - MPAC	0	0	0		0	0
06.2 - Technical Services Admin	0	0	0		0	0
06.3 - Techn Serv-Roads: Admin	0	0	0		0	0
06.4 - Techn Serv-Stormwater: Admin	0	0	0		0	0
06.5 - Project Management Unit	44,876,308	35,151,010	36,767,053	35,661,444	510,434	1,105,609
06.6 - Electrical & Machinery	8,396,818	9,750,561	9,720,026	8,487,575	1,262,986	1,232,451
06.7 - Water	444,026	2,011,785	403,536	295,708	1,716,077	107,828
					0	0
06.8 - Sanitation	242,794	870,563	261,169	387,682	482,881	-126,513

APPENDICES

REVENUE COLLECTION PERFORMANCE BY VOTE						R' 000
Vote Description	Year 2018/19	Current: Year 2019/20			Year 2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Total Revenue by Vote	210,099	260,989,833	258,805,679	220,476,288	40,513,545	38,329,391
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						R
'000						
Description	Year 2018/19	Year 2019/20			Year 2019/20 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	14,573	15,291,183	19,858,067	20,010,886	4,719,703	-152,819
Property rates - penalties & collection charges	-	-	-	-	-	-
Service Charges - electricity revenue	8,018	9,224,517	9,224,517	8,284,596	939,921	939,921
Service Charges - water revenue	-	-	-	-	-	-
Service Charges - sanitation revenue	-	-	-	-	-	-
Service Charges - refuse revenue	1,853	2,288,337	2,288,337	2,218,413	69,924	69,924
Service Charges - other	-	-	-	-	0	0
Rentals of facilities and equipment	456	283,935	233,935	254,705	29,230	-20,770
Interest earned - external investments	1,820	2,112,000	2,112,000	1,729,419	382,581	382,581
Interest earned - outstanding debtors	1,067	1,484,166	1,200,437	912,778	571,388	287,659
Dividends received	-	-	-	-	-	-
Fines	645	4,751,389	4,720,834	909,431	3,841,958	3,811,403
Licences and permits	3,598	7,065,504	7,065,504	3,123,723	3,941,781	3,941,781
Agency services	661	2,478,480	664,705	683,390	1,795,090	-18,685
Transfers recognised - operational	177,221	147,905,550	148,263,550	148,235,565	330,015	27,985
Other revenue	258	34,711,332	28,164,290	203,607	34,507,725	27,960,683

APPENDICES

Revenue Collection Performance by Source						R
'000						
Description	Year 2018/19	Year 2019/20			Year 2019/20 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Gains on disposal of PPE	-	-	-	-		
Actuarial gains	-	-	-	-		
Total Revenue (excluding capital transfers and contributions)	210,169	227,596,393	223,796,176	186,566,513	41,029,880	37,229,663
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						T K.2

APPENDICES

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Details	Budget	Adjustments	Actual	Variance		Major conditions applied by donor (continue below if necessary)
		Budget		Budget	Adjustments Budget	
National Government						
<i>Expanded Public Works Programme Integrated Grant</i>	1,167,000	1,167,000	1,167,000	0	0	Waste & environmental Management
<i>Municipal Disaster Relief Grant</i>	0	358,000	338,076	-338,076	19,924	Covid 19 Relief grant.
<i>Local Government Financial Management Grant</i>	2,403,000	2,403,000	2,400,849	2,151	2,151	Interns Salaries: , Training and education minimum competency , AFS and municipal property audit system
Provincial Government						
<i>District Municipality</i>				-	-	
Community and Social Services		0	0	0	-	
Total	3,504,000	4,602,490	4,093,520	-589,520	508,970	
<p>* This includes Neighborhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</p>						T L

APPENDICES

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

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

R '000							
Description	Year 2018/19	Year 2019/20			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2020/21	FY 2021/22	FY 2022/23
<u>Capital expenditure by Asset Class</u>							
<u>Infrastructure - Total</u>	27,429	41,221,271	39,007,993	33,439,953	14,520	48,838	17,613
Infrastructure: Road transport - Total	27,429	41,221,271	39,007,993	33,439,953	14,020	45,838	14,113
<i>Roads, Pavements & Bridges</i>	27,429,389	41,221,271	39,007,993	33,439,953	14,019,739	45,838,271	14,112,785
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	5000000	4212338	3329856	500	3,000	3,500
<i>Generation</i>							
<i>Transmission & Reticulation</i>		2000000	1212338	775590	500,000	3,000,000	3,500,000
<i>Street Lighting</i>		3000000	3000000	2554266			
Infrastructure: Water - Total	-	-			-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-			-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-			-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<u>Community - Total</u>	3,582	0	0		-	-	15,000
Parks & gardens	0	0	0		0	0	0

APPENDICES

R '000							
Description	Year 2018/19	Year 2019/20			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2020/21	FY 2021/22	FY 2022/23
Sportsfields & stadia							
Swimming pools							
Community halls	29,400				-		
Libraries							
Recreational facilities	2,374,152	0	0				
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other	1,178,804	0	0		0		15,000,000
<u>Capital expenditure by Asset Class</u>							
<u>Heritage assets - Total</u>	623	-			-	-	-
Buildings	0	300000	94250	94250			
Other	622,911						
<u>Investment properties - Total</u>	-	-			-	-	-
Housing development							
Other							
-							
<u>Other assets</u>	1,774	2,050	0		7,550	2,903	15,203
General vehicles	630,370	0	0		2,900,000	2,000,000	
Specialised vehicles							
Plant & equipment	580,118	0	0		3,200,000	150,000	150,000
Computers hardware/equipment	129,727	1,100,000	1,005,750	1,053,997	1,100,000	400,000	0

APPENDICES

R '000							
Description	Year 2018/19	Year 2019/20			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2020/21	FY 2021/22	FY 2022/23
Furniture and other office equipment	434,181	250,000	250,000	226,329	350,000	353,000	53,000
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other		200000	200000	140118			15,000,000
<u>Agricultural assets</u>	-	-			-	-	-
<i>List sub-class</i>							
<u>Biological assets</u>	-	-			-	-	-
<i>List sub-class</i>							
<u>Intangibles</u>	532				1,150	800	1,600
Computers - software & programming	531,722				1,150,000	800,000	1,600,000
Other (<i>list sub-class</i>)							
Total Capital Expenditure on new assets	33,941	48,071,271	44,770,331	38,284,503	23,220	52,541	49,416
<u>Specialized vehicles</u>	-	-			-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

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

APPENDICES

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2019/20

R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
None	R 0	R 0	R 0	0%	0%
Sanitation/Sewerage					
None	R 0	R 0	R 0	0%	0%
Electricity					
High mast Light	3000000	3000000	2554266	-84%	31%
Smart metering	2000000	1212338	775590		
Housing					
None	R 0	R 0	R 0	0%	0%
Refuse removal					
None	0	0	0	0%	-14%
Roads and Storm water	38221271	37391993	32969087.85	#DIV/0!	#DIV/0!
TLB	900000	714276	714276	0%	-1%
Tipper Truck	1000000	962180	962179.97	0%	0%
Moletji office cluster	2127821	2127821	1849284.25		
Ramokgopa Stadium	800000	800000	427390.8		
Capricorn park internal street	16393450	15787716	14254654	-16%	-16%
Nthabiseng internal street 3	17000000	17000000	14761302.83	0%	10%
Economic development					
None	0	0	0	2%	-4%
Sports, Arts & Culture					
Mohodi Sports Complex	3000000	1616000	470865.5	-42%	-111%
Environment					
None	0	0	0	0%	-13%
Health					
None	0	0	0	0%	0%
Safety and Security					
None	0	0	0	0%	0%
ICT and Other					
ICT Equipment	1100000	1005750	1053996.52	-23%	-8%
T N					

APPENDICES

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 2019/20

Capital Programme by Project by Ward: 2019/20		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water	N/A	
Sanitation/Sewerage		
None	N/A	
Electricity		
High mast Light	13, 14,07,15,10,16	Yes
Smart metering	01 & 10	No
Housing		
None	N/A	N/A
Refuse removal		
None	N/A	
Roads and Storm water		
TLB	Whole of Municipality	Yes
Tipper Truck	Whole of Municipality	Yes
Moletji office cluster	10,14,15,16	Yes
Ramokgopa Stadium	Ward 03	Yes
Capricorn park internal street	01	
Nthabiseng internal street 3	01	
Economic development		
None	N/A	N/A
Sports, Arts & Culture		
Mohodi Sports Complex	12	No
Environment		
None	N/A	N/A
Health		
None		
Safety and Security		
None		
ICT and Other		
ICT Equipment	Head Office	Yes
<i>T O</i>		

APPENDICES

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

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

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
Clinics:		
Ward 10 and 14	The communities in these wards depend on Senwabarwana to access primary health care services	Travelling long distances to access primary health care may lead to unnecessary loss of lives.
Housing:		

APPENDICES

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
All Wards	Inadequate allocation of Low cost Housing. Delays in construction of approved RDP houses	Inadequate housing to community. Lack of dignity especially for households where the breadwinner is a social grant beneficiary. The Annual Allocation of housing units by COGHSTA: Limpopo is not sufficient to address the backlog
Licensing and Testing Centre:		
	None	The municipality is operating two Driver's License and Testing Centers
Reservoirs		
All wards	Persistent breakdowns of water infrastructure	Inconsistent supply of water
Schools (Primary and High):		
All Wards	There are insufficient schools to cater for the needs of the municipal population	Compromise of safety of learners as they travel long distances.
	Poor maintenance of school infrastructure	Affect the quality of learning in schools
	Lack of sanitation facilities in schools	Affect the quality of learning in schools
Sports Fields:		
Ward 14	No sports and recreation facilities in the ward	Increase in crime and social ills as the youth don't have an opportunity to participate in sports activities

T Q

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

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

APPENDICES

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

N/A

APPENDICES

VOLUME II: 2019/20 ANNUAL FINANCIAL STATEMENTS

APPENDICES



Molemole Local Municipality
(Registration number LIM353)

Financial statements for the year
ended 30 June 2020

Legal form of entity	Local Government
Nature of business and principal activities	performing the functions as set out in the Constitution (Act no 108 of 1996). providing municipal services and maintaining the best interests of the local community mainly in the Mogwadi area.
Mayor	Cllr M E Paya
Councillors	Cllr E M Rathaha Cllr M S Moreroa Cllr N W Seakamela Cllr M P Tawana Cllr M D Lehong Cllr N F Rampyapedi Cllr M A Kobo Cllr P T Rathete Cllr R L Mpati Cllr S R Nakana Cllr M Q Malema Cllr M J Manthata Cllr G M Sepheso Cllr N S Ramukhubedu Cllr S E Kobola Cllr M Duba Cllr P S Masoga Cllr M P Makgato Cllr M L Moabelo Cllr N M Hopane Cllr D Matlou Cllr N G Makgalo Cllr M A Makgoka Cllr T Raphaswana Cllr M D Marutha Cllr M I Mohafe Cllr M D Meso Cllr P T Rakimane Cllr M J Leferela Cllr M C Matjee Cllr M P Tloubatla
Business address	303 Church Street Mogwadi 0715

Grading of local authority

Level 3 Local Municipality

Chief Finance Officer (CFO)

Miss Khanyisile Zulu

Accounting Officer

Mr. ML Mosena

Postal address

Private Bag X44

Mogwadi

0715

General Information

Bankers

Nedbank

Auditors

Office of the Auditor General (Limpopo)

Website Address

www.molemole.gov.za

Email Address

info@molemole.gov.za

Audit Committee chairperson Mr SA Ngobeni

Audit Committee members

Ms TE Monobe

Mr ID Maredi

Mr TA Lekoloane

Index

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

	Page
Accounting Officer's Responsibilities and Approval	4
Accounting Officer's Report	5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 14
Accounting Policies	15 - 35
Notes to the Financial Statements	37 - 69
The following supplementary information does not form part of the financial statements and is unaudited: Schedule	
1 - Contingent Liabilities	70 - 71
Schedule 2 - Contingent Assets	72

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance and Risk officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
VAT	Value Added Tax

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended.

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

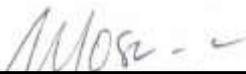
The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 5 to 70, which have been prepared on the going concern basis, were approved by the accounting officer on 30 October 2020 and were signed on its behalf by:



Accounting Officer Mr ML Mosena

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2020.

1. Going concern

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

2. Accounting policies

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

3. Impact of Covid 19

The World Health Organisation declared the outbreak of COVID-19 a global pandemic during March 2020. As COVID-19 started to spread around the world governments implemented various measures to contain the spread of the virus. In many countries this resulted in the temporary closure of businesses and restrictions on the movement of people and goods. The pandemic has had a significant impact on the global economy in terms of growth and unemployment. Like many countries South Africa has implemented lockdown regulations to curb the spread of Covid-19.

The South African government declared a nationwide lockdown with effect from 26 March 2020, requiring all non-essential businesses to close temporarily. South African lockdown regulations have since been relaxed and many parts of the economy were allowed to reopen from 1 May 2020, including the Local Government's limited operations. Under the Stage 5 lockdown which was in place from 26 March 2020 to 1 May 2020, the operations of the Municipality, apart from that of essential services was shut down.

During this shutdown, the Municipality's operations largely came to a halt and the operations were not fully operational other than deploying a limited number of employees into the system, although the Municipality still paid the staff's salaries. It is of course impossible to predict when normality will return, and when the country will be able to re-commence normal economic activities. The Municipality has been affected with regards to lost collection of revenue for the services the Municipality provided to the communities. This was as a result of economic hardships caused by an increased unemployment rate.

The Municipality acted swiftly and decisively to mitigate the impact of COVID-19 on its operations, including steps to reduce operational expenditure and conserve cash, access available government support schemes, and to minimize the disruption of account collections. In addition, strict COVID-19 protocols have been implemented across all areas of operation to ensure the safety of employees and customers. Notwithstanding these measures, the pandemic has had a severe impact on the Municipality's performance for the current period, most notably on revenue generation.

These impacts are covered in more detail throughout the annual financial statements. The impact of the pandemic on the Municipality's significant judgements and estimates applied in the preparation of its financial statements is discussed in the notes. While the uncertainty around COVID-19 is expected to continue for many months to come, the Municipality's strong balance sheet and ability to manage margins and costs effectively positions it to succeed in these challenging times.

Molemole Local Municipality

(Registration number LIM353)

Statement of Financial Position as at 30 June 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Assets			
Current Assets			
Inventories	8	261 304	194 483
Receivables from exchange transactions	9	2 948 813	3 533 520
Receivables from non-exchange transactions	10	73 012 570	62 324 632
VAT receivable	11	14 919 926	14 057 452
Cash and cash equivalents	12	23 010 966	19 373 209
		114 153 579	99 483 296
Non-Current Assets			
Investment property	3	1 657 668	1 701 001
Property, plant and equipment	4	271 772 099	248 508 838
Intangible assets	5	218 213	1 127 238
Heritage Assets	6	368 150	368 150
		274 016 130	251 705 227
Total Assets		388 169 709	351 188 523
Liabilities			
Current Liabilities			
Finance lease obligation	14	251 668	261 630
Payables from exchange transactions	19	27 776 096	21 745 997
Consumer deposits	20	504 476	503 126
Unspent conditional grants and receipts	15	1 236 937	2 234 275
Other current liability	17	119 771	95 506
Current Employee Benefits	18	8 204 405	6 556 430
		38 093 353	31 396 964
Non-Current Liabilities			
Finance lease obligation	14	-	251 676
Employee benefit obligation	7	7 628 000	9 007 514
Provisions	16	15 337 830	14 807 115
		22 965 830	24 066 305
Total Liabilities		61 059 183	55 463 269
Net Assets		327 110 504	295 725 247
Reserves			
Revaluation reserve	13	47 695 020	47 614 111
Accumulated surplus		279 415 487	248 111 137
Total Net Assets		327 110 503	295 725 248

* See Note 51

Molemole Local Municipality

(Registration number LIM353)

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	10 503 009	9 870 892
Rental of facilities and equipment	23	254 705	456 493
Interest received - debtors	26	425 043	613 131
Commission Received	28	683 390	660 534
Licences and permits	25	3 123 723	3 598 079
Other income	29	3 468 877	257 775
Interest received - investment	30	1 729 419	1 820 125
Total revenue from exchange transactions		20 188 166	17 277 029
Revenue from non-exchange transactions			
Property rates	31	20 010 884	14 572 846
Interest received -debtors	27	487 735	453 717
Government grants & subsidies	32	182 145 339	177 221 330
Fines, Penalties and Forfeits	24	909 431	644 562
Total revenue from non-exchange transactions		203 553 389	192 892 455
Total revenue	21	223 741 555	210 169 484
Expenditure			
Employee related costs	33	(87 507 875)	(79 867 800)
Remuneration of councillors	34	(12 916 703)	(12 365 462)
Depreciation, amortisation and Impairment of assets	35	(15 893 038)	(12 277 161)
Finance costs	36	(421 596)	(492 429)
Debt Impairment	37	(5 811 925)	(4 494 247)
Bulk purchases	38	(10 107 196)	(9 046 417)
Contracted services	39	(26 876 466)	(27 586 698)
Loss on disposal of assets and liabilities	47	(161 471)	(1 550 539)
General Expenses	40	(32 740 935)	(47 723 624)
Total expenditure		192 437 205	(195 404 377)
Surplus for the year		31 304 350	14 765 107

* See Note 51

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	41 894 856	232 052 339	273 947 195
Corrections of error - see note 54	-	1 293 691	1 293 691
Restated Balance at 01 July 2018	41 894 856	233 346 030	275 240 886
Revaluation of Land and Buildings	5 719 255	-	5 719 255
Surplus for the year	-	14 765 107	14 765 107
	-	-	-
Balance at 01 July 2019	47 614 111	248 111 137	295 725 257
Changes in net assets			
Revaluation of Land and Buildings	80 909	-	80 909
Surplus for the year	-	31 304 350	31 304 350
Balance at 30 June 2020	47 695 020	279 415 487	327 110 516

Note(s) 13

* See Note 54

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019 Restated*
Cash flows from operating activities	45	23 952 991	20 771 495
Receipts			
Sale of goods and services			
Grants	46	181 148 001	175 179 000
Interest Income	48	1 729 419	1 820 125
		206 830 411	197 770 620
		(100 424 578)	(92 233 262)
Payments			
Employee and Councillors costs	48		
Suppliers	47	(63 800 352)	(83 797 432)
Finance costs		(421 596)	(492 429)
		(164 646 526)	(176 523 123)
Net cash flows from operating activities	44	42 183 885	21 247 497
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(38 284 504)	(44 447 205)
Proceeds from sale of property, plant and equipment		-	737 731
Net cash flows from investing activities		(38 284 504)	(43 709 474)
Cash flows from financing activities			
Finance lease payments		(261 638)	(196 522)
Net cash flows from financing activities		(261 638)	(196 522)
Net increase/(decrease) in cash and cash equivalents		3 637 743	(22 401 030)
Cash and cash equivalents at the beginning of the year		19 373 209	41 774 239
Cash and cash equivalents at the end of the year	12	23 010 952	19 373 209

* See Note 54

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual Amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service Charges : Sale of electricity	9 224 517	-	9 224 517	8 284 596	(939 921)	(10)%- 43.1
Service Charges : Refuse removal	2 288 337	-	2 288 337	2 218 413	(69 924)	(3)%
Rental of facilities and equipment	283 935	(50 000)	233 935	254 705	20 770	9 % - 43.2
Interest received	1 484 166	(283 729)	1 200 437	425 043	(775 394)	(65)%-43.3
Commission Received	2 478 480	(1 813 775)	664 705	683 390	18 685	3 %-
Licences and permits	7 065 504	-	7 065 504	3 123 723	(3 941 781)	(56)%- 43.5
Other income	34 711 332	(6 547 041)	28 164 291	3 468 877	(24 695 414)	(88)% - 43.6
Interest received - investment	2 112 000	-	2 112 000	1 729 419	(382 581)	(18)%- 43.7

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

59 648 271	(8 694 545)	50 953 726	20 188 166	(30 765 560)	
15 291 183	4 566 884	19 858 067	20 010 884	152 817	1 %
-	-	-	487 735	487 735	
181 299 010	1 974 043	183 273 053	182 145 339	(1 127 714)	(1)%
4 751 369	(30 535)	4 720 834	909 431	(3 811 403)	(81)% 43.8
201 341 562	6 510 392	207 851 954	203 553 389	(4 298 565)	
260 989 833	(2 184 153)	258 805 680	223 741 555	(35 064 125)	
(93 985 993)	2 592 788	(91 393 205)	(87 507 875)	3 885 330	(4)%-43.9
(14 127 295)	-	(14 127 295)	(12 916 703)	1 210 592	(9)% - 43.10
(8 659 942)	(7 977 269)	(16 637 211)	(15 893 038)	744 173	(4)%-43.12
(1 255 286)	(350 000)	(1 605 286)	(421 596)	1 183 690	(74)%-43.11
(5 837 102)	(962 898)	(6 800 000)	(5 811 925)	988 075	(15)% - 43.13
(8 268 000)	(2 000 000)	(10 268 000)	(10 107 196)	160 804	(2)%
(34 663 701)	2 507 032	(32 156 669)	(26 876 466)	5 280 203	(16)%- 43.14
	(871 986)	(39 623 229)	(32 740 935)	6 882 294	(17)%-43.15
(38 751 243)	(7 062 333)	(212 610 895)	(192 275 734)	20 335 161	
(205 548 562)					
55 441 271	(9 246 486)	46 194 785	31 465 821	(14 728 964)	

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Total revenue from exchange transactions	-	-	-	(161 471)	(161 471)
Revenue from non-exchange transactions	55 441 271	(9 246 486)	46 194 785	31 304 350	(14 890 435)

Taxation revenue

Property rates

Interest received debtors

Transfer revenue : Government grants & subsidies

Traffic Fines, penalties and forfeits

Total revenue from no exchange transactions

Total revenue

Expenditure

Personnel

Remuneration of councillors

Depreciation and amortisation

Finance costs

Debt Impairment

Bulk purchases

Contracted Services

General Expenditure

Total expenditure

Operating surplus

Loss on disposal of assets and liabilities

Surplus/Deficit

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual Amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position	55 313 900	56 778 600	112 092 500	114 153 579	2 061 079	
Total Current Assets						
Total Non-Current Assets	141 236 410	142 976 299	284 212 709	274 016 130	(10 196 579)	
Total Current Liability	37 673 407	1 123 331	38 796 738	38 093 353	(703 385)	
Total Non-Current Liability	25 676 880	65 108	25 741 988	22 965 830	(2 776 158)	
Community wealth/equity	133 200 023	198 566 460	331 766 483	327 110 523	(4 655 961)	
Cash Flow Statement	38 452 193	7 296 897	45 749 092	43 018 748	96 859 371	
Net cash from (used) operating						
Net cash from (used) investing	(55 241 271)	9 046 486	(46 194 785)	(38 284 504)	7 910 281	
Net cash from (used) financing activities	208 697	(97 708)	110 989	(261 638)	(372 627)	
Net increase/decrease in cash held	(16 580 381)	16 245 675	(334 704)	4 472 606	104 397 025	
Cash and cash equivalents at the beginning of the year	14 330 932	4 865 525	19 196 457	19 373 209	176 752	
Cash and cash equivalents at the end of the year	(2 249 449)	21 111 200	18 861 753	23 845 815	104 573 777	

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand

	Original budget	Budget Adjustments i.o. s28 and 1 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	Final budget Actual outcome	Unauthorised expenditure	Variance outcome final budget	Actual outcome as % of final budget	Actual outcome as % of original budget
2020											
Financial Performance	15 291 183	4 566 884	19 858 067	-		19 858 067	20 010 884		152 817	101 %	131 %
Property rates	11 512 854	-	11 512 854	-		11 512 854	10 503 009		(1 009 845)	91 %	91 %
Service charges	2 112 000	-	2 112 000	-		2 112 000	1 729 419		(382 581)	82 %	82 %
Investment revenue	147 905 550	358 000	148 263 550	-		148 263 550	148 235 565		(27 985)	100 %	100 %
Transfers recognised - operational	50 774 786	(8 725 080)	42 049 706	-		42 049 706	6 087 634		(35 962 072)	14 %	12 %
Other own revenue	227 596 373	(3 800 196)	223 796 177	-		223 796 177	186 566 511		(37 229 666)	83 %	82 %
Total revenue (excl capital transfers)											
Employee costs	(93 985 993)	2 592 788	(91 393 205)	-		(91 393 205)	(84 242 605)		7 150 600	92 %	90 %
Remuneration of councillors	(14 127 295)	-	(14 127 295)	-		(14 127 295)	(12 916 703)		1 210 592	91 %	91 %
Debt impairment	(5 837 102)	(962 898)	(6 800 000)			(6 800 000)	(5 811 925)		988 075	85 %	100 %
Depreciation and asset impairment	(8 659 942)	(7 977 269)	(16 637 211)			(16 637 211)	(16 392 466)		244 745	99 %	189 %
Finance charges	(1 255 286)	-	(1 255 286)	-		(1 255 286)	(254 063)		1 001 223	20 %	20 %
Materials and bulk purchases	(8 268 000)	(2 000 000)	(10 268 000)	-		(10 268 000)	(10 107 196)		160 804	98 %	122 %
Other expenditure	(73 414 944)	1 285 046	(72 129 898)	-		(72 129 898)	(60 473 997)		11 655 901	84 %	82 %
Total expenditure	(205 548 562)	(7 062 333)	(212 610 895)	-		(212 610 895)	(190 198 955)		- 22 411 940	89 %	93 %
Surplus/(Deficit)	22 047 811	(10 862 529)	11 185 282	-		11 185 282	(3 632 444)		(14 817 726)	(32)%	(16)%
Transfers recognised - capital	33 393 460	1 616 043	35 009 503	-		35 009 503	33 909 774		(1 099 729)	97 %	102 %
Surplus (Deficit) after capital transfers	55 441 271	(9 246 486)	46 194 785	-		46 194 785	30 277 330		(15 917 455)	66 %	55 %

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources											
Vote 01 - Corporate Services	2 000 000	(21 280)	1 978 720	-	-	1 978 720	1 344 645	(634 075)		68 %	67 %
Vote 02 - Municipal Manager	150 000		- 150 000	-	-	150 000	111 398	(38 602)		74 %	74 %
Vote 04 - Budget And Treasury	550 000	(310 000)	240 000	-	-	240 000	58 650	(181 350)		24 %	11 %
Vote 05 - Community Services	2 200 000	(1 485 724)	714 276	-	-	714 276	714 276	-		100 %	32 %
Vote 06 - Technical Services	50 541 271	(7 429 482)	43 111 789	-	-	43 111 789	36 055 534	(7 056 255)		84 %	71 %
	55 441 271	(9 246 486)	46 194 785	-	-	46 194 785	38 284 503	(7 910 282)		83 %	69 %
Sources of capital funds											
Transfers recognised - capital	33 393 450	1 616 043	35 009 493	-	-	35 009 493	33 909 774	(1 099 719)		97 %	102 %
Internally generated funds	22 047 821	(10 862 529)	11 185 292	-	-	11 185 292	4 374 729	(6 810 563)		39 %	20 %
Total sources of capital funds	55 441 271	(9 246 486)	46 194 785	-	-	46 194 785	38 284 503	(7 910 282)		83 %	69 %

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand

	Original	Budget	Final	Shifting of	Virement	Final budget Actual	Unauthorised	Variance	Actual	Actual
	budget adjustments		adjustments	funds (i.t.o.	(i.t.o. council	outcome	expenditure		outcome	outcome
(i.t.o. s28 and budget s31 of the MFMA)			s31 of the MFMA)	(i.t.o. approved policy)			as % of final budget		as % of original budget	
Cash flows										
Net cash from (used) operating	38 452 193	7 296 897	45 749 090	-		45 749 090	42 183 885	(3 565 205)	92 %	110 %
Net cash from (used) investing	(55 241 271)	9 046 486	(46 194 785)	-		(46 194 785)	(38 284 504)	7 910 281	83 %	69 %
Net cash from (used) financing	208 697	(97 708)	110 989	-		110 989	(261 620)	(372 609)	(236)%	(125)%
Net increase/(decrease) in cash and cash equivalents	(16 580 381)	16 245 675	(334 706)	-		(334 706)	3 637 761	3 972 467	(1 087)%	(22)%
Cash and cash equivalents at the beginning of the year	14 330 932	4 865 525	19 196 457	-		19 196 457	19 373 209	176 752	101 %	135 %
Cash and cash equivalents at year end	(2 249 449)	21 111 200	18 861 751	-		18 861 751	23 010 970	(4 149 219)	122 %	(1 023)%

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

1. Presentation of Financial Statements

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

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

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

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

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

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

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

1.3 Comparative Information

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

1.4 Use of Estimates

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realizable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The municipality has identified all its capital assets excluding Investment Property, as non-cash generating assets as it is the municipality's view that the primary objective of these assets are to provide a service and not to generate a commercial return. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors together with economic factors.

Provisions

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

Inventories

Unsold properties are taken at fair value on the date when the intention to dispose land has arisen to the inventory from investment property on initial recognition.

Post-retirement benefits

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

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

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Useful lives of assets

The municipality's management determines the estimated useful lives and related depreciation charges. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Residual value

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

The estimated value of an asset at the end of its useful life, or the value that remains at the end of the analysis period where the asset useful life exceed.

15 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 derecognized.

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

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.

1.6 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.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

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 land and buildings 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.

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

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

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

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

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

Item	Useful life
Buildings	
• Municipal Buildings	15-30 years
• Land	Indefinite
Infrastructure	

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

• Roads	5 - 30 years
• Paving on Car Ports	5 - 30 years
• Electricity Network	4 - 45 years
• Single Fase Meters 97/98	2 - 20 years
• Water	2 - 20 years
• Sewerage	2 - 20 years
• Stormwater	5 - 30 years
Community	
• Community Buildings	15 - 30 years
• Recreational Facilities	20 - 30 years
• Tennis Courts	20 - 30 years
• Swimming Pool and Pumps	5 - 10 years
• Security	5 - 30 years
• Palisade Fence	3 - 10 years
• Gaurd Room	2 - 30 years
• Parks and Gardens	22 - 30 years
• Taxi Rank	22 - 30 years
Other property, plant and equipment	
• Gates And Fencing	5 - 10 years
• Air Conditioners	5 - 15 years
• Plant and equipment	5 - 30 years
• Security Measures	5 - 30 years
• Other Vechiles	5 - 15 years
• Specialised Vechile	10 - 15 years
• Office Equipment	5 - 15 years
• Furniture and fittings	2 - 20 years
• Bins and containers	2 - 10 years
• Other items of plant equipment	10 - 15 years
• Landfill sites	30 - 45 years
• Computer equipment	3 - 15 years
Finance Leased Assets	
• Office Equipment	3 - 7 years

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

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

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

1.6 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~~

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

form of a contract.

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful Life
Computer software, other	3 - 10years

Intangible assets are derecognised:

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

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

1.7 Heritage assets

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses. After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

Assets are resources controlled by a 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 a municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

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

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

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

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

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

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

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

Fair value determination

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

Investments

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

Trade and Other Receivables

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

Impairment Loss

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

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

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Trade Payables and Borrowings

Financial liabilities consist of trade payables and borrowings. They are categorized 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.

1.6 Leases

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

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

Finance leases - lessor

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

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

Finance leases - lessee

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

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

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

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

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.

1.7 Inventory

Initial measurement:

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.

Subsequent measurement:

Land and water inventory:

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

Consumables:

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.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

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. 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

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

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 capitalization to the cost of another asset.

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

1.7 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.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Staff Bonuses' 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 Bonuses'

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.

1.8 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 49.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied: the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods; the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; the stage of completion of the transaction at the reporting date can be measured reliably; and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by a variety of methods. Depending on the nature of the transaction, the methods may include:

Surveys of work performed;

Services performed to date as a percentage of total services to be performed;

The proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established. Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.10 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners. Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit. Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations. Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange. Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality. Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others. The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a nonexchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality. When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Unauthorised, irregular, fruitless and wasteful expenditure

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 when it is probable that the future economic benefits will flow to the municipality and the amount can be measured reliably.

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

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Government grants

Government grants are recognised as revenue when:

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

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

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

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

1.11 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus (deficit) 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales. Contract

costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.12 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.13 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.

1.14 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

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.

1.15 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. The Irregular expenditure is disclosed in a note to the Annual Financial Statements.

1.16 Budget information

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

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

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

The approved budget covers the fiscal period from 2019-07-01 to 2020-06-30.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

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

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

1.17 Related parties

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

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

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

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

1.18 Retirement Benefits

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

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

1.19 Impairment of Assets

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

Irrespective of whether there is any indication of impairment, the municipality also:

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with their recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.20 Commitments

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

Disclosures are required in respect of unrecognized contractual commitments.

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

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

1.21 Value Added Tax

Vat is claimable on an accrual basis.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

Figures in Rand

2. New standards and interpretations

21 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods but are not relevant to its operations:

Standard/ Interpretation: Years beginning on or after	Effective date:	Expected impact:
<ul style="list-style-type: none">GRAP 108 : Statutory Receivables	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 109 : Accounting by principles and Agents	01 April 2019	
<ul style="list-style-type: none">GRAP 18 : Recognition and derecognition of land	01 April 2019	
<ul style="list-style-type: none">GRAP 19 : Liabilities to pay levies	01 April 2019	
<ul style="list-style-type: none">GRAP 20 : Related Party Disclosures	01 April 2019	
<ul style="list-style-type: none">Approved and not yet effective		
<ul style="list-style-type: none">GRAP 104 (amended): Financial Instruments	01 April 2020	Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact
<ul style="list-style-type: none">IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	
<ul style="list-style-type: none">GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	

Molemole Local Municipality

(Registration number LIM353)

Notes to the Financial Statements

Figures in Rand

3. Investment property

2020	2019					
	Cost / Accumulated Carrying value			Cost / Accumulated Carrying value		
	Valuation	depreciation and accumulated impairment	Valuation	depreciation and accumulated impairment		
Investment property	2 091 000	(433 332)	1 657 668	2 091 000	(389 999)	1 701 001

Reconciliation of investment property - 2020

	Opening balance	Depreciation	Total
Investment property	1 701 001	(43 333)	1 657 668

Reconciliation of investment property - 2019

	Opening balance	Depreciation	Total
Investment property	1 744 335	(43 333)	1 701 001

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

4. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	25 657 828	-	25 657 828	25 038 178	-	25 038 178
Buildings	33 733 651	(3 867 334)	29 866 317	31 167 206	(2 458 814)	28 708 392
Infrastructure	153 224 279	(25 777 425)	127 446 854	106 222 483	(18 806 409)	87 416 074
Community	30 957 786	(5 048 620)	25 909 166	30 957 786	(3 583 803)	27 373 983
Other property, plant and equipment	49 101 271	(22 213 852)	26 887 419	46 717 218	(17 853 676)	28 863 542
Financed leased Assets	652 853	(375 884)	276 969	652 853	(272 021)	380 832
Work in Progress	35 727 546	-	35 727 546	50 727 837	-	50 727 837
Total	329 055 214	(57 283 115)	271 772 099	291 483 561	(42 974 723)	248 508 838

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Additions work in progress	Disposals	Transfers Inn / (Out)	Revaluations	Depreciation	Impairment	Total
Land	25 038 178	619 650	-	-	-	-	-	-	25 657 828
Buildings	28 708 392	94 250	-	-	2 472 195	-	(1 395 558)	(12 959)	29 866 317
Infrastructure	87 416 074	30 344 840	-	-	16 656 960	-	(6 971 019)	-	127 446 854
Community	27 373 983	-	-	-	-	80 909	(1 540 924)	(4 803)	25 909 166
Other property, plant and equipment	28 863 542	3 096 900	-	(160 711)	-	-	(4 900 040)	(12 271)	26 887 419
Finance Leased Assets	380 832	-	-	-	-	-	(103 863)	-	276 969
Work in progress	50 727 837	-	4 128 864	-	(19 129 155)	-	-	-	35 727 546
	248 508 838	34 155 640	4 128 864	(160 711)	-	80 909	(14 911 404)	(30 033)	271 772 099

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

38

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Additions work in progress	Disposals	Transfers Inn / (Out)	Revaluations	Depreciation	Total
Land	25 038 178	-	-	-	-	-	-	25 038 178
Buildings	26 722 452	-	-	-	-	3 204 321	(1 218 382)	28 708 392
Infrastructure	34 122 097	-	-	(343 221)	58 663 769	-	(5 026 571)	87 416 074
Community	26 054 189	29 400	-	-	-	2 514 935	(1 224 541)	27 373 983
Other property, plant and equipment	31 988 702	2 548 591	-	(1 945 048)	-	-	(3 728 703)	28 863 542
Finance Leased Assets	598 449	-	-	-	-	-	(217 617)	380 832
Work in progress	67 522 392	-	41 869 214	-	(58 663 769)	-	-	50 727 837
	212 046 459	2 577 991	41 869 214	(2 288 269)	-	5 719 256	(11 415 814)	248 508 838

Reconciliation of Work-in-Progress 2020

	Included in Infrastructure	Included in Community	Included in Other PPE	Total
Opening balance	21 159 349	28 945 578	622 911	50 727 838
Additions/capital expenditure	1 381 324	898 256	1 849 284	4 128 864
Transferred to completed items	(16 656 960)	-	(2 472 195)	(19 129 155)

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand 2020 2019

4. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance Contracted services 6 280 208 7 692 032

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.

5. Intangible assets

2020	2019					
	Cost / Accumulated		Carrying value	Cost / Accumulated		Carrying value
	Valuation	Amortisation and accumulated impairment	Valuation	Amortisation and accumulated impairment		
Computer software, other	R 3 646 148	R (3 427 935)	R 218 213	R 3 650 708	R (2 523 470)	R 1 127 238

Reconciliation of intangible assets - 2020

	Opening balance	Disposals	Amortisation	Total
Computer software, other	1 127 238	(760)	(908 264)	218 213

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software, other	1 945 251	(818 014)	1 127 238

6. Heritage Assets

	2020		2019	
	Cost / Accumulated		Cost / Accumulated	
	Valuation	Impairment losses	Valuation	Impairment losses
Mayoral Chain	368 150	-	368 150	368 150

Reconciliation of heritage assets 2020

	Opening balance	Total
Mayoral Chain	368 150	368 150

Reconciliation of heritage assets 2019

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020	2019
-----------------	------	------

7. Non-Current Employee benefits

Post-employment Health Care Benefits

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

Bonitas;

Discovery;

LA Health;

Hosmed;

Samwumed;

and Keyhealth.

The Municipality's Accrued Unfunded Liability at 30 June 2020 is estimated at R7 683 000. The Current-service Cost for the year ending 30 June 2020 is estimated at R860 460. It is estimated to be R735 000 for the ensuing year.

Key actuarial assumptions used

Rate of Interest

Discount rate	11.29%	9.78%
Health Care Cost	7.24%	7.17%
Net effective Discount rate	3.78%	2.44%

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value at Fund obligation at the beginning of the year	9 070 610	6 663 822
Current Service Cost	860 460	622 662
Interest Cost	884 092	651 399
Benefits Paid	(46 488)	(46 728)
Actuarial (gains) / losses	(3 085 674)	1 179 455
	7 683 000	9 070 610
Non-current liabilities	(7 628 000)	(9 007 514)
Current liabilities	(55 000)	(63 096)
	(7 683 000)	(9 070 610)

8. Inventories

Stationary

Opening balance	194 483	160 959
Purchased	1 123 555	1 197 825
Issued	(1 056 734)	(1 164 301)
Closing balance	261 304	194 483

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020	2019
9. Receivables from exchange transactions		
Consumer debtors - Electricity	472 581	435 299
Consumer debtors - Refuse	1 440 638	1 150 254
Consumer debtors - Other Service Charges	92 389	78 141
Sub Total - Receivables from Exchange Transactions	2 005 608	1 663 694
Rental debtors	257 263	252 925
Other debtors - Under banking	43 168	29 332
Other debtors - Bursaries	-	30 850
Other debtors	208 630	1 126 528
CDM water debtor	434 144	430 191
Grand Total - Receivables from Exchange Transactions	2 948 813	3 533 520

9.1 Receivables from Exchange transactions - Consumer Debtors - Service Charges

Consumer Debtors - Service Charges Reconciliation

	2020			2019		
	Gross Debtors	Impairment	Nett Debtors	Gross Debtors	Impairment	Nett Debtors
Electricity	3 607 562	(3 134 981)	472 581	3 401 310	(2 966 011)	435 299
Refuse	10 997 470	(9 556 832)	1 440 638	8 987 794	(7 837 540)	1 150 254
Other service Charges	705 274	(612 885)	92 389	610 575	(532 434)	78 141
Total	15 310 306	(13 304 698)	2 005 608	12 999 679	(11 335 985)	1 663 694

Consumer Debtors - Service Charges Ageing for 2020

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Electricity	560 906	22 120	20 916	3 003 620	3 607 562
Refuse	444 595	217 374	214 891	10 120 609	10 997 469
Other Service Charges	13 028	6 466	6 434	679 346	705 274
Total	1 018 529	245 960	242 241	13 803 575	15 310 305

Consumer Debtors - Service Charges Ageing for 2019

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Electricity	226 529	58 046	52 570	3 064 165	3 401 310
Refuse	372 276	169 179	178 855	8 267 485	8 987 795
Other Service Charges	24 328	23 147	11 907	551 194	610 576
Total	623 133	250 372	243 332	11 882 844	12 999 681

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand

2020

2019

9. Receivables from exchange transactions (continued)

Consumer Debtors - Service Charges Impairment Reconciliation

Opening	2020		2019			
	Balance Impairment	(Provisions)/ Reversal	Closing Balance Impairment	Opening Balance Impairment	(Provisions)/ Reversal	Closing Balance Impairment
Electricity	(2 966 011)	(168 970)	(3 134 981)	(5 587 880)	2 621 869	(2 966 011)
Refuse	(7 837 541)	(1 719 291)	(9 556 832)	(5 945 619)	(1 891 922)	(7 837 541)
Other Service Charges	(532 435)	(80 450)	(612 885)	(371 950)	(160 485)	(532 435)
Total	(11 335 987)	(1 968 711)	(13 304 698)	(11 905 449)	569 462	(11 335 987)

9.2 Receivables from Exchange transactions - CDM Water Debtor reconciliation

CDM Water debtor	6 488 919	4 971 257
Less: 70 % Commission	(4 542 242)	(3 479 880)
Less: Impairment	(1 512 533)	(1 061 186)
	434 144	430 191

10. Receivables from non-exchange transactions

Fines	1 752 842	1 687 829
Consumer debtors - Rates	71 259 728	60 636 803
	73 012 570	62 324 632

10.1 Receivables from Non Exchange transactions - Property Rates

Property Rates reconciliation

	2020			2019		
	Gross Debtors	Impairment	Nett Debtors	Gross Debtors	Impairment	Nett Debtors
Agricultural properties	10 237 246	(8 896 195)	1 341 051	9 164 461	(8 002 723)	1 161 738
Business and commercial	5 074 527	(4 409 777)	664 750	3 895 543	(3 396 564)	498 979
Farm properties	540	(469)	71	128	(50)	78
Government	67 978 787	-	67 978 787	57 910 169	-	57 910 169
Public service infrastructure	80 068	(53 091)	26 977	73 570	(53 091)	20 479
Residential development	9 320 894	(8 099 883)	1 221 011	8 017 144	(6 991 113)	1 026 031
Residential Vacant land	206 731	(179 650)	27 081	151 035	(131 706)	19 329
Total	92 898 793	(21 639 065)	71 259 728	79 212 050	(18 575 247)	60 636 803

Property Rates Ageing for 2020

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Agricultural properties	215 241	107 515	106 221	9 808 270	10 237 247
Business and commercial	269 551	125 645	120 442	4 558 888	5 074 526
Farm properties	69	34	34	403	540
Government	2 297 395	1 136 564	1 122 698	63 422 131	67 978 788
Public service infrastructure	1 090	545	545	77 888	80 068
Residential development	421 419	201 682	199 397	8 498 397	9 320 895
Residential Vacant land	10 887	5 285	5 163	185 396	206 731
Total	3 215 652	1 577 270	1 554 500	86 551 373	92 898 795

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand

2020

2019

10. Receivables from non-exchange transactions (continued)

Property Rates Ageing for 2019

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Agricultural properties	206 033	102 062	102 176	8 754 190	9 164 461
Business and commercial	264 275	112 000	111 770	3 407 498	3 895 543
Farm properties	64	32	32	-	128
Government	1 505 767	746 863	743 588	54 913 951	57 910 169
Public service infrastructure	1 868	897	927	69 878	73 570
Residential development	323 093	146 815	152 213	7 395 023	8 017 144
Residential Vacant land	9 158	4 035	4 348	133 494	151 035
Total	2 310 258	1 112 704	1 115 054	74 674 034	79 212 050

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.

Property Rates impairment reconciliation

	2020		2019		
	Opening (Provisions)/	Closing	Opening	(Provisions)/	Closing
	Balance Impairment	Reversal	Balance Impairment	Balance Impairment	Reversal
Agricultural properties	(8 002 723)	(893 472)	(8 896 195)	(7 064 797)	(937 926)
Business and commercial	(3 396 564)	(1 013 213)	(4 409 777)	(4 428 549)	1 031 985
Farm properties	(50)	(419)	(469)	(48)	(2)
Public service infrastructure	(53 091)	-	(53 091)	(42 027)	(11 064)
Residential development	(6 991 113)	(1 108 770)	(8 099 883)	(5 456 738)	(1 534 375)
Residential Vacant land	(131 706)	(47 944)	(179 650)	(83 954)	(47 752)
Total	(18 575 247)	(3 063 818)	(21 639 065)	(17 076 113)	(1 499 134)

10.2 Receivables from Non Exchange transactions - Traffic Fines

Traffic fines reconciliation

Gross balances - Fines	4 494 467	3 968 173
Less: Allowance for impairment		
Traffic Fines Opening Balance	(2 280 344)	(2 176 931)
Traffic fines (Provision) / Reversal	(461 281)	(103 413)
	1 752 842	1 687 829

11. VAT receivable

Vat Receivable	14 919 926	14 057 452
----------------	------------	------------

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand 2020 2019

12 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand - Petty Cash	13 500	1 471
Bank balances - Cash Book balance	165 798	7 558 915
Short-term deposits	20 603 434	7 874 015
Grants bank account	2 228 234	3 938 808
23 010 966	19 373 209	

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
Nedbank - Primary Account 146 700 0 442	(95 825)			7 575 698	19 981 855	165 798
Nedbank Grants Account - 1013994825	2 228 313			3 938 888	10 424 363	2 228 234
Nedbank Call Investment - Deposit	20 603 433			7 874 015	11 578 914	20 603 434
Total	22 735 921	19 388 601	41 985 132	22 997 466	19 056 638	41 773 918

13 Revaluation reserve

Opening balance	47 614 111	41 894 856
Transfer in during the year	80 909	5 719 255
47 695 020	47 614 111	

14 Finance lease obligation

Minimum lease payments due

- within one year	283 009	377 346
- in second to fifth year inclusive	-	283 009
	283 009	660 355
less: future finance charges	(31 333)	(147 049)
Present value of minimum lease payments	251 676	513 306

Present value of minimum lease payments due

- within one year	251 668	261 630
- in second to fifth year inclusive	-	251 676
	251 668	513 306

Non-current liabilities	-	251 676
Current liabilities	251 668	261 630
251 668		513 306

The capitalized lease liability consist out of the following contracts:

Supplier	Description of Leased item	Effective Interest Rate	Lease Term	Maturity Date
XLP Document Solution	Photocopy machine	28,95%	3 Year	31-03-2021
XLP Document Solution	Photocopy machine	28,95%	3 Year	31-03-2021

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand 2020 2019

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant	1 106 249	1 616 692
Finance management grant	2 150	225 669
CDM - Integrated Transport Plan	108 614	108 614
Municipal System Improvement Grant	-	283 300
COVID 19 Relief Fund	19 924	-
	1 236 937	2 234 275

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.

16. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Transfer (to) /from current portion	Actuarial (Gains)/Loss	Total
Long service awards	3 390 816	712 491	(424 737)	255 025	(179 596)	3 754 000
Rehabilitation of Landfill Site	11 416 299	167 533	-	-	-	11 583 831
	14 807 115	880 024	(424 737)	255 025	(179 596)	15 337 831

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Transfer (to) /from current portion	Total
Long service awards	2 936 761	972 221	(476 488)	(41 678)	3 390 816
Rehabilitation of Landfill Site	11 158 829	257 469	-	-	11 416 299
	14 095 590	1 229 690	(476 488)	(41 678)	14 807 115

Non-current liabilities	15 337 830	14 807 115
Current liabilities	206 000	469 121
	15 543 830	15 276 236

Rehabilitation of Land-fill Sites

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

R 11 583 831 : 2020 (2019: R 11 416 298) 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 Awards

The Long Service Awards is a liability in respect of Long service awards to employees. As at year end, 159 employees were eligible for Long Service Awards.

Key actuarial assumptions used:

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020	2019
16. Provisions (continued)		
Rate of interest		
Discount rate	7.59%	8.59%
General Salary Inflation (long Term)	4.13%	6.19%
Nett effective Discount Rate	3.32%	2.26%
The amounts recognised in the Statement of Financial Position are as follows:		
Present Value of Liability		
Balance	3 905 000	3 301 109
Net liability / (asset)	3 905 000	3 301 109
Reconciliation of present value of Liability:		
Reconciliation fo present Value of liability		
Present value of liability at the beginning of the year	3 796 842	3 301 109
Total Expenses	287 754	137 987
Current service cost	417 109	346 236
Interest Cost	295 382	268 239
Benefits paid	(424 737)	(476 488)
Actuarial Losses / (Gain)	(179 596)	357 746
Present value of Liability	3 905 000	3 796 842
Less : Transfer of current portion	(151 000)	(406 025)
Balance at end of year	3 754 000	3 390 817
17. Other current liability		
Unallocated receipts	118 752	96 635
Salary suspense account	1 019	(1 129)
	119 771	95 506
18. Current Employee Benefits		
The movement in current employee benefits are reconciled as follows:		
Current Portion of Long Service Provisions	206 000	469 121
Expenditure during the year	7 998 405	6 087 309
Balance at end of year	8 204 405	6 556 430
The movement in current employee benefits are reconciled as follows:		
Balance at the beginning of the year	6 087 309	6 304 775
Contribution to current portion	2 399 744	125 217
Expenditure during the year	(488 648)	(342 683)
Balance at end of year	7 998 405	6 087 309

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.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020	2019
19. Payables from exchange transactions		
Trade payables	6 882 821	6 591 060
Payments received in advanced	5 935 218	3 034 643
Retention	8 154 901	9 204 054
Third Party Payments (Medical, Pension etc.)	4 034 767	-
Electricity not used	312 447	242 849
CDM Creditor	742 017	983 031
Bonus	1 713 925	1 690 360
	27 776 096	21 745 997
20. Consumer deposits		
Electricity	504 476	503 126
	504 476	503 126
21. Revenue		
Service charges	10 503 009	9 870 892
Rental of facilities and equipment	254 705	456 493
Interest received - debtors	912 778	1 066 848
Agency services	683 390	660 534
Licences and permits	3 123 723	3 598 079
Other income	203 607	257 775
Interest received - investment	1 729 419	1 820 125
Property rates	20 010 884	14 572 846
Government grants & subsidies	182 145 339	177 221 330
Fines, Penalties and Forfeits	909 431	644 562
	220 476 285	210 169 484
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	10 503 009	9 870 892
Rental of facilities and equipment	254 705	456 493
Interest received - debtors	912 778	1 066 848
Agency services	683 390	660 534
Licenses and permits	3 123 723	3 598 079
Other income	203 607	257 775
Interest received - investment	1 729 419	1 820 125
	17 410 631	17 730 746
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue - Property rates	20 010 884	14 572 846
Transfer revenue - Government grants & subsidies	182 145 339	177 221 330
Traffic Fines, penalties and forfeits	909 431	644 562
	203 065 654	192 438 738
22. Service charges		
Sale of electricity	8 284 596	8 018 108
Refuse removal	2 218 413	1 852 784
	10 503 009	9 870 892

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020	2019
23. Rental of facilities and equipment		
Premises		
Cattle Grazing	43 334	105 089
Community Assets	211 371	351 404
	254 705	456 493
24. Fines, Penalties and Forfeits		
Traffic Fines	902 900	637 950
Illegal Connections Fines	6 459	6 612
Other Fines, Penalties and Forfeits	72	-
	909 431	644 562
25. Licenses and permits (exchange)		
Road and Transport	3 123 723	3 598 079
26. Interest received - debtors		
Service Charges	29 616	19 384
Waste Management	198 907	146 132
Electricity	196 520	447 615
	425 043	613 131
27. Interest from non-exchange receivables		
Interest Received-Service Debtors	487 735	453 717
28. Commission Received		
Commission Received	683 390	660 534
The municipality only recognise 30% of its revenue billed for the year as commission received. The other 70% is offset against the CDM debtors as per the service level agreement between CDM and the municipality		
29. Other income		
Building Plan Approvals	15 474	21 804
Clearance certificates	13 118	8 248
Town Planning and servitudes	-	5 152
Skills development refund	144 437	152 738
Sundry income	17 530	40 582
Grave Fees	7 269	5 850
Library Membership fees	100	1 180
Town Planning Fees	5 679	3 956
Penalties	-	796
New Connections	-	3 836
Transaction handling fees	-	13 633
	203 607	257 775
30. Interest received - external investment		

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Interest revenue		
Interest received - External investments	1 729 419	1 820 125

Figures in Rand 2020 2019

31. Property rates

Rates received

Residential	2 146 083	1 867 657
Commercial	1 619 278	1 683 724
State	14 843 900	9 714 363
Municipal	1 040	(7 344)
Small holdings and farms	1 394 562	1 308 779
Public service infrastructure	6 021	5 667
	20 010 884	14 572 846

Valuations

Residential	443 997 000	395 264 000
Commercial	120 201 000	100 228 000
State	454 884 000	669 209 000
Municipal	23 761 000	64 253 000
Small holdings and farms	1 847 800 000	1 640 644 000
Public service infrastructure	4 381 000	2 571 000
	2 895 024 000	2 872 169 000

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2017.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to

Alterations and subdivisions.

32. Government grants and subsidies

Operating grants

Equitable share	142 577 970	128 183 867
Municipal Infrastructure Grant	1 751 670	1 749 815
FMG - Finance Management Grant	2 400 849	2 177 330
Community Waste collection	-	43 490
Audit Community Facilities	-	35 200
CDM - Mogwadi Community Hall	-	32 435
Expanded Public Works Program	1 167 000	1 101 000
Covid 19 Grant	338 076	-
	148 235 565	133 323 137

Capital grants

MIG - Municipal infrastructure grant	33 909 774	43 126 493
Municipal System Improvement Grant	-	771 700
	33 909 774	43 898 193
	182 145 339	177 221 330

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	39 567 369	49 037 463
-----------------------------	------------	------------

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Unconditional grants received	142 577 970	128 183 867
	182 145 339	177 221 330

Figures in Rand	2020	2019
-----------------	------	------

32. Government grants and subsidies (continued) Equitable

Share

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

Municipal Infrastructure Grant

Balance unspent at beginning of year	1 616 693	2 787 792
Current-year receipts	35 151 000	46 493 000
Conditions met - transferred to revenue	(1 751 670)	(1 749 815)
Other	(33 909 774)	(43 126 493)
Adjustments/Returned to National revenue fund	-	(2 787 792)
	1 106 249	1 616 692

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

Finance Management Grant

Balance unspent at beginning of year	225 669	78 040
Current-year receipts	2 403 000	2 403 000
Conditions met - transferred to revenue	(2 400 849)	(2 177 330)
Adjustments/Returned to National revenue fund	(225 670)	(78 041)
	2 150	225 669

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

Finance management grant received with conditions to be met. The money returned to the national revenue fund is because the municipality did not appoint the intern timeously.

CDM - Mogwadi Community Hall

Balance unspent at beginning of year	-	32 435
Conditions met - transferred to revenue	-	(32 435)

CDM - Mogwadi Community Hall grant received with conditions met.

Community Waste collection

Balance unspent at beginning of year	-	43 490
Conditions met - transferred to revenue	-	(43 490)
	-	-

Community waste collection grant received with conditions met.

Audit Community Facilities

Balance unspent at beginning of year	-	35 200
Conditions met - transferred to revenue	-	(35 200)
	-	-

Audit committee facilities grant received with conditions met.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020	2019
32. Government grants and subsidies (continued)		
Integrated Transport Plan		
Balance unspent at beginning of year	108 614	108 614
Conditions still to be met - remain liabilities (see note 15).		
Integrated transport plan grant received with conditions to be met.		
Expanded Public Works Program		
Current-year receipts	1 167 000	1 101 000
Conditions met - transferred to revenue	(1 167 000)	(1 101 000)
	-	-
Conditions still to be met - remain liabilities (see note 15).		
Expanded public works program grant received with conditions met.		
Municipal Demarcation grant		
Balance unspent at beginning of year	-	1 191 034
Conditions met - transferred to revenue	-	(1 191 034)
	-	-
Grant received in respect of the demarcation of Aganang Municipality. The money returned to the National Revenue fund was because there were no committed projects for the grant at 30 June 2018		
MSIG		
Balance unspent at beginning of year	283 300	-
Current-year receipts	-	1 055 000
Conditions met - transferred to revenue	-	(771 700)
Other	(283 300)	-
	-	283 300
Conditions still to be met - remain liabilities (see note 15).		
COVID 19 Relief fund		
Current-year receipts	358 000	-
Conditions met - transferred to revenue	(338 076)	-
	19 924	-
Conditions still to be met - remain liabilities (see note 15).		

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020	2019
33. Employee related costs		
Basic Salary	53 045 440	48 863 411
PMU - MIG Salaries	1 709 823	1 447 081
Bonus	5 333 456	5 018 154
Medical aid - company contributions	4 127 159	3 717 805
UIF	296 950	292 097
Interns Salaries: FMG	419 386	299 030
Leave pay provision charge	2 399 744	153 669
Defined benefit plans	1 744 554	3 079 499
Travel, motor car, accommodation, subsistence and other allowances	5 168 038	4 791 826
Overtime payments	582 201	638 778
Long-service awards	712 491	346 236
Acting allowances	311 137	307 401
Housing benefits and allowances	194 793	162 196
Standby allowance	287 718	247 378
Laptop Allowance	471 501	450 079
Pension Funds - Company contribution	9 577 799	8 869 656
Telephone/Cellphone Allowance	1 107 676	1 166 703
Industrial/Bargaining Council	18 009	16 801
	87 507 875	79 867 800
Remuneration of municipal manager		
Annual Remuneration	856 125	820 016
Motor car , housing and other allowances	388 035	382 736
	1 244 160	1 202 752
The Municipal Manager is appointed on a 4years fixed contract starting 1 March 2018.		
Remuneration of Chief Finance Officer		
Annual Remuneration	725 340	467 997
Motor car , housing and other allowances	354 659	243 592
Bonus	49 074	-
Acting : Nkalanga	-	46 471
	1 129 073	758 060
The CFO is appointed on a 5 year contract starting on 01 September 2018.		
Remuneration of Manager - Technical Services		
Annual Remuneration	807 200	608 562
	365 105	292 310
	1 172 305	900 872

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Motor car , housing and other allowances

The Manager Technical Services is appointed on a 5 year contract 1 April 2018

Remuneration of Manager Corporate Services

Annual Remuneration	728 541	684 525
Motor car , housing and other allowances	256 690	274 494
Bonus	60 712	-
	1 045 943	959 019

The Manager Corporate Services was appointed on a 5 year contract starting 01 April 2018.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020	2019
-----------------	------	------

33. Employee related costs (continued)

Remuneration of Manager - Community Services

Annual Remuneration	775 860	507 135
Motor car , housing and other allowances	354 659	243 592
	1 130 519	750 727

The Manager Community Services was appointed on a 5 year contract starting 01 September 2018.

Remuneration of Manager - Local Economic Development

Annual Remuneration	-	414 623
Motor car , housing and other allowances	-	100 000
Acting : Mashotja	-	9 078
Leave Pay	-	109 626
	-	633 327

The Manager Local Economic Development was appointed on a 5 year contract which ended on 30 November 2018.

34. Remuneration of Councillors

Executive Mayor	914 923	880 813
Chief Whip	699 710	673 877
Mayoral Committee Members	3 648 460	3 135 997
Speaker	742 752	715 263
Councillors	6 910 858	6 959 512
	12 916 703	12 365 462

35. Depreciation and amortisation

Property, plant and equipment	15 410 835	11 415 814
Investment property	43 333	43 333
Intangible assets	908 264	818 014
Impairment of Assets	30 034	-
	16 392 466	12 277 161

36. Finance costs

Finance Lease - Interest Paid	115 716	180 824
Other - Interest Paid	10 797	13 220
Fruitless and wasteful expenditure - Interest Paid	127 550	40 916
	254 063	234 960

37. Debt impairment

Debt impairment - Traffic Fines	562 210	103 413
Debt impairment - Provision	4 803 080	3 818 262
Debt impairment - provision - CDM	446 635	572 572
	5 811 925	4 494 247

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020	2019
38. Bulk purchases		
Electricity – Eskom	10 107 196	9 046 417
39. Contracted services		
Outsourced Services		
Administrative and Support Staff	12 268 704	12 121 617
Consultants and Professional Services		
Business and Advisory	7 280 571	5 591 440
Contractors		
Maintenance - property plant and equipment	6 280 208	7 692 032
Catering Services	522 006	130 755
Employee Wellness	524 977	1 787 049
	26 876 466	27 322 893
40. General expenses		
Accommodation and meals	4 168 827	6 339 019
Advertising	640 933	773 663
Advertising : Recruitment	106 058	236 975
Auditors remuneration	3 313 350	2 815 462
Bank charges	244 036	220 371
Bill: Municipal Electricity	-	1 343
Commission paid	1 339 840	956 926
CDM Commission expense	612 693	362 680
Cleaning Materials	593 131	627 946
Bursaries Employees	398 736	508 548
Servitude and land surveys	495 652	-
Transport - events	352 560	-
Entertainment	9 032	11 130
Plant Hire	-	6 000
Insurance - General	611 845	660 751
Ward Committee Expenses	2 287 564	1 897 000
Environmental & Waste Management	1 218 232	1 261 554
Free Basic Electricity	4 243 039	2 624 644
Fuel and Oil: Municipal Fleet	2 246 401	2 670 887
Fuel and Oil: Other	1 992	4 638
Postage and Telephone	366 962	643 457
Printing, Publication & Marketing	765 223	852 342
Protective clothing	1 158 561	579 753
Licenses - Vehicles	139 102	116 702
Internship programme	250 989	503 654
Membership Fees	6 469	5 077
Township establishment	681 011	449 728
Training SMME	13 575	170 050
Affiliation & Membership Fees : SALGA	914 865	859 190
Departmental : Water	-	25 801
Subscriptions and Systems Licensing	1 619 778	1 609 888
Training and Conferences	1 844 333	2 449 939
Public Participation	465 322	1 584 196
RAL Roads expenditure	-	12 574 190
Computer Software Rental	-	1 235 156
Municipal: Internal Billing	-	90 098
Rehabilitation cost	167 533	257 469
Rental Office Machines : Usage	140 230	76 146
Tracking device system	81 894	94 207

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
40. General expenses (continued)		
Stationery	1 030 995	1 164 689
Skills development Levy	641 510	659 824
	33 436 060	47 955 410
41. Principals and Agents		
<ul style="list-style-type: none"> The Municipality is involved in an agency relationship with Capricorn District Municipality for the provision of water services. The Municipality is involved in an agency relationship with Department of Transport for the issuing of licenses. 		
Amounts included in Trade receivable (Trade Payables) regarding Principals and Agents	(307 873)	(552 840)
	2 741 625	2 280 342
	1 512 533	1 061 186
	4 254 158	3 341 528
Capricorn District Municipality (CDM)- Water	434 144	430 191
Capricorn District Municipality (Creditor)	(742 017)	(983 031)
Provisions for doubtful debts related to outstanding balances with Principals and Agents		
Department of Transport -Traffic Fines		
Capricorn District Municipality		
Expenses recognised in respect of bad or doubtful debts		
Department of Transport Traffic Fines	(461 281)	(103 413)
	4 026 623	4 236 029
Commission received from Principals and Agents -CDM		
Capricorn District Municipality (Commission)	683 390	660 534
Traffic fines ,permits and Licenses		
Department of Transport-Fines	902 900	637 950
Department of Transport -Licenses & Permits	3 123 723	3 598 079

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

42. Related Parties

Relationships

1. Controlled by the same government - legislatively (MFMA Act) Capricorn District Municipality (CDM)

The municipality is involved in an agency relationship with Capricorn District Municipality for the provision of water services.

The following balances relate to Related party CDM

Unspent Grants - by related parties

CDM - Mogwadi Community Hall	-	32 435
Community waste collection	-	43 490
Audit community facilities	-	35 200
	<u>-</u>	<u>111 125</u>

The balance relates to the unspent Grant received from Capricorn District Municipality for the year ended 30 June 2018 and 30 June 2017. The grants were fully spend in the current year.

Amounts included in Trade receivable (Trade Payable) regarding related parties

Capricorn District Municipality (CDM) - Water Capricorn District Municipality (Commission)	- (742 017)	- (983 031)
	<u>(742 017)</u>	<u>(983 031)</u>

Commission received from related parties - CDM

Capricorn District Municipality (Commission)	<u>683 390</u>	<u>660 534</u>
	<u>683 390</u>	<u>660 534</u>

2. 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	<u>18 638 704</u>	<u>17 514 671</u>
	<u>18 638 704</u>	<u>17 514 671</u>

Key management information

Remuneration of Municipal Manager

Annual Remuneration	856 125	820 016
Motor Car , Housing and other allowances	388 035	382 736
Acting M M : Ramogale	-	-
	<u>-</u>	<u>-</u>
	<u>1 244 160</u>	<u>1 202 752</u>

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand 2020 2019

42. Related Parties (continued)

Remuneration of Chief Financial Officer

Annual Remuneration	725 340	467 997
Motor Car , Housing and other allowances	354 659	243 592
Bonus	49 074	-
	1 129 073	711 589

2020

Remuneration of individual Executive Directors

	Local Economic Development	Technical Services	Corporate Services	Community Services
Annual remuneration	-	807 200	728 541	775 860
Performance and other bonuses	-	-	60 712	-
Motor car, Housing , and other allowances	-	365 106	256 690	354 659
	-	1 172 306	1 045 943	1 130 519

2019

	Local Economic Development (July to November 2019)	Technical Services	Corporate Services	Community Services (September 2018 to June 2019)
Annual Remuneration	414 623	608 562	684 525	507 135
Motor car, Housing , and other allowances	100 000	292 310	274 494	243 592
Leave Payout	109 627	-	-	-
	624 250	900 872	959 019	750 727

2020

Remuneration of Councillors

Mayor (ME Paya) remuneration ,pension ,cellphone allowance and housing allowance	914 922
Speaker (M S Moreroa) remuneration ,pension ,cellphone allowance and housing allowance	742 752
Chief Whip (E M Rathaha) remuneration ,pension ,cellphone allowance and housing allowance	699 710
Councillors allowance and remuneration	10 559 319
	12 916 703

Related party per Councillor

	Basic Salary	Allowances	Total 2020
ME Paya (Mayor)	645 644	269 278	914 922
MP Makgato	-	-	-
M S Moreroa (Speaker)	516 516	226 236	742 752
E M Rathaha (Chief Whip)	484 235	215 475	699 710
P T Rathete (MPAC)	262 214	129 105	391 319
M Tawana (Exco)	270 145	131 747	401 892
N F Rampyapedi (Exco)	484 235	203 111	687 346
M D Meso (Exco)	270 145	131 747	401 892
N W Seakamela (Exco)	484 235	203 111	687 346
D Lehong (Exco)	484 235	203 111	687 346
D Matlou	204 323	109 807	314 130
N G Makgalo	204 323	109 807	314 130
Mp Makgato	204 323	109 807	314 130

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

C Matjee	204 323	109 807	314 130
A Makgoka	204 323	109 807	314 130
M Malema	204 323	109 807	314 130
M Duba(Section 79)	262 214	129 104	391 318
Kobo	204 323	109 807	314 130
P T Rakimane	204 323	109 807	314 130
M I Mohafe	204 323	109 807	314 130
R L Mpati	204 323	109 807	314 130
M J Manthata	204 323	109 807	314 130
P S Masoga	204 323	109 807	314 130
M J Leferela	204 323	109 807	314 130
N S Ramukhubedi	204 323	109 807	314 130
S E Kobola	204 323	109 807	314 130
T Raphaswana	204 323	109 807	314 130
L Moabelo	204 323	109 807	314 130
G M Sepheso	204 323	109 807	314 130
M D Marutha	204 323	109 807	314 130
M P Tloubatatla	204 323	109 807	314 130
S R Nakana	204 323	109 807	314 130
N MHopane	204 323	109 807	314 130
	8 658 924	4 257 779	12 916 703

2019

Remuneration of Councillors

Mayor (ME Paya) remuneration ,pension ,cellphone allowance and housing allowance	880 813
Speaker (M S Moreroa) remuneration ,pension ,cellphone allowance and housing allowance	715 263
Chief Whip (E M Rathaha) remuneration ,pension ,cellphone allowance and housing allowance	673 878
Councillors allowance and remuneration	10 095 508
	12 365 462

Related party per Councillor

	Basic Salary	Allowances	Total 2019
ME Paya (Mayor)	620 812	260 001	880 813
MP Makgato	-	-	-
M S Moreroa (Speaker)	496 650	218 613	715 263
E M Rathaha (Chief Whip)	465 610	208 268	673 878
P T Rathete (MPAC)	252 128	124 743	376 871
M Tawana (Exco)	259 754	127 285	387 039
N F Rampyapedi (Exco)	465 610	195 904	661 514
M D Meso (Exco)	249 206	124 818	374 024
N W Seakamela (Exco)	465 610	195 904	661 514
D Lehong (Exco)	465 610	195 903	661 513
D Matlou	196 464	106 188	302 652
N G Makgalo	196 464	106 188	302 652
Mp Makgato	196 464	106 188	302 652
C Matjee	196 464	106 188	302 652
A Makgoka	196 464	106 188	302 652
M Malema	196 464	106 188	302 652
M Duba	196 464	106 188	302 652
Kobo	207 009	109 705	316 714
P T Rakimane	196 464	106 188	302 652
M I Mohafe	196 464	106 188	302 652
R L Mpati	196 464	106 188	302 652
M J Manthata	196 464	106 188	302 652
P S Masoga	196 464	106 188	302 652
M J Leferela	196 464	106 188	302 652
N S Ramukhubedi	196 464	106 188	302 652
S E Kobola	196 464	106 188	302 652
T Raphaswana	194 439	106 188	300 627

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

L Moabelo	196 464	106 188	302 652
G M Sepheso	196 464	106 188	302 652
M D Marutha	196 464	106 188	302 652
M P Tloubatatla	196 464	106 188	302 652
S R Nakana	196 464	106 188	302 652
N MHopane	196 464	106 188	302 652
	8 268 182	4 097 280	12 365 462

43. Budget vs Actual comparison variances explanations above 5%

STATEMENT OF FINANCIAL PERFORMANCE

43.1 Service Charges - Sale of Electricity

Electricity consumption was not realised as the usage level decreased due to the implementation of the smart split electricity meters which also had a positive impact on the customer electricity usage

43.2 Rental of facilities and equipment

The budget amount was based on the actual amount received from the previous financial years while the recognised amount disclosed is based on GRAP1 (accrual base)

43.3 Interest received - debtors

The budgeted amount on interest on interest on debtors was done based on the billing amount/billing transactions and movements excluding payment and the municipality has collected R12 852 980.59 in the current financial year which is almost 60% of the total billing excluding prepaid electricity and the revenue items

43.4 Actuarial Gain on Valuation

The actuarial Gain in respect of post-retirement benefits is included in the employee remuneration expense to be in line with the MSCOA chart and therefore no actuals under this line item.

43.5 Licenses & Permits

The non-functioning of the municipal traffic stations during lock-down lead a drastic decrease in the municipal traffic and licensing collection rate

43.6 Other Income

The sale of stands processes were not finalized due to the limited amount of time caused by the pandemic (Covid-19) challenges.

43.7 Interest received - external investment

The Municipality had less excess cash to invest as expected

43.8 Traffic Fines, penalties and forfeits

The budgeted amount was inclusive of the savings realised from the projects which were not fully completed in the previous financial years. The outstanding amount in on the initial projects was categories under forfeits during the budgeted processes

43.9 Employee Related Cost

Vacant post not filled

43.10 Remuneration of Councillors

The municipality budgeted for Councillors using the CPI plus 1.5% during the 2019/20 budget the increase was 7%. The municipality was unable to adjust during the adjustment budget as the upper limits gazette was not issued in April 2020 and the finalization of payments done in June 2020.

43.11 Finance cost

Interest cost for post-retirement benefits were reclassified to employee related cost and therefore the actual expenditure less than budget

43.12 Debt Impairment

Impairment budget was only inclusive of municipal service related debtors excluding cdm impairment

43.13 Contracted Services

The contracted services expenditure is much less than budget because of the COVID 19 pandemic which led to closing of offices for 4months of the year.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

43.14 General Expenses

The contracted services expenditure is much less than budget because of the COVID 19 pandemic which led to closing of offices for 4months of the year.

44. Cash generated from operations

Surplus for the year	30 277 330	15 054 595
Adjustments for:		
Depreciation, amortisation and impairment	16 392 466	12 277 161
(Gain) / loss on sale of assets and liabilities	161 471	1 550 539
Movements in non-current provisions and retirement benefit liabilities	(848 799)	2 234 674
Movements in current provisions and retirement benefits	1 647 975	711 525
Changes in working capital:		
Inventories	(66 821)	(33 524)
Receivables from exchange transactions	584 707	225 541
Other receivables from non-exchange transactions	(10 687 938)	(6 149 578)
Payables from exchange transactions	6 301 563	964 237
VAT	(606 346)	(2 644 190)
Unspent conditional grants and receipts	(997 338)	(2 042 331)
Consumer deposits	1 350	600
Other current liability	24 265	(645 058)
	42 183 885	21 504 191

45. Cash flow Statement Receipts - Sale of goods and services

Service Charges - Electricity	8 284 596	8 018 108
Service Charges - Refuse removal	2 218 413	1 852 784
Interest earned - Outstanding debtors	912 778	1 066 848
Commission Received	683 390	660 534
Property Rates	20 010 884	14 572 846
Traffic Fines, penalties and forfeits	909 431	644 562
Rental of facilities and equipment	254 705	456 493
Licenses and permits	3 123 723	3 598 079
Other Income	203 607	257 775
Movement in receivables from exchange transactions	584 707	286 691
Movement in receivables from non-exchange transactions	(10 687 938)	(6 149 578)
Provision for Bad Debts	(5 811 925)	(4 494 247)
Movements in Consumer deposits	1 350	600
	20 687 721	20 771 495

46. Cash flow Statement Receipts - Grants

Government grant and subsidies	182 145 339	177 221 330
Movements in Unspent conditional grants	(997 338)	(2 042 330)
	181 148 001	175 179 000

47. Cash flow Statement Payments - Suppliers

Employee related costs	(84 242 605)	(79 867 800)
Remuneration of Councillors	(12 916 703)	(12 365 462)
Bulk Purchases	(10 107 196)	(9 046 417)
Contracted services	(26 876 466)	(27 322 893)
General Expenses	(33 436 060)	(47 955 410)
Movements in Payables from exchange transactions	6 301 563	903 861
Movements in VAT receivable	(606 346)	(2 644 190)
Movements in Other current liability	24 265	(645 058)
Movements in Employee Benefit - Current	1 647 975	(161 081)
Movement in Employee Benefit - Non Current	(1 379 514)	2 395 755
Movement in Provisions - Non current	530 715	711 525

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Movement in Inventories	(66 821)	(33 524)
	(161 127 193)	(176 030 694)

48. Employee Related Cost

Employee related costs	(87 507 875)	(79 867 800)
Remuneration of Councillors	(12 916 703)	(12 365 462)
	(100 424 578)	(92 233 262)

49. Financial instruments disclosure

Categories of financial instruments

Financial Assets	Classification	2020	2019
Investments			
Fixed Deposit	Held to maturity	-	-
Consumer Debtors			
Trade receivables from exchange transactions	Financial instruments at amortised cost	2 948 813	3 533 520
Trade receivables from non-exchange transactions	Financial instruments at amortised cost	73 012 570	62 324 632
Call Deposits	Financial instruments at amortised cost	20 769 232	19 371 738
Bank Balances and Cash			
Cash Floats and Advances	Financial instruments at amortised cost	13 500	1 471
Summary of Financial Assets		- 96 744 115	85 231 361

Financial Liability	Classification	2020	2019
Long-term Liabilities			
Finance Lease Liability	Financial instruments at amortised cost	-	251 676
Trade Payables			
Trade Creditors	Financial instruments at amortised cost	27 758 072	21 456 509
Current Portion of Long-term Liabilities			
Finance Lease Liability	Financial instruments at amortised cost	251 668	261 630
Summary of Financial Liability		- 28 009 740	21 969 815

50. Profit/(Loss) on disposal of Assets

Loss on sale of council assets via auction	-	1 491 946
(Profit) / Loss on write-off of council assets as per council resolution	161 471	58 593
	161 471	1 550 539

51. Commitments

Capital Commitments

Figures in Rand	2020	2019
Already contracted for but not provided for		
• Property, plant and equipment	1 397 242	2 461 739
	1 397 242	2 461 739
This expenditure will be financed from:		
• Government grants	-	2 461 739
• Contributions from operating revenue	1 397 242	-
	1 397 242	2 461 739

Operating Commitments

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Already contracted for but not provided for

• Operating Expenditure	16 778 785	28 412 846
	16 778 785	28 412 846

This expenditure will be financed from:

• Own Revenue	15 622 936	28 412 846
	15 622 936	28 412 846

Total commitments

Capital Commitments	1 397 242	2 461 739
Operating Commitments	15 622 936	28 412 846
	17 020 178	30 874 585

52. Contingencies

Contingent Liability	4 460 442	4 526 269
Contingent Asset	2 997 550	2 997 550

53. Change in estimate

Property, plant and equipment

The useful life of certain other property plant and equipment was estimated in 2019 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 730 944 and increase the future periods by R 730 944

Figures in Rand 2020 2019

54. Prior period errors

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

Statement of Financial Position

Description	Balance as Previously presented	Prior period error	Reclassified	Restated Balance
Receivables from exchange transactions	3 975 419	(441 899)		- 3 533 520
VAT receivable	14 113 349	(55 897)		- 14 057 452
Cash and cash equivalents	19 373 721	(512)		- 19 373 209
Intangible assets	2 362 394	(1 235 156)		- 1 127 238
Payables from exchange transactions	21 885 052	(428 543)		- 21 456 509
Other current liability	1 663 337	(1 567 831)		- 95 506
Employee benefit obligation	9 011 188	(3 674)		- 9 007 514
Accumulated surplus	247 909 581	266 584		- 248 176 165

Receivables from exchange transactions - Note 9

Amount received from National Treasury allocated to debtor (National Treasury)	(498 600)
Skills development levy overpaid to SARS now reversed	56 700
	<u>(441 900)</u>

Nett movement in exchange from

Vat Receivable - Note 11

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Reversal of vat on over provision for Eskom accruals in 2019 (55 897)

Cash and Cash Equivalents - Note 12

Material and stores Petty cash expenditure not accounted for in 2019 (511)

Intangible Assets - Note 5

Rental of computer software was incorrectly recognised as Capital now reallocated to operating (1 235 156)

Payables from exchange transactions - Note 19

Reversal of bulk purchases over provision for Eskom accruals in 2019 (428 543)

Other current Liabilities - Note 17

Unallocated receipts older than 2 years now recognized to accumulated surplus (1 069 231)
 Amount received from National Treasury allocated to debtor (National Treasury) (498 600)
 Net Movement (1 567 831)

Employee benefit obligation - Note 16

Actuarial expenditure not accounted for 3 674

Accumulated Surplus - 2018

Balance previously reported 232 052 339
 Unallocated receipts older than 2 years now recognized to accumulated surplus 1 069 231
 Actuarial expenditure not accounted for -
 Restated Balance 233 121 570

Statement of Financial Performance

Description	Balance as previously presented	Prior period error	Reclassified	Restated balance
Expenditure				
Employee related costs	(77 414 635)	-	(2 453 165)	(79 867 800)
Finance costs	(1 154 598)	-	919 638	(234 960)
Bulk purchases	(9 419 063)	372 646	-	(9 046 417)
Actuarial losses	(1 537 201)	-	1 537 201	-

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020	2019
51. Prior period errors (continued)		
General Expenses	(46 776 443)	(1 178 967)
		- (47 955 410)
Employee related costs - Note 32		
Interest cost on actuarial valuation of Medical aid re-classified to finance cost instead of Employee cost as per MSCOA chart		(651 399)
Actuarial loss of Medical aid Post retirement benefits re-classified to Actuarial loss instead of Employee cost as per MSCOA chart		(1 179 455)
Interest cost on actuarial valuation of Long service awards re-classified to finance cost instead of Employee cost as per MSCOA chart		(268 239)
Actuarial loss of Long service awards re-classified to Actuarial loss instead of Employee cost as per MSCOA chart		(357 746)
Post retirement medical aid expenditure double accounted for now reversed		3 674
Total amount re-classified		(2 453 165)
Finance costs - Note 35		
Interest cost on actuarial valuation of Medical aid re-classified to finance cost instead of Employee cost as per MSCOA chart		651 399
Interest cost on actuarial valuation of Long service awards re-classified to finance cost instead of Employee cost as per MSCOA chart		268 239
Total amount re-classified		919 638
Bulk Purchases - Note 37		
Eskom electricity purchases over accrual as part of creditors		372 646
Actuarial Loss - Note 48		
Actuarial loss of Medical aid Post retirement benefits re-classified to Actuarial loss instead of Employee cost as per MSCOA chart		1 179 455
Actuarial loss of Long service awards re-classified to Actuarial loss instead of Employee cost as per MSCOA chart		357 746
Total amount re-classified		1 537 201
General Expenses - Note 39		
Rental of computer software was incorrectly recognised as Capital now reallocated to operating		(1 235 156)
Material and stores Petty cash expenditure not accounted for in 2019		(511)
Skills development levy overpaid to SARS now reversed		56 700
Net Movement		(1 178 967)

Cash flow Statement

Description	Note nr	Balance as previously presented	Prior period error	Reclassified	Restated balance
Sale of goods and services	43	20 272 896	498 599	-	20 771 495
Suppliers	45	(173 376 787)	(1 734 269)	(919 638)	(176 030 694)
Finance costs	35	(1 154 598)	-	919 638	(234 960)
Purchase of other intangible assets	5	(1 235 156)	1 235 156	-	-
Cash and cash equivalents at the end of the year	12	19 373 721	(512)	-	19 373 209
Sale of goods and services - Note 43					
Balance previously reported					(211 908)
Amount received from National Treasury allocated to debtor (National Treasury)					498 600
Restated Balance - Movement in receivables from exchange transactions					286 691
Cashflow Statement Payments - Suppliers - Note 45					

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020	2019		
51. Prior period errors (continued)				
Description previously presented	Balance as Prior period error	Reclassified Restated balance		
Employee related costs	(77 414 635)	(2 453 165) (79 867 800)		
Actuarial (Gains)/Loss	(1 537 201)	1 537 201 -		
Bulk Purchases	(9 419 063)	372 646 - (9 046 417)		
General Expenses	(46 776 443)	(1 178 967) - (47 955 410)		
Movements in Payables from exchange transactions	1 392 780	(488 919) - 903 861		
Movements in VAT receivable	(2 700 087)	55 897 - (2 644 190)		
Movements in Other current liability	(146 458)	(498 600) - (645 058)		
Nett Movement in Suppliers	-	(1 737 943) (915 964) -		
Intangible asset under development (Note5)				
Balance previously reported		1 235 156		
Rental of computer software was incorrectly recognised as Capital now reallocated to operating		(1 235 156)		
Restated Balance		-		
Cash and cash equivalents - Petty Cash (Note12)				
Balance previously reported		1 983		
Material and stores Petty cash expenditure not accounted for in 2019		(511)		
Restated Balance		1 472		
Capital commitments (Note 48)				
Balance previously reported		4 146 311		
Rental of performane management system incorrectly capitalised now transfered to operating commitments		(1 328 071)		
Rental of Traffic management system incorrectly capitalised now transfered to operating commitments		(356 500)		
Restated Balance		2 461 740		
Operating commitments (Note 48)				
Balance previously reported		27 784 305		
Amount incorrectly captured as part commitments		(1 056 031)		
Rental of performane management system incorrectly capitalised now transfered from capital commitments		1 328 071		
Rental of Traffic management system incorrectly capitalised now transfered from capital commitments		356 500		
Restated Balance		28 412 845		
52 Risk management				
Liquidity risk				
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.				
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.				
The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.				
At 30 June 2020 year	Less than 1	Between 1	Between 2	Over 5 years
		and 2 years	and 5 years	
Trade and other payables	27 758 072	-	-	-
Other financial liabilities	119 771	-	-	-

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand 2020 2019

52 Risk management (continued)

At 30 June 2019
year

	Less than 1	Between 1	Between 2	Over 5 years
	and 2 years	and 2 years	and 5 years	
Trade and other payables	21 456 509	-	-	-
Other financial liabilities	95 506	-	-	-

Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies. Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors.

Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

Non-Exchange Receivables

	2020	2020	2019	2019
	Percentage	Amount	Percentage	Amount
Rates	100%	92 898 793	100%	79 212 050
	100%	92 898 793	100%	79 212 050

Exchange Receivables

	2020	2020	2019	2019
	Percentage	Amount	Percentage	Amount
Electricity	24 %	3 607 562	26	3 401 310
Refuse	72	10 997 469	69	8 987 795
Other	5	705 274	5	610 576
	100%	15 310 305	100%	12 999 681

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 10% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

Non-Exchange Receivables

	2020	2020	2019	2019
	Percentage	Amount	Percentage	Amount
Rates	100%	21 639 065	100%	18 575 247
	100%	21 639 065	100%	18 575 247

Exchange Receivables

	2020	2020	2019	2019
	Percentage	Amount	Percentage	Amount
Electricity	24	3 134 981	26	2 966 011
Refuse	72	9 556 832	69	7 837 541

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020		2019	
52. Risk management (continued)				
Other	5	612 885	5	532 435
	100%	13 304 698	100%	11 335 987

The municipality only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (NEDBANK). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Interest rate risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

Foreign exchange risk

The municipality does not engage in foreign currency transactions.

Price risk

The municipality is not exposed to price risk

53. Going concern

We draw attention to the fact that at 30 June 2020, the municipality had an accumulated surplus (deficit) of R 278 453 495 and that the municipality's total liabilities exceed its assets by R 326 148 511.

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

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

54. Events after the reporting date

There are no material events after the reporting date which requires disclosure:

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020	2019
-----------------	------	------

55. Impact of COVID-19

The World Health Organisation declared the outbreak of COVID-19 a global pandemic during March 2020. As COVID-19 started to spread around the world governments implemented various measures to contain the spread of the virus. In many countries this resulted in the temporary closure of businesses and restrictions on the movement of people and goods. The pandemic has had a significant impact on the global economy in terms of growth and unemployment. Like many countries South Africa has implemented lockdown regulations to curb the spread of Covid-19.

The South African government declared a nationwide lockdown with effect from 26 March 2020, requiring all non-essential businesses to close temporarily. South African lockdown regulations have since been relaxed and many parts of the economy were allowed to reopen from 1 May 2020, including the Local Government's limited operations. Under the Stage 5 lockdown which was in place from 26 March 2020 to 1 May 2020, the operations of the Municipality, apart from that of essential services was shut down.

During this shutdown, the Municipality's operations largely came to a halt and the operations were not fully operational other than deploying a limited number of employees into the system, although the Municipality still paid the staff's salaries. It is of course impossible to predict when normality will return, and when the country will be able to re-commence normal economic activities. The Municipality has been affected with regards to lost collection of revenue for the services the Municipality provided to the communities. This was as a result of economic hardships caused by an increased unemployment rate .

The Municipality acted swiftly and decisively to mitigate the impact of COVID-19 on its operations, including steps to reduce operational expenditure and conserve cash, access available government support schemes, and to minimise the disruption of account collections. In addition, strict COVID-19 protocols have been implemented across all areas of operation to ensure the safety of employees and customers. Notwithstanding these measures, the pandemic has had a severe impact on the Municipality's performance for the current period, most notably on revenue generation.

These impacts are covered in more detail throughout the annual financial statements. The impact of the pandemic on the Municipality's significant judgements and estimates applied in the preparation of its financial statements is discussed in the notes. While the uncertainty around COVID-19 is expected to continue for many months to come, the Municipality's strong balance sheet and ability to manage margins and costs effectively positions it to succeed in these challenging times.

56. Unauthorised expenditure

Opening balance	8 835 388	1 433 680
Add: Expenditure identified - current		- 8 835 388
Less: Written off by council	(8 835 388)	(1 433 680)
Closing balance		- 8 835 388

Analysis of unauthorised expenditure written off by council per category

Depreciation and asset impairment	4 128 585
Materials and bulk purchases	1 619 063
Loss on disposal of assets and liabilities	1 550 539
Actuarial Loss	1 537 201
	8 835 388

57. Fruitless and wasteful expenditure

Opening balance	40 916	240 982
Add: Expenditure identified - current	127 550	40 916
Less: Amount written off - prior period	(40 916)	(240 982)
Less: Amount written off - current year	(127 550)	-
Closing balance	-	40 916

The fruitless and wasteful expenditure for the current year relates to interest paid on late payments .

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand	2020	2019
57. Fruitless and wasteful expenditure (continued)		
Analysis of fruitless and wasteful expenditure written off by council per category		
Interest charged on late payments	(168 466)	-
58. Irregular expenditure		
Opening balance as previously reported	-	3 519 568
Add: Irregular Expenditure - current	1 814 517	-
Less: Amount written off by council	(1 814 517)	(3 519 568)
Closing balance	-	-
Amounts written-off		
After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 1 814 517 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.		
Different Interpretation of the MFMA SCM regulation section 38(b) (1)	1 814 517	-
59. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	914 865	859 190
Amount paid - current year	(914 865)	(859 190)
	-	-
Audit fees		
Current year subscription / fee	3 362 785	3 173 130
Amount paid - current year	(3 362 785)	(3 173 130)
	-	-
PAYE and UIF		
Current year subscription / fee	16 073 822	14 350 814
Amount paid - current year	(14 570 941)	(14 350 814)
	1 502 881	-
Pension and Medical Aid Deductions		
Current year subscription / fee	13 704 956	12 624 872
Amount paid - current year	(12 775 619)	(12 624 872)
	929 337	-
VAT		
VAT receivable	14 663 798	14 113 349

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

Councillors' arrear consumer accounts

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand

2020

2019

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

During the year from July 2019 to June 2020 year no Councillors had arrear accounts outstanding for more than 90 days because most of the Councillors are staying in rural areas.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

Sole supplier

2 330 629 3 769 473

2 330 629 3 769 473

The detailed deviation register is available in the municipality for review.

60. Distribution Losses

Electricity Distribution Losses (Units)

Units Purchased

6 910 093 7 366 690

Units Sold

4 882 386 5 360 169

Units Loss

2 027 708 2 006 520

Percentage distribution Loss

29% 27%

Electricity Distribution Losses (Rand)

Electricity Purchased

10 107 19 9 419 063

Electricity Sold

8 284 59 8 018 108

Electricity Loss

1 822 60 1 400 955

Percentage distribution loss

18 15%

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2020

Figures in Rand

2020

2019

1. Schedule of Contingent Liabilities - Refer Note 38

Name of Legal Rep	Litigation	Nature of Dispute	Nature of Dispute	Progress	Projected Estimates June 2020	Projected Estimates June 2019
SC Mdhuli Attorneys Tel : 015 291 5440	NFM Consulting	NFM claiming R447 000 for work done and interdicting the Municipality against appointment of Consultant on Ramokgopa-Eisleben Road	Pending the application and the matter is pending	The Municipality opposed	447 000	447 000
SC Mdhuli Attorneys 015 291 5440	Sinthumule Nkhumeleni	Claim for unlawful confiscation and impounding of the Plaintiff's vehicle alleging lack of necessary permit. The Plaintiff is claiming loss of income of R 100,000, plus 9% interest per annum and cost of suit. Claim for unlawfull	Pending	Pleading Closed	100 000	100 000
SC Mdhuli Attorneys 015 291 5440 Fax 086 561 66 38 email : mdhluli@scmd hluliattorneys.co.za	Rambuda Nditsheni Joseph	confiscation and impounding of the Plaintiffs vechile alleging lack of necessary permit . The plaintiff claiming loss of income of R100000 plus 9 % interest per annum and cost of suit	Pending	Pleadings Closed	100 000	100 000
AM Carrim Attorneys 015 293 1700	Badau Film & Video production	Claim for damages of and loss of income amounting to R1 560 841-10 after The Plaintiff hired the Ramokgopa Staduim for an event and the event could not take place due to the unavailability of electricity	Pending	Pre-Trial Conference attended and matter has been dormant	1 560 841	1 560 841
Manager Legal Services	SAMRO	Received demand of payment from SAMRO with regard to annual fees in terms of Copyright Act in view of the demand from SAMRO	Matter prescribed	Responded to demand by denying liability	0	87 247
SC Mdhuli Attorneys 015 291 5440	Hlako	Action Counter claim on recovery of undue performance bonus after Mr Hlako as the municipal Manager unduly paid himself the performance bonus	Pending	Had a consultation with Instructed Attorneys on issues of date and he advised that he will attend to make a fresh application for trial date in view of the current application taking forever	300 000	300 000

Mohale Incorporated tel 015 291 3645	Sedima Business Enterprises	Served with simple summons based on failure to pay for work done after Plaintiff alleges that it entered into an SLA with the Municipality in January 2017 with regard to the Integrated Transport Plan	Pending	attended court for trial on 15th June 2020 and the matter postponed to 7th and 8th September 2020	305 000	305 000
None	Pothole Cover	Letter of Demand on damages as a result of pothole on the road in the amount of R970	Responded to letter of Demand	Awaiting prescription to run on the 12th August 2020	970	970
None	Nkhotsheni Business Enterprise	Served a combined summons based on failure to pay for work done after plaintiff alleges that it was invited to submit a quotation for catering and decor for a municipal function though same was carried out without a work order	Pending	Plaintiff amending Summons and we are to plead thereafter	21 420	0
None	DG Department of Labour	Motions proceedings for mandatory order in the Labour Court due to failure by the Municipality to adhere to provisions of the Employment Equity Act and to further penalise the municipality for an amount in the margin of R1500 000	Pending	Proceedings have been stayed to allow settlement discussions	1 500 000	1 500 000
None	Akani Retirement Administration Fund	Letter of Demand received a letter of demand from Joubert Attorneys on behalf of Akani Retirement Administration fund Demanding payment of payment of pension fund of a municipal employee	Pending	Matter to be argued before the Financial Services Tribunal on 29 July 2020	125 211	125 211
					4 460 442	4 526 269

2. Schedule of Contingent Assets (refer note 38)

Name of Legal Rep	Litigation	Nature of Dispute	Status	Progress	Projected Estimates June 2020 June 2020	Projected Estimates June 2019
SC Mdhuli Attorneys 015 291 5440	Hlako	Action-Recovery of undue performance bonus after Mr Hlako as the Municipal Manager paid himself the performance bonus	Pending	Had a consultation with the Instructed Attorney on issues of date and he advised that he will attend to make a fresh application for trial date in view of the current application taking forever	106 021	106 021
Mdhuli Attorneys 015 - 291 5440	Hlako	Action-Recovery of Rental and Eviction over a house that is owned by the municipality	Pending	Furnished Attorney with a copy of the deed search to assist with proving ownership of the house in question	100 000	100 000
Pratt Lytt & De Lange Attorneys 015 297 0186	Matebele Dinare	Municipality issued summons for recovery of unjustified enrichment	Pending	Parties in settlement talks	2 791 530	2 791 530
					2 997 550	2 997 550

VOLUME II

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

Report of the auditor-general to Limpopo Provincial Legislature and council on the Molemole Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Molemole Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act 56 of .2003) (MFMA) and Division of Revenue Act, 2019 (Act No.16 of 2019) (DoRA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 54 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2020

Significant uncertainty

8. With reference to note 52 to the financial statements, the municipality is a defendant in a number of claims amounting to R4 460 442. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Material losses

9. As disclosed in note 62 to the financial statements, material electricity losses of R1 822 600 (2019: R1 400 955) was incurred, which represents 18% (2019: 15%) of total electricity purchased

Material Impairments

10. As disclosed in note 37 to the financial statements, material impairment of receivables of R5 811 925 was incurred as a result of debt which is doubtful for recovery and inadequate collecting systems.

Events after the reporting date

11. I draw attention to note 57 in the financial statements, which deals with subsequent events and specifically possible effects of the future implications of Covid-19 on the municipality's future prospects, performance and cash flows. Management have also described how they planned to deal with these events and circumstances. My opinion is not modified in respect of this matter.

Other matters

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

Unaudited supplementary schedules

13. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly, we do not express an opinion on them.

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

15. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to

enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

17. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

19. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
20. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality's enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
21. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the municipality's annual performance report for the year ended 30 June 2020:

Development priorities	Pages in the annual performance report
KPA 2 – Basic service delivery	x – x

22. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
23. I did not identify any material findings on the usefulness and reliability of the reported performance information for this development priority:
- KPA 2 - Basic service delivery

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

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

Adjustment of material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of KPA 2: basic service delivery. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

27. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
28. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements, performance and annual report

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

Material misstatements of revenue from exchange transactions, employee rated costs and cash flow statements identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

30. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R127 550, as disclosed in note 60 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments.

Procurement and contract management

31. Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).

Other information

32. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and that selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
33. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
34. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
35. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

37. The accounting officer did not always act promptly to address identified weaknesses in internal control, which resulted in non-compliance with applicable legislation.
38. Management did not sufficiently implement the daily and monthly controls designed for the municipality's business processes especially in supply chain management, expenditure management and asset management
39. The accounting officer did not adequately review the financial statements and the annual performance report before submission for audit, resulting in material adjustments to the financial statements and annual performance report

Auditor-General

Polokwane

16 April 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied